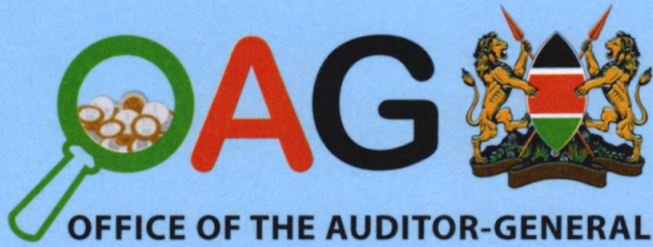


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

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J. LEMERELLE

THE AUDITOR-GENERAL

ON

WESTERN KENYA RICE MILLS LIMITED

**FOR THE YEAR ENDED
30 JUNE, 2025**

100

OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
AUDITORS OFFICE
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WESTERN KENYA RICE MILLS
LIMITED

WESTERN KENYA RICE MILLS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

Prepared in accordance with the IFRS Accounting Standards

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Glossary of Terms

A. Acronyms

<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>NT</i>	<i>The National Treasury</i>
<i>PFM</i>	<i>Public Finance Management Act.</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WCRM</i>	<i>Western Kenya Rice Mills Limited.</i>
<i>NIA</i>	<i>National Irrigation Authority</i>
<i>NCPD</i>	<i>National Cereals and Produce Board</i>
<i>ENG</i>	<i>Engineer</i>
<i>KRC</i>	<i>Kenya Railways Corporation</i>
<i>AG.</i>	<i>Acting</i>
<i>M & E</i>	<i>Monitoring and Evaluation</i>
<i>HON.</i>	<i>Honorable</i>
<i>AIRS</i>	<i>Ahero Irrigation Research Station</i>

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

2. Key Entity Information

a) Background information

Western Kenya Rice Mills Ltd. was established under the Companies Act CAP 486(now repealed and substituted with Companies Act 2015) on 5th May 1967). At Ministry level, Western Kenya Rice Mills Ltd. is represented by the Permanent Secretary State Department Ministry of Water Sanitation and Irrigation, who is responsible for the general policy and strategic direction of the Western Kenya Company. Western Kenya Rice Mills Ltd. is domiciled in Kenya.

b) Principal Activities

The principal activities of the Company are processing and marketing of milled white rice mainly from Western Kenya Schemes. However, due to changes in the business environment, the Company sometimes deals in marketing of paddy and also purchasing of processed rice and selling to its customers.

The Company has an installed milling capacity of 3.5 metric tons per hour.

The Company markets its products as Aromatic Pishori and Non-Aromatic Ahero Rice. The by-products are mainly: Broken rice, Chicken feed and Rice bran

WCRM also undertakes commercial milling for clients. Our major client is National Cereals and Produce Board (NCPD). Our target customers are vendors, schools, universities, hospitals and public institutions, wholesalers and individual buyers.

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

c) Directors

The Directors who served the entity during the financial year 2024/2025 were as follows:

1. Eng. Gilbert M. Maluki - Chairman - Appointed on 18/05/2023
2. Eng. Charles Muasya, - Managing Director - Appointed on 07/12/2023
MBS
3. Mr. John Ojwang' Owiti - Representative - Ahero Multipurpose Co-operative Society - Appointed on 23/06/2023
4. Ms. Nancy Anyango Ongus - Representative - West Kano Multipurpose Co-operative Society - Appointed on 02/05/ 2023
5. Mr. Michael Congo - Representative Magombe Cooperative Societies Appointed on 29/05/2018
6. Mr. Daniel Odhiambo Odero - Alternative to PS, State Department of Irrigation, Ministry of Water Sanitation and Irrigation - Appointed on 28/09/2023
7. Mr. Victor Momanyi - Representative of Inspector General State Corporations - Appointed on 22/07/2024
8. CPA. Samuel Otieno Onyango - Alternative to PS, National Treasury - Appointed on 14/10/2015

d) Company Secretary

Ms. Jullyane Okello Awino
P.O. Box 30372 – 00100
Nairobi

e) Factory

Ahero
P.O. Box 1010-40100
KISUMU, KENYA

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Key Entity Information (continued)

f) Company Headquarters

Irrigation House - Building
Lenana Road
P.O. Box 30372-00100

g) Company Contacts

Telephone: (254) 0711 061 000
E-mail: Ceo@irrigation.go.ke
Website: www.irrigation.go.ke

h) Company Bankers

1. Kenya Commercial Bank
P.O. Box 393
Kisumu

i) Independent Auditors

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

j) Principal Legal Advisers



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

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

3. The Board of Directors

SN	Directors	Details
1.	 <p data-bbox="300 1039 667 1070">Eng. Gilbert Mutua Maluki</p>	<p data-bbox="884 412 1433 474">Eng. Gilbert Mutua Maluki Ndonye-Chairman</p> <p data-bbox="884 515 1433 1684">Eng. Gilbert Mutua Maluki was born on 23/03/1980. He was appointed as the Chairman of National Irrigation Authority Board of Directors through Kenya Gazette Notice No. 6281 of the Kenya Gazette Vol. CXXV-No. 116, dated on May 19, 2023. He holds a Bachelor of Science Degree in Agricultural Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and certificates in Finance Management and Sales & Marketing. Some of his key achievements include the design and development of a token-based Smart Meter for Liquefied Petroleum Gas (LPG) cylinders and facilitating its implementation and rollout in the East Africa region (Kenya, Uganda, and Tanzania) at M-Gas PLC. He was also a principal member of the team involved in building Pro Gas from inception to become the regional leader in LPG, with a 48% market share. He is a proactive, conscientious and adaptable professional with over ten years of experience in multi-layered projects and operational works in the oil and gas industry in East and Southern Africa (Kenya, Tanzania, and Mozambique), with an impeccable track record of performance. He has outstanding leadership and management skills that have ensured exemplary achievements which have propelled organizations he has worked for to higher levels.</p> <p data-bbox="884 1724 1433 1930">His background in Agricultural Engineering, coupled with his experience in various leadership and management roles from M-Gas Kenya PLC, Proto Energy Kenya Limited, Oryx Energy PLC, and Total Kenya PLC, will enable him to lead</p>


Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

		<p>the National Irrigation Authority Board in implementing the Authority’s mandate and vision of providing water to every irrigable acre. This will contribute towards reducing the cost of living by improving agricultural productivity within the framework of the Bottom-Up Economic Transformation Agenda (BeTA).</p>
2.	 <p>Mr. Michael Congo</p>	<p>Mr. Michael Congo- Representative Magombe Multipurpose Co-Operative Society</p> <p>Mr. Michael Congo Ouma joined the Company’s Board on 29th May 2018. He is a Non-Executive Director representing Magombe Multi-Purpose Co-operative Society Ltd, an umbrella Society of farmers in Bunyala Irrigation Scheme and a shareholder of the company.</p> <p>His previous assignments include, a member of the Steering committee Bunyala Family Development project funded by World Vision Kenya from 1988-1997, Secretary to Ford Kenya Budalangi Sub-Branch in 1996 and Councilor Bunyala South Ward as well as Chairman of the Full Council (Busia County Council) from 1999-2007. His current occupation is commercial rice farming</p>
3.		<p>Mr. John Owiti, Non-Executive Director</p> <p>Mr. John Ojwang’ Owiti was appointed to the Western Kenya Rice Mills Board on 23rd June 2023. He is a seasoned professional with a strong background in government relations, public administration and diplomacy. He previously served as a Protocol Officer in the County Government of Kisumu and was a member of the taskforce for the decentralization of village councils, where he contributed to strengthening the local governance structures.</p> <p>In addition, Mr. Owiti has served in the Board of Odiénya Mixed Day Secondary</p>



Western Kenya Rice Mills Limited
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	<p>Mr. John Owiti</p>	<p>School, where he demonstrated exceptional organizational and diplomatic skills. As a Director at Western Kenya Rice Mills (WCRM), he brings valuable expertise in managing operations and stakeholder engagement, ensuring that the voices of farmers and local communities are integrated into the mill’s decision-making.</p>
<p>4.</p>	<div data-bbox="296 672 746 1146" data-label="Image"> </div> <p>Ms. Nancy Anyango Ongus</p>	<p>Ms. Nancy Anyango Ongus- Non-Executive Director</p> <p>Ms. Nancy Anyango Ongus was appointed to the Board of Western Kenya Rice Mills (WCRM) on 2nd May 2023. She is an accomplished Early Childhood Educator with extensive expertise in fostering development at the foundational stages of learning. She holds a Diploma and a Certificate in Early Childhood Development and Education (ECDE), showing her commitment to nurturing the next generation.</p> <p>Ms. Ongus is a highly experienced and dedicated teacher with years of hands-on experience in early childhood education. With a proven track record of leadership and a deep understanding of community dynamics, Ms. Ongus brings valuable insights to the Board of Western Kenya Rice Mills. Her hands-on experience in education has sharpened her ability to communicate complex ideas to diverse groups, a skill that will be instrumental in driving WCRM’s community engagement and public education efforts.</p> <p>As a passionate advocate for grassroots development, Ms. Ongus is well equipped to support WCRM’s projects by fostering community partnerships, spearheading awareness programs and ensuring the successful adoption of key initiatives. Her dedication to inclusive development will help ensure that the Mill’s goals are aligned with the needs and aspirations of local communities.</p>

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5.	<div style="text-align: center;">  <p>CPA Samuel Otieno Onyango</p> </div>	<p>CPA Samuel Otieno Onyango – Alternate To Principal Secretary, National Treasury</p> <p>CPA Samuel Otieno Onyango was appointed to the Board on July 22, 2024. He is a holder of a Master of Business Administration, Finance Option (University of Nairobi), Certified Public Accountant of Kenya and Member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>Mr. Onyango is a highly experienced professional with over 20 years in public sector financial management with expertise in budgeting, disbursements, accounting, reporting and auditing. Currently serving as the Head of Finance and Administration at the Public Private Partnership Directorate in the National Treasury, he oversees all financial and administrative matters, supporting procurement processes and ensuring effective resource management. His previous roles include Project Financial Controller for the GoK/IFAD Upper Tana Catchment Natural Resource Management Programme, where he managed all financial aspects of the project, and Chief Accountant at the National Treasury, overseeing disbursements from bi-lateral and multi-lateral organizations.</p> <p>His vast experience and leadership in financial management will greatly benefit the National Irrigation Authority, bringing strategic insight and fostering sustainable, accountable growth within the organization. His contributions are expected to advance the Authority’s objectives and enhance its impact on stakeholders and communities.</p>
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**Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025**


<p>6.</p>	 <p>Mr. Victor Momanyi</p>	<p>Mr. Victor Momanyi , Alternate Representative Of Inspector General, State Corporations.</p> <p>Mr Victor Momanyi was born on 21/9/1967. He was appointed to the Board on 8th June 2022. He is a holder of Masters Degree in Public Sector Management from Africa University and Bachelor’s Degree in Education from Kenyatta University. He currently holds the office as Deputy Inspector General (Investigations), Inspectorate of State Corporations ,Cabinet Affairs office. He is a member of Association of Public Administration and Management(APAM)(Kenyan Chapter).</p>
<p>7.</p>	 <p>Mr. Daniel O. Odera</p>	<p>Mr. Daniel O. Odera-Alternate, Principal Secretary State Department for Irrigation</p> <p>Mr. Daniel Odhiambo Odera was born on 01/01/1969. He was appointed to the Board on September 28, 2023. He holds a Master of Science (MSc.) degree in Agricultural and Applied Economics (CMAAE) and a Bachelor of Science (BSc.) in Agriculture both from the University of Nairobi, Kenya. Currently, Mr. Odera holds the position of Director – Irrigation Water Management at the State Department of Irrigation since June 2019. In this role, leads a division responsible for planning, monitoring and evaluation, resource mobilization, and data and information management related to irrigation schemes. Among others, his responsibilities include formulating and implementing programs and projects for irrigation scheme management, promoting climate-smart and water-saving irrigation technologies, and overseeing irrigation water development. Moreover, he serves as the National Programme Coordinator for KfW-funded projects on irrigation and water harvesting and storage in Kenya</p>

Western Kenya Rice Mills Limited

Annual Report and Financial Statements for the year ended June 30, 2025


		<p>Prior to his current roles, Mr. Odero has held positions in the Ministry of Agriculture, Livestock, and Fisheries, in several roles including Monitoring & Evaluation Officer for the Drought Resilience and Sustainable Livelihoods Programme in the Horn of Africa and Chief Agriculture Officer.</p>
8.	 <p>Eng. Charles Muasya,- MBS</p>	<p>Eng. Charles Muasya, MBS – Managing Director</p> <p>Eng. Charles M. Muasya was appointed the Chief Executive Officer on December 7, 2023.</p> <p>He has a Masters in Civil Engineering from University of South Australia and BSc. Agricultural Engineering from Egerton University.</p> <p>He is a proficient Engineer with over 20 years of experience in the Engineering field. Preceding his appointment as Deputy General Manager, Infrastructure and Irrigation Development Services, he was the Chief Engineer for Planning and Design at the Authority.</p> <p>He is a registered Engineer with Engineers Board of Kenya (EBK) and a Corporate Member of Institution of Engineers of Kenya (MIEK), AUSI-AID Ex-participants and JICA Ex-Participants.</p>

**Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025**



9.	 <p>Ms. Jullyanne Awino Okello</p>	<p>Ms. Jullyanne Awino Okello –Ag. Corporation Secretary</p> <p>Ms. Jullyanne is the Ag. Corporation Secretary of the Authority since 28th February 2023. She provides Board Secretarial Duties and ensures that the Board has the resources required to fulfil its fiduciary duties. She is also the Deputy Director heading the Monitoring and Evaluation function of the Institution. Ms. Okello holds a Bachelor of Science from Kenyatta University, a Master of Business Administration from The University of Nairobi and a Master of Science in Project Management from Jomo Kenyatta University of Agriculture and Technology.</p>
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Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

4. Key Management Team

SN	Management	Details
1	 <p data-bbox="308 987 671 1021">Eng. Charles Muasya, MBS</p>	<p data-bbox="820 389 1485 423">Eng. Charles Muasya, MBS – Managing Director</p> <p data-bbox="820 461 1519 887">Eng. Charles Muasya was appointed the Chief Executive Officer on 6th December, 2022. He is the Managing Director of the Company by virtue of him being the Chief Executive Officer of the National Irrigation Authority. He holds a Master in Civil Engineering from University of South Australia and B.Sc. Agricultural Engineering from Egerton University. He is a proficient Engineer with 20 years of experience in Engineering field. He is a registered Engineer with Engineers Board of Kenya (EBK), a Corporate Member of Institution of Engineers of Kenya and JICA Ex-Participant.</p>
2	 <p data-bbox="308 1675 655 1709">Mr. Daniel Atula Masatia</p>	<p data-bbox="820 1099 1519 1160">Mr. Daniel Atula Masatia – Head of Corporate Services.</p> <p data-bbox="820 1182 1519 1417">Mr. Daniel Atula Masatia was appointed the Director Corporate Services on February 1, 2023. Preceding his appointment as the Director Corporate Services, he was the Deputy General Manager, Operations & Irrigation Management Services of National Irrigation Authority since 2018.</p> <p data-bbox="820 1440 1519 1552">He holds an MBA in Strategic Management and Bachelor of Science degree in Agriculture from University of Nairobi.</p> <p data-bbox="820 1574 1519 1865">He is an accomplished Agriculturalist and Manager with experience of over 30 years in Scheme, Projects and Research Operations, Planning and Strategy Formulation and Implementation, Resource Mobilization, Formulation and Execution of Irrigation Programmes ranging from Development to Operations. His experience and expertise is valuable in Policy Formulation and in the provision of Irrigation Services..</p>

**Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025**

<p>3</p>		<p>Mr. Joel Kipkemboi Tanui- Head of Irrigation Management Services</p> <p>Mr. Tanui the Ag. Director Irrigation Management Services formerly Ag. Deputy General Manager, Operations and Irrigation Management Services of the National Irrigation Authority. He was appointed on February 1, 2023. He is in charge of all Irrigation Schemes in the country. Preceding his appointment, he served as the Scheme Manager, Western Kenya Schemes for 6 years and a Regional Co-ordinator, Nyanza Region for 2 years.</p> <p>Mr. Tanui holds a Master of Science in Agricultural Production Chain Management from Van Hall Laventein University, the Netherlands and a Master of Business Administration in Strategic Management from Maseno University. He holds a Certificate in Irrigated Rice Cultivation and Post-Harvest Management from Yamagata University, Japan; Post Graduate Fellowship in Irrigation and Water Resource Management from University of Queensland, Australia as well as Diploma in Innovations Management from International Business Management Institute, Germany.</p>
<p>4</p>		<p>Eng. Jairus Imbenzi Serede – Head of Irrigation Management Services.</p> <p>Eng. Jairus Imbenzi Serede was appointed Ag. Deputy Director, Irrigation Management Services on June 1, 2025 and heads Irrigation Management Services Directorate.</p> <p>He is an accomplished Irrigation Engineer and Water Resources Expert with over 15 years’ experience in Large-scale agricultural water infrastructure.</p> <p>He holds MSc Degree in Water Resources & Environmental Management and BSC Agricultural Engineering both from Egerton University.</p> <p>He is a Registered Professional Engineer with EBK and IEK. As Director of Irrigation Management Services at NIA, he leads initiatives to boost agricultural productivity, strengthen food security, and advance climate-resilient irrigation through innovative technologies and strategic Public-Private Partnerships (PPs), aligning government priorities with private sector capabilities for sustainable development.</p>

**Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025**

<p>5</p>	 <p>CPA Jedidah Narocho Oduori</p>	<p>CPA Jedidah Narocho Oduori, Head Of Finance</p> <p>CPA Jedidah was appointed as the Deputy Director Finance & Accounts on January 1, 2021 and heads the Finance Division.</p> <p>Prior to this appointment, she had served in various capacities within the Finance and Audit Sections of the Authority both at the Head Office and in the Western Kenya Schemes.</p> <p>She has a Master in Business Administration and Strategic Management degree from Daystar University, a Bachelor of Commerce (Accounting Option) degree from Punjab University, India and a CPA (K) graduate. She has over 25 years of experience in Audit and Finance. Having diverse experience in the Finance and Audit Sections, she brings in a lot of expertise to the Authority. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>
<p>6</p>	 <p>Ms. Jullyanne Awino Okello</p>	<p>Ms. Jullyanne Awino Okello –Ag. Corporation Secretary</p> <p>Ms. Jullyanne is the Ag. Corporation Secretary of the Authority since February 28, 2023. She provides Board Secretarial Duties and ensures that the Board has the resources required to fulfil its fiduciary duties. She is also heads the Monitoring and Evaluation function of the Institution.</p> <p>Ms. Okello has a Master of Business Administration from The University of Nairobi; Master of Science in Project Management from Jomo Kenyatta University of Agriculture and Technology and holds a Bachelor of Science from Kenyatta University.</p>

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

5. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Eng. Charles Muasya, MBS.
2.	Deputy General Manager – Corporate Services.	Mr. Daniel Masatia Atula.
3.	Ag. Director, Irrigation Management Services	Mr. Joel Kipkemboi Tanui.
4.	Ag. Director, Irrigation Management Services	Eng. Jairus I. Serede
5.	Deputy Director Finance & Accounts	CPA. Jedidah Narocho Oduori.

6. Fiduciary Oversight Arrangements

The WKRM Board of Directors provided the fiduciary oversight arrangements of the Company. This is due to the lean board that the Company has.

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

7. Chairman's Statement

I am delighted to present to you our Annual Report and Financial Statements for the year ended 30 June 2025.

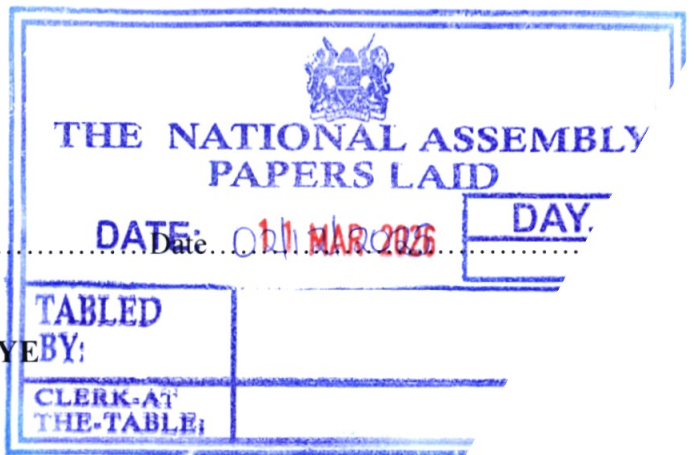
The year presented a unique challenging environment for the company as there was no milling operations. In an effort to turn-around the company's fortunes, the Board reached out to the County Government of Kisumu for support towards purchase and installation of a new rice mill. The Mill was procured and installed and ready to begin milling. Since the Company has had financial challenges, the Board and shareholders agreed that the Mill be leased out to private Investors who has the capacity to Operate and maintain more efficiently and effectively and also support farmers in terms of rice production. With cutthroat competition in the rice sub-sector, there is need to focus on putting in place strategic measures to ensure that the company regains its position as the leading rice miller in western Kenya. With the support of the county Government and the shareholders, I am optimistic the company will be able to meet its objectives.

Finally, I wish to extend my sincere appreciation to all our customers, business associates and service providers for their endearing trust, support and loyalty to our company, which inspires our commitment to turn-around the company's milling services in the region.

I am equally grateful to my fellow directors for the wise counsel and exemplary leadership they have continued to offer during the past year. I also wish to appreciate our Managing Director, his management team and staff for their dedication to work for the company in what has been such a challenging year.

Sign..... 

ENG. GILBERT MUTUA MALUKI NDONYE
CHAIRMAN OF THE BOARD



THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 01 MAR 2026 DAY
TABLED BY:
CLERK-AT THE-TABLE:

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

8. Report of the Managing Director

It is my pleasure to present to you the annual report and financial statements for WKRM for the financial year 2024/25.

I note the remarkable efforts and support accorded by the Board of Directors, Management and staff during the 2024/25 FY. The performance of the company has remained depressed as there was no major milling due to inefficient and old age of the Mill.

The core business of Western Kenya Rice Mills Ltd has been milling and marketing of rice mainly from Ahero, West Kano and Bunyala Irrigation Scheme. In this way, WKRM has remained committed to promoting the productivity of the schemes. The Company endeavours to play pivotal role in value-addition and generation of rural employment and economic growth for the local and regional population. Our overall goal is to ensure food security, stable paddy and rice prices and increased consumption of rice through improved market access. It's for this reasons that I welcomed the decision of the Board to allow the Private Investor to operate and maintain the Mill which was procured and installed by County Government of Kisumu on lease basis. The decision was arrived after series of consultative meeting with all relevant stakeholders.

Looking forward, my priority is to see the Mill operational, establish strong linkages with rice and farmers across the irrigation schemes. I remain confident that with the continued support of both National and County Governments, our partners, and the farming community, Western Kenya Rice Mill Company will continue to play a transformative role in enhancing food security, farmer incomes, and regional economic growth.

I extend my appreciation to the County Government of Kisumu for the investment in infrastructure, to our Board for their guidance, and to all stakeholders for their support during this transition phase.

I assure you of my determination and commitment to deliver value to our

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Sign.......... Date: 02/12/2025.....

ENG. CHARLES MUASYA, *MBS*
MANAGING DIRECTOR

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

9. Statement of Performance against Predetermined Objectives for FY 2024/2025

During the financial year under review, WKRM Ltd. did not have a running strategic plan as the performance of the company had remained depressed as there was no milling due to inefficient and old age of the Mill. However, there was a business plan which guided the performance of the company during the financial year 2024/2025.

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

10. Corporate Governance Statement

Overview

WKRM as a company fully engages the community in offering its services within the three public Irrigation Schemes of Ahero, West Kano and Bunyala.

Due to financial limitations, the company was not able to provide material support in-kind to the community like in the previous years. However, once the company is back to profitability, it will endeavour to support schools, and other corporate activities within the region

Composition of the board

The Board of Directors for the Company comprises of;

- i. The Chairman who is also the Chairman of NIA's Board of Directors,
- ii. Three National Government representatives. Namely;
 - a) Alternate to Principal Secretary, The National Treasury
 - b) Alternate to Principal Secretary, State Department of Irrigation, Ministry of Water, Sanitation and Irrigation
 - c) Representative of Inspector General State Corporations as an ex-officio member
- iii. The Managing Director who also serves as the Chief Executive Officer for NIA,
- iv. The Chairmen of Ahero Multi-Purpose Co-op Society, West Kano Farmers Co-op Society and Magombe Multi-Purpose Co-op Society.

The composition of the Board is in line with good corporate governance practices that has the role of the Chairman and the Managing Director segregated.

The role of the board

The Board of Directors is responsible for the long term strategic direction of the company which is aimed at sustainable value creation to revive the Company. It is also responsible in upholding high standards of corporate governance and business ethics.

The Board is also responsible for the following:

- i. Oversee the activities of the Company, including providing leadership and setting its objectives.
- ii. Represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance.
- iii. Approve and monitor the progress of major capital expenditure.
- iv. Approve budgets.

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

- v. Approve and monitor systems of risk management, internal control, codes of conduct accountability and legal compliance to ensure appropriate compliance framework and controls are in place.
- vi. Approve and monitor the corporate, financial and other reporting systems of WKRM including external audit and oversee their integrity;
- vii. Adopt appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards.

Board meetings

The Board had four scheduled meetings during the financial year under review. In these meetings the Board reviewed the company's performance against the planned Business Plan and also approved issues of strategic nature.

Directors' Remuneration

The remuneration for directors consists of sitting allowance, lunch allowance, accommodation, travel expense and airtime allowance

Communication with stakeholders

Western Kenya Rice Mills Limited has in place an internal Communication mechanism through NIA that sets out the standards of communication to be expected of the Company by its Shareholders. It also ensures that the Board proactively supplies relevant information to Stakeholders and aims at enhancing transparency and accountability.

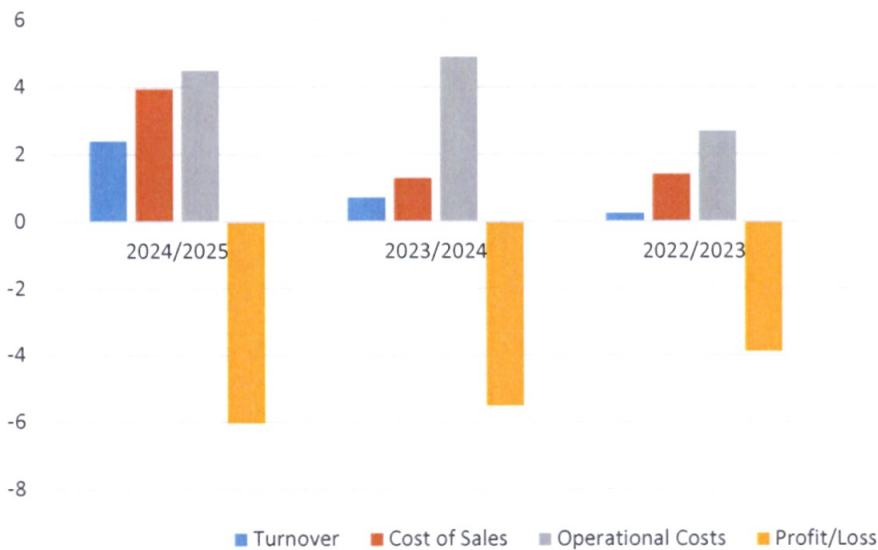
Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

11. Management Discussion and Analysis

The Company’s turnover for the financial year 2024/2025 is Kshs. 2,412,720 while the previous years was Kshs. 707,965 for 2023/2024 and Kshs. 254,530 for 2022/2023. Hence, 71 % increase as compared to the previous financial year 2023/2024. The cost of sales decreased from Kshs. 1,405,576 in the year 2022/2023 to Kshs. 1,290,129 in the year 2023/2024 and increased to Kshs. 3,937,747 in the financial year 2024/2025. Thus resulting to 67 % increase in cost of sales when comparing the three financial years. This information is highlighted in the form of a bar chart, below.

The operational costs increased from Kshs. 2,744,554 in the financial year 2022/2023 to Kshs. 4,925,348 in the financial year 2023/2024 and decreased to Kshs. 4,513,913 in the current financial year 2024/2025. Representing a decrease of 8 % in operational costs. The Company’s loss for the current financial year 2024/2025 increased from Kshs. -3,895,600 for the year 2022/2023 to Kshs. -5,507,514 for the year 2023/2024 and increased to Kshs. -6,038,939 representing 10 % increase.

Management discussion and analysis



12. Environmental and Sustainability Reporting

Western Kenya Rice Mills (WCRM) Co. Ltd. existed to transform lives. This was our driving force behind everything we did. It is what guided us to deliver our business plan, which was founded on WCRM pillars: putting the customer/citizen first, delivering relevant goods and services and improving operational excellence. Below is brief highlights of our achievements in each pillar;

i) Sustainability strategy and profile

Western Kenya Rice Mills (WCRM) Co. Ltd was incorporated in 1993 and is jointly owned by the National Irrigation Authority (then National Irrigation Board) (71.90% shareholding and Western Kenya schemes Rice Farmers at 28.10% of shareholding).

Its core business was processing and marketing of milled white rice mainly from Western Kenya Schemes. Due to the liberalization of the East African Market, until late 2019, there has been cross border trading influx from Ugandan private businessmen and brokers that have negatively affected the operations of the mill as most paddy is being sold to the Uganda market as opposed to the mill due to;

- i. Cash purchasing of paddy from the farmers
- ii. Paddy quality requirements, where WCRM has set regulations and parameters in regards to impurities, grain maturity, moisture content and pure varieties. The other competitors care less on the same and thus influencing farmers' decision making.

ii) Environmental performance

WCRM being an electrically motorized plant has had very limited environmental pollution in respect to air. However, the mill has little sound pollution and waste pollution as a result of the husk that comprises 18% of paddy milled. The Company has been able to dispose off all its rice husks produced through;

- i. Selling to manufacturing companies for usage in either, fuel for the boilers, manufacturing of briquettes, manufacturing of chipboards and to the Cement companies that drive the pozzolan content of the husks for cement manufacturing.

Western Kenya Rice Mills Limited
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- ii. Through our AIRS the rice husks to a good percentage has also been burnt to achieve an alkaline ash that has been widely used to balance the nutrient requirements for the paddy fields especially in the rice nurseries.

iii) Employee welfare

- i. WKRM being a subsidiary of the National Irrigation Authority, its employees have had the National face with youth and gender representation equally taken care of. Close to 90% of casual staff were drawn from the farming communities and the farmers' cooperative in order to give them a sense of belonging and ownership. However, the senior management is overseen by staff from the Authority who are recruited competitively and on merit as per the National Irrigation Authority HR Instruments.
- ii. WKRM has managed to keep her technical and supervisory level of staff for long and this had enabled the company to undertake and keep to an attainable level of its repairs and maintenance costs.
- iii. In compliance with the Occupational Health and Safety Act, WKRM in collaboration with the Public Health had ensured that the health standards were met and periodical inspections and certification of the facility had been up to date.
- iv. The staff were protected against pollution and mechanical injuries by ensuring all time donning PPEs including nose, ears, eyes, body and feet protectors.

iv) Market place practices-

WKRM had outlined its effort to;

(a) Responsible Competition Practice

WKRM operated in an oligopolistic environment where stiff competition was the order of the day. In such an environment the company had endeavoured to win customers by practicing honesty, accountability, reliability, respect and safety measures. This enabled the company to get more customers than its competitors.

(b) Responsible Supply Chain and Supplier Relations

WKRM ensured that its creditors were paid in time after the delivery of goods and services. This enabled customers to have confidence on company's supply chain.

Western Kenya Rice Mills Limited
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(c) Responsible Marketing and advertisement

WKRM has not been advertising for the marketing of its commodities.

(d) Product Stewardship

WKRM products were known by a wide range of consumers who come to buy directly from the factory. Most of these products were well packed and weighed in accordance to the standards established.

WKRM products were tested and certified by KEBS.

v) Corporate Social Responsibility / Community Engagements

WKRM as a company fully engaged the community in offering its services within the three public Irrigation Schemes of Ahero, West Kano and Bunyala.

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

13. Report of the Directors

The Directors submit the annual report together with the financial statements for the year ended June 30, 2025, which show the state of affairs of Western Kenya Rice Mills Ltd.

i) Principal activities

The principal activities of the entity were processing and marketing of milled white rice and the By-products mainly from the three Irrigation Schemes and outgrowers.

ii) Results

The results of the entity for the year ended June 30, 2025, are set out on page 1 to 5

iii) Dividends

The directors did not recommend payment of dividend for the year ended 30th June 2025 as the Company did not post profits.

iv) Directors

The members of the Board of Directors who served during the year are shown on page vi to xii.

v) Auditors

The Auditor-General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and no Certified Public Accountants were nominated by the Auditor General to carry out the audit Western Kenya Rice Mills Limited Company for the year/period ended June 30, 2025, in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on her behalf.

By Order of the Board


.....

Ms. Jullyane Okello Awino

Company Secretary

Date: 02/12/2025

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Companies Act, 2015 require the Directors to prepare financial statements in respect of WCRM, which give a true and fair view of the state of affairs of the Company at the end of the financial year/period and the operating results of WCRM. for that year/period. The directors are also required to ensure that WCRM keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of WCRM.

The Directors are responsible for the preparation and presentation of WCRM financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial ended on June 30, 2025. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity,
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- iv. Safeguarding the assets of the *Company*,
- v. Selecting and applying appropriate accounting policies, and
- vi. Making accounting estimates that are reasonable in the circumstances.

Western Kenya Rice Mills Ltd.'s financial statements have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the Companies Act, 2015.

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Statement of Directors' Responsibilities (Continued)

The directors are of the opinion that WCRM's financial statements give a true and fair view of the state of WCRM's transactions during the financial year ended June 30, 2025, and of the WCRM's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the WCRM, which have been relied upon in the preparation of the Western Kenya Rice Mills Ltd.'s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the directors have assessed the entity's ability to continue as a going concern and have put measures in place to revive the Company.

Nothing has come to the attention of the Directors to indicate that the *WCRM* will remain a going concern for at least the next twelve months from the date of this statement. However, measures are being put in place to revive the Company.

Approval of the financial statements

Western Kenya Rice Mills Ltd.'s financial statements were approved by the Board on 02/12/ 2025 and signed on its behalf by:



.....
Eng. Gilbert Mutua Maluki Ndonye

Chairperson of the Board



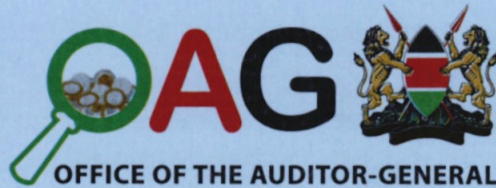
.....
Eng. Charles Muasya, MBS

Managing Director

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON WESTERN KENYA RICE MILLS LIMITED FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Western Kenya Rice Mills Ltd set out on pages 1 to 62 which comprise of the statement of financial position as

Report of the Auditor-General on Western Kenya Rice Mills Limited for the year ended 30 June, 2025

at 30 June, 2025 and the statement of profit/loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Western Kenya Rice Mills Ltd as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards(Accrual Basis) and comply with the Company's Act 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Trade and Other Receivables

Statement of financial position, as disclosed in Note 21 to the financial statements reflects trade and other receivables of Kshs.312,455. This balance is net of provision for doubtful debts on trade receivables of Kshs.2,181,304. Ageing analysis revealed that trade receivables totalling Kshs.2,425,453 have been outstanding for over three (3) years. In addition, the demand letters and documents in support of these trade and other receivables were not provided for audit review.

Further, the financial statements reflects the trade and other receivables of Kshs.312,455. However, review of prior year receivable revealed that debts amounting to Kshs.431,640 were not disclosed. Further, there was no documentary evidence provided to confirm payment of the outstanding debts as at 30 June, 2025 hence understating the receivable balance.

In the circumstances, the accuracy, completeness and recoverability of trade and other receivables of balance Kshs.312,455 could not be confirmed.

2. Long Outstanding Trade and Other Payables

The statement of financial position as disclosed in Note 28 to the financial statement reflects Kshs.4,282,061 in respect to trade and other payables. However, the following anomalies were noted;

2.1 Unsupported Payables

Trade and other payables as at 30 June, 2024 stood at Kshs.8,825,809 as compared with Kshs.4,282,061 as at 30 June, 2025. The variance of Kshs.4,543,748 was not supported with supporting payments records.

2.2. Unremitted Statutory

The balance includes un-remitted statutory deduction as at 30 June, 2024 of Kshs.27,700 and Kshs.69,840 respectively in respect to NHIF and NSSF which had

not been remitted for more than 30 (thirty) days contrary to Section 19 (4) of the Employment Act, 2007 that requires such returns to be made in the subsequent month(s) following the month(s) when the deduction was made.

2.3. Long Outstanding Payable

The balance includes others payables of Kshs.701,228 out of which Kshs.513,386 is withholding tax with Kenya Revenue Authority (KRA) on sitting and lunch allowances which has been outstanding for several years contrary to Section 37(1) & (2) of the Income Tax Act (Cap 470), 2012. In addition, the balance includes audit fees of Kshs.3,054,512 which has accrued for several years.

In the circumstances, the accuracy and completeness of trade and other payables could not be confirmed.

3. Irregular Inter-borrowings from National Irrigation Authority

Statement of financial position as disclosed in Note 27 to the financial statements reflects Kshs.53,540,527 in respect to Authority current account. Included in this balance is Kshs.5,699,197 transferred to Western Kenya Rice Mills Limited from National Irrigation Authority for payment of staff salary arrears. The Board had approved an amount of Kshs.5,021,905 and required the Management to indicate and document the source of funds for subsequent approval. However, there was no justification for the excess amount paid. Further, this was funded through an unauthorized borrowing from the dedicated Mwea Irrigation Agricultural Development Centre Seed Farm account which had not received formal Board approval. Additionally, the payment voucher was supported by a staff arrears listing totalling Kshs.5,335,005 which resulted in an overpayment of Kshs.677,292.

In the circumstances, the accuracy, completeness and validity of Kshs.53,540,527 could not be confirmed.

4. Inconsistencies in the Ownership Details of the Company

The statement of financial position, as disclosed in Note 23 to the financial statements reflects ordinary share capital of Kshs.35,049,935. Review of shareholding records revealed that the share certificates provided amounted to 327,286 shares at a value per share of Kshs.100 totalling to Kshs.32,728,600. However, the financial statements show ordinary share capital of Kshs.35,049,935 resulting in overstatement of the ordinary share capital by Kshs.2,321,300. There were no share certificates to confirm additional ownership of shares in the company.

Further, review of the documents provided for audit including internal auditor's reports revealed that Western Kenya Rice Mills Company Limited is jointly owned by National Irrigation Authority (NIA) at 74% shareholding and Ahero, West Kano and Bunyala Schemes owning 11.7%, 5.7% and 6.1% respectively all yielding a total of 23.5% of the other shareholders beside NIA. However, all these percentages were just an estimate of the perceived shareholding with no verifiable documentations to affirm the true position of the company's share capital.

In addition, review of the Western Kenya Rice Mills ownership documents revealed that the Company is a limited company as registered. However, Management did not provide a copy of the CR12 to authenticate the actual owners of the company.

In the circumstances, the accuracy and completeness of ordinary share capital balance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Western Kenya Rice Mills Limited Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

1. Failure to Disclose Material Uncertainty Related to Going Concern

The Statement of Profit/Loss & Other Comprehensive Income discloses that the Company recorded a loss of Kshs.6,038,939 during the year under review. In addition, the Company's current liabilities of Kshs.4,282,061 exceeded its current assets of Kshs.1,550,429 by Kshs.2,731,632. The Company has remained in a negative working capital position over the years. Additionally, the Company has been making losses over the years totalling Kshs.92,139,507 as at 30 June, 2025.

The Company is, therefore, technically insolvent and its continued sustainability of services is dependent upon support from the National Irrigation Authority and its creditors. However, this material uncertainty has not been disclosed in the financial statements.

In the circumstances, the Corporations' ability to continue to sustain its services could not be confirmed.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final revenue budget and actual on comparable basis of Kshs.2,600,000 and Kshs.8,111,917 respectively, resulting to under-collection of revenue of Kshs.5,511,917 or 312.7% of the budget. Similarly, the Company spent an amount of Kshs.8,451,659 against actual receipts of Kshs.8,111,917 resulting to over expenditure of Kshs.339,742.

The under collection and the over expenditure may have negatively impacted the activities of the Company.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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 Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved some of the issues or given any explanation for failure to resolve them as at 30 June, 2025.

- i. Annual Governance Audit
- ii. Lack of Key Qualifications in the Board of Directors
- iii. Lack of Gender Diversity in the Board
- iv. Inconsistencies in the Ownership Details of the Company
- v. Long outstanding Trade and Other Payables
- vi. Long Outstanding Receivables
- vii. Lack of Strategic Plan
- viii. Lack of Tripartite Lease Agreement Between Western Kenya Rice Mills and County Government of Kisumu and Private Investor

Other Information

The Directors are responsible for the Other Information set out on page iii to xxix which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of Performance Against Predetermined Objectives). The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Tripartite Lease Agreement between Western Kenya Rice Mills and County Government of Kisumu and Private Investor for the Milling Machine Installed at Western Kenya Rice Mills

Review of the Board minutes and interviews with management established that the County Government of Kisumu purchased and installed a new rice mill machine at Western Kenya Rice Mills Limited with a capacity of 2.5 tons per hour which was not operational.

Review of the tripartite tenancy and operational lease agreement between Western Kenya Rice Mills Limited, Kisumu County Government and Uplands Crops Limited revealed the following observations;

- i. Uplands Crops Limited was required to pay rent of Kshs.110,000 per month in arrears by the 10th working day of every month to Western Kenya Rice Mills Limited (WKRM) upon issuance of an invoice. No records were provided to confirm receipt or collection of such rent by the Company, nor was any invoice issued to the private miller by the Company from the date of the agreement (23 April 2025).
- ii. The private miller was already on site carrying out renovation works on the mill stores and toilet blocks however, no joint assessment report between Western Kenya Rice Mills Limited and Uplands Crops Limited provided for audit review.
- iii. Uplands Crops Limited was obligated to carry out any necessary renovations and improvements to the demised premises prior to occupation. However, audit inspection revealed that the mill blocks offices which had been reported as condemned had not been renovated.
- iv. No records of such an insurance policy were made available for audit review to confirm that the management of Western Kenya Rice Mills Limited had secured the required comprehensive insurance policy covering the building against all risks of loss and damage as per the lease agreement
- v. No records were provided for audit review to confirm that Kisumu County Government had obtained the required insurance covering the mill against the risk of damage and loss throughout the lease term.

In the circumstances, value for the money in the lease agreement could not be confirmed and entering into agreements with unenforceable clauses undermines transparency and exposes the public entities to legal suit.

2. Lack of Disposal Plan

Review of records revealed that it did not have an approved disposal plan of items declared as unserviceable, obsolete and condemned contrary to Section 176(1) of Public Procurement and Asset Disposal Regulations, 2020 which provides that an accounting officer of a procuring entity shall ensure that an annual assets disposal

plan is prepared of items declared as unserviceable, surplus or obsolete, obsolescence stores, asset or equipment.

Further, the Company have four (4) items classified in the assets register as obsolete, unserviceable and condemned valued at Kshs.46,647,959. Further, other assets did not have their values indicated. This is contrary to Section 163(1) of the Public Procurement Disposal which states that an accounting officer shall establish a disposal committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent or surplus stores, equipment or assets.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Strategic Plan

Mwea rice Mills limited lacks an approved strategic plan to provide a long-range overview of budgetary needs and raises concerns regarding the Company's capacity to effectively manage and align its activities with its long-term objectives.

In the circumstances, the strategic steps necessary to determine the direction of the Corporation to undertake its mandate, its objectives and goals could not be ascertained.

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

Conclusion

As required by the 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. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The Companies Act, 2015 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Company's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (Accrual Basis) and for maintaining effective internal controls 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 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 comply 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 governance

and risk management, and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

8 December, 2025.

Western Kenya Rice Mills Limited

Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Profit/Loss & Other Comprehensive Income for the Year Ended 30th June 2025.

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenues			
Revenue from Contracts with Customers	6	2,412,720	707,965
Cost of sales	7	(3,937,747)	(1,290,129)
Gross loss		(1,525,027)	(582,164)
Other income		-	-
Total revenues		(1,525,027)	(582,164)
Operating expenses			
Administration costs	8	4,513,913	4,925,348
Total operating expenses		4,513,913	4,925,348
Loss before taxation		(6,038,939)	(5,507,512)
Total comprehensive Loss for the year		(6,038,939)	(5,507,512)

Western Kenya Rice Mills Limited
Annual Report and Financial Statements for the year ended June 30, 2025

17. Statement of Financial Position as at 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Non-Current Assets			
Property, Plant And Equipment	12	9,281,210	10,233,716
Total Non-Current Assets		9,281,210	10,233,716
Current Assets			
Inventories	20	1,210,844	4,960,161
Trade And Other Receivables	21	312,455	352,454
Bank And Cash Balances	22	27,130	90,016
Total Current Assets		1,550,429	5,402,631
		10,831,639	15,636,347
Equity And Liabilities			
Capital And Reserves			
Ordinary Share Capital	23	35,049,935	35,049,935
Revaluation Reserve	24	10,098,623	10,098,623
Retained Earnings	26	(92,139,507)	(86,100,568)
Capital And Reserves		(46,990,949)	(40,952,010)
Non-Current Liabilities			
NIA Current Account	27	53,540,527	47,762,548
Total Non-Current Liabilities		53,540,527	47,762,548
Current Liabilities			
Trade And Other Payables	28	4,282,061	8,825,809
Total Current Liabilities		4,282,061	8,825,809
		57,822,588	56,588,358
Total Equity And Liabilities		10,831,639	15,636,347

The financial statements were approved by the Board on 02/12/2025 and signed on its behalf by:

.....
Eng. Gilbert M. Maluki Ndongye

Board Chairman

.....
Eng. Charles Muasya, MBS

Managing Director

.....
CPA. Jedidah N. Oduori

Head of Finance

ICPAK M/NO. 29724

18. Statement of Changes in Equity for the year ended 30 June 2025

Description	Ordinary share capital	Revaluation reserve	Retained earnings	Total
As at July 1, 2023 (Previous FY)	35,049,935	10,098,623	(80,231,414)	(35,082,856)
Profit for the year	-	-	(5,507,512)	(5,507,512)
Retained earnings adjustments	-	-	(361,642)	(361,642)
As of June 30, 2024 (Previous FY)	35,049,935	10,098,623	(86,100,568)	(40,940,349)
As at July 1, 2024 (Current FY)	35,049,935	10,098,623	(86,100,568)	(40,952,010)
Profit for the year	-	-	(5,889,139)	(5,889,139)
Retained earnings adjustments	-	-	(149,800)	(149,800)
At June 30, 2025 (Current FY)	35,049,935	10,098,623	(92,139,507)	(46,990,949)

19. Statement of Cash Flows for the year ended 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Cash generated from/(used in) operations	30	(62,886)	86,098
Net cash generated from/(used in) operating activities		(62,886)	86,098
Cash flows from investing activities			
Net cash generated from/(used in) investing activities		-	-
Cash flows from financing activities			
Net cash generated from/(used in) financing activities		-	-
Increase/(decrease) in cash and cash equivalents		(62,886)	86,098
Cash and cash equivalents at beginning of year		90,016	3,918
Cash and cash equivalents at end of the year	30	27,130	90,016

20. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	xxx%
	a	b	c = a + b	d	E= c - d	d/c%
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Sale of goods	3,159,750	559,750	2,600,000	2,412,720	187,280	93%
Borrowings (NIA)	-	-	-	5,699,197	(5,699,197)	100%
Total income	3,159,750	559,750	2,600,000	8,111,917	(5,511,917)	312%
Expenses						
Compensation of employees	1,986,145	-386,145	1,600,000	1,529,780	70,220	96%
Use of goods and services	1,173,605	-573,605	600,000	6,778,097	(6,178,097)	1130%
Other payments	-	-	150,000	143,782	6,218	96%
Total expenditure	3,159,750	-959,750	2,350,000	8,451,659	(6,101,659)	360%
Profit/Loss for the period		1,519,500	250,000	-339,742		

21. Notes to the Financial Statements

1. General Information

Western Kenya Rice Mills Ltd is established by and derives its authority and accountability from the Companies Act Cap. 486. The Company is partially owned by the Government (National Irrigation Authority) and the farmers under their Co-operative Societies and is domiciled in Kenya. These Co-operative Societies are;

- i Ahero Multi-Purpose Co-op. Society Ltd.
- ii West Kano Farmers Co-op. Society Ltd.
- iii Magombe Multi-Purpose Co-op. Society Ltd.

The Company's principal activity is processing and marketing of milled white rice and the By-products.

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

Debts shall be recognized as doubtful and provided for if they remain outstanding for more than 5 years.

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 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 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.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the WKRM, and all values are rounded off to the nearest Kenya shillings.

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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.

The Finance Policy and Procedure Manual has also been considered in preparation of these Financial Statements.

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3. Application of New and Revised International Financial Reporting Standards (IFRS)

i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: <ul style="list-style-type: none"> i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs. 	1 January 2026

(The Directors have assessed the applicable standards and amendments. Based on their assessment of the impact of the application of the above, they do not expect that there will be a significant impact on the company's financial statements.

Application of New and Revised International Financial Reporting Standards (IFRS)

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

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

iii. *Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year 2024/2025

4. Summary of Accounting Policies

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

a) Revenue recognition

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

- i) **Revenue from the sale of goods and services** is recognized in the year in which the *entity* delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) **Grants from National Government** are recognized in the year in which the *entity* actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) **Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) **Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.

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vi) **Other income** is recognized as it accrues.

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Summary of Accounting Policies

b) In-kind contributions

In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *entity* includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

c) Property, plant and equipment

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

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

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d) Depreciation and impairment of property, plant and equipment

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

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

Item	Years	Rates
Freehold Land	Nil	Nil
Buildings and civil works	25	4%
Plant and machinery	8	12.5%
Motor vehicles, including motorcycles	4	25%
Computers and related equipment	3	33.5%
Office equipment, furniture and fittings	8	12.5%

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

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

f) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

h) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition

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required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

j) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. These bonds are measured at amortized cost/ at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL). The company did not trade in any Interest investments during the year under review.

k) Quoted investments

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

l) Unquoted investments

Unquoted investments are measured at fair value through profit or loss (FVTPL). The company did not trade in any interest investments during the year under review.

m) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method or First In First Out (FIFO). Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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n) Trade and other receivables

Trade and other receivables are recognized at amortized cost 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.

o) Taxation

i) 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.

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.

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.

p) 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

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controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that

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fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r) 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 reporting period.

Restricted cash

Restricted cash refers to cash and cash equivalent balances that have usage constraints. An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity.

s) Borrowings

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

t) Trade and other payables

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

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u) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2024. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.4,320 per employee per month.

v) Provision for staff leave pay

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

w) Exchange rate differences

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

Summary of Accounting Policies

x) Budget information

The original budget for FY 2024/2025 was approved by the Board on 25/09/2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget..

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

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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 Cash flows has been presented under section 7 of these financial statements.

y) Service concession arrangements

The Entity 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.

z) Comparative figures

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

aa) 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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IFRS 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: e.g.

a) 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 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.

b) Useful lives and residual values

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

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

c) 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 5.

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

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Notes to the Financial Statements (Continued)

6. Revenue from contracts with customers

Description	2024/2025	2023/2024
	Kshs	Kshs
Sales of Goods	2,412,720	544,800
Sales of Services	-	163,165
Total	2,412,720	707,965

7. Cost of Sales

Description	2024/2025	2023/2024
	Kshs	Kshs
Cost of sales on goods	3,937,747	1,290,129
Total	3,937,747	1,290,129

8. Administration Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Staff costs (note (8a))	1,529,780	1,329,392
Directors' emoluments	640,800	74,000
Communication services and supplies	151,000	-
Transportation, travelling and subsistence	485,000	12,000
Advertising, printing, stationery and photocopying	23,145	-
Hospitality supplies and services	149,800	-
Bank charges and commissions	13,100	16,428
Office and general supplies and services	-	6,200
Auditors' remuneration	348,000	348,000
Repairs and maintenance	77,000	-
Depreciation	952,506	952,506
Bad debt expense	-	2,163,684
Other Operating Expenses	143,782	23,138
Total	4,513,913	4,925,348

**The Directors' emoluments comprise arrears to Board members from the previous year that were not expensed in that year*

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8(a) Staff Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries and allowances of permanent employees	1,453,999	1,091,329
Employer's contributions to National Social Security Schemes	27,579	86,764
Employer's contributions to pension scheme	48,202	144,605
Leave pay	-	6,694
Total	1,529,780	1,329,392
The average number of employees at the end of the year was:		
Permanent employees	0	4
Temporary and contracted employees	0	5
Total	0	9

9. Operating Profit/ (Loss)

Description	2024/2025	2023/2024
	Kshs	Kshs
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff Costs (Note 8a)	1,529,780	1,329,392
Depreciation of property, plant and equipment	952,506	952,506
Provision for bad and doubtful debts	-	2,181,304
Directors' emoluments – fees	640,800	74,000
Auditors' remuneration - current year fees	348,000	348,000

10. Earnings Per Share

There were not dilutive or potentially dilutive ordinary share as at the reporting date.

11. Dividend per Share

There were no proposed dividends for the period under review.

12. Property, Plant and Equipment

Description	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Office equipment, furniture & fittings	Tools & equipment	Others Workshop & machinery	Total
Depreciation Rate	4%	12.5%	25%	12.5%	12.5%	12.5%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost or valuation							
As At 1st July 2023	15,625,110	29,997,849	4,539,080	447,988	1,230,018	678,735	52,518,780
As at 30th June 2024	15,625,110	29,997,849	4,539,080	447,988	1,230,018	678,735	52,518,780
Depreciation							
At 1st July 2023	5,094,799	29,994,849	3,883,169	447,987	1,230,018	678,735	41,329,557
Charge for the year	625,006	-	327,500	-	-	-	952,506
As At 30th 2024	5,719,805	29,994,849	4,210,669	447,987	1,230,018	678,735	42,282,063
Net book value at June 30, 2024	9,905,305	-	328,411	1	-	-	10,233,716

Description	Buildings & civil works	Plant and machinery	Motor vehicles, including motor cycles	Office equipment, furniture & fittings	Tools & equipment	Others Workshop & machinery	Total
Depreciation Rate	4%	12.5%	25%	12.5%	12.5%	12.5%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost or valuation							
As At 1st July 2024	15,625,110	29,997,849	4,539,080	447,988	1,230,018	678,735	52,518,780
As at 30th June 2025	15,625,110	29,997,849	4,539,080	447,988	1,230,018	678,735	52,518,780
Depreciation							
At 1st July 2024	5,719,805	29,994,849	4,210,669	447,987	1,230,018	678,735	42,282,063
Charge for the year	625,006	-	327,500	-	-	-	952,506
As At 30th 2025	6,344,811	29,994,849	4,538,169	447,987	1,230,018	678,735	43,234,549
Net book value at June 30, 2025	9,280,299	-	911	1	-	-	9,281,210

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Valuation

Land and buildings were valued by Ministry of Lands and Physical Planning independent valuer on Gross current replacement cost basis of valuation. These amounts were adopted on 1st July 2021.

Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings	15,625,110	6,344,791	9,280,319
Motor Vehicles, Including Motorcycles	4,539,080	4,538,169	911
	20,164,190	10,882,960	9,281,230

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost Valuation	Normal Annual Depreciation charge
	Kshs	Kshs
Plant And Machinery	31,903,602	-
Office Equipment, Furniture And Fittings	447,988	-
Total	32,351,590	-

13. Intangible Assets

WCRM does not hold any Intangible Assets

14. Investment Property

WCRM does not hold any Investment properties

15. Biological Assets

WCRM does not have any biological assets

16. Right-of-use assets

WCRM does not hold Right-of-use assets

17. Fixed Interest Investments

WCRM does not have any Fixed Interest Investments

18. Quoted Investments

WCRM does not have any Quoted Investments.

19. Unquoted Investments

WCRM does not have any Unquoted Investments

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20. Inventories

Description	2024/2025	2023/2024
	Kshs	Kshs
Raw materials	150,694	3,875,586
Total	150,694	3,875,586

20 b) Consumables

Description	2024/2025	2023/2024
	Kshs	Kshs
Engineering stores	988,589	1,013,763
Stationery and general stores	71,561	70,811
Total	1,060,150	1,084,575

Details of inventory movement

Description	2024/2025	2023/2024
	Kshs	Kshs
At the beginning of the year	4,960,161	5,638,774
Additional Inventory during the year	10,108	-
Inventory consumed through P&L	-	(678,613)
Less: Sale of Paddy	(2,412,720)	-
Less Impairment of Stocks	(1,346,705)	-
At the end of the year	1,210,844	4,960,161

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21. Trade and Other Receivables

Description	2024/2025	2023/2024
	Kshs	Kshs
Trade Receivables (Note 21 (a))	2,425,453	2,425,453
Staff receivables (Note 21 (b))	68,305	108,305
Gross Trade and Other Receivables	2,493,758	2,533,758
Provision for Bad And Doubtful Receivable	(2,181,304)	(2,181,304)
Net Trade and Other Receivables	312,455	352,454

21 (a) Trade Receivables

Description	2024/2025	2023/2024
	Kshs	Kshs
Gross Trade Receivables	2,425,453	2,425,453
Provision for Doubtful Receivables	(2,181,304)	(2,181,304)
Net Trade Receivables	244,149	244,149
ageing analysis of gross Trade Receivables		
Over 120 Days	2,425,453	2,425,453
Total	2,425,453	2,425,453

21 (b) Staff Receivables

Description	2024/2025	2023/2024
	Kshs	Kshs
Gross staff advances	68,305	108,305
Net staff advances	68,305	108,305
Less: Amounts due within one year	(68,305)	(108,305)

22. Bank and Cash Balances

Description	2024/2025	2023/2024
	Kshs	Kshs
Cash at bank	27,130	90,016
Cash in hand	-	-
Total	27,130	90,016

Detailed analysis of the cash and cash equivalents

Description		2024/2025	2023/2024
Financial institution	Account number	Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1108288707	27,130	90,016
Sub- Total		27,130	90,016
Grand Total		27,130	90,016

23. Ordinary Share Capital

Description	2024/2025	2023/2024
	Kshs	Kshs
Authorized:		
420,000 Ordinary Shares of Kshs. 100 par value each	42,000,000	42,000,000
Issued and Fully paid:		
350,499 Ordinary Shares of Ksh. 100 par value each	35,049,935	35,049,935

24. Revaluation Reserve

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

	2024/2025	2023/2024
	KSHS	KSHS
Revaluation reserve brought forward	10,098,623	10,098,623
Net book Value	10,098,623	10,098,623

25. Fair Value Adjustment Reserve

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

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profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

26. Retained Earnings

The retained earnings represent amounts available for distribution to the *Western Kenya Rice Mills Limited* shareholders. Undistributed retained earnings are utilised to finance the Western Kenya Rice Mills business activities.

	2024/2025	2023/2024
	KSHS	KSHS
Balance b/f	(86,100,568)	(80,231,414)
Loss for the year	(6,038,939)	(5,507,512)
Retained earnings adjustments	-	(361,642)
Balance c/f	(92,139,507)	(86,100,568)

27. NIA Current Account

Description	<i>2024/2025</i>	<i>2023/2024</i>
	Kshs	Kshs
NIA Current Account	53,540,527	*47,762,548
Total	53,540,527	47,762,548

**The reinstatement refers to admin and accountancy fee of Ksh. 11,661 that was erroneously omitted from the prior year audited accounts.*

These include historical and current transactions between Western Kenya Rice Mills Ltd. and National Irrigation Authority.

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28. Trade and Other Payables

Description	2024/2025	2023/2024
	Kshs	Kshs
Trade and Other payables	4,282,061	8,825,809
Total	4,282,061	8,825,809

Aging Analysis for NIA Current Account, Trade and other Payables

	2024/2025	% of the total	2023/2024	% of the total
Under one year	461,181	1%	1,773,347	3%
1-2 years	6,172,455	10%	2,007,288	4%
2-3 years	811,176	2%	1,254,470	2%
Over 3 years	50,377,776	87%	51,541,591	91%
Total	57,822,588	100%	56,576,696	100%

29. Dividends Payable

There were no dividends payable for the year under review.

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30. Notes to the Statement of Cash Flows

Description	2024/2025	2023/2024
	Kshs	Kshs
(a) Reconciliation Of Operating Profit/ (Loss) To Cash Generated From/ (Used In) Operations		
Loss before tax	(6,038,939)	(5,507,512)
Depreciation	952,506	952,506
Retained earnings adjustments		(349,981)
Operating Profit/(Loss) before Working Capital changes	(5,086,433)	(4,904,987)
Decrease in Inventories	3,749,317	678,613
Decrease in Trade and Other Receivables	40,000	2,539,125
Increase in Trade and Other Payables	1,234,230	1,773,347
Cash Generated from/(used In) operations	(62,886)	86,098
(b) Analysis of Cash and Cash equivalents		
Cash At Bank	27,130	90,016
Balance At End Of The Year	27,130	90,016

31. Related Party Disclosures

Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 60% 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) Key management
- iii) Board of directors

Transactions with related parties

Description	2024/2025	2023/2024
	Kshs	Kshs
a) Key management compensation		
Directors' emoluments	640,800	74,000
Administration & Accountancy fee	72,382	9,578
Total	713,182	83,578

32. Financial Risk Management

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

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

(i) Credit risk

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

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

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

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables from exchange transactions	2,533,758	352,454	2,181,304	-
Bank balances	90,016	-	-	-
Total	2,623,777	352,454	2,181,304	-
At 30 June 2025				
Receivables from exchange transactions	2,493,759	312,455	2,181,304	-
Bank balances	27,130	-	-	-
Total	2,520,889	312,455	2,181,304	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity did not have significant concentration of credit risk during the year under review.

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

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ii) Liquidity risk management

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

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

Description	Less than 1 month	Over 5 months	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Trade payables	-	8,825,809	8,825,809
Provisions	-	348,000	348,000
Total	-	8,825,809	9,173,809
At 30 June 2025			
Trade payables	-	4,282,061	4,282,061
Provisions	348,000	-	348,000
Total	348,000	4,282,061	4,630,061

(iii) Market risk

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

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

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

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

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 company does not manage foreign exchange risk from future commercial transactions. The company does not transact in foreign currencies.

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

i) Management of interest rate risk

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

ii) 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.

No analysis was performed during the year under review.

iii) Fair value of financial assets and liabilities

a) *Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions.

These two types of inputs have created the following fair value hierarchy:

- i)** Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii)** 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).
- iii)** 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.

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

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iv) Capital Risk Management

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	10,098,623	10,098,623
Retained earnings	(92,139,507)	(86,100,568)
Ordinary Share Capital	35,049,935	35,049,935
Total Funds	(46,990,949)	(40,952,010)
Total Liabilities	57,822,588	56,576,696
Less: Cash and Bank balances	(27,130)	(90,016)
Net Debt/(Excess Cash and Cash Equivalents)	57,795,458	56,486,680
Gearing		

33. Incorporation

WKRM is incorporated in Kenya under *the Kenyan Companies Act* and is domiciled in Kenya.

34. Events after the Reporting Period

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

22. Appendices

Appendix 1: Implementation Status of Auditor-General prior year recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0 Trade and Other Receivables	The statement of financial position reflects trade and other receivables balance of Kshs. 352,454 as disclosed in Note 20 to the financial statements. The balance is net of provision for doubtful debts on trade receivables of Kshs. 2,181,304. However, the following anomalies were noted;			
1.1 Long outstanding Trade and Other Receivables	The documents supporting the amounts reflected in trade and other receivables balance was not provided for audit review. Further, review of aging analysis revealed	i) The support documents which were not verified during the desk review audit are available for further review.	Resolved	30/06/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>that trade receivables totalling Kshs. 2,425,453 has been outstanding for over three years. In addition, the balance includes imprest and advance of Kshs. 46,105 outstanding for more than five (5) years. In the circumstances, accuracy, completeness and recoverability of trade and other receivables balance of Kshs. 352,454 could not be confirmed.</p>	<p>ii) The long outstanding imprest of Kshs. 46,105 has been accounted for.</p>		
1.2 Understatement of Trade and Other Receivable	<p>Review of demand letters and prior year receivable revealed that some debts amounting to Kshs. 306,640 has been omitted in the period under review. Further, there was no</p>	<p>The difference between the prior year and current is because on reconciliation it was realized that some debts though having been cleared, were outstanding as</p>	Resolved	30/06/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	documentary evidence provided to confirm payment of the outstanding debts as 30 June, 2024	receivables. Hence, leading to correction of the error.		
2. Failure to Disclose Material Uncertainty in Relation to Sustainability of Services	The Company's statement of financial position reflects current liabilities balance of Kshs.8,825,809 which exceeds the current assets balance of Kshs.5,402,631 resulting to a negative working capital of Kshs.3,423,178. Further, the statement of profit/loss and other comprehensive income reflects a loss before taxation of Kshs.5,507,512 resulting to an increase in accumulated deficit from Kshs.80,231,414 as at 30 June, 2023 to Kshs.86,100,568 as at 30 June	Though the performance of the Company has remained low, the management is working on strategies to revive its performance.	Resolved	30/06/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>2024. The Corporation is, therefore, technically insolvent and its continued sustainability of services is dependent upon support from the National irrigation authority and its creditors. However, this material uncertainty has not been disclosed in the financial statements.</p> <p>In the circumstances, the Corporation's ability to continue to sustain its services could not be confirmed.</p>			
3. Unsupported Non-Current liabilities	<p>The statement of financial position reflects a balance of Kshs.47,750,887 under NIA current Account and as disclosed in Note 26 to the financial statements. The</p>	<p>The figure of Kshs.47,722,109 under NIA current Account which refers to related party activities is fully supported.</p>	Resolved	30/06/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>amount is reported as historical and current transactions between Western Kenya Rice Mills Limited and National Irrigation Authority. However, the supporting documents showing how this amount was arrived at and the movement of the balances were not provided for audit review.</p> <p>In the circumstances, the accuracy of trade and other payables could not be confirmed.</p>			
Emphasis of Matter 1.0 Long Outstanding Trade and Other Payables	<p>The statement of financial position reflects trade and other payables balance of Kshs. 8,825,809 as disclosed in Note 27 to the financial statements. The balance includes</p>	<p>The management confirm that it had approvals for this expenditure.</p>	Resolved	30/06/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>salary arrears of Kshs.2,310,159 which has been outstanding for that one (1) year. In addition, the balance includes outstanding unremitted withholding tax of Kshs.491,828 owed to Kenya Revenue Authority, which has been outstanding for several years. Further, these long outstanding payables were cleared by National Irrigation Authority in the subsequent year. However, no contractual agreements and board approvals provided to justify why expenditure was incurred by National Irrigation on behalf of the company and whether the expenditure was budgeted..</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
2.0 Non-Remittance of Payroll Deduction	<p>The statement of financial position as disclosed in Note 27 to the financial statements reflects trade and other payables of Kshs. 8,825,809 which includes un-remitted payroll deductions amounting to Kshs. 2,487,354 which has not been remitted since 2020. Further, the unremitted amounts have since been remitted by National Irrigation Authority in the financial year 2023/2024. However, the payment were not supported by board approvals and budget authorizing National Irrigation Authority to pay expenditure on behalf of the company.</p>	<p>The management confirm that it had approvals for this expenditure.</p>	Resolved	30/06/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.0 Inconsistencies in the Ownership Details of the Company	<p>Scrutiny of the documents provided for audit including internal auditor's reports revealed that Western Kenya Rice Mills Company Limited is jointly owned by National Irrigation Authority at 74% shareholding and Ahero scheme at 11.7%, West Kano at 5.7% and Bunyala Schemes at 6.1% all yielding a total of 23.5% of the other shareholders beside NIA. However, all these percentages were just an estimate of the perceived shareholding with no verifiable documentations to affirm the true position of the company's share capital.</p>	<p>As indicated in note 22 in the financial statements, the authorized share capital is 420,000 shares @ Ksh100/= per share. While the paid up capital is Ksh. 35,049,935. From this information, NIA has 71.90% shareholding while the farmers through their Co-operative Societies have 28.10% shareholding. The management has engaged the services of a lawyer who is assisting in the process of acquiring CR12 and updating the records with the Registrar of Companies.</p>	<p>Resolved</p>	<p>30/06/2025</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>In addition, review of the Western Kenya Rice Mills ownership documents revealed that the company is a limited company as registered. However, the management didn't provide a copy of the CR12 to help in authenticating the actual owners of the company.</p>			
Basis for Conclusion				
1.0 Irregular Engagement of Casual Workers	<p>The statement of profit and Loss and other comprehensive income reflects cost of sales of Kshs.1,290,129 as disclosed in Note 7 to the financial statements. The figure includes basic pay amounting to Kshs.445,769 paid</p>	<p>The company over time has had budgetary constraints, which has affected the engagement of casuals on full term employment. However, this will be addressed once the company has the Strategic plan finalized. The</p>	Resolved	30/06/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>to casual employees. However, review of muster roll and payroll revealed that casual employees were engaged continuously for a period exceeding three months and no authority to engage casual from managing director was provided for audit review. therefore, the company unlawfully paid basic pay of Kshs.445,769.70 to casuals during the period under review. Therefore, the Company contravened labour laws and continued employment of staff on casual terms may affect their morale and in effect efficient and effective delivery of the Company's mandate.</p>	<p>Strategic plan will address the Organization structure and staffing requirements for effective delivery of the Company's goals.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
<p>1.0 Lack of Tripartite lease Agreement between Western Kenya Rice Mills and County Government of Kisumu and Private Investor for the Milling Machine installed at</p>	<p>Review of Board minutes and interview with the Management, revealed that the County Government of Kisumu purchased and installed a new rice mill machine Western Kenya rice Mills Limited which has a capacity 2.5 tons per hour. Further, the Board resolved to engaged a private investor who was procured by the County Government of Kisumu through expression of interest. However, Audit verification in the Month of December 2024 revealed that the mill was not operational and has not been</p>	<p>Tripartite agreement between the County of Kisumu, Upland Millers and Western Kenya Rice Mills was prepared awaiting approval from Treasury. Public participation was done through several consultative meetings of all stakeholders including leaders of Ahero, West Kano and Bunyala Farmers' Cooperative Societies. The delay in execution of the agreement was due to documentations necessary to ensure compliance with all provisions of leasing government premises to private investors.</p>	<p>Resolved</p>	<p>30/06/2025</p>

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<p>Western Kenya Rice Mills</p>	<p>commissioned. In addition, a tripartite agreement was not provided for audit review and it could not be confirmed whether public participation was carried out in compliance with Article 201 of the Constitution of Kenya, 2010 which stipulates that there shall be openness and accountability, including public participation in financial matters.</p> <p>In the circumstance, Management was in breach of the law.</p>			
<p>3.0 Slow moving Basmati Paddy held in the Stores of</p>	<p>The statement of financial position and as disclosed in Note 19a to the financial statement reflects raw materials balance of Kshs. 3,875,586.</p>	<p>The loss of Kshs. 1,334,530 following the sale of paddy in September 2024 was due to market forces.</p>	<p>Resolved</p>	<p>30/06/2025</p>

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Western Kenya Rice Mills Ltd	<p>Review of stock taking sheets as 30 June, 2024 revealed that seven hundred and sixty-six (766) bags of basmati paddy are still held at Western Kenya Rice Mills Ltd for more than five (5) years. However, the unsold paddy could have earned the Company a total revenue of Kshs.3,747,250 (766 bags at Kshs.4,875 each) if sold as paddy at prevailing market price. Physical verification done in December 2024 revealed that the paddy was sold in September 2024 and earned revenue of Kshs. 2,412,720 resulting to a loss of Kshs. 1,334,530.</p>			

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	In circumstances, the value for money could not be verified.			
4.0 Lack of Gender Diversity in the Board of Directors	During the period under review, it was noted that the Company Board of Directors consisted of eight (8) Board Members where only one was female thus contravening Mwongozo Chapter 1 on Governance of Principles which provides that the composition and size of the Board should provide gender diversity, Competences, and skills required for the effective leadership of the organization.	The management note the lack of gender disparity however, it has no control over the appointment as it is done by the external authority.	Not resolved	30/06/2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	In the circumstance, Management was in breach of the law.			
1.0 Lack of Strategic Plan	<p>Western Kenya Rice Mills Limited lacks an approved strategic plan to provide a long-range overview of budgetary needs and raises concerns regarding the Company’s capacity to effectively manage and align its activities with its long-term objectives.</p> <p>In the circumstance, the strategic steps necessary to determine the direction of the Corporation to undertake its mandate, its objectives and goals could not be ascertained.</p>	The strategic plan is being developed and currently at draft stage.	Not resolved	30/06/2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Board of Directors				
2.1 Lack of key Qualifications in the Board of Directors	The board did not have a board member who is a financial expert and a bona-fide member of a professional body regulating the Accountancy profession as guided by the law within the period under review and as such contravening Mwongozo principle 1.1 (6) on the appointment of Board Members which states that at least one Board member should be a financial expert, meaning that he or she has the necessary qualifications and expertise in financial management or accounting and is a bona-fide member of a professional body regulating the Accountancy	Included in the board is Director CPA Samuel Otieno Onyango making the board having qualified professionals and many other directors with relevant Master Degrees making the board highly qualified.	Resolved	30/06/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	profession, and in compliance with the requirements thereof.			
2.2 Failure to Establishment Committees of the Board	Review of the Board documents revealed that the Board did not establish the board committees to deal with any matters arising and requiring a focused attention as envisaged in the law. Further, the Board should provide terms of reference to the established committees to guide on its operations and reporting mechanism to the Board.	The Company does not have board committees due to the lean composition of the Board. This comprises of: <ul style="list-style-type: none"> 1) The Chairman. 2) Three National Government representatives. Namely; <ul style="list-style-type: none"> i. Alternate to PS The National Treasury. ii. Alternate to PS State 	Resolved	30/06/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Department of Irrigation, Ministry of Water, Sanitation & Irrigation.</p> <p>iii. Representative of the office of the Inspectorate to State Corporations as an ex-officio member.</p> <p>3) The Managing Director.</p>		

Western Kenya Rice Mills Limited
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		4) The Chairmen of Ahero Multi-Purpose Co-op Society, West Kano Farmers Co-op Society and Magombe Multi-Purpose Co-op Society.		
2.3 Failure to Act on Internal Audit Reports	A scrutiny of the Internal audit reports provided for audit review and Board Minutes for the year under review revealed that the Board has never discussed and adopted Internal Audit Reports during board meetings for Western Kenya Rice Mills Limited.	All internal audit reports have been discussed and adopted by the board.	Resolved	30/06/2025
2.4 Failure to Subjects the Organization to an	A scrutiny of the financial statements reports on profit & loss statement as well as comprehensive income	This was occasioned by the lack of resources to execute the audit but	Not resolved	30/06/2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
Annual Governance Audit	<p>statement for the company, revealed that the company has been making losses over the years and as such, that affected the operations of the company. However, no documented evidence has been provided to show efforts made by the board to subject the company into annual governance audit which would have helped the unravel what was ailing the company.</p> <p>In the circumstance, the effectiveness of the governance and oversight role of the board could not be confirmed.</p>	<p>will be undertaken in second quarter of this current financial year.</p>		

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Eng. Charles Muasya, *MBS*

Managing Director

Date: 02/12/2025