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ON

NEW KENYA PLANTERS CO-OPERATIVE UNION (NEW KPCU)

FOR THE YEAR ENDED 30 JUNE, 2022

Revised Template 30th June 2022



NEW KENYA PLANTERS COOPERATIVE UNION (NEW KPCU Plc)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

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

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

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New Kenya Planters Cooperative Union Plc

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I. Key Entity Information

a) Background information

The *New KPCU* was formed under company's Act on 1st Day of November, 2019 as a Public Limited Company by Shares under the Ministry of Agriculture, Livestock, Fisheries and Cooperatives and the National Treasury. New KPCU is established to fulfil the mandates of agronomy support in crop husbandry, technical support in primary processing, coffee milling, handling and marketing, optimizing the assets and implementing the farm input subsidy. At cabinet level, the *New KPCU* is represented by the Cabinet Secretary for Agriculture, Livestock, Fisheries, and Cooperatives who is responsible for the general policy and strategic direction of the *New KPCU Plc*.

b) Principal Activities

- (i) Milling, Handling and marketing farmer's coffee;
- (ii) Optimizing the assets of New KPCU;
- (iii) Implement the coffee farm inputs subsidy program

c) Directors

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

- | | | |
|---|-----------|---|
| 1. Mr. Hassan Reche | -Chairman | -Appointed on 5 th July,2022 |
| 2. Mr. Simon Thurania | -Member | -Appointed on 13 th May,2022 |
| 3. Ms. Esther Kariuki | -Member | -Appointed on 13 th May,2022 |
| 4. Mr. Charles Rintaungu | -Member | -Appointed on 13 th May,2022 |
| 5. Ms. Gloria Wamalwa | -Member | -Appointed on 13 th May,2022 |
| 6. Dr Benson Momanyi | -Member | -Appointed on 13 th May,2022 |
| 7. Mr. Thomas Masila | -Member | -Appointed on 13 th May,2022 |
| 8. Mr. Patrick Mburu | -Member | -Appointed on 13 th May,2022 |
| 9. Mr. Charles Karinga | -Member | -Appointed on 13 th May,2022 |
| 10. Ms. Joyce Nkirote (Alternate to PS SDC) | | |
| 11. Mr. Festus Marangu (Alternate ISC) | | |

d) Corporate Secretary

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

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e) Registered Office

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

f) Corporate Headquarters

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

g) Corporate Contacts

Telephone : (254) 20-2001401
E-mail: info@newkpcultd.go.ke
Website: www.newkpcuplc.go.ke

h) Corporate Bankers

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

2. Other Banks

(None)

i) Independent Auditors

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




j) Principal Legal Advisers

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

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II. The Board of Directors

Ref	Directors	Details
1.		<p>Hassan M. Reche was born in 1976. He is the Chairman of New Kenya Planters Co-operative Union, appointed on 5th of July 2022. He holds a Bachelor of Commerce degree from Mount Kenya University and a Diploma in Business Administration from Kenya College of Communication Technology. He has a vast experience in logistics and was the Chairman of Mwema Coffee Factory from 2002 – 2007.</p>
2.		<p>Dr. Benson Momanyi was born in 1961. He was appointed on 13th of May 2022. He is a member of the Board of Directors and the Chair of the Finance, Strategy and Resource Mobilization Committee. He is also a member of the Technical / Commercial Committee as well as the HR, Compliance & Governance Committee. Dr. Momanyi holds a PhD in Business Administration (Strategic Management Option) from Jomo Kenyatta University of Agriculture and technology, a Master's degree in Business Administration (MBA), from University of Dar es Salaam, Bachelor's Degree in Administration from Newport University in South Africa and Certified Public Accountant (CPA Part 3 Sec 5). KASNEB and Diploma in Co-operative Administration and Management from the Co-operative University of Kenya. He is currently a Principal Consultant and Team Leader with Critical Consultancy Services Ltd consulting with over 25 organisations. Dr. Momani has also prepared practical Strategic and Business Plans for SMEP DTM which enabled it to get the license from Central Bank of Kenya to become a Deposit Taking Microfinance Company. He is currently a Board Member of Masai Mara University. He is an independent Director.</p>
3.		<p>Mr. Simon Thurairia was born in 1972; He was appointed on 13th of May 2022. He is an LLB graduate with a Diploma from the Kenya School of Law. On 12th April, 2001. He is the Chair of the HR, Compliance & Governance Committee, and a member of the Audit & Risk Committee He was admitted as Advocate of the High Court of Kenya. He is currently a practicing Advocate and practices in the name of Thurairia. Atheru Advocates and Company Advocates. He worked with the County Government of Meru as the Chief Legal Officer from November 2013 to August 2017, Kinuthia Arithi and Company Advocates from 30th June, 2001 to 31st October, 2013 and B.G Kariuki Advocates from 12th April, 2001 to 29th June 2001 as an Associate Advocate. He is an independent Director</p>




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4.		<p>Charles Karinga was born in 1978. He was appointed 13th of May 2022. He is a member of the Technical / Commercial Committee and the Finance, Strategy and Resource Mobilization Committee. He holds a certificate in Agriculture from Kilifi Institute of Agriculture. He was the Factory Manager for Kiawamururu Coffee Factory from 2001 – 2005 and an Agronomist in charge of Sales and Marketing in Topserve East Africa Ltd. He is an accomplished agronomist with significant expertise in education. He is an independent Director</p>
5.		<p>Esther Nyambura Kariuki was born in 1981. She was appointed on 13th of May 2022. She holds a Bachelor of Arts Communications and Sociology Degree from the University of Nairobi. She is also currently pursuing a qualification as a Certified Financial and Investment Analyst from KASNEB and a Master’s Degree in Gender & Development Studies. She is currently the Head, Agribusiness, Co-operative Bank of Kenya.</p> <p>She is the Chair of the Technical / Commercial Committee and is a member of the Audit & Risk Committee. She is an independent Director.</p>
6.		<p>Patrick Maina Mburu was born in 1968. He was appointed on 13th of May 2022. He holds a Diploma in Banking (Credit) from Universal College.</p> <p>He is a member of the Finance, Strategy & Resource Mobilization Committee and the HR, Compliance and Governance Committee. He is currently the Chairman of Muthithi Farmers’ Co-operative Society and has held the position from 2014.</p> <p>He is an independent member.</p>
7.		<p>Charles Mutwiri Rintaugu was born in 1959. He was appointed on 13th of May 2022. He is a member of the Technical / Commercial Committee as well as the HR, Compliance & Governance Committee. He is an Estate Farmer and owns Mukarimu Estate.</p> <p>He is an independent Director</p>

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8.		<p>Gloria Wamalwa Gummerus was born in 1971. She was appointed on 13th of May 2022. She is a member of the Technical / Commercial Committee and the Audit & Risk Committee.</p> <p>She is a Estate Farmer and is the CEO of Sakami Coffee Ltd. She is also a Founder Member of Women in Coffee Kenya Chapter. She is a skilled coffee cupper and roaster.</p> <p>She is an independent Director.</p>
9.		<p>Thomas Masila was born in 1976. He was appointed on 13th May 2022. He is the Chair of the Audit & Risk Committee and a member of the HR, Compliance & Governance Committee. He has a Master's Degree in Project Planning and Management from the University of Nairobi, Bachelors of Education Degree in Art, Accounting and Economics from the University of Nairobi and Diploma in Co-operative Management from Kabete Campus.</p> <p>He is an Estate Coffee Farmer and proprietor of Mbandi Estate.</p> <p>He is an independent Director</p>
10.		<p>JOYCE NKIROTE KINUU is Alternate member to PS, Ministry of Cooperatives and MSMES. She is Head of the Legal Unit, State Department for Co-operatives. She is a member of all the Board Committees. She holds Bachelor of Social and Legal Sciences (BSL) Bachelor of Law (LLB) from University of Pune under. Masters of Law from University of Nairobi and Post Graduate Diploma in Law from the Kenya School of Law. She worked as a State Counsel at Office of the Attorney General and Department of Justice, Department of Advocates Complaints Commission [2011-2018] her duties included providing legal advice on complaints of professional misconduct against advocates; providing researched legal opinions; analysing and investigating complaints of professional misconduct against advocates; subjecting complaints of professional misconduct against advocates to Alternative Dispute Resolution (ADR) mechanism; prosecution of complaints of professional misconduct against advocates at the Advocates Disciplinary Tribunal; organizing and conducting stakeholders workshops, public sensitization and legal aid clinic programmes in the counties.</p> <p>She is an alternate Director from the office of the Attorney General.</p>

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11.		<p>Mr. Festus Marangu is a Deputy Inspector – General with the Inspectorate of State Corporations. He is a member of all Board Committees.</p>
12.	 <p>Mr. Timothy M. Mirugi Ag. Managing Director</p>	<ul style="list-style-type: none">• Masters in Business Administration, Strategic Management - Kenyatta University: 2014 to 2019• Bachelor of International Business Administration - Makerere University Business School: 2003 to 2006• St. Paul's Mbale College Uganda-Uganda Advanced Certificate of Education: 2001 to 2002• Customer Service training at Horizons Ltd• Import Export training course in China
13.	 <p>Mr. Suleimani Wandati Company Secretary</p>	<ul style="list-style-type: none">• BAL, LLB• Post Graduate Diploma from the Kenya school of law<ul style="list-style-type: none">• Certified Professional Mediation• Certified Public Secretary from Kasneb (Ongoing)• Member of the Kenya Association of Cooperatives

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III. Management Team

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


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 <p>Mr. Stephin Mbenda Head of Human Resource</p>	<ul style="list-style-type: none">• Higher Diploma in Human Resource Management from the Institute of Human Resource Management (IHRM)• Senior management course (SMC) from Kenya School of Government• Strategic Human Resource Management course from Kenya School of Government.
 <p>M/s Glory Kamungi Administration Manager</p>	<ul style="list-style-type: none">• Masters of Art in Project Planning and Management• Bachelor of Education (Arts)• Administrative Officers Exam – Public Service Commission• Senior Management Course – Kenya School of Government
 <p>Mr. Suleimani Wandati Company Secretary/ Head of Legal Services</p>	<ul style="list-style-type: none">• BAL, LLB• Post Graduate Diploma from the Kenya school of law• Certified Professional Mediation• Certified Public Secretary from Kasneb (Ongoing)• Member of the Kenya Association of Cooperatives

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 <p>Viscount Amiani ICT Manager</p>	<ul style="list-style-type: none">• Bachelor of Science (Computer Engineering)• Microsoft Systems Administrator• Member of Computer Society of Kenya
 <p>Evelyne Kimemia Supply Chain Manager</p>	<ul style="list-style-type: none">• Degree in Purchasing and Supplies Management• Diploma in Purchasing and supplies Management• Member of Kenya Institute of Supplies Management
 <p>Godfrey Kiriimi Internal Auditor</p>	<ul style="list-style-type: none">• Masters in Business Administration• Bachelor of Business Administration• CPA (K)• Certified Forensic Fraud Examiner (CFFE)• Senior Management Course – Kenya School of Government• Supervisory Skills Development – Kenya School of Government• Member ICPAK• Member Institute of Internal Auditors

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IV. Chairman's Statement

The New KPCU Plc aim to focus on Key Result Areas which are to improve the livelihoods of coffee farmers through agronomy support in crop husbandry, technical support in primary processing, coffee milling, warehousing, access to markets, coffee cherry advances revolving fund, improve revenue generation streams by optimizing the company's assets and ensuring access to affordable farm inputs

The coffee farmers expect a profitable farming enterprise and measures to support them from farm preparation, application of fertilizers, farm chemicals, primary processing, milling and marketing need to be employed if at all we will be able to return coffee to its former glory and have great impact on balance of trade and foreign currency in the Country.

The New KPCU Plc financial year 2021/2022 had mixed results where the farmers are now responsive to the CCARF applications and farm subsidy. On behalf of the Board of Directors I am confident that this plan will stay alive and transformative in order to address any challenges with mitigating effect and make visible contribution to Kenya's Vision 2030.

The New KPCU Plc. Managed to mill, handle and market coffee worthy kshs 860 million on behalf of the farmers which is a tremendous improvement from kshs 475 million disbursed in the previous year. Though the New KPCU Plc continues to be bogged down by the not pleasant history of the KPCU (on liquidation), new approach in coffee farmers relationship and engagement which ensures openness, transparency, presence of the coffee farmers during the milling, grading and quality determination have enabled gradual return by farmers and hence with increased sensitization, awareness creation and inter-governmental engagement, confidence in New KPCU Plc will rise. I envision a rise in coffee milled in double annually as adequate resources are allocated in the publicity and marketing campaigns.

The New KPCU Plc have great potential in engaging farmers for milling, Handling, Marketing, Warehousing and Storage services. The milling capacity is enormous whereas we have coffee farmers unable to have their coffee milled for lack of capacity in various places across the region. I wish to thank the Directors and the Staff for their solid resolve to ensure the coffee subsector is back to its former glory and increasingly impacting on the coffee farmers' incomes positively.


.....
Hassan Rehe
Chairman Board of Directors

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V. Report of the Managing Director.

The coffee industry has been one of the key pillars of the country's economic development for decades, contributing an annual average of Kshs 23 billion in foreign exchange earnings as Kenya's fourth most important export, after horticulture, tourism and tea.

Its key role is recognized in the Government's efforts in alleviating poverty and is central to the agricultural sector's contribution towards the realization of Kenya's Vision 2030, the Big 4 Agenda and the Agricultural Transformation and Growth Strategy (ASTGS)

New KPCU Plc has developed robust strategies aimed at improving the overall coffee production the country from the current national average of 2kg per tree to 8 kg per in the year 2025 To achieve the above key performance areas have been identified areas which include; Agronomy support in crop husbandry, technical support in primary processing, milling, warehousing, marketing, improved access to affordable and sustainable cherry advances to coffee farmers, implementation of sustainable coffee farm inputs subsidy program and managing of company assets for sustained operations.

In the period under review, the company has made great strides in refurbishment warehouses and buildings to make them habitable and friendly for business use , servicing of all its milling plants, establishing of coffee labs and repairing essential infrastructure to attain occupational, health and safety standards. Sensitization and awareness creation programs continue to be carried out to farmers' awareness of the operations of the New KPCU and create distinction from the KPCU (In Liquidation) in order to boost farmer confidence and increase their patronage levels.

There has been tremendous improvement in all key result areas as the performance and financial position demonstrates the same . These results were achieved through the concerted efforts of the staff dedication and commitment to service, with the ultimate goal of full disclosure, accountability and transparency.

We look forward to an improved performance milling and marketing services and increased coffee grades and quality due increased agronomy support. Much emphasis will be put in building and warehouses upgradation, refurbishment and modernisation . This includes works includes; removal and disposal of asbestos in all our warehouses, refurbishment and modernisation of warehouses and headquarters, trenches and drainage clearance, bush clearing, protection of branches premise against encroachment, building of perimeter walls and setting up of security measures and systems.

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The union intends to implement its recently approved human resources instruments through recruitment of skilled and experienced staff to attain its overall organisational objectives.

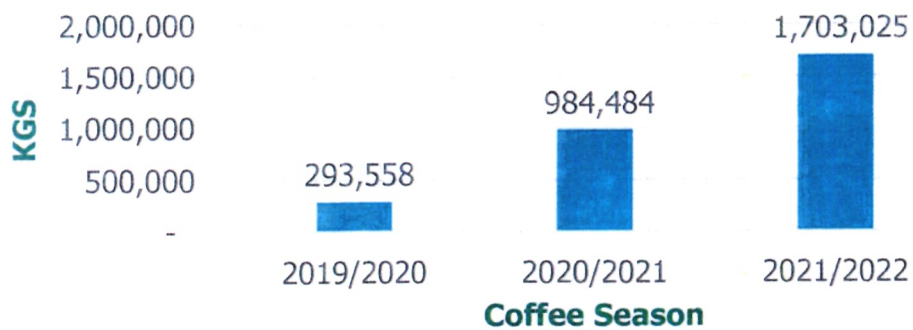
New KPCU in the discharge of its mandate of milling and warehousing operates milling plants in Dandora, Meru, Sagana and Tala branches. The Tala branch is currently a coffee collection centre; however, refurbishment is currently on going to operationalize it as a Mbuni mill.

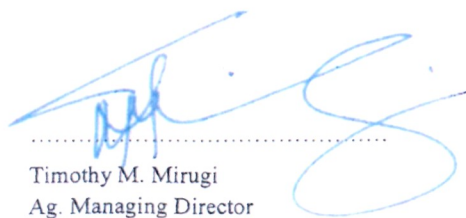
The table below shows the amount of coffee handled during the financial year 2021/2022

Coffee marketing is done through the auction (Nairobi Coffee Exchange) or through direct sale.

SEASON	MILLED COFFEE IN KGS (Clean coffee)	GROSS SALES IN USD	MARKET SEGMENT
2019/2020	293,558	1,132,367	Direct Sale
2020/2021	984,484	5,563,846	Auction Sale
2021/2022	1,703,025	4,588,502	Auction Sale
TOTAL	2,981,067	11,284,715	

MARKETED COFFEE IN KGS




Timothy M. Mirugi
Ag. Managing Director

New Kenya Planters Cooperative Union Plc

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VI. Statement of Performance against Predetermined Objectives for FY 2021-2022

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Managing Director to include in the financial statement, a statement of the New KPCU Plc's performance against predetermined objectives.

New KPCU Plc has *Five* strategic pillars and objectives within the current Strategic Plan for the Financial Year 2022/2023 – Financial Year 2026/2027. These strategic pillars and objectives are as follows:

- (i) Milling, warehousing and marketing farmer's coffee;
- (ii) Optimizing the assets of New KPCU;
- (iii) Administering the Coffee Cherry Advance Revolving Fund.
- (iv) Implement the coffee farm inputs subsidy program
- (v) Agronomy and primary processing support

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Milling & Marketing Coffee	Weight in Tons	Quantity Marketed	720
Pillar/ theme/ issue 2:	Collaboration CCARF disbursement	Amount in million Kshs	Advances disbursed	154
Pillar/ theme/ issue 3:	Effective Property Management	Internally generated revenue in million kshs	Revenue generated	151

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Pillar/ theme/ issue 4:	Agronomy and farm technical support	Coordinated farm visits and technical support	Number of events and technical visits	1500
Pillar/ theme/ issue 5:	Primary processing support	Support to Factory Cooperative Societies	Drying beds, roofing and quality seedlings	30 Fcs

The financial year ending 30th June, 2022 is the second year of operation for the New KPCU PLC. The Government under the State Department for Cooperatives budgeted and allocated kshs 126.7 million for management and administrative operations and for refurbishment of the New KPCU Plc premises, board of directors and deployed staff expenses. The New KPCU Plc has been able to raise kshs 147 million internally as appropriation in aid (AIA).

The New KPCU Plc has been able to mill and market coffee worthy kshs 850 million for the period under review. The coffee farmers have gradually continued to gain confidence on new management and with continued timely payment for coffee sales, the future will only be brighter.

The structuring of New KPCU Plc and Coffee Cherry Advance Revolving Fund organisations has continues with the implementation of human resource instruments finalised and approved from SCAC and SRC and will ensure the realization of their mandate and establishment.

The organization structure, jobs descriptions and career guidelines are complete and approved by Salary Review Commission and placement of the staff in post is being carried out to comply with new organisation structure.

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VII. Corporate Governance Statement

The New KPCU Plc was without substantive board of directors from January 2021 to May 2022. During the period the oversight role was exercised directly from the Ministry of Agriculture, Livestock, Fisheries and Cooperatives. After the Board was appointed in May 2022, they held their inaugural meeting in June 2022.

The board of directors are appointed by the then Cabinet Secretary of the Ministry of Agriculture, Livestock's, Fisheries & Cooperatives whereas the Chairman is appointed by the president for three-year term period.

The board of directors oversight the New KPCU Plc, appoints the Managing director and fills up all key management positions in the company.

Being a new board, induction and training shall follow in the New financial year. When the board of director are meeting the first item is declaration of the conflict of interest. The coffee farmers interests shall be guarded and the government will ensure right policy framework are in place for the coffee subsector to thrive and increase their incomes, employ more youths and lift up their economic status from the bottom.

VIII. Management Discussion and Analysis

Since inception, New KPCU Plc has continued to implement its mandate of milling, warehousing, marketing coffee, administration of the Coffee Cherry Advance Revolving Fund and coffee inputs subsidy as well as prudent management of its properties to facilitate the delivery of the other core mandate.

Since July 2020, the company has milled and marketed 1,771,174 kgs of coffee worth Kshs.1,168,625,724.30. The company operationalized the Dandora, Sagana, Meru and Tala milling plants which are now fully functional bringing the services closer to the farmers. This has improved rural household incomes in coffee growing areas with farmers receiving an average of Kshs.80 per kg of coffee delivered. Refurbishment of warehouses and company headquarters is ongoing with Kisii and Kitale satellite offices being established.

In 2020, the Government allocated Kshs.3 billion for the Coffee Cherry Advance Revolving Fund. Since then, Kshs.268M Million has been disbursed and 25,439 coffee farmers have benefited. The fund has improved access to affordable credit and has narrowed the waiting period between delivery of cherry and payment for coffee sold. The farmer receives Kshs.20 per kg of cherry delivered

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within 14 days of application. The company has implemented the coffee farming inputs subsidy program as per the presidential directive of 20th October 2021. To date, 7,707 farmers have benefited and farm inputs worth Kshs.1,444,000,000.00 has been disbursed. This has reduced the cost of farming and improved yields.

The company has developed Human Resource Instruments, with support from the State Department for Co-operatives, Public Service Commission and Salaries and Review Commission which have been approved and are ready for implementation.

However, coffee farmers disproportionately continue to bear the burden of the coffee value chain because of various challenges some of which are poor crop husbandry, dilapidated primary processing milling, warehousing infrastructure and lack of access to markets, unfavorable international terms of trade, rising climate change, recession and inflation, unfriendly legal and policy framework, land division and segmentation.

The New Kenya Planters Co-operative Union Public Limited Company (New KPCU Plc) was established under the State Corporations Act Cap 446 Laws of Kenya and incorporated on 4th November, 2019 as a public limited company in accordance with the provisions of the Companies Act, 2015 following the cancellation deregistration and liquidation of the Kenya Planters Co-operative Union Limited (in liquidation). New KPCU Plc being a state corporation is envisaged to play a leading role in the coffee sub sector reforms including the administration of Coffee Cherry Advance Revolving Fund.

In October 2021, a presidential directive was issued mandating New KPCU to be the implementing agency for the coffee inputs subsidy program. The overall objective of this program is to lower the cost and make coffee farming inputs affordable to farmers in order to improve productivity and profitability.

IX. Environmental and Sustainability Reporting

New KPCU Plc exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the coffee farmers first, delivering relevant and cost-effective Milling, Handling and Marketing services, and improving operational excellence for the wellbeing of coffee farmers. Below is an outline of the organisation's policies and activities that promote sustainability.

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i) Sustainability strategy and profile -

New KPCU empowers small and medium scale coffee farmers, by making significant contribution in achieving the following sustainable development goals: -

- End extreme poverty in all forms by 2030.
- End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

ii) Environmental performance

New KPCU is a player in the coffee industry and is therefore affected by the dynamics in the external market which include: -

- Growth in demand for coffee as a preferred beverage.
- Competition from other coffee producing countries.
- Global dynamics e.g., conflicts in Ukraine and Russia affecting trade and price of inputs.
- Demand for climate-smart agriculture.
- Global inflation reducing the purchasing power of the coffee consumers and cost of production.
- Changing consumer trends requiring high standards of certifications, traceability and specialty coffee.
- Other East African coffee producing countries have more than doubled their production leading to loss of market share of Kenyan coffee globally.
- Lack of a collaborated effort with other coffee producing countries in Africa in production and marketing of coffee at the global market.
- Intra Africa coffee trading between producing and consuming countries in Africa
- Growing domestic coffee consumption.
- Increased engagement of women and youth participation in coffee value chain.
- Weakening of Kenya Shilling against the dollar which is the trading currency.
- Poor implementation of the new coffee regulations ie Crops (Coffee) (General) Regulations, 2019 and The Capital Markets (Coffee Exchange) Regulations, 2020.

Lack of synergized approach between National and County governments within the coffee sector.

iii) Employee welfare

The New KPCU Plc is a state corporation guided by the public service human resource manual and the specific New KPCU Plc's human resource manual, career guidelines, salary structure and its strategic plan. Qualification, key competences, experience, gender mainstreaming and consideration of peoples with disability.

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From time-to-time training need analysis are carried out and detailed follow up to address the gap is done. Compensation for overtime and leave not taken are ways of ensuring staffs remain committed. Healthy and safety status are closely monitored through check lists to ensure compliance to required standards. Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA)

iv) Market place practices-

New KPCU Plc is in a very competitive field of operations and has to be sensitive to the plight of the other stakeholders. The organisation procures operation licenses and conduct business as guided by the code established in the industry. The New KPCU Plc outline its efforts to:

a) Responsible competition practice.

New KPCU Plc's core values are traceability, transparency & accountability, team work, farmer centric and professionalism. These explains how the organisation ensures responsible competition practices. To turn around the farmers fortune in coffee sector, integrity and anti-corruption campaign is embraced where inter agencies relations and responsible political involvement, fair competition and respect for competitors are paramount.

b) Responsible supply chain and supplier relations

To ensure value for money and effective delivery of goods and services New KPCU Plc encourages competitive tendering processes and due diligence in award of contracts. There is a policy of zero pending bill's goal where we ensure minimal bills are pending in every year, not more than 10% of the funds allocated. For all goods and services delivered, payments are made promptly and hence the lack of pending bills at the end of the financial year.

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

c) Responsible marketing and advertisement

Coffee industry has its code of operations which controls the coffee handling and management practices in the entire coffee value chain. Any tendency in contrary shall attract penalty or cancellation of licenses. Fair competition is ensured through the code of conduct and diverse licensing along the coffee value chain.

d) Product stewardship

Coffee grades and quality have to be preserved from the farm, primary processing, milling, handling and storage. Any mistake shall lead to very poor quality and huge losses. In this regard highly specialised handling materials are used and all handling conducted in controlled environment. Specified moisture content levels have to be maintained.

Corporate Social Responsibility / Community Engagements

New KPCU Plc mills coffee from coffee estates and from the coffee factory cooperative societies. In this regards corporate social responsibility is employed in order to empower the client embrace the right seedlings through establishment of coffee nurseries, support in establishment of coffee drying beds and application of the right farm inputs through demonstration plots.

X. Report of the Directors

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

i) Principal activities

The principal activities of the New KPCU Plc are and continue to be:

1. Agronomy support to small scale coffee farmers in crop husbandry
2. Technical support to coffee pulping cooperatives in primary processing
3. Milling
4. Handling
5. Marketing
7. Coffee farm input subsidy program

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

8. Administer company assets for sustained operations and value creation.

ii) Results

The results of the entity for the year ended June 30, 2022, are set out on page 12 to 94. Below is summary of the profit or loss made during the year.

iii) Dividends

Subject to the approval of the shareholders, the Directors recommend the payment of a first and final dividend for the year of kshs. nil per ordinary share, amounting to Kshs. nil million, subject to withholding tax where applicable. An interim dividend of Kshs. Nil (2021 – Kshs. nil) per ordinary share was paid in 2021-2022. The total dividend for the year, therefore, is Kshs. Nil (2021 – Kshs. nil) per ordinary share. If approved, the dividend will be paid on or about n/a to shareholder registered in the books of the *entity* at the close of business on n/a. The register of members will be closed for one day only on n/a to facilitate the preparation of dividend warrants.

iv) Directors

The members of the Board of Directors who served during the year are shown on page iv in accordance with Regulation 83 the *New KPCU Plc's* Articles of Association, there are no directors to retire by rotation and, hence none to offer themselves for re-election.

v) Auditors

The Auditor-General is responsible for the statutory audit of the *New KPCU Plc* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2022.

By Order of the Board



Mr. Suleimani Wandati

Corporate Secretary/Head of Legal Services

Date 30th September, 2022.

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

XI. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, - Cap 446, The memorandum of understanding and the articles of association under the company's act require the Directors to prepare financial statements in respect of that New KPCU Plc, which give a true and fair view of the state of affairs of the company at the end of the financial year 2021/2022 and the operating results of the company for that period. The Directors are also required to ensure that the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company. The Directors are also responsible for safeguarding the assets of the company.

The Directors are responsible for the preparation and presentation of the New KPCU's financial statements, which give a true and fair view of the state of affairs of the COMPANY for and as at the end of the financial year 2021/2022 ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the New KPCU'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 and (the State Corporations Act)

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Statement of Directors' Responsibilities (Continued)

The Directors are of the opinion that the New KPCU's financial statements give a true and fair view of the state of company's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the company, which have been relied upon in the preparation of the company's financial statements as well as the adequacy of the systems of internal financial control.

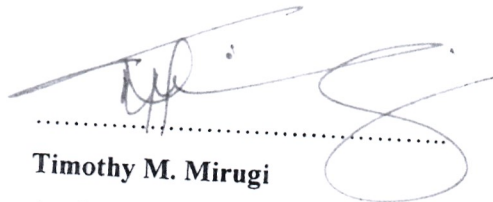
Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *New KPCU's* financial statements were approved by the Board on 15th November, 2022 and signed on its behalf by:

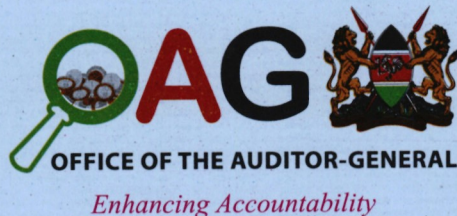


.....
Mr. Hassan Reche
Chairperson of the Board



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

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

REPORT OF THE AUDITOR-GENERAL ON NEW KENYA PLANTERS CO-OPERATIVE UNION (NEW KPCU) FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of New Kenya Planters Co-operative Union set out on pages 1 to 73, which comprise of the statement of financial position as at 30 June, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the statement of

comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report the financial statements present fairly, in all material respects the financial position of Kenya Planters Co-operative Union (New KPCU) as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects a balance of Kshs.36,718,221 in respect to property, plant and as disclosed in Note 19 to the financial statements. However, the assets register and detailed analysis of individual assets costs, accumulated depreciation and net book value under the various classes of assets for the balance brought down were not provided for audit review. Further, the additions to computers and related equipment of Kshs.7,309,615 includes purchase of software amounting to Kshs.2,985,000 which has not been disclosed separately under intangible assets.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.36,718,221 could not be confirmed.

2. Inaccuracies of the Financial Statements

- i. The statement of cashflows and as disclosed in Note 42 reflects increase in receivables and payables of Kshs.111,816,674 and Kshs.16,205,542 while the recalculated amounts are Kshs.100,324,162 and Kshs.12,528,330 resulting to variances of Kshs.11,492,512 and Kshs.3,677,212 respectively which had not been explained or reconciled. In addition, the cashflow workings do not reflect on how the decrease in deferred tax liability of Kshs.2,966,592 was arrived at.
- ii. The statement of changes in equity reflects Kshs.15,502,346 as profit for the prior year while the audited prior year amount was Kshs.19,070,047. Further, the statement reflects transfer of depreciation to capital fund for the prior of Kshs.4,848,710 instead of the audited amount of Kshs.1,883,987.
- iii. The statement of financial position and as disclosed in Note 36 to the financial statements reflects deferred tax liability of Kshs.5,206,286 with a comparative amount of Kshs.8,172,877 which was not supported with workings on how the amount was arrived at.
- iv. Page number 4 had been skipped from the financial statements numbering.

In the circumstances, the accuracy, presentation and disclosures in the financial statements for the year ended 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the New Kenya Planters Co-operative Union (New KPCU) Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several paragraphs were raised under the Basis for Disclaimer Opinion, Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the guidelines issued by the Public Sector Accounting Standards Board and The National Treasury's Circular Ref: AG.3/88/ Vol.VII(20) dated 11 May, 2022.

Other Information

The Management are responsible for the other information, which comprises Key Entity Information, Chairman's statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussions and Analysis, Environmental and Sustainability Reporting, Report of the Directors and the Statement of Directors' Responsibilities.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of the Annual Report and Financial Statements

The financial statements for the year ended 30 June, 2022 were submitted to the Office of the Auditor-General on 02 November, 2022, after the deadline of 30 September, 2022 contrary to Section 81(4)(a) of the Public Finance Management Act, 2012 which states that not later than three months after the end of each financial year, the Accounting Officer for the entity shall submit the entity's financial statements to the Auditor-General.

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

2. Irregular Lease Agreement Terms

Review of lease agreements and other revenue documents provided for audit revealed the following anomalies:

- 2.1. Through a property agent, the Corporation leased out office space in its Ghala One building to a tenant who in turn had sublet space to five (5) other tenants but the Management did not have direct control over rent paid. Further, other than the lease agreement, the Management did not maintain any other records in respect to the lease with their tenant and only relied on bank account transactions for this leased property's records.
- 2.2. In an offer letter dated 09 March, 2018, the Corporation leased out 109,705 square feet of godowns and office space including common area apportionment on the 3rd, 4th, 5th, 6th, and 7th floors at Ghala One building. However, Clause 8 of the lease agreement revealed that the tenant is only billed for spaces occupied (sub-leased) rather than the entire 109,705 square feet space under the lease agreement. Further, it was noted that the lease agreement reflected projected annual rental income from the tenant of Kshs.28,149,422. However, only Kshs.6,729,756 was received during the year under review from this leased property which was shared with the tenant on a 50:50 ratio basis as per the lease agreement.

In the circumstances, the value for money on the rental agreement on the Corporation's property could not be confirmed.

3. Irregular Advance to Pyrethrum Processing Company

The Corporation transferred Kshs.100,000,000 in form of a short-term loan to Pyrethrum Processing Company Limited vide a letter dated 28 April, 2022 authorized by the Cabinet Secretary Ministry of Agriculture, Livestock, Fisheries and Cooperatives. However, the loan agreement detailing terms of repayment was not provided for audit review. Further, no evidence was provided to confirm that the transfer was approved by The National Treasury.

In the circumstances, the regularity of the transfer of Kshs.100,000,000 could not be confirmed and value for money may not have been realized.

4. Non-Compliance with Law on Ethnic Composition

Review of human resource records revealed that the cooperative union had a total number of seventy-one (71) employees out of which forty (40) or 56 % of the total number were members of one ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Irregular Appointment of Board Members

Review of personal files and other documents of the Board revealed that four (4) members of the Board did not meet the prerequisites for consideration for appointment as Board members contrary to Mwongozo Code of Governance for State Corporations which requires that a person must hold a degree in the relevant field from a University recognized in Kenya in order to be appointed as a Board member.

In the circumstances, Management may not have benefited from the relevant support of the Board on issues of risk, controls, governance and associated assurance.

2. Lack of Policy Documents for Implementation of E-Subsidy Programme

The Corporation received Kshs.1,000,000,000 from State Department for Crop Development and Agricultural Research in the month of January, 2022 for National Coffee

Farm Inputs Stimulus Package E-Subsidy Programme. However, no policy document to guide on the structures and implementation process and the authority to incur expenditure on the Subsidy Fund were provided for audit review.

In the circumstances, the Corporation lacked a proper framework within which to implement the subsidy programme.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. in my opinion, adequate accounting records have been kept by the Corporation, so far as appears from the examination of those records; and,
- iii. The Corporation's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Corporation'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 intention to liquidate the Corporation or to cease operations.

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

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

The Board of Directors is also responsible for overseeing the Corporation'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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Corporation to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Corporation to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 May, 2023

Report of the Auditor-General on New Kenya Planters Co-operative Union (New KPCU) for the year ended 30 June, 2022

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

XIII. Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June 2022.

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenues			
Revenue	6	859,443,221.44	474,478,189.33
Cost of sales	7	850,035,706.95	455,818,330.13
Gross profit		9,407,514.49	18,659,859.20
Other income			
New KPCU & Farm Input Subsidy - Grants from the national government	8	432,142,266.20	21,200,000.00
Finance income	9	-	-
Other income	10	147,008,148.78	86,133,891.28
Other gains/(losses)	11	-	-
Total revenues		579,150,414.98	107,333,891.28
		588,557,929.47	125,993,750.48
Operating expenses			
Administration costs	12	162,369,454.40	98,750,826.95
Selling and distribution costs	13	-	-
Finance costs	14	-	-
Total operating expenses		162,369,454.40	98,750,826.95
Profit/(Loss) before Taxation & Farm Input Subsidy		426,188,475.07	27,242,923.53
Farm Input Subsidy Balance		404,042,266.20	-
Profit/(loss) before taxation		22,146,208.87	27,242,923.53
Income tax expense/(credit)	16	6,643,862.66	8,172,877.05
Profit/(loss) after taxation		15,502,346.21	19,070,046.50
Earnings per share – basic and diluted	17	-	-
Dividend per share	18	-	-
Other comprehensive income		-	-
Profit/ (loss) after taxation		-	-
Total comprehensive income for the year		15,502,346.21	19,070,046.50

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

XIV. Statement of Financial Position as at 30 June 2022

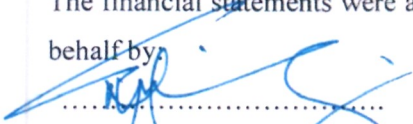
Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Non-Current Assets			
Property, Plant And Equipment	19	36,718,220.92	23,785,857.12
Long Term Receivables-Pyrethrum Company	27	100,000,000.00	-
Total Non-Current Assets		136,718,220.92	23,785,857.12
Current Assets			
Accounts Receivables	27(a)	324,161.62	-
Bank And Cash Balances	30	325,683,228.65	8,038,249.67
Total Non-Current Assets		326,007,390.27	8,038,249.67
		462,725,611.19	31,824,106.79
Equity And Liabilities			
Capital And Reserves			
Ordinary Share Capital	31	-	-
Revaluation Reserve	32	-	-
Coffee Farm Input Subsidy- Grant	51	404,042,266.20	-
Retained Earnings	52	29,723,682.51	19,070,046.00
Proposed Dividends		-	-
Capital And Reserves		433,765,948.71	19,070,046.00
Non-Current Liabilities			
Borrowings	35	-	-
Deferred Tax Liability	36	5,206,285.45	8,172,877.05
Lease Liabilities	37		0
Deferred Income		-	0
Total Non-Current Liabilities		5,206,285.45	8,172,877.05
		438,972,234.16	27,242,923.05
Current Liabilities			-
Borrowings	35	-	0
Trade And Other Payables	38	17,109,514.37	4,581,183.74
Retirement Benefit Obligations	39	-	-
Dividends Payable	41	-	-

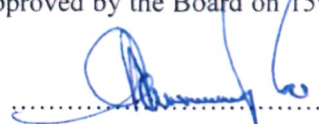
New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Tax Payable	53	6,643,862.66	-
Total Current Liabilities		23,753,377.03	4,581,183.74
Total Equity And Liabilities		462,725,611.19	31,824,106.79

The financial statements were approved by the Board on 15th November, 2022 and signed on its behalf by:


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


.....
Zaccheus K. Ndirangu
Head of Finance
ICPAK M/NO:4820


.....
Hassan Reche
Chairman of the Board

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

XV. Statement of Changes in Equity for the year ended 30 June 2022

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
As at July 1, 2020	0	0	0	0	0	0	0
New capital issued	0						0
Revaluation gain	-	0	-	-	-	-	0
Transfer of excess depreciation on revaluation	-	(0)	-	0	-	-	-
Deferred tax on excess depreciation	-	0	-	-	-	-	0
Fair value adjustment on quoted investments	-	-	0	-	-	-	0
Profit for the year	-	-	-	15,502,346.21	-	-	15,502,346.21
Capital/development grants received during the year	-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	4,848,710.19	-	(0)	4,848,710.19
Dividends paid – prior year	-	-	-	-	(0)	(0)	(0)
Interim dividends paid – current year	-	-	-	-	(0)	-	(0)

New Kenya Planters Cooperative Union Plc

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	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital Development Grants/Fund	Total
Proposed final dividends	-	-	-	(0)	0	0	-
As of June 30, 2021	0	0	0	20,351,056.40	0	0	20,351,056.40
As at July 1, 2021	0	0	0	20,351,056.40	0	0	20,351,056.40
Profit for the year	-	-	-	15,502,346.21	-	-	15,502,346.21
Capital/development grants received during the year	-	-	-	-	-	15,000,000.0	15,000,000.00
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	0	-	(0)	(0)
Dividends paid – prior year	-	-	-	-	(0)	(0)	(0)
Interim dividends paid – current year	-	-	-	(0)	-	-	(0)
Proposed final dividends	-	-	-	(0)	0	0	-
At June 30, 2022	0	0	0	35,853,402.61	0	15,000,000	50,853,402.61

Note:

- For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
- Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

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

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Cash generated from/(used in) operations	42	335,426,053.08	33,708,154.15
Interest received	42(c)	-	-
Taxation paid	28	-	-
Net cash generated from/(used in) operating activities		335,426,053.08	33,708,154.15
Cash flows from investing activities			
Purchase of property, plant and equipment	19	(17,781,074.00)	(25,669,844.00)
Proceeds from disposal of property, plant and equipment		-	-
Proceeds from disposal of quoted investments		-	-
Net cash generated from/(used in) investing activities		(17,781,074.00)	(25,669,844.00)
Cash flows from financing activities			
Proceeds from issues of new share capital		-	-
Net cash generated from/(used in) financing activities		-	-
Increase/(decrease) in cash and cash equivalents		317,644,979.08	8,038,310.15
Cash and cash equivalents at beginning of year		8,038,249.67	-
Effects of foreign exchanges rate fluctuations		-	-
Cash and cash equivalents at end of the year	42	325,683,228.75	8,038,249.67

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XVII. Statement of Comparison of Budget and Actual amounts for the period ended 30 June 2022

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% of utilization	
	2021-2022		2021-2022		2021-2022		2021-2022		2021-2022		2021-2022	
Revenue	Kshs(Millions)		Kshs(Millions)		Kshs(Millions)		Kshs(Millions)		Kshs(Millions)		%	
Sale of goods	850.44	-	-	850.44	-	859.44	9.00	101.06%				
Sale of services		-	-					0%				
Transfers from the government	28.10	-	-	28.10	-	28.10	-	100%				
Donations in kind	-	-	-	-	-	-	-	0%				
Finance income	-	-	-	-	-	-	-	0%				
Other income	112.00	-	-	112.00	-	147.01	35.01	131.26%				
Total income	990.54	(30.00)	(30.00)	990.54	(30.00)	1,034.55	44.01	104.44%				
Expenses												
Compensation of employees	59.00	-	-	59.00	-	42.23	17.00	71.58%				
Use of goods and services	115.00	(-)	(-)	115.00	(-)	116.06	1.06	100.92%				
Finance cost	-	(-)	(-)	-	(-)	-	-	0%				
Rent paid	4.10	(-)	(-)	4.10	(-)	4.10	-	0%				
Taxation paid	-	-	-	-	-	-	-	0%				
Other payments	21.00	-	-	21.00	-	-	-	0%				
Grants and subsidies paid	-	-	-	-	-	-	-	0%				
Total expenditure	202.70	(-)	(-)	202.70	(-)	162.39	40.31	80.11%				
Surplus for the period	787.84	-	-	787.84	-	872.16	3.7	110.70%				
Capital Expenditure	15.00	30.00	30.00	15.00	30.00	-	15	0				

New Kenya Planters Cooperative Union Plc

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XVIII. Notes to the Financial Statements

1. General Information

The New KPCU Plc is established by and derives its authority and accountability from Company's Act, its Articles of Association and Memorandum of Understanding, State Corporation's Act and Public Finance Management Act. The New KPCU Plc is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Coffee Milling, Handling and Marketing.

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in *Note i*. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *New KPCU Plc*. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, *Company's Act*, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years present.

New Kenya Planters Cooperative Union Plc

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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 2022.*

Title	Description	Effective Date
Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)	The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)	The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IFRS 1 titled Subsidiary as a First-time Adopter	The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

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Title	Description	Effective Date
Amendment to IFRS 9 titled Fees in the '10 per cent' Test for De-recognition of Financial Liabilities	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

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

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Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

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 2022.*

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, 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. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)	The amendments, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
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 material accounting policy information rather than their significant accounting policies	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

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Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, 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. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
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	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

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Annual Report and Financial Statements for year ended June 30, 2022

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, 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. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
	distinguish changes in accounting policies from changes in accounting estimates.	

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

iii. Early adoption of standards

The New KPCU Plc did not early – adopt any new or amended standards in year 2021-2022.

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

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

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

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

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

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

d) Depreciation and impairment of property, plant and equipment

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

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

Freehold Land	Nil
Buildings and civil works	25 years or the unexpired lease period
Plant and machinery	12.5 years
Motor vehicles, including motor cycles	8 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	12.5 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.

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

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) Investment property

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

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

h) Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

j) Quoted investments

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

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

l) Inventories

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

m) 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.

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

n) Taxation

i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

o) 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

Deferred Tax

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 entity and the same taxation authority.

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

s) Trade and other payables

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

t) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 20XX. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs 500 per employee per month.

u) Provision for staff leave pay

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

v) Exchange rate differences

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

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

w) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxx on the 2021-2022 budget following the governing body's approval.

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

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

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continues)

a) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

b) Comparative figures

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

c) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made: e.g.

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continues)

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

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

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continues)

6. Revenue

Description	2021-2022	2020-2021
	Kshs	Kshs
Sales of goods	859,443,221.44	474,478,189.33
Sales of services	-	-
Total	859,443,221.44	474,478,189.33

[Provide short appropriate explanation as necessary. Explain significant variances from prior period]

7. Cost of Sales

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost of sales on goods	850,035,706.95	455,818,350.13
Cost of sales on services	-	-
Total	850,035,706.95	455,818,350.13

(Explain significant variances from prior period)

8. (a) New KPCU Plc & Farm Input Subsidy-Grants from National Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Recurrent grants received	13,100,000.00	21,200,000.00
Capital grants realized (see note below)	15,000,000.00	-
Farm Input Subsidy Balance	404,042,266.20	-
Total	-	-
	432,142,266.20	21,200,000.00

(b). New KPCU Plc – Government Grant

Description	2021-2022	2020-2021
	Kshs	Kshs
Recurrent Grant -MOALF & Cooperatives	13,100,000.00	21,200,000.00
Capital grants realized (see note below)	15,000,000.00	-
In Kind contributions/ donations	-	-
Total	28,100,000.00	21,200,000.00

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

© Farm Input Subsidy Program

	Note	Receipts and payments controlled by entity	Receipts and payments controlled by the entity	Cumulative to - date (From inception)
		2021-2022	2022-2021	TOTALS
Receipts		Kshs	Kshs	Kshs
Transfer from Government entities	1	1,000,000,000.00	-	1,000,000,000.00
Miscellaneous receipts	4	444,298,041.00	-	444,298,041.00
Total receipts		1,444,298,041.00	-	1,444,298,041.00
Payments			-	
Compensation to employees	5	-	-	-
Purchase of Coffee Farm Inputs	6	904,176,494.00	-	904,176,494.00
Social security benefits	7	-	-	-
Accounts Receivables- Cherry Fund	8	8,679,413.05	-	8,679,413.05
Transfers to other government entities	9	-	-	-
Other grants and transfers/payments	10	127,399,867.50	-	127,399,867.50
Total payments		1,140,255,774.65	-	1,140,255,774.65
Surplus/(deficit)		304,042,266.29	-	304,042,266.29
Advance to Pyrethrum Co. of Kenya		100,000,000.00	-	100,000,000.00
Total Amount		404,042,266.29	-	404,042,266.29

Note: For capital/development grants the amount recognized in the statement of comprehensive income should be the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20.

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

9. Finance Income

	2021-2022	2020-2021
Description	Kshs	Kshs
Interest income from treasury bonds	-	-
Interest income from treasury bills	-	-
Interest from receivables	-	-
Interest from commercial banks and financial institutions	-	-
Interest on staff loans	-	-
Dividends	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

10. Other Income

	2021-2022	2020-2021
Description	Kshs	Kshs
Sale of tender documents	-	-
Fines and penalties	-	-
Cash donations	-	-
In kind donations	-	-
Insurance compensation	-	-
Rental income	94,584,107.23	62,160,469.31
Other miscellaneous receipts	52,424,041.55	42,633,281.17
Total	147,008,148.78	104,793,750.48

11. Other Gains and Losses

	2021-2022	2020-2021
Description	Kshs	Kshs
Foreign exchange gains / (losses)	-	-
Loss/gain on disposal on sale of investments	-	-
Gain on sale of fixed assets	-	-
Fair value gain or losses on revaluation of investment property	-	-
Revaluation losses on inventory	-	-
Unrealized foreign exchange gains/(losses)	-	-

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

12. Administration Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Staff costs (note 12b)	42,232,622.07	25,837,779.80
Directors' emoluments	-	11,040,369.50
Staff conferences and seminars	7,617,023.00	-
Electricity and water	10,304,975.63	4,761,079.00
Communication services and supplies	3,251,348.00	2,165,415.90
Transportation, travelling and subsistence	31,303,704.00	16,148,708.00
Advertising, printing, stationery and photocopying	4,635,708.00	917,379.00
Rent expenses	4,082,243.00	2,661,988.00
Staff training expenses	3,739,766.70	3,284,887.00
Hospitality supplies and services	8,786,569.40	4,377,019.55
Insurance costs	1,325,497.00	6,748,235.00
Bank charges and commissions	2,657,287.07	2,491,950.72
Office and general supplies and services	3,665,482.00	4,851,548.00
Auditors' remuneration	-	-
Legal fees	2,200,000.00	-
Consultancy fees	15,235,109.79	7,369,809.60
Licenses and permits	-	-
Repairs and maintenance	11,536,042.55	3,217,544.00
Provision for bad and doubtful debts	-	-
Inventory provisions	-	-
Depreciation	4,848,710.19	1,883,986.88
Amortization	-	-
Other operating expenses	4,947,366.00	993,229.00
Total	162,369,454.41	98,750,928.95

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

12b Staff Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and allowances of permanent employees	29,973,109.70	21,508,144.80
Wages of temporary employees	8,612,210.37	4,329,635.00
Medical insurance schemes- NHIF	702,550.00	-
Employer's contributions to national social security schemes-NSSF	1,024,920.00	-
Employer's contributions to pension scheme	-	-
Leave pay	1,919,832.00	-
Gratuity provisions	-	-
Fringe Benefit tax	-	-
Staff welfare	-	-
Total	42,232,622.07	25,837,779.80
The average number of employees at the end of the year was:		
Permanent employees – Management	30	7
Permanent employees – Unionisable	0	0
Temporary and contracted employees	41	19
Total	71	26

[Provide short appropriate explanations as necessary]

13. Selling and Distribution Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages of sales personnel	-	-
Marketing and promotional expenses	-	-
Sales commissions	-	-
Sales discounts and rebates	-	-
Other selling and distribution costs	-	-

[Provide short appropriate explanations as necessary]

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

14. Finance Costs

	2021-2022	2020-2021
Description	Kshs	Kshs
Interest expense on loans	-	-
Interest expense on bank overdrafts	-	-
Interest on lease liabilities	-	-
Total	-	-

Provide short appropriate explanations as necessary]

15. Operating Profit/ (Loss)

	2021-2022	2020-2021
Description	Kshs	Kshs
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff costs (note 12b)	42,232,622.07	25,837,779.80
Depreciation of property, plant and equipment	4,848,710.20	1,883,986.88
Depreciation of right-of-use asset	-	-
Amortisation of intangible assets	-	-
Provision for bad and doubtful debts	-	-
Directors' emoluments – fees	-	11,040,367.50
- other	-	-
Auditors' remuneration - current year fees	-	-
- prior year under-provision	-	-
Loss on disposal of property, plant and equipment	-	-
Net foreign exchange loss	-	-
Interest receivable	-	-
Interest payable	-	-
Rent receivable	-	-

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

16. Income Tax Expense/(Credit)

(a) Current taxation

	2021-2022	2020-2021
Description	Kshs	Kshs
Profit before taxation	22,146,208.87	27,242,925.53
		-
Tax at the applicable tax rate of 30%	6,643,862.66	8,172,877.05
Current tax	-	-
Prior year under-provision	-	-

(b) Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

	2021-2022	2020-2021
Description	Kshs	Kshs
Profit before taxation	-	-
Tax at the applicable tax rate of 30%	-	-
Current tax	-	-
Prior Year Under-Provision	-	-
Tax effects of expenses not deductible for tax purposes	-	-
Tax effects of income not taxable	-	-
Tax effects of excess capital allowances over Depreciation/Amortization	-	-
Deferred tax Prior Year Over-Provision	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

17. Earnings Per Share

The earnings per share is calculated by dividing the profit after tax of Kshs. 15,502,346.21 (2021-2022: Kshs. nil) by the average number of ordinary shares in issue during the year of nil (2020-2021: n/a). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

18. Dividend per Share

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM to be held before the end of 2022, a final dividend in respect of the year ended June 30, 2022 of Kshs. nil (2021: Kshs. n/a) for every ordinary share of par value of KSHS. 2 is to be proposed. An interim dividend of Kshs. nil (2021: Kshs. n/a) for every ordinary share of par value of KSHs.2 was declared and paid during the year. This will bring the total dividend for the year to KSHS n/a (2021: KSHS. n/a).

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

19. Property, Plant and Equipment

	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
COST OR VALUATION								
At July 1, 2021	-	17,680,591.00	583,876.1	0	-	0	-	25,669,844.00
Additions	-	7,129,159.00	2,209,800.00	0	2,150,492.00	1,132,500.00	-	17,781,074.00
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	0	0	-	0	-	-
At June 30, 2022	-	24,809,750.00	8,048,561.00	-	9,460,107.00	1,132,500.00	-	43,450,918.00
DEPRECIATION								
At July 1, 2021	-	707,223.64	467,100.88	0	709,662.36	0	-	1,883,986.88
Charge for the year	-	992,390.00	643,884.88	0	3,121,835.31	90,600.00	-	4,848,710.19
Impairment loss	-	-	0	0	-	0	-	-
Eliminated on disposal	-	-	0	0	-	0	-	-
At June 30, 2022	-	1,699,613.64	1,110,985.76	-	3,831,497.67	90,600.00	-	6,732,697.07
NET BOOK VALUE at June 30, 2022	-	23,110,136.36	6,937,575.24	-	5,628,609.33	1,041,900.00	-	36,718,220.93

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes To The Financial Statements (Continued)

Property, Plant and Equipment (Continued)

	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
2021								
COST OR VALUATION								
At July 1, 2021	-	-	0	0	-	-	-	-
Additions	-	17,680,591.00	5,838,761.00	-	2,150,492.00	-	-	25,669,844.00
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At June 30, 2021	-	17,680,591.00	5,838,761.00	-	2,150,492.00	-	-	25,669,844.00
DEPRECIATION								
At July 1, 2020	-	-	-	-	-	-	-	-
Charge for the year	-	707,223.64	467,100.88	-	709,662.36	-	-	1,883,986.88
Impairment loss	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-	-	-	-
At June 30, 2021	-	707,223.64	467,100.88	-	709,662.36	-	-	1,883,986.88
NET BOOK VALUE At June 30, 2021	-	16,973,367.36	5,371,660.12	-	1,440,829.64	-	-	23,785,857.12
At June 30, 2020	-	-	-	-	-	-	-	-

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes To The Financial Statements (Continued)

Valuation

Land and buildings were not valued by an independent valuer and basis of valuation is on cost.

19 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	24,809,750.00	1,699,613.64	23,110,136.36
Plant and machinery	8,048,561.00	1,110,985.76	6,937,575.24
Motor vehicles, including motorcycles	-	-	-
Computers and related equipment	9,460,107.00	3,831,497.67	5,628,609.33
Office equipment, furniture, and fittings	1,132,500.00	90,600.00	1,041,900.00
Total	43,450,918.00	6,732,697.07	36,718,220.93

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

	Cost Valuation	Normal Annual Depreciation charge
	Kshs	Kshs
Plant and machinery	-	-
Motor vehicles, including motor cycles	-	-
Computers and related equipment	-	-
Office equipment, furniture and fittings	-	-
Total	-	-

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes To The Financial Statements (Continued)

20. Intangible Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At July 1	-	-
Additions	-	-
Disposals	-	-
At June 30	-	-
Amortization		
At July 1	-	-
Charge For The Year	-	-
Disposals	-	-
Impairment Loss	-	-
At June 30	-	-
Net Book Value		
At June 30	-	-

[Provide short appropriate explanations as necessary in relation to what constitutes the intangible assets]

21. Investment Property

Description	2021-2022	2020-2021
	Kshs	Kshs
Opening Valuation	-	-
Movements During The Year	-	-
Additions	-	-
Disposals	-	-
Fair Value Gains/(Losses)	-	-
Closing Valuation	-	-
	-	-
Depreciation (If At Cost)		
At July 1	-	-
Charge For The Year	-	-
Disposals	-	-
Impairment Loss	-	-
At June 30	-	-
Net Book Value		
At June 30	-	-

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

22. Right-of-use assets

Description	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
Cost				
As At 1 July 2021	-	-	-	-
Additions	-	-	-	-
As At 30 June 2022	-	-	-	-
Additions	-	-	-	-
As At 30 June 2022	-	-	-	-
Accumulated Depreciation				
As At 1 July 2021	-	-	-	-
Charge For The Year	-	-	-	-
As At 30 June 2022	-	-	-	-
Charge For The Year	-	-	-	-
As At 30 June 2022	-	-	-	-
Carrying Amount				
As At 30 June 2022	-	-	-	-
As At 30 June 2021	-	-	-	-

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes To The Financial Statements (Continued)

23. Fixed Interest Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Central Bank of Kenya 12.5% 15-Year Infrastructure Bond	-	-
Corporate Bond (Give Details)	-	-
Corporate Bond (Give Details)	-	-
Total	-	-

[The movement in investment during the year is as follows:]

Details	2021-2022	2020-2021
	Kshs	Kshs
Balance at 1 July	-	-
Additions during the year	-	-
Interest accrued during the year	-	-
Investment maturities during the year	-	-
Balance at 30 June	-	-

24. Quoted Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
B/f Valuation	-	-
		-
Movements during the year	-	-
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
C/f Valuation	-	-

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

Name of entity where investment is held	No of shares					
	Direct shareholding	Indirect shareholding	Effective shareholding	Nominal value of shares/purchase price	Fair value of shares Current year	Fair value of shares for prior year
	No	No	No	No	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

25. Unquoted Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At July 1	-	-
Additions	-	-
Fair value gains/(losses)	-	-
Disposals	-	-
At June 30	-	-
Impairment		
At July 1	-	-
Disposals	-	-
Impairment loss during the year	-	-
At June 30	-	-
Net Book Value	-	-

New Kenya Planters Cooperative Union Plc

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Notes To The Financial Statements (Continued)

Name of entity where investment is held	No of shares					
	Direct shareholding	Indirect shareholding	Effective shareholding	Nominal value of shares/purchase price	Value of shares less impairment Current year	Value of shares less impairment Prior year
	No	No	No	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
Entity D	-	-	-	-	-	-
	-	-	-	-	-	-

26. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Raw materials	-	-
Goods in transit	-	-
Finished goods	-	-
Work In Progress	-	-
Less: Impairment of Stocks	-	-
Total	-	-

26 b) Consumables

Description	2021-2022	2020-2021
	Kshs	Kshs
Engineering stores	-	-
Fuel, oil and lubricants	-	-
Motor vehicle spare parts	-	-
Stationery and general stores	-	-
Less: Impairment of Stocks	-	-
Total	-	-

New Kenya Planters Cooperative Union Plc

Annual Report and Financial Statements for year ended June 30, 2022

Notes to the Financial Statements (Continued)

26 a) Reconciliation of Impairment Allowance for Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

27. Trade and Other Receivables

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Receivables (Note 27 (a))	324,161.62	-
Deposits and prepayments	-	-
Vat recoverable	-	-
Staff receivables (Note 27 (a))	-	-
Other receivables	100,000,000	-
Gross Trade and Other Receivables	324,161.62	-
Provision for Bad And Doubtful Receivable	-	-
Net Trade and Other Receivables	100, 324,161.62	-

27 (a) Trade Receivables

Description	2021-2022	2020-2021
	Kshs	Kshs
Gross Trade Receivables	324,161.62	-
Provision for Doubtful Receivables	-	-
Net Trade Receivables	324,161.62	-
At June 30, the ageing analysis of gross Trade Receivables was as follows:		
Less than 30 Days	324,161.62	-
Between 30 and 60 Days	-	-
Between 61 and 90 Days	-	-
Between 91 and 120 Days	-	-
Over 120 Days	-	-
Total	-	-

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

27 (b) Reconciliation of Impairment Allowance for Trade Receivables

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

27 (c) Staff Receivables

Description	2021-2022	2020-2021
	Kshs	Kshs
Gross staff loans and advances	-	-
Provision for impairment loss	-	-
Net staff loans	-	-
Less: Amounts due within one year		
Amounts due after one year	-	-

27 (d) Reconciliation of Impairment Allowance for Staff Receivables

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

New Kenya Planters Cooperative Union Plc

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Notes To The Financial Statements (Continued)

28. Tax Recoverable

Description	2021-2022	2020-2021
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (Note 16)	-	-
Under/(Over) Provision in prior year (Note 16)	-	-
Income tax paid during the year	-	-
At end of the year	-	-

29. Short Term Deposits

Description	2021-2022	2020-2021
	Kshs	Kshs
Other Commercial Banks		
Cooperative Bank Of Kenya	0	0
Kenya Commercial Bank	0	0
Barclays Bank Of Kenya	0	0
Total	0	0

30. Bank and Cash Balances

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash at bank	325,683,228.65	8,038,249.67
Cash in hand	-	0
	325,683,228.65	8,038,249.67

New Kenya Planters Cooperative Union Plc

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Notes To The Financial Statements (Continued)

Detailed analysis of the cash and cash equivalents

Description		2021-2022	2020-2021
Financial institution	Account number	Kshs	Kshs
a) a) Current account			
Cooperative Bank of Kenya	01120959180001	622,478.07	3,456,966.41
Cooperative Bank of Kenya	01120959180002	9,095,527.03	3,364,581.62
Cooperative Bank of Kenya	02120959180000	4,055,124.71	1,216,701.64
Cooperative Bank of Kenya	01120959180003	7,867,832.65	
Cooperative Bank of Kenya	01120959180004	304,042,266.20	-
Grand Total		325,683,228.65	8,038,249.67

31. Ordinary Share Capital

Description	2021-2022	2020-2021
	Kshs	Kshs
Authorized:		
20,000,000,000 Ordinary Shares of Kshs 2/- par value each	40,000,000,000	40,000,000,000
Issued and Fully paid:		
Nil Ordinary Shares of Kshs 2/- par value each	0	0

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Notes To The Financial Statements (Continued)

32. Revaluation Reserve

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

33. Fair Value Adjustment Reserve

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

34. Retained Earnings

The retained earnings represent amounts available for distribution to the *entity's* shareholders. Undistributed retained earnings are utilised to finance the *entity's* business activities.

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

35. Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
a) External borrowings		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-
b) Domestic borrowings		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	-	-
Balance at end of the year	-	-
Balance at end of the period- domestic and external borrowings c = a+b	-	-

The analyses of both external and domestic borrowings are as follows:

Description	2021-2022	2020-2021
	KShs	KShs
External borrowings		
Dollar denominated loan from 'x organization'	-	-
Sterling pound denominated loan from 'y organization'	-	-
Euro denominated loan from Z organization'	-	-
Domestic borrowings	-	-
Kenya shilling loan from KCB	-	-
Kenya shilling loan from Barclays bank	-	-
Kenya shilling loan from Consolidated bank	-	-
Total balance at end of the year	-	-

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Notes to the Financial Statements (Continued)

Description	2021-2022	2020-2021
	Kshs	Kshs
Short term borrowings (Current Portion)	-	-
Long term borrowings	-	-
Total	-	-

36. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

Description	2021-2022	2020-2021
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(Losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
Net deferred tax liability	5,206,285.45	8,172,817.05

The movement on the deferred tax account is as follows:

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under Provision in Prior Year	-	-
Income Statement Charge/(Credit)	-	-
Balance at end of the year		

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

37. Lease Liability

Description	2021-2022	2020-2021
	KShs	KShs
At the start of the year	-	-
Discount interest on Lease Liability	-	-
Paid during the year	-	-
At end of the year	-	-

Details	2021-2022	2020-2021
Maturity Analysis	Kshs	Kshs
Year 1	-	-
Year 2	-	-
Year 3	-	-
Year 4	-	-
Year 5	-	-
On Wards	-	-
	-	-
Less: Unearned Interest	-	-
	-	-
Analysed As:		-
Non-Current	-	-
Current	-	-

38. Trade and Other Payables

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	-	-
Accrued expenses	-	-
Retention/ Contract monies	-	-
Deposits	13,150,651.74	4,581,243.74
Employee payables	-	-
Other payables	3,958,862.63	-
Total	17,109,514.37	4,581,243.74

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

39. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	-	-	-

Retirement benefit Asset/ Liability

The New KPCU Plc does not operate a defined benefit scheme for all full-time employees from July 1, 2020. The scheme will be established when the implementation of the human resource instruments newly approved from the Salary Review Commission is done. Transiting of current staff on temporary terms is being done and new salary structure will start from February 2023. administered by New KPCU Plc and the scheme is administered internally. The scheme is based on 31 percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IAS 19 was carried out as at n/a June n/a by n/a actuarial valuers. On this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

Description	2021-2022	2020-2021
Discount rates	-	-
Future salary increases	-	-
Future pension increases	-	-
Mortality (Pre- retirement)	-	-
Mortality (Post- retirement)	-	-
Withdrawals	-	-
Ill Health	-	-
Retirement	-	-

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

42. Notes to the Statement of Cash Flows

Description	2021-2022	2020-2021
	Kshs	Kshs
(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations		
Profit or Loss before tax	426,188,475.07	27,242,923.53
Depreciation	4,848,710.20	1,883,986.88
Amortization	-	-
(Gain)/Loss on disposal of Property, Plant And Equipment	-	-
Operating Profit/(Loss) before Working Capital changes	431,037,185.27	29,126,910.41
(Increase)/Decrease in Inventories	-	-
(Increase)/Decrease in Trade and Other Receivables	(111,816,673.88)	-
Increase/(Decrease) in Trade and Other Payables	16,205,541.69	(4,581,243.74)
Increase/(Decrease) in Retirement Benefit Obligations	-	-
Increase/(Decrease) in Provision for Staff Leave Pay	-	-
Cash Generated from/(used In) operations	(95,611,132.19)	(4,581,243.74)
	335,426,053.08	33,708,154.15
(b) Analysis of Changes in Loans		
		-
Balance at beginning of the year	-	-
Receipts during the year	-	-
Coffee Farm Inputs subsidy GOK- Grant	-	-
Repayments of previous year's accrued interest	-	-
Foreign Exchange (Gains)/Losses	-	-
Accrued interest	-	-
	-	-
Balance at end of the year	-	-
	-	-
(c) Analysis of Cash and Cash equivalents		
Short Term Deposits	-	-
Cash At Bank	325,683,228.65	8,038,249.67
Cash In Hand	-	-
Balance At End Of The Year	325,683,228.65	8,038,249.67

New Kenya Planters Cooperative Union Plc

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Description	2021-2022	2020-2021
	Kshs	Kshs
(b) Analysis of interest paid		
Interest on Loans		
Interest on Bank Overdraft	-	-
Interest on Lease Liabilities	-	-
Interest on Loans Capitalised	-	-
Balance at Beginning of the year	-	-
Balance at end of the year (Note 35(B))	-	-
Interest paid	-	-
	=====	=====
(c) Analysis of Dividend paid	-	-
	=====	=====
Balance at beginning of the year		
2020 Dividends paid		
2021 Dividends paid	-	-
2022 Interim Dividends paid	-	-
Balance at end of the year	-	-
	-	-
Dividend paid	-	-
	=====	=====

43. Related Party Disclosures

Government of Kenya

The Government of Kenya is the principal shareholder of the *New KPCU Plc*, holding 100% of the *entity's* equity interest for now. The Capital structure shall be clear when the liquidation process for KPCU shall be finalized. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) The Ministry of MSMES and Cooperatives
- ii) County Government of Nairobi
- iii) County Government of Meru
- iv) County Government of Machakos
- v) County Government of Kirinyaga
- vi) Key management
- vii) Board of directors

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ losses in the statement of Comprehensive Income

Description	2021-2022 Kshs	2020-2021 Kshs
The Return On Defined Plan assets	-	-
Actuarial Gains/ Losses arising from changes in demographic assumptions	-	-
Actuarial Gains/ Losses arising from changes in financial assumptions	-	-
Actuarial Gains and Losses arising from experience adjustments	-	-
Others (<i>Specify</i>)	-	-
Adjustments for restrictions on the Defined Benefit asset	-	-
Re-measurement of the Net Defined Benefit Liability (Asset)	-	-

b) Amounts recognised in the Statement of Financial Position

Description	2021-2022 Kshs	2020-2021 Kshs
Present value of Defined Benefit Obligations(A)	-	-
Fair Value of Plan Assets(B)	-	-
Funded Status(=A-B)	-	-
Restrictions on Asset recognized	-	-
Others	-	-
Net Asset or Liability arising from Defined Benefit Obligation	-	-

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KSHS. 500 per employee per month. Other than NSSF the New KPCU does not have a defined contribution scheme operated since it did not has authorized establishment.

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

40. Provisions

Description	Long service leave	Bonus Provision	Gratuity provisions	Other Provisions	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	-	-	-	1,883,986.88	-
Additional provisions	-	-	-	4,848,710.20	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Less: current portion	-	-	-	-	-
Balance at the end of the year	-	-	-	6,732,697.08	-

41. Dividends Payable

The balance of dividends payable relates to unclaimed dividends, payable to different shareholders. The balances are analysed in annual amount below.

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year		
Additional declared during the year	-	-
Paid during the year	-	-
Balance at end of the year	-	-

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

Transactions with related parties

Description	2021-2022	2020-2021
	Kshs	Kshs
a) Sales to related parties		
Sales of electricity to govt agencies	-	-
Rent income from govt. agencies	-	-
Water sales to govt. agencies	-	-
Interest income from govt commercial banks	-	-
Interest income from bills and bonds	-	-
Others (<i>specify</i>)	-	-
Total	-	-
		-
b) Purchases from related parties	-	
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	-	-
Bank charges paid to govt commercial banks	-	-
Interest expense to investments by other govt. Entities	-	-
Others (Coffee Farmers - Account)	-	-
Total		
c) Grants from the government		
Grants from national govt	-	-
Grants from county government	-	-
Donations in kind	-	-
Total		
d) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total		
e) Key management compensation		
Directors' emoluments	-	-
Staff conference and seminars	-	-
Total	-	-

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44. Capital Commitments

Capital commitments at the year- end for which no provision has been made in these financial statements are:

Description	2021-2022	2020-2021
	Kshs	Kshs
Amounts authorised and Contracted for	-	-
Amounts authorizes but Not Contracted for	-	-
Less: Amounts included in Work In Progress	-	-
	-	-

45. Contingent Assets and Liabilities

Contingent Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Contingent assets		
Insurance reimbursements	-	-
Assets arising from determination of court cases	-	-
Reimbursable indemnities and guarantees	-	-
Receivables from other government entities	-	-
Others (<i>specify</i>)	-	-
Total	-	-

Contingent Liabilities

Description	2021-2022	2020-2021
	Kshs	Kshs
Contingent Liabilities	-	-
Court case against (<i>The Entity</i>)	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

New Kenya Planters Cooperative Union Plc

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Notes To The Financial Statements (Continued)

46. Financial Risk Management

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

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

(i) Credit risk

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

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

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

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position).

Credit Risk (Continued)

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.

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

ii) Liquidity risk management

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

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

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

New Kenya Planters Cooperative Union Plc

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Notes To The Financial Statements (Continued)

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

Description	Kshs	Other currencies Kshs	Total Kshs
At 30 June 2022			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors			
Financial liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

Description	In Kshs	Other Currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022	-	-	-
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Financial Liabilities	-	-	-
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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Notes To The Financial Statements (Continued)

b) Foreign currency sensitivity analysis

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.

Details	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2022			
USD	2.5%	235,188	235,188
2021		-	
USD	6%	1,119,592	1,119,592

c) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

i) Management of interest rate risk

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

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Notes To The Financial Statements (Continued)

ii) Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs nil (2022: Kshs nil). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs nil (2022 – KSHS nil)

iii) Fair value of financial assets and liabilities

a) *Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *New KPCU Plc's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- i)** Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii)** Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- iii)** Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

New Kenya Planters Cooperative Union Plc

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Notes to the Financial Statements (Continued)

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

At 30 June 2022	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial assets				
Quoted equity investments	-	-	-	-
Non- financial assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-
At 30 June 2021				
Financial assets				
Quoted equity investments	-	-	-	-
Non- financial assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-

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

Financial instruments not measured at fair value

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

New Kenya Planters Cooperative Union Plc

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Notes To The Financial Statements (Continued)

iv) Capital Risk Management

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	15,502,346.21	19,070,046.00
Capital reserve	15,000,000.00	-
	-	
Total Funds	30,502,346.21	19,070,046.00
Total Borrowings	13,162,705.18	4,715,811.12
Less: Cash and Bank balances	(21,640,962.45)	(8,038,249.67)
Net Debt/(Excess Cash and Cash Equivalents)	(8,478,257.27)	(3,322,438.55)
Gearing	39.18	41.33

47. Incorporation

(The New KPCU Plc) is incorporated in Kenya under *the Kenyan Companies Act* and is domiciled in Kenya.

48. Events after the Reporting Period

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

49. Currency

The financial statements are presented in Kenya Shillings (Kshs)

50. Disclosure Note 1. Coffee Farm Subsidy Program:

(1) The government of Kenya under Presidential Directive introduced a Coffee Farm Subsidy Program. This was implemented by the New KPCU Plc from January 2022.

(2) Total Government grant Funds received under the program was kshs 1 billion.

(3) Coffee Farmers contributed kshs 444,298,041

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(4) Statement of Receipts ana Payments

	Note	Receipts and payments controlled by entity	Receipts and payments controlled by the entity	Cumulative to - date (From inception)
		2021-2022	2022-2021	TOTALS
Receipts		kshs	kshs	kshs
Transfer from Government entities	1	1,000,000,000.00	-	1,000,000,000.00
Miscellaneous receipts	4	444,298,041.00	-	444,298,041.00
Total receipts		1,444,298,041.00	-	1,444,298,041.00
Payments			-	
Compensation to employees	5	-	-	-
Purchase of Coffee Farm Inputs	6	904,176,494.00	-	904,176,494.00
Social security benefits	7	-	-	-
Accounts Receivables, Pyrethrum Co. & Cherry Fund	8	108,679,413.05	-	108,679,413.05
Transfers to other government entities	9	-	-	-
Other grants and transfers/payments	10	127,399,867.50	-	127,399,867.50
Total payments		1,140,255,774.65	-	1,140,255,774.65
Surplus/(deficit)		304,042,266.29	-	304,042,266.29

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51. Disclosure Note 2 (D2)

1. Bank balance as at 30th June, 2022 kshs 304,042,266
2. Kenya Pyrethrum Company advance kshs 100,000,000

TOTAL BALANCE **Kshs 404,042,266**

52. Disclosure Note 3; Retained Earnings

NO.	Description	Amount in Kshs
1	Profit & Loss balance after Tax – 2020/2021	19,070,046.50
2	Add: Profit & Loss balance after Tax – 2021/2022	15,502,346.20
3	Less: Provision for Accumulated Depreciation	4,848,710.20
	Retained Earnings	29,723,682.50

53. Disclosure Note 4: Tax for the Financial Year 2021/2022 Profit and Loss Balance. Provision for Income tax Computed as follows

NO.	Description	Amount in Kshs
1	Financial Year 2021/2022 Profit Before Tax	22,146,208.87
2	Financial Year 2021/2022 Profit After Tax	15,502,346.21
	Corporate Income Tax Charge @30%	6,643,862.66

54. Disclosure Note 5: Deferred Income Tax

NO.	Description	Amount in Kshs
1	Corporate Income Tax Charge @30%	6,643,862.66
2	Less: Tax Allowable on Government Grant	(1,437,577.21)
	Deferred Income Tax	5,206,285.45

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XIX. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
In accuracies in the Financial Statement	The corresponding amount in the tables of the notes to the financial statement differed.	All inaccuracies sited were rectified and financial report revised	Resolved	2022/2023
Misstatement of cash and cash equivalents	Bank reconciliations & bank statement were not provided. Schedules were not provided	Bank Reconciliations and schedules were later on provided	Resolved	2022/2023
Misstatement of property plant & equipment	Inventory of the asset amount kshs 25,669,844 not provided.	Inventory not provided as the amount of 25,669,844 related to refurbishment of Building	Resolved	2022/2023
Misstatement of other income	Corresponding note to the Other Income differed from the that of	The corresponding notes to the financial statement were corrected to reflect	Resolved	2022/2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Statement of Comprehensive Income	the figures in the financial statement and report.		
Unsupported balances	Unsupported balances in the Financial Reports.	Schedules to the administrative costs, Coffee sales, Farmers payment from coffee proceeds, Balances in Farmers Bank Account (Farmers Payables) and Provisions for Depreciation were provided thereafter.	Resolved	2022/2023
Irregularity in budget implementation	The budget for New KPCU Plc was kshs 133,500,000. Which differed with approved budget by the Ministry of kshs 102,125,925. Resulting variance of kshs	The New KPCU Plc approved budget of kshs 102,125,925 was implemented. The over collection of internally generated revenue of kshs 31,374,075 was declared as the financial y	Resolved	2022/2023

New Kenya Planters Cooperative Union Plc

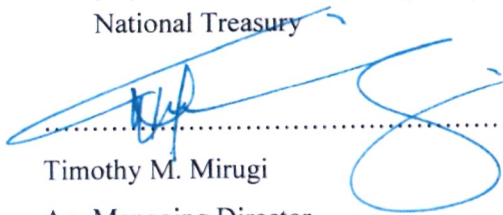
Annual Report and Financial Statements for year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	31,374,075. No explanation given			
Lack of Governance structure	New KPCU Plc did not have Audit Committee, Approved Strategic Plan, Organo graph, Authorised Establishment and Salary structure.	It is true then as the New KPCU Plc was barely one year old. Depended on a few staff on deployment from the Government. However, the governance structures are now in place. New Board of Directors have been appointed	Resolved	2022/2023

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to

National Treasury



Timothy M. Mirugi
Ag. Managing Director
New KPCU Plc.

Date 23rd February, 2023

New Kenya Planters Cooperative Union Plc

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Appendix II: Projects implemented by (*New KPCU Plc*)

Projects

Projects implemented by the New KPCU Plc Funded by development partners. There was none.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(The New KPCU Plc did not have any projects funded by the Donor)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

New Kenya Planters Cooperative Union Plc

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Appendix IV: Transfers from Other Government Entities. There were no transfers from other government Entities to New KPCU Plc.

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - Kshs	Statement of Financial Performance	Where Recorded/Recognized					Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific		
Ministry of Planning and Devolution	-	Recurrent	-	-	-	-	-	-	-	-
Ministry of Planning and Devolution	-	Development	-	-	-	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-	-
Ministry of Planning and Devolution	-	Direct Payment	-	-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-	-

New Kenya Planters Cooperative Union Plc

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Appendix V- Inter-Entity Confirmation Letter. Not applicable since there were no inter entity transfers.

[N/A]

[N/A]

[N/A]

The [N/A] wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [N/A] as at 30 th June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022			Amount Received by [beneficiary entity] (Kshs) as at 30 th June 2021 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
Total						

In confirm that the amounts shown above are correct as of the date indicated.

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Appendix VI: Reporting of Climate Relevant Expenditures

New Kenya Planters Co-operative Union

Telephone Number; +254 20 200 1401

Email Address; info@newkpcuplc.go.ke

Name of The Managing Director; Timothy Mirugi

Name and contact details of contact person (in case of any clarifications) CPA, Zaccheus K Ndirangu

The Corporation shall engage on climate smart programs as per strategic plan which will be implemented from financial year 2023/2024.

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	

Appendix VII: Disaster Expenditure Reporting Template

There were no disaster expenditures incurred by the New KPCU Plc.

Date:						
Entity						
Period to which this report refers (FY)	Year	Quarter				
Name of Reporting Officer						
Contact details of the reporting officer:	Email	Telephone				
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

