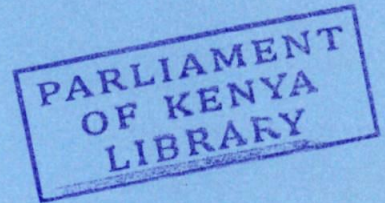


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**MAKUENI COUNTY FRUIT  
DEVELOPMENT AND MARKETING  
AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

PAPERS LAID	
DATE	19/2/2025
TABLED BY	Majority leader
COMMITTEE	
CLERK AT THE TABLE	Angela

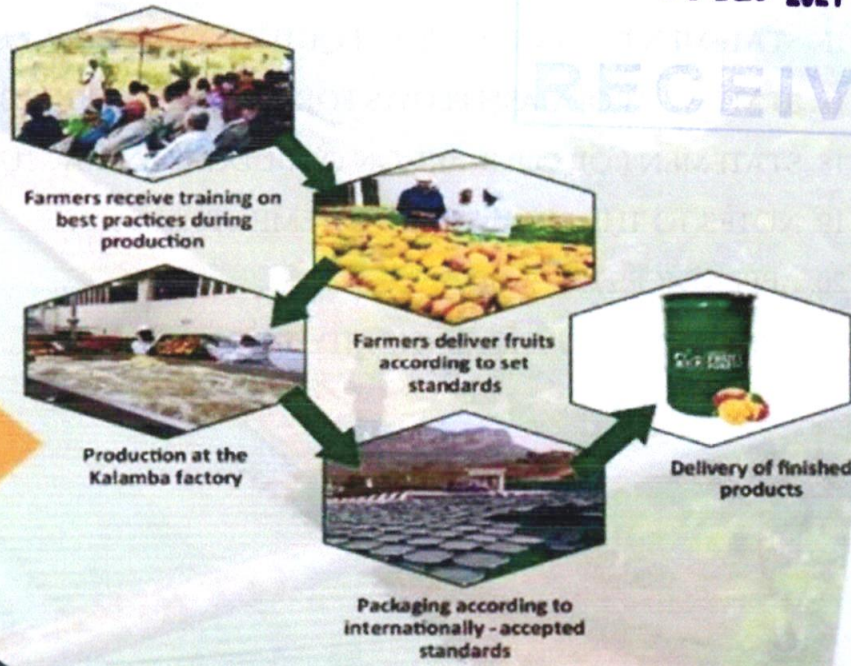


# MAKUENI COUNTY FRUIT DEVELOPMENT AND MARKETING AUTHORITY

## ANNUAL REPORT AND FINANCIAL STATEMENTS

### FOR FINANCIAL YEAR ENDED JUNE 30, 2024

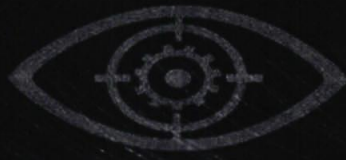
OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
MACHAKOS HUB.  
30 DEC 2024  
RECEIVED



Prepared in accordance with the International Financial Reporting Standards (IFRS)

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
1. ACRONYMS AND GLOSSARY OF TERMS.....	iv
2. KEY AUTHORITY INFORMATION.....	v
3. THE BOARD OF DIRECTORS.....	vii
4. MANAGEMENT TEAM.....	xi
5. CHAIRMAN’S STATEMENT.....	xii
6. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xiv
7. STATEMENT OF PERFORMACE AGAINST PREDETERMINED OBJECTIVES....	xviii
8. CORPORATE GOVERNANCE STATEMENT.....	xx
9. MANAGEMENT DISCUSSION AND ANALYSIS.....	xxiii
10. ENVIRNOMENTAL AND SUSTAINABILITY REPORTING.....	xxvi
11. REPORT OF THE DIRECTORS.....	xxix
12. STATEMENT OF DIRECTORS’ RESPONSIBILITIES.....	xxx
13. REPORT OF THE AUDITOR GENERAL.....	xxxii
14. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ....	1
15. STATEMENT OF FINANCIAL POSITION.....	2
16. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024 ...	3
17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024.....	4
18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS .....	5
19. NOTES TO THE FINANCIAL STATEMENTS.....	6
20. APPENDICES.....	30
21. APPENDIX III: INTER-AUTHORITY TRANSFERS.....	31



# **VISION**

**Transformed livelihoods  
of fruit farmers in  
Makueni County**



*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

**1.ACRONYMS AND GLOSSARY OF TERMS**

Rtd	Retired
AIDS	Acquired Immunodeficiency Syndrome
Ag.	Acting
MSc	Master of Science
COVID	Coronavirus Disease
CPA	Certified Public Accountant
CSR	Corporate Social Responsibility
USA	United States of America
ECD	Early Childhood Development
JKUAT	Jomo Kenyatta University of Agriculture and Technology
FIEK	Fellow of Institute of Engineers of Kenya
FY	Financial Year
HR	Human Resource
GPO	General Post Office
HIV	Human Immunodeficiency Virus
ICPAK	Institute of Certified Public Accountants of Kenya
SACCO	Savings and Credit Cooperative
PAC	Pan Africa University
BCom	Bachelor of Commerce
MFPP	Makueni Fruit Processing Plant
MCFDMA	Makueni County Fruit Development and Marketing Authority
RTD	Ready to Drink
CEO	Chief Executive Officer
Ksh	Kenya Shilling
USAID	United States
KIMS	Kenya Investments Mechanism
HACCP	Hazard Analysis and Critical Control Point
MBS	Moran of Burning Spear
MIEK	Member of Institute of Engineers of Kenya
GMP	Good Manufacturing Practices
IFRS	International Financial Reporting Standards
PFM	Public Finance Management Act

## **2.KEY AUTHORITY INFORMATION**

### **a) Background information**

Makueni County Fruit Development and Marketing Authority is established by and derives its authority and accountability from the Makueni County Fruit Development and Marketing Authority (Amendment) Act 2017. The Authority is wholly owned by the County Government of Makueni and is domiciled in Kenya.

### **b) Principal Activities**

The broad mandates of MCFDMA are to manage the affairs of Makueni Fruit Processing Plant and to develop the fruit value chain. The Makueni Fruit Processing Plant is an investment by the Government of Makueni County whose core mandate is to reduce post-harvest losses of fruits, provide an alternative market for fruit farmers and stabilize farm gate prices for fruits.

### **c) Directors**

The Directors who served the Authority during the year/period were as follows:

<b>Ref</b>	<b>Name</b>	<b>Designation</b>	<b>Date of appointment/Exit</b>
1.	Mr. Paul Nguku Muthama	Chairperson	1 <sup>st</sup> August 2023
2.	Mr. Philip Kyalo Mauyu	Member-Farmer Representative	1 <sup>st</sup> August 2023
3.	Ms Rose Mulu Ndungwa	Member-Farmer Representative	1 <sup>st</sup> August 2023
4.	Mr. Felix Mualuko	Member-Private Sector Representative	1 <sup>st</sup> August 2023
5.	Mr Justus Liku	Member-Private Sector Representative	1 <sup>st</sup> April, 2023
6.	Ms Agnes Kitili	Ag. Chief Executive Officer	1 <sup>st</sup> November 2022
7.	Mr. John Nguni	Chief Officer-Department of Finance	1 <sup>st</sup> January, 2023
8.	Dr. Victoria Kyallo	Chief Officer–Agriculture	22 <sup>nd</sup> December 2022
9.	Dr. Jossylyn Nzilani Mutua	Chief Officer-Department of Trade	December 2022

### **d) Registered Office**

Makueni County Fruit Development and Marketing Authority  
P.O. Box 78-90300  
Makueni, KENYA  
Off –Ukia Emali Road,

**e) Corporate Headquarters**

Makueni County Fruit Development and Marketing Authority  
P.O. Box 78-90300  
Makueni, KENYA  
Off –Ukia Emali Road,

**f) Corporate Contacts**

Telephone: (254) 705 739739  
E-mail: [info@mcfdma.co.ke](mailto:info@mcfdma.co.ke)  
Website: [www.mcfdma.co.ke](http://www.mcfdma.co.ke)

**g) Corporate Bankers**

KCB Bank Limited  
Wote Branch, Makueni

**h) Independent Auditors**

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

**i) Principal Legal Advisers**

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



### **3.THE BOARD OF DIRECTORS**



**Mr. Paul N. Muthama  
Chairman**

Mr Muthama was born in 1970. He holds Master of Science degree in Statistics and Bachelor of Science in Mathematics from Kenyatta University. He has over 23 years working experience in public service in training institutions as a trainer, lecturer, researcher, and administrator. He was appointed on 1<sup>st</sup> August 2023.



**Dr. Jossylyn Nzilani Mutua**  
**Chief Officer-Trade, Tourism and  
Cooperative Development**

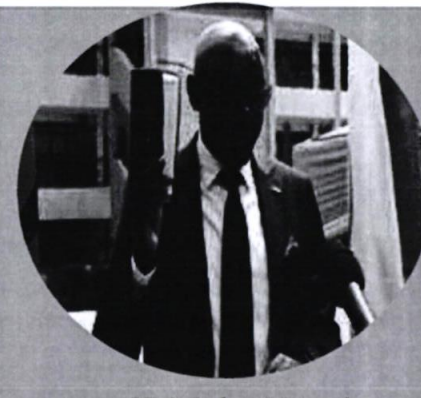
Dr. Jossylyn Nzilani Mutua holds a BCom degree in Business Administration and Marketing (double Major), a master's degree in business administration (marketing option) both from Daystar University and a PhD in organizational Leadership (Business and Entrepreneurship concentration) from Pan African Christian University (PAC).

She has over 15 years' experience in the public service having previously worked as a Chief Business Development Officer in Rural Electrification and Renewal Energy Corporation (REREC), Kenya Power as well as a Director of Stima SACCO. She is a seasoned marketer and an all-round transformational leader, having done a lot of research work on transformational style of leadership. She was appointed on 22<sup>nd</sup> December 2022.



**Dr Victoria Kyallo**  
**Chief Officer-Agriculture, Irrigation,  
Livestock and Fisheries Development**

Dr. Victoria Kyallo has Bachelor in Veterinary Medicine (BVM) from the University of Nairobi in 2002. She has a Masters in Vet Clinical Medicine from the same university. Dr. Kyallo is also a certified Project Management Professional (PMP). She has over 20 years of experience working as a field Vet and later as Project Manager with various organisations including International organisations (ILRI), NGOs (VSF Germany, VETAID), Farmer organisations (KLBA) and currently as a Chief Officer of Agriculture in the Government of Makueni County.



**CPA John Nguni**  
**Chief Officer-Financial Services**

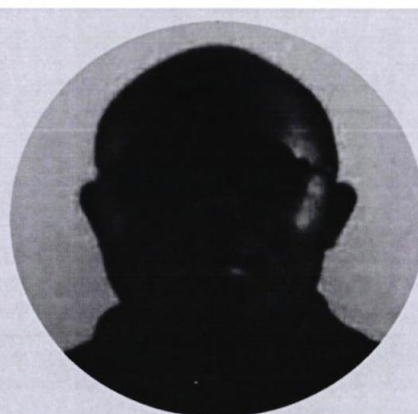
Mr. Nguni joined the board on 1<sup>st</sup> January 2023. He holds an MBA and Bachelor of Commerce from the University of Nairobi. He is A certified Public Accountant of Kenya and a member of the Institute of Certified Public Accountants of Kenya (ICPAK)

He has over 25 years' international experience and in both Private and public sector.



**Mr Justus Liku**  
**Board member (Independent)**

Mr Justus Liku was born on 23<sup>rd</sup> March 1966. He holds M.Sc. in Regional Development planning and Management and BA in Economics. He has over 20 years in business development advisory services in agricultural value chains, and 9 years an Economist in Government of Kenya. Mr. Liku joined the board on 1<sup>st</sup> April 2023 He chairs Finance, HR, and Marketing Committee



**Dr. Felix Mwaluko Daniel**  
**Board Member**

Dr Mwaluko was born in 1986. He holds a PhD in Governance and Leadership from JKUAT and a Master of Arts in Governance and Ethics from Mount Kenya University. Dr Mwaluko is a full-time Priest, in the Anglican Church of Kenya and a Part-time Lecturer, at the East African University. September 2015



**Mrs Rose Mulu Ndungwa**  
**Board member**

Mrs Ndungwa was born in 1955. She holds a **Master of Arts degree in Counseling** from Washington International University (USA)



**Philip Kyalo Mauyu**  
**Board member**

Mr Mauyu was born in 1947. He is a career teacher and an experienced farmer. With more than 5 decades in farming.



**Miss. Agnes Kitili**  
**Ag. Chief Executive officer**

Miss Kitili was born in 1986. She holds a BCom degree in Marketing and a master's in project planning and management. She has over 12 years of experience in Sales and Marketing both in the Private and Public sector. She was appointed on 1<sup>st</sup> November 2022

**4.MANAGEMENT TEAM**



**Miss. Agnes Kitili**  
BCom Marketing (Hons)  
Ag. Chief Executive Officer



**CPA Sylvia Kingwaa**  
BCom –Finance, CPA(K).  
Finance and Administration  
Manager



**Mr Joseph Kariokoo**  
BSc Food Science and Technology  
Quality Assurance Manager



**Gregory Kioko**  
BSc Mechanical Engineering  
Ag. Operations manager

## **5. CHAIRMAN'S STATEMENT**



The operation of Makueni Fruit Processing Plant (MFPP) is the actualization of the flagship project for the Government of Makueni County, the realization of the Business Plan by Jomo Kenyatta University of Agriculture and Technology and rolling out of the Makueni County Fruit Development and Marketing Authority Strategic Plan. The Makueni County Fruit Development and Marketing Authority (MCFDMA) Board was appointed in January 2018 pursuant to the Makueni County Fruit Development and Marketing Authority (Amendment) Act, 2017. The Act which was initially promulgated in July 2017 was revised and amended in December 2017 to remove regulatory functions which were overlapping with the functions of the Department of Agriculture and gave the Authority the mandate to direct the affairs of the MFPP.

The Plant has already been in production for 4 years and with the installation of the ready to drink (RTD), the planned diversification to process other fruits, and the entry into the water bottling market should see the plant achieving its capacity, sustainability, and profitability. The ultimate plan for MFPP and all other fruit preservation and processing infrastructure that is to be developed in the implementation of the functions of MCFDMA is essentially to achieve value addition principally targeted at benefitting the Farmer. At the outset the Board found out that it was not possible to trade in one product (puree) and without meeting world standards, hence the continued effort towards diversification, obtaining the licences required by the Government and certifications expected by buyers, and in addition the need to acquire a fully-fledged food quality laboratory. I take this opportunity to sincerely thank H E the Governor of Makueni County, The County Executive Committee Member for Agriculture, Irrigation, Livestock and Fisheries Development, the MCFDMA Board, the CEO and Management, and all Stakeholders especially farmers who contributed to the success of the Authority in diverse ways.

A handwritten signature in blue ink, appearing to read 'Paul Nguku Muthama'.

**Mr. Paul Nguku Muthama**

**CHAIRMAN OF THE BOARD**



# MISSION

To Develop, Produce, and Market  
High-quality fruits and fruit  
products globally.

## **6. REPORT OF THE CHIEF EXECUTIVE OFFICER**



The Makueni Fruit Processing Plant (MFPP) was established in line with Government of Makueni County Vision 2025 Strategic Approaches to Economic Transformation Strategic Interventions No. 4 and No 6. The focus for strategic intervention No. 4 is on the management of post-harvest losses by way of promoting value addition to increase product shelf life as well as development of food processing infrastructure. Strategic intervention No. 6 focuses on promotion of value addition and marketing through providing support to the construction, commissioning, and operationalization of the Makueni Fruit Processing Plant. To operate the plant profitably and sustainably the Makueni County Fruit Development and Marketing Authority (MCFDMA) was established through the Makueni County Fruit Development and Marketing Authority (Amendment) Act, 2017.

The plant processes mangoes into 100% natural puree which is then sold to manufacturers for conversion into ready to drink juice. The Plant has a capacity to process 5 metric tonnes of raw mangoes producing between 2500 to 3,000 kilograms of mango puree per hour.

Through a co-funding by the European Union, the Authority has installed a Ready-To-Drink Juice line with a reconstitution capacity of 4,500 litres and a filling capacity of 8,000 bottles per hour. The line is now fully installed and operational.

### **1. Operational Performance**

During the FY under review, the Authority made steady steps towards the attainment of its objectives. During the period, the Authority purchased a total of 593,460 kgs of Mangoes valued at Ksh 11,869,200 from Makueni farmers. This in turn made a positive contribution towards the objective of reducing post-harvest fruit losses at the farm level.

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

---

In terms of pulp production, the Authority processed a total of 1,280 drums m of puree equivalent to 275,200 Kilogrammes. Figure 1 below shows the initial stages in the puree production process.

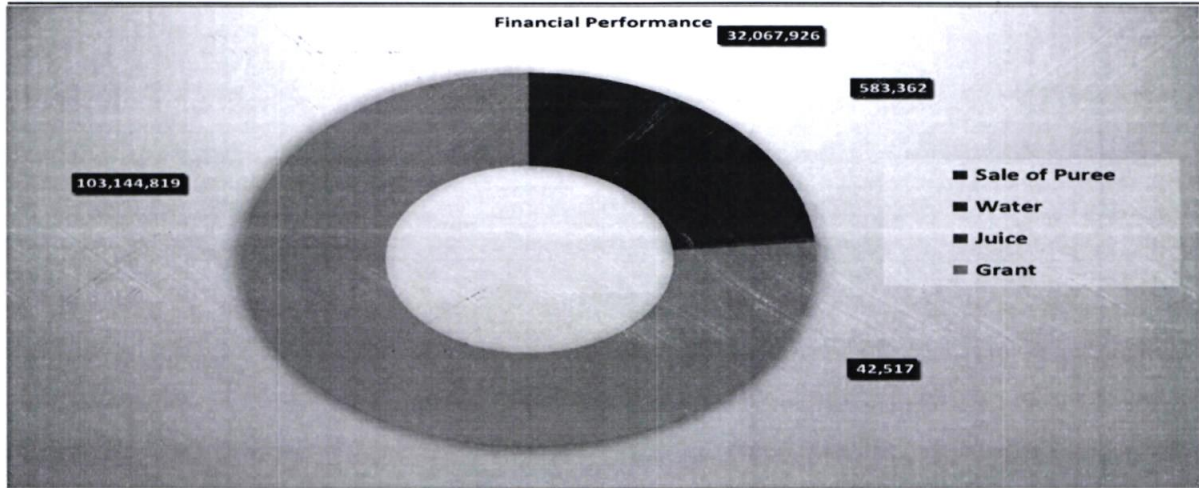


Figure 1: The start of puree production at the plant

## **2. Financial Performance**

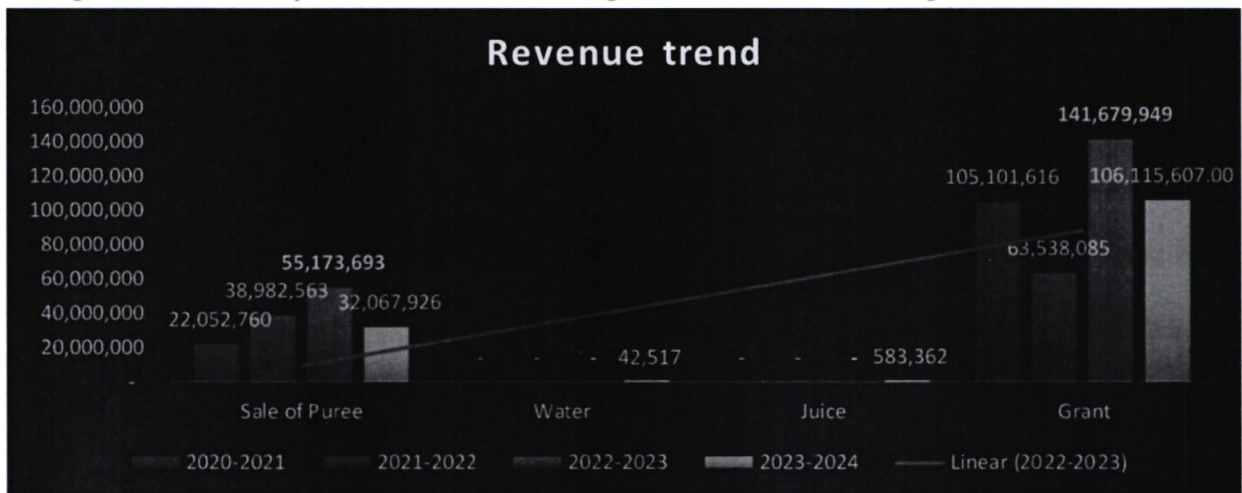
The Authority realized revenue of Ksh 32,693,805 from the sale of puree, water and juice. A further grant amounting to Kshs 103,144,819 was received from the county government.

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*



**Figure 2: Total income for FY 2023-2024**

The revenue from the sale of the puree has been growing steadily for the last three years owing to the Authority's increased marketing efforts as shown in Figure below.

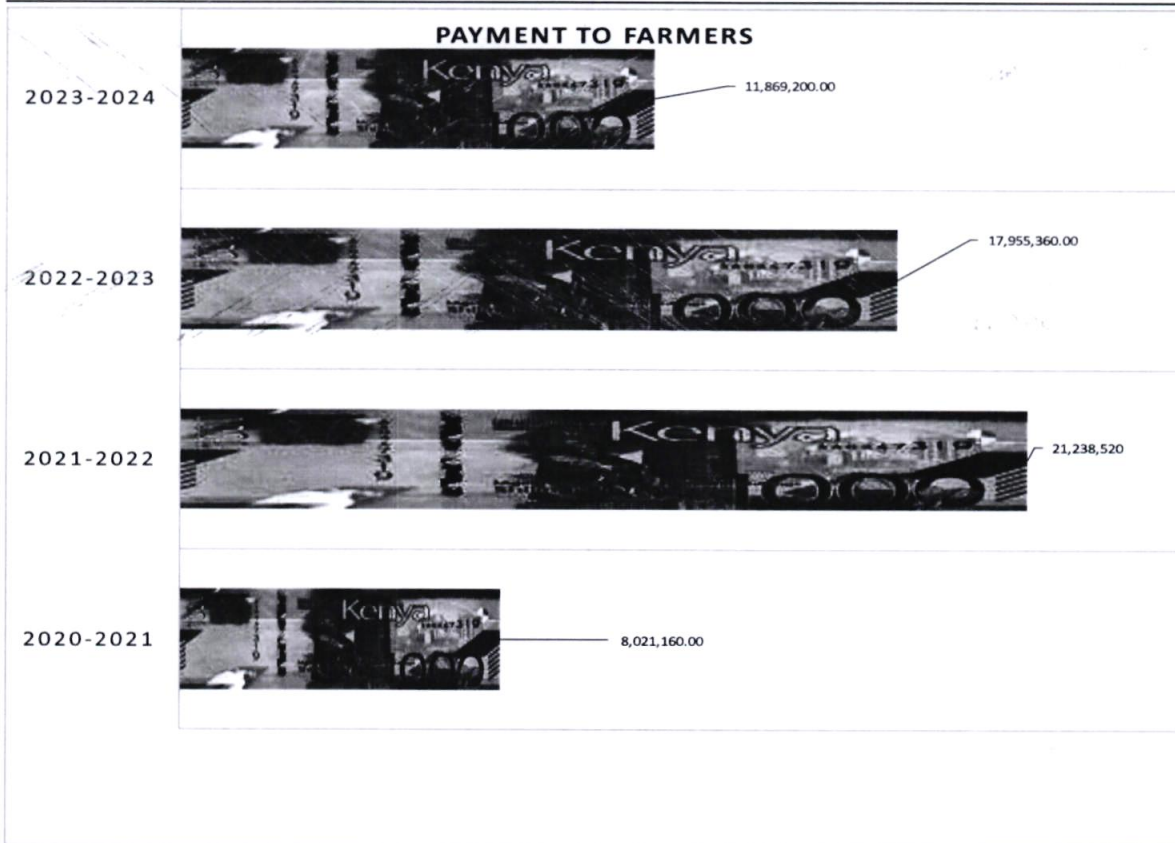


**Figure 3: Revenue trends**

**3. Impact to the community**

The implementation of MCFDMA activities impacted the community positively in more ways than one. The plant provided increased job opportunities for both directly at the factory level and at the farm level. At the factory level, the plant employs between 60 and 100 casuals per day during the peak period. Additional labour between 30 and 50 casuals are hired on daily basis for picking, grading, and loading. In addition, the Authority has been able to stabilize the prices for mango fruits at Ksh 18 per kg up from Ksh. 15 per kg at the farm level thereby economically empowering the farmers. Figure 4 below shows the amount paid to farmers over the last three years.

**Makueni County Fruit Development and Marketing Authority**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024**



**Figure 4: Funds paid to farmers over the three-year period.**

**4. Future Outlook**

The Board and management are committed to ensuring that the plant attains profitability position and remains sustainable to continue serving the community. Some of the initiatives include establishment of processing contracts as well fundraising to optimise the production capacity of the plant, market diversification as well as enhance operational efficiency.

The future remains bright for our farmers, staff partners and all other stakeholders.

  
**Agnes M. Kitili**  
**Ag. Chief Executive Officer**

**7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

MCFDMA was operationalized in 2017 with the mandate of managing the affairs of Makueni Fruit Processing Plant and developing the fruit value chain in the county. The Authority is aimed at achieving the following three objectives:

- i. To reduce post-harvest losses.
- ii. To stabilize farm gate prices for fruits and
- iii. To provide an alternative market for fruit farmers.

The main result areas for Makueni County Fruit Development and Marketing Authority as per the Strategic plan for 2019-2024 are:

1. Return on investment.
2. Diversification.
3. Partnerships.
4. Divesture
5. Corporate governance.

MCFDMA has been implementing activities towards meeting the Strategic Objectives as indicated in Table 1:

**Table 1: Progress Towards Achieving MCFDMA's Strategic Objectives**

KEY RESULT AREAS	STRATEGIC OBJECTIVES	PROGRESS
1. Return on Investment & Profitability of MFPP	To operate MFPP at Optimal Capacity	To optimize on the capacity of the plant, The Authority has installed and tested a Ready-to-Drink Juice line which can package both bottled water and juice. The line has a filling capacity of 8,000 bottles per hour
	To enhance the quality of MFPP products	The Authority has implemented food safety management system (Hazard Analysis and Critical Control Points) to enhance the quality of food products as well as an environmental management system
	To improve the efficiency of production	The Authority developed and implemented a maintenance manual for all the equipment and machines to ensure they are in good conditions.

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

<b>KEY RESULT AREAS</b>	<b>STRATEGIC OBJECTIVES</b>	<b>PROGRESS</b>
2. Diversification	To diversify the range of Makueni Fruit Processing Plant (MFPP) products	The Authority received a juice line through the European Union funded IDEAS project. Once the line is fully operationalized, it will be able to produce both bottled drinking water and ready-to-drink Juice
3. Partnerships with the cottage industries	To establish and maintain strategic business partnerships	The Authority has supported the cooperative movement by procuring 5 Cooperatives as suppliers who in turn supplied 100% of the total mangoes to the factory. The plan for FY 2024/2025 is to maintain procuring mangoes purely from cooperatives
4. Corporate capacity	To attract, develop and retain competent Human Capital	To attract and retain competent staff, MCFDMA is in the process of developing a Human Resource Manual.
	To manage financial resources prudently	MCFDMA board has put in place an Audit committee as well as a finance/HR committee which will provide oversight and advise on operations. Further, the Authority is in the process of developing a Finance Manual

## **8. CORPORATE GOVERNANCE STATEMENT**

The Makueni County Fruit Development and Marketing Authority is governed by a Board of Directors. The board has put in place a board charter and a strategic plan to guide its operations. The board has nine members (excluding the CEO) and three committees. The committees are:

- 1) Audit;
- 2) Operations and Technical; and
- 3) Finance, HR and Marketing.

### **a) Board Composition**

The membership of the board, as provided for under section 6 (1) in the MCFDMA Act 2017 are as follows:

- i) A non-executive chairman appointed competitively by the Governor.
- ii) Two members elected by fruit farmers through cooperatives.
- iii) Three members appointed by the County Executive Committee Member responsible for the department of Agriculture.
- iv) Three Chief Officers responsible for the departments of Agriculture, Trade and Finance respectively

The board members usually declare conflict of interest in case a subject matter of discussion directly or indirectly affects them.

### **b) Functions of the Authority**

The functions of the Authority are stipulated in Makueni County Fruit development and marketing Authority (amendment) Act, 2017 stating that, the Authority shall, in consultation with the County Government, perform the following functions;

- i. Administer the management of fruit processing and its infrastructure in the County in accordance with the provisions of this Act

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

---

- ii. Ensure that significant policies related to governance, risk management, compliance, human resource management, investor relations, corporate social responsibility, capital expenditure, planning and internal control of the Makueni Fruit Processing Plant (MFPP) have been formulated
- iii. Oversee the implementation of strategies, policies and budget of the Authority
- iv. Promote best practices in, and propose mechanism and or policies in the processing of fruits and marketing of fruit products
- v. Review and evaluate present and future opportunities, threats and risks relating to fruit processing
- vi. Partner with other stakeholders for the development of the fruit value addition infrastructure
- vii. In consultation with stakeholders, review fruit product prices based on market forces and propose strategic interventions required in the fruit value addition subsector
- viii. Direct the affairs of the fruit processing plant while meeting the appropriate interests of stakeholders
- ix. Ensure compliance of any law or regulation in the performance of its functions;
- x. Advise stakeholders on any policy decision relevant to or has implications on the functions of MFPP
- xi. Undertake market surveys and research on fruit processing
- xii. Do anything incidental or conducive to the performance of preceding functions.

**c) Board remuneration**

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

Board members are paid sitting allowance of Ksh 10,000 with the chairman's remuneration pegged at Ksh 15,000. Further, transport reimbursement for mileage is paid in line with government regulations and county transport policy.

**d) Board Work Plan and Meetings**

During the FY under review, a total of 9 board meetings and 8 committee meetings took place. Table 1 below shows the details of board attendance during the year.

**Table 1: Board meeting attendance**

SNO	NAME	9/22/2023	9/27/2023	11/3/2023	1/12/2024	3/21/2024	4/12/2024	4/23/2024	6/21/2024	7/12/2024
1	Paul M.Nguku	√	√	√	√	√	√	√	√	√
2	John Nguni	x	√	√	x	√	√	√	√	x
3	Josslyn Mutua	x	√	x	√	√	√	x	√	√
5	Justus Liku	√	√	√	√	√	√	√	√	√
6	Philip Mauyu	√	√	√	√	√	√	√	√	√
7	Felix M. Daniel	√	√	√	√	√	√	√	√	√
8	Rose Mulu	√	√	√	√	√	√	√	√	√
9	Victoria Kyalo	x	√	√	x	√	√	x	√	x

**e) Ethical Standards**

A code of conduct is in place to regulate conduct of business and prescribe acceptable behaviour in line with the National Values, organization culture and our Core values. The Authority adheres to the Public Officer Ethics Act as well as Leadership and Integrity Act as outlined in Chapter six of the Constitution.



**Mr. Paul N. Muthama  
Chairman of The Board**

## **9. MANAGEMENT DISCUSSION AND ANALYSIS**

### **1. Introduction**

This section provides the users of these financial statements with a narrative overview and analysis of the financial activities of the Authority for the financial year ended June 30, 2024. Readers are encouraged to consider the information presented here in conjunction with additional information that we have furnished in Chief Executive Officer's report on pages xvii to xxi.

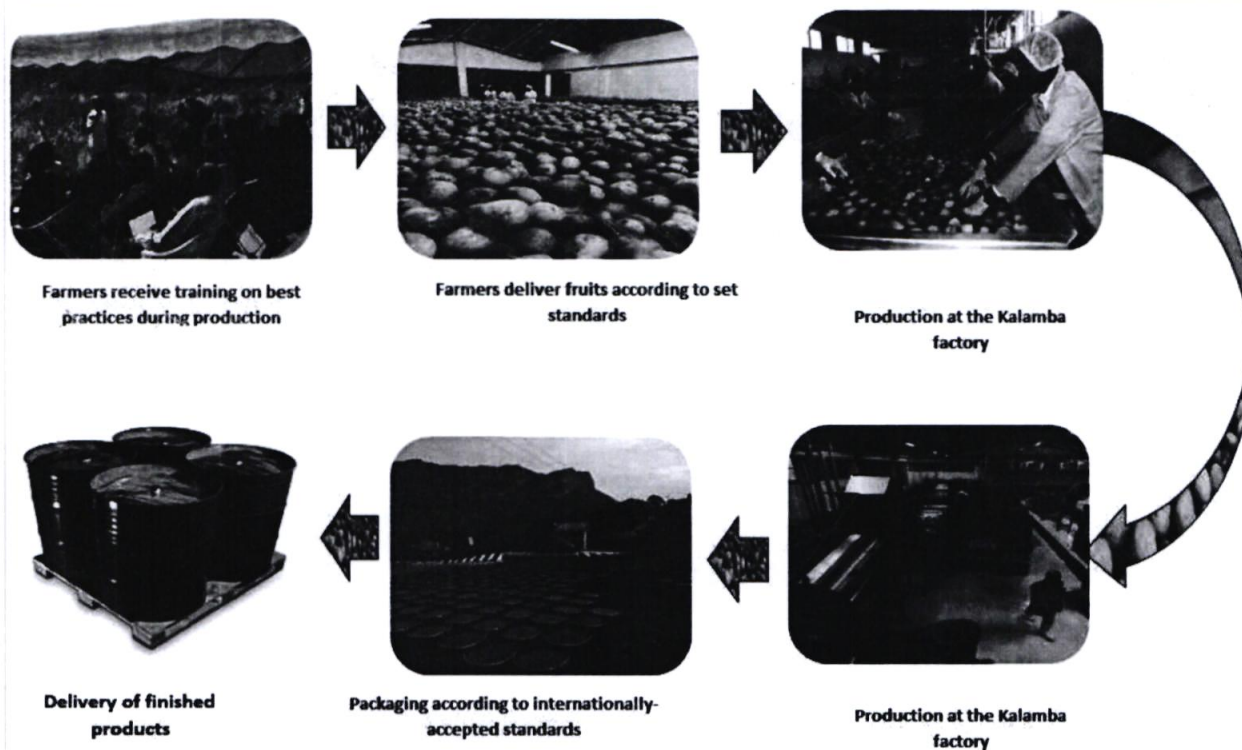
### **2. Production Process**

Fruit production and marketing is a major economic activity for over 70% of the 244 thousand households in Makueni County. Processing of mangoes to puree is undertaken by the Makueni Fruit Processing Plant (MFPP). The plant has three production lines.

- 1) **Puree line** with a capacity to process 5000kg of mangoes per hour translating to 2500kgs of puree. This line was installed in 2017 and has been operational for 4 years;
- 2) **Juice reconstitution line** with a capacity to produce 8000 bottles of juice per hour. The line was installed, tested, and launched in August 2022; and,
- 3) **Packaging line** with a capacity of 8000 bottles of juice/water per hour. The line was installed, tested, and commissioned in August 2022.

The mango fruits are sourced from within Makueni County and also from other Counties making up the South-eastern Mango Belt in Kenya, i.e. Kilifi, Tana River and Kwale Counties below indicates the mangoes purchased from farmers for the last three years.

The production process involves puree extraction from mango fruits, sterilizing, and aseptic packing the puree using no artificial colorant or taste enhancer. This is done in compliance with Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Point (HACCP) standards, from receipt of raw materials, cleaning and disinfection, pureeing, refining, sterilization, aseptic filling, and storage at room temperature.



### 3. Financial Highlights

The financial highlights are presented below.

#### 3.1 Overview of the financial statements

The financial statements comprise of Statement of profit or loss and other comprehensive income, Statement of financial position, statement of changes in equity, statement of cash flow, statement of comparison of budget and actual amounts, accounting policies and notes.

**Statement of profit or loss and other comprehensive income** shows the Authority's performance during the year indicating the revenue generated from sale of goods, grants received as well as the expenditure incurred.

**Statement of financial position** presents the net assets position of the Authority as at 30<sup>th</sup> June 2024 The net assets for the Authority at the end of the financial year amounted to KSh. 455,043,257

### 3.2 Revenue and funding

Revenue comprises of income from sale of puree, water and juice as well as grants from the county government. Revenue for the year amounted to Ksh 32,693,805 while grants from the county government to Ksh 103,144,819 as indicated in Figure 1 below.

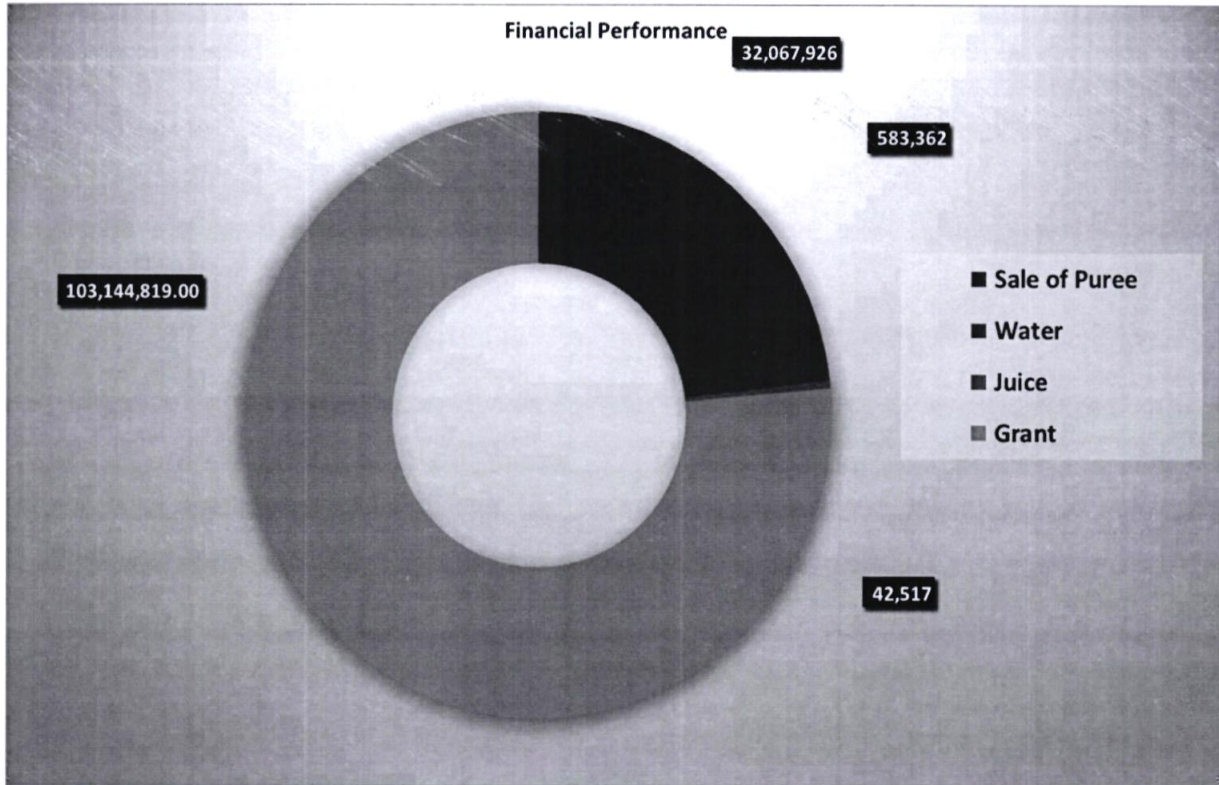


Figure 1: Revenue and grants

All the revenue from the sale of puree is remitted to the county Government in accordance with the enabling legislation.

### 3.3 Expenditure

Expenditure comprises production costs and operating expenses and is fully financed from the grant by the county government.

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

### **i) Sustainability strategy and profile**

MCFDMA has put in place plans to operate the plant sustainably and profitably. This entails among other measures to adopt and implement a model which brings on board a strategic partners from the private sector.

### **ii) Environmental Performance**

In the course of implementing the proposed activities, MCFDMA encouraged farmers to establish more fruit nurseries and plant more fruit tree as part of their conservation and climate change mitigation efforts. Further, MCFDMA has been recycling its Mango seeds by using them as a source of energy. MCFDMA conducts environmental Audits in compliance with the Environmental Management and Conservation Act (EMCA, 1999).

### **iii) Employee Welfare**

MCFDMA is committed to improved employee welfare. Although recruitment is done by the county public service board, the management of MCFDMA conducts a competence needs analysis and endeavors to bridge the identified gaps by way of allowing staff to attend relevant training. Employee appraisals is conducted annually, and the report is discussed with the relevant employee.

### **iv) Marketplace practices**

The production process involves puree extraction from mango fruits, sterilizing, and aseptic packing the puree using no artificial colorant or taste enhancer. This is done in compliance with Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Point (HACCP) standards, from receipt of raw materials, cleaning and disinfection, pureeing, refining, sterilization, aseptic filling, and storage at room temperature.

Thermal treatment guarantees a product's safety, keeping its organoleptic and nutritional characteristics intact. All operations are carried out under high quality standards, in compliance with current legislation.



**Figure 2: Cleaning of mangoes before processing**

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

MCFDMA is committed towards supporting the community and farmers to produce quality fruits. Further, the Authority will be distributing water to the community alongside the water pipeline.



*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

**11. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Authority's affairs.

**i) Principal activities**

The principal activities of the Authority are to manage the affairs of Makueni Fruit Processing Plant and to develop the fruit value chain.

**ii) Results**

The results of the Authority for the year ended June 30, 2024, are set out on page 1

**iii) Dividends**

The directors do not recommend payment of dividend.

**iv) Directors**

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

**v) Auditors**

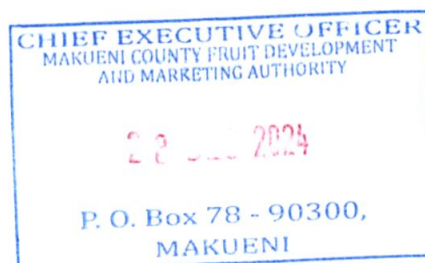
The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

  
Agnes Kitili

Secretary to the Board

Date 28/12/2024



*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

**12. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 164 of the Public Finance Management Act, 2012 and require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2024. 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 Authority; (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 Authority; (v) selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Authority's financial statements, which 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

The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2024, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Authority's financial statements were approved by the Board on 27/09 2024 and signed on its behalf by:



Mr. Paul N. Muthama  
Chairman



Agnes M. Kitili  
Ag. Chief Executive Officer

# REPUBLIC OF KENYA



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

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

*Enhancing Accountability*

## **REPORT OF THE AUDITOR-GENERAL ON MAKUENI COUNTY FRUIT DEVELOPMENT AND MARKETING AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024**

---

### **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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

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

#### **Opinion**

I have audited the accompanying financial statements of Makueni County Fruit Development and Marketing Authority set out on pages 1 to 30 which comprise of the

---

*Report of the Auditor-General on Makueni County Fruit Development and Marketing Authority for the year ended 30 June 2024*

statement of financial position as at 30 June, 2024 and the statement of profit or 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, the financial statements present fairly, in all material respects, the financial position of Makueni County Fruit Development and Marketing Authority as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Makueni County Fruit Development and Marketing Authority Act, 2017 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Makueni County Fruit Development and Marketing Authority 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 opinion.

### **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**

#### **1. Unresolved Prior Year Matters**

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board.

#### **2. Material Uncertainty Related to Going Concern**

The statement of profit or loss and other comprehensive income reflects a net loss of Kshs.21,913,101 (2022-2023 loss Kshs.19,229,726) an increase by Kshs.2,683,375 from previous year deficit, casting doubt on the ability of the Authority to settle obligations as and when they fall due. Although Management indicated that the Authority is fully supported by the County Government for its operational expenses and the financial statements have therefore been prepared on a going concern basis, the Authority is expected to be autonomous and not dependent on the County Government for funding.

In the circumstances, the ability of the Authority to continue to sustain its services is dependent on continued support from the County Government.

## **Other Information**

Management is responsible for the other information set out on pages v to xxx which comprise of Key Authority Information, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority'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 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. Lack of a Substantive Chief Executive Officer**

The County Public Service Board appointed a chief Executive Officer in an acting capacity with effect from 1 November 2022. However, review of human resource records revealed that the officer has continued to serve in an acting capacity for a period of more than six (6) months without formal extension of the appointment. This contravenes Section 11(1) of the Makueni County Act, 2017 which states that "there shall be a Managing Director who shall be the Chief Executive Officer of the Authority and shall be appointed by the Board of the Authority through a competitive recruitment process." In addition, Section D 1.14 of the Human Resource Policies and Procedures Manual for Makueni County Public Service, 2017, states that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he is eligible for payment of acting allowance which will not be payable to an officer for more than six (6) months.

Although Management indicated that the recruitment of the Chief Executive Officer is underway having placed an advertisement on 19 July 2024 the process has taken long to be completed.

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

## **2. Lack of Operational Autonomy**

As previously reported, review of available records and systems revealed that the Authority lacks operational autonomy as it does not operate as a separate entity from the County Government of Makueni. The Authority irregularly transferred Kshs.35,932,588 to County Revenue Fund (CRF) which was accounted for as own generated revenue by the County Government instead of paying dividends from the surplus. This is contrary to Section 7 (b) of the Makueni County Act, 2017 which states that the Authority shall have powers to manage, administer and control its assets in such a manner and for such purposes as best promotes the purpose for which it was established. In addition, Section 7(g) states that the Authority shall invest any funds not immediately needed for its purposes.

Although Management indicated that the total transfers to County Revenue Fund was the total amount collected from sales of puree, water and Juice net of Value Added Tax, the reason and purpose for the transfer was not indicated.

In the circumstances, Management was in breach of the law and the Authority lacks independence and autonomy in its operations.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) 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 Authority'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.

Those charged with governance are responsible for overseeing the Authority'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 for 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**

**24 December, 2024**

*Makueni County Fruit Development And Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

**14. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30 JUNE 2024**

	Notes	2023-2024 Kshs	2022-2023 Kshs Restated
<b>REVENUE</b>			
Revenue	6	32,693,805	55,173,693
Cost of Sales	7	<u>(74,711,571)</u>	<u>(107,760,415)</u>
<b>Gross Profit</b>		<b>(42,017,766)</b>	<b>(52,586,722)</b>
Recurrent Grants	8	103,144,819	132,434,950
Finance Income/expense	9	<u>(2,496,590)</u>	<u>611,717</u>
<b>Total Revenues</b>		<b><u>58,630,463</u></b>	<b><u>80,459,945</u></b>
<b>OPERATING EXPENSES</b>			
Administration expenses	10	(40,899,300)	(41,013,372)
Selling and Distribution expenses	11	<u>(3,711,675)</u>	<u>(7,469,299)</u>
<b>Total operating expenses</b>		<b><u>(44,610,975)</u></b>	<b><u>(48,482,671)</u></b>
<b>Profit/(Loss) before county transfers</b>	12	<u>14,019,487</u>	<u>31,977,274</u>
<b>Transfer to County Revenue Fund</b>	13	<u>(35,932,588)</u>	<u>(51,207,000)</u>
		<u>-</u>	<u>-</u>
<b>Total comprehensive income /(loss) for the year</b>		<b><u>(21,913,101)</u></b>	<b><u>(19,229,726)</u></b>


Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024

**15. STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2024


	Note	2023-2024 Kshs	2022-2023 Kshs (Restated)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	14	394,382,201	424,350,398
<b>Current Assets</b>			
Inventories	15	37,066,905	23,416,220
Trade and other receivables	16	9,770,128	14,962,846
Bank and cash balances	17	29,970,375	27,452,108
<b>Total Current Assets</b>		<b>76,807,408</b>	<b>65,831,174</b>
<b>Total Assets</b>		<b>471,189,610</b>	<b>490,181,571</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Retained earnings	18	(19,917,011)	1,996,090
Capital fund	18	462,273,943	462,273,943
<b>Capital and Reserves</b>		<b>442,356,932</b>	<b>464,270,033</b>
<b>Current Liabilities</b>			
Trade and other payables	19	28,832,678	25,911,538
<b>Total equity and Liabilities</b>		<b>471,189,610</b>	<b>490,181,571</b>

The financial statements were approved by the Board on 27/09 2024 and signed on its behalf by:

  
Paul N. Muthama  
Chairman

  
Miss Agnes M. Kitili  
Ag. Chief Executive  
Officer



  
Sylvia Kingwaa  
Finance Manager  
ICPAK Number: 17846

*Makueni County Fruit Development And Marketing Authority*  
*Annual Reports and Financial Statements*  
*For the year ended June 30, 2024*

**16. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024**

	<b>Capital fund</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Year ended June 30 2023</b>			
<b>At 1st July 2022</b>	453,028,944	21,225,816	474,254,760
Grants received	8      9,244,999	-	9,245,007
Loss for the Year	-	(19,229,726)	(19,229,726)
<b>At June 30 2023</b>	<b><u>462,273,943</u></b>	<b><u>1,996,090</u></b>	<b><u>464,270,041</u></b>
<b>Year ended June 30 2024</b>			
<b>At 1st July 2023</b>			
As previously stated	462,273,943	14,682,415	476,956,358
Provision for obsolete stocks	15      -	(12,686,325)	(12,686,325)
As restated	462,273,943	1,996,090	464,270,033
Loss for the Year	-	(21,913,101)	(21,913,101)
<b>At June 30 2024</b>	<b><u>462,273,943</u></b>	<b><u>(19,917,011)</u></b>	<b><u>442,356,932</u></b>

*Makueni County Fruit Development And Marketing Authority  
Annual Reports and Financial Statements  
For the year ended June 30, 2024*

**17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2023-2024 Kshs	2022-2023 Kshs
Net cash from operating activities	20	49,846,583	72,312,518
<b>Cash flows from investing activities</b>			
Purchases of property plant and equipment	14	(11,395,728)	(2,899,228)
Net cash used in investing activities		(11,395,728)	(2,899,228)
<b>Cash flows from financing activities</b>			
Capital Grant received	8	-	9,244,999
Transfer to county Government	13	(35,932,588)	(51,207,000)
Net cash used in financing activities		(35,932,588)	(41,962,001)
Net increase (decrease) in cash and cash equivalents		2,518,267	27,451,289
Cash and cash equivalents at start of year	17	27,452,108	819
Cash and cash equivalents at end of year	17	29,970,375	27,452,108

**Makueni County Fruit Development And Marketing Authority**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024**

**18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

**FOR THE YEAR ENDED 30 JUNE 2024**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% performance
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024
	KShs	KShs	KShs	KShs	KShs	
<b>Revenue</b>						
Sales	33,000,000	-	33,000,000	32,693,805	306,195	99%
Grants	106,115,607	-	106,115,607	103,144,819	2,970,788	97%
Finance income/costs	-	(2,500,000)	(2,500,000)	(2,496,590)	(3,410)	0%
<b>Total income</b>	<b>139,115,607</b>	<b>-</b>	<b>136,615,607</b>	<b>133,342,034</b>	<b>3,273,573</b>	
<b>Expenses</b>						
Raw materials and production costs	45,396,631	-	45,396,631	74,711,571	(29,314,940)	-65%
Purchase of Assets	11,400,000	-	11,400,000	11,395,728	4,272	0%
Operating expenses	46,318,976	-	46,318,976	44,610,975	1,708,001	4%
County Transfers	36,000,000	-	36,000,000	35,932,588	67,412	0%
<b>Total expenditure</b>	<b>139,115,607</b>	<b>-</b>	<b>139,115,607</b>	<b>166,650,863</b>	<b>(27,535,256)</b>	<b>-20%</b>
<b>Profit/(Loss)for the year</b>	<b>-</b>	<b>-</b>	<b>(2,500,000)</b>	<b>(33,308,829)</b>	<b>30,808,829</b>	<b>0%</b>

**Reconcilitaion:**

Profit as per statement of budget and actual amounts	(33,308,828.76)
Add: Purchase of Assets	11,395,728.00
Less: Loss on valuation of property plant and equipment	-
Profit as per Profit and loss account	<u>(21,913,101)</u>

*Makueni County Fruit Development And Marketing Authority  
Annual Reports and Financial Statements  
For the year ended June 30, 2024*

**NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

Makueni County Fruit Development and Marketing Authority is established by and derives its authority and accountability from the Makueni County Fruit Development and Marketing Authority (Amendment) Act 2017. The Authority is wholly owned by the County Government of Makueni and is domiciled in Kenya.

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

**2.1 Going concern**

The financial statements indicate a loss of **Ksh. 21,913,101** (2022-2024: 6,543,401) for the year. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Authority's ability to continue as a going concern. However, the financial statements have been prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS) on assumption that continued financial support will be made available to the Authority by the County Government, through grants.

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

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

i. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>	<b>Impact on the Authority</b>
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.	Effective for annual periods beginning on or after 1 <sup>st</sup> January 2023.	No impact
IAS 8- Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.	No impact
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their <b>material</b> accounting policy information rather than their <b>significant</b> accounting policies.	The amendments are effective for annual periods beginning on or after January 1, 2023.	No impact



Title	Description	Effective Date	Impact on the Authority
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	The amendments are effective for annual periods beginning on or after January 1, 2023.	No impact

**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 2024.*

Title	Description	Effective Date	Impact on the Authority
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 Authority 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.	No Impact
Amendment to IFRS	The amendment, applicable to annual periods beginning on or	The amendments are	No Impact

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

Title	Description	Effective Date	Impact on the Authority
16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	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.	effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.	
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an Authority provides about liabilities arising from loan arrangements for which an Authority's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the Authority complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.	No Impact

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 Authority's financial statements.

*iii. Early adoption of standards*

The Authority did not early – adopt any new or amended standards in year 2023-2024

#### **4. Summary of Significant Accounting Policies**

The principle 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 Authority expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties such as Value Added Tax (VAT). The Authority 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 Authority delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

ii) **Grants from County Government** are recognized in the year in which the Authority 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) **Other income** is recognized as it accrues.

##### **b) In-kind contributions**

In-kind contributions are donations that are made to the Authority 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 Authority 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

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

---

of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

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 recognized in profit or loss in the income statement.

**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 are:

Freehold Land	Nil
Buildings and civil works	25 years
Plant and machinery	8 years
Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	8 years

A full year's depreciation charge is recognized 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 recognized 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) Amortization and impairment of intangible assets**

Amortization 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 recognized so that the asset is written down immediately to its estimated recoverable amount.

**g) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor 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. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**h) Trade and other receivables**

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

**i) 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 Authority 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 Authority 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.

**ii) 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.

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

---

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

**j) Cash and cash equivalents**

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

---

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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**k) 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 Authority or not, less any payments made to the suppliers.

**l) Provision for staff leave pay**

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

**m) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Authority 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 recognized in profit or loss.

**n) Budget information**

The original budget for FY 2023-2024 was approved by the County Assembly on 27th June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

---

The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

**o) Comparative figures**

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

**p) 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, 2024.

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

The preparation of the Authority'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.

**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 Authority 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 Authority. 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 Authority
- 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. 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.

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Shs</b>	<b>Shs</b>
		<b>Restated</b>
<b>6. Revenue</b>		
Sale of Puree, Water and Juice	<u>32,693,805</u>	<u>55,173,693</u>
<b>7. Cost of Sales</b>		
<b>Cost of Sales</b>		
Opening Stock of finished goods and work In Progress	14,602,287	39,364,510
Cost of raw and packing materials consumed (7.1)	30,086,631	29,541,826
Production cost (7.2)	50,724,237	53,456,366
Closing stock of finished goods and work-in-progress	<u>(20,701,584)</u>	<u>(14,602,287)</u>
<b>Total Cost of Sales</b>	<u><b>74,711,571</b></u>	<u><b>107,760,415</b></u>
<b>7.1 Cost of raw and packing materials consumed</b>		
Opening stock	8,813,933	3,152,980
Purchases	37,638,020	35,202,779
Closing stock	<u>(16,365,321)</u>	<u>(8,813,933)</u>
<b>Total Cost of raw and packing materials consumed</b>	<u><b>30,086,631</b></u>	<u><b>29,541,826</b></u>
<b>7.2 Production Cost</b>		
Salaries and Wages	2,958,947	3,444,979
Electricity and water	2,630,640	2,890,000
Processing chemicals	4,228,124	4,716,800
Fuel and Oil Expenses	3,206,130	5,711,826
Personal Protective Equipment	293,255	299,100
Consumables	2,454,341	4,375,573
Licence and certifications	621,762	144,150
Plant repairs and maintenance	4,516,591	2,470,219
Depreciation for plant and machinery	29,679,094	29,403,719
Excise Duty	<u>135,354</u>	<u>-</u>
<b>Total Production Cost</b>	<u><b>50,724,237</b></u>	<u><b>53,456,366</b></u>
<b>8. Grants from County Government and Development partners</b>		
Makueni County Government (8.1)	103,144,819	132,434,950
European Union	-	9,244,999
<b>Total Grant</b>	<u><b>103,144,819</b></u>	<u><b>141,679,949</b></u>
Recurrent	103,144,819	132,434,950
Capital	-	9,244,999
	<u><b>103,144,819</b></u>	<u><b>141,679,949</b></u>

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Shs</b>	<b>Shs</b>
<b>8.1 Grants from County Government</b>		
Transfer from county Government	89,513,505	118,172,230
Expenses paid on behalf of the Authority	13,631,314	14,262,720
<b>Total Grant from county Government</b>	<b>103,144,819</b>	<b>132,434,950</b>
<b>9. Other Income</b>		
Foreign Exchange gain/loss	(2,496,590)	611,717
<b>10. Administration expenses</b>		
<b>Employment costs</b>		
Salaries and wages	13,631,314	14,262,720
Other Staff costs	204,556	3,174,035
	<b>13,835,870</b>	<b>17,436,755</b>
<b>Other Administrative expenses</b>		
Bank charges and commissions	97,333	88,235
Consultancy fees	1,297,000	-
Directors' emoluments	3,889,327	1,232,780
Staff training expenses	716,875	493,581
Legal and Professional fees	1,140,000	1,679,500
Cleaning and sanitation	440,711	316,305
Repairs and Maintenance	-	4,307,371
Other administrative expenses	858,107	686,039
Travelling and subsistence	3,822,198	-
Hospitality costs	639,572	772,450
Communication services and supplies	776,496	721,229
Printing and Stationery	421,319	149,000
Motor Vehicle running expenses	1,085,462	1,813,005
Environmental Impact Assessment costs	194,200	
Depreciation of Property Plant and Equipment	11,684,831	11,317,122
<b>Total other administration expenses</b>	<b>27,063,430</b>	<b>23,576,617</b>
<b>Total administration expenses</b>	<b>40,899,300</b>	<b>41,013,372</b>
<b>11. Selling and distribution costs</b>		
Marketing and promotional expenses	2,743,131	5,438,719
Carriage Outwards	968,544	2,030,580
<b>Total Selling and distribution expenses</b>	<b>3,711,675</b>	<b>7,469,299</b>

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Shs</b>	<b>Shs</b>
<b>12. Operating profit/ (loss)</b>		
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff costs	13,835,870	17,436,755
Depreciation of property, plant and equipment	41,363,924	40,720,840
- other	3,889,327	1,232,780
<b>13. County Transfers</b>		
Transfer to County Revenue Fund	35,932,588	51,207,000

**Makueni County Fruit Development And Marketing Authority**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2024**

**14. Property, Plant and Equipment**

	<b>Freehold land</b>	<b>Buildings and Civil Works</b>	<b>Computer Assessories</b>	<b>Furniture and fittings</b>	<b>Plant and Machinery</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cost:</b>							
At July 1, 2023	4,269,998	264,058,741	8,278,147	3,616,112	365,999,931	22,351,804	668,574,732
Additions	-	9,192,728	-	-	2,203,000	-	11,395,728
<b>At June 30, 2024</b>	<b>4,269,998</b>	<b>273,251,469</b>	<b>8,278,147</b>	<b>3,616,112</b>	<b>368,202,931</b>	<b>22,351,804</b>	<b>679,970,460</b>
<b>Depreciation</b>							
At July 1, 2023	-	61,744,228	7,762,731	1,506,518	150,859,055	22,351,804	244,224,335
Charge for the year	-	10,930,059	465,483	289,289	29,679,094	-	41,363,924
<b>At June 30, 2024</b>	<b>-</b>	<b>72,674,286</b>	<b>8,228,214</b>	<b>1,795,807</b>	<b>180,538,148</b>	<b>22,351,804</b>	<b>285,588,259</b>
<b>Net book value at June 30, 2024</b>	<b>4,269,998</b>	<b>200,577,183</b>	<b>49,933</b>	<b>1,820,305</b>	<b>187,664,783</b>	<b>-</b>	<b>394,382,201</b>

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

	<b>Freehold land</b>	<b>Buildings and</b>	<b>Computer</b>	<b>Furniture and</b>	<b>Plant and</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>Kshs</b>	<b>Civil Works</b>	<b>Assessories</b>	<b>fittings</b>	<b>Machinery</b>	<b>Kshs</b>	<b>Kshs</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cost:</b>							
At July 1, 2022	4,269,998	264,058,741	8,128,347	3,616,112	363,250,503	22,351,804	665,675,504
Additions	-	-	149,800	-	2,749,428	-	2,899,228
<b>At June 30, 2023</b>	<b>4,269,998</b>	<b>264,058,741</b>	<b>8,278,147</b>	<b>3,616,112</b>	<b>365,999,931</b>	<b>22,351,804</b>	<b>668,574,732</b>
<b>Depreciation</b>	-						
At July 1, 2022							
As previously stated	-	51,181,878	7,297,248	1,217,229	121,455,336	22,351,804	203,503,495
Charge for the year	-	10,562,350	465,483	289,289	29,403,719	-	40,720,840
<b>At June 30, 2023</b>	<b>-</b>	<b>61,744,228</b>	<b>7,762,731</b>	<b>1,506,518</b>	<b>150,859,055</b>	<b>22,351,804</b>	<b>244,224,335</b>
<b>Net book value at June 30, 2023</b>	<b>4,269,998</b>	<b>202,314,513</b>	<b>515,416</b>	<b>2,109,594</b>	<b>215,140,876</b>	<b>-</b>	<b>424,350,398</b>

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Shs</b>	<b>Shs</b>
		<b>Restated</b>
<b>15. Inventories</b>		
Finished goods (Puree and Water)	33,387,909	27,288,612
Less: Obsolete stocks	<u>(12,686,325)</u>	<u>(12,686,325)</u>
As revalued	20,701,584	14,602,287
Consumables and packaging materials	<u>16,365,321</u>	<u>8,813,933</u>
<b>Total inventories</b>	<u>37,066,905</u>	<u>23,416,220</u>
<b>16. Trade and Other Receivables</b>		
Trade receivables	8,150,623	8,431,404
Security Bond	-	600,000
Grants Receivable	1,619,505	5,228,999
Other receivables	-	702,443
<b>Total trade and other receivables</b>	<u>9,770,128</u>	<u>14,962,846</u>

The aged analysis of receivables is as follows:

**16 (a) Trade receivables**

Less than 30 Days	1,959,795	1,807,280
Between 30 and 60 Days	1,658,251	445,182
Between 61 and 90 Days	726,595	2,409,088
Over 120 Days	<u>3,805,982</u>	<u>3,769,753</u>
<b>Total</b>	<u>8,150,622</u>	<u>8,431,303</u>

**17. Bank and Cash Balances**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. The year-end cash and cash equivalent comprise the following:

Cash at bank	<u>29,970,375</u>	<u>27,452,108</u>
--------------	-------------------	-------------------

Detailed analysis of the cash and cash equivalents

KCB Bank Operations Acc No 1282641352	29,968,497	24,201,145
KCB Bank Revenue Acc No 1282640194	642	2,966,052
KCB Bank Dollar - Acc No 1289137811	<u>1,237</u>	<u>284,911</u>
	<u>29,970,375</u>	<u>27,452,108</u>

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

---

**18. Nature and Purpose of reserves**

- (i) Capital funds relate to cumulative capital grants received from the county government and development partners for purchase of non-current assets. The balance represents the Authority's Investment in in the assets of the fruit processing plant as 30 June 2024.
- (ii) **The retained earnings** represent amounts available for distribution to the Authority's shareholders. Undistributed retained earnings are utilised to finance the Authority's business activities.

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Shs</b>	<b>Shs</b>
<b>19. Trade and Other Payables</b>		
Trade Payables	23,750,455	23,642,303
Accrued expenses	1,042,685	2,180,532
Other payables	4,039,538	88,704
<b>Total Trade and other payables</b>	<b><u>28,832,678</u></b>	<b><u>25,911,538</u></b>

**20. Notes to The Statement of Cash Flows**

	<b>Note</b>	<b>2023-2024</b>	<b>2022-2023</b>
			<b>Kshs</b>
<b>Cash flows from operating activities</b>			<b>Restated</b>
Profit for the year before transfer to County Government		14,019,487	31,977,274
Adjustments for:			
Depreciation of property, plant and equipment	14	41,363,924	40,720,840
<b>Changes in operating assets and liabilities:</b>			
Decrease/(increase) in trade and other receivables		5,192,718	(4,870,372)
Decrease/(increase) in inventories		(13,650,685)	19,101,270
Increase/(decrease) in trade payables		2,921,139	(14,616,494)
<b>Cash generated from operations</b>		<b><u>49,846,583</u></b>	<b><u>72,312,518</u></b>

**21. Related Party Disclosures**

The **County Government of Makueni** is the principal shareholder of the *Authority*, holding 100% of the *Authority's* equity interest.

Other related parties include:

- i) The Parent Ministry
- ii) Government of Kenya

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

- iii) Key management  
iv) Board of directors

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Shs</b>	<b>Shs</b>
<b>a. Grants from Government</b>		
Grants from County Government	<u>89,513,505.00</u>	<u>118,172,230.00</u>
<b>b. Expenses incurred on behalf of related party</b>		
Payment of Salaries and wages for Mcfdma emplo	<u>13,631,314</u>	<u>14,262,720</u>
<b>c. Key management compensation</b>		
Directors' emoluments	<u>3,889,327</u>	<u>1,232,780</u>

## **22. Capital Commitments**

All capital commitments contracted for / authorized at the reporting period have been recognized in the financial statements.

## **23. Financial Risk Management**

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

### **(i) Credit risk**

The Authority 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

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

---

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 Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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 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.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority 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.

**(iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the Authority 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 Authority'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 Authority's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The Authority 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.

**(iii) Market risk (Continued)**

The carrying amount of the Authority's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The Authority manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

---

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

**c) Interest rate risk**

Interest rate risk is the risk that the Authority'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.

**iv) Capital Risk Management**

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

**24. Incorporation**

Makueni County Fruit Development and Marketing Authority is established by and derives its authority and accountability from the Makueni County Fruit Development and Marketing Authority (Amendment) Act 2017. The Authority is wholly owned by the County Government of Makueni and is domiciled in Kenya.

**25. Events After the Reporting Period**

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

**26. Currency**

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

*Makueni County Fruit Development and Marketing Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2024*

---

**27. Prior Year adjustment**

Certain prior year items have been restated for consistency with the current year presentation. This was necessitated by provision for obsolete stocks amounting to Ksh 12,686,325. These restatements resulted in net decrease of Ksh 12,686,325. on the reported results and with no effect on the on the cash flows for the year ended 30 June 2023. The details of the restated items, purpose for restatement and the amounts are disclosed below:

	<b>2022-2023</b>
	<b>Shs</b>
<b>(i) Cost of sales</b>	
As previously stated	95,074,090
Provision for obsolete stocks	12,686,325
As restated	<u>107,760,415</u>
<b>(ii) Retained earnings</b>	
As previously stated	14,682,415
Provision for obsolete stocks	(12,686,325)
As restated	<u>1,996,090</u>
<b>(iii) Inventories</b>	
As previously stated	27,288,612
Provision for obsolete stocks	(12,686,325)
As restated	<u>14,602,287</u>

20.APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Audit Observation	Management Comments	Status	Time Frame
<b>A. REPORT ON THE FINANCIAL STATEMENTS</b>			
1. Inaccuracies in the Financial Statements.	These errors which were corrected in the draft audit response and the financial statements revised to reflect the correct amounts and balances.	Resolved	June 30 2023
2.Unsupported Property, Plant and Equipment Balance.	The asset register was kept in excel spread sheet however the register will be transferred in the new accounting software procured in the current year.	Resolved	June 30 2023
<b>REPORT ON UNLAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>			
1.Long Outstanding account payable Balance.	The long outstanding payables were caused by delay in funding. However, these payables were cleared in the current financial year.	Resolved.	June 30 2023
3.Lack of operational autonomy.	The authority has not been granted full autonomy.	Pending	TBA
3.Disclosure of Bank and Cash Bank Balances.	This was corrected in the amended financial statements which were subsequently submitted to the OAG	Resolved	N/A
<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE.</b>			
1.Lack of Financial Reporting System.	The authority procured an accounting software.	Resolved	June 30 2023

**APPENDIX III: INTER-AUTHORITY TRANSFERS**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Capital	Total Amount - Kshs	Where recorded
				Capital Fund Deferred Income Receivables Grant from County
<b>Recurrent Grants</b>				
Government of Makueni County	19/10/2023	Recurrent	60,000,000	Profit and loss account
Government of Makueni County	23/04/2024	Recurrent	27,894,000	Profit and loss account
Government of Makueni County	outstanding	Recurrent	1,619,505	Profit and loss account
<b>Subtotal</b>			<b>89,513,505</b>	Profit and loss account
<b>Direct Payments</b>				
Department of Agriculture	Various	Recurrent	13,631,314	Profit and loss account
<b>Total</b>			<b>103,144,819</b>	