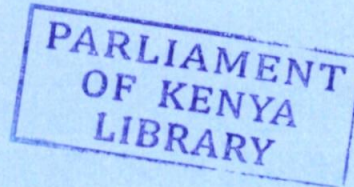


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



REPORT

OF

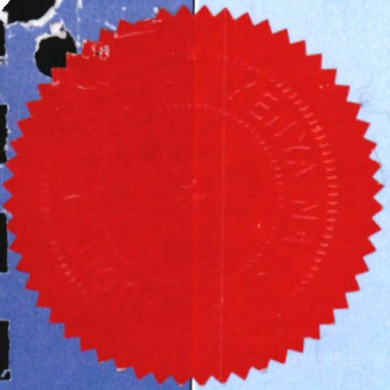
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
MWEA RICE MILLS LIMITED

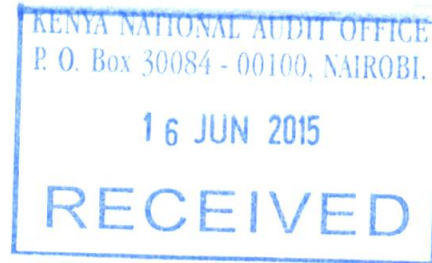
FOR THE YEAR ENDED
30 JUNE 2014

Paper laid
By the leader
& majority part
Am - Aden Duale
on Wednesday
25/8/2015





MWEA RICE MILLS LIMITED



**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

30TH JUNE 2014

Table of Contents

BACKGROUND 3

 AUDITORS.....8

 LAWYERS8

 BANKERS.....8

 REGISTERED OFFICE8

 FACTORY.....8

SECRETARIAT MANAGEMENT 9

CORPORATE GOVERNANCE STATEMENT..... 11

STATEMENT OF DIRECTOR’S RESPONSIBILITY 12

THE FINANCIAL STATEMENTS 13

 REPORT OF THE DIRECTORS.....13

 AUDITORS.....13

COMPANY PROFILE

BACKGROUND

Mwea Rice Mills Ltd. (MRM) is a limited liability company owned by National Irrigation Board (55%) and the Mwea Rice Growers Multipurpose Co-operative Society Limited (45%).

The major activity of MRM Ltd is the milling and storage of paddy from the Mwea Irrigation Scheme. The company has four milling units with an installed capacity of 15 tonnes per hour which is sufficient to handle the entire paddy produced in Mwea Irrigation settlement and adjoining regions. The company also boasts of long experience in processing and marketing of rice – products.

The company's major client is National Cereals and Produce Board. As a way of positioning itself in readiness for privatization, the company has ventured in purchasing of paddy from farmers, milling and marketing to two major supermarket chains. That is, Uchumi and Tuskys.

BOARD'S PROFILE

Dr. Sammy Letema – Chairman



Dr. Sammy C. Letema joined company as the chairman of the Company on 10th January, 2014.

He is a holder of PhD from Wageningen University of the Netherlands. Masters of Environmental Planning and Management, Kenyatta University, Certificate in Public Private Partnerships for Urban Environmental Services. UNDP/Yale University and Bachelor degree in Environmental Studies (Planning & Management), Kenyatta University. Dr. Sammy Letema is a member of Kenya institute of Planners(KIP), Corporate member (MKIP) and National Environmental Management Authority(NEMA): Lead Expert, Environmental Impact Assessment and Audit. He is also the chairman to the Departmental Board of Postgraduate Committee, Kenyatta University and

Coordinator to the Departmental Website Manager, Kenyatta University. He has also been involved in the preparation of Iten town Integrated Spatial Development Plan, preparation of Mandera Town Integrated Urban Development Plan, Review of Informal Settlements Basic Urban Infrastructure Services Standards and Regulations, Development of Civil Society (CSOs) Urban Dialogue Papers, EIA for Likii Sewerage Extension Nanyuki Municipality, Member of National Technical Team for preparation of integrated Solid Waste Management Strategy for Nairobi City, Preparation of Kisumu Waste Management Strategy among others.

Eng. Daniel K. Barasa, HSC, 54 – General Manager



Eng. Daniel K. Barasa, HSC was appointed the Managing Director of the company on 17th July, 2008. Currently he is the General Manager National Irrigation Board (a major shareholder of MRM Limited).

He is a holder of B.SC. Civil Engineering as well as M.Sc. Civil Engineering from University of Nairobi.

Eng. Barasa is a well-accomplished Engineer having gathered about 30 years' experience in Planning Design Administration, Management Operation and Maintenance, Policy and Strategies formulation on the Water Sector including General Management of Programs and Human Resources in the country.

Prior to his appointment as CEO-MRM Limited, Eng. Barasa was Project Director where he presided over water sector reforms. He was also the acting CEO Water Services Regulatory Board. He held various senior positions in the Water Sector which offered him exposure to numerous Government of Kenya and Donor Funded assignments.

Due to his wide diverse experience in the Water sector, he brings in a wealth of experience to company. He is a Registered Engineer with Engineers' Registration Board as well as a Corporate Member of the Institute of Engineers of Kenya. He is CEO of the company by the virtue of his position as the CEO of NIB. His experience is critical in the policy formulation, implementation and supervisory function of the Mills.

Mr. Pius Njogu Kathuri, 43 – Non Executive Director



Mr. Pius Njogu Kathuri joined the company's Board in May 2008 he has since been a Non Executive Director of the Company's Board of Directors. He sits on the Company's Board by virtue of being a Director of Rice Growers Multi-Purpose Cooperative (MRGM) the other shareholder, which is the umbrella body of Mwea Farmers with shares in MRM Limited.

He is a trained teacher by profession. He joined the MRGM Cooperative Board in March 2003. In 2005 he was elected Chairman of the MRGM Cooperative Board.

Mr. Njogu brings vast knowledge, experience and leadership gained from the Expansive Mwea Rice Growing area. He occupies the position in the Board by virtue of his position as a Director of the Mwea Rice Growers Multi-Purpose Cooperative Society (MRGM).

Mr. Harisson Mutugi Mathindi, 61 – Non Executive Director



Mr. Harisson Mutugi Mathindi joined the Company's Board in May 2008. He sits on the Board by virtue of being a Director of rice Growers Multi-Purpose Cooperative Society (MRGM) director.

He is a long serving Director of MRGM having joined the society as Vice Chairman in March 2000, a position he continues to hold up to date. He previously worked with the Ministry of Health from 1973 to 1998. Mr. Mutugi brings vast knowledge, experience and leadership gained from the Expansive Mwea Rice Growing region.

He occupies the position in the board by virtue of his position as a Vice Chairman of the MRGM, which is the other shareholder of MRM Limited. His current occupation is commercial farming.

Mr. R.K. Gaita – Alternate to Permanent Secretary, Ministry of Water & Irrigation, Non-Executive Director

Mr. Paul Kiagu – Alternate to Permanent Secretary, Ministry of Finance, Non-Executive Director

Mr. Jackson W.Mwaura –Mr. J. Mwaura has also worked as Research Officer, Ministry of Agriculture, Senior Loans Officer, Agricultural Finance Corporation, Assistant branch manager,(AFC), Branch manager (AFC),Agricultural Development Manager, East Africa Industries (EAI), Field Sales Representative, (EAI), Customer Service manager (EAI), Customer Service manager Tanzaniaa, Area Sales manager –Uniliver Kenya. Currently, he is also a director of Tropical Fresh Enterprises Ltd and Functions Production, Processing and Marketing of Agricultural Produce for Export. Mr. Mwaura has a leading edge knowledge in the agricultural production, processing and marketing.

FIDUCIARY OVERSIGHT ARRANGEMENTS

AUDITORS

Kenya National Audit Office
P.O Box 30084-00100
Nairobi, Kenya

LAWYERS

Liliani G. Kimani
Agip House, 5th Floor
Nairobi

BANKERS

Barclays Bank of Kenya
Queensway house
P.O. Box 30011
Nairobi.

REGISTERED OFFICE

Head Office
Unyunyuzi house- building
Lenana Road
P.O.Box 30372-00100

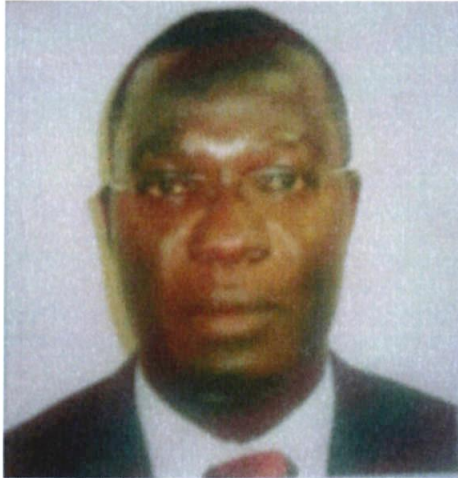
FACTORY

Wanguru
P.o.Box 80
WANGURU

SECRETARIAT MANAGEMENT

The Secretariat team comprises of the General Manager and top management as follows:

Eng. Daniel K. Barasa, HSC, 54 – General Manager



Eng. Daniel K. Barasa, HSC was appointed the Managing Director of the company on 17th July, 2008. Currently he is the General Manager National Irrigation Board (a major shareholder of MRM Limited).

He is a holder of B.SC. Civil Engineering as well as M.Sc. Civil Engineering from University of Nairobi.

Eng. Barasa is a well-accomplished Engineer having gathered about 30 years' experience in Planning Design Administration, Management Operation and Maintenance, Policy and Strategies formulation on the Water Sector including General Management of

Programs and Human Resources in the country.

Prior to his appointment as CEO-MRM Limited, Eng. Barasa was Project Director where he presided over water sector reforms. He was also the acting CEO Water Services Regulatory Board. He held various senior positions in the Water Sector which offered him exposure to numerous Government of Kenya and Donor Funded assignments.

Due to his wide diverse experience in the Water sector, he brings in a wealth of experience to company. He is a Registered Engineer with Engineers' Registration Board as well as a Corporate Member of the Institute of Engineers of Kenya. He is CEO of the company by the virtue of his position as the CEO of NIB. His experience is critical in the policy formulation, implementation and supervisory function of the Mills.

Dennis Banda Aroka MBA, FCPS (K) - **Company Secretary**



Dennis Banda Aroka is the Company Secretary of National Irrigation Board. Prior to joining the Board in 2013, he had practiced as a consultant Company Secretary and held other similar positions for 20 years. He holds an Executive MBA from Moi University. He is also a fellow member of the Institute of Certified Public Secretaries of Kenya and a council member of the same institute. Currently he is pursuing LLB course at Catholic University of East Africa.

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process by which organizations are directed and controlled with the objective of increasing stake/shareholders value and satisfying them. This is achieved by establishing a system of clearly defined authorities and responsibilities, which result in a system of internal controls that is regularly tested to ensure effectiveness.

At Mwea Rice Mills Ltd, the Management places a high degree of importance on maintaining a sound control environment and applying the highest standards of operational integrity and professionalism in all areas of its activities.

The Management is responsible for the governance of MRM Ltd and conducts the business and operations of MRM Ltd with integrity and in accordance with generally accepted corporate practices, in a manner based on transparency, accountability and responsibility.

STATEMENT OF DIRECTOR'S RESPONSIBILITY

The Companies Act requires the directors to prepare financial statement for each financial year, which gives a true and fair view of the state of affairs of the board as at the end of the financial year and of its operation results for that year. It also requires the directors to ensure the company keeps proper accounting records, which disclose with reasonable accuracy the financial position of the company. They are also responsible for safeguarding the assets of the board.

The directors accept responsibilities for the annual financial statement, 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 requirement of the companies Act.

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

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

The Financial Statements have been signed on its behalf by:



DR. SAMMY LETEMA
CHAIRMAN

DATE

16/06/2015



ENG. D. K. BARASA
MANAGING DIRECTOR

DATE

16/06/2015

THE FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors submit this report together with the financial statements for the year ended 30th June 2014.

AUDITORS

Kenya National Audit Office audits the accounts of MRM


General Manager

Date; 16/06/2015

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON MWEA RICE MILLS LTD. FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Mwea Rice Mills Ltd set out on pages 1 to 16, which comprise the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity 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 of Kenya and section 14 of the Public Audit Act, 2003. 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 financial statements in accordance with the International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards of Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 Company'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 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

As previously reported, property, plant and equipment balance of Kshs.16,651,142 as at 30 June 2014 excludes the value of buildings (at a cost of Kshs.13,016,330) that was fully depreciated. These assets ought to have been revalued and carried in the financial statements in line with International Financial Reporting Standards No.16 which require revaluations to be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the date of the statement of the financial position.

In the circumstances, it has not been possible to confirm that the property, plant and equipment figure of Kshs.16,651,142 as at 30 June 2014 is fairly stated.

2. Investment Property

Note 3 to the financial statements reflects Kshs.132,050,097 relating to investments. An audit verification revealed that the figure relates to residential buildings owned by the Company as at 30 June 2014. However, the management has not provided title deeds to confirm ownership of these buildings. In the absence of the title deeds, it has not been possible to confirm the ownership of the said investment property.

3. Trade and Other Payables

As previously reported trade and other payables balance of Kshs.64,851,266 include a Government levy balance of Kshs.22,037,370 that has remained unsettled for a long period of time. However, no documentary evidence has been provided to support this liability. In the circumstances, trade and other payables figure of Kshs.64,851,266 as at 30 June 2014, could not be confirmed as fairly stated.

4. Trade and Other Receivables

As previously reported, trade and other receivables figure of Kshs.26,392,646 as disclosed under note 5 to the financial statements as 30 June 2014 includes fixed deposits in Continental Credit Finance (in liquidation) of Kshs.16,815,053. Although the Company has made a full provision for the balance whose recoverability remains doubtful, no explanation has been provided on the actions being taken to ensure recovery of the amount from the receiver manager.

In the circumstances, it has not been possible to confirm that trade and other receivables figure of Kshs.5,952,060 as at 30 June 2014 is fairly stated.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June, 2014, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, Cap 486 of the Laws of Kenya.

Other Matter

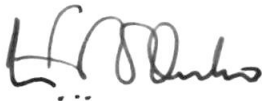
Financial Performance

The Company reported a deficit of Kshs.7,994,911 (2012/2013 - Kshs.6,837,902) resulting in a reduced accumulated profits from Kshs.60,971,697 the previous year to Kshs.48,953,799 as at 30 June 2014. This trend if not checked to reverse in future may negatively affect the liquidity of the Company. The management therefore needs to formulate strategies so as to reverse the trend. My opinion is not qualified in respect to this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit; and,
- ii. In my opinion, proper books of account have been kept by the company, so far as appears from my examination of those books; and,
- iii. The Company's statement of financial position is in agreement with the books of account.



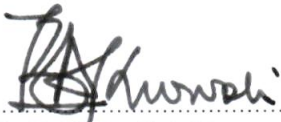

Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

06 July 2015



MWEA RICE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

ASSETS	<u>NOTES</u>	2014 KSHS	2013 KSHS
<u>NON CURRENT ASSETS</u>			
Property, plant & Equipment	2	16,651,142	18,140,921
WIP	6a	36,255,277	-
Investment Property	3	132,050,097	139,208,864
		<u>184,956,515</u>	<u>157,349,785</u>
<u>CURRENT ASSETS</u>			
Inventories	4	110,282,868	104,189,844
Trade and Other Receivables	5	5,952,060	5,497,454
Cash and Cash Equivalent	6	8,130,530	32,974,951
Kenya Revenue Authority	8	1,952,021	8,784,785
		<u>126,317,479</u>	<u>151,447,034</u>
TOTAL ASSETS		<u>311,273,994</u>	<u>308,796,819</u>
<u>CAPITAL FUNDS, RESERVES & LIABILITIES</u>			
Share Capital	9	5,000,000	5,000,000
Capital Fund for Mill Rehabilitation	10	52,610,534	52,610,534
General Reserve	11	8,700,000	8,700,000
Revaluation Reserve	12	131,158,394	137,743,753
Accumulated Profit/(Loss)	13	48,953,799	60,971,697
		<u>246,422,727</u>	<u>265,025,984</u>
<u>CURRENT LIABILITIES</u>			
Trade and Other Payables	14	64,851,266	43,770,836
		<u>64,851,266</u>	<u>43,770,836</u>
TOTAL EQUITY & LIABILITIES		<u>311,273,994</u>	<u>308,796,820</u>
 ENG. D.K. BARASA MANAGING DIRECTOR		 DR. SAMMY LETEMA CHAIRMAN	
DATE16/06/2015.....		DATE16/06/2015.....	

MWEA RICE MILLS LIMITED
STATEMENT OF COPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	2014 KSHS	2013 KSHS
Turnover	15	10,519,358	10,469,677
Cost of sales	16	(21,027,168)	(20,218,795)
<hr/>			
Gross profit/(Loss)		(10,507,810)	(9,749,118)
Other Income	17	7,409,860	13,720,766
Investment income	18	7,695,738	
Administrative expenses	19	(9,461,230)	(6,643,398)
Other expenses	20	(2,983,721)	(3,750,215)
Board members expense:	21	-	(297,303)
Finance costs	22	(147,747)	(118,634)
<hr/>			
Profit (loss) before Taxation		(7,994,911)	(6,837,902)
Tax provision (30%)		-	-
<hr/>			
Profit (Loss) for the year		<u>(7,994,911)</u>	<u>(6,837,902)</u>

MWEA RICE MILLS LTD

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE, 2014

	2014 KSHS	2013 KSHS
<u>Operating Activities</u>		
Surplus	(7,994,911)	(6,837,902)
Adjustment for non cash items		
Depreciation	2,090,283	2,475,333
Gain on disposal	(149,977)	(536,000)
Prior year adjustment	(4,022,987)	-
Operating profit before working capital changes	<u>(10,077,591)</u>	<u>(4,898,569)</u>
<u>Working Capital changes</u>		
- (Increase)/Decrease in Inventories	(6,093,024)	(29,323,997)
- (Increase)/Decrease in Receivables	6,378,158	19,509,517
- Increase/(Decrease) in Payables	21,080,431	18,723,698
- Increase/(Decrease) WKRMCcurrent a/c	-	74,000
Net cash from operating activities	<u>11,287,973</u>	<u>4,084,649</u>
<u>Investing activities</u>		
Proceeds on disposal	150,000	540,711
Additions on (par-boiling plant & office furn.)	(36,282,395)	-
Net Cash from investing activities	<u>(36,132,395)</u>	<u>540,711</u>
<u>Financing activities</u>		
Net Cash from financing activities		
Net increase/(decrease) in Cash & Equivalent f year	(24,844,421)	887,691
Cash & Cash Equivalent at the beginning of the year	32,974,951	32,087,260
Cash & cash equivalent at the end of the year	<u>8,130,530</u>	<u>32,974,951</u>

MWEA RICE MILLS LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Share Capital Kshs	General Reserves Kshs	Accumulated Profits	Capital Fund Kshs	Revaluation Reserves Kshs	Total Kshs
As at 30 June 2012	5,000,000	8,700,000	46,253,453	52,610,534	150,914,468	263,478,455
As at 1st July 2012	5,000,000	8,700,000	67,809,599	52,610,534	144,329,110	278,449,243
Proposed div. written back						
Profit and Loss account			- 6,837,902		-	6,837,902
Amortization					- 6,585,358	- 6,585,358
At 30 June 2013	5,000,000	8,700,000	60,971,697	52,610,534	137,743,752	265,025,983
As At 1 July 2013	5,000,000	8,700,000	60,971,697	52,610,534	137,743,752	265,025,983
Profit and Loss account			- 7,994,911		-	7,994,911
Prior year adj			- 4,022,987		-	4,022,987
Amortization					- 6,585,358	- 6,585,358
As at 30 June 2014	5,000,000	8,700,000	48,953,799	52,610,534	131,158,394	246,422,727

MWEA RICE MILLS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

2. PROPERTY, PLANT & EQUIPMENT

	BUILDINGS KSHS.	PLANT & MACHINERY KSHS.	WORKSHOP TOOLS KSHS.	SEWERAGE DISPOSAL KSHS.	MOTOR VEHICLES KSHS.	FURNITURE & EQUIPMENT KSHS.	LAND KSHS.	TOTAL KSHS.
<u>COST:</u>								
AS AT 01.07.2012	9,156,784	121,571,863	202,461	2,080,313	5,005,602	1,280,904	280,000	139,577,927
ADDITIONS	3,859,546	-	-	-	-	-	-	3,859,546
DISPOSAL	-	-	-	-	(955,000)	-	-	(955,000)
AS AT 30.06.2013	13,016,330	121,571,863	202,461	2,080,313	4,050,602	1,280,904	280,000	142,482,473
<u>DEPRECIATION:</u>								
AS AT 01.07.2012	9,156,781	108,813,281	202,429	-	3,858,747	1,088,793	-	123,120,031
CHARGE FOR THE YEAR	-	1,770,362	-	-	378,612	24,014	-	2,172,988
DISPOSAL	-	-	-	-	(951,467)	-	-	(951,467)
AS AT 30.06.2013	9,156,781	110,583,643	202,429	2,080,313	3,285,892	1,112,807	280,000	124,341,552
N.B.V 30.06.2013	3,859,549	10,988,220	32	2,080,313	764,710	168,097	280,000	18,140,921
<u>COST:</u>								
AS AT 01.07.2013	13,016,330	121,571,863	202,461	2,080,313	4,050,602	1,280,904	280,000	142,482,473
ADDITIONS	-	-	-	-	-	27,118	-	27,118
DISPOSAL	-	-	-	-	(176,490)	-	-	(176,490)
AS AT 30.06.2014	13,016,330	121,571,863	202,461	2,080,313	3,874,112	1,308,022	280,000	142,333,101
<u>DEPRECIATION:</u>								
AS AT 01.07.2013	9,156,781	110,583,643	202,429	-	3,285,892	1,112,807	-	124,341,552
CHARGE FOR THE YEAR	154,382	1,219,111	-	-	214,347	21,860	-	1,609,699
ADJUSTMENTS	-	-	-	-	(92,825)	-	-	(92,825)
DISPOSAL	-	-	-	-	(176,467)	-	-	(176,467)
AS AT 30.06.2014	9,311,163	111,802,754	202,429	-	3,230,947	1,134,667	-	125,681,959
<u>NET BOOK VALUE:</u>								
AS AT 30.06.2014	3,705,167	9,769,109	32	2,080,313	643,165	173,355	280,000	16,651,142
AS AT 30.06.2013	3,859,549	10,988,220	32	2,080,313	764,710	168,097	280,000	18,140,921

MWEA RICE MILLS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014

WORK IN PROGRESS MACHINERY

COST:	KSHS.
AS AT 01.07.2012	-
ADDITIONS	
DISPOSAL	-
AS AT 30.06.2013	-
DEPRECIATION:	
AS AT 01.07.2012	-
CHARGE FOR THE YEA	-
DISPOSAL	
AS AT 30.06.2013	-
N.B.V 30.06.2013	-
COST:	
AS AT 01.07.2013	-
ADDITIONS	36,255,277
DISPOSAL	
AS AT 30.06.2014	36,255,277
DEPRECIATION:	
AS AT 01.07.2014	-
CHARGE FOR THE YEA	-
DISPOSAL	
AS AT 30.06.2013	-
NET BOOK VALUE:	
AS AT 30.06.2014	36,255,277
AS AT 30.06.2013	-

6a

NOTES TO THE FINANCIAL STATEMENTS			
FOR THE YEAR ENDED 30 JUNE 2014			
		2014	2013
5	TRADE AND OTHER RECEIVABLES	KSHS	KSHS
	National Cereals & Produce Board	2,045,559	2,002,041
	Trade debtors	2,975,788	2,829,199
	Staff debtors	329,458	64,958
	Interest from Bank receivable	3,606,821	3,606,821
	Refundable deposits	80,920	80,920
	Continental Credit Finance (under receivership)	16,815,053	16,815,053
	Stock Loss	539,047	539,047
		26,392,646	25,938,040
	LESS PROVISION FOR DOUBTFUL DEBTS		
	Provision on interest from deposits	3,606,821	3,606,821
	Provision on trade debtors	18,712	18,712
	Provision on Continental Credit Finance	16,815,053	16,815,053
		20,440,586	20,440,586
		5,952,060	5,497,454
	The non current deposits were deposited with Continental Credit Finance Limited which has since been placed under receivership. The recovery of the deposits is uncertain.		
	Also stock differences were encountered when annual stock taking were done at the end of the year 2011/2012 with minimum cumulative figure.		
		2014	2013
6	CASH & CASH EQUIVALENT	KSHS	KSHS
	Bank Current Account (NBI)	3,953,145	3,813,817
	Bank Current Account (EMBU)	312,605	313,919
	KCB Wanguru	2,890,241	2,094,675
	Cash in hand - factory imprest	974,538	402,603
	Fixed deposit - Co operative bank	-	26,349,937
		8,130,530	32,974,951
7	WKRM CURRENT ACCOUNT	2014	2013
		KSHS	KSHS
	Opening Balance	-	74,000
	Payments/Receipts	-	(74,000)
	Add for this year		-
	Closing balance	-	-
			8

NOTES TO THE FINANCIAL STATEMENTS			
FOR THE YEAR ENDED 30 JUNE 2014			
15	TURNOVER	2014	2013
		KSHS	KSHS
	Basmati paddy sales	1,450	-
	Broken rice sales	880,430	440,250
	Basmati packets sales	8,865,888	9,898,327
	Bran meal sales	736,815	99,990
	Chicken feed sales	34,775	28,500
	Sales of course bran	-	2,610
		10,519,358	10,469,677
		2014	2013
16	COST OF SALES	KSHS	KSHS
	Paddy to mills	9,278,441	8,994,375
	Salaries and Wages- Casuals	3,947,842	4,245,057
	Gratituty & others	208,648	80,426
	Salaries and Wages- Production	607,531	470,145
	Electricity	1,369,715	1,040,384
	Buildings mtce -General	743,989	1,003,192
	Buildings mtce - Stores	982,056	3,670
	Depreciation - Buildings	154,382	
	P & M Maintenance - mill IV	1,495,104	1,743,992
	P & M Maintenance - miscellaneous	368,194	180,845
	Depreciation - Equipment	1,219,111	1,770,362
	Bags and Packing materials	652,157	686,347
		21,027,168	20,218,795
			11

FOR THE YEAR ENDED 30 JUNE 2014			
17	OTHER INCOME	2014	2013
		KSHS	KSHS
	Investment Income	-	6,746,478
	Rental Income	1,273,450	1,315,500
	Milling Income	4,266,613	2,688,257
	Miscellaneous Income	163,606	333,247
	Interest Income	311,214	1,495,718
	Storage Income	1,245,000	1,030,000
	Gain on lorry disposal	149,977	532,467
	Stock gain	-	152,508
		7,409,860	14,294,175
18	INVESTMENT INCOME	2014	2013
		KSHS	KSHS
	Gross Income	7,695,738	7,258,746
	Less: Rates	-	(50,660)
	Maintenance Expenses	-	(461,609)
	Hired guards	-	-
		7,695,738	6,746,478
19	ADMINISTRATION EXPENSES	2014	2013
		KSHS	KSHS
(a)	Staff costs		
	Salaries and Wages	2,064,778	1,104,954
	Training Expenses	30,300	(200)
	sub-total	2,095,078	1,104,754
(b)	Administrative costs		
	Administration and Accountancy	-	753,708
	Printing and Stationery	110,512	661,071
	Travelling Expenses	2,602,962	2,962,511
	Telephone, Postages and Sundries	229,610	227,800
	Building mtce- offices	93,453	81,380
	Legal & Professional fees	1,732,800	543,660
	Audit fees	309,488	264,000
	Depreciation - Furniture and Equipment	21,860	24,014
	Security services	1,692,058	10,500
	Licences	-	10,000
	Depreciation (Maiso & Leader Hse)	573,409	573,409
	sub-total	7,366,152	6,112,053
	Total	9,461,230	7,216,807
			12

NOTES TO THE FINANCIAL STATEMENTS			
FOR THE YEAR ENDED 30 JUNE 2014			
		2014	2013
20	OTHER EXPENSES	KSHS	KSHS
	Staff Houses Maintenance	178,188	293,311
	Motor vehicle mtce	382,832	397,196
	Uniforms	64,880	1,800
	Office Tea	154,749	118,980
	Depreciation on Vehicles	121,522	378,612
	Subscriptions and Periodicals	60,720	58,186
	Bicycles mtce	8,400	9,600
	Consumables	-	80,770
	Insurance	-	7,500
	Fumigation	-	107,815
	Marketing	415,800	382,025
	Office Machinery expenses	10,820	2,000
	Computer Expenses	11,600	14,600
	Petrol	8,050	38,900
	Diesel	775,900	642,855
	Stock Loss	-	1,161,084
	Staff welfare	-	35,000
	Water charges	-	3,570
	Medical expenses	4,480	1,800
	Leave & transfer allowance	36,761	10,486
	P.A.Y.E A/C	-	4,125
	Rates	749,019	-
		2,983,721	3,750,215
21	Board Members Expenses		
		2014	2013
		KSHS	KSHS
	Sitting allowance	-	170,000
	Mileage allowance	-	18,992
	Accomodation allowance	-	-
	Travel expenses	-	2,000
	Lunch allowance	-	106,311
		-	297,303
22	FINANCE COSTS		
		2014	2013
		KSHS	KSHS
	Bank charges	147,747	118,634
		147,747	118,634
			13

