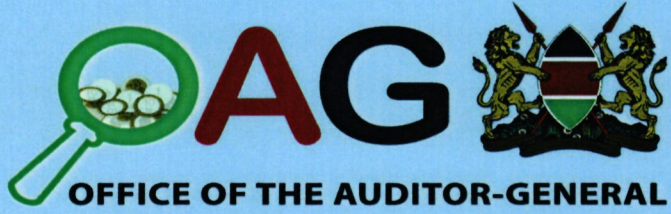


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REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	29 MAR 2022
	DAY: <u>Tue</u>
TABLED BY:	LOM
CLERK-AT THE-TABLE:	F. Muriuki

OF

THE AUDITOR-GENERAL

ON

MWEA RICE MILLS LIMITED

**FOR THE YEAR ENDED
30 JUNE, 2020**



MWEA
RICE MILLS
LIMITED



MWEA RICE MILLS LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2020

**Prepared in accordance with the accrual basis of accounting method under
the International Financial Reporting Standards (IFRS)**

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1. KEY ENTITY INFORMATION

Background

Mwea Rice Mills Ltd. (MRM) is a limited liability company owned by National irrigation Authority (55%) and the Mwea Rice Growers Multipurpose Co-operative Society Limited (45%). The Company was incorporated in 1993 under the Companies Act, CAP 486 (now repealed and substituted with Companies Act 2015)

Principal Activities

The major activities of MRM Ltd are buying, processing, marketing and storage of paddy from the Mwea Irrigation Scheme. The company has two milling units with an installed capacity of 5 tones per hour which is sufficient to handle the entire paddy produced in Mwea Irrigation settlement and adjoining regions. The company also boasts of long experience in processing and marketing of the basmati (Pishori) milled rice and the by – products. Which are mainly: Broken rice, Chicken feed and Rice bran

The company's major client is National Cereals and Produce Board. As a way of positioning itself in readiness for privatization, the company has ventured in purchasing of paddy from farmers, milling and marketing to two major supermarkets chains.

KEY ENTITY INFORMATION (Continued)

Directors

Hon. Eng. Joshua N. Toro	Chairman	Appointed on 03/05/2019
Mr. Gitonga Mugambi	Managing Director	Appointed on 01/08/2017
Mr. Harrisson Mutugi	Vice Chairman MRGM	Appointed on 01/05/2008
Mr Ndege Muiruki	Chairman MRGM	Appointed on 30/10/2019
Mr. Aboud Moeva	Alternative representative to PS, State Department of Irrigation, Ministry of Water Sanitation and Irrigation	Appointed on 14/12/2018
Mr. Peter Waweru	Inspectorate of State Corporations	Appointed on 01/06/2018
Mr. Charles Kairu	Alternative representative to CS, National Treasury	Appointed on 14/10/2015

Corporate Secretary

Ms. Nancy Wambugu
Ag. Company Secretary
P.O. Box 30372 – 00100
Nairobi

Factory

Wang'uru
P.O. Box 80
WANGURU

Corporate Headquarters

Head Office
Unyunyizi House - Building
Lenana Road
P.O. Box 30372-00100

Mwea Rice Mills Limited

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Corporate Bankers

- i. Barclays Bank of Kenya
Queensway house
P.O. Box 30011
NAIROBI.
- ii. Barclays Bank of Kenya
P.O. Box 88
EMBU.
- iii. Kenya Commercial Bank
P.O. Box 393
WANGURU.

Independent Auditors

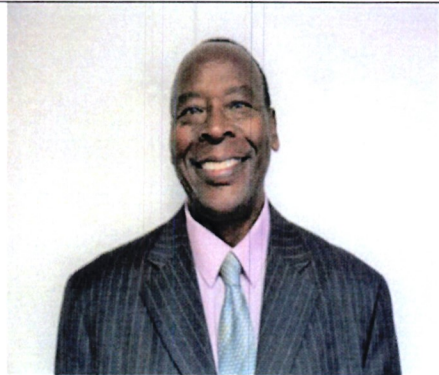
The Auditor General – Kenya
Office of the Auditor General
P.O Box 30084-00100
NAIROBI, KENYA

Principal Legal Advisers

The Attorney General
State Law Office
Harambee Avenue
P O BOX 40112
City Square 00200
NAIROBI, KENYA

2. BOARD OF DIRECTORS

The directors who served the entity during the year are listed under pages' VI to X.





HON. ENG. JOSHUA N. TORO- CHAIRMAN.

Hon. Eng. Joshua Ngugi Toro was appointed as the Chairman of NIA Board of Directors on May 3, 2019 via the Kenya Gazette special issue Vol. CXXI.56. He holds Bachelor of Science Degree in Mechanical Engineering from the University of Nairobi. He is a registered Engineer by Engineers Registration Board and a member of the Institution of Engineers of Kenya.

His Engineering career started immediately after graduating in 1977 at Kenya Railways Corporation (KRC). While at KRC, he was seconded to the Union of African Railways Headquarters in Kinshasa, Democratic Republic of Congo as Head of Engineering between 1989 and 1992. The Union is a specialized agency of the African Union (AU) responsible for the promotion of railway network interconnection and transportation of goods and passengers within African Countries. As Head of Engineering, he was responsible for research and feasibility studies, policy development for acquisition, design, renewal and standardization of rolling stock and equipment and evolution of maintenance standards for the members' railways. He was accorded Diplomatic status by the Government of Kenya during this period (1989 to 1992).

Hon. Eng. Toro served as a Member of Parliament for Kandara Constituency for ten (10) years from 1997 to 2007. H.E Mwai Kibaki, who was the Official Leader of Opposition then, appointed him shadow Minister for Roads, Public Works and Housing in parliament for five (5) years between 1997 and 2002. He also served as the vice chairman of the Parliamentary Committee for Labour, Health, Housing and Social Welfare between 1997 and 2002.

	<p>He was appointed by the then President H.E Mwai Kibaki as an Assistant Minister for Roads, Public Works and Housing for five (5) years between 2003 and 2007. While in Parliament, he served as Member of African Parliamentarians Network Against Corruption (APNAC) which is affiliated to the Global Organization of Parliamentarians Against Corruption between 1997 and 2009.</p> <p>Hon. Eng. Toro was one of the pioneer members of the Board of Directors of Kenya National Highways Authority (KeNHA) that established it from scratch to the current formidable organization it is today. He was a Board member at KeNHA for five (5) years between 2008 and 2012 where he also served as the chairman of the Board's Technical committee alongside being a member of the Audit and the Procurement Oversight Committees.</p> <p>His background in Engineering and experience in the various leadership roles will help him lead NIA in implementing its mandate so as to effect and promote the Government's Big 4 Agenda on Food Security and Nutrition.</p>
	<p>MR. GITONGA MUGAMBI – MANAGING DIRECTOR.</p> <p>Mr. Gitonga Mugambi was appointed the Chief Executive Officer of National Irrigation Authority on 1st August 2017. He is also the Managing Director of the Company by virtue of him being the Chief Executive Officer of the National Irrigation Authority. He holds Bachelor of Science degree in Agriculture from University of Nairobi and holds MBA in Strategic Management from Kenya Methodist University. Mr. Gitonga Mugambi is a well-accomplished agriculturalist with experience of over 25 years in Planning and Strategy, Resource Mobilization, Formulation of irrigation development programmes such as Economic Stimulus Programme. His experience is valuable in policy formulation, implementation and management of Western Kenya Rice Mills Ltd.</p>

	<p>MR. HARRISSON MUTUGI MATHINDI, NON- EXECUTIVE DIRECTOR</p> <p>Mr. Harrison Mutugi Mathindi joined the Company’s Board in May 2008. He sits on the Board by virtue of being a Director of Mwea Rice Growers Multi-Purpose Cooperative Society (MRGM) director.</p> <p>He is a long serving Director of MRGM having joined the society as Vice Chairman in March 2000, a position he continues to hold up to date. He previously worked with the Ministry of Health from 1976 to 1998. Mr. Mutugi brings vast knowledge, experience and leadership gained from the expansive Mwea rice growing region.</p> <p>His current occupation is commercial rice farming.</p>
	<p>MR NDEGE MURIUKI - NON- EXECUTIVE DIRECTOR</p> <p>Mr. Ndege Muriuki joined the Authority on 30th October 2019. He sits on the Board by virtue of being the Chairman of Mwea Rice Growers Multi-Purpose Cooperative Society (MRGM). He is a Rice Farmer</p> <p>He is a long serving member of the MRGM having joined in 14th March 2003, a position he continues to hold up to date. He has previously worked as an accountant at Harambee Sacco as well as a Secretary manager at Mwea Amalgamated Rice Growers Cooperative Society Ltd which is a predecessor of MRGM</p>

	<p>MR. ABOUD MOEVA, ALTERNATE REPRESENTATIVE OF THE PRINCIPAL SECRETARY, DIRECTORATE OF IRRIGATION, MINISTRY OF WATER, SANITATION AND IRRIGATION.</p> <p>Mr. Moeva was appointed to the Board on December 14, 2018. He is a holder of a Master in Business Administration (MBA) Degree in Strategic Management and a Bachelor’s Degree in General Agriculture both from the University of Nairobi.</p> <p>He possesses vast expertise in Agriculture and is an Agriculturalist/Community mobilizer as well as acquiring an extensive professional profile of 21 years’ experience in management of Irrigation development. He has done several professional courses such as Irrigation Project Preparation Course, Ministry of Agriculture (1989), Farmers Organization and Development, Ministry of Agriculture (1989) and Smallholder Irrigation Promotion Course, Tsukuba International Center-Japan (1999) among others.</p> <p>He currently holds office as the Director of Irrigation Water Management and has previously held several responsibilities including: Head of Planning, Monitoring and Information Management-Ministry of Water and Irrigation, Head of Budget and Project Coordination Branch-Ministry of Agriculture, District Agricultural Officer-Lamu district among others.</p>
	<p>MR. PETER WAWERU – INSPECTORATE OF STATE CORPORATIONS</p> <p>Mr. Waweru joined the Board in June 2018 representing Inspector General (Corporations). He holds a Master of Business Administration Degree (Marketing option) and Bachelor of Commerce Degree (Accounting option). His current position is Deputy Inspector General (Corporations). He has served in various capacities including being a Town Clerk in the defunct Local Authorities.</p>



MR. CHARLES KAIRU – ALTERNATE REPRESENTATIVE TO CABINET SECRETARY, NATIONAL TREASURY NON-EXECUTIVE DIRECTOR

Mr. Charles Kairu was appointed to the Board on 14th October 2015 as alternate Director to the Principal Secretary, National Treasury. He is holder of a Master Degree in Development Economics from Williams College, USA and a Bachelor's Degree in Economics from the University of Nairobi. He has over 30 years' experience in the Public Service and is currently serving as Senior Assistant Director in the Public Debt Management Office at the National Treasury.

3. MANAGEMENT TEAM

The Management team comprises of the Chief Executive Officer and top management as follows:

	<p><i>Mr. Gitonga Mugambi, - Chief Executive Officer.</i></p> <p>Mr. Gitonga Mugambi was appointed the Chief Executive Officer of National Irrigation Authority on 1st August 2017. He holds Bachelor of Science degree in Agriculture from University of Nairobi and holds MBA in Strategic Management from Kenya Methodist University. Mr. Gitonga Mugambi is a well accomplished agriculturalist with experience of over 25 years in Planning and Strategy, Resource Mobilization, Formulation of irrigation development programmes such as Economic Stimulus Programme. His experience is valuable in policy formulation, implementation and management of National Irrigation Authority.</p>
	<p><i>Mr. Daniel Atula Masatia, - Deputy General Manager – Operation and Irrigation Management Services.</i></p> <p>Mr. Daniel Atula Masatia was appointed to the post of Deputy General Manager Operations of National Irrigation Authority on 1st February, 2018. He holds Bachelor of Science degree in Agriculture from University of Nairobi and is currently pursuing his MBA in Strategic Management. Mr. Daniel Masatia is a well accomplished agriculturalist and manager with experience of over 25 years in scheme, projects and research operations, planning and Strategy formulation and implementation, Resource Mobilization, Formulation and execution of irrigation programmes ranging from development to operations. His experience and expertise is valuable in policy formulation and in the provision of irrigation services.</p>



Nancy M. Wambugu, Head of ICT & Ag Company Secretary.

Nancy is currently the Head of ICT Services and Acting Company Secretary at National Irrigation Authority. She has over 13 years of experience in ICT Infrastructure operations, Information Security and Innovations in both private and public sectors. She is a holder of BSC, Information Technology, and currently undertaking MSC Information Security at Strathmore University. She also holds a Diploma in Computer Studies, CCNP, A+ and N+ Certifications. Her immersive contribution in ICT Service delivery in the Public Service has seen her awarded a Certificate of Excellence in Public Sector Innovation, 2011 Edition, by the Head of Public Sector in Kenya. She has greatly contributed to the transformation of National Irrigation Authority in digitization and automation processes.



JEDIDAH N. ODUORI, HEAD OF FINANCE

Jedidah was appointed acting Head of Finance on June 6, 2018. Prior to this appointment, she had served in various capacities within the Finance and Audit departments of the Authority both at the Head Office and in the Western Kenya Schemes. She has a Master in Business Administration and Strategic Management degree from Daystar University, A Bachelor of Commerce (Accounting option) degree from Punjab University, India and CPA (K) holder. She has over 21 years of experience in audit and finance. Having diverse experience in the finance and audit sections, she brings in a lot of expertise to the Authority.

4. CHAIRMAN'S STATEMENT

The Financial year 2019/20 was quite challenging for Mwea Rice Mills Ltd following the event that culminated from the preceding year 2018/19 where the company had experienced a great loss amounting to Ksh. 61,047,130 in its operations. The result continued to haunt the succeeding financial year (2019/20).

During this year the management adopted a new approach in order to reorganize the activities of the company with the sole objective of putting it back to the right perspective. Towards this end, the members of staff were rationalized by putting in place new experienced members of staff. The management of the company's investment income (Leader House and Maisonettes) were reorganized in order to reap maximum benefits.

The company appointed the property manager who is expected to be remitting the agreed rent. Due to this, the company was able to realize a net profit after tax of Ksh. 3,387,813.

However, the company was faced with some challenges during the year under review. The demand for the white rice was low over the period which came along with low prices especially during the lockdown due to the COVID-19 pandemic.

His excellency the President, on 1st February 2020 intervened by instructing that paddy be bought at Kshs,85 per Kg. He also instructed Kenya National Trading Company (KNTC) to buy white rice from Mwea for onward consumption by Public Institutions. The aim was to create demand for white rice thereby increasing the price of paddy. This did help to a great extent where the demand for paddy was unlocked and the company was able to increase its milling activities.

The future of the company is bright owing to the changes we have and continue to put in place for the holistic improvement of the company thereby enhancing the shareholders' wealth.


In conclusion, I am grateful for the support received from my fellow Directors, Management and staff at large. Finally, I also take this opportunity to express my gratitude to all our consumers,

Mwea Rice Mills Limited

Annual Reports and Financial Statements
For the year ended June 30,2020.

business partners, employees and stakeholders who have shown their trust in us and have extended their constant support.

Sign:  Date: 15/02/2021

 **Hon. ENG. JOSHUA N. TORO**
CHAIRMAN OF THE BOARD

5. REPORT OF THE MANAGING DIRECTOR.

The positioning of Mwea Rice Mills offers it an opportunity to excel regionally in execution of its core business. Mwea Rice Mills experienced some setbacks brought by results of 2018/2019, where a great loss of Ksh. 61,047,130 was experienced. The management did institute several measures in order to steer the company to the desired result. During the financial year under review, the company was able to register a profit after tax of Ksh. 5,050,826.

We are committed to putting in place several measures into the company's management system in order to enhance its overall output. Such measures include; Computerizing Customers Systems, enhancement of the white rice market, and improvement of company's image. This financial year has shown that with proper management the company will reclaim its dominance in the rice milling sector. We have no doubt that the results we have achieved will serve as impetus to put more effort in order to realize even better results in the years to come.

As we look into the future, we will ensure that we grow business with our customers by maintaining our tradition in delivering customer value and the experience of the superior quality Mwea Pishori Rice. We will understand the changing consumer behavior and create convenience in business as well as ensure that we offer good quality products and services at all times.

Further, we propose to put in mechanisms to ensure raw materials are procured early and in good time for steady supply of products to the envisaged markets.

Finally, it is important to note that, MRM has delivered more Human welfare benefits in ways not directly captured in audited financial reports. We have improved community welfare through stable prices and provision of local employment both directly and indirectly.

Lastly I am grateful for the unwavering support of all our shareholders. I also take this opportunity to appreciate the Board, Management and employees, who have performed above and beyond expectations to ensure that we continue to deliver quality rice on time, in full and in line with our core values.

Mwea Rice Mills Limited

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Sign:



Date:

15/02/2021

MR. GITONGA MUGAMBI

MANAGING DIRECTOR

Mwea Rice Mills Limited

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6. REVIEW OF MRM LTD. 'S PERFORMACE FOR FY 2019/2020

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

During the financial year under review, MRM Ltd. did not have a running strategic plan. However, there was a work plan, which guided the performance of the company during the financial year 2019/2020.

7. CORPORATE GOVERNANCE STATEMENT

Overview

Mwea Rice Mills Ltd is committed to the highest standard of corporate governance. Our policy is to set best practice standards in product and service quality, as well as fair conduct towards our employees, suppliers and customers. In recognizing its responsibilities of good Citizenship Mwea Rice Mills Limited particularly emphasizes on issues of social welfare, environmental care and principles of integrity.

Composition of the board

The Board of Directors of Mwea Rice Mills Ltd comprises of seven (7) directors namely;

- i. The Chairman (Chairman - National Irrigation Authority)
- ii. Managing Director (Chief Executive Officer - National Irrigation Authority)
- iii. Two Directors from Mwea Rice Growers Multi-cooperative society Ltd.
- iv. Alternate Representative to Cabinet Secretary, National Treasury
- v. Alternate Representative to Principal Secretary, State Department of Irrigation, Ministry of Water, Sanitation and Irrigation
- vi. Inspectorate of State Corporations

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

The role of the board

The Board of Directors is responsible for the long term strategic direction of the company which is aimed at sustainable value creation to maintain a profitable growth, and at the same time upholding high standards of corporate governance and business ethics.

The Board is also responsible for the following:

- i. Oversee the Company, including providing leadership and setting its objectives.

- ii. Represent and serve the interests of shareholders by overseeing and appraising company's strategies, policies and performance.
- iii. Approve and monitor the progress of major capital expenditure.
- iv. Approve budgets.
- v. Approve and monitor systems of risk management, internal control, codes of conduct accountability and legal compliance to ensure appropriate compliance framework and controls are in place.
- vi. Approve and monitor the corporate, financial and other reporting systems of Mwea Rice Mills Limited including external audit and oversee their integrity;
- vii. Adopt appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards.

Board meetings

The Board of Mwea Rice Mills Limited has four scheduled meetings per year; the meetings are held in every quarter of the year. In these meetings the Board reviews the company's performance against the planned strategies and also approve issues of strategic nature. In the period under review, the board met four times.

Directors' Remuneration

The remuneration for directors consists of sitting allowances in connection with attendance at Board and committee meetings.

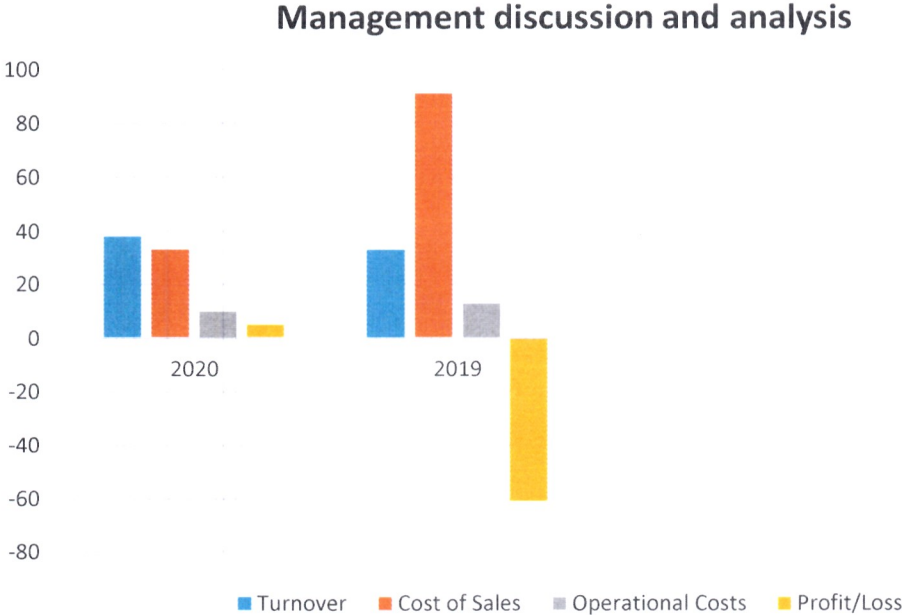
Communication with stakeholders

Mwea Rice Mills Limited has in place an internal Communication and Corporate Disclosure Policy that sets out the standards of communication to be expected of the Company by its Shareholders; ensures that the Board proactively supplies relevant information to Stakeholders; and aims to enhance transparency and disclosure.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Company’s turnover increased fromKsh. 33,574,632 to Ksh. 38,987,215 in the current year under review. This represents 14 % increase when compared with the previous year. On the other hand, cost of sales decreased fromKsh. 91,996,451 in the previous year to Ksh. 34,880,515 in the current year under review, representing 172% decrease. Further, the operational costs decreased fromKsh. 13,645,340 in the previous year to Ksh. 11,434,063 in the current year under review, representing 35% decrease. As indicated in the chart that the profits for the year improved from a loss of Ksh. (61,047,130) to a profit of Ksh. 3,387,813 representing 1,308% increase in profits. This information is highlighted, in the form of a bar chart below.

Figure 1: Y Axis represents Ksh. In Millions



9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Mwea Rice Mills Co. Ltd. Exists to transform lives. This is our purpose: the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on MRM pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is the brief highlight of our achievements in each pillar;

1. Sustainability Strategy and Profile

Mwea Rice Mills was incorporated in 1967 with the sole objective of milling and marketing of paddy produced in Mwea Irrigation Scheme. Between 1967 and 1997, the company enjoyed monopolistic business. Therefore, the company's existence was automatically guaranteed due the lack of business competition. The company used to mill and market the National Irrigation Authority's (then National Irrigation Board) paddy to the government institutions and business people which enabled it to get high income from its milling activities.

In 1997, Mwea Irrigation Scheme (MIS) farmers agitated for a liberalized market through which they could sell their produce thus, detaching themselves from the services that were offered to them by the Authority. This resulted to private millers coming into the milling business. Such millers were Mwea Rice Growers Multipurpose, Nice Millers, and RIA Millers among others. Due to this, the company was faced with tough competition from those rice millers making its sustainability uncertain. This pushed the MRM management to restructure the activities and human labour in the year 2000.

Several measures were put in place in order to embrace customers from private sector who would bring paddy for milling. This saw a new revival of MRM. Customers started delivering their paddy for milling in MRM. As a result, the company's profitability ratio started showing an upward trend. Today, the company due to its strategic position is offering the best milling services to its customers as compared to its competitors.

During the last financial year 2019/2020, the company was able to establish a profit of Ksh.5M after tax besides meeting its financial obligations over the period. The management has instituted several measures intended for upgrading its net profit after tax. Such measures include;

- i. First tracking the marketing of customer's rice through organized organs such as customer's co-operative. This will make more customers to come to MRM for milling and marketing services.
- ii. Introduced check and balances in the organization in order to safeguard customer's paddy which made some other millers to seek milling services from MRM e.g. MRGM. This in no doubt will impact positively on the sustainability of the company.
- iii. The macroeconomic measures undertaken in 2020 will start bearing fruits in the years to come where the profitability index is expected to be enhanced.

2. Environmental Performance

MRM as a company started taking care of environment way back in its inception (1967). During rice milling, rice husks which was waste would impact negatively on the environment. The company bought land on which rice husk would be disposed of and burnt down. (See MRM environment policy attached)

Below are the outlined successes for the policy;

- i. The company was able to dispose of all of its husk into its own land whereby it was burnt to ashes. However, recently in collaboration with Research Centre, rice husk has been found useful in cement manufacturing industries and preparation of bio char for customer use. It can now be sold at a profit.
- ii. The advantage of tree cover cannot be over emphasized as it increases the amount of rainfall and prevents soil degradation.
- iii. Boost employees and customer's morale because of the good environment and fresh air within MRM compound.

In order to take care of the environment, MRM shall among other things ensure that;

- i. Rice husk shall be disposed of appropriately without causing environmental hazard to the public.
- ii. Employees and customers of the company will work in clean and safe environment.

- iii. Trees will be planted in all unutilized land that belong to the company in order to boost the country`s forest cover by 10% as required by the government.
- iv. There shall be a continuous check of any material/materials that may impact negatively to the public and environment in general. In case of any such materials, remedial action shall be taken.
- v. There is full collaboration between the Company and the Ministry of Environment and Forestry in matters pertaining to the environment.

3. Employee Welfare

- i. MRM being a subsidiary of the National Irrigation Authority and a shareholding by the farmers` Cooperatives, its employees have the National face with youth and gender representation equally taken care of. Close to 90% of casual staff are drawn from the farming communities and the farmers` cooperative in order to give them a sense of belonging and ownership whereas the senior management is overseen by staff from the Authority who are recruited competitively and on merit as per the National Irrigation Authority HR regulations.
- ii. MRM has managed to keep her technical and supervisory level of staff for long and this has enabled the company to undertake and keep to an attainable level of its repairs and maintenance costs.
- iii. There has also been technical and management knowledge transfer from the senior staff to junior staff that the mill can manage to run on shifts or even when the senior staff are on leave or retired.
- iv. To date, all the salaries for both contracted and casual staff is being paid on time and all statutory deductions are remitted to the relevant bodies.
- v. In compliance with the Occupational Health and Safety Act, MRM in collaboration with the Public Health have ensured the heath standards are met and periodical inspections and certification of the facility has been up to date.
- vi. The staff are protected against pollution and mechanical injuries by ensuring all time donning PPEs including nose, ears, eyes, body and feet protectors.

4. Market Place Practices

MRM has outlined its effort to;

(a) Responsible Competition Practice

MRM today operates in an oligopolistic environment where stiff competition is the order of the day. In such an environment the company has endeavored to winning customers by practicing honesty, accountability, reliability, respect and safety measures. This enables the company to get more customers than its competitors.

(b) Responsible Supply Chain and Supplier Relations

MRM ensures that its creditors are paid in time, that is, not more than fourteen (14) days after the delivery of goods and services. This has enabled customers to have confidence on company's supply chain.

(c) Responsible Marketing and advertisement

MRM has been advertising for the marketing of its commodities responsibly either in Public WEB through MRM banners at its outlet shop.

(d) Product Stewardship

MRM products are known by a wide range of consumers who come to buy them in the organization. Most of these products are well packed and weighed in accordance to the standards established.

MRM products are tested and certified by KEBS.

5. Community Engagements

MRM as a company fully engages the community it in offering its services. It also assists with material donation to the less fortunate class of the society. Such materials can be in form of firewood, foodstuff supplied to children's home, and sport activities provided to young people within the community.

10. REPORT OF THE DIRECTORS

The directors submit this report together with the financial statements for the year ended 30th June 2020 which show the state of the Mwea Rice Mills Ltd Company's affairs.

Principal activities

The principal activities of the Company are processing and marketing of milled white rice and the By-products mainly from Mwea Settlement Scheme.

Results

The results of the Company for the year ended 30th June. 2020 are set out on pages 1 to 4 of the financial statements.

Directors

The members of the Board of Directors who served during the year are shown on pages' iv to ix.

The Board of Directors for the Company comprises of;

- i. The Chairman who is also the Chairman of NIA Board of Directors.
- ii. Three representatives of the;
 - i. Alternate Representative to CS National Treasury
 - ii. Alternate Representative to PS State Department of Irrigation, Ministry of Water, Sanitation and Irrigation
 - iii. the office of the Inspectorate of State Corporations as an ex-officio member
- iii. The Managing Director who also serves as the Chief Executive Officer for NIA.
- iv. The Chairman and the Vice Chairman of the Mwea Rice Growers Multi- Purpose Co-operative Society (MRGM).

The farmers' representatives' directorship only ceases once they stop serving in those capacities for the Society.

Mwea Rice Mills Limited

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For the year ended June 30,2020.

Auditors

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

By Order of the Board

Sign 

Ms. Nancy Wambugu
Ag. Company Secretary

Date 15/02/2021

11. STATEMENT OF DIRECTOR'S RESPONSIBILITY

Section 81 of the Public Finance Management Act, 2012 and Companies Act, 2015 require the Directors to prepare financial statements in respect of Mwea Rice Mills, which give a true and fair view of the state of affairs of the Company at the end of the financial year/period and the operating results of the Company for that year/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 Company'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 (period) ended on 30th June 2020. 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 Company;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Company;
- (v) Selecting and applying appropriate accounting policies;
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Company'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 Companies Act, 2015. The Directors are of the

opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended 30th June. 2020, and of the Company'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.

Approval of the financial statements


The *Company's* financial statements were approved on 15/02/2021 and signed on its behalf by:

Sign.....

for

HON. ENG. JOSHUA N. TORO
CHAIRMAN OF THE BOARD

Date...15/02/2021.....

Sign.....

MR. GITONGA MUGAMBI
MANAGING DIRECTOR

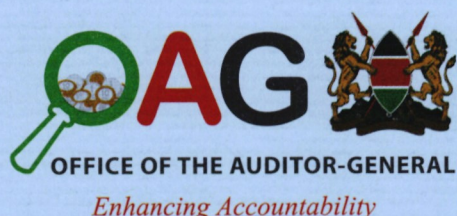
Date...15/02/2021.....

Mwea Rice Mills Limited

Annual Reports and Financial Statements
For the year ended June 30,2020.

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MWEA RICE MILLS LIMITED FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mwea Rice Mills Limited set out on pages 1 to 19, which comprise of the statement of financial position as at 30 June, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Mwea Rice Mills Limited as at 30 June, 2020, 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 Companies Act, 2015.

Basis for Qualified Opinion

1.0 Lack of Ownership Documents and Valuation of Property, Plant and Equipment

The statement of financial position and as disclosed in Note 2 to the financial statements reflects property, plant and equipment balance of Kshs.23,787,285. Included in this balance is an amount of Kshs.9,156,781 relating to buildings which were fully depreciated but had not been revalued. Further, the balance includes a parcel of land acquired in 1992 at a cost of Kshs.280,000 measuring 1.62 hectares or 4.0014 acres which has not been revalued. This is contrary to the International Accounting Standard No.16 which provides for regular revaluation of assets so that the carrying amount of the asset does not differ materially with their fair value, at the end of the reporting period.

In addition, the balance includes houses located in Kilimani area of Nairobi County and a residential building located in Mwea area of Kirinyaga County. However, ownership documents provided for audit indicates that the land on which the houses

in Nairobi are located is registered in the name of a third party while the land on which the building in Mwea is located is registered in the name of the original owners. It was further observed that some of the original owners have subdivided the parcel of land and transferred its ownership to third parties.

Consequently, the accuracy, completeness, valuation, ownership and fair statement of the property, plant and equipment balance of Kshs.23,787,285 could not be confirmed.

2.0 Obsolete Inventory

The statement of financial position and as disclosed in Note 4 to the financial statements reflects inventories with a book value of Kshs.27,741,987. Included in this balance are obsolete spare parts valued at Kshs.15,309,840. Review of the stock sheets reflected Nil balances for spare parts.

Consequently, the inventories balance of Kshs.27,741,987 is overstated by the value of the obsolete spares amount of Kshs.15,309,840.

3.0 Unsupported Adjustment in Trade and Other Receivables

The statement of financial position and as disclosed in Note 5 to the financial statements reflects trade and other receivables balance of Kshs.17,538,163 after provisions. Included in this balance is fixed deposits amount of Kshs.20,421,874 held in Continental Credit Finance - Under Receivership in respect of the principal amount of Kshs.16,815,053 and interest of Kshs.3,606,82. During the year under review, an adjustment of Kshs.3,606,821 to the fixed deposit balance was made without supporting journal vouchers or explanation from Management. Management has made full provision for the principal and interest as at 30 June, 2020.

Consequently, the accuracy and fair statement of the fixed deposits of Kshs.20,421,874 held in Continental Credit Finance - Under Receivership recognized as trade and other receivables could not be confirmed.

4.0 Non-remittance of Outstanding Tax

The statement of financial position and as disclosed in Note 14 to the financial statements reflects trade and other payables balance of Kshs.51,381,944. Included in this balance is tax provision of Kshs.4,234,203 which includes a prior year amount of Kshs.2,069,563. Management has not demonstrated efforts made to pay the tax liability.

Consequently, the Company risks fines and penalties for non-remittance of taxes.

5.0 Unexplained Differences in the Cost of Paddy

As previously reported, review of the cost of sales revealed loss of Kshs.3,924,315 which resulted from variances noted between the Local Purchase Orders (LPOs), stock cards, delivery notes, and goods received notes which reflected a cost of Kshs.569,625, and ledger records which indicated a purchase price of Kshs.4,493,940. Further, the following anomalies which were noted have not been addressed;

- i. Review of records revealed cost of sales of Kshs.11,300,625 in respect of paddy to mills which which was at variance with the reported balance of Kshs.54,669,580 resulting in an unexplained and unreconciled variance of Kshs.43,368,955.
- ii. Included in the cost of sales balance of Kshs.91,996,451 was an unexplained journal balance of Kshs.50,175,640 adjusting paddy to mills.
- iii. The calculated cost of sales for basmati white rice revealed a total of Kshs.9,427,540 which was at variance with the reported amount of Kshs.6,773,700 resulting to an unexplained and unreconciled variance of Kshs.2,653,840.
- iv. The cost of paddy to mills balance increased from Kshs.2,524,903 in the previous year to Kshs.54,669,580 resulting to an unexplained and unreconciled increase of Kshs.52,134,677.
- v. The Company policy is to retain bran meal, chicken feeds and course bran. Recalculation using the recovery rate on paddy milled revealed that the Company produced approximately 123,803.84 Kgs of chicken and 386,761 Kgs of bran meal. However, it was observed that the Company did not maintain any records for these by-products. Management reflected a Nil balance for all the by-products at the end of the year.

Management did not provide explanations about the loss. The matter is still under investigation by the Directorate of Criminal Investigations.

6.0 Unaccounted for Turnover

As previously reported, the following unsatisfactory matters were noted in the audit of the financial year 2018/2019:

- (i) The turnover recorded in the daily revenue book amount of Kshs.55,727,323 differed with the balance of Kshs.33,574,632 reflected in the financial statements resulting in understatement of turnover by Kshs.22,152,691.
- (ii) The daily revenue book reflected an amount of Kshs.25,100,455 differed from the revenue schedule amount of Kshs.33,574,632 resulting to an unexplained and unreconciled variance of Kshs.8,474,177.
- (iii) The Company had in store 9,350 Kgs of discarded broken rice valued at Kshs.1,870,000 which was said to be returns from Uchumi Supermarket. However, there was no documentation to show how the returned goods were taken on charge during the year under review.
- (iv) The basmati rice packet sales amount of Kshs.8,794,530 differed with the computed sales of Kshs.9,582,740 resulting in unaccounted for sales Kshs.788,210.
- (v) The sales of Kshs.33,574,580 made during the financial year 2018/2019 differed with the stock movement of Kshs.47,521,800 and paddy milled of Kshs.54,669,580.

Management did not provide explanations about the loss. The matter is still under investigation by the Directorate of Criminal Investigations.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mwea Rice Mills Limited 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues and have indicated that the issues are under investigations by the Directorate of Criminal Investigations.

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

1.0 Lack of Internal Audit Function and an Audit Committee of the Board

The Company has not established an internal audit function. This is contrary to Section 73 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function. As such the Company did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

Consequently, the Management was in breach of the law.

2.0 Rental Income

The Ministry of Lands submitted a valuation report on market rental rate for Leaders House on Moi Avenue and mansionettes situated at the Junction off Lenana Road and Woodlands Road in Hurlingham, Nairobi. The minimum annual expected rental income as per the valuation report for the year ended 30 June, 2020 was Kshs.16,548,000. However, only Kshs.3,586,188, was realized during the year under review, resulting to a significant shortfall of Kshs.8,882,354 or 53.7%.

Further, the audit revealed that tenants were evicted from Leader House on 10 March, 2020, following which rental income for the month of January and February, 2020, amounting to Kshs.311,366 was not collected. Rent amounting to Kshs.155,683 for the month of October, 2019 was also not collected from all the tenants of Leader House, resulting in under collection of rent for the year under review.

In addition, a tenant continued to occupy the Company's Maisonettes after the expiry of the tenancy lease agreement. Also, lease agreements for Leader House rental property units of the Company were not availed for audit

3.0 Unclear Award of Property Management Services Contract

The Company entered into a contract for the procurement of property management services at a contract price of Kshs.1,756,525 for a period of three (3) years in 2019. In February, 2020, the Company entered into another contract at a contract price of Kshs.12,562,000 for a period of three (3) years. Given that the earlier award was for a period of three (3) years, it is not clear the circumstances under which another procurement of the property management services was carried out within the contract period of the first tender as there was no documentary evidence of termination of the first tender or its non-acceptance.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that Internal Controls, Risk Management and Governance, were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and 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 the 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 my audit;
- (ii) In my opinion, proper books of account have been kept by the Company, so far as appears from the examination of those books; and
- (iii) The Company's statement of financial position and statement of profit and loss and other comprehensive income are in agreement with books of account; and

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 February, 2022

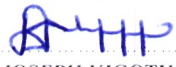
MWEA RICE MILLS LIMITED
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020

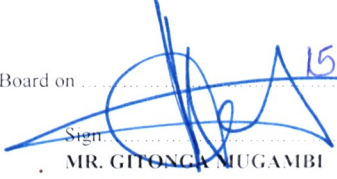
	Note	2019/2020 Kshs	2018/2019 Kshs
Revenue (Turnover)			
Turnover	15	38,987,215	33,574,632
Cost of sales	16	(34,880,515)	(91,996,451)
Gross profit/Loss		4,106,700	(58,421,819)
Other Income	17	5,509,447	3,354,383
Investment Income	18	6,657,649	7,665,646
Surplus/Deficit Revenue		16,273,796	(47,401,790)
Operating Expenses			
Administration Costs	19	(9,919,130)	(11,624,193)
Other Expenses	20	(1,273,994)	(1,731,245)
Board Members Expenses	22	(240,940)	(289,902)
Total Operating Expenses		(11,434,063)	(13,645,340)
Profit/(Loss) before Taxation		4,839,732	(61,047,130)
Tax		(1,451,920)	-
Profit/Loss for the year		3,387,813	(61,047,130)

MWEA RICE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2020

	Note	2019/2020 Kshs	2018/2019 Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	23,787,285	28,623,804
Investment property	3	547,231,139	574,231,139
Total Non-Current Assets		571,018,424	602,854,943
Current Assets			
Inventories	4	27,741,987	23,563,868
Trade and other receivables	5	17,538,163	28,702,923
Cash and Cash Equivalent	6	58,294,415	46,031,907
Kenya Revenue Authority	7	1,952,021	1,952,021
		105,526,586	100,250,719
Total Assets		676,545,010	703,105,662
CAPITAL, FUNDS, RESERVES AND LIABILITIES			
Capital and Reserves			
Share capital	8	5,000,000	5,000,000
General reserve	9	8,700,000	8,700,000
Revaluation reserve	10	547,231,139	574,231,139
Accumulated profits/loss	11	(10,415,976)	(10,798,988)
Total Capital, Funds, Reserves and Liabilities		550,515,163	577,132,151
Long-Term Liabilities			
Capital Fund for Mill Rehabilitation	12	52,610,534	52,610,534
Government Proposed Levy	13	22,037,370	22,037,370
Total Long-Term Liabilities		74,647,904	74,647,904
Current Liabilities			
Trade and other payables	14	51,381,944	51,325,607
Total Current Liabilities		51,381,944	51,325,607
TOTAL EQUITY AND LIABILITIES		676,545,010	703,105,662

The financial statements were approved by the Board on 15/02/2021 and signed on its behalf by:

Sign: 
MR. JOSEPH KIGOTHO
SENIOR ACCOUNTANT
ICPAK M/NO. '17191

Sign: 
MR. GITONGA MUGAMBI
MANAGING DIRECTOR

Sign: 
HON. ENG. JOSHUA N. TORO
CHAIRMAN

DATE: 15/02/2021

DATE: 15/02/2021

DATE: 15/02/2021

MWEA RICE MILLS LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Share capital	General reserve	Accumulated profits	Capital Fund	Revaluation Reserve	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At July 1, 2018						
Profit and Loss Account	5,000,000	8,700,000	50,541,099	52,610,534	109,731,139	226,582,772
Profit year adjustment	-	-	(61,047,130)	-	-	(61,047,130)
Amortization	-	-	(292,957)	-	-	(292,957)
Revaluation gain	-	-	-	-	491,500,000	491,500,000
At June 30, 2019						
	5,000,000	8,700,000	(10,798,988)	52,610,534	574,231,139	629,742,685
At July 1, 2019						
Profit and Loss account	5,000,000	8,700,000	(10,798,988)	52,610,534	574,231,139	629,742,685
Interim Dividends paid 2020	-	-	3,387,813	-	-	3,387,813
Profit year adjustment	-	-	(3,004,800)	-	-	(3,004,800)
Amortization	-	-	-	-	(27,000,000)	(27,000,000)
Revaluation gain	-	-	-	-	-	-
At June 30, 2020						
	5,000,000	8,700,000	(10,415,976)	52,610,534	547,231,139	603,125,697

MWEA RICE MILLS LTD
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30TH JUNE 2020

	2019/2020	2019/2018
	Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from/(used in) operations	3,387,813	(61,047,130)
Prior Year Adjustment	(3,004,800)	-
Depreciation	4,836,519	5,301,719
Increase(Decrease) in Inventories	(4,178,119)	58,424,432
Increase(Decrease) in Receivables	11,164,758	3,653,595
Increase(Decrease) in Payables	56,337	2,677,707
Net cash generated from/(used in) operating activities	12,262,508	9,010,323
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions plant and machinery	-	405,420
Additions Furniture and equipment	-	45,000
Net cash generated from/(used in) investing activities	-	450,420
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	-	-
Net cash generated from/(used in) financing activities	-	-
Increase/ (Decrease) in Cash and Cash Equivalent	12,262,508	8,559,774
Cash and Cash Equivalent at the beginning of the year	46,031,907	37,472,133
Cash and Cash Equivalent at the end of the Year	58,294,415	46,031,907

Ksh.

Prior year adjustments refers to:

1. Dividend declared but not provided for in the FY 2018/2019	
(a) MRGM 45% KSH 1,350,000.00	
(b) NIA 55% KSH 1,650,000.00	3,000,000
2. Rice sales captured as interest income in the FY 2018/2019	4,800
Total	3,004,800

RECURRENT BUDGET FOR MRM LTD FOR THE FINANCIAL YEAR 2019/2020

1. RECURRENT BUDGET DETAILS FOR THE FINANCIAL YEAR 2019/2020							
DESCRIPTION	VOTE	ORIGINAL BUDGET	ADJUSTMENT	FINAL BUDGET	ACTUALS	VARIANCE	%
		2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	
		(KSHS.)	(KSHS.)	(KSHS.)	(KSHS.)	(KSHS.)	
Revenue (A)							
Turnover		42,000,000.00	-	42,000,000.00	38,987,215	3,012,785.00	7%
Other Income		6,000,000.00	-	6,000,000.00	5,509,447	490,553.00	8%
Investment income		7,000,000.00	-	7,000,000.00	6,657,649	342,351.00	5%
TOTAL		55,000,000.00	-	55,000,000.00	51,154,311	3,845,689.00	7%
						-	
						-	
						-	
Expenditure (B)							
Paddy to mills	116	6,900,000.00	-	6,900,000.00	6,565,824	334,176.00	5%
Salaries and Wages- Casuals	956	9,700,000.00	-	9,700,000.00	9,641,100	58,899.60	1%
Salaries and Wages- Production/ Overtime	957	180,000.00	-	180,000.00	172,201	7,799.00	4%
Electricity	914	9,200,000.00	-	9,200,000.00	9,175,824	24,176.06	0%
Buildings mtce -General (Mills)	731	1,720,000.00	-	1,720,000.00	1,701,165	18,834.74	1%
Buildings mtce - Stores	732	400,000.00	-	400,000.00	397,570	2,430.00	1%
P & M Maintenance - miscellaneous	734	180,000.00	-	180,000.00	176,047	3,953.00	2%
Bags and Packing materials	881	1,100,000.00	-	1,100,000.00	1,021,269	78,731.19	7%
P & M Maintenance - mill 5	645	110,000.00	-	110,000.00	103,272	6,728.00	6%
P & M Maintenance - mill 6	646	780,000.00	-	780,000.00	762,598	17,402.00	2%
Basmati white rice purchases	117	400,000.00	-	400,000.00	397,500	2,500.00	1%
Salaries and Wages- Regular Staff	961	2,100,000.00	-	2,100,000.00	2,083,672	16,328.00	1%
Medical Expenses	838	20,000.00	-	20,000.00	19,999	0.80	0%
House allowance	812	170,000.00	-	170,000.00	162,000	8,000.00	5%
Leave & transfer allowance	841	36,000.00	-	36,000.00	35,021	979.00	3%
NSSF	825	80,000.00	-	80,000.00	74,800	5,200.00	7%
Printing and Stationery	832	390,000.00	-	390,000.00	385,838	4,162.00	1%
Travelling Expenses	847	2,800,000.00	-	2,800,000.00	2,798,865	1,135.00	0%
Travel by road	847	24,000.00	-	24,000.00	22,300	1,700.00	7%
Telephone, Postages and Sundries	911	285,000.00	-	285,000.00	283,140	1,860.00	1%
Building mtce- offices	733	350,000.00	-	350,000.00	326,187	23,813.00	7%
Legal & Professional fees/consultancy	839	36,000.00	-	36,000.00	35,000	1,000.00	3%
Audit fees	833	348,000.00	-	348,000.00	348,000	-	0%
Security services	714	450,000.00	-	450,000.00	428,834	21,166.25	5%
Administration & accountancy fee	789	1,540,000.00	-	1,540,000.00	1,534,629	5,371.00	0%
Motor vehicle Mtce.	650	595,000.00	-	595,000.00	586,117	8,883.00	1%
Licences	777	270,000.00	-	270,000.00	262,116	7,884.00	3%
Buildings mtce - Staff houses	734	75,000.00	-	75,000.00	70,166	4,834.00	6%
Uniforms	849	130,000.00	-	130,000.00	129,050	950.00	1%
Bank charges	836	75,000.00	-	75,000.00	68,142	6,858.45	9%
Office Tea	846	325,000.00	-	325,000.00	318,807	6,193.00	2%
Office Beverages	845	16,000.00	-	16,000.00	15,948	52.00	0%
Hire for Transport	837	12,000.00	-	12,000.00	11,623	377.00	3%
Subscriptions and Periodicals	842	45,000.00	-	45,000.00	43,590	1,410.00	3%
Advertising	843	190,000.00	-	190,000.00	187,920	2,080.00	1%
Water Charges	813	18,000.00	-	18,000.00	17,740	259.70	1%
Staff Gratuity	824	225,000.00	-	225,000.00	223,935	1,065.00	0%
Computer Expenses	857	43,000.00	-	43,000.00	41,320	1,680.00	4%
Consumables	875	335,000.00	-	335,000.00	329,028	5,972.00	2%
Oils & Grease	918	3,800.00	-	3,800.00	3,659	141.00	4%
Diesel	916	260,000.00	-	260,000.00	253,124	6,876.00	3%
Petrol	917	24,000.00	-	24,000.00	22,180	1,820.00	8%
Board Members expenses	895	250,000.00	-	250,000.00	240,940	9,060.00	4%
Depreciation	899	5,000,000.00	-	5,000,000.00	4,836,519	163,480.80	3%
						-	
TOTAL EXPENDITURE (B)		47,190,800.00	-	47,190,800.00	46,314,579	876,220.59	2%
						-	

Surplus /Deficit (A- B)		7,809,200		7,809,200	4,839,732	2,969,468	
2. CAPITAL BUDGET FOR THE FINANCIAL YEAR 2019/2020							
DESCRIPTION	VOTE	BUDGET FOR THE FY 2019/2020					
		(KSHS.)					
Office Furnitures (4@ 25,000/=)		100,000.00	-	100,000.00			
Domestic Water Pump		100,000.00	-	100,000.00			
Lawn Mower		50,000.00	-	50,000.00			
Automation		2,000,000.00	-	2,000,000.00			
Dehusker		800,000.00	-	800,000.00			
TOTAL		3,050,000.00	-	3,050,000.00			

ACCOUNTING POLICIES

1 General Information

Mwea Rice Mills Ltd was established by and derives its authority and accountability from the Companies Act Cap. 486. The Company is partially owned by the Government (National Irrigation Authority-55%) and the farmers under their Co-operative Society (Farmers Amalgamated Society-45%).

- i Cost of sales is calculated from the opening stocks plus purchase minus the closing stock.
- ii We provide for bad and doubtful debts that are over 5 years.

The Company's principal activity is processing and marketing of milled white rice and the By-products mainly from Western Kenya Schemes.

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 except for the measurement at re-valued of certain items of property, plant and equipment, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. Preparation of financial statements in conformity with the International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires the management to exercise judgement in the process of applying the Company's accounting policies.

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

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

3 Adoption of New And Revised Standards

- (i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

IFRS 16: Leases

The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Application of IFRS 16 requires right-of-use assets and lease liabilities to be recognised in respect of most operating leases where the Company is the lessee. However, the company did not enter into lease agreements with third parties.

IFRIC 23: Uncertainty Over income tax treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (issued in October 2017)

The amendments, applicable to annual periods beginning on or after 1 January 2020, allow entities to measure prepayable financial assets with negative compensation at amortised cost or fair value through other comprehensive income if a specified condition is met.

Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017)

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that an entity applies IFRS 9, rather than IAS 28, in accounting for long-term interests in associates and joint ventures.

Amendments to IFRS 3 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017.

The amendments, applicable to annual periods beginning on or after 1st January 2020, provide additional guidance on applying the acquisition method to particular types of business combination.

Amendments to IFRS 11 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that when an entity obtains joint control of a business that is a joint operation, it does not re-measure its previously held interests.

Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that all income tax consequences of dividends should be recognised when a liability to pay a dividend is recognised, and that these income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions to which they are linked.

Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.

Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2019)

The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2020, requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity re-measures its net defined benefit liability (asset) in the manner specified in the amended standard.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of ‘obscuring’ material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term ‘material’ to ensure consistency. The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

IFRS 17 Insurance Contracts (Issued 18 May 2017)

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

Amendments to References to the Conceptual Framework in IFRS Standards (Issued 29 March 2019- Applicable for annual periods beginning 1 January 2020)

Together with the revised Conceptual Framework published in March 2019, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2019) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

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

(iii) Early adoption of standards

The Company did not early - adopt any new or amended standard in the year 2019.

4 Summary of Significant Accounting Policies

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

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the company's activities, net of the value-added tax (VAT), where applicable, and when specific criteria have been met for each of the Company's activities as described below;

- (i) Revenue from the sale of goods and services is recognised in the year in which the Company 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 recognised in the year in which the entity actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
The Company does not receive any grants from the National Government.
- (iii) Finance income comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method. Though the Company did not receive such income during the year under review.

(iv) Dividend income is recognised in the income statement in the year in which the right to receive the payment is established. The company Directors did not recommend the payment of dividends for the year ending 30th June 2020.

Rental income is recognised in the income statement as it accrue.

(vi) Other income is recognised as it accrues.

(vii) Financial Risk management

Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate because of the changes in the market such as price fluctuations and changes in exchange rate. However, the Company was not exposed to this risk during the year under audit.

Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Company did not have any Foreign Currency Risk during the year under review.

Credit risk

Credit risk is the risk that a customer will not meet his/her financial instrument or customer contract, leading to a financial loss.

The company was not exposed to this risk during the year under audit.

Liquidity risk

Liquidity risk is the risk that the will not be able to meet its financial obligations when they fall due. capital. The company limits this risk by conservative use of loan capital.

b In-kind contributions

These refers to donations made to the Company 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 can be reliably determined, the Company 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. No such contribution was received in the year under review.

c Property Plant and Equipment

All items of Property, Plant and Equipment are initially measured at cost. After initial recognition they are stated at historical 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. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in carrying amount of the same assets are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

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

(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 costs of ongoing but incomplete works on buildings and other civil works and installations.

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

Buildings	4% p.a
Plant and Machinery	12.5% p.a
Office Equipment and Furniture	12.5% p.a
Motor Vehicles	25% p.a
Workshop Tools	33.5% p.a
Investments (Leader Hse & Maisonnets)	4% p.a
Computers	33.5% p.a

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

MWEA RICE MILLS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2020

2. PROPERTY, PLANT & EQUIPMENT

	BUILDINGS KSHS.	PLANT & MACHINERY KSHS.	WORKSHOP TOOLS KSHS.	SEWERAGE DISPOSAL KSHS.	MOTOR VEHICLES KSHS.	FURNITURE & EQUIPMENT KSHS.	COMPUTERS KSHS.	LAND KSHS.	TOTAL KSHS.
COST:									
AS AT 01.07.2019	13,016,330	157,963,263 405,420	202,461	2,080,313	1,979,999	1,742,427 45,000	2,604,952	280,000	179,869,746
DEPRECIATION:									
AS AT 01.07.2018	10,123,510	130,184,400	202,445	-	1,979,999	1,596,287	2,308,003	-	146,394,644
CHARGE FOR THE YEAR	154,382	4,786,466	4	-	1	94,664	266,189	-	5,301,707
AS AT 30.06.2019	10,277,892	134,970,866	202,449	-	1,979,999	1,690,951	2,574,192	-	146,394,644
N.B.V 30.06.2019	2,738,438	23,397,817	12	2,080,313	-	96,476	30,760	280,000	33,925,521
COST:									
AS AT 01.07.2019	13,016,330	158,413,682	202,461	2,080,313	1,979,999	1,742,424	2,604,952	280,000	180,320,161
ADDITIONAL COST									
AS AT 30.06.2020	13,016,330	158,368,688	202,461	2,080,313	1,979,999	1,787,425	2,604,952	280,000	180,320,168
DEPRECIATION:									
AS AT 01.07.2020	10,277,892	134,970,869	202,461	-	1,979,999	1,690,950	2,574,192	-	146,394,644
CHARGE FOR THE YEAR	154,382	4,600,140	-	-	-	51,237	30,760	-	4,836,519
ELIMINATION OF ACCM									
DEP. ON DISPOSALS									
AS AT 30.06.2020	10,432,274	139,571,009	202,461	-	1,979,999	1,742,187	2,604,952	-	156,532,883
NET BOOK VALUE:									
AS AT 30.06.2020	2,584,056	18,797,679	-	2,080,313	-	45,237	-	280,000	23,787,285
AS AT 30.06.2019	2,738,438	23,397,817	12	2,080,313	-	96,476	30,760	280,000	28,623,815

(e) Intangible assets

Intangible assets comprise purchased computer software licences, which are capitalised on the basis to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually of costs incurred to acquire and bring over three years. However, the company did not incur such expenses in the year under audit.

(f) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

(g) Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the entity, are classified as investment property under non-current assets.

(h) Leases

Leases which confer substantially all the risks and rewards of ownership to the entity are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and the asset is subsequently accounted for in accordance with the accounting policy applicable to that asset.

All other leases are treated as operating leases and the leased assets are recognised in the statement of financial position to the extent of prepaid lease rentals at the end of the year. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. The Company did not acquire any asset under lease during the year under review.

(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 traded at the Nairobi Securities Exchange. The bonds are interest income upon the bond's disposal or maturity. Fixed interest investments are freely measured at fair value through profit or loss. The company did not trade in any interest investments during the year under review.

(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. The company did not trade in any interest investments during the year under review.

(k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities. The company did not trade in any interest investments during the year under review.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges, and is determined on the moving average price method.

(m) Trade and other receivables

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

(n) Taxation

Current income tax

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

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures. Deferred tax assets are recognized only 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.

(o) Cash and cash equivalents

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

(p) 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 on settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project. However, there were no such borrowings within the year under review.

(q) Trade and other payables

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

(r) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees. 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 a Ksh. 200. per employee per month.

(s) Provision for staff leave pay

Employees' entitlements to annual leave are recognised as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date. However, no provision is made in the year under review since all leave pay is paid in the same year it is earned.

(t) Exchange rate differences

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

(u) Budget information

The original budget for FY 2019-2020 was approved by the Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas, the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the 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 the Company 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 page 5 of these financial statements.

(v) 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.

(w) Comparative figures

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

(x) 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, 2020.

5 Significant Judgements and Sources of Estimation Uncertainty

The preparation of the Company'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. The judgements, estimates and assumptions made in the financial year under review include:

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 Company. Such changes are reflected in the assumptions when they occur.

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 Company
- .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
- .Changes in the market in relation to the asset

Provisions

Provisions were raised and management did not see the need to make a further provision since the current debtors are active. Additional disclosure of these estimates of provisions is included in Note 5.

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.

6 EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit after tax by the average number of ordinary shares in issue during the year under review. However, no dividends were declared during the year under review.

7 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). Dividends were not declared during the year under review.

8 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.

9 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. However, there were no such transactions during the financial year under review.

10 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.

11 INCORPORATION

The entity is incorporated in Kenya under the Kenyan Companies Act 2015 and is domiciled in Kenya.

12 EVENTS AFTER THE REPORTING PERIOD

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

13 CURRENCY

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

3 INVESTMENT PROPERTY

	2019/2020	2018/2019
	KSHS	KSHS
Cost/Revaluation		
As at 1st July 2018	675,000,000	183,500,000
As at 30th June 2019	675,000,000	183,500,000
Depreciation		
As at 1st July 2018	73,768,861	68,715,464
Revaluation		
Charge for the year	27,000,000	5,053,397
As at 30th June 2019	100,768,861	73,768,861
N.B.V as at 30th June 2019	<u>574,231,139</u>	<u>109,731,139</u>
Cost/Revaluation		
As at 1st July 2019	675,000,000	675,000,000
As at 30th June 2020	675,000,000	675,000,000
Depreciation		
As at 1st July 2020	100,768,861	73,768,861
Charge for the year on revaluation	27,000,000	27,000,000
As at 30th June 2020	<u>127,768,861</u>	<u>100,768,861</u>
N.B.V as at 30th June 2020	<u>547,231,139</u>	<u>574,231,139</u>
N.B.V as at 30th June 2019	<u>574,231,139</u>	<u>109,731,139</u>

4 INVENTORIES

	2019/2020	2018/2019
	KSHS	KSHS
Spare parts	16,454,850	15,309,840
Bags and packing materials	2,446,484	2,864,593
General store	885	191,671
Rice paddy	8,134,050	4,536,000
By Product	49,310	155,200
Milled Rice	585,760	454,560
Stationery Store	70,647	52,004
	<u>27,741,987</u>	<u>23,563,868</u>

5 TRADE AND OTHER RECEIVABLES

	2019/2020	2018/2019
	KSHS	KSHS
Trade debtors	17,434,448	17,084,502
Staff debtors	41,506	45,533
Interest from Bank receivable	3,606,821	3,606,821
Refundable Deposits	80,920	80,920
Intercompany debtors		11,510,680
Continental Credit Finance (Under receivership)	16,815,053	16,815,053
	<u>37,978,748</u>	<u>49,143,509</u>

LESS PROVISION FOR DOUBTFUL DEBTS

Provision on interest from deposits	3,606,821	3,606,821
Provision on trade debtors	18,712	18,712
Provision on Continental Credit Finance	16,815,053	16,815,053
	<u>20,440,586</u>	<u>20,440,586</u>
	<u>17,538,163</u>	<u>28,702,923</u>

The non current deposits were deposited with Continental Credit Finance Limited which has since been placed under receivership. The recovery of the deposits still remain uncertain.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

	2019/2020	2018/2019
	KSHS	KSHS
6 CASH & CASH EQUIVALENT		
BBK QUEENSWAY (NBI) A/C 0945035838	42,619,688	44,916,399
KCB Wanguru A/C 1103971387	13,775,108	-
Cash in hand - factory imprest	1,899,619	858,672
	<u>58,294,415</u>	<u>45,775,071</u>

	2019/2020	2018/2019
	KSHS	KSHS
7 TAX RECOVERABLE		
Balance brought forward	<u>1,952,021</u>	<u>1,952,021</u>
Balance carried forward	<u>1,952,021</u>	<u>1,952,021</u>

Since the tax of ksh.8,784,785 was calculated and agreed by the tax consultant and KRA, the amount was transferred to the debtors' account. However the balance to date is Ksh. 1,952,021.

	2019/2020	2018/2019
	KSHS	KSHS
8 SHARE CAPITAL		
Authorised and fully paid 250,000 ordinary shares of Kshs 20/= each. The shareholding is as follows :	5,000,000	5,000,000
National irrigation Authority - 55%		
Mwea Rice Mills Ltd - 45%		

9 GENERAL RESERVE

The Company used to transfer part of its profits made to the general Reserve and would utilise such reserves to pay dividends when the Company made losses. An amount of Kshs 8,700,000.00 remains unutilized to-date.

	2019/2020	2018/2019
	KSHS	KSHS
10 REVALUATION RESERVE		
Revaluation of Maisonettes	500,000,000	500,000,000
Revaluation of Leader House	175,000,000	175,000,000
Depreciation of Revalued assets	(127,768,861)	(100,768,861)
Net book Value	<u>547,231,139</u>	<u>574,231,139</u>

	2019/2020	2018/2019
	KSHS	KSHS
11 ACCUMULATED PROFIT/(LOSS)		
Balance b/f	(10,798,988)	50,541,099
Pior Year adjustment	(3,004,800)	(292,828)
Profit/(loss) for the year	3,387,813	(61,047,130)
Balance c/f	<u>(10,415,976)</u>	<u>(10,798,988)</u>

12 CAPITAL FUND FOR MILL REHABILITATION

Capital Fund Ksh.52,610,534.00 for mill rehabilitation is a levy based on kilograms of rice milled for the National Irrigation Authority by Mwea Rice Mills. The levy was to be used for rehabilitating the mills. The Authority has since shed off non-core functions like processing and marketing of rice and therefore, the levy is no longer chargeable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

13 NON- CURRENT LIABILITY	2019/2020	2018/2019
	KSHS	KSHS
Government proposed levy **	22,037,370	22,037,370
	<u>22,037,370</u>	<u>22,037,370</u>

Government Proposed levy was a levy imposed on Mwea Rice Mills Ltd to be paid to the National Irrigation Authority. The levy was to help the Board meet the Development Loan Principal and Interest Repayments. However, the levy was stopped in 1988 when the National Irrigation Authority started marketing rice.

14 TRADE AND OTHER PAYABLES	2019/2020	2018/2019
	KSHS	KSHS
Audit fees provision	1,392,000	1,044,000
Staff Liabilities	798,879	798,879
Tax provision	3,521,483	2,069,563
NIA current account (Inter-Co. - Creditors)	42,459,500	44,115,151
Trade	3,210,081	3,298,014
	<u>51,381,944</u>	<u>51,325,607</u>

15 TURNOVER	2019/2020	2018/2019
	KSHS	KSHS
Broken rice sales	106,806	44,500
Basmati packets sales	9,036,395	8,794,530
Bran meal sales	6,622,411	3,635,889
Course Bran	6,400	-
Chicken feed sales	1,131,252	663,673
Milling Income	22,083,951	20,436,040
	<u>38,987,215</u>	<u>33,574,632</u>

16 COST OF SALES	2019/2020	2018/2019
	KSHS	KSHS
Paddy to mills	6,565,824	54,669,580
Salaries and Wages- Casuals	9,641,100	6,391,017
Salaries and Wages- Production/ Overtime	172,201	78,000
Electricity	9,175,824	10,861,878
Buildings mtce -General	1,701,165	225,357
Buildings mtce - Stores	397,570	2,991,187
Depreciation - Buildings	154,382	154,382
Hire of Transport	11,624	-
P & M Maintenance - miscellaneous	176,047	1,257,492
Depreciation - Equipment	4,600,140	4,786,466
Bags and Packing materials	1,021,269	332,340
P & M Maintenance - mill 5	103,271	2,009,805
P & M Maintenance - mill 6	762,598	1,465,247
Basmati white rice purchases	397,500	6,773,700
	<u>34,880,515</u>	<u>91,996,451</u>

17 OTHER INCOME	2019/2020	2018/2019
	KSHS	KSHS
Rental Income	3,586,188	1,964,611
Miscellaneous Income	628,959	367,772
Storage Income	1,294,300	1,022,000
	<u>5,509,447</u>	<u>3,354,383</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2019/2020	2018/2019
	KSHS	KSHS
18 INVESTMENT INCOME		
Leader House	777,049	1,784,946
Massionettes	5,880,600	5,880,700
	<u>6,657,649</u>	<u>7,665,646</u>

	2019/2020	2018/2019
	KSHS	KSHS
19 ADMINISTRATIVE EXPENSES		
(a) Staff costs		
Salaries and Wages- Regular	2,083,672	2,393,356
Medical Expenses	19,999	24,999
House allowance	162,000	210,000
Leave & transfer allowance	35,021	54,718
Salaries & Wages-Gratuity	223,935	-
NSSF	74,800	19,200
sub-total	<u>2,599,427</u>	<u>2,702,273</u>
(b) Administrative costs		
Printing and Stationery	385,838	123,867
Travelling Expenses	2,798,865	1,632,990
Travel by road	22,300	29,100
Telephone, Postages and Sundries	283,140	190,500
Building mtce- offices	326,187	32,659
Legal & Professional fees/consultancy	35,000	928,250
Audit fees	348,000	348,000
Security services	428,833	2,070,708
Licences	262,116	-
Administration & accountancy fee	1,534,629	1,365,446
Computer expenses	41,320	
Motor vehicle Mtce.	586,117	525,280
Office Machinery Expenses	-	17,284
Buildings mtce - Staff houses	70,166	1,575,659
Uniforms	129,050	10,530
Bank charges	68,142	71,647
sub-total	<u>7,319,703</u>	<u>8,921,920</u>
Total	<u>9,919,130</u>	<u>11,624,193</u>

	2019/2020	2018/2019
	KSHS	KSHS
20 OTHER EXPENSES		
Depreciation on Vehicles	-	1
Office Tea	318,807	201,196
Office Beverages	344,976	-
Consumables	-	-
Subscriptions and Periodicals	43,590	45,840
Bicycles mtce	-	10,800
Depreciation - Furniture & Fittings	51,237	94,551
Marketing	-	24,000
Advertising	187,920	-
Water Charges	17,740	-
Depreciation on Computer & Accessories	30,760	266,189
Oils & Grease	3,659	475
Diesel	253,124	625,780
Petrol	22,180	500
Rates	-	461,913
Total	<u>1,273,994</u>	<u>1,731,245</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

21 DEPRECIATION CHARGE FOR THE YEAR	2019/2020	2018/2019
	KSHS	KSHS
Fixed Assets Movement schedule	4,836,519	5,301,707
	<u>4,836,519</u>	<u>5,301,707</u>

22 BOARD MEMBERS EXPENSES	2019/2020	2018/2019
	(KSHS)	(KSHS)
Sitting Allowance	170,000	152,000
Accommodation allowance	16,000	48,000
Travel Expenses	19,040	37,902
Lunch Allowance	35,900	52,000
Total	<u>240,940</u>	<u>289,902</u>

23 RELATED PARTY TRANSACTIONS

- (a) National irrigation Authority owns 55 % shares in Mwea Rice Mills. The other 45 % is owned by Mwea farmers. there is an agreement between NIA and farmers for the former to provide administrative and accountancy services, after which NIA charges for the same at the rate of 3% of the gross revenue for the year.
- (b) The Company's board of directors and the management did not have any related party transactions with the company within the year under audit. However, there are some transactions between the Company and the NIA. as shown in note 14.

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref. to Appendix I

Reference No	Issue	Management Comments	Focal Point person to resolve	Status	Timeframe
Qualification Issues					
1. Presentation and Accuracy of the Financial Statement					
1.1	Cost of Sales- Variance in Paddy Purchase	Management handed over to Director of Criminal Investigation who are still handling the case.	Manager MRM Ltd.	Not resolved	30/06/2021
1.2	Mills and Milled Rice	Management handed over to Director of Criminal Investigation who are still handling the case.	Manager MRM Ltd.	Not resolved	30/06/2021
1.3	Failure to maintain Accountable Documents for By-Products	Management handed over to Director of Criminal Investigation who are still handling the case.	Manager MRM Ltd.	Not resolved	30/06/2021
1.4	Un-accounted for Turn-over	Management handed over to Director of Criminal Investigation who are still handling the case.	Manager MRM Ltd.	Not resolved	30/06/2021
1.5	Unexplained reduction in Basmati Packets sales compared to stock	Management handed over to Director of Criminal Investigation who are still handling the case.	Manager MRM Ltd.	Not resolved	30/06/2021
2. Plant, Property and Equipment					
2.1	Fully depreciated Assets	The Assets will be revalued in this current financial year 2020/2021	Manager MRM Ltd.	Not resolved	30/06/2021
2.2	Undervaluation of Land in Wanguru (Mwea)	Management is still waiting to act on the findings once provided	Manager MRM Ltd.	Not resolved	30/06/2021
2.3	Property without Ownership Documents	The application for the new ownership documents is in progress and will be ready in the next audit.	Manager MRM Ltd.	Not resolved	30/06/2021
3. Inventory Management.					
3.1	Missing/ Unaccounted Inventory	Management handed over to Director of Criminal Investigation who are still handling the case.	Manager MRM Ltd.	Not resolved	30/06/2021
3.2	Obsolete Inventory	Management will present a Board Paper to the Board in the current Financial year 2020/2021	Disposal Committee	Unresolved	30/06/2021
4. Trade and Other Receivables.					
4.1	Long Outstanding Trade Debtors	The Management has written letters to the debtors asking them to settle their debts.		Resolved	30/06/2021
4.2	Continental Credit Finance (Under Receivership)	The management under the directorship of the Board has planned to follow up this issue with the official receiver within this current financial year 2020/2021		Not resolved	30/06/2021
5. Trade and other Payables.					
5.1	Unreconciled Intercompany Transactions	Reconciliation is currently on going and once finalized, the carrying amount will be adjusted	Finance	Resolved	30/06/2021
5.2	Non-remittance of Outstanding Tax Ksh. 2,069,563	The matter will be resolved once filing is done for the current year. Penalties and interest if established will be adjusted in the books, negotiated with Kenya Revenue Authority and will be resolved as per the agreement		Not resolved	30/06/2021
5.3	Taxation- Kenya Revenue Authority	The company has not been refunded by Kenya Revenue Authority		Not resolved	30/06/2021

6	Share Capital	Copies of share certificates and minutes' extract to support the share ownership between NIA(55%) and Mwea Farmers Co-op Society (45%) have been provided.	Finance	Resolved	30/06/2021
7. Long term Liability					
7.1	Capital Fund for Mill Rehabilitation	The management is to present a Board Paper to the Board in this current financial year 2020/2021		Not resolved	30/06/2021
7.2	Government Proposed Levy	The management is to present a Board Paper to the Board in this current financial year 2020/2021		Not resolved	30/06/2021
Emphasis of Matter					
1. Budget and Budgetary Controls					
1.1	Under-collection of revenue	Management handed over to Director of Criminal Investigation who are still handling the case.		Not resolved	30/06/2021
1.2	Under-collection of Rental Income	The property manager is on board managing the two properties		Resolved	30/06/2021
Internal Control and Governance					
1. Internal Control Weakness					
1.1	No Documented Policy/ Guidelines that Directs the Operations of the Entity				30/06/2021
1.2	Internal Audit	The Internal Audit conducted carried out a comprehensive routine audit of the Mwea Rice Mills Ltd. for the period October 2018 to April 2019 and prepared a report on the findings.		Resolved	30/06/2021



APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Project title	Project Number	Donor	Period/ duration	Donor commit ment	Separate donor reporting required as per the donor agreement (Yes/No)	Consoli dated in these financia l stateme nts (Yes/No)
1						
2						

During the financial year under review, there were no projects implemented by MRM Ltd

Status of Projects completion

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

During the financial year under review, there were no projects implemented by MRM Ltd

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of Irrigation.				
FY 2019/2020				
a.	Recurrent Grants			
		Bank Statement Date	Amount	Indicate the FY to which the amounts relate
			xx	
			xx	
			xx	
		Total	XXX	
b.	Development Grants			
		Bank Statement Date	Amount	Indicate the FY to which the amounts relate
			xx	
			xx	
			xx	
		Total	XXX	
c.	Direct Payments			
		Bank Statement Date	Amount	Indicate the FY to which the amounts relate
			xx	
			xx	
			xx	
		Total	XXX	
d.	Donor Receipts			
		Bank Statement Date	Amount	Indicate the FY to which the amounts relate
			xx	
			xx	
			xx	
		Total	XXX	

During the financial year under review, there were no inter- entity transfers

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

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

There were no transfers from other government entities during the year under review.