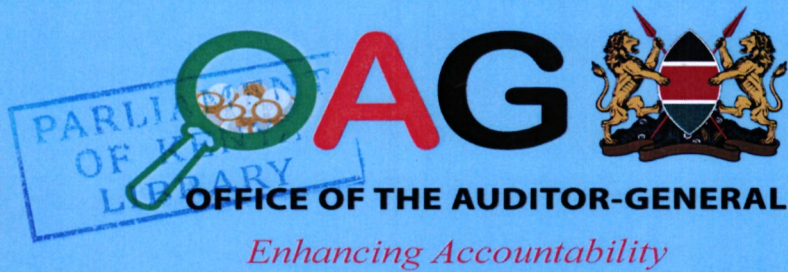


REPUBLIC OF KENYA



**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS L A I D

DATE: 20 APR 2023

DAY:

**OF**

Thursday

TABLED  
BY:

Hon. Onen Baya, MP.

Deputy leader, majority

CLERK-AT  
THE-TABLE:

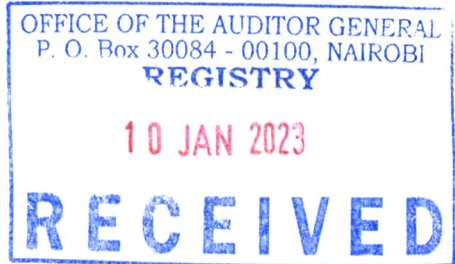
Moses Lemuna

**THE AUDITOR-GENERAL**

**ON**

**COFFEE CHERRY ADVANCE REVOLVING  
FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



**NEW KENYA PLANTERS  
CO-OPERATIVE UNION**  
FARMER CENTRIC • TRANSPARENT • ACCOUNTABLE

**COFFEE CHERRY ADVANCE REVOLVING FUND (CCARF)  
(NEW KENYA PLANTERS COOPERATIVE UNION)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2022**

---

**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public  
Sector Accounting Standards (IPSAS)**

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

---

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

---

<b>Table of Contents</b>	<b>Page</b>
1. Key Entity Information and Management.....	i
2. The Board of Directors.....	iv
3. Management Team .....	vii
4. Chairman’s Statement .....	ix
5. Report of the Chief Executive Officer .....	x
6. Statement of Performance against Predetermined Objectives for FY 2021/22.....	xii
7. Corporate Governance Statement.....	xiii
8. Management Discussion and Analysis .....	xiii
9. Environmental and Sustainability Reporting.....	xvii
10. Report of the Directors.....	xix
11. Statement of Directors Responsibilities .....	xx
13. Statement of Financial Performance for the year ended 30 June 2022 .....	1
14 Statement of Financial Position as at 30 June 2022 .....	2
15 Statement of Changes in Net Assets for the year ended 30 June 2022 .....	3
16. Statement of Cash Flows for the year ended 30 June 2022.....	4
17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022.....	5
18. Notes to the Financial Statements .....	6
1. Appendix .....	31

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

---

**1. Key Entity Information and Management**

**(a) Background information**

The *Coffee Cherry Advance Revolving Fund (CCARF)* was established through PFM Act, subsidiary regulation of 3<sup>rd</sup> March 2020, which is *THE PUBLIC FINANCE MANAGEMENT (COFFEE CHERRY ADVANCE REVOLVING FUND) REGULATIONS, 2020* as a Public Fund. The Fund is domiciled at New KPCU Plc which is a state corporation under the Ministry of Agriculture, Livestock, Fisheries and Cooperatives and the National Treasury. At cabinet level, the CCARF is represented by the Cabinet Secretary for Agriculture, Livestock, Fisheries, and Cooperatives who is responsible for the general policy and strategic direction of the *Coffee Cherry Advance Revolving Fund*.

**(b) The Object and Purpose of the Coffee Cherry Advance Revolving Fund**

1. Provide affordable, sustainable and accessible coffee cherry advance to small holder coffee growers and small holder coffee estates.
2. Help reduce the waiting period from coffee cherry harvest and the time when the coffee sale proceeds are finally paid to the Farmers.
3. Pay kshs 20/- for one kilogram of coffee cherry delivered to FCS's and 40% valuation on Coffee parchment delivered to the respective coffee marketers

**(c) Key Management**

The *Coffee Cherry Advance Revolving Fund's* day-to-day management is under the following key organs:

- Board of Directors
- Managing Director
- Management

Name of the Staff	Responsibility
Mr Timothy Mirugi	Managing Director
M/s Angeline Ndambuki Wambui	Coffee Cherry Advance R. Fund Administrator
CPA, Zaccheus Ndirangu	Head of Finance and Accounts
Stephen Mbenda	Head of Human Resource
M/s Gladys N Mwangi	Ag. Head Accounts
Suleiman Wandati	Head of Legal Affairs
M/s Eveline Kimemia	Managing Director's Personal Assistant

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

---

No.	Designation	Name
1.	Ag. Managing Director	<b>Mr Timothy M. Mirugi</b>
2.	Head of Finance & Accounts	CPA, Zaccheus K Ndirangu
3.	Head of Procurement	M/s Evelyn Kimemia
4.	Head of Human Resource	Stephen Mbenda
5.	Head of Legal Services	Mr Suleimani Wandati

*(These are the top management position for the Coffee Cherry Advance Revolving Fund).*

**(e) Fiduciary Oversight Arrangements**

- Audit and Risk Committee- Board of Directors select Audit and Risk committee
- Finance committee –Board of Directors finance select committee
- Parliamentary Oversight Committees-Parliamentary Oversight Committee on Agriculture

**(f) Entity Headquarters`**

P.O. Box 59638 - 00200  
Wakulima House  
Haile Selassie Avenue  
Nairobi, KENYA

**(g) Entity Contacts**

Telephone :( 254) 20-2001401  
E-mail: [info@newkpcultd.go.ke](mailto:info@newkpcultd.go.ke)  
Website: [www.newkpcultd.co.ke](http://www.newkpcultd.co.ke)

**(h) Entity Bankers**

Co-operative Bank of Kenya  
Wakulima House, 019  
Haile Selasie Avenue  
Nairobi, Kenya

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

---




**(g) Independent Auditors**

Auditor-General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(h) Principal Legal Adviser**




The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya


**2. The Board of Directors**

Ref	Directors	Details
1.		<p><b>Hassan M. Reche</b> was born in 1976. He is the Chairman of New Kenya Planters Co-operative Union, appointed on 5<sup>th</sup> of July 2022. He holds a Bachelor of Commerce degree from Mount Kenya University and a Diploma in Business Administration from Kenya College of Communication Technology. He has a vast experience in logistics and was the Chairman of Mwema Coffee Factory from 2002 – 2007.</p>
2.		<p><b>Dr. Benson Momanyi</b> was born in 1961. He is a member of the Board of Directors and the Chair of the Finance, Strategy and Resource Mobilization Committee. He is also a member of the Technical / Commercial Committee as well as the HR, Compliance &amp; Governance Committee. Dr. Momanyi holds a PhD in Business Administration (Strategic Management Option) from Jomo Kenyatta University of Agriculture and technology, a Masters degree in Business Administration (MBA), from University of Dar es Salaam, Bachelors Degree in Administration from Newport University in South Africa and Certified Public Accountant (CPA Part 3 Sec 5). KASNEB and Diploma in Co-operative Administration and Management from the Co-operative University of Kenya.</p> <p>He is currently a Principal Consultant and Team Leader with Critical Consultancy Services Ltd consulting with over 25 organisations.</p> <p>Dr. Momani has also prepared practical Strategic and Business Plans for SMEP DTM which enabled it to get the license from Central Bank of Kenya to become a Deposit Taking Microfinance Company. He is currently a Board Member of Masai Mara University.</p> <p>He is an independent Director.</p>
3.		<p><b>Mr. Simon Thurania</b> was born in 1972; He is an LLB graduate with a Diploma from the Kenya School of Law. On 12<sup>th</sup> April, 2001. He is the Chair of the HR, Compliance &amp; Governance Committee, and a member of the Audit &amp; Risk Committee He was admitted as Advocate of the High Court of Kenya. He is currently a practicing Advocate and practices in the name of Thurania. Atheru Advocates and Company Advocates. He worked with the County Government of Meru as the Chief Legal Officer from November 2013 to August 2017, Kinuthia Arithi and Company Advocates from 30<sup>th</sup> June, 2001 to 31<sup>st</sup> October, 2013 and B.G Kariuki Advocates from 12<sup>th</sup> April, 2001 to 29<sup>th</sup> June 2001 as an Associate Advocate. He is an independent Director</p>




**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

4. M		<p><b>Charles Karinga</b> was born in 1978. He is a member of the Technical / Commercial Committee and the Finance, Strategy and Resource Mobilization Committee. He holds a certificate in Agriculture from Kilifi Institute of Agriculture. He was the Factory Manager for Kiawamuru Coffee Factory from 2001 – 2005 and an Agronomist in charge of Sales and Marketing in Topserve East Africa Ltd. He is an accomplished agronomist with significant expertise in education. He is an independent Director</p>
5.		<p><b>Esther Nyambura Kariuki</b> was born in 1981. She holds a Bachelor of Arts Communications and Sociology Degree from the University of Nairobi. She is also currently pursuing a qualification as a Certified Financial and Investment Analyst from KASNEB and a Master’s Degree in Gender &amp; Development Studies. She is currently the Head, Agribusiness, Co-operative Bank of Kenya. She is the Chair of the Technical / Commercial Committee and is a member of the Audit &amp; Risk Committee. She is an independent Director.</p>
6.		<p><b>Patrick Maina Mburu</b> was born in 1968. He holds a Diploma in Banking (Credit) from Universal College. He is a member of the Finance, Strategy &amp; Resource Mobilization Committee and the HR, Compliance and Governance Committee. He is currently the Chairman of Muthithi Farmers’ Co-operative Society and has held the position from 2014. He is an independent member.</p>
7.		<p><b>Charles Mutwiri Rintaugu</b> was born in 1959. He is a member of the Technical / Commercial Committee as well as the HR, Compliance &amp; Governance Committee. He is an Estate Farmer and owns Mukarimu Estate. He is an independent Director</p>

8.		<p><b>Gloria Wamalwa Gummerus</b> was born in 1971. She is a member of the Technical / Commercial Committee and the Audit &amp; Risk Committee.</p> <p>She is a Estate Farmer and is the CEO of Sakami Coffee Ltd. She is also a Founder Member of Women in Coffee Kenya Chapter. She is a skilled coffee cupper and roaster.</p> <p>She is an independent Director.</p>
9.		<p><b>Thomas Masila</b> was born in 1976. He is the Chair of the Audit &amp; Risk Committee and a member of the HR, Compliance &amp; Governance Committee. He has a Master’s Degree in Project Planning and Management from the University of Nairobi, Bachelors of Education Degree in Art, Accounting and Economics from the University of Nairobi and Diploma in Co-operative Management from Kabete Campus.</p> <p>He is an Estate Coffee Farmer and proprietor of Mbandi Estate.</p> <p>He is an independent Director</p>
10.		<p><b>JOYCE NKIROTE KINUU</b> is Head of the Legal Unit, State Department for Co-operatives. She is a member of all the Board Committees. She holds Bachelor of Social and Legal Sciences (BSL) Bachelor of Law (LLB) from University of Pune under. Masters of Law from University of Nairobi and Post Graduate Diploma in Law from the Kenya School of Law. She worked as a State Counsel at Office of the Attorney General and Department of Justice, Department of Advocates Complaints Commission [2011-2018] her duties included providing legal advice on complaints of professional misconduct against advocates; providing researched legal opinions; analyzing and investigating complaints of professional misconduct against advocates; subjecting complaints of professional misconduct against advocates to Alternative Dispute Resolution (ADR) mechanism; prosecution of complaints of professional misconduct against advocates at the Advocates Disciplinary Tribunal; organizing and conducting stakeholders workshops, public sensitization and legal aid clinic programmes in the counties.</p> <p>She is an alternate Director from the office of the Attorney General.</p>

11.		<p><b>Mr. Festus Marangu</b> is a Deputy Inspector – General with the Inspectorate of State Corporations. He is a member of all Board Committees.</p>
-----	---	---

### 3. Management Team

Name of the Staff	Key Professional & Academic qualifications
 <b>Mr. Timothy M. Mirugi</b> <b>Managing Director</b>	<ul style="list-style-type: none"> <li>• Masters in Business Administration, Strategic Management - Kenyatta University: 2014 to 2019</li> <li>• Bachelor of International Business Administration - Makerere University Business School: 2003 to 2006</li> <li>• St. Paul's Mbale College Uganda-Uganda Advanced Certificate of Education: 2001 to 2002</li> <li>• Customer Service training at Horizons Ltd</li> <li>• Import Export training course in China</li> </ul>
 <b>M/s Angeline W. Ndambuki</b> <b>Coffee Business Operations Manager</b>	<ul style="list-style-type: none"> <li>• Higher Diploma in Human Resource Management</li> <li>• Bachelor of Business Administration - Human Resource Management</li> <li>• Diploma in Computer Studies</li> <li>• Diploma in Business Administration</li> <li>• Certificate - Balanced Scorecard Training</li> <li>• Counselling Certificate</li> </ul>
 <b>CPA Zaccheus Kagema Ndirangu</b> <b>Head of Finance &amp; Accounts</b>	<ul style="list-style-type: none"> <li>• CPA (K)</li> <li>• BCOM (Accounting - Option) from University Of Nairobi</li> <li>• Strategic Leadership Development Program Course &amp;</li> <li>• Senior Management Course from Kenya School of Government,</li> <li>• Project Management course</li> <li>• Contract Management course</li> <li>• IFMIS Financial Reporting</li> <li>• Cash Management, and</li> <li>• Corporate Director Course.</li> </ul>

 <p><b>Mr. Stephin Mbenda</b>  <b>Head of Human Resource</b></p>	<ul style="list-style-type: none"> <li>• Higher Diploma in Human Resource Management from the Institute of Human Resource Management (IHRM)</li> <li>• Senior management course (SMC) from Kenya School of Government</li> <li>• Strategic Human Resource Management course from Kenya School of Government.</li> </ul>
 <p><b>M/s Gladys N. Mwangi</b>  <b>Head of Accounts.</b></p>	<p><b>Ag. Head Accounts</b></p> <ul style="list-style-type: none"> <li>• CPA (K).</li> <li>• B.com (Finance Option).</li> <li>• SMC at Kenya School of Government,</li> <li>• Preparation of Financial statements (ESAMI, Uganda),</li> <li>• Financial Management and Good Governance (Denmark)</li> <li>• Harmonized Cash Transfer (HACT), Integrated Financial Management Information System (IFMIS),</li> <li>• Computer Proficiency, which includes computerized accounting packages.</li> <li>• Above all, she has a wealth of experience having worked for over 20 years in the civil service.</li> </ul>
 <p><b>Mr. Suleimani Wandati</b>  <b>Head of Legal Services</b></p>	<ul style="list-style-type: none"> <li>• BAL, LLB</li> <li>• Post Graduate Diploma from the Kenya school of law <ul style="list-style-type: none"> <li>• Certified Professional Mediation</li> </ul> </li> <li>• Certified Public Secretary from Kasneb (Ongoing)</li> <li>• Member of the Kenya Association of Cooperatives</li> </ul>

#### **4. Chairman's Statement**

The establishment of CCARF was timely in addressing the waiting period for which a coffee farmer would wait to be paid for harvested coffee after the eventual sale. Immediately upon delivery of coffee cherry to the Factory cooperatives, the coffee farmer applies for coffee cherry advance of kshs.20 per kilogram of cherry delivered. Likewise, for small holder coffee estate, the farmer applies for 40% valuation on coffee parchment delivered to the coffee marketers. The coffee farmers are able to enjoy first payment for every cherry or parchment delivered to their FCS's and their marketers. Some of the key achievements include increase in CCARF disbursement for example currently, 25,439 farmers have benefited from the Coffee Cherry Advance Revolving Fund amounting to Kshs.268M. The undisbursed fund was placed in CALL ACCOUNT to earn interest income which would be applied in furtherance of the objectives of the CCARF. So far total amount of kshs.87.55 million was earned in the first year of operation whereas kshs.222.45 million has been earned in the year under review. Though the disbursement uptake may not be quite good, measures will be employed in developing programs and work plans for faster disbursements and easier access by farmers.

Before the CCARF came to being, coffee farmers disproportionately continued to bear the burden of the coffee value chain because of various challenges some of which are poor crop husbandry, dilapidated primary processing milling, warehousing infrastructure and lack of access to markets, unfavorable international terms of trade, rising climate change, recession and inflation, unfriendly legal and policy framework, land division and segmentation. The CCARF objective is to focus on Key Result Areas which is to improve the livelihoods of coffee farmers through coffee cherry advance revolving fund and hence improve access to credit for coffee farmers. The coffee farmers expect a profitable commercial farming and hence measures to support coffee farming from farm preparation, application of fertilizers, farm chemicals applications, primary processing, milling and marketing need to be employed if at all we will be able to return coffee to its former glory and have great impact on balance of trade and foreign currency.

The New KPCU Plc financial year 2021/2022 had mixed results where the farmers are now responsive to the CCARF applications at a pace that is slow but measures and programs for outreach to the farmers shall be employed to address the slow uptake and improve on awareness to coffee farmers.

On behalf of the Board of Directors I am confident that this plan will stay alive and transformative to address any challenges with mitigating measures in order to make a visible contribution to Kenya's Vision 2030.

.....  
*Hassan Reche*  
*Chairman Board of Directors*

## **5. Report of the Chief Executive Officer**

The Coffee Cherry Advance Revolving Fund (CCARF) objects resonates well with coffee farming revitalization program that has been going on from the financial year 2015/2016. It is a move that emanates from the big four agenda strategic plan of the government on processing and manufacturing. Due to high level of foreign debts by the government, a need to hasten and increase sources of foreign currency is addressed through increased coffee production and coffee quality improvement. Coffee Cherry Advance Revolving Fund has three Key Result Areas (KRAs) with the corresponding strategic objectives and strategies for its effective implementation. The KRAs are: improved access to affordable and sustainable cherry advances to coffee farmers, effectively implement sustainable advance arrangement on coffee cherry delivered to Factory Cooperative Societies at kshs.20/- and 40% valuation of coffee parchment delivered to the coffee marketers and improve on credit access to all smallholder coffee farmers and small holder coffee estate farmers.

The CCARF projects capacity increase in coffee cherry advance disbursement as more sensitization and awareness programs are employed. The Corporation is expecting an increase in budgeted funding from the interest income emanating from Call account, increase in coffee milling and continued uptake of Coffee Cherry Revolving funds. The CCARF intends to do recruitment when the authorised establishment is ready from Salaries Review Commission. New KPCU Plc head quarter hosts the CCARF establishment and as a result New KPCU Plc the anchor organization is the management and administrative arm. The fixing of the lift will improve the CCARF office space and accessibility.

Due to anticipated recruitment of key personnel and coffee farmers focused attention, the CCARF intends to carry out extensive branding, and reach out programs aimed at increasing awareness and accessibility.

Since its inception the CCARF has disbursed to farmers over kshs.202 million and by the closure of the financial year 154 million had been disbursed. Twenty thousand coffee farmers have benefited and continue to enjoy affordable low-cost credit through cherry fund. Though the private millers are discouraging coffee farmers from taking the CCARF, many of those who have benefitted are bringing new farmers to benefit as well.

On 20th October, 2021, The H.E the President directed that a sum of Ksh1 Billion be availed by the National Treasury for establishment of coffee Farm Input programs for coffee growers as part of the ongoing efforts to support the coffee farmers. One of such interventions was a subsidy programme, aimed at lowering the cost of coffee production, thus spur coffee production in the country and increase coffee farmer incomes.

The government initiated a subsidy programme allowing farmers to access a wide range of inputs of their choice at the required time, and at the nearest input supplier through an e-voucher system. CCARF uptake will increase as the subsidy programme continues.

The CCARF disbursement system has been tested and proven effective and it will be developed to digitalize and upload growers' data. Farmer registration at societies level and small holder estates was undertaken, however the process of registering more and new farmers is continuous. The overall goal of the programme is to promote sustainably increase in income among the Coffee Growers through improved productivity. Specifically, Increase average national coffee production from 2kg to 5Kg per tree per year within the next three years (2022-2024): 150% increase.

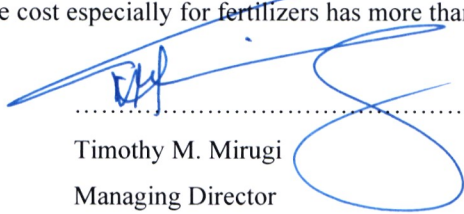
ii. Increase coffee growers gross earning per year by 50% by 2024 and Improve the quality of coffee premium grades produced from current 70% in 2021 to 90% in 2024. The targeted beneficiaries are both smallholder coffee farmers belonging to a cooperative society and small holder estate coffee farmers.

Farmer belonging to an association holding less than 20 acres of land under coffee. The target beneficiaries for 2021/2022 were 57,000 small holder farmers but so far 76,193 farmers have benefited as societies and small holder estate farmers. Mobilization and sensitization of coffee farmers has been undertaken by the Ministry of Agriculture and New KPCU in collaboration with the Cooperative Societies and other participating partners in the first year of the subsidy programme. New KPCU continues to sensitize farmers about the Value of the subsidy programme. The

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

---

estimated value of input per tree in 2021/2022 was at Kshs. 58 which is 100%. The government provided a subsidy of 40% equivalent to Kshs 23 and farmer contribution of 60% equivalent to Kshs 35 Total value contributed depends on the number of Coffee trees the farmers expresses interest to be funded within the threshold of 20 acres. The cost of inputs at the onset 58.00 per tree. A bag of 50 kg at the time cost NPK at Kshs 3,600, CAN Kshs 2,000 etc. However, the cost especially for fertilizers has more than doubled in the recent months

  
.....  
Timothy M. Mirugi  
Managing Director

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

---

**6. Statement of Performance against Predetermined Objectives for FY 2021/22**

Since inception, Coffee Cherry Advance Revolving Fund has continued to implement its mandate of provision of access to affordable and sustainable advance on coffee cherry delivered to FCS's and 40% valuation on parchment delivered to coffee marketers.

Since July 2020, the CCARF has disbursed kshs 202 million as at 30<sup>th</sup> June 2022. This has improved rural household incomes in coffee growing areas with farmers receiving Kshs 20 per kg of coffee cherry delivered to FCS's and 40% valuation on coffee parchment delivered to coffee marketers. Refurbishment of New KPCU Plc headquarters and warehouses is ongoing with Kisii, Kitale and other satellite offices across all coffee growing counties being established.

In 2020, the Government allocated Kshs 3 Billion for the Coffee Cherry Advance Revolving Fund. Since then Kshs 202 Million has been disbursed and 25,439 coffee farmers have benefited. The fund has improved access to affordable credit and has narrowed the waiting period between delivery of coffee cherry and payment for coffee sold proceeds.

The New KPCU Plc has developed Human Resource Instruments, with support from the State Department for Co-operatives, which have been approved and are ready for implementation. This would enable establishment of CCARF offices and staffing.

The mandates of CCARF are as defined in the PFM Act 2020 (CCARF) regulations and entail:

- (i) Increasing access to sustainable credit advance to small holder coffee farmers and small holder estate farmers;
- (ii) Improvement of rural farmer's livelihood through access to credit.
- (iii) Implement the coffee cherry advance revolving fund sensitization, awareness and accessibility.

The CCARF has *Three strategic* objectives within the current Strategic Plan for the FY 2021/2022- FY 2027/2028. These strategic objectives are as follows:

Objective 1: Increase access to sustainable credit advance to small holder coffee farmers;

Objective 2: Improve rural livelihoods through Administering the Coffee Cherry Advance Revolving Fund.

Objective 3: Implement the coffee cherry advance revolving fund sensitization, awareness and accessibility.

CCARF develops its annual work plans based on the above *five* objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *New KPCU Plc* achieved its performance targets set for the FY 2021-2022 period for its strategic objectives, as indicated in the diagram below:

Strategic Pillar/Theme/ Issues	Objective	Key Performance Indicators	Activities	Achievements
--------------------------------	-----------	----------------------------	------------	--------------

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

Objectives 1:	Increase access to sustainable credit advance to small holder coffee farmers	Number of Farmers benefitted from the CCARF	Reaching out to small holder coffee farmers to increase beneficiaries	25,439
Objectives 2:	Improve rural livelihoods through Administering the Coffee Cherry Advance Revolving Fund	Fund disbursed	Funds applied & disbursed	202M
Objective 3	Implement the coffee cherry advance revolving fund sensitization, awareness and accessibility.	Number of satellite offices established	Recruitment of CCARF officers and setting up of satellite offices	11 Centres

**7. Corporate Governance Statement**

During the financial year 2021/2022, the Interim Board of director's term expired in December 2021 and it took quite sometimes to have fully fledged board put in place. Though the appointing authority gave approvals for all matters pertaining to the board, the board's role was affected. The New Board of directors were appointed and embarked on their roles immediately in June 2022.

(Towards the end of the financial year eleven members of board of directors were appointed and inaugural meeting held in June, 2022. The programs for induction and capacity building in abide to have empowered board of directors were drafted for funding in the financial year 2022/2023.

The authorised establishment in place shall ensure the requisite staffing and succession plan are implemented, the board of directors shall develop its charter,

The members of the board are appointed by the Cabinet Secretary whereas the chairman is appointed by the President. They are appointed for a three-year term upon which they are reappointed or new ones are put in place. The terms, roles and functions of the Board of directors are spelt out in their letters of appointments, general guidelines are found in mwongozo manifesto and state corporations' regulations. The State Corporation Advisory Committee conducts induction and training, the board prepares performance contract which signed with the Cabinet Secretary and the members conflict In every board meeting, there is an agenda of declaring conflict of interest which is registered, The appointment of the board members comes with remuneration, the board of directors shall avail ethics and conduct as well as governance audit Schedules)

**8. Management Discussion and Analysis**

Since inception, CCARF has continued to implement its mandate of administration of the Coffee Cherry Advance Revolving Fund and management of prudent sustainable advance disbursement and delivery of the other core mandate.

This has improved rural household incomes in coffee growing areas with farmers receiving an average of Kshs.20 per kg of coffee cherry delivered. Refurbishment of warehouses and company headquarters is ongoing with Kisii and Kitale satellite offices being established.

In 2020, the Government allocated Kshs.3 Billion for the Coffee Cherry Advance Revolving Fund. Since the inception Kshs.202 Million has been disbursed and 25,439 coffee farmers have benefitted. The fund has improved access to

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

---

affordable credit and has narrowed the waiting period between delivery of cherry and payment for coffee sold. The farmer receives Kshs.20 per kg of cherry delivered within 14 days of application. The New KPCU Plc has implemented the coffee farming inputs subsidy program as per the presidential directive of 20th October 2021. To date, 7,707 farmers have benefited and farm inputs worth Kshs.1,444,000,000.00 has been disbursed. This has reduced the cost of farming and improved coffee yields.

The New KPCU Plc has developed Human Resource Instruments, with support from the State Department for Co-operatives, which have been approved and are ready for implementation.

Globally, the characteristics of agriculture sector vary widely, from predominantly small scale with low external inputs to highly mechanized large-scale farming with very high levels of external inputs. The global constraints that hinder coffee sector in Kenya include:

**(i) Unfavorable international terms of trade:**

Kenya's exports have been constrained by unfavorable international terms of trade. Developed countries continue to impose prohibitive tariff and non-tariff barriers. These include; biased trade agreements, use of agricultural subsidies in support of farmers in developed economies and protectionist policies, which result in unfavorable market access and declining coffee prices.

**(ii) Rising costs of inputs:**

The coffee sector has faced rising costs of production as a result of high cost of fertilizers, agro-chemicals, agricultural machinery, equipment, and other production inputs. The high oil prices have had a negative bearing on the unit cost of production, processing, freight and distribution.

The Coffee Cherry Advance Revolving Fund helps coffee farmers, harvest cherry on the farm, meet labor and transport costs

**(iii) Climate change:**

The effects of climate change adversely affect coffee production and processing with devastating consequences on the environment, society and wider economy. It is increasingly clear that developing countries, Kenya included, are adversely affected by unreliable rainfall, floods and hailstorms. This is compounded by their inappropriate disaster preparedness and inadequate capacities on adaptation and mitigation measures. In addressing the coffee farmers plight, the CCARF helps in addressing extreme poverty and elevating their wellbeing.

**(iv) Global economic recession and rising inflation**

In the recent past, the world economy has been faced with an economic slow-down with signs of possible recession. Many countries have registered economic downturn characterized by high inflation and unemployment. The slow-down is likely to negatively impact on coffee consumption. This has further been compounded by COVID-19 pandemic. The uptake for CCARF was severely hindered.

The key constraints that affect development of coffee industry at regional level include: -

(i) **Regional Cooperation:**

The East Africa region is relatively small and contributes less than 10 percent of international trade and remains a net importer of not only industrial goods but also agricultural commodities coffee included. Although intra/inter-regional trade has been strengthened through regional integration arrangements such as Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC), there are still constraints to regional integration. The non-tariff barriers to trade and movements are employed by various nations and they affect trade and commerce.

(ii) Lack of infrastructure connectivity between the member countries to support / actualize the intra/inter-regional trade agreements. In this area much has been accomplished but a lot more requires to be done.

(iii) **Pests and Diseases**

The Sub-Saharan African countries have similar agro-ecological characteristics, hence face similar crop pests and diseases. Crop pests such as berry borer, antestia bug and thrips cut across national borders and are endemic in the region.

All crop diseases of economic importance are also found in all the countries. While there are regional bodies addressing these diseases, there are inadequate regional policies and programmes to address this crisis.

(iv) Inadequate monitoring and control of inputs entering the market leading to infiltration of products with banned residues. Kenya Plant husbandry Inspectorate (IKEPHIS) is the certifying body for the use of the right farm input and chemicals. The coffee farmers are made aware through sensitization forum.

The key constraints that affect coffee at national level include:

(i) **Implementation of New Legal and Policy Frameworks**

The sector has made strides in consolidating relevant legislations relating to the coffee sector. However, many policies and legislations remain a work in progress and implementation needs to be fast-tracked. There are blockers and intermediaries who have made the coffee farming unprofitable undertaking by the coffee farmers while they profiteer themselves to the detriment of the whole coffee subsector. The coffee farmers are paid last whereas the intermediaries and blockers pay themselves first. The situation cannot continue for long as coffee farmers become more enlightened and are able to explore other alternatives in high value crops like macadamia, avocados, herbs and other horticultural products.

(ii) **Land sub- division and fragmentation**

There is increased subdivision of land into uneconomic agricultural units, due to rise in population, urbanization and competing economic activities while in some parts of the country large parcels of land remain unutilized/underutilized. Efforts are required to be made to have non traditional coffee growing areas adopt coffee farming to ensure coffee production sustainability.

(iii) **Low adoption of modern technology and innovation:**

Although Kenya has a well-structured agricultural research system, there is low adoption of new technologies and innovations. This is as a result of inadequate research-extension-farmer linkages and

limited demand-driven research resulting to low coffee production and productivity. The Coffee Research Foundation will need to be revitalized to address the modern coffee farming matters.

**(iv) Land degradation and declining soil fertility:**

Poor farming methods and continuous cultivation has led to rapid depletion of soil nutrients, declining yields and environmental degradation. Degradation of agricultural lands has continued in various forms at a rapid rate compared to the rate of reclamation. Degradation results from erosion, soils acidity, salty soils, deforestation, quarrying and mining, among others. This has resulted in reduction of coffee production. The use of appropriate farm inputs and chemicals is a must for effective coffee production.

**(v) Pests and disease**

Prevalence of diseases and pests continues to be high which leads to reduced productivity and loss of markets due to poor quality of coffee produced. The environment pressure groups and adoption of environment friendly farming method requirements affect the traditional coffee farming methods. Natural coffee processing and control in use of water in wet processing of coffee cherry are new ways to deal with the challenge.

**(vi) Post-Harvest Losses:**

Post-harvest losses occasioned by pests, diseases, poor handling, poor processing and theft of coffee in coffee societies is prevalent and has a negative impact farmer returns. Insurance of coffee produce from farm level all the way to the coffee auction is required and a must.

**(vii) Climate change:**

Climate change results to reduced productivity, pests' outbreaks and disease epidemics, marginal agricultural areas are particularly vulnerable to the negative impacts of climate change, as an extended period of droughts. Changing weather patterns has affected coffee production in Kenya. Currently any serious farming of coffee would require farming to be done under irrigation.

**(v) Inadequate control systems:**

Ordinarily, millers determine the quality and grade of coffee in the absence of the coffee owner. The absence of effective oversight from the government and grower encourages some millers to overstate the milling loss, manipulate grades, interchange coffee ownership and introduce hidden charges. These activities result in loss of volume, reduction of quality and loss of faith in coffee farming. Mechanism of transparency in traceability of coffee processing, classification, grading and marketing will need to be employed to safe the industry from collapse.

**(vi) Coffee Certification**

Some international markets require adherence to coffee certification standards for coffee imports. Low level of certification of Kenyan coffee prohibits it from accessing these international coffee markets.

**(vii) Limited capital and access to affordable credit:**

The organization and arrangement of the coffee sub sector framework is considered risky by the formal financing sector. The government has endeavored to fund the value chain actors through the Commodities Fund and the Coffee Cherry Advance Revolving Fund.

**(viii) Inadequate market access and market information infrastructure:**

The domestic coffee market lacks an effective market information system and infrastructure. In addition, the dependence on a few external market outlets makes coffee exports very vulnerable to changes in the demand for coffee and unexpected non-trade barriers by foreign markets.

**(ix) Gender inequalities**

There exist inequalities at household level in terms of access to and control over productive resources; and in agriculture value chains (participation at processing, marketing, trade and in agricultural service delivery). This continues to impact negatively on household coffee sector performance and overall economic growth. This is especially manifest in Kenya where women provide all the labour and the men accrue all the dividends.

**(x) Aging Population**

The coffee sector is predominantly run by the old population with very few youths getting involved. There is therefore, need for interventions that target the orientation of the youth to attract them in the sector.

**(xi) Weak governance and accountability in Coffee Co-operative Societies.**

Lack/weak enforcement of existing laws and guidelines leading to corruption and theft of members funds by society officials thus stagnating the growth and development of co-operatives.

**Emerging Issues**

1. COVID-19: and the aftermath enforced cessation of movement by the government hindering mass sensitization on CCARF and New KPCU services.
2. Presidential Directive of 2021 on Coffee farming inputs subsidy: Following the directive, farmers were able to access farm inputs at subsidized rates lowering the cost of farming.
3. War in Europe (Russia / Ukraine conflict): The conflict has affected the supply of raw materials for producing fertilizers thus increasing the cost of farming inputs.
4. Emergence of global inflation: The emergent inflation has eroded the purchasing power of many coffee consumers thus affecting coffee markets.
5. Constraints in global supply chains; These constrains have affected global trade including coffee.

**9. Environmental and Sustainability Reporting**

CCARF exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

In agronomists support services, field officers visit farms to bring services closure to the farmers and follow up to ensure correct application of farm inputs. This brings farmer closure to services provided by the CCARF.

It is imperative to hold the hand of the farmers all through the whole coffee value chain. Coffee quality and premium grades are made from the farm and there after sustained through careful handling during pulping, drying and delivery to milling plants.

The corporate social responsibility program targets areas of show casing to ensure farmers are made aware of the coffee tree husbandry and agronomy care which enables great results in quality and volume.

The average output per coffee bush is 2 kgs whereas the same can easily produce up to 15 kgs comfortably with the right use of farm inputs.

**i) Sustainability strategy and profile**

Coffee Cherry Advance Revolving Fund supports farmers to access affordable credit and in its programs supports the funding to create demonstration plots for coffee husbandry. It also encourages farmers to adopt high value crops to supplement income from coffee farming.

**ii) Environmental performance**

Coffee Cherry Advance Revolving fund promotes the production of natural coffee and management use of approved farm inputs and chemicals. This enables the coffee produce to achieve certification base on international standards.

**iii) Employee welfare**

Coffee Cherry Advance Revolving Fund adheres to the New KPCU Human Resource policy guidelines and ensure compliance to the gender ratio and ensures public participation in formulation of its policies. Coffee Cherry Advance revolving fund adheres to the Occupational Safety and Health Act of 2007 by ensuring the health and safety of working conditions of the employees.

**iv) Market place practices-**

Coffee Cherry Advance Revolving Fund has made the following efforts:-

**a) Responsible competition practice.**

Coffee Cherry Advance Revolving Fund complies with the Public Procurement and Asset Disposal Act which ensures competitive procurement of goods and service. It also develops its strategic plan in close adherence to government of Kenya medium term plan ad vision 2030. Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.

**b) Responsible Supply chain and supplier relations**

Coffee Cherry Advance Revolving Fund ensures that all contractors and suppliers of goods and services are paid on the basis of first come first serve. It also ensures that the procurement of goods and services is based on budgeted programs which help to minimize pending bills.

**c) Responsible marketing and advertisement**

The Coffee Cherry Advance Revolving Fund in its effort for promotion of disbursement of funds to coffee farmers ensures that promotions are done and applied according to the National Values and governance.

**d) Product stewardship**

The Coffee farmers who are the beneficiaries of the Coffee Cherry Advance Revolving fund are all treated equally by being charged a 3% Administrative Fee and in that we ensure fairness to all.

**v) Corporate Social Responsibility / Community Engagements**

Coffee Cherry Advance Revolving fund during the financial year have supported Coffee Co-operatives in construction of greenhouses putting up drying beds and roofing of their factories and is in the process of developing their strategic plan on corporate social responsibility.

**10. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of CCARF affairs.

**i) Principal activities**

The principal activities of the Entity continue to be milling, handling and marketing of coffee in form of coffee parchment delivered by farmers' cooperative societies and coffee estate farmers. The other activities are property management for value creation, management of coffee cherry advance revolving fund and management of coffee farm input subsidy.

**ii) Results**

The results of the Entity for the year ended June 30, 2022, are set out on page 1 to 34

**iii) Directors**

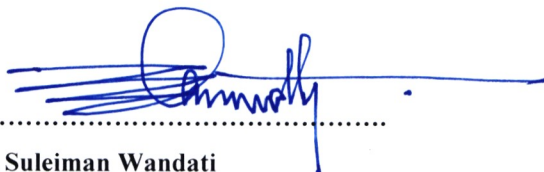
The members of the Board of Directors who served during the year are shown on page iv to vii. During the year 2021/2022, the Coffee Cherry Advance Revolving Fund without a Board where the accounting officer took the role of overseeing the operations of the fund. In May 2022, a new Board was appointed with effect from 13<sup>th</sup> May 2022 to carry out the role of oversight.

**iv) Surplus remission**

The Entity did not remit any remittance to the Consolidated Fund during the Financial Year ended 30 June 2022. The organisation is in the process of developing its authorized establishment and recruitment.

**v) Auditors**

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



**Mr. Suleiman Wandati**

**Corporate Secretary/Secretary to the Board**

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

---

**11. Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and (*Coffee Cherry Advance Revolving Fund (CCARF) PFM regulations March, 2020*) require the Directors to prepare financial statements in respect of that *CCARF*, which give a true and fair view of the state of affairs of the *CCARF* at the end of the financial year ended 30<sup>th</sup> June, 2022 and the operating results of the *CCARF* for that year. The Directors are also required to ensure that the *CCARF* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *CCARF*. The Directors are also responsible for safeguarding the assets of the *CCARF*.

The Directors are responsible for the preparation and presentation of the *CCARF* financial statements, which give a true and fair view of the state of affairs of the *CCARF* for and as at the end of the financial year ended on June 30, 2022. 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 *CCARF*; (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 *CCARF*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *CCARF* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the *CCARF* PFM regulations ). The Directors are of the opinion that the *CCARF* financial statements give a true and fair view of the state of *the CCARF* transactions during the financial year ended June 30, 2022, and of the *CCARF* financial position as at that date.

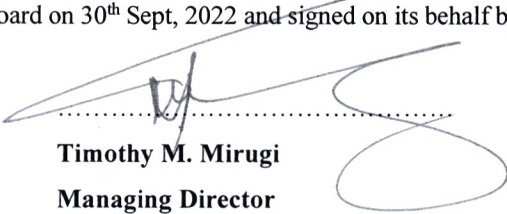
The Directors further confirms the completeness of the accounting records maintained for the *CCARF*, which have been relied upon in the preparation of the *CCARF* financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

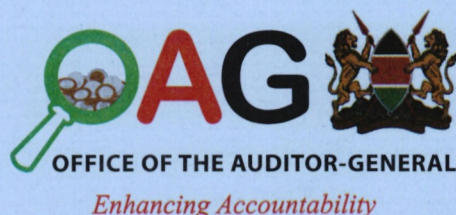
The *Entity's* financial statements were approved by the Board on 30<sup>th</sup> Sept, 2022 and signed on its behalf by:

.....  
**Hassan Reche**  
**Chairperson of the Board**

  
**Timothy M. Mirugi**  
**Managing Director**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON COFFEE CHERRY ADVANCE REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2022**

---

### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Coffee Cherry Advance Revolving Fund set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 Coffee Cherry Advance Revolving Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management (Coffee Cherry Advance Revolving Fund) Regulations, 2020 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

The financial statements presented for audit had the following inaccuracies:

- I. The statement of financial performance reflects a Nil balance in respect of revenue from 3% administrative charge on advances to farmers while the supporting schedules reflects an amount of Kshs.4,569,522.
- II. The statement of financial position reflects cash and cash equivalents balance of Kshs.2,917,791,246 and a comparative balance of Kshs.2,867,405,160 while the supporting Note 13 to the financial statements reflects Kshs.2,898,209,112 and Kshs.2,838,428,505 resulting to variances of Kshs.19,852,134 and Kshs.28,976,655 respectively.
- III. The statement of financial position reflects current receivables from exchange transactions balance of Kshs.101,396,534 and comparative balance of Kshs.2,571 while the supporting Note 14 (b) to the financial statements reflects Kshs.101,396,494 and Kshs.13,400,216 resulting to variances of Kshs.40 and Kshs.13,397,645 respectively.
- IV. The statement of financial position reflects current liabilities amounting to Kshs.6,181,918. However, the balance was not supported by any note to the financial statements.
- V. The statement of financial position reflects total assets balance of Kshs.3,032,138,972. However, total equity and liabilities amounts to Kshs.3,025,381,697 resulting in an unexplained variance of Kshs.6,757,274.
- VI. The statement of cash flows reflects net cash flows from operating activities amounting to Kshs.151,785,620. However, the corresponding Note 17 to the financial statements reflects an amount of Kshs.89,361,314 resulting in an unexplained variance of Kshs.62,424,305.

In the circumstances, the presentation, accuracy and completeness of the above balances as reflected in the financial statements could not be confirmed.

## **2. Presentation and Disclosure of the Financial Statements**

Review of the financial statements revealed that the management did not comply with the Public Sector Accounting Standards Board Reporting Template (Revised 2022). It was noted that the financial statements were not signed by the Chairman of the Board and the Managing Director did not as well sign the Appendix on implementation status of the Auditor-General's recommendations which appears on page 31 of the financial statements. In addition, note 14(c) to the financial statements reflect disclosures on movement of Equity Investment together with impairment allowances/provision but the source and intent of the disclosure is not clear.

In the circumstances, presentation and disclosure of the financial statements was not in the format prescribed by the Public Sector Accounting Standards Board.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Coffee Cherry Advance Revolving Fund Management in accordance with ISSAI 130 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. There were no key audit matters to report in the year under review.

## **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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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**

#### **1. Failure to Prepare Annual Workplan and Budget for the Fund**

The Fund did not prepare annual work programme and budget for the financial year ended 30 June, 2022. In the foregoing circumstances, it was impossible to establish the Fund's approved activities and cost estimates thereof for the financial year under review as

envisaged. This was in contravention of Regulation 23(1) of the Public Finance Management (Coffee Cherry Advance Revolving Fund) Regulations, 2020 which states that, "at least six months before the commencement of each financial year, the Board shall cause to be prepared estimates of the revenue and expenditure of the fund for that year".

Further, Regulation 6(2) of the Public Finance Management (Coffee Cherry Advance Revolving Fund) Regulations, 2020 stipulates that the expenditure on the Fund shall be on the basis of and limited to annual work programmes and cost estimates which shall be prepared by the Administrator at the beginning of every financial year and approved by the Board.

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

## **2. Late Submission of the Annual Report and Financial Statements**

The Fund submitted the annual financial statements to the Office of the Auditor-General on 2 November, 2022 two (2) months after the deadline of 30 September, 2022. This was done contrary to Section 47(1) of the Public Audit Act, 2015 which requires the financial statements to be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

## **3. Irregular Investment of Undisbursed Funds in Call Accounts at a Commercial Bank**

The reported cash and cash equivalents balance of Kshs.2,917,791,246 includes an amount of Kshs.2,894,433,219 invested in call deposits, held in Cooperative Bank, as disclosed at Note 13 to the financial statements. This is contrary to The National Treasury Circular Ref.DMD 4/02 'H' (63) of 26 March, 2018 which directed all State Corporations and Semi-Autonomous Government Agencies (SAGAs) to invest surplus funds in Treasury Bills and/or Treasury Bonds directly through Central Bank of Kenya without intermediaries. All funds previously held in fixed deposits in commercial banks / financial institutions were not to be rolled over but retired and invested in Treasury bills / bonds.

Further, the balances held with the commercial banks on call deposit have accumulated unapplied interest of Kshs.278,824,709. Unapplied funds do not benefit from interest, unless rolled over as part of the principal balances. This has denied the Fund the benefit of a higher return on those unapplied funds.

In the circumstances, Management was in breach of the National Treasury directive.

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 audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. 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 overall 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 Public Sector Accounting 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, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management either intends to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Fund 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 audit is planned and performed to express a conclusion about 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 and that public resources are applied in an effective way, 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.

Further, in planning and performing the audit of the financial statements and audit 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 controls.

- 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 applicable 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 Fund's ability to continue 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 Fund 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 Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

31 January, 2023

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

**13. Statement of Financial Performance for the year ended 30 June 2022**

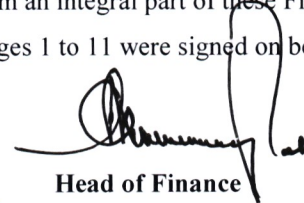
	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Total Revenue from non-exchange transactions		-	-
Revenue from exchange transactions			
Finance income	7	175,597,773.90	103,860,102.75
Other income (CCARF 3% Admin Charges)	8	0	-
Total Revenue from exchange transactions		175,597,773.90	103,860,102.75
Total Revenue		175,597,773.90	103,860,102.75
Expenses			
Use of goods and services	9	1,350,326.20	540,465.00
Repairs and maintenance	10	22,461,828.00	-
Total expenses		23,812,154.20	540,465.00
Surplus before tax (Withholding tax)		151,785,619.70	103,319,637.75
Taxation (Not Applicable)	12	-	-
Surplus/(deficit) for the period/year		151,785,619.70	103,319,637.75
Net Surplus for the year		151,785,619.70	103,319,637.75
Revenue from non-exchange transactions			

The notes set out on pages 28 to 53 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 11 were signed on behalf of the Board of Directors by:

  
**Ag. Managing Director**  
**Timothy M Mirugi**

**Date**

  
**Head of Finance**  
**Zaccheus K Ndirangu**  
**ICPAK Member NO:4820**

**Date**

**Chairman of the Board**  
**Name: Hassan Reche**

**Date**

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

**14 Statement of Financial Position as at 30 June 2022**

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	13	2,917,791,246.05	2,867,405,160.10
Receivables from Exchange Transactions	14	101,396,533.75	2,571.00
Receivables from Non-Exchange Transactions	15	12,951,192.00	0.00
Total Current Assets		3,032,138,971.80	2,867,407,731.10
Non-Current Assets			
Receivables from Exchange Transactions		0.00	-
Total Non- Current Assets		0.00	-
Total Assets		3,032,138,971.80	2,867,407,731.10
Liabilities			
Current Liabilities		6,181,918.35	
Taxation	23	0.00	0.00
Total Current Liabilities		6,318,1918.35	(6,428.00)
Non-Current Liabilities		-	
Total Non- Current Liabilities		-	-
Total Liabilities		-	-
Net Assets			
Capital Grant- Government of Kenya		2,764,094,521.00	2,764,094,521.00
Accumulated Surplus		255,105,257.20	103,319,638.10
Total Net Assets		3,032,138,971.80	2,867,414,159.10

The financial statements set out on pages 28 to 53 were signed on behalf of the Board of Directors by:

.....  
**Timothy M. Mirugi**  
**Ag. Managing Director**

Date

.....  
**Zaccheus K. Ndirangu**  
**Head of Finance**  
**ICPAK Member No: 4820**  
**Date 30<sup>th</sup> Sept, 2022**

.....  
**Hassan Reche**  
**Chairman of the Board**

Date

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

**15 Statement of Changes in Net Assets for the year ended 30 June 2022**

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As at July 1, 2020</b>	-	-	-	-	-	2,764,094,521	2,764,094,521
Surplus/ deficit for the year	-	-	-	103,319,638.10	-	-	103,319,638.10
<b>As at June 30, 2021</b>	-	-	-	103,319,638.10	-	2,764,094,521	2,867,414,159.10
<b>As at July 1, 2021</b>	-	-	-	103,319,638.10	-	2,764,094,521	2,867,414,159.10
Surplus/ deficit for the year	-	-	-	151,785,619.10	-	-	151,785,619.10
<b>As at June 30, 2022</b>	-	-	-	255,105,257.20	-	2,764,094,521	3,019,199,778.20

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

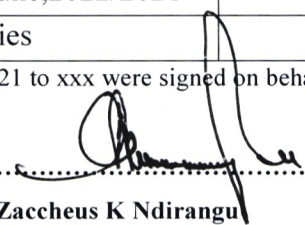
**16. Statement of Cash Flows for the year ended 30 June 2022**

		2021-2022	2020-2021
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Finance income	7	175,597,773.90	103,860,102.75
Other income	8	0	-
Total receipts		175,597,773.90	103,860,102.75
Payments			
Use of goods and services	9	1,350,326.20	540,465.00
Repairs and maintenance	10	22,461,828.00	-
Grants and subsidies		-	-
Total payments		23,812,154.20	540,465.00
Net cash flows from/(used in) operating activities	17	151,785,619.70	103,319,638.10
Cash flows from investing activities			
Purchase of PPE and Intangible assets			
Proceeds from sale of PPE			
Purchase of investments		(165,717,619.90)	-
Sale of investments		64,321,086.16	
Net cash flows from/(used in) investing activities		(101,396,533.75)	0.00
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from issue of shares		-	-
Net cash flows from financing Activities		-	-
Net increase/(decrease) in cash &		50,386,085.95	103,319,638.10
Cash equivalents			
Cash and cash equivalents at 1 July, 2021/2020		2,867,405,160.10	2,764,085,522.00
Cash and cash equivalents at 30 June, 2022/2021		2,917,791,246.05	2,867,405,160.10
Cash flows from operating activities			

The financial statements set out on pages 21 to xxx were signed on behalf of the Board of Directors by:

.....  
**Timothy M. Mirugi**  
**Ag. Managing Director**

30<sup>th</sup> Sept, 2022

  
.....  
**Zaccheus K Ndirangu**  
**Head of Finance**

ICPAK M/No:4820  
30<sup>th</sup> Sept, 2022

.....  
**Hassan Reche**  
**Chairman of the Board**

30<sup>th</sup> Sept, 2022

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

**17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Finance Income	415,000,000	-	41,500,000	41,205,479	294,619	105%
Total Income	415,000,000	-	41,500,000	41,205,479	294,619	105%
Expenses						
Use of Goods and Services	22,500,000	-	22,500,000	22,461,828	38,174	78%
Repairs and Maintenance	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-
Grants and Subsidies	-	-	-	-	-	-
Total Expenditure	22,500,000	0	22,500,000	22,461,828	38	1
Surplus for the period	19,000,000	0	19,000,000	18,743,651	294,581	0
Capital Expenditure	-	-	-	-	-	-

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

---

**18. Notes to the Financial Statements**

**1. General Information**

The Coffee Cherry Advance Revolving Fund (CCARF) Coffee Cherry Advance Revolving Fund (CCARF) is established by and derives its authority and accountability from the Public Finance Management (Coffee Cherry Advance Revolving Fund) Regulations, 2020. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is to provide affordable, sustainable and accessible cherry advance to smallholder coffee growers and small holder coffee estates.

**2. 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 Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *CCARF* 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 in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid-19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

Standard	Effective date and impact:
	<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other</p>	<p><b>Applicable: 1st January 2023:</b></p>

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

Standard	Effective date and impact:
<p>IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><b><i>State the impact of the standard to the Entity if relevant</i></b></p>
<p>IPSAS 43</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

Standard	Effective date and impact:
	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

*iii. Early adoption of standards*

The Entity did not early – adopt any new or amended standards in year 2021/2022.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**ii) Revenue from exchange transactions**

**Dividends**

Dividends or similar distributions must be recognized when the shareholder’s or the Entity’s right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2021-2022 was approved by the National Assembly on xxx. 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.

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

---

Accordingly, the Entity recorded additional appropriations of xxxx on the 2021-2022 budget following the governing body's approval.

**Budget information**

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 xxx of these financial statements.

**c) Taxes**

**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. 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

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

---

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.

***Sales tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an *xx*-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

---

replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair va

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Financial instruments**

**a) Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**Held-to-maturity.**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

---

**Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

**b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**h) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *CCARF*.

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

---

**i) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**j) Contingent liabilities**

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**k) Contingent assets**

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**l) Nature and purpose of reserves**

The CCARF creates and maintains reserves in terms of specific requirements. *CCARF to state the reserves maintained and appropriate policies adopted.*

**m) Changes in accounting policies and estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical

**n) Employee benefits**

**Retirement benefit plans**

The CCARF provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) Foreign currency transactions**

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

---

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**p) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance

**q) Related parties**

The *Entity* regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers. (ccarf to amend accordingly)*

**r) Service concession arrangements**

The *CCARF* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**s) 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.

**t) Comparative figures**

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

**u) 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, 2022.

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

---

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the CCARF 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 Entity based its assumptions and estimates on parameters available when the consolidated 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.1

**Useful lives and residual value**

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) 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 40.

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.

*(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

**6. Transfers from Other Government entities:**

**Transfers from Ministries, Departments and Agencies (MDAs)**

Name Of The Entity Sending The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2021-22	Prior year 2020-2021
	KShs	KShs	KShs	KShs	KShs
Ministry/State Department	-	-	-	-	-
State Department of Co-operatives	0	-	-	0	0.00
<b>Total</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0.00</b>

**7. Finance Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash investments and fixed deposits	175,597,773.90	103,860,102.75
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	<b>175,597,773.90</b>	<b>103,860,102.75</b>

**Notes to the Financial Statements (Continued)**

**8. Other Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Income from sale of tender	0.00	0.00
3% Administration cost on advances to farmers	0	0.00
<b>Total other income</b>	<b>0</b>	<b>0.00</b>

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

**9. Use of Goods and Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Audit Fees	0	0
Bank Charges	1,350,326.20	540,464.65
<b>Total</b>	<b>1,350,326.20</b>	<b>540,464.65</b>

*\*Travel, accommodation, subsistence and other allowances- Where this cost has been budgeted under employee costs, please report it under note 17*

**10. Repairs and Maintenance**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	22,461,829.00	0.00
<b>Total Repairs and Maintenance</b>	<b>22,461,829.00</b>	<b>0.00</b>

**11. Transfers to Other Government Entities**

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfer to Subsidy Account-New KPCU	0	0.00
<b>Total Transfer to Other Government Entities</b>	<b>0</b>	<b>0.00</b>

**12. Taxation**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current income tax charge	0.00	0.00
Tax charged on rental income	0.00	0.00
Tax charged on interest income	0	0
<b>Deferred tax: [note 53]</b>	<b>0.00</b>	<b>0.00</b>
Original and reversal of temporary differences	0.00	0.00
<b>Income tax expense reported in the statement of financial performance</b>	<b>0</b>	<b>0</b>

*\*Taxation comprises of withholding tax on interest income deducted at Co-operative Bank.*

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

**13. Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	3,775,893	100,147,417.75
On - Call Deposits	2,894,433,219.15	2,738,281,087.33
Fixed Deposits Account		-
Others (Specify)		-
<b>Total Cash And Cash Equivalents</b>	<b>2,898,209,112.15</b>	<b>2,838,428,505.08</b>

**13(a). Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Current Account			
Cooperative Bank		3,775,893	100,147,417.75
Equity Bank, etc.		-	-
Sub- Total		3,775,893	100,147,417.75
b) On - Call Deposits			
Cooperative Bank	1150959180000	515,928,767.10	519,561,643.85
Cooperative Bank	1150959180001	1,671,967,808.20	1,566,020,547.95
Cooperative Bank	1150959180002	706,536,643.85	668,277,910.95
c) Sub- Total		2,894,433,219.15	2,753,860,102.75

**14. Investments**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>a) Investment in Treasury bills and bonds</b>	-	-
Financial institution	-	-
CBK	-	-
CBK	-	-
Sub- total	-	-
<b>b) Investment with Financial Institutions/ Banks</b>	-	-
Bank x	-	-
Bank y	-	-
Sub- total	-	-
<b>c) Equity investments (specify)</b>	-	-
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
<b>Grand total</b>	<b>-</b>	<b>-</b>

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

**14(a). Receivables from Exchange Transactions (Current)**

	2021-2022	2020-2021
Description	Kshs	Kshs
<b>Receivables</b>		
Service, Water and Electricity Debtors	-	-
Other Exchange Debtors	12,951,192.20	-
<b>Total Current Receivables</b>	-	-

**14(b). Receivables from Exchange Transactions (Long-term)**

	2021-2022	2020-2021
Description	Kshs	Kshs
<b>Total receivables</b>	--	-
Service, water and electricity debtors	-	-
Other exchange debtors	87,996,318.20	13,400,215.55
Less: impairment allowance	-	-
	-	-
Current portion transferred to current receivables	13,400,215.55	-
<b>Total non-current receivables</b>	-	-
<b>Total receivables (a+b)</b>	<b>101,396,493.75</b>	<b>13,400,215.55</b>

**14 ©. Movement of Equity Investments**

	2021-2022	2020-2021
Impairment allowance/ provision	Kshs	Kshs
At the beginning of the year	13,400,215.55	-
Purchase of investments in the year	152,317,404.36	48,681,878.30
Sale of investments during the year	-64,321,086.16	-35,281,662.75
Increase /(decrease ) in fair value of investments	87,996,318.20	13,400,215.55
At the end of the year	101,396,493.75	13,400,215.55

**15 Receivables from Non-Exchange Transactions**

	2021-2022	2020-2021
Description	Kshs	Kshs
Property tax debtors	-	-
Levies, fines, and penalties	-	-
Licences, fees and permits	-	-
Other debtors (non-exchange transactions)	12,951,192.20	-

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>12,951,192.20</b>	-

**16. Investment Property**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
<b>At end of the year</b>	-	-

**17. Cash Generated from Operations**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>178,707,958.65</b>	-
<b>Adjusted for:</b>	-	-
Depreciation	-	-
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	178,707,958.65	-
Finance cost	(1,350,326.20)	-
<b>Working capital adjustments</b>	-	-
Increase in inventory	-	-
Increase in receivables	(87,996,318.20)	-
Increase in deferred income	0	-
Increase in payables	-	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>89,361,314.25</b>	-

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

**18. 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 Entity'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 Entity 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 Entity'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 Entity's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

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:

	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
As at 30 June 2022	-	-	-	-
Receivables from exchange transactions	12,335,718.20	12,335,718.20	-	-
Receivables from non-exchange transactions	101,396,493.75	101,396,493.75	13,400,215.55	-
Bank balances	-	-	-	-
<b>Total</b>	<b>113,732,211.95</b>	<b>113,732,211.95</b>	<b>13,400,215.55</b>	<b>0.00</b>
As at 30 June 2021	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	13,400,215.55	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>13,400,215.55</b>	<b>-</b>	<b>-</b>	<b>-</b>

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the CCARF statement of financial position)*

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

**Financial Risk Management**

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 Entity 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 xxxx. The board of directors sets the Entity'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 Entity 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2022</b>	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 30 June 2021</b>	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**Financial Risk Management**

**iii) Market risk**

The Entity 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.

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

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 Entity'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.

**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 *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.

**Notes to the Financial Statements (Continued)**

**Financial Risk Management**

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:

**FY 2022**

	<b>In Kshs</b>	<b>Other currencies</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As At 30 June 2022</b>	-	-	-
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

Foreign currency sensitivity analysis

**FY 2022**

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As At 30 June 2022</b>	-	-	-
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Notes To The Financial Statements (Continued)**

**Financial Risk Management**

The following table demonstrates the effect on the Entity'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	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>2022</b>		-	-
Euro	10%	-	-
USD	10%	-	-
<b>2021</b>		-	-
Euro	10%	-	-
USD	10%	-	-

**b) 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 Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

---

**Management of interest rate risk**

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

**Financial Risk Management**

**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 xxx (2022: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2022 – KShs xxx)

**Notes to the Financial Statements (Continued)**

**Financial Risk Management**

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 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.

**Financial Risk Management**

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

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
<b>As At 30 June 2022</b>	-	-	-	-
<b>Financial Assets</b>	-	-	-	-
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>	-	-	-	-
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
<b>As At 30 June 2022</b>	-	-	-	-
<b>Financial Assets</b>	-	-	-	--
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>	-	-	-	-
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
		-	-	-

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

**iv) Capital Risk Management**

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	255,105,257.20	103,319,638.10
Capital Reserve	2,764,094,521.00	2,764,094,521.00
Total Funds	3,019,199,778.20	2,867,414,159.10
Total Borrowings	5,025,009.00	-
Less: Cash And Bank Balances	2,898,209,112.15	2,867,414,159.10
Net Debt/(Excess Cash And Cash Equivalents)	(2,893,184,103.15)	(2,867,414,159.10)
Gearing	0.00	-

**19. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the *CCARF* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

**Government of Kenya**

The Government of Kenya is the principal shareholder of the *Entity*, holding 100% of the *Entity'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:**

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
<b>a) a) Sales to related parties</b>		
Sales of electricity to govt agencies	-	-
Rent income from govt. Agencies	-	-
Water sales to govt. Agencies	-	-
Others (specify) e.g. interest and bank charges	1,350,326.20	540,464.65
<b>Total</b>	<b>1,350,326.20</b>	<b>540,464.65</b>
<b>B) purchases from related parties</b>		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	-	-
Others (specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>b) b) Grants /transfers from the government</b>		
Grants from national govt	-	-
Grants from county government	-	-
Donations in kind	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>c) c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>d) d) Key management compensation</b>		
Directors' emoluments	-	-

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

	2021-2022	2020-2021
	Kshs	Kshs
Compensation to key management	-	-
<b>Total</b>	-	-

**20. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Assets</b>		
Assets Arising from Determination Of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables From Other Government Entities	-	-
<b>Total</b>	-	-

(Give details)

**21. Contingent Liabilities**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Liabilities</b>		
Court Case xx against the Entity	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

(Give details)

**22. Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. ***In line with this legal requirement the Entity remitted Kshs xxx (FY 2022 Kshs xxx). Or The Entity did not make any surplus during the year (FY 2021 Nil) and hence no remittance to the Consolidated Fund.***

[Entities to edit accordingly].

The Surplus Remission has been computed as follows:

	2021-2022	2020-2021
--	-----------	-----------

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

	Kshs	Kshs
Surplus for the period	-	-
Less: Allowable deductions by NT	-	-
90% Computation (Included in Statement of Financial Performance)	-	-

**Surplus Remission Payable**

	2021-2022	2020-2021
	Kshs	Kshs
Payable at the beginning of the year	-	-
Paid during the year	-	-
<b>Payable at end of the year</b>	-	-

**23. Taxation**

	2021-2022	2020-2021
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (note 27)	41,716,475.27	-
Under/(over) provision in prior year/s (note 27)	-	-
Income tax paid during the year	6,180,821.91	-
At end of the year	35,535,653.36	-

*[This tax is in reference to withholding tax on call deposit account interest income. Kshs.6,180,821.91 is on interest applied during the year withheld at the bank while the outstanding amount, Kshs.35,535,653.36 is the accrued withholding tax on accrued income ]*

**24. 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:

	2021-2022	2020-2021
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
<b>Net deferred tax liability/(asset)</b>	-	-
<b>The movement on the deferred tax account is as follows:</b>	-	-

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

<b>Balance at beginning of the year</b>	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
<b>Balance at end of the year</b>	-	-

*(In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes on surplus funds. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)*

**25. Events after the Reporting Period**

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

**26. Ultimate And Holding Entity**

The ccarf is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Agriculture Fisheries and Cooperatives. Its ultimate parent is the Government of Kenya.

**27. Currency**

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

**1. Appendix**

**Appendix 1: Implementation Status of Auditor-General’s Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....  
Director General/C.E. O/M. D (enter title of head of Entity)  
Date

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

**DISCLOSURE NOTES TO THE FY 2021/2022 REPORTS:**

1. The statement of comprehensive income figures for the financial year 2020/2021 was restated as the Coffee Cherry Advance revolving Funds receives grant from the government and it is not subject to corporation income tax as it was applied then.

Interest Income was kshs 103,319,638.10  
 Less Cor Tax of kshs 30,995,891.43  
 Profit Reported kshs 72,323,746.67  
 RESTATED TO:  
 Surplus Amount kshs 103,319,638.10

2. The Coffee Cherry Advance Revolving Fund charges 3% fee for funds administration and management cost. The table below shows the data on amount disbursed, 3% administrative fee and amount recovered

<b>COFFEE CHERRY ADVANCE REVOLVING FUND DISBURSMENT AND RECOVERY PER COUNTY</b>				
<b>COUNTY</b>	<b>No. OF BENEFICIARIES</b>	<b>AMOUNT DISBURSED</b>	<b>3% ADMINISTRATIVE COST</b>	<b>AMOUNT RECOVERABLE</b>
BARINGO COUNTY	2	116,400.00	3,600.00	120,000.00
EMBU COUNTY	202	2,448,062.72	75,713.28	2,523,776.00
KIAMBU COUNTY	297	9,935,374.12	306,845.39	10,242,219.50
KIRINYAGA COUNTY	28	6,173,250.72	190,925.28	6,364,176.00
KISII COUNTY	49	3,709,890.34	114,687.85	3,824,578.19
MACHAKOS COUNTY	5,162	26,554,519.98	814,594.27	27,369,114.25
MERU COUNTY	2,543	38,966,183.21	1,199,901.39	40,166,084.60
MURANG'A COUNTY	2,516	16,150,766.83	498,012.46	16,648,779.29
KERICHO COUNTY	1	1,358,000.00	42,000.00	1,400,000.00
NANDI COUNTY	66	2,537,882.20	78,491.20	2,616,373.40
NYERI COUNTY	5,198	74,556,946.39	2,305,884.94	76,862,831.33
TRANSNZOIA COUNTY	140	10,368,109.26	319,356.84	10,687,466.10
THARAKA NITHI	42	359,908.80	11,131.20	371,040.00
NAKURU COUNTY	1	54,717.70	1,692.30	56,410.00
BUNGOMA COUNTY	4	1,694,040.98	52,393.02	1,746,434.00
<b>TOTAL</b>	<b>16,251</b>	<b>194,984,053.25</b>	<b>6,015,229.41</b>	<b>200,999,282.66</b>

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

3. Coffee Cherry Advance Revolving Fund received funds for coffee farm inputs subsidy of Kshs. 1 Billion. New KPCU Plc applied for authority to open a bank account from the National Treasury and approval was granted. During the interim period, there are coffee farm inputs subsidy programs transactions carried out through the CCARF bank account. The schedule below shows the funds received for the farm inputs program and the amounts transacted through the CCARF bank account and the eventual transfer to the coffee farm inputs subsidy bank account.

CCARF ACCOUNTS PAYABLE/RECEIVABLES				
			DEBIT AMOUNT	CREDIT AMOUNT
			KSHS	KSHS
24/1/2022	STATE DEPT FOR CROP DEV AGRI RESERC/ROC/0010002205 1000000000KES FT220242PCFX	Coffee Farm Input Subsidy - Govt. Grant	-	1,000,000,000.00
03/01/2022	1120959180004	COFFEE FARM INPUT SUBSIDY	929,392,259.00	-
01/12/2022	BANK TRANSFER TO 01148164029100 FARM INPUTS SUPPLY YARA E.A	Fertilizer & Other Farm Inputs	8,405,700.05	-
20/1/2022	DOMESTIC PAYMENT TO SOIL HEALTH LTD SOIL HEALTH FARM INPUTS	Fertilizer & Other Farm Inputs	3,177,200.00	-
14/3/2022	CHEQUE NO: 57 GLADYS MWANGI 2095918000	Imprest - Mobilisation, Sensitization & Awareness	6,680,000.00	-
14/3/2022	CHEQUE NO: 58 WILLIAM KIPCHIRCHIR RUTTO2095918000	Imprest - Mobilisation, Sensitization & Awareness	6,680,000.00	-
02/01/2022	CHEQUE NO: 54 GLADYS MWANGI 2095918000	Imprest - Mobilization, Sensitization & Awareness	5,493,700.00	-
02/01/2022	CHEQUE NO: 55 ZACCHEUS KAGEMA NDIRANGU 2095918000	Imprest - Mobilization, Sensitization & Awareness	3,913,850.00	-
02/02/2022	CHEQUE NO: 56 ZACCHEUS KAGEMA NDIRANGU 2095918000	Imprest - Mobilization, Sensitization & Awareness	5,973,975.00	-
26/1/2022	C716250122172203 COOP ONLY ECONOMIC STIMULUS CONSOLIDATED DEBIT ENTRY (SDMC	Mobilization, Sensitization & Awareness	1,436,266.00	-

**Coffee Cherry Advance Revolving Fund (CCARF)**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

26/1/2022	DOMESTIC PAYMENT TO MUROKI KAULANI KOFIA BUDGET FOR MOBILIZATION FARM I	Mobilization, Sensitization & Awareness	375,000.00	-
26/1/2022	C762250122171705 FARMERS SESITIZATION ON FARM I CONSOLIDATED DEBIT ENTRY (SDMC	Mobilization, Sensitization & Awareness	1,801,900.95	-
26/1/2022	CHEQUE NO: 49 GLADYS NJERI 2095918000	Mobilization, Sensitization & Awareness	6,339,960.00	-
26/1/2022	C763260122150034 COOP ONLY ECONOMIC STIMULUS CONSOLIDATED DEBIT ENTRY (SDMC	Mobilization, Sensitization & Awareness	1,422,100.00	-
26/1/2022	C785260122145825 MPESA ECONOMIC STIMULUS CONSOLIDATED DEBIT ENTRY (SDMC	Mobilization, Sensitization & Awareness	296,000.00	-
27/1/2022	S/B WITHDRAWAL ZACCHEUS KAGEMA NDIRANGU	Mobilization, Sensitization & Awareness	6,680,000.00	-
28/1/2022	CHEQUE NO: 51 ZACCHEUS KAGEMA NDIRANGU 2095918000	Mobilization, Sensitization & Awareness	5,568,780.00	-
02/04/2022	BANK TRANSFER TO 01116304372200 C,S FACILITATION SUBSIDY MEETI	Mobilization, Sensitization & Awareness	100,000.00	-
02/05/2022	BANK TRANSFER TO 01109122824000 ECONOMIC STIMULUS FARM INPUT	Mobilization, Sensitization & Awareness	12,600.00	-
29/1/2022	C716290122123936 FARM INPUT FACILITATION FOR FA CONSOLIDATED DEBIT ENTRY (SDMC	Mobilization, Sensitization & Awareness	48,000.00	-
31/1/2022	CHEQUE NO: 53 GLADYS NJERI ID 8351269 2095918000	Mobilization, Sensitization & Awareness	4,520,153.00	-
20/1/2022	BANK TRANSFER TO 01136003321000 SUPPLY OF COMPUTERS	Mobilization, Sensitization & Awareness	1,682,556.00	-
	<b>Balancing totals for Subsidy transactions through CCARF</b>		<b>1,000,000,000.00</b>	<b>1,000,000,000.00</b>
		Total Subsidy Expenses	<b>70,607,741.00</b>	

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

**4. Call Account Analysis**

CALL ACCOUNT ANALYSIS	2020/2021	Principal Amount	2020/2021	2021/2022	Un Applied Interest	
	KSHS	KSHS	Income Interest	Interest Income		
500M @ 8% P. a. From 1st January 2021	519,561,643.84	500,000,000.00	19,561,643.84	31,391,780.76		
1500M @ 9% P. a. From 1st January 2022	1,566,020,547.94	1,500,000,000.00	66,020,547.94	105,947,260.26		
650M @ 7.5% P. a. From 1st January 2023	668,277,910.96	650,000,000.00	18,277,910.96	38,258,732.89		
Value Month on Month	2,753,860,102.74	2,650,000,000.00	103,860,102.74	175,597,773.91		
Applied Interest				35,024,657.50		
Un Applied Interest			103,860,102.74	140,573,116.41		<b>244,433,219.15</b>
<b>CALL ACCOUNT VALUE @ 30/6/2022</b>	<b>Un Applied Interest</b>	<b>30/6/2022 - Value</b>				
500M @ 8% P. a. From 1st January 2021	15,928,767.10	515,928,767.10				
1500M @ 9% P. a. From 1st January 2022	171,967,808.20	1,671,967,808.20				
650M @ 7.5% P. a. From 1st January 2023	56,536,643.85	706,536,643.85				
		2,894,433,219.15				

**5. Appendix 1 - Coffee Cherry Advance Revolving Fund – Funds Recovery**

CCARF RECOVERY MAIN LEDGER							Debit Amount		Credit Amount		
							KSHS		KSHS		
15/7/2021	MUTIRA F.C.S LTD	0721463561	DROP BOX			Recovery CCARF	-			97,740.00	
6/8/2021	P752108067044497	01120959180000	COFFEE SALE 24C723060821112957			Recovery CCARF	-			251,163.85	
19-08-2021	1	KIAMA FCS				Recovery CCARF	-			255,440.00	
15-09-2021	SELF TRANSFER FROM 01120959180002	CCARF RECOVERY				Recovery CCARF	-			20,217,496.60	
23-09-2021	REV FUNDS 01116341398000	NEW KPCUREV V/D20/8/21				Recovery CCARF	-			10,650.60	
4/10/2021	SACCO CHQ 000008	0000130356				Recovery CCARF	-			246,280.00	
22-10-2021	OAKLANDS COFFEE MARKETING LTD	COML KALILUNI PAYMT TO NEW KPCU	872841KES FT21295DT8Y3			Recovery CCARF	-			872,841.00	
8/11/2021	1	KIORU FCS				Recovery CCARF	-			13,090.00	
18/11/2021	NEW KENYA PLANTERS COOPER OAKLANDS COFFEE MARKETING OAKLANDS COFFEE MARKETING LTD					Recovery CCARF	-			13,976.90	
19/11/2021	SUCASTAINABILITY KENYA LIMITED	1812050K2N~2111180BI3I4 NKPCU MUKUY 400626.1KES P50RTGO213230049				Recovery CCARF	-			400,626.10	
22/11/2021	BENSON MURIUKI MITHAMO 59638	Unpd EFT CR on 211122	NEW KPCU PUBLIC LIMITED C			Recovery CCARF	-			145,500.00	
26/11/2021	SELF TRANSFER FROM 01120959180002	FARMERS TO CCARF				Recovery CCARF	-			2,480,544.10	
10/12/2021	SELF TRANSFER FROM 01120959180002	CCARF recovery from Farmers				Recovery CCARF	-			1,581,382.90	
25-12-2021	SELF TRANSFER FROM 01120959180002	FARMERS ACCOUNT TO CCARF				Recovery CCARF	-			2,919,780.00	
28-12-2021	CHQ 7298 GUSII COFFEE FAR	CHQ 7298 GUSII COFFEE FAR				Recovery CCARF	-			152,940.00	
21-02-2022	SELF TRANSFER FROM 01120959180002	CCARF DEDUCTION FROM FARMERS				Recovery CCARF	-			15,801,711.10	
1/3/2022	KABUNYERIA FARMERS CO-OPEKABUNYERIA FARMERS CO-OPE					Recovery CCARF	-			900,000.00	
1/3/2022	KABUNYERIA FARMERS CO-OPEKABUNYERIA FARMERS CO-OPE					Recovery CCARF	-			260,870.00	
3/3/2022	MTAI ESTATE	PROTUS MTAI				Recovery CCARF	-			70,000.00	
16/3/2022	SUCASTAINABILITY KENYA LIMITED	1812050K2N~2203150CDYRZ SALE17 THAN 731090KES P50RTGO220750020				Recovery CCARF	-			731,090.00	
25/3/2022	SELF TRANSFER FROM 01120959180002	CCARF DEDUCTIONS				Recovery CCARF	-			3,177,691.45	
29/3/2022	SUCASTAINABILITY KENYA LIMITED	2203290CHBA6 SALE 21 C NGANDORI Y~2 1345280KES P50RTGO220880099				Recovery CCARF	-			1,345,280.00	
1/4/2022	NEW KENYA PLANTERS C	COFFEE MGT SERVICES COFFEE MGT SERVICES				CCARF Recovery	-			225,830.00	
1/4/2022	SELF TRANSFER FROM 01120959180002	FARMERS TO CCARF ACCOUNT				Recovery CCARF	-			4,435,221.05	
10/4/2022	SELF TRANSFER FROM 01120959180002	FARMERS TO OPERATIONS SALE 23				Recovery CCARF	-			1,912,779.90	
19/4/2022	NEW KENYA PLANTERS C	COFFEE MGT SERVICES COFFEE MGT SERVICES				Recovery CCARF	-			306,684.00	
10/5/2022	1	NAIROBI				Recovery CCARF	-			200,000.00	
2/6/2022	SELF TRANSFER FROM 01120959180002	SALE 27 CCARF RECOVERY				Recovery CCARF	-			868,698.95	
2/6/2022	SELF TRANSFER FROM 01120959180002	SALE 27 CCARF RECOVERY				Recovery CCARF	-			868,698.95	
21/6/2022	SELF TRANSFER FROM 01120959180004	DEPOSITS PAYABLE TO CCARF				Recovery CCARF	-			3,557,078.71	
							-			<b>64,321,086.16</b>	
<b>Financial Year 2021/2022 CCARF RECOVERIES</b>											<b>64,321,086.16</b>

**Coffee Cherry Advance Revolving Fund (CCARF)  
Annual Report and Financial Statements  
For the year ended June 30, 2022.**

**6. Appendix 2 Coffee Cherry Advance Revolving Fund – Funds Advances**

COFFEE CHERRY ADVANCE REVOLVING FUND DISBURSMENT AND RECOVERY PER COUNTY						
COUNTY	NO. OF BENEFICIARIES	AMOUNT DISBURSED	3% ADMINISTRATION COST	Amount recoverible	AMOUNT RECOVERED	OUTSTANDING AMOUNT
BARINGO COUNTY	2.00	116,400.00	3,600.00	120,000.00	50,000.00	70,000.00
EMBU COUNTY	202.00	2,448,062.72	75,713.28	2,523,776.00	486,909.19	2,036,866.81
KIAMBU COUNTY	297.00	9,935,374.12	306,845.39	10,242,219.50	6,204,832.31	4,037,387.19
KIRINYAGA COUNTY	28.00	6,173,250.72	190,925.28	6,364,176.00	3,771,926.00	2,592,250.00
KISII COUNTY	49.00	3,709,890.34	114,687.85	3,824,578.19	2,177,120.25	1,647,457.94
MACHAKOS COUNTY	5,162.00	26,554,519.98	814,594.27	27,369,114.25	12,129,363.00	15,239,751.25
MERU COUNTY	2,543.00	38,966,183.21	1,199,901.39	40,166,084.60	26,703,821.60	13,462,263.00
MURANGA COUNTY	2,516.00	16,150,766.83	498,012.46	16,648,779.29	11,463,562.79	5,185,216.50
KERICHO COUNTY	1.00	1,358,000.00	42,000.00	1,400,000.00	1,400,000.00	-
NANDI COUNTY	66.00	2,537,882.20	78,491.20	2,616,373.40	2,616,373.40	-
NYERI COUNTY	5,198.00	74,556,946.39	2,305,884.94	76,862,831.33	24,588,886.27	52,273,945.06
TRANSNJOIA COUNTY	140.00	10,368,109.26	319,356.84	10,687,466.10	7,007,110.10	3,680,356.00
THARAKA NITHI	42.00	359,908.80	11,131.20	371,040.00	-	371,040.00
NAKURU COUNTY	1.00	54,717.70	1,692.30	56,410.00	56,410.00	-
BUNGOMA COUNTY	4.00	1,694,040.98	52,393.02	1,746,434.00	946,434.00	800,000.00
<b>TOTAL</b>	<b>16,251.00</b>	<b>194,984,053.25</b>	<b>6,015,229.41</b>	<b>200,999,282.66</b>	<b>99,602,748.91</b>	<b>101,396,493.75</b>
FIN YEAR 2020/2021 Amount Kshs				<b>48,681,878.30</b>	<b>35,281,662.75</b>	<b>13,400,215.55</b>
FIN YEAR 2021/2022 Amount Kshs				<b>152,317,404.36</b>	<b>64,321,086.16</b>	<b>87,996,318.20</b>

