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REPORT

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THE AUDITOR-GENERAL

ON

KIPCHABO TEA FACTORY

**FOR THE YEAR ENDED
30 JUNE, 2021**

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

30 JUN 2022

RECEIVED

KIPCHABO TEA FACTORY LIMITED

ANNUAL REPORTS & FINANCIAL

STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2021

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

Table of Contents

I. KEY ENTITY INFORMATION	ii
I. DIRECTORS	iii
II. THE BOARD OF DIRECTORS	iv
III. MANAGEMENT TEAM	iv
IV. CHAIRMAN'S STATEMENT	vi
V. REPORT OF THE MANAGING DIRECTOR	vii
VI. Statement of Performance against Predetermined Objectives for FY 2020/2021	viii
VII. CORPORATE GOVERNANCE STATEMENT	ix
VIII. MANAGEMENT DISCUSSION AND ANALYSIS	x
IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xii
X. REPORT OF THE DIRECTORS	xvi
XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES	xvii
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2021	1
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021	2
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2021	3
STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE 2021	5
NOTES TO THE ACCOUNTS	6
APPENDIX 1: PROGRESS ON FOLLOW UP ON AUDITOR RECOMMENDATIONS	10

I. KEY ENTITY INFORMATION

Background Information.

Kipchabo Tea Factory Limited is a fully owned subsidiary of Nyayo Tea Zones Development Corporation (NTZDC) established under the Companies Act of Kenya. The Factory is the first tea processing factory to be established by the Nyayo Tea Zones Development Corporation to process green leaf tea into made tea. The Nyayo Tea Zones Development Corporation was established as a state corporation under legal notice 265 of 1986 which was later revised in March 2002 to, in consultation with the Chief Conservator of Forests, create tea and fuel-wood growing zones to act as buffers around gazetted forests and gazetted trust land forests. Part of the corporation's mandate is to establish, manage and maintain tea processing factories and process tea. Kipchabo Tea Factory was thus established in fulfillment of this mandate.

Principal Activities.

The principal activity of the factory is to process Green Leaf tea from the Corporation's catchment zones and contracted out-growers into Made Tea. Bulky of the manufactured made tea is sold through the Mombasa Tea Auction while small quantities are sold in the local market.

Location

Kipchabo Tea Factory is located 15kms South West of Kapsabet town. It is 2210 meters above sea level. Its Latitude is 0° 12' 0" North and Longitude is 35° 6' 0" East.-Kaptel/Kamoiywo Ward, Chesumei Subcounty, Kombe Location. Kombe sublocation.

MISSION

"To effectively protect the gazetted forest cover, achieve high quality tea and fuel wood production, and build a profitable Corporation."

(Establish and maintain gazetted forest buffer belts and produce ecofriendly quality products to the satisfaction of all our stakeholders)

VISION

"To be a leader in conservation of forest and protection of the environment."
(Transforming livelihoods to inspire sustainable forest conservation)

CORE VALUES

Integrity, Professionalism, Teamwork, Commitment and Respect.

I. DIRECTORS

The Directors who served Kipchabo Tea Factory during the period were as follows: -

Prof. Elizabeth Pantoren	– Chairperson	– Appointed in May 2019
Mr. Peter K. Korir	– Director	– Appointed in November 2012

Registered Office:

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

Corporate Headquarters:

P.O Box 48552 – 00100
Nyayo House-11Floor
Kenyatta Avenue
Nairobi, Kenya

Corporate Contacts

Telephone: (254) 2217489
E-mail: info@teazones.co.ke
Website: www.teazones.ke

Corporate Bankers:

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

Stanbic Bank Kenya Ltd
Kenyatta Avenue
P.O. Box 30550 00100
NAIROBI

Independent Auditors:

Auditor-General
The Office of the Auditor General
Anniversary Towers University Way
P.O. Box30084-00100 GPO
NAIROBI KENYA

Principal Legal Advisers





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

II. THE BOARD OF DIRECTORS

<p>1</p>	 <p>Prof E Pantoren – Chairman- Board of Directors</p>	<p>Prof. Elizabeth Pantoren is 49 years old and joined the board in May 2019. She holds a Ph.D. in Sociology from Kenyatta University and has attended several leadership and financial Management courses both locally and abroad and has over 25 years' experience in leadership and management in wildlife and natural sectors attained while serving at Kenya Wildlife Service.</p>
<p>2</p>	 <p>Peter K. Korir – Managing Director</p>	<p>Mr. Peter Korir is 52 years and joined the board in November 2012. He holds a Bachelor of Science degree in Mathematics from Egerton University and MBA (Strategic Management) from University of Nairobi. He is also a graduate of IESE Business school in Advanced Management. He has over 24 years' experience in management having previously worked with East African Portland Cement and Unilever Kenya in various management positions.</p>

III. MANAGEMENT TEAM

<p>1</p>	 <p>Peter K. Korir – Managing Director</p>	<p>Mr. Peter Korir is 52 years and joined the board in November 2012. He holds a Bachelor of Science degree in Mathematics from Egerton University and MBA (Strategic Management) from University of Nairobi. He is also a graduate of IESE Business school in Advanced Management. He has over 24 years' experience in management having previously worked with East African Portland Cement and Unilever Kenya in various management positions.</p>
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2	 <p>Samuel Njire – Head of Finance</p>	<p>Mr Samuel Njire joined the corporation in 2009 and is the Head of Finance. He holds a Bachelor of Commerce (Accounting) and MBA (Finance) degrees both from University of Nairobi. He is also a certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) – Membership No. 6527. He is responsible for overall financial stewardship of the corporation. He has over 29 years experience in finance in both public and private institutions</p>
3	 <p>Charles Mucheke – Head of Operations</p>	<p>Mr Charles Mucheke joined the Corporation in 2005 and is the Head of Operations. He holds a Bachelor of Science (Agriculture) and MBA (Operations Management) degrees both from University of Nairobi. He is responsible for all agronomy operations in the Corporation. Prior to joining the Corporation, he worked with KTDA and has over 28 years experience in the tea industry.</p>
4	 <p>William Togom – Head of Human Resource and Administration</p>	<p>Mr Togom joined the corporation in 2003 and is the head of human resources and administration. He holds a Bachelor of Arts degree in Anthropology. He also holds a Diploma in Human Resource Management from Kenya Institute of management (KIM). He is a member of Human Resource Management Institute of Kenya – Membership No. 03386. He has over 24 years' experience in human resource and administration.</p>
5	 <p>David Chepkwony- Head of Commercial</p>	<p>Mr Chepkwony is 49 years old and joined the corporation in 2014 as head of commercial unit. He holds a Bachelor of Commerce degree in Marketing. Prior to joining the Corporation, he worked with Ketepa, De Monte Kenya Ltd, Reckitt Benckiser EA Ltd & Unilever Kenya Ltd and has over 22 years' experience in sales and marketing.</p>

IV. CHAIRMAN'S STATEMENT

I am pleased to present to you the Annual Report and financial statements of Kipchabo Tea Factory Limited for the year ended 30 June 2021. The Factory is a wholly owned subsidiary of Nyayo Tea Zones Development Corporation.

The Company reported a growth in the year with pretax Loss decreasing from Ksh. 18.51 million in 2019/2020 to a Loss of Ksh. 5.11M in 2020/2021. This is attributed to reduction on costs and favorable exchange rates. Volumes of green leaf received declined as a result of unfavorable weather conditions during the financial year. This led to a decrease in volumes of tea sold in both the domestic market and at the auction.

The investments made in the previous years in form of machinery and equipment helped the Company to optimize capacity utilization and increase efficiency.

In the current financial year green leaf intake from our farms and out growers amounted to 21.8 million kgs. The Company's strategy is to enhance value addition which will increase our revenues and transfer the benefit to our farmers and communities in the Factory catchment. We have aligned our strategy to enhance the achievement of the Big Four Agenda pillars of manufacturing, food security and nutrition.

During the year, the Company initiated programs to empower farmers and communities in the catchment in form of access to tree seedlings. This initiative will help increase trees planted and environmental conservation and in the long run improve the standards of living for the community. We also work closely with the County government in improvement of access roads in the past year.

Our tea brands continued to grow in the local market despite stiff competition and we expect to gain larger market share due to the high quality of our tea. Our sales volumes in the domestic market was maintained, growth was affected by the restrictions of movement arising from COVID-19 in the last quarter of the financial year

I extend my gratitude for the invaluable support given by the Board of Directors, management and staff and the Government for being committed to the Company's affairs. I also take this opportunity to appreciate our esteemed customers without who we could not have gone this far.


DIRECTOR

Date..... 30/09/2021

V. REPORT OF THE MANAGING DIRECTOR

General

I present to you the Annual Report and financial statements of Kipchabo Tea Factory Limited for the year ended 30 June 2021. The Factory is a wholly owned subsidiary of Nyayo Tea Zones Development Corporation.

Financial Results

During the year volumes of processed tea sold decreased by 12% to 4.8 million Kgs compared to 5.5 million Kgs in the previous year. Revenues decreased by 9.5% to Ksh 938 Million which was mainly attributed to lower volumes of processed tea and lower auction prices. Direct expenses decreased by 1.67% to Ksh. 763 million compared to Ksh. 884 million in the previous year. Indirect expenses increased by 4.8% to Ksh. 180 Million compared to Ksh. 172 Million in the previous year. Overall, the company recorded loss of Ksh. 5.11 Million compared to a loss of Ksh. 18.5 million recorded in the previous year.

Operations

Total green leaf received by the factory was 21.8 million Kgs which is lower compared to 25.6 million Kgs in the previous year. Out of the total green leaf received, out-growers contribution was 12 million Kgs which is 56% while the rest was collected from Nyayo Tea Zones factory catchment namely Nandi North, Nandi South, Kakamega and Kaptarakwa.

Processed tea volumes decreased by 12% to 4.8 million Kgs compared to 5.5 million Kgs in the previous year giving an out-turn of 22% (2019/2020 - 22%).

Future outlook

Tea prices in the global market are expected to improve in future and this will boost the company's revenues. However, the impact of COVID-19 is still being felt in the Auction market. As a result of this, the company projects to grow its local market share which will also generate additional revenue and cushion against volatility in the Mombasa Auction prices as well as exchange rate fluctuations.

Appreciation

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


Peter K. Korir
Managing Director

Date..... 30/09/2021

VI. Statement of Performance against Predetermined Objectives for FY 2020/2021

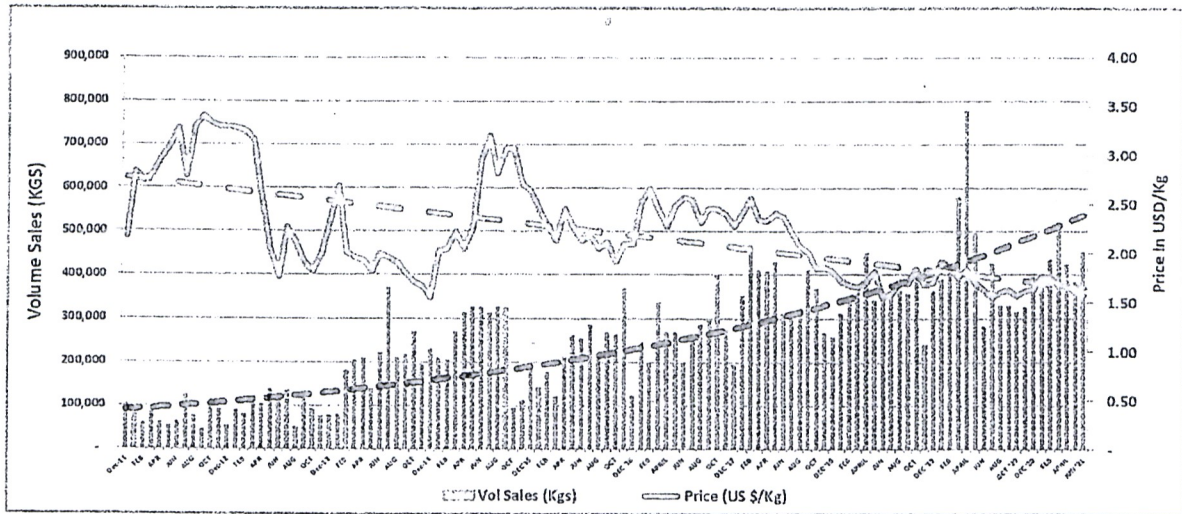
The key operational pillars for Kipchabo Tea Factory are centered on Greenleaf received, Made Tea processed and Made Tea sold. During the financial year 2020/21, the factory's key objectives and actual performance are given as below;

	FY 2019/20 Actual		FY 2020/21 Plan		FY 2020/21 Actual		VOLUME VARIANCE (KGS)		VALUE VARIANCE (Kshs)	
	VOL. (KGS)	VAL. (KSHS)	VOL. (KGS)	VAL. (KSHS)	VOL. (KGS)	VAL. (KSHS)	Vs Plan	Vs 2019/20	Vs Plan	Vs 2019/20
Green Leaf Kipchabo	11,544,968	276,939,336	12,333,027	369,990,821	9,436,509	213,720,168	(2,896,518)	(2,151,596)	(156,270,653)	-63,219,168
Out-growers	14,122,730	339,436,097	14,893,288	446,798,629	12,418,787	283,851,950	(2,474,501)	(1,654,265)	(162,946,679)	-55,584,147
Total Green Leaf	25,667,698	616,375,433	27,226,315	816,789,450	21,855,292	497,572,119	(5,371,019)	-3,805,861	(319,217,332)	-118,803,315
Made Tea*	5,540,903	1,012,115,313	6,262,052	1,380,659,314	4,881,376	967,129,620	(1,380,676)	(659,527)	(413,529,694)	-44,985,693
Auction*	5,053,356	923,058,749	6,262,052	1,360,659,314	4,734,704	938,070,200	(1,527,348)	(318,654)	(442,589,114)	-457,600,565

NB: The total cost of green leaf for FY. 2020/2021 is Ksh 497,572,119 which is adjusted in the financial statement to Ksh 453,920,011 after deducting Ksh 43,652,559 relating to cost of green leaf component of closing stock. Low performance against targets is attributed to Greenleaf competition and low rainfall within the catchment. This translated to low performance in terms of made tea produced and subsequently low revenue which was further adversely affected by low prices.

	Projections	Actual	Variance
Green Leaf (KGS)	27,226,315	21,855,292	(5,371,023)
Made Tea (KGS)	6,262,052	4,881,377	(1,380,675)
Out turn	23%	22%	-1%
Revenue (KSH)	1,380,659,314	938,070,200	(442,589,114)

In the FY 2020/2021, the weather was not as good as was predicted and hence the factory did not receive the projected green leaf. The auction price of made tea was projected at an average of \$ 2.25 as the auction price. However, the prices were on the decline as depicted here below and averaged at \$ 1.64 in the year under review.



Kipchabo Tea Factory has x strategic pillars and objectives within which the current strategic plan for the FY 2020-2025. These strategic pillars are as follows:

VII. CORPORATE GOVERNANCE STATEMENT

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

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

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

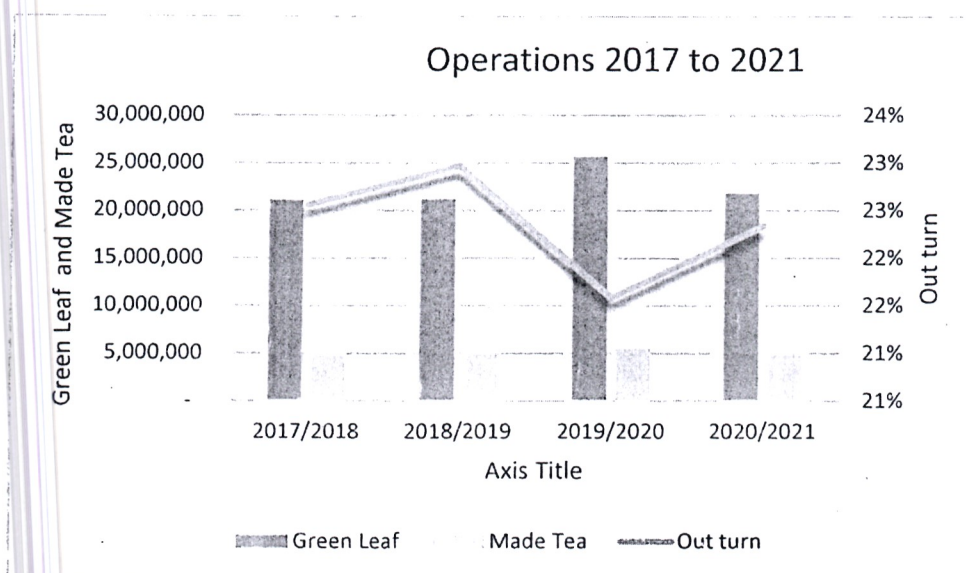
The board has established 3 committees: (i) Production, Business Development & Strategy Committee

(ii) Audit & Risk Management Committee and (iii) Finance, Human Resources & ICT Committee. Each committee meets at least once every quarter before tabling their reports to the full board.

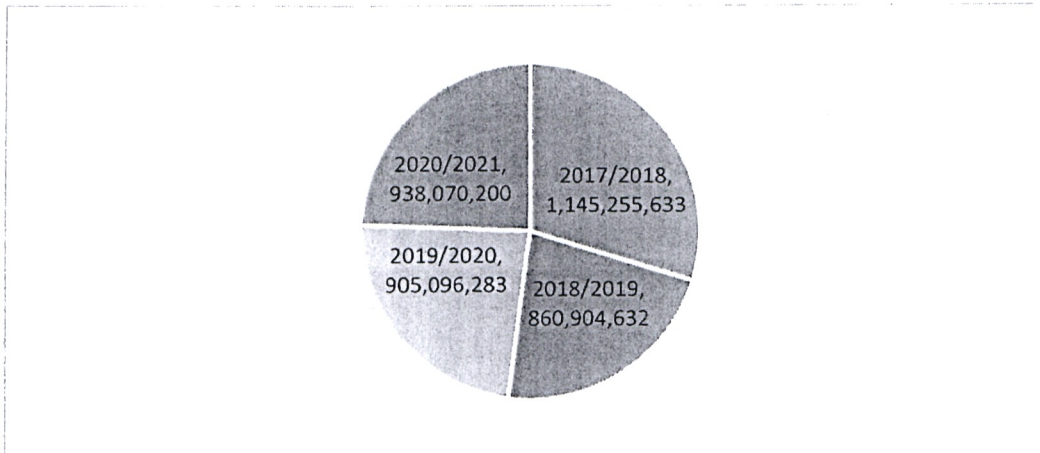
The company is also focused on enhancing stakeholder's relations program to embrace best practice and to keep all stakeholders informed on the business.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Kipchabo factory has almost been consistent in terms of green leaf and made tea save for 2019/2020 where we achieved 25.6 Million Kilogrammes of green leaf and 5.5 Million Kilograms of Made tea. The weather in the year was unusually favourable. The out turn has been almost constant ie (22%-23%).



Prices of Made tea has been bearish as depicted in earlier graph and Kenya shilling compared unfavorably with the hard currency. This explains why the revenues are almost comparing as per the chart below.



Over the periods, the below investments have been made.

1. The third line was commissioned in April, 2019 with cutting capacity of 2,000kgs/hr of Greenleaf. This raised the total throughput to 5,000kgs/hr.
2. The packaging unit was installed and tested in March 2014 and Value Addition is already up and running. Further expansion expected on development of new products.
3. Out-growers programme was implemented, and we began receiving green leaf from farmers on 10.03.14. with 3,355 farmers already registered and delivering green leaf and currently supply 50% of leaf to the factory.
4. Kipchabo Tea Factory is already certified on three systems that is ISO 22000:2005 -Food Safety Management System, Rainforest Alliance, and UTZ Certification.
5. Development of 11 housing units for support staff under Green Zones Development support programme is already completed and units already occupied. However, the houses are inadequate and there is need to develop 10 more units to accommodate all the support staff.
6. Withering expansion (continuous withering) completed and is already running.
7. Installation of weigh bridge completed and operational.
9. Greenleaf from Kaptarakwa Zone diverted to Sisibo Tea Factory form 1st March 2018.
10. ERP Implementation completed 2020 and now up and running.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

(I) Sustainability Strategy & Profile

Sustainability is at the core of NTZDC and Kipchabo Tea factory. The Buffer zone management is a long-term intervention aimed at bringing about a transition to sustainability, in four dimensions: Ecological, Social, Institutional and Financial & Economic sustainability. i) Ecological sustainability - which concerns using natural resources in a way which does not reduce their future use potential or impair the long-term viability of the species. ii) Social sustainability - which concerns the ability of contracting communities to sustain their obligations as set out in collaborative agreements. Social acceptability is an important criterion in this aspect. iii) Institutional sustainability - which concerns the managing authority's ability to meet conservation obligations, etc. iv) Financial and economic sustainability - a state in which resources are managed so as to maintain productive opportunities for the future and whereby natural capital stock is non-declining through time. Establishing buffer zones to better preserve conservation areas is by all means a sustainable economic activity coupled with value addition through tea processing via Kipchabo factory.

(ii) Environmental Performance

Being a RainForest Alliance certified institution, Kipchabo factory undertakes a number of environmental conservation activities not only for compliance but also in keeping with the conservation core mandate of the mother company, NTZDC. This includes Ecosystem Conservation through seedlings donation to surrounding communities and tree-planting drives in the environmentally sensitive areas in partnership with out-grower farmers and local institutions including churches, schools and dispensaries.

(iii) Employee Welfare

Kipchabo Tea Factory complies with the prescribed gender balance policy of 70:30% as recommended in the constitution of Kenya. In addition, an affirmative action to recruit majority of workers from the local community is currently in place. Other policies actively implemented by the factory include Occupational Health and Safety, and provision of insurance cover against injuries and fire incidents (WIBA).

In addition, the factory pays overtime work on a voluntary basis and according to employment laws to ensure a working week of less than 60 hours. As a routine activity, the factory conducts an education programme for employees and outgrower farmers on environmental conservation.

(iv) Market Place Practices

The factory processes, packages and sells high quality teas through the auction and local market. Some

of the brands include Kipchabo mark sold Mombasa Tea auction, Chabo, Kipchabo FDS and Eco Standard sold in the local market. Kipchabo Tea Factory is ISO 22000:2005 certified and assures customers the highest standards in processing and packing of its tea.

Kipchabo mark sold through the auction is regulated by EATTA while products sold in the local market are fairly priced to cater for all market segments.

Local products are distributed using local traders and customers and the corporation practices responsible marketing in its advertising and promotional activities.

Corporate Social Responsibility

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

Various CSR ventures have been implemented so far:-

- i. The Corporation constructed and equipped a modern classroom at Nyayo Tea Zones Primary School in Kakamega County. This project was started in 2017 and has been ongoing.

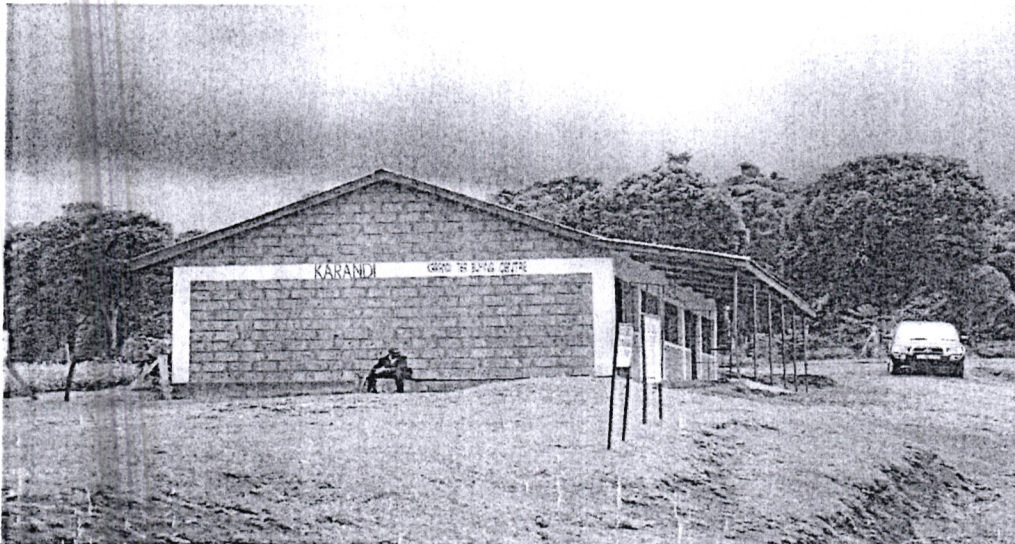


A classroom project in Kakamega Zone

- ii. NTZDC has also supported several educational and humanitarian causes across the country,

including the annual Education Awards event in the Kipchabo factory catchment and donations to school projects.

- iii. Additionally, the Corporation has constructed over 100 tea buying centres in the 19 zones of operation where the Corporation and communities sell their tea to the factories.



A tea buying centre in Meru South Zone

- iv. The Corporation also upgrades and maintains rural access roads in the zones where it operates. This has improved local transport, opened up trading centres in the zones and enabled farmers' access to markets with their farm produce.
- v. The Corporation has established a Secondary School Bursary Program for tuition support to four needy students in secondary school drawn from the Kipchabo Factory catchment.



Handing over bursary cheques at Kipchabo factory

v-In addition, the Corporation has also supported several community developments projects e.g. donation of six 10,000 litre tanks to the Ammuka Community water project in Meru County and contribution of one million tea seedlings to the Presidential Tree Planting Initiative which were distributed through the relevant county governments.

X. REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 30 June 2021, which disclose the state of affairs of the Corporation.

(i) Incorporation

The Company is registered in Kenya under the companies Act (Cap.486) registration certificate number CPR/2010/33168. It is a wholly owned subsidiary of Nyayo Tea Zones Development Corporation which is registered in Kenya through a Gazette notice LN265/1986 as a parastatal and is resident in Kenya.

(ii) Principal Activity

The Company's principal activity is processing of CTC black Teas from green leaf. The green leaf is produced from the tea buffer belts established in the gazette forests and from out-growers. This enhances conservation through value addition.

(iii) Results

	2020/2021 (Ksh)	2019/2020 (Ksh)
Profit /(Loss) before tax	(5,117,657)	(18,510,052)
Net Profit/ (Loss) for the year	<u>(5,117,657)</u>	<u>(18,510,052)</u>

(iv) Directors

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

(v) Auditors

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

By order of the Board

Peter Korir

Managing Director

Date... 30/09/2021.....

XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

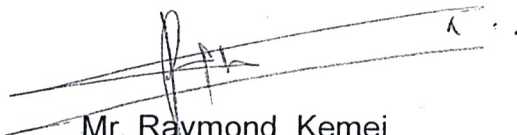
The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the legal requirements.

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

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

Approval of the financial statements

The Kipchabo financial statements were approved by the Board on 30/09/ 2021 and signed on its behalf by:



Mr. Raymond Kemei
Director



Mr. Peter K. Korir
Managing Director

REPUBLIC OF KENYA

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HEADQUARTERS
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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KIPCHABO TEA FACTORY FOR THE YEAR ENDED 30 JUNE, 2021

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

Opinion

I have audited the accompanying financial statements of Kipchabo Tea Factory set out on pages 1 to 10, which comprise the statement of financial position as at

30 June, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, 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, the financial statements present fairly, in all material respects, the financial position of Kipchabo Tea Factory as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards and comply with the Kenyan Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kipchabo Tea Factory 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 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.

Other Information

The Directors are responsible for the other information, which comprises the Chairman's report, Directors' report, the statement of corporate governance, Management discussions and analysis, statement of environmental and sustainability reporting, Corporate Social Responsibility statement and the statement of Directors' responsibilities.

The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

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 matter 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

Non-compliance with the One-Third Basic Salary Rule

Review of payroll records of the Company for the year ended 30 June, 2021 revealed that nine (9) employees earned less than a third of their basic salaries in the month of June, 2021. This was contrary to Section 19(3) of the Employment Act, 2007 and Section C. 1(3) of the Human Resource Policies and Procedures Manual for Public Service, 2016 which requires that deductions made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages.

Consequently, Management was in breach of the law.

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 controls, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and

- iii. The Company's financial statements are in agreement with accounting records and returns.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management 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 overall 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 August, 2022


**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDE
30TH JUNE 2021**

	Notes	2020/2021 Kshs	2019/2020 Kshs
Turnover	2 (a)	938,070,200	1,037,086,340
Cost of Production	2 (b)	(763,428,548)	(884,240,533)
Gross Profit		174,641,651	152,845,806
Administrative Expenses	2 (c)	(33,387,867)	(29,188,993)
Other Operating Expenses	2 (d)	(65,027,185)	(68,568,431)
Employment Expenses	2 (e)	(82,494,215)	(74,880,137)
Operating Profit Before finance Costs		(6,267,616)	(19,791,756)
Finance Costs	2 (e)	-	-
Profit before Exceptional Item		(6,267,616)	(19,791,756)
Other income/(Exchange Loss)	2(g)	1,149,959	1,281,704
Net profit/(loss) for the year		(5,117,657)	(18,510,052)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020/2021 Ksh.	2019/2020 Ksh.
<u>FIXED ASSETS</u>			
Property, Plant & Equipment	3	717,409,447	774,867,436
<u>CURRENT ASSETS</u>			
Inventories	4	123,670,943	167,323,052
Trade Receivables	6	408,358,888	498,802,402
Cash & Bank Balances	5	6,981,284	15,907,296
TOTAL CURRENT ASSETS		539,011,116	682,032,750
<u>CURRENT LIABILITIES</u>			
Trade & Other Payables	7	414,379,769	609,741,736
TOTAL CURRENT LIABILITIES		414,379,769	609,741,736
NET CURRENT ASSETS		124,631,346	72,291,014
TOTAL NET ASSETS		842,040,793	847,158,450
<u>FINANCED BY</u>			
Ordinary Shares	8	100,000	100,000
Share Premium	8	809,171,518	809,171,518
Accumulated Profit	8	32,769,276	37,886,934
TOTAL CAPITAL		842,040,794	847,158,450

The financial statements were approved by the Board of Directors on 30/09 2021 and signed on its behalf by:


Director


Managing Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2021

2020/2021	Accumulated Fund Kshs	Revenue Reserves Kshs	Total Kshs
As at July 1, 2019			
Shareholders Funds	809,271,518	56,396,985	865,668,503
Shareholders capital injection	-		-
Net Profit/(Loss) for the year		(18,510,052)	(18,510,052)
As at June 30, 2020	<u>809,271,518</u>	<u>37,886,933</u>	<u>847,158,451</u>
Net Profit/(Loss) for the year		(5,117,657)	(5,117,657)
As at June 30, 2021	<u>809,271,518</u>	<u>32,769,276</u>	<u>842,040,794</u>

Note: Reserves are maintained by the Company for future expansion

2019/2020

	Accumulated Fund Kshs	Revenue Reserves Kshs	Total Kshs
As at July 1, 2018			
Shareholders Funds	809,271,518	64,259,523	873,531,041
Net Profit/(Loss) for the year		(7,862,538)	(7,862,538)
As at June 30, 2019	<u>809,271,518</u>	<u>56,396,985</u>	<u>865,668,503</u>
Net Profit/(Loss) for the year		(18,510,052)	(18,510,052)
As at June 30, 2020	<u>809,271,518</u>	<u>37,886,933</u>	<u>847,158,451</u>

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021 Kshs	2019/2020 Kshs
Cashflow from Operating Activities			
Operating Profit (Loss)		(5,117,657)	(18,510,052)
Other Income	2 (g)	1,149,959	1,281,704
Depreciation of Fixed Assets	2 (d)	62,146,472	65,652,393
Transfer of work in progress to parent Company			
Profit Before Working Capital Changes		58,178,773	48,424,046
Decrease / (Increase) in Debtors & Prepayments	6	90,443,514	(27,600,694)
Increase / (Decrease) in Creditors & Accruals	7	(195,361,967)	(10,959,535)
Decrease / (Increase) Increase in Stock	4	43,652,108	(17,618,017)
Net Changes in working Capital		(61,266,344)	(56,178,245)
Net Cash Generated from Operating Activities		(3,087,571)	(7,754,200)
Cashflows used in Investing Activities			
Purchase of Fixed Assets	3	(4,688,483)	(8,344,515)
Net Cash (Used) in Investing Activities		(4,688,483)	(8,344,515)
Net Increase in Cash and Cash Equivalents		(7,776,053)	(16,098,715)
Movement in Cash and Cash Equivalents			
At 1st July 2020		15,907,296	33,287,715
Effect of other income on cash & cash equivalent	2 (g)	(1,149,959)	(1,281,704)
Increase/(Decrease) in theyear		(7,776,053)	(16,098,715)
At 30th Jun 2021	5	6,981,284	15,907,296

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE 2021

	Original budget 2020-2021 Kshs	Adjustments 2020-2021 Kshs	Final budget 2020-2021 Kshs	Actual on comparable basis 2020-2021 Kshs	Performance difference 2020-2021 Kshs	% of utilisation 2020-2021 Kshs
Revenue						
Sale of goods	1,668,063,416	-	1,668,063,416	938,070,200	(729,993,217)	56%
Finance Income	1,000,000	-	1,000,000	86,902	(913,098)	9%
Exchange gain/loss	-	-	-	1,063,057	1,063,057	
Total Income	1,669,063,416	-	1,669,063,416	939,220,158	(729,843,258)	56%
Opening/closing stock adjustment						
Green Leaf Intake	844,015,765	-	844,015,765	43,652,108	(43,652,108)	
Other factory operating expenses	243,873,673	-	243,873,673	453,920,011	390,095,754	54%
Factory Materials & Consumables	3,960,000	-	3,960,000	23,464,650	220,409,023	10%
Motor Vehicle & Generator Fuel	46,331,191	-	46,331,191	1,353,904	2,606,096	34%
Electricity and Water	65,751,551	-	65,751,551	36,182,928	10,148,263	78%
Factory running expenses	25,403,739	-	25,403,739	58,999,551	6,752,000	90%
Fuelwood	52,183,770	-	52,183,770	16,180,906	9,222,833	64%
Manufacturing Labour	28,261,085	-	28,261,085	61,996,330	(9,812,560)	119%
Transport of finished tea	22,170,546	-	22,170,546	22,470,038	5,791,047	80%
Warehousing	18,669,934	-	18,669,934	20,317,944	1,852,603	92%
Brokerage and Catalogue fee	9,240,822	-	9,240,822	18,571,378	98,555	99%
Advertising Marketing & Publicity	17,000,000	-	17,000,000	6,318,801	2,922,021	68%
Bank charges	1,600,000	-	1,600,000	5,697,921	11,302,079	34%
Insurance	10,705,809	-	10,705,809	1,206,134	393,866	75%
Other administrative expenses	42,258,731	-	42,258,731	6,554,974	4,150,835	61%
Repairs & Maintenance	15,140,150	-	15,140,150	19,928,838	22,329,893	47%
Security	2,758,110	-	2,758,110	225,303	14,914,847	1%
Depreciation	72,232,938	-	72,232,938	2,655,410	102,700	96%
Salaries and wages	116,755,809	-	116,755,809	62,146,472	10,086,466	86%
Total Expenditure	1,638,313,622	-	1,638,313,622	944,337,815	693,975,807	58%
Surplus for the period	30,749,794	-	30,749,794	(5,117,657)	35,867,451	-17%

Notes

The weather in the catchment during the period was not as expected and this led to low supply of green leaf. This led to low volumes of manufactured tea sold both locally and internationally. The auction prices were declining averaging at \$1.7 in the period.
The costs of manufacturing were managed within the budget in the period. The general economy was affected by the covid 19 and the general increase of prices of various inputs due to inflation.

NOTES TO THE ACCOUNTS

1. Summary of Significant Accounting Policies

(a) Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

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

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

(b) Revenue Recognition

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

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

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

(c) Property Plant & Equipment

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

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

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

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

The annual depreciation rates in use are: -

Buildings	2%	Office Equipment	20%
Machinery	6.65%	Computers & Accessories	33.33%
Furniture & Fixtures	12.5%	Motor Vehicles	20%

(e) Inventories

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

(f) Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted. No provisions for bad debts are made if all debts are concluded to be collectible after assessment.

(g) Accrued expenses – specific and general provisions

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

(h) Financial risk management

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

(i) Related Party disclosures

The company is involved in processing of Green leaf tea some of it delivered by the parent corporation (Nyayo Tea Zones).

Kipchabo Tea Factory Limited
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE ACCOUNTS

	2020/2021	2019/2020
	Kshs	Kshs
2 (a) Turnover		
Sale of Finished Tea	938,070,200	1,037,086,340
	938,070,200	1,037,086,340
2 (b) Cost of Production		
Opening Stock	167,323,052	149,705,035
Green Leaf Intake	453,920,011	616,375,433
Other factory operating expenses	23,464,650	32,080,383
Factory Materials & Consumables	1,353,904	218,098
Motor Vehicle & Lubricants	36,182,928	30,644,950
Electricity and Water	58,999,551	75,451,142
Factory running expenses	16,180,906	23,138,151
Fuelwood & Genset Fuel	61,996,330	55,268,175
Manufacturing Labour	22,470,038	24,605,192
Transport of finished tea	20,317,944	23,247,253
Warehousing	18,571,378	13,906,813
Brokerage and Catalogue fee	6,318,801	6,922,962
Less Closing Stock	(123,670,943)	(167,323,052)
	763,428,548	884,240,533
2 (c) Administrative Expenses		
Advertising Marketing & Publicity	5,697,921	5,108,791
Bank charges	1,206,134	1,283,969
Insurance	6,554,974	3,973,561
Other administrative expenses	19,928,838	18,822,673
	33,387,867	29,188,993
2 (d) Other Operating expenses		
Light & Water	-	-
Repairs & Maintenance	225,303	271,900
Security	2,655,410	2,644,138
Depreciation	62,146,472	65,652,393
	65,027,185	68,568,431
2 (e) Employment Expenses		
Salaries and Wages	46,787,431	46,920,696
House Allowance	9,991,550	10,073,750
Leave Allowance	1,053,282	1,281,772
Commuter and other Allowances	8,375,315	7,486,597
Medical Expense	11,804,219	5,749,657
Staff Welfare	447,873	104,078
Social Security Expense	4,034,545	3,263,589
Total Employment Expenses	82,494,215	74,880,137
2 (g) Other income		
Miscellaneous Income	455,000	48,546
Interest Income	86,902	106,780
Exchange Gain/ (Loss)	608,057	1,126,378
	1,149,959	1,281,704

Exchange loss relates to changes in value in sales denominated in US dollars when converted to Kenya shillings.

Annual Reports and Financial Statements
For the year ended June 30, 2021

Note 3

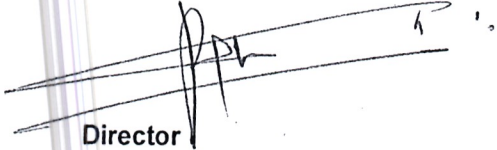
	Land Kshs	Work-in-Progress Kshs	Factory Buildings Kshs	Factory Machinery Kshs	Furniture & Fixtures Kshs	Office Equipment Kshs	Computers & Accessories Kshs	Motor Vehicles Kshs	Total Kshs
2020/2021									
Cost									
As at 1st Jul 2020	8,044,682	1,619,820	487,862,599	654,827,110	4,193,349	2,048,042	13,454,548	102,159,250	1,274,209,400
Additions							4,688,483		4,688,483
30th June 2021	8,044,682	1,619,820	487,862,599	654,827,110	4,193,349	2,048,042	18,143,031	102,159,250	1,278,897,883
Acum Deprn 1st Jul 2020	-	-	88,889,070	303,723,854	3,916,254	1,741,853	12,908,383	88,162,550	499,341,964
Charge for the year	-	-	9,757,252	43,546,003	55,419	168,649	1,860,449	6,758,700	62,146,472
30th June 2021	-	-	98,646,322	347,269,857	3,971,673	1,910,502	14,768,832	94,921,250	561,488,436
Net Book Value									
30th June 2021	8,044,682	1,619,820	389,216,277	307,557,253	221,676	137,540	3,374,199	7,238,000	717,409,447
30th June 2020	8,044,682	1,619,820	398,973,529	351,103,256	277,095	306,189	546,165	13,996,700	774,867,436
2019/2020									
Cost									
As at 1st Jul 2019	8,044,682	100,163,478	462,155,125	578,156,411	4,193,349	2,048,042	12,709,548	98,384,250	1,265,864,885
Reclassification	-	(99,803,518)	25,697,473	74,106,045	-	-	-	-	0
Additions	-	1,259,860	-	2,564,655	-	-	745,000	3,775,000	8,344,515
30th June 2020	8,044,682	1,619,820	487,862,599	654,827,110	4,193,349	2,048,042	13,454,548	102,159,250	1,274,209,400
Acum Deprn 1st Jul 2019	-	-	79,131,818	260,177,852	3,860,835	1,573,203	12,525,613	76,420,250	433,689,571
Charge for the year	-	-	9,757,252	43,546,003	55,419	168,649	382,770	11,742,300	65,652,393
30th June 2020	-	-	88,889,070	303,723,854	3,916,254	1,741,853	12,908,383	88,162,550	499,341,964
Net Book Value									
30th June 2020	8,044,682	1,619,820	398,973,529	351,103,256	277,095	306,189	546,165	13,996,700	774,867,436
30th June 2019	8,044,682	100,163,478	383,033,308	317,978,559	332,514	474,839	183,935	21,964,000	832,175,315

NOTES TO THE ACCOUNTS -Continued

	2020/2021 Kshs	2019/2020 Kshs
4. Inventories		
Finished Tea at Mombasa Warehouse	85,417,831	69,642,318
Finished Tea at Kipchabo Factory	3,700,139	73,897,764
Fuelwood at Kipchabo factory	19,474,050	6,464,260
Other Inventories	15,078,924	17,318,709
	123,670,943	167,323,052
5. Cash & Cash Equivalents		
KCB Current Account	4,728,295	8,240,558
CFC Stanbic Bank	56,953	93,079
Mpesa Cash Account	2,276	5,466,625
Cash in hand	78	254
KCB Fixed Deposit	2,193,682	2,106,780
	6,981,284	15,907,296
6. Trade Receivables		
Trade Debtors	27,094,033	27,930,971
Other Debtors	25,375,717	41,295,303
Nyayo Tea Zones Devt. Corporation - Advances	355,889,138	429,576,128
	408,358,888	498,802,402
7. Trade and other Payables		
Trade Payables	48,496,494	83,217,601
Green leaf Creditors - Nyayo Tea Zones	324,478,681	481,160,908
Green Leaf Creditors - Outgrowers	38,212,882	42,349,074
Accruals	3,191,713	3,014,154
	414,379,769	609,741,736
8. Shareholders Funds		
Authorised No. of Shares - 5,000 Shares		
Type of Shares - Ordinary Shares		
Par value per Share Ksh. 20 each		
Total No. of Shares Subscribed - 5,000 Shares		
Value of subscribed Shares - Ksh 100,000	100,000	100,000
Share Premium	809,171,518	809,171,518
Revenue Reserves	37,886,934	56,396,985
Profit / (Loss) for the year	(5,117,657)	(18,510,052)
	842,040,794	847,158,452

APPENDIX 1: PROGRESS ON FOLLOW UP ON AUDITOR RECOMMENDATIONS

In the previous years, the Auditors General issued an unqualified audit opinion on the financial statements of Kipchabo Tea Factory Limited



Director

Date 30/09/2021



Managing Director

Date 30/09/2021

Kipchabo Tea Factory Limited
Annual Reports and Financial Statements
For the year ended June 30, 2021
