REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

NEW KENYA PLANTERS CO-OPERATIVE UNION PLC (NEW KPCU)

FOR THE YEAR ENDED 30 JUNE, 2024

NEW KENYA PLANTERS
CO-OPERATIVE UNION

NEW KENYA PLANTERS CO-OPERATIVE UNION (NEW KPCU Plc)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2024

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

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1. Acronyms and Glossary of Terms

MOC&MSMEs	Ministry of Cooperatives & Micro, Small and Medium Enterprises
NEW KPCU PLC	New Kenya Planters Cooperative Union Public Limited Company
FCS	Factory Cooperative Society
DSS	Direct Sales & Settlement
CCARF	Coffee Cherry Advance Revolving Fund
IFRS	International Financial Reporting Standards
MD	Managing Director
NT	National Treasury
PFMA	Public Finance Management Act.
PSASB	Public Sector Accounting Standards Board

2. Key Entity Information

a) Background information

The New KPCU PLC was established as a State Corporation under the State Corporations Act Cap 446 and incorporated as a Public Limited Company pursuant to the provisions of the Company's Act 2015, on 4th Day of November, 2019. At Cabinet level, the New KPCU PLC is represented by the Cabinet Secretary for MOC & MSMEs Development, who is responsible for general sectoral policy and strategic direction of the company. The company is domiciled in Kenya and has branches in Nairobi, Sagana, Meru, Tala, Kisii, Bungoma and Kitale.

b) Principal Activities

The principal activities for which New KPCU PLC was established to perform include the following:

(i) Coffee Milling'
(ii) Coffee warehousing
(iii) Farmers coffee marketing
(iv) Optimum utilization of assets
(v) Processing, disbursement and recovery of CCARF
(vi) Agronomy and field extension services

Vision

To be the leading institution in the coffee industry offering innovative products and services.

Mission

To provide coffee farmers with affordable products and efficient services along the coffee value chain for their social and economic transformation.

Core Values

- Transparency and Accountability
- Traceability
- Integrity
- Farmer centric
- Team work and commitment
- Professionalism

c) Directors

The underlisted Directors served on the company's Board during the financial year 2023/2024 were as follows:

1.	Mr. Daniel Chemno	Chairman	Appointed on 10th Feb, 2023
2.	Ms. Esther Kariuki	Member	Appointed on 13th May,2022
3.	Mr. Charles Rintaungu	Member	Appointed on 13th May,2022
4.	Ms. Gloria Wamalwa	Member	Appointed on 13th May,2022
5.	Mr. Thomas Masila	Member	Appointed on 13th May,2022
6.	Ms. Angelica Gitonga	Member	Appointed on 7th Sept, 2023
7.	Mr. Eric Cherop Koima	Member	Appointed on 7th Sept, 2023
8.	Mr. Benson Njoroge	Member	Appointed on 7th Sept, 2023
9.	Ms. Joyce Nkirote	Alternate to PS SDC	
10.	Mr. Festus Marangu	Alternate to IG SC	
11.	Mr. Moses Irungu Kibugi	Alternate to CS NT	

d) Corporate Secretary

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

e) Registered Office

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

Key Entity Information (continued)

f) Corporate Headquarters

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

g) Corporate Contacts

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

h) Corporate Bankers

1. Co-operative Bank of Kenya,
   Haile Selassie Avenue,
   P.O. Box 48231-00100,
   Nairobi,
   KENYA

2. Other Bankers:
   None

i) Independent Auditors

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

j) Principal Legal Advisers

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

3. The Board of Directors

Ref	Directors	Details
1.		**Mr. Daniel Chemno** was born on 18th January 1965. He was appointed on the 10th of February 2023. He is the chairman of New Kenya Planters Co-operative Union Board of Directors. Daniel Chemno holds an MBA in management from ALIAS Philippines, a BBA in Management from Baraton University. He worked as the Deputy Governor in Uasin Gishu County for two terms, 2013 – 2022.
2.		**Esther Nyambura Kariuki** was born 15th September, 1981. She was appointed on 13th of May 2022. She holds a Bachelor of Arts Communications and Sociology Degree from the University of Nairobi. She is also currently pursuing a qualification as a Certified Financial and Investment Analyst from KASNEB and a Master's Degree in Gender & Development Studies. She is currently the Head, Agribusiness, Co-operative Bank of Kenya. She is the Chair of the Technical / Commercial Committee and is a member of the Audit & Risk Committee. She is an independent Director.
3.		**Charles Mutwiri Rintaugu** was born on 03rd March 1959. He was appointed on 13th of May 2022. He is a member of the Technical / Commercial Committee as well as the HR, Compliance & Governance Committee. He is an Estate Farmer and owns Mukarimu Estate. He is an independent Director

4.		**Gloria Wamalwa Gummerus** was born on 01st April, 1971. She was appointed on 13th of May 2022. She is a member of the Technical / Commercial Committee and the Audit & Risk Committee. She is a Estate Farmer and is the CEO of Sakami Coffee Ltd. She is also a Founder Member of Women in Coffee Kenya Chapter. She is a skilled coffee cupper and roaster. She is an independent Director.
5.		**Thomas Masila** was born on 20th August 1976. He was appointed on 13th May 2022. He is the Chair of the Audit & Risk Committee and a member of the HR, Compliance & Governance Committee. He has a Master's Degree in Project Planning and Management from the University of Nairobi, Bachelors of Education Degree in Art, Accounting and Economics from the University of Nairobi and Diploma in Co-operative Management from Kabete Campus. He is an Estate Coffee Farmer and proprietor of Mbandi Estate. He is an independent Director
6.		**Angelica Gatiiria Gitonga (MSC, BCOM, CHRP-K, MIHRM, AIMIS, CPT, PhD, STUDENT)** was born on 14th February 1973. She was appointed on 7th of September 2023. She holds a master of Science, Human Resources Management from Kenyatta University, Bachelor of commerce in Human Resource Management and is a Certified Human Resource Professional and Practitioner – Certificate No. 13821 and a Certified Professional Trainer. She is currently a lecturer at KCA University andCollege of Human Resource Management and a Director and Honorary secretary of Bibilia SACCO Ltd. She is the Chair of the HR, Compliance and Governance Committee. She is an independent Director

7.		**Eric Cherop Koima** was born on 21st July 1967. He was appointed on 7th September 2023. He holds a Diploma in Education management and a Diploma in special needs education. He is an independent Director
8.		**Benson Njoroge Ndungu** was born on in 5th April 1970. He was appointed on 13th September 2023. He was appointed on He is an Agronomist with holds a Bachelor of Science in Agriculture from the University of Nairobi. He is currently a Member of the Board of Kagwe Tea Factory Company Ltd. He is also a Consultant and Trainer in Agribusiness, Farm Management and Agronomy. He is the Chairperson of the Finance, Strategy and Resource Mobilization Committee. He is an independent Director.
9.		**JOYCE NKIROTE KINUU** is **Alternate member to PS, Ministry of Cooperatives and MSMES. She is** Head of the Legal Unit, State Department for Co-operatives. She is a member of all the Board Committees. She holds Bachelor of Social and Legal Sciences (BSL) Bachelor of Law (LLB) from University of Pune under. Masters of Law from University of Nairobi and Post Graduate Diploma in Law from the Kenya School of Law. She worked as a State Counsel at Office of the Attorney General and Department of Justice, Department of Advocates Complaints Commission [2011-2018] her duties included providing legal advice on complaints of professional misconduct against advocates; providing researched legal opinions; analysing and investigating complaints of professional misconduct against advocates; subjecting complaints of professional misconduct against advocates to Alternative Dispute Resolution (ADR) mechanism; prosecution of complaints of professional misconduct against advocates at the Advocates Disciplinary Tribunal; organizing and

		conducting stakeholders workshops, public sensitization and legal aid clinic programmes in the counties. She is an alternate Director from the office of the Attorney General.
10.		**Mr. Festus Marangu,** Deputy Inspector – General, Inspectorate of State Corporations **an altenate representing the Inspector General of State Corporations.** Festus Marangu was born in 1964 and holds a MSc in Governance and Leadership, MPhil in International Humanitarian Law, bachelor of Arts in Communication and Community Development.
11.		**Mr. Moses Irungu Kibugi is an alternate member from The National Treasury.** He is a Principal Finance Officer at the National Treasury. Moses was born in 1978 and holds an MBA in Forensic accounting and auditing from Moi University, Bachelor Philosophy in Applied Statistics and a Higher Diploma in applied statistics.
12.		Mr.Timothy M. Mirugi is he Managing Director and was appointed on the 3rd of January 2023. He holds • Masters in Business Administration, Strategic Management - Kenyatta University: 2014 to 2019 • Bachelor of International Business Administration - Makerere University Business School: 2003 to 2006 • St. Paul's Mbale College Uganda-Uganda Advanced Certificate of Education: 2001 to 2002 • Customer Service training at Horizons Ltd • Import Export training course in China

13.		**Mr. Suleiman Wandati, is the Company Secretary.** • BAL, LLB • Post Graduate Diploma from the Kenya school of law • Certified Professional Mediation • Certified Public Secretary from Kasneb (Ongoing) • Member of the Kenya Association of Cooperatives

4. Key Management Team

	Management	Details
1.	 **Mr. Timothy M. Mirugi** **Managing Director**	• Masters in Business Administration, Strategic Management - Kenyatta University: 2014 to 2019 • Bachelor of International Business Administration - Makerere University Business School: 2003 to 2006 • St. Paul's Mbale College Uganda-Uganda Advanced Certificate of Education: 2001 to 2002 • Customer Service training at Horizons Ltd • Import Export training course in China
2.	 **M/s Angeline W. Ndambuki** **Head of Production**	• Higher Diploma in Human Resource Management • Bachelor of Business Administration - Human Resource Management • Diploma in Computer Studies • Diploma in Business Administration • Certificate - Balanced Scorecard Training • Counselling Certificate
3.	 **M/s Gladys N. Mwangi** **Head of Accounts.**	**Head Accounts/Accounts** • CPA (K). • B.com (Finance Option). • SMC at Kenya School of Government, • Preparation of Financial statements (ESAMI, Uganda), • Financial Management and Good Governance (Denmark) • Harmonized Cash Transfer (HACT), Integrated Financial Management Information System (IFMIS), • Computer Proficiency, which includes computerized accounting packages. Above all, she has a wealth of experience having worked for over 20 years in the civil service.

4.	 **M/s Juneva K. Mugambi** **Head of Supply Chain Management.**	**Head Supply Chain Management** • Bachelors of Purchasing and Supplies Management • Diploma Purchasing and Supplies • KISM(Kenya Institute of Supplies Management Member No. 81618
5.	 **Mr. Stephen Mbenda** **Head of Human Resource**	• Higher Diploma in Human Resource Management from the Institute of Human Resource Management (IHRM) • Senior management course (SMC) from Kenya School of Government • Strategic Human Resource Management course from Kenya School of Government.
6.	 **M/s Glory Kamungi** **Head of Administration**	• Masters of Art in Project Planning and Management • Bacholor of Education (Arts) • Administrative Officers Exam – Public Service Commission • Senior Management Course – Kenya School of Government
7.	 **Mr. Suleiman Wandati**	• BAL, LLB • Post Graduate Diploma from the Kenya school of law • Certified Professional Mediation • Certified Public Secretary from Kasneb (Ongoing) • Member of the Kenya Association of Cooperatives

	Company Seceretary/Head of Legal Affairs	
8.	 **Viscount Amiani Head of ICT**	• Bachelor of Science (Computor Engineering) • Microsft Systems Administrator • Member of Computor Society of Kenya
9.	 **Godfrey Kirimi Head of Internal Audit**	• Bachelor of Business Administration • CPA (K) • Certified Forensic Fraud Examiner (CFFE) – Level 1 • Senior Management Course – Kenya School of Government • Supervisory Skills Development – Kenya School of Government • Member ICPAK • Member Institute of Intenal Auditors

5. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Board of Directors	**Board Members**
2.	Fund Administrator	**Mr. Timothy Mirugi**
3.	Head of Production	**M/s Angeline Ndambuki Wambui**
4.	Head of Finance and Accounts	**CPA, Gladys Mwangi**
5.	Head of Human Resource	**Stephen Mbenda**
6.	Head of Legal Affairs	**Suleiman Wandati**
7.	Head of Administration	**M/s Glory Kamungi**
8.	Head of ICT	**Viscount Amiani**
9.	Head of Supply Chain	**M/s June Kawira**
10.	Head of Internal Audit	**Godfrey Kirimi**

6. Fiduciary Oversight Arrangements

i) Audit and Risk Committee -Board of Directors select Audit and Risk committee which reviews the controls, risk management and governance processes.

ii) Finance committee- Board of Directors finance select committee

iii) Technical and Commercial Committee – Board of Directors Technical and Commercial Committee

iv) Special Funds Parliamentary Oversight Committees – Parliamentary Oversight Committee on Agriculture.

7. Chairman's Statement

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

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

The New KPCU Plc. milled, warehoused and marketed coffee worthy Kshs. 5.14 billion on behalf of the farmers which is an improvement from Kshs. 878 million disbursed in the previous year. Though the New KPCU Plc continues to be bogged down by the not so pleasant history of the KPCU (in liquidation), new approach in coffee farmers relationship and engagement which ensures openness, transparency, presence of the coffee farmers during the milling, grading and quality determination have enabled gradual return by farmers and hence with increased sensitization, awareness creation and inter-governmental engagement, confidence in New KPCU Plc will rise. I envision a rise in coffee milled in double annually as adequate resources are allocated in the publicity and marketing campaigns.

The Company have great potential in engaging farmers for milling, Handling, Marketing, Warehousing and Storage services. The milling capacity is enormous whereas we have coffee farmers unable to have their coffee milled for lack of capacity in various places across the region.

I wish to thank the Directors and the Staff for their solid resolve to ensure the coffee subsector is back to its former glory and increasingly impacting on the coffee farmers' incomes positively.

Daniel K. Chemno
Chairman
Board of Directors

8. Report of the Chief Executive Officer/ MD/ DG

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

Its key role is recognized in the Government's efforts in alleviating poverty and is central to the agricultural sector's contribution towards the realization of Kenya's Vision 2030, the Big 4 Agenda and the Bottom-Up Economic Transformation Agenda (BETA).

New KPCU Plc has developed robust strategies aimed at improving the overall coffee production in the country from the current national average of 2kg per tree to 10 kg per tree in the year 2022 to 2025. To achieve the above key performance areas have been identified areas which include; Agronomy support in crop husbandry, technical support in primary processing, milling, warehousing, marketing, improved access to affordable and sustainable cherry advances to coffee farmers, implementation of sustainable coffee farm inputs subsidy program and managing of company assets for sustained operations.

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

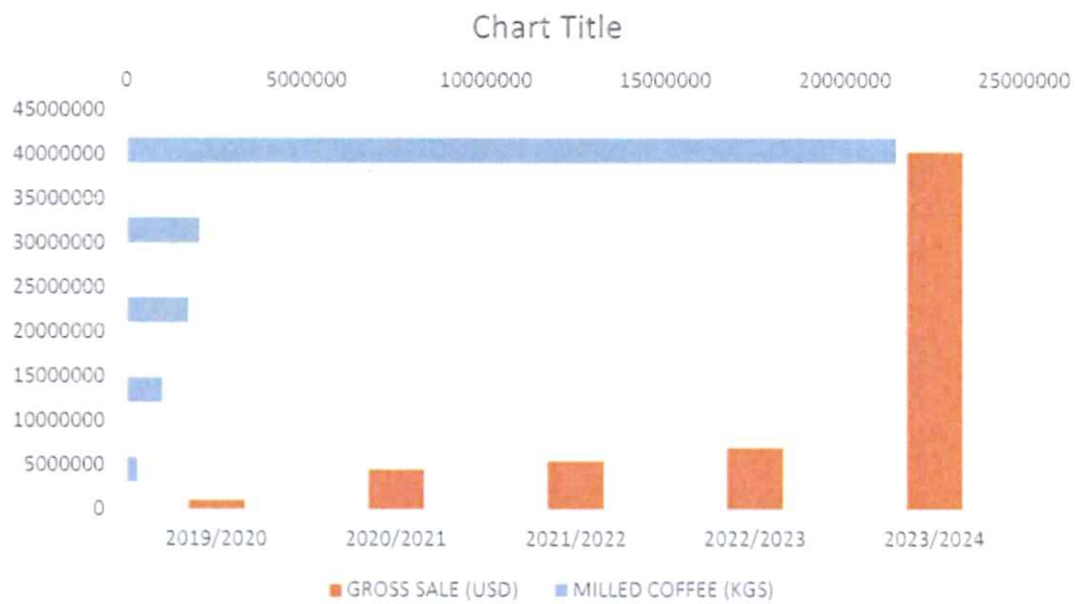
There has been tremendous improvement in all key result areas as the performance and financial position demonstrates the same. These results were achieved through the concerted efforts of the staff dedication and commitment to serve, with the ultimate goal of full disclosure, accountability and transparency.

We look forward to an improved performance on milling and marketing services and increased coffee grades and quality due to increased agronomy support. Much emphasis will be put in building and warehouses upgrade, refurbishment and modernisation. This works includes; removal and disposal of asbestos in all our warehouses, refurbishment and modernisation of warehouses and headquarters, trenches and drainage clearance, bush clearing, protection of branches premise against encroachment, building of perimeter walls and setting up of security measures and systems. The union intends to implement its recently approved human resources instruments through recruitment of skilled and experienced staff to attain its overall organisational objectives.

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

The table below shows the amount of coffee handled during the financial year 2022/2023 Coffee marketing is done through the auction (Nairobi Coffee Exchange) or through direct sale.

SEASON	MILLED COFFEE IN KGS (Clean coffee)	GROSS SALES IN USD	MARKET SEGMENT
2019/2020	293,558	1,132,367	Direct Sale
2020/2021	984,484	4,588,502	Auction Sale
2021/2022	1,703,025	5563846	Auction Sale
2022/2023	2,017,000	7,068,533	Auction & Direct
2023-2024	21,410,236	40,435,055.62	Auction & Direct
TOTAL	**26,408,303**	**58,788,303.62**	



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Timothy M. Mirugi
Managing Director

9. Statement of Performance against Predetermined Objectives for FY 2023/2024

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

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

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

New KPCU Plc develops its annual work plans based on the above Five pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The New KPCU Plc achieved its performance targets set for the F

2023-2024 period for its Five strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Milling & Marketing Coffee	Weight in Tons	Quantity Marketed	**21,410**
Pillar/ theme/ issue 2:	Collaboration CCARF disbursement	Amount in million Kshs	Advances disbursed	**4.6b**
Pillar/ theme/ issue 3:	Effective Property Management	Internally generated revenue in million kshs	Revenue generated	**109m**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 4:	Agronomy and farm technical support	Coordinated farm visits and technical support	Number of events and technical visit	**1500**
Pillar/ theme/ issue 5:	Primary processing support	Support to Factory Cooperative Societies	Drying beds, roofing and quality seedlings	**30 Fcs**

The financial year ending 30th June, 2024 is the third year of operation for the New KPCU PLC. The Government under the State Department for Cooperatives budgeted and allocated kshs 137.1 million for management and administrative operations and for refurbishment of the New KPCU Plc premises, board of directors and deployed staff expenses. The New KPCU Plc has been able to raise kshs 356 million internally as appropriation in aid (AIA).

The New KPCU Plc has been able to mill and market coffee worthy kshs 4.6 billion for the period under review. The coffee farmers have gradually continued to gain confidence on new management and with continued timely payment for coffee sales, the future will only be brighter.

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

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

10. Corporate Governance Statement

Board Meetings

The Board executes its functions through Board meetings. During the financial year, five Board meetings were conducted.

Succession Plan

The Board was appointed for a period of 3 years by the Cabinet Secretary MOC & MSME's whereas the Chairman was appointed by the President for a term of 3 years. When the term of each Board member comes to an end, the appointing authority is notified for fresh appointments.

Board Charter

The company has a Board charter which defines the roles, responsibilities, functions and structures of the Board in a way that supports and guides the carrying out of its strategic oversight function. Further, the Charter provides the Board with an opportunity to think creatively and critically on their strategic and operational plans aligned with the company's strategic direction and expectations.

Appointment and Removal of Directors

The Board of Directors was appointed in May 2022, appointment of the current Chairperson was on 6th February 2023.

Roles and functions of the Board

The primary responsibility of the Board is to provide overall strategic direction and oversight to the company in pursuit of its mandate. In furtherance of its responsibilities, the Board discharges the following functions:

a) Determine the company's vision, purpose and core values;
b) Review, evaluate and approve, on regular basis the strategic objectives of the Company;
c) Review, evaluate and approve the Company's budget and financial forecasts;
d) Review, evaluate and approve major resource allocations and capital investments;
e) Ensure that the procurement process is cost-effective and delivers value for money;
f) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the Company's operations and performance;
g) Ensure that effective process and systems of risk management and internal controls are in place;
h) Adopt, implement and monitor compliance with the Company's Code of Conduct and Ethics;
i) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;

j) Review periodically the Company's strategic objectives and policies relating to sustainability and social responsibility/investments;
k) Protect the rights of shareholders and optimize shareholder value;
l) Enhance the Company's public image and ensure engagement with stakeholders through effective communication;
m) Monitor compliance with the Constitution, all applicable laws, regulations, Company policies and SOPs; and

Review, monitor and evaluate to ensure that the Company is effectively and consistently delivering on its mandate

Board induction, training and development
The Board was taken through an induction course at the Kenya School of Government in Mombasa in August 2022 while the Audit & Risk Board Committee was inducted in October 2022. Three Board members including the Chairman were undertook their induction at Naivasha on 4th to 9th September 2024 conducted by Institute of Certified Secretaries.

Board evaluation
The State Corporations Advisory Committee evaluated the Board on the 30th of July 2024.

Conflict of Interest
Board members declared and registered conflict of interest in all Board and Committee meetings during the current financial year.

Board Remuneration
Members of the Board of Directors are remunerated for their services in accordance with the prevailing legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration includes sitting allowance, daily subsistence allowance, mileage. The Chairman of the Board is entitled to honorarium as stipulated in the prevailing guidelines from relevant authority

Ethics and conduct
In line with Section 3 of the Leadership and Integrity Act No. 19 of 2012 of the Laws of Kenya, the Board of Directors respects the values, principles and the requirements of the COK, including:

i. The national values and principles provided for under Article 10 of the COK;
ii. The rights and fundamental freedoms provided for under Chapter Four of the COK;
iii. The responsibilities of leadership provided for under Article 73 of the COK;
iv. The principles governing the conduct of State officers provided for under Article 75 of the COK;
v. The educational, ethical and moral requirements in accordance with Article 99 (1) (b) and 193 (1)(b) of the COK;

vi. In the case of County Governments, the objectives of devolution provided for under Article 174 of the COK; and
vii. The values and principles of Public Service as provided for under Article 232 of the COK.

Governance Audit

The Board of Directors complies with governance audit which includes the following parameters among others;

a) Leadership and strategic management;
b) Transparency and Disclosure;
c) Compliance with Laws and Regulations;
d) Communication with stakeholders;
e) Board independence and governance;
f) Board systems and procedures;
g) Consistent shareholder and stakeholders' value enhancement; and
h) Corporate social responsibility and investment

11. Management Discussion and Analysis

Upon establishment and incorporation, New KPCU Plc has continued to implement its mandates of milling, warehousing and marketing farmers coffee, administration of the Coffee Cherry Advance Revolving Fund and the optimum utilization of the assets.

The company commenced its operations in July 2020, and has since milled and marketed 26,408,303 kgs of coffee worth USD 58,788,302.62 equivalent in Kshs 5,137,951,104.69. The company operationalized the Dandora, Sagana, Meru and Tala milling plants which are now fully functional bringing the services closer to the farmers which has improved rural household incomes in coffee growing areas with farmers pay out rate of Kshs.80 per kg of coffee delivered. Refurbishment of warehouses and company headquarters is ongoing with Kisii and Kitale satellite offices being revived.

In 2020, the Government allocated Kshs.3 billion for the Coffee Cherry Advance Revolving Fund. Kshs.4.6 billion has been disbursed benefiting 84,881 coffee farmers. The fund has improved access to affordable advance and has reduced the waiting period between delivery of cherry and payment of sales proceeds.

With the help of the State Department for Co-operatives and the State Department for Public Service, the company has developed Human Resource Instruments with an approved salary structure.

Coffee farmers have continued to bear the burden of the coffee value chain due to various challenges which includes poor crop husbandry, dilapidated primary processing machines, poor milling, warehousing infrastructure and poor access to markets, unfavorable international terms of trade, rising climate change, recession and inflation, unfriendly legal and policy framework, land division and fragmentation.

12. Environmental and Sustainability Reporting

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

i) Sustainability strategy and profile

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

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

ii) Environmental performance

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

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

iii) Employee welfare

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

From time-to-time training need analysis are carried out and follow up to address the training gap will be done. Compensation for overtime and leave not taken commutation are ways of ensuring staffs remain committed. Healthy and safety status are closely monitored through check lists to ensure compliance to required standards.

iv) Market place practices-

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

a) Responsible competition practice.

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

b) Responsible supply chain and supplier relations

To ensure value for money and effective delivery of goods and services New KPCU Plc encourages competitive tendering processes and due diligence in award of contracts. There is a policy of zero pending bill's goal where we ensure minimal bills are pending in every year, not more than 1% of the funds allocated shall be pending. For all goods and services delivered, payments are made promptly and hence the lack of pending bills at the end of the financial year.

c) Responsible marketing and advertisement

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

d) Product stewardship

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

v) Corporate Social Responsibility / Community Engagements

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

13. Report of the Directors

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

i) Principal activities

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

1. Agronomy support to small scale coffee farmers in crop husbandry
2. Technical support to coffee pulping cooperatives in primary processing
3. Milling
4. Handling
5. Marketing
7. Coffee farm input subsidy program
8. Administer company assets for sustained operations and value creation.

ii) Results

The results of the entity for the year ended June 30, 2024, are set out on page 1 to 67 Below is summary of the profit or loss made during the year.

iii) Dividends

Subject to the approval of the shareholders, the Directors recommend the payment of a first and final dividend for the year of Kshs. nil per ordinary share, amounting to Kshs. nil million, subject to withholding tax where applicable. An interim dividend of Kshs. Nil per ordinary share was paid in 2022-2023. The total dividend for the year, therefore, is Kshs. nil per ordinary share. If approved, the dividend will be paid on or about n/a to shareholder registered in the books of the *entity* at the close of business on n/a. The register of members will be closed for one day only on n/a to facilitate the preparation of dividend warrants.

iv) Directors

The members of the Board of Directors who served during the year are shown on page vi – ix. During the year 2022/2023, The Chairman of the Board was replaced and a new Chairman was appointed with effect from 6th February 2023. The rest of the Board members continued to serve for the period under review

v) Auditors

The Office of the Auditor-General is the principal auditor for New KPCU Plc and is responsible for conducting statutory audit in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2023.

By Order of the Board

....

Mr. Suleiman Wandati
Corporate Secretary/Secretary to the Board
Date.

14. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, - (entities should quote the applicable legislation under which they are regulated)*) require the Directors to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the NKPCU at the end of the financial year/period and the operating results of the *entity* for that year/period. The Directors are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Directors are also responsible for safeguarding the assets of the *entity*.

The Directors are responsible for the preparation and presentation of the *entity*'s financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 20xx. This responsibility includes: (i)Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,(ii)maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii)Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv)Safeguarding the assets of the *entity*, (v)selecting and applying appropriate accounting policies, and (vi)Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the *entity*'s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) – (*entities should quote applicable legislation as indicated under which they are regulated*).

Statement of Directors' Responsibilities (Continued)

The Directors are of the opinion that the NEW KPCU's financial statements give a true and fair view of the state of company's transactions during the financial year ended June 30, 2024, 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.

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

Approval of the financial statements

The New KPCU's financial statements were approved by the Board on 11th September 2024 and signed on its behalf by:

....	....
Daniel K. Chemno	**Timothy M. Mirugi**
Chairperson of the Board/Council	**Managing Director**

REPUBLIC OF KENYA

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NEW KENYA PLANTERS CO-OPERATIVE UNION PLC (New KPCU) FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of New Kenya Planters Co-operative Union set out on pages 1 to 67 which comprise of the statement of financial position as at 30 June, 2024 and the statement of profit/loss and other comprehensive Income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of New Kenya Planters Co-operative Union as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012 and the Company Act , 2015.

Basis for Qualified Opinion

1. Long Outstanding Receivables from Pyrethrum Processing Company of Kenya

The statement of financial position reflects long term receivables of Kshs.100,000,000 as disclosed in Note 27 to the financial statements. This balance relates to a short-term loan to Pyrethrum Processing Company of Kenya vide letter Ref. No. MOALF/CORP/11/12 dated 28 April, 2022 authorized by the Cabinet Secretary Ministry of Agriculture, Livestock, Fisheries and Cooperatives. However, the loan agreement detailing terms of the loan including repayment schedule, interest rate if any and period of advance was not provided for audit. This was contrary to Section 5(b) of the Public Finance and Management (National Government) Regulations 2015 which states that financial losses may arise from irregular advances and loans when money cannot be recovered because a National Government entity cannot establish a claim against any person or institution, as in the case of expenditure wrongly charged to advances, or advances and loans made without agreement for recovery.

Further, in spite of several follow up from New KPCU, no evidence of responses or commitment for repayment was provided for audit.

In the circumstances, the recoverability of Kshs.100,000,000 from Pyrethrum Processing Company of Kenya could not be confirmed.

2. Long Outstanding Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.108,817,486 as disclosed in Note 27(a) to the financial statements. The balance includes Kshs.94,090,905 which are receivables over one year old and demand letters were not provided for verification. Further, the Union did not have a debt management policy and there was no evidence of circularization.

In the circumstances, the validity, accuracy and recoverability of trade receivables balance of Kshs.108,817,486 could not be confirmed.

3. Funds Owed to Coffee Cherry Advance Revolving Fund

The statement of financial position reflects trade and other payables balance of Kshs.1,044,085,448 as disclosed in Note 39 to the financial statements. The balance relates to liabilities owed to Coffee Cherry Advance Revolving Fund (CCARF). However, it was not clear why the Union had not settled the debts during the year under review. Further, the New KPCU has not disclosed Kenya Planters Cooperative Union liquidation claims of Kshs.1,331,414,549 in these financial statements.

In the circumstances, the ability of the Union to repay the funds of Kshs.1,044,085,448 to CCARF could not be confirmed.

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

Emphasis of Matter

1. Uncompleted Liquidation of Defunct Kenya Planters Co-operative Union

The statement of financial position reflects property, plant and equipment balance of Kshs.89,375,338 as disclosed in Note 19 to the financial statements. However, the balance excludes assets of the defunct Kenya Planters Co-operative Union due to the uncompleted liquidation process. Further, the ownership of majority of the land declared under KPCU could not be verified due to several ongoing litigations. In addition, majority of the log books formerly under KPCU were not provided for verification.

In the circumstances, the completion of liquidation process of KPCU could not be confirmed.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.445,200,000 and Kshs.541,106,539 resulting in an over collection of Kshs.95,906,539 or 22 % of the budget. However, the Union spent an amount of Kshs.518,365,837 against actual receipts of Kshs.541,106,539 resulting in an under-utilization of Kshs.22,740,703 of actual revenue.

In the circumstances, the over-collection of revenue is an indication of under-budgeting on revenue streams of the Union while the under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

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

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

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. Unconfirmed Appointment of Members of the Board

Review of the Board records provided for audit revealed that four (4) Board members who served during the year under review did not have appointment letters. This was contrary to Section 6(2) of the State Corporations Act.446.

In the circumstances, the validity of these appointments could not be confirmed.

2. Engagement of Employees Past Retirement Age-60 Years

Review of payroll and human resource records revealed that the union had engaged five (5) staff members beyond the mandatory retirement age of 60 years. No evidence was provided to justify why the Union continued to engage staff past their retirement age.

In the circumstances, Management was in breach of Human Resource Policies and Procedures.

3. Non- Compliance with Law on Ethnic Composition

Review of the human resource records revealed that the Union has a total of seventy-five (75) employees out of which thirty-seven (37) were members of one ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008.

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

The audit was conducted in accordance with the ISSAIs 3000 and 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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Delayed Refurbishment of the Warehouses and Installation of Power Backup Generators

The Union requested for reallocation of Kshs.600 million vide letter Ref: No. DVES 1173/23/01 "A" (35) from the Coffee Cherry Advance Revolving Fund (CCARF) to cater for refurbishment of the warehouses and installation of power backup generators during the year under review. The request was granted vide letter Ref: NKPCU/MD/Ext/Vol.6/908 dated 14 March, 2024 and the procurement was to be done outside the approved procurement plan for the financial year 2023-2024 due to the urgent nature of the projects. However, the projects were still in the initiation stage of contract awarding and signing at the time of audit in September, 2024 hence the urgent nature of the projects could not be established.

In the circumstances, the effectiveness of Management's risk management and governance could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;

ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,

iii. The Company's financial statements are in agreement with the accounting records.

Responsibilities of the Management and Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024

16. Statement of Profit/Loss & Other Comprehensive Income for year ended 30th June 2024.

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenues			
Revenue from Contracts with Customers	6	315,661,401	878,406,660
Cost of sales	7	(130,196,480)	(841,583,196)
Gross profit		**185,464,921**	**36,823,464**
Other income			
Grants from the national government	8(a)	32,200,000	138,736,317
Farm Input Subsidy Receipts	8(b)	27,712,705	1,014,526,725
Finance income	9	-	14,136,589
Other income	10	173,598,963	154,732,915
Other gains/(losses)	11	19,646,175	-
		253,157,843	**1,322,132,546**
Total revenues		**438,622,764**	**1,358,956,010**
Operating expenses			
Farm Input Subsidy Expenditure	8(c)	27,015,231	1,001,336,765
Administration costs	12	388,169,357	320,685,610
Selling and distribution costs	13	-	-
Finance costs	14	-	-
Total operating expenses		**415,184,588**	**1,322,022,375**
Profit/(loss) before taxation & Farm input Subsidy		**23,438,176**	**36,933,635**
Farm Input Subsidy Balance	8(d)	-697,474	-13,189,960
Profit/(loss) before taxation		**22,740,702**	**23,743,675**
Income tax expense/(credit)	16	**-6,822,211**	**-7,123,103**
Profit/(loss) after taxation		**15,918,492**	**16,620,572**
Earnings per share – basic and diluted	17	-	-
Dividend per share	18	-	-

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Other comprehensive income			
Profit/ (loss) after taxation		-	-
Surplus or deficit on revaluation of PPE		-	-
Re-measurement of net defined benefit liability		-	-
Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI		-	-
Total comprehensive income for the year		**15,918,492**	**16,620,572**

17. Statement of Financial Position as at 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Non-Current Assets			
Property, Plant And Equipment	19	89,375,338	75,859,403
Intangible Assets	20	19,726,741	8,450,213
Investment Property	21	-	-
Right- Of -Use Assets	22	-	-
Fixed Interest Investments	23	-	-
Quoted Investments	24	-	-
Unquoted Investments	25	-	-
Long Term Receivables	27	100,000,000	100,000,000
Total Non-Current Assets		**209,102,078**	**184,309,616**
Current Assets			
Inventories	26	2,260,123	-
Trade And Other Receivables	27(a)	108,817,486	106,389,453
Tax Recoverable	28	-	-
Short-Term Deposits	29	-	-
Bank And Cash Balances	30	898,815,833	46,249,964
Total Current Assets		**1,009,893,442**	**152,639,417**
Total Assets		**1,218,995,521**	**336 949,033**
Equity And Liabilities			
Capital And Reserves			
Capital Grants		92,861,451	84,163,226
Ordinary Share Capital	31	-	-
Revaluation Reserve	32	-	-
Fair Value Adjustment Reserve	33	-	-
Retained Earnings	34	74,528,938	58,610,446
Proposed Dividends		-	-
Capital And Reserves		**167,390,389**	**142,773,67**
Non-Current Liabilities			

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Borrowings	35	-	-
Deferred Tax Liability	36	-	7,123,103
Lease Liability	37	-	-
Deferred Income	38	-	18,250,184
Total Non-Current Liabilities		-	**25,373,287**
Current Liabilities			
Borrowings	35	-	-
Trade And Other Payables	39	1,044,085,448	155,612,114
Coffee Farm Input Subsidy		697,474	13,189,960
Retirement Benefit Obligations	40	-	-
Provisions	41	-	-
Dividends Payable	42	-	-
Tax Payable	51	6,822,211	-
Total Current Liabilities		**1,051,605,133**	**168,802,074**
Total Equity And Liabilities		**1,218,995,521**	**336,949,033**

The financial statements were approved by the Board on 11TH SEPTEMBER 2024 and signed on its behalf by:

………………………………	………………………………	………………………………
Daniel K. Chemno	**Timothy M. Mirugi**	**Gladys N. Mwangi**
Chairman of the Board	**Managing Director**	**Head of Finance**
		ICPAK M/NO:11120

18. Statement of Changes in Equity for the year ended 30 June 2024

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
As at July 1, 2022	-	-	-	**34,572,393**	-	**15,000,000**	**49,572,393**
New capital issued	-						-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Acquisition of Assets		-				69,163,226	**69,163,226**
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Add; Over-provision of corporation taxes for 2020/2021 and 2021/2022 FYs.	-	-	-	7,417,480	-	-	**7,417,480**
Profit for the year	-	-	-	16,620,573	-	-	**16,620,573**
Capital/development grants received during the year	-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	-	-
Dividends paid – prior year	-	-	-	-	-	-	-
Interim dividends paid – current year	-	-	-		-	-	-
Proposed final dividends	-	-	-	-	-	-	-
As of June 30, 2023	-	-	-	**58,610,446**	-	**84,163,226**	**142,773,672**

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
As at July 1, 2023	-	-	-	**58,610,446**	-	**84,163,226**	**142,773,672**
Issue of new share capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-	-
Profit for the year	-	-	-	15,918,492	-	-	**15,918,492**
Capital/development grants received during the year	-	-	-	-	-	8,698,225	**8,698,225**
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	-	-
Dividends paid – prior year	-	-	-	-	-	-	-
Interim dividends paid – current year	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
At June 30, 2024	-	-	-	**74,528,938**	-	**92,861,451**	**167,390,389**

19. Statement of Cash Flows for the year ended 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Cash generated from/(used in) operations	43	882,712,210	(299,308,357)
Interest received		-	-
Interest paid		-	-
Taxation paid		(7,123,102)	(5,961,683)
Net cash generated from/(used in) operating activities		**875,589,108**	**(305,270,040)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(27,368,936)	(56,985,407)
Proceeds from disposal of property, plant and equipment		19,646,174	-
Purchase of intangible assets		(23,998,702)	(12,177,820)
Purchase of investment property		-	-
Purchase of quoted investments		-	-
Proceeds from disposal of quoted investments		-	-
Net cash generated from/(used in) investing activities		**(31,721,464)**	**(69,163,227)**
Cash flows from financing activities			
Proceeds from issues of new share capital		-	-
Development Grant		8,698,225	20,000 000
Finance Income			75,000,000
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Dividends paid		-	-
Net cash generated from/(used in) financing activities		**8,698,225**	**95,000,000**
Increase/(decrease) in cash and cash equivalents		**852,565,869**	**(279,433,267)**
Cash and cash equivalents at beginning of year		**46,249,964**	**325,683,229**
Effects of foreign exchanges rate fluctuations		-	-

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash and cash equivalents at end of the year	43	898,815,833	46,249,964

20. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c = a + b	d	E= c - d	d/c%
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	xxx%
Milling ,Handling ,Marketing and other charges	25,000,000	-	25,000,000	315,661,401	(290,661,401)	1,263
Transfers from the government	32,200,000	-	32,200,000	32,200,000	-	100
Other gains/(losses)		-	-	19,646,175	(19,646,175)	-
Finance income	-	-	-	-	-	-
Other income	300,000,000	88,000,000	388,000,000	173,598,963	214,401,037	45
Total income	**357,200,000**	**88,000,000**	**445,200,000**	**541,106,539**	**(95,906,539)**	**122**
Expenses	-	-	-	-	-	
Compensation of employees	131,988,269	32,684,600	164,672,869	90,456,803	74,216,066	55
Use of goods and services	222,211,731	41,094,400	263,306,131	291,973,018	(28,666,887)	111
Finance cost	-	-	-	-	-	-
Rent paid	3,000,000	14,221,000	17,221,000	5,739,535	11,481,465	33
Taxation paid	-	-	-	-	-	-
Other payments (cost of sales)	-	-	-	130,196,480	(130,196,480)	-
Grants and subsidies paid	-	-	-	-	-	-
Total expenditure	**357,200,000**	**88,000,000**	**445,200,000**	**518,365,837**	**(73,165,837)**	116
Surplus for the period	-	-	-	**22,740,703**	**(22,740,703)**	-
Capital Expenditure	-	-	-	-	-	-

21. Notes to the Financial Statements

1. General Information

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

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in *Note i.* The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the New KPCU Plc, and all values are rounded off to the nearest Kenya shillings. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

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

i. *New and amended standards and interpretations in issue and effective in the year ended 30 June 2024.*

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

Title	Description	Effective Date
	the entity complying with conditions specified in the loan arrangement.	

(The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows....)

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

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

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

(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 New KPCU Plc did not early – adopt any new or amended standards in the financial year 2023-2024

Notes to the Financial Statements (Continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

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

i) **Revenue from the sale of goods and services** is recognized in the year in which the New KPCU Plc delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

ii) **Grants from National Government** are recognized in the year in which the New KPCU Plc actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.

iv) **Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.

v) **Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

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

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

d) Depreciation and impairment of property, plant and equipment

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

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

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

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

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

e) Intangible assets

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

f) Amortization and impairment of intangible assets

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

g) Investment property

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

h) Right of Use Asset

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

i) Fixed interest investments (bonds)

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

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 through profit or loss (FVTPL).

k) Unquoted investments

Unquoted investments are measured at fair value through profit or loss (FVTPL). (*Entity to elaborate how this fair value is obtained)*

l) Inventories

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

m) Trade and other receivables

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

n) Taxation

i) Current income tax

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

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

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

o) Deferred tax

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

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.

p) Borrowing costs

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

q) Cash and cash equivalents

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

r) Borrowings

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

s) Trade and other payables

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

t) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2022. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.500 per employee per month.

u) Provision for staff leave pay

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

v) Exchange rate differences

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

Summary of Accounting Policies

w) Budget information

The original budget for FY 2023/2024 was approved by the National Assembly on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxx on the FY 2023/2024 budget following the governing body's approval.

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

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

x) 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.

y) Comparative figures

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

z) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

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

a) **Estimates and assumptions**

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

b) **Useful lives and residual values**

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

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

c) **Provisions**

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

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

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

Notes to the Financial Statements (Continues)

6. Revenue from contract with customers

Description	2023-2024	2022-2023
	Kshs	Kshs
Sales Of Goods(Farmers clean coffee)	-	878,406,660
Milling charges	51,173,535	-
Handling charges	92,025,259	-
Marketing charges	112,815,687	-
Export bags	59,646,920	-
Total	**315,661,401**	**878,406,660**

During the year under audit Farmers clean coffee sold at Nairobi Coffee Exchange was settled through DSS whereby NKPCU received only milling, handling, marketing and export bags charges as the service charge. All farmers payment were settled through DSS unlike years before where NKPCU invoiced coffee buyers who paid the proceeds from sale directly to NKPCU farmers US dollar account. NKPCU paid the farmers directly into their individual accounts

7. Cost of Sales

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost of sales on goods(Farmers payment for clean coffee sold)	130,196,480	841,583,196
Cost of sales on services	-	-
Total	**130,196,480**	**841,583,196**

Due to the above explanation, the cost of sales for the year under audit excludes farmers payment which in earlier years was treated as cost of sales.

8. Grants from National Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Reccurrent grants received	32,200,000	138,736,317
Capital grants realized (see note below)	8,698,225	20,000,000
In kind contributions/ donations	-	-
Total	**40,898,225**	**158,736,317**

Notes to the Financial Statements (Continued)

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	*2023-2024 Kshs*	*2022-2023 Kshs*
MOC &MSMEs/State Department for Cooperatives	-	-	8,698,225	8,698,225	20,000,000
Total	-	-	**8,698,225**	**8,698,225**	**20,000,000**

(b) Farm Input Subsidy Program- Receipts

	Note	Receipts controlled by entity	Receipts controlled by entity
		2023-2024	**2022-2023**
Receipts		**Kshs**	**Kshs**
Transfer from Government entities/Balance carried forward		13,189,959	304,042,266
60% Farmers receipts		7,152,146	617,320,315
Receipts from CCARF		7,370,600	93,164,144.00
Total receipts		**27,712,705**	**1,014,526,725**

(c) Farm Input Subsidy Program- Payments

	Note	Payments controlled by entity	Payments controlled by entity
		2023-2024	**2022-2023**
Payments		**Kshs**	**Kshs**
Purchase of Coffee Farm inputs		22,027,400	940,327,419
Advance to Pyrethrum Co. & CCARF		-	-
15% Mobilization and awareness		4,987,831	61,009,347
Total payments		**27,015,231**	**1,001,336,765**

(d) Farm Input Subsidy Program- Balances

	Note	Balances controlled by entity	Balances controlled by entity
		2023-2024	**2022-2023**
		Kshs	**Kshs**
Bank Balances		697,474	13,189,960
Advance to Pyrethrum Co. of Kenya		-	-
Total		**697,474**	**13,189,960**

9. Finance Income

Description	**2023-2024**	2022-2023
	Kshs	**Kshs**
Interest income from treasury bonds	-	-
Interest income from treasury bills	-	-
Interest from receivables	-	-
Interest from commercial banks and financial institutions	-	14,136,589
Interest on staff loans	-	-
Dividends	-	-
Total	-	**14,136,589**

Notes to the Financial Statements (Continued)

10. Other Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Milling, handling Marketing and other charges	-	41,143,429
3% CCARF administration fee	30,488,774	8,109,818
Parking income	12,020,747	10,278,373
Rental Income	121,764,076	95,201,294
Other Miscellaneous Receipts	9,325,366	-
Total	**173,598,963**	**154,732,915**

With introduction of DSS, milling and other charges for the year under audit has been accounted for under revenue from sale of services.

11. Other Gains and Losses

Description	2023-2024	2022-2023
	Kshs	Kshs
Foreign exchange gains / (losses)	-	-
Loss/gain on disposal on sale of investments	-	-
Gain on sale of fixed assets	19,646,175.00	-
Fair value gain or losses on revaluation of investment property	-	-
Revaluation losses on inventory	-	-
Unrealized foreign exchange gains/(losses)	-	-
Total	**19,646,175.00**	-

Notes to the Financial Statements (Continued)

12. Administration Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Staff costs (note (12a)	90,456,803	51,837,619
Directors' emoluments	30,535,632	38,743,093
Staff conference and seminars	10,094,284	10,459,201
Electricity and water	22,874,700	10,417,456
Communication services and supplies	3,919,019	4,887,026
Transportation, travelling and subsistence	87,216,239	82,828,343
Advertising, printing, stationery and photocopying	14,101,586	17,973,842
Rent expenses	5,739,535	674,019
Staff training expenses	6,756,051	6,158,420
Hospitality supplies and services	8,567,075	8,045,904
Insurance costs	3,477,553	2,842,794
Bank charges and commissions	770,686	1,624,336
Office and general supplies and services	5,770,960	10,000,452
Auditors' remuneration	1,740,000	-
Legal fees	2,500,000	3,940,600
Consultancy fees	18,647,194	26,307,545
Licenses and permits	-	-
Repairs and maintenance	9,395,949	16,366,115
Provision for bad and doubtful debts	-	-
Inventory provisions	-	-
Depreciation	13,853,001	10,116,528
Amortization	12,722,174	4,722,606
Other Operating Expenses	39,030,916	12,649,621
Total	**388,169,357**	**320,595,520**

Notes to the Financial Statements (Continued)

12(a) Staff Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries and allowances of permanent employees	36,822,065	32,259,213
Wages of temporary employees	51,088,033	15,445,311
Medical insurance schemes	723,700	708,300
Employer's contributions to national social security schemes	1,783,336	1,285,200
Employer's contributions to pension scheme	-	-
Leave pay	-	2,139,595
Gratuity provisions	39,669	-
Fringe benefit tax	-	-
Staff welfare	-	-
Total	**90,456,803**	**51,837,619**
The average number of employees at the end of the year was:		
Permanent employees – management	30.00	30.00
Permanent employees – unionisable	-	
Temporary and contracted employees	41.00	41.00
Total	**71.00**	**71.00**

13. Selling and Distribution Costs

Description	**2023-2024**	2022-2023
	Kshs	Kshs
Salaries and wages of Sales personnel	-	-
Marketing and Promotional expenses	-	-
Sales commissions	-	-
Sales discounts and rebates	-	-
Other Selling and Distribution costs	-	-
Total	-	-

Notes to the Financial Statements (Continued)

14. Finance Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest expense on loans	-	-
Interest expense on Bank overdrafts	-	-
Interest on Lease liabilities	-	-
Others (*Specify*)	-	-
Total	**-**	**-**

15. Operating Profit/ (Loss)

Description	2023-2024	2022-2023
	Kshs	Kshs
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff Costs (Note 12b)	90,456,803	51,837,619
Depreciation of property, plant and equipment	13,853,001	10,116,528
Depreciation of right-of-use asset	-	-
Amortization of intangible assets	12,722,174	4,722,607
Provision for bad and doubtful debts	-	-
Directors' emoluments – fees	30,535,632	38,743,093
Auditors' remuneration - current year fees	-	-
Prior year under-provision	-	-
Loss on disposal of property, plant and equipment	-	-
Net foreign exchange loss	-	-
Interest receivable	-	-
Interest payable	-	-
Rent receivable	-	-

Notes to the Financial Statements (Continued)

16. Income Tax Expense/(Credit)

(a) Income tax charge/ credit

Description	2023-2024	2022-2023
	Kshs	Kshs
Current taxation based on the adjusted Profit for the year at 30%	6,822,211	7,123,103
Current tax: Prior Year Under/(Over) provision	-	-
Current year deferred tax charge	-	-
Prior Year Under-provision for deferred tax	-	-
Total	**6,822,211**	**7,123,103**

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Profit before taxation	-	-
Tax at the applicable tax rate of 30%	-	-
Prior Year Under-Provision	-	-
Tax effects of expenses not deductible for tax purposes	-	-
Tax effects of income not taxable	-	-
Tax effects of excess capital allowances over Depreciation/Amortization	-	-
Deferred tax Prior Year Over-Provision	-	-
Total	**-**	**-**

Notes to the Financial Statements (Continued)

17. Earnings Per Share

The earnings per share is calculated by dividing the profit after tax of Kshs. Nil (2023-2024): Kshs. nil) by the average number of ordinary shares in issue during the year of nil (2023-2024): n/a). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

18. Dividend per Share

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM to be held before the end of 2024, a final dividend in respect of the year ended June 30, 2024 of Kshs. nil (2023: Kshs. nil) for every ordinary share of par value of KShs. 2/- is to be proposed An interim dividend of Kshs. nil (2023: Kshs. nil) for every ordinary share of par value of KShs 2/- was declared and paid during the year. This will bring the total dividend for the year to KShs. nil (2023: KShs. n/a)

Notes to the Financial Statements (Continued)

19. Property, Plant and Equipment

Description	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Others (Specify)	Total
Rate		**25yrs**	**12.5yrs**	**8yrs**	**3yrs**	**12.5yrs**			
	Kshs	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
As At 1July ,2022		23,110,136	6,937,575	-	3,638,609	1,041,900	-	-	34,728,220
Additions	-	8,299,816	2,875,124	36,810,930	5,753,537	3,246,000	-	-	56,985,407
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-
As at 30th June, 2023	**-**	**31,409,952**	**9,812,699**	**36,810,930**	**9,392,146**	**4,287,900**	**-**	**-**	**91,713,627**
Additions	**-**	**16,240,465**	**513,000**	**-**	**8,670,698**	**1,944,773**	**-**	**-**	**27,368,936**
Disposals	-	-	-	-	-	-	-	-	**-**
Transfer/Adjustments	-	-	-	-	-	-	-	-	**-**
As at 30th June ,2024	**-**	**47,650,417**	**10,325,699**	**36,810,930**	**18,062,844**	**6,232,673**	**-**	**-**	**119,082,563**
Depreciation And Impairment									
At 1July, 2022	-	1,699,614	1,110,986	-	2,836,498	90,600	-	-	5,737,698
Depreciation	-	1,256,398	785,016	4,601,366	3,130,715	343,032	-	-	10,116,527
Impairment		-	-	-	-	-	-	-	-

Description	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Others (Specify)	Total
Transfers/ Adjustments		-	-	-	-	-	-	-	-
As At 30th (Current FY)	-	**2,956,012**	**1,896,002**	**4,601,366**	**5,967,213**	**433,632**	-	-	15,854,225
Depreciation	-	1,906,017	826,056	4,601,366	6,020,948	498,614	-	-	13,853,001
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
As at 30th June (Current FY)	-	**4,862,029**	**2,722,058**	**9,202,732**	**11,988,161**	**932,246**	-	-	29,707,226
As at 30th June (comparative FY)	-	**28,453,940**	**7,916,697**	**32,209,564**	**3,424,933**	**3,854,268**	-	-	**75,859,402**
As at 30th June (Current FY)	-	**42,788,388**	**7,603,641**	**27,608,198**	**6,074,683**	**5,300,427**	-	-	**89,375,338**

Notes To The Financial Statements (Continued)

Valuation

Land and buildings were not valued by independent valuer.

Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
	-	-	-

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

Description	Cost Valuation	Normal Annual Depreciation charge
	Kshs	Kshs
Plant And Machinery	-	-
Motor Vehicles, Including Motor Cycles	-	-
Computers And Related Equipment	-	-
Office Equipment, Furniture And Fittings	-	-
Total	-	-

Notes To The Financial Statements (Continued)

20. Intangible Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
At July 1	14,167,820	1,990,000
Additions	23,998,702	12,177,820
Disposals	-	-
At June 30	**38,166,522**	**14,167,820**
Amortisation		
At July 1	5,717,607	995,000
Charge For The Year	12,722,174	4,722,607
Disposals	-	-
Impairment Loss	-	-
At June 30	18,439,781	5,717,607
Net Book Value		
At June 30	**19,726,741**	**8,450,213**

21. Investment Property

Description	2023-2024	2022-2023
	Kshs	Kshs
Opening Valuation	-	-
Movements During The Year		
Additions	-	-
Disposals	-	-
Fair Value Gains/(Losses)	-	-
Closing Valuation	-	-
Depreciation (If At Cost)		
At July 1	-	-
Charge For The Year	-	-
Disposals	-	-
Impairment Loss	-	-
At June 30	-	-
Net Book Value		
At June 30	-	-

Notes to the financial statements (continued)

22. Right-of-use assets

Description	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
Cost				
As At 1 July 20xx	-	-	-	-
Additions	-	-	-	-
As At 30 June 20xx	-	-	-	-
Additions	-	-	-	-
As At 30 June 20xx	-	-	-	-
	-	-	-	-
Accumulated Depreciation	-	-	-	-
As At 1 July 20xx	-	-	-	-
Charge For The Year	-	-	-	-
As At 30 June 20xx	-	-	-	-
Charge For The Year	-	-	-	-
As At 30 June 20xx	-	-	-	-
	-	-	-	-
Carrying Amount	-	-	-	-
As At 30 June 20xx	-	-	-	-
As At 30 June 20xx	-	-	-	-

Notes To The Financial Statements (Continued)

23. Fixed Interest Investments

Description	2023-2024	2022-2023
	Kshs	Kshs
Central Bank of Kenya 12.5% 15-Year Infrastructure Bond	-	-
XXX Corporate Bond (Give Details)	-	-
XXX Corporate Bond (Give Details)	-	-
Total	**-**	**-**

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

Details	2023-2024	2022-2023
	Kshs	Kshs
Balance at 1 July	-	-
Additions during the year	-	-
Interest accrued during the year	-	-
Investment maturities during the year	-	-
Fair value gain or (loss) -if measured at FVOCI/FVTPL	-	-
Balance at 30 June	-	-

(state whether these investments are carried at amortized cost or at FVTOCI or at FVTPL).Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

24. Quoted Investments

Description	2023-2024	2022-2023
	Kshs	Kshs
B/f Valuation	**-**	**-**
	-	-
Movements during the year	**-**	**-**
Additions	-	-
Disposals	-	-
Fair value gains/(losses) (FVTPL)	-	-
C/f Valuation	-	-

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Notes to the Financial Statements (Continued)

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

25. Unquoted Investments

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		-
At July 1	-	-
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
At June 30	-	-

Notes To The Financial Statements (Continued)

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

26. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Raw materials	-	-
Goods in transit	-	-
Finished goods	2,260,123	-
Work In Progress	-	-
Less: Impairment of Stocks	-	-
Total	**2,260,123**	**-**

All the coffee parchments had been milled and taken to the Auction since the trading at the auction does not take place during the month of July. The stocks at the warehouses were deliveries for the month of July and August 2024.

26 b) Consumables

Description	2023-2024	2022-2023
	Kshs	Kshs
Fuel, oil and lubricants	-	-
Motor vehicle spare parts	-	-
Stationery and general stores	2,260,123	-
Less: Impairment of Stocks	-	-
Total	**2,260,123**	-

Reconciliation of Impairment Allowance for Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

27. Trade and Other Receivables

Description	2023-2024	2022-2023
	Kshs	Kshs
Trade Receivables (Note 27 (a)	100,000,000.00	100,000,000.00
Deposits and prepayments	-	-
Vat recoverable	-	-
Staff receivables (Note 27 (a))	-	-
Other receivables	-	-
Gross Trade and Other Receivables	**100,000,000.00**	**100,000,000.00**
Provision for Bad And Doubtful Receivable	-	-
Net Trade and Other Receivables	**100,000,000.00**	**100,000,000.00**

27 (a) Trade Receivables

Description	2023-2024	2022-2023
	Kshs	Kshs
Gross Trade Receivables	108,817,486	106,389,453
Provision for Doubtful Receivables	-	-
Net Trade Receivables	108,817,486	106,389,453
ageing analysis of gross Trade Receivables		
Less than 30 Days	-	-
Between 30 and 60 Days	-	100,189,194
Between 61 and 90 Days	20,334,289	1,442,480
Between 91 and 120 Days	-	-
Over 120 Days	88,483,197	4,757,779
Total	**108,817,486**	**106,389,453**

Notes to the Financial Statements (Continued)

27 (b) Reconciliation of Impairment Allowance for Trade Receivables

Description	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

27 (c) Staff Receivables

Description	2023-2024	2022-2023
	Kshs	Kshs
Gross staff loans and advances	-	-
Provision for impairment loss	-	-
Net staff loans	-	-
Less: Amounts due within one year	-	-
Amounts due after one year	-	-

27 (d) Reconciliation of Impairment Allowance for Staff Receivables

Description	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	--

Notes To The Financial Statements (Continued)

28. Tax Recoverable

Description	2023-2024	2022-2023
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (Note 16)	-	-
Under/(Over) Provision in prior year (Note 16)	-	-
Income tax paid during the year	-	-
At end of the year		-

29. Short Term Deposits

Description	2023-2024	2022-2023
	Kshs	Kshs
Other Commercial Banks		-
Cooperative Bank Of Kenya	-	-
Kenya Commercial Bank	-	-
Barclays Bank Of Kenya	-	-
Others *(Specify)*	-	-
Total	-	-

30. Bank and Cash Balances

Description	2023-2024	2022-2023
	Kshs	Kshs
Cash at bank	898,815,833	46,249,964
Cash in hand	-	-
Total	**898,815,833**	**46,249,964**

Notes To The Financial Statements (Continued)
Detailed analysis of the cash and cash equivalents

Description		2023-2024	2022-2023
Financial institution	Account number	Kshs	Kshs
a) **Current Account**			
Co-operative Bank of Kenya	01120959180001	4,632,650	4,930,926
Co-operative Bank of Kenya	01120959180002	6,238,225	62,595
Co-operative Bank of Kenya	02120959180000	875,428,797	8,060,611
Co-operative Bank of Kenya	01120959180003	10,570,770	20,005,873
Co-operative Bank of Kenya	01120959180004	697,474	13,189,959
Co-operative Bank of Kenya	02109591800005	1,247,917	-
Sub- Total		**898,815,833**	**46,249,964**
b) On - Call Deposits			
Other Commercial banks			
Sub- Total			
c) Fixed Deposits Account			
Other Commercial banks			
Sub- Total			
d) Others (Specify)			
Cash in transit			
Cash in hand			
Mobile money account			
Sub- Total			
Grand Total			

31. Ordinary Share Capital

Description	2023-2024	2022-2023
	Kshs	Kshs
Authorized:		
20,000,000,000 Ordinary Shares of Kshs 2/- par value each	**40,000,000,00**	**40,000,000,000**
Issued and Fully paid:		
XX Ordinary Shares of Kshs par value each		

32. Revaluation Reserve

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

33. Fair Value Adjustment Reserve

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

34. Retained Earnings

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

Notes to the Financial Statements (Continued)

35. Borrowings

Description	2023-2024	2022-2023
	Kshs	Kshs
a) External borrowings		-
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-
b) Domestic borrowings	-	-
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	-	-
Balance at end of the year	-	-
Balance at end of the period- domestic and external borrowings c = a+b	-	-

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

Description	2023-2024	2022-2023
	KShs	KShs
External borrowings		
Dollar denominated loan from 'x organisation'	-	-
Sterling pound denominated loan from 'y organisation'	-	-
Euro denominated loan from Z organisation'	-	-
Domestic borrowings	-	-
Kenya shilling loan from KCB	-	-
Kenya shilling loan from Barclays bank	-	-
Kenya shilling loan from Consolidated bank	-	-
Total balance at end of the year	-	-

Notes to the Financial Statements (Continued)

Description	2023-2024	2022-2023
	Kshs	Kshs
Short term borrowings (Current Portion)	-	-
Long term borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 35 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). [Foreign denominated loans should be restated based on CBK closing mean rates at the end of financial year. Borrowings are measured at amortized cost.]

36. Deferred Tax Liability

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(Losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	7,123,103
Net deferred tax liability	-	**7,123,103**

The movement on the deferred tax account is as follows:

Description	2023-2024	2022-2023
	Kshs	Kshs
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under Provision in Prior Year	-	-
Income Statement Charge/(Credit)	-	-
Balance at end of the year	-	-

Notes to the Financial Statements (Continued)

37. Lease Liability

Description	2023-2024	2022-2023
	KShs	KShs
At the start of the year		
Discount interest on Lease Liability		
Paid during the year		
At end of the year		

Details	2023-2024	2022-2023
Maturity Analysis	Kshs	Kshs
Year 1		
Year 2		
Year 3		
Year 4		
Year 5		
On Wards		
Less: Unearned Interest		
Analysed As:		
Non-Current		
Current		

38. Deferred Income

Description	2023-2024	2022-2023
	Kshs	Kshs
National Government	-	6,550,000
International Funders	-	-
Public Contributions and Donations	-	-
Development Grants	-	11,700,184
Other (specify)	-	-
Total Deferred Income	-	18,250,184

Notes to the Financial Statements (Continued)

The deferred income movement is as follows:

Description	National government	International funders	Public contributions and donations	Others (specify)	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	-	-	-	-	-
Additions	-	-	-	-	-
Transfers To Capital Fund	-	-	-	-	-
Transfers To Income Statement	-	-	-	-	-
Other Transfers	-	-	-	-	-
Balance Carried Forward	-	-	-	--	-

39. Trade and Other Payables

Description	2023-2024	2022-2023
	Kshs	Kshs
Trade payables	1,740,000.00	-
Accrued expenses	-	-
Retention/ Contract monies	3,189,517.25	-
Deposits	881,667,022	8,123,205
Employee payables	-	-
Other payables(ccarf, farmers and development funds borrowed)	157,488,908	147,488,909
Total	**1,044,085,448**	**155,612,114**

Aging Analysis for Trade and other Payables]

	2023-2024	% of the total	2022-2023	% of the total
Under one year	896,596,539	86	**155,612,114**	100%
1-2 years	147,488,908	14	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	**1,044,085,448**	**100**	**155,612,114**	**100%**

Notes to the Financial Statements (Continued)

40. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	*Insert Current FY*	*Insert Comparative FY*
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation					
Non-current benefit obligation					
Total employee benefits obligation					

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 20XX. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

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

Description	2023-2024	2022-2023
Discount rates	x%	x%
Future salary increases	x%	x%
Future pension increases	x%	x%
Mortality (Pre- retirement)	x%	x%
Mortality (Post- retirement)	x%	x%
Withdrawals	xx	xx
Ill Health	xx	xx
Retirement	xx years	xx years

Notes to the Financial Statements (Continued)
Recognition of Retirement Benefit Asset/ Liability

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

Description	2023-2024	2022-2023
	Kshs	Kshs
The Return On Defined Plan assets		
Actuarial Gains/ Losses arising from changes in demographic assumptions		
Actuarial Gains/ Losses arising from changes in financial assumptions		
Actuarial Gains and Losses arising from experience adjustments		
Others *(Specify)*		
Adjustments for restrictions on the Defined Benefit asset		
Re-measurement of the Net Defined Benefit Liability (Asset)		

b) Amounts recognised in the Statement of Financial Position

Description	2023-2024	2022-2023
	Kshs	Kshs
Present value of Defined Benefit Obligations(A)		
Fair Value of Plan Assets(B)		
Funded Status(=A-B)		
Restrictions on Asset recognized		
Others		
Net Asset or Liability arising from Defined Benefit Obligation		

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. XXX per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute xx% while employers contribute xx% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

Notes to the Financial Statements (Continued)

41. Provisions

Description	Long service leave	Bonus Provision	Gratuity provisions	Other Provisions	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year					
Additional provisions					
Provision utilised					
Change due to discount and time value for money					
Less: current portion					
Balance at the end of the year					

(NB: The current portion deducted in this note should tie to line on current portion transferred from non- current provisions under note xx).

42. Dividends Payable

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

Description	*2023-2024*	*2022-2023*
	Kshs	Kshs
At the beginning of the year		
Additional declared during the year		
Paid during the year		
Balance at end of the year		
Ageing analysis:		
Under one year		
1-2 years		
2-3 years		
Over 3 years		
Total		

Notes to the Financial Statements (Continued)

43. Notes to the Statement of Cash Flows

Description	2023-2024	2022-2023
	Kshs	Kshs
(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations		
Profit or Loss before tax	22,740,702	23,743,676
Depreciation	13,853,001	10,116,528
Amortisation	12,722,174	4,722,607
(Gain)/Loss on disposal of Property, Plant And Equipment	(19,646,175)	-
Operating Profit/(Loss) before Working Capital changes	29,669,702	38,582,811
(Increase)/Decrease in Inventories	(2,260,123)	-
(Increase)/Decrease in Coffee subsidy	(12,492,486)	-390,852,307
(Increase)/Decrease in Trade and Other Receivables	(2,428,033)	-103,791,644
Increase/(Decrease) in Trade and Other Payables	888,473,334	138,502,599
Increase/(Decrease) in Deferred Income	(18,250,184)	18,250,184
Increase/(Decrease) in Retirement Benefit Obligations	-	Xxx
Cash Generated from/(used In) operations	853,042,508	-337,891,168
	882,712,210	-299,308,357
(b) Analysis of Changes in Loans		
Balance at beginning of the year	-	
Receipts during the year	-	
Repayments during the year	-	
Repayments of previous year's accrued interest	-	
Foreign Exchange (Gains)/Losses	-	
Accrued interest	-	
	-	
Balance at end of the year	-	
	-	
(c) Analysis of Cash and Cash equivalents	-	
Short Term Deposits	-	
Cash At Bank	898,815,832.97	46,249,964

Description	2023-2024	2022-2023
	Kshs	Kshs
(d) Analysis of interest paid		
Interest on Loans		
Interest on Bank Overdraft		
Interest on Lease Liabilities		
Interest on Loans Capitalised		
Balance at Beginning of the year		
Balance at end of the year (Note 35(B))		
Interest paid		
(e) Analysis of Dividend paid		
Balance at beginning of the year		
20xx Dividends paid		
20xx Dividends paid		
20xx Interim Dividends paid		
Balance at end of the year		
Dividend paid		

44. Related Party Disclosures

Government of Kenya

The Government of Kenya is the principal shareholder of the NKPC Plc, holding 100% of the NKPCU Plc equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

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

Notes to the Financial Statements (Continued)

Transactions with related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
a) Sales to related parties		
Sales of electricity to govt agencies		
Rent income from govt. agencies		
Water sales to govt. agencies		
Interest income from govt commercial banks		
Interest income from bills and bonds		
Others *(specify)*		
Total		
b) Purchases from related parties		
Purchases of electricity from KPLC		
Purchase of water from govt service providers		
Rent expenses paid to govt agencies		
Training and conference fees paid to govt. Agencies		
Bank charges paid to govt commercial banks		
Interest expense to investments by other govt. Entities		
Others *(specify)*		
Total		
c) Grants from the government		
Grants from national govt		
Grants from county government		
Donations in kind		
Total		
d) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
Total		
e) Key management compensation		
Directors' emoluments		
Compensation to key management		

Description	2023-2024	2022-2023
	Kshs	Kshs
Total		

45. Capital Commitments

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Amounts authorised and Contracted for		
Amounts authorizes but Not Contracted for		
Less: Amounts included in Work In Progress		

46. Contingent Assets and Liabilities

Contingent Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Contingent assets		
Insurance reimbursements		
Assets arising from determination of court cases		
Reimbursable indemnities and guarantees		
Receivables from other government entities		
Others *(specify)*		
Total		

Contingent Liabilities

Description	2023-2024	2022-2023
	Kshs	Kshs
Contingent Liabilities		
Court case Xxx against *(The Entity)*		
Bank guarantees in favour of subsidiary		
Contingent liabilities arising from contracts including PPPs		
Others *(Specify)*		
Total		

Notes To The Financial Statements (Continued)

47. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Notes to the Financial Statements (Continued)

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 20xx				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				
At 30 June 20xx				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				

Credit Risk (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxx.

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

Notes to the Financial Statements (Continued)

ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 20xx				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

Notes To The Financial Statements (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

		Other currencies	Total
Description	Kshs	Kshs	Kshs
At 30 June 20xx			
Financial assets			
Investments			
Cash			
Debtors			
Financial liabilities			
Trade and other payables			
Borrowings			

Net foreign currency asset/(liability)			

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

Description	In Kshs	Other Currencies	Total
	Kshs	Kshs	Kshs
At 30 June 20xx			
Financial Assets			
Investments			
Cash			
Debtors			
Financial Liabilities			
Trade and Other Payables			
Borrowings			
Net Foreign Currency Asset/(Liability)			

b) Foreign currency sensitivity analysis

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

Details	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			

c) Interest rate risk

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

i) Management of interest rate risk

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

ii) Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx – KShs xxx)

iii) Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

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

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

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

At 30 June 20xx	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial assets				
Quoted equity investments				
Non- financial assets				
Investment property				
Land and buildings				
At 30 June 20xx				
Financial assets				
Quoted equity investments				
Non- financial assets				
Investment property				
Land and buildings				

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

Financial instruments not measured at fair value

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

iv) Capital Risk Management

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

Description	2023-2024 Kshs	2022-2023 Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total Funds		
Total Borrowings		
Less: Cash and Bank balances		
Net Debt/(Excess Cash and Cash Equivalents)		
Gearing	xx%	xx%

48. Incorporation

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

49. Events after the Reporting Period

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

Disclosure notes

50.Contingent Liability

One of mandate of the board is to administer the assets for KPCU. Therefore, NKPCU plc has a right to use the Assets for KPCU under liquidation whereby the assets will be transferrable to NKPCU upon completion of the Liquidation process. Therefore, the report has only assets and liabilities owned by NKPCU. The below illustrates liabilities owned by KPCU.

DESCRIPTION	AMOUNT (KSHs.)
Coffee growers	56,392,928.87
Staff terminal Dues	528,691,304.81
Trade Creditor, after receivership	60,264,469.27
Trade Creditors – Prior years	102,087,802.02
Legal fees – after receivership	259,514,549.14
VAT and withholding tax	103,738,837.00
Directors	5,724,658.00
Provision for transfer of assets	215,000,000
TOTAL	**1,331,414,549.27**

51. Tax Payable

DESCRIPTION	AMOUNT (KSHs.)
Profit/Loss before taxation	22,740,702
Corporation tax @30%	**6,822,211**

22. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
Unsupported Expenditure	There was unsupported Farm inputs expenditure	Branches maintained distribution registers which were monitored by internal auditor. Also, upon delivery the goods receipt note were signed by management of societies	Resolved	2024
Budgetary Control and Performance	There was under collection of revenue and under expenditure	Non implementation of the approved salary structure and recruitment of key staff as envisaged by the Union.	Resolved	2024
Unresolved Prior Year Issues	Management has not resolved issues or given any explanation to	The issues have been addressed fully and it is pending confirmation by the Auditor's General Office.	Resolved	2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	adhere to PSASB			

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.

(iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury

....

Timothy M. Mirugi

Managing Director

Date 06/12/2024

Appendix II: Projects implemented by (*The Entity)*

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commit ment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolida ted in these financial statement s (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

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

Appendix IV: 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 - Kshs	Where Recorded/Recognized					
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of co-operative and MSME	22-09-2023	Recurrent	8,050,000	8,050,000	-	-	-		8,050,000
Ministry of co-operative and MSME	23-11-2023	Recurrent	8,050,000	8,050,000	-	-	-		8,050,000
Ministry of co-operative and MSME	27-11-2024	Recurrent	8,050,000	8,050,000	-	-	-		8,050,000

Ministry of co-operative and MSME	22-04-2024	Recurrent	8,050,000	8,050,000	-	-	-		8,050,000
Ministry of co-operative and MSME	07-07-2023	Development	8,698,225	-	8,698,225	-	-		8,698,225
National Land Commission	29-11-2023	Development	19,646,175	-	19,646,175	-	-	-	19,646,175
Total			**40,898,225**	**32,200,000**	**8,698,225**	**-**	**-**	**-**	**40,898,225**

Appendix V- Inter-Entity Confirmation Letter

Name of Transferring entity...

Name of Beneficiary entity..

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks

Total					

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

Head of Accounts Department - Disbursing Entity:

Name .... **Sign** .... **Date** ....

Head of Accounts Department - Beneficiary Entity:

Name ....GLADYS HUERI.......... **Sign** .... **Date**...6/12/2024

Appendix VI: Reporting of Climate Relevant Expenditures

Name of the Organization
Telephone Number
Email Address
Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) ....

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

Appendix VII: Reporting Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments