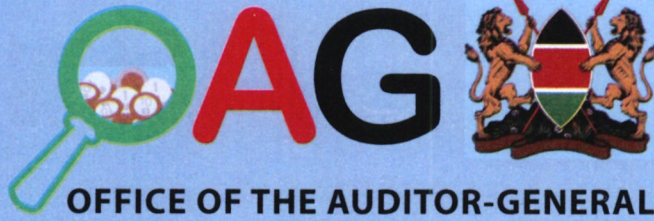


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REPORT

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ON

**MAKUENI COUNTY FRUIT
DEVELOPMENT AND MARKETING
AUTHORITY**

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

PAPERS LAID	
DATE	19/11/2025
TABLED BY	Sen. Mutinda on behalf of Majority Leader
COMMITTEE	-
AT THE TABLE	Belinda



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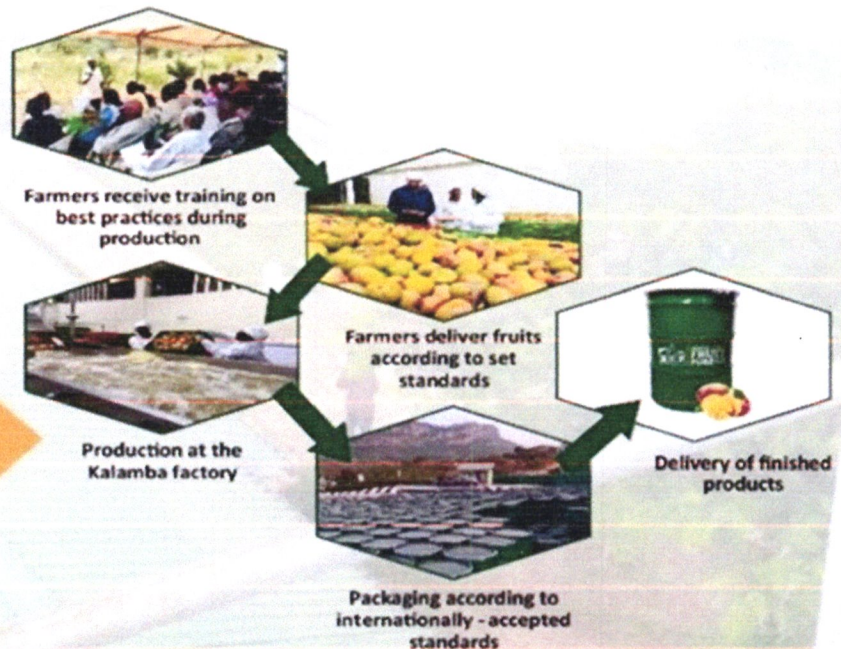


**MAKUENI
COUNTY**
FRUIT DEVELOPMENT
& MARKETING AUTHORITY
Supporting farmers through Agri-processing

MAKUENI COUNTY FRUIT DEVELOPMENT AND MARKETING AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED JUNE 30, 2025



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

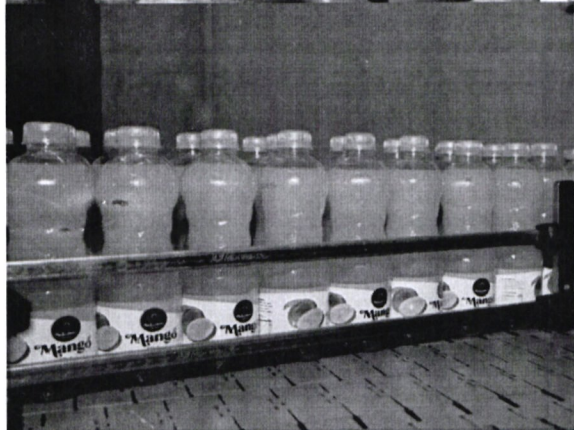
*Makueni County Fruit Development and Marketing Authority
Annual Report and Financial Statements
For the year ended June 30, 2025*

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VISION

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



Makueni County Fruit Development and Marketing Authority

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For the year ended June 30, 2025

1.ACRONYMS AND GLOSSARY OF TERMS

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

Makueni County Fruit Development and Marketing Authority

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2.KEY AUTHORITY INFORMATION

a) Background information

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

b) Principal Activities

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

c) Directors

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

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

d) Registered Office

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

e) Corporate Headquarters

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

Makueni County Fruit Development and Marketing Authority

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For the year ended June 30, 2025

f) Corporate Contacts

Telephone: (254) 705 739739

E-mail: info@mcfdma.co.ke

Website: www.mcfdma.co.ke

g) Corporate Bankers

KCB Bank Limited

Wote Branch, Makueni

h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

i) Principal Legal Advisers

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

3.THE BOARD OF DIRECTORS



Mr. Paul N. Muthama
Chairman

Paul Muthama was born in 1970. He holds Master of Science degree in Statistics and Bachelor of Science in Mathematics from Kenyatta University. He is an experienced public service professional with over 23 years in research, training, and institutional management. He has held senior leadership roles, including Deputy Director at the Kenya Water Institute, where he oversaw research, consultancy, and policy implementation. Known for his expertise in governance, strategy, and organizational development, he has contributed significantly to capacity building and institutional growth across Kenya's public sector.



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

Dr. Jossylyn Nzilani Mutua holds a PhD in organizational Leadership (Business and Entrepreneurship concentration) from Pan African Christian University (PAC), a master's degree in business administration (marketing option) both from Daystar University and a BCom degree in Business Administration and Marketing (double Major). She has over 15 years' experience in the public service having previously worked as a Chief Business Development Officer in Rural Electrification and Renewal Energy Corporation (REREC), Kenya Power as well as a Director of Stima SACCO. She is a seasoned marketer and an all-round transformational leader, having done a lot of research work on transformational style of leadership. She was appointed on 22nd December 2022.



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

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



CPA John Nguni
Chief Officer-Financial Services

Mr. Nguni joined the board on 1st January 2023. He holds an MBA and Bachelor of Commerce from the University of Nairobi. He is A Certified Public Accountant of Kenya and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) He has over 25 years' international experience and in both Private and public sector.



Mr Justus Liku
Board member (Independent)

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



Dr. Felix Mwaluko Daniel
Board Member

Dr Mwaluko was born in 1986. He holds a PhD in Governance and Leadership from JKUAT and a Master of Arts in Governance and Ethics from Mount Kenya University. **Rev. Felix Mualuko Daniel** is an Anglican priest, scholar, and governance practitioner with over 15 years' experience in pastoral ministry, teaching, and community leadership. He lectures in governance and ethics, with research spanning leadership, ethics, and social transformation, and has led key initiatives in anti-corruption, youth mentorship, and county development. Passionate about bridging faith, academia, and governance, he continues to shape communities through values-driven leadership. He Chairs the Operations Committee.



Mrs Rose Mulu Ndungwa
Board member

Rose Mulu was born in 1955. She holds a Master of Arts degree in Counseling from Washington International University (USA). She is a veteran educator and community leader with decades of experience in women's empowerment, governance, and grassroots development. She has chaired Maendeleo Ya Wanawake Organization (Makueni), led key community boards, and contributed to Kenya's constitutional review and electoral processes. Recognized nationally for her leadership and advocacy, she remains a driving force in education, social justice, and community transformation. She chairs the Audit & Risk Committee



Philip Kyalo Mauyu
Board member

Philip Mauyu was born in 1947. He is an experience education professional with decades of service as a teacher and trainer in Kenya. He holds multiple teaching and adult literacy certification and he has contributed significantly to teacher training and community education in Makueni county and beyond. His career reflects a strong commitment to advancing learning, capacity building, and rural development through education.



Ms Agnes Kitili
Ag. Chief Executive officer

Agnes Kitili was born in 1986. She holds a Master's in Project planning and management from the University of Nairobi and a BCom degree in Marketing. is a dynamic sales and marketing professional with over a decade of experience in business development, brand positioning, and strategic leadership across both public and private sectors. She has a strong track record in driving organizational performance through strategic planning, stakeholder engagement, and results-based management. Known for her ability to blend market intelligence with operational efficiency, she has delivered impactful growth, brand visibility, and sustainable systems that enhance accountability and productivity. She was appointed on 1st November 2022.

4. MANAGEMENT TEAM



Miss. Agnes Kitili
MA-Project Planning and Management
BCom Marketing (Hons)
Sales & Marketing Manager/Ag. Chief Executive Officer



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

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5. FIDUCIARY MANAGEMENT

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

No.	Designation	Name
1.	Ag.CEO	Agnes Mbinya Kitili
2.	Head of Finance	CPA Sylvia Kingw'aa
3.	Head of Marketing	Agnes Mbinya Kitili

6. FIDUCIARY OVERSIGHT ARRANGEMENTS

The authority has oversights both internally and externally. The internal committees meet quarterly.

- Audit and Risk Committee
- Finance, Human Resource and Marketing Committee
- Operations and Technical Committee
- County Assembly Oversight Committees

7. CHAIRMAN'S STATEMENT



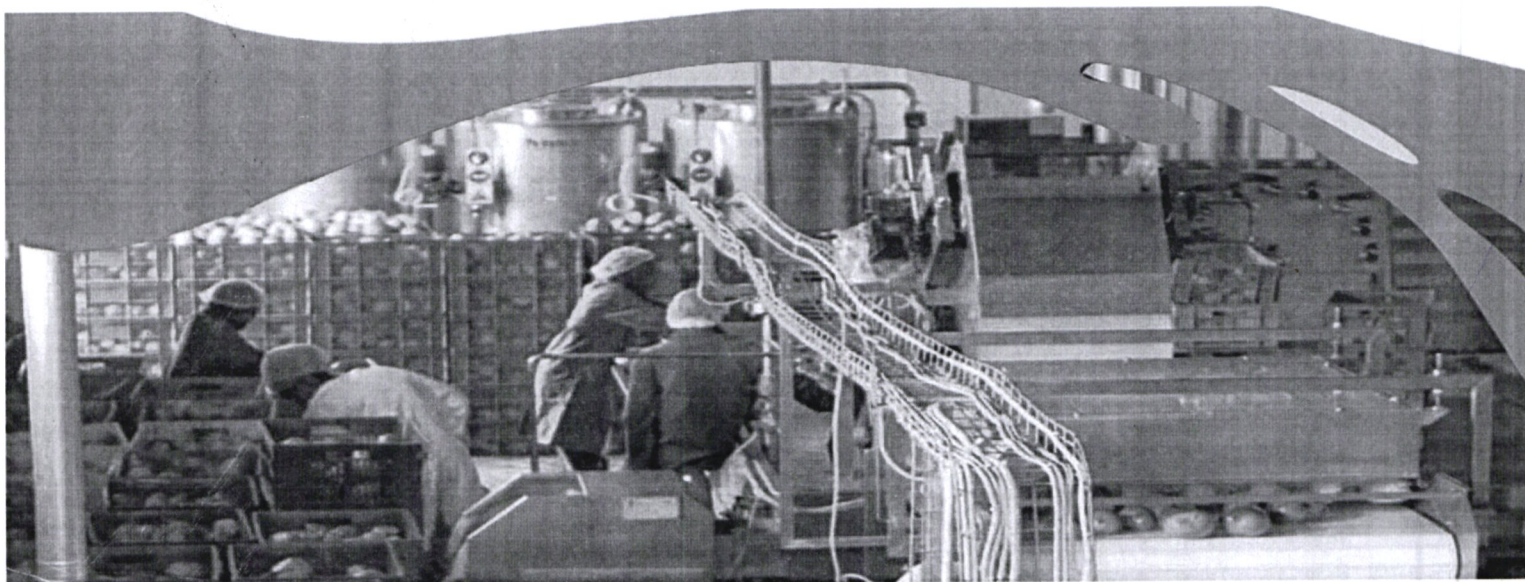
The operation of Makueni Fruit Processing Plant (MFPP) is the actualization of the flagship project for the Government of Makueni County, the realization of the Business Plan by Jomo Kenyatta University of Agriculture and Technology and rolling out of the Makueni County Fruit Development and Marketing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

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

A handwritten signature in blue ink, which appears to read "Paul Nguku Muthama". The signature is written in a cursive, flowing style.

Mr. Paul Nguku Muthama

CHAIRMAN OF THE BOARD



8. REPORT OF THE CHIEF EXECUTIVE OFFICER



The Makueni Fruit Processing Plant (MFPP) stands as a flagship project of the Government of Makueni County, rooted in the Vision 2025 Strategic Approaches to Economic Transformation. In line with Strategic Interventions No. 4 and No. 6, the Plant was established to reduce post-harvest losses through value addition, extend the shelf life of agricultural produce, and strengthen agro-processing infrastructure, while also unlocking market access and enhancing competitiveness for our farmers.

To ensure profitable and sustainable operations, the Makueni County Fruit Development and Marketing Authority (MCFDMA) was established under the Amendment Act, 2017. The Authority has since provided governance, oversight, and leadership in driving fruit value addition and marketing across the county.

The Plant currently processes mangoes into 100% natural puree, supplying regional manufacturers with a key input for ready-to-drink juices. With a capacity of 5 metric tonnes of raw mangoes per hour, the facility consistently produces 2,500–3,000 kilograms of puree hourly.

In FY 2024/25, a major milestone was achieved through European Union co-funding, which enabled the installation and full operationalization of a Ready-to-Drink (RTD) Juice Line, with a reconstitution capacity of 4,500 litres per hour and a filling capacity of 8,000 bottles per hour. This investment has not only diversified our product portfolio but also positioned the Authority to compete in both local and regional juice markets.

1. Operational Performance

During the FY under review, the Authority made steady steps towards the attainment of its objectives. During the period, the Authority purchased a total of 571,000 kgs of Mangoes valued at Ksh 13,195,060 from Makueni farmers. This in turn made a positive contribution towards the objective of reducing post-harvest fruit losses at the farm level.

In terms of pulp production, the Authority processed a total of 1,486 drums m of puree equivalent to 319,490 Kilogrammes. Figure 1 below shows the initial stages in the puree production process.



Figure 1: The start of puree production at the plant

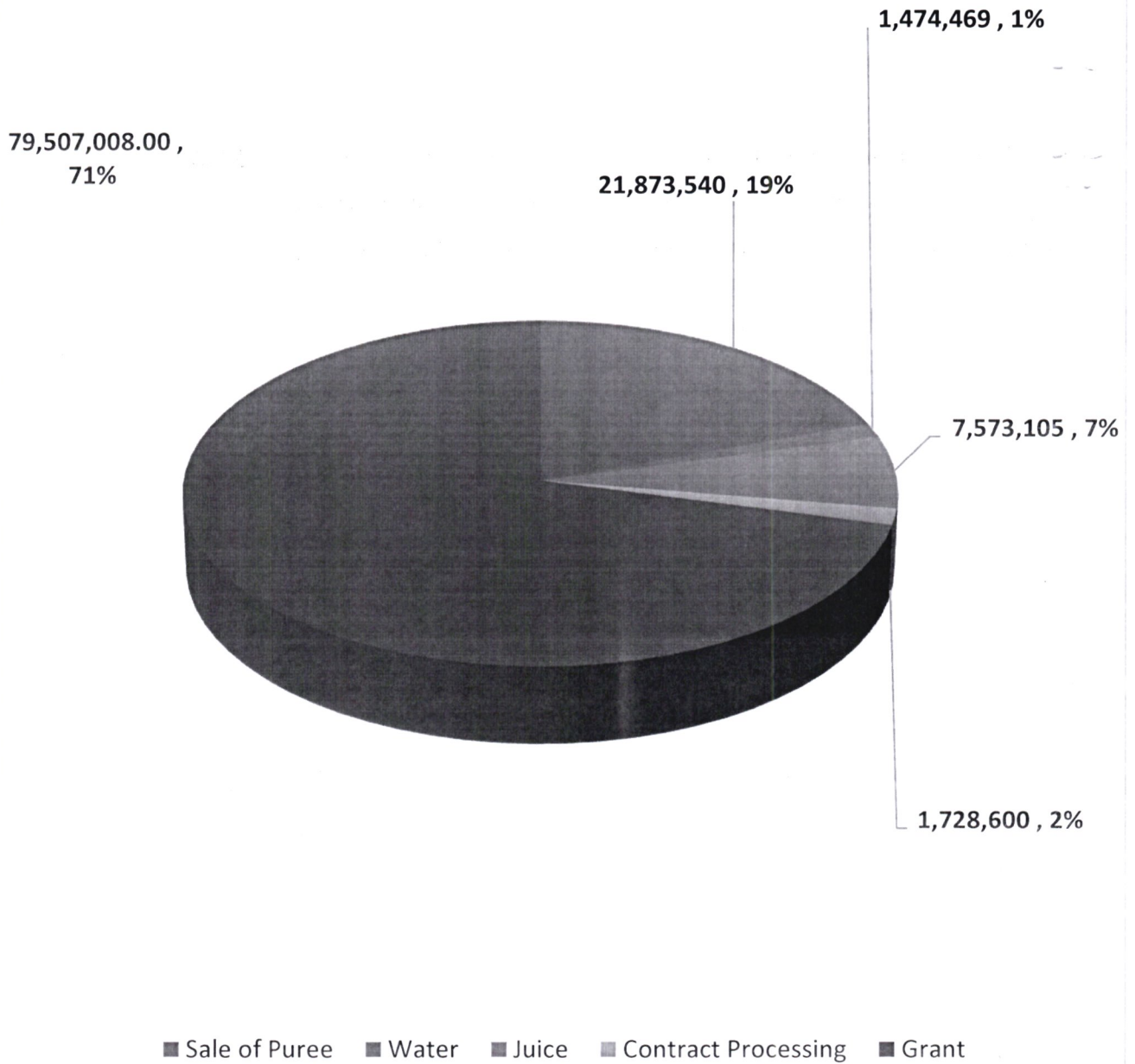
2. Financial Performance

- The Authority realized revenue of Ksh 32,649,714 from the sale of puree, water, juice and contract processing. A further grant amounting to Kshs 79,507,008 was received from the county government.

Figure 2: Total income for FY 2024-2025

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

Financial Performance



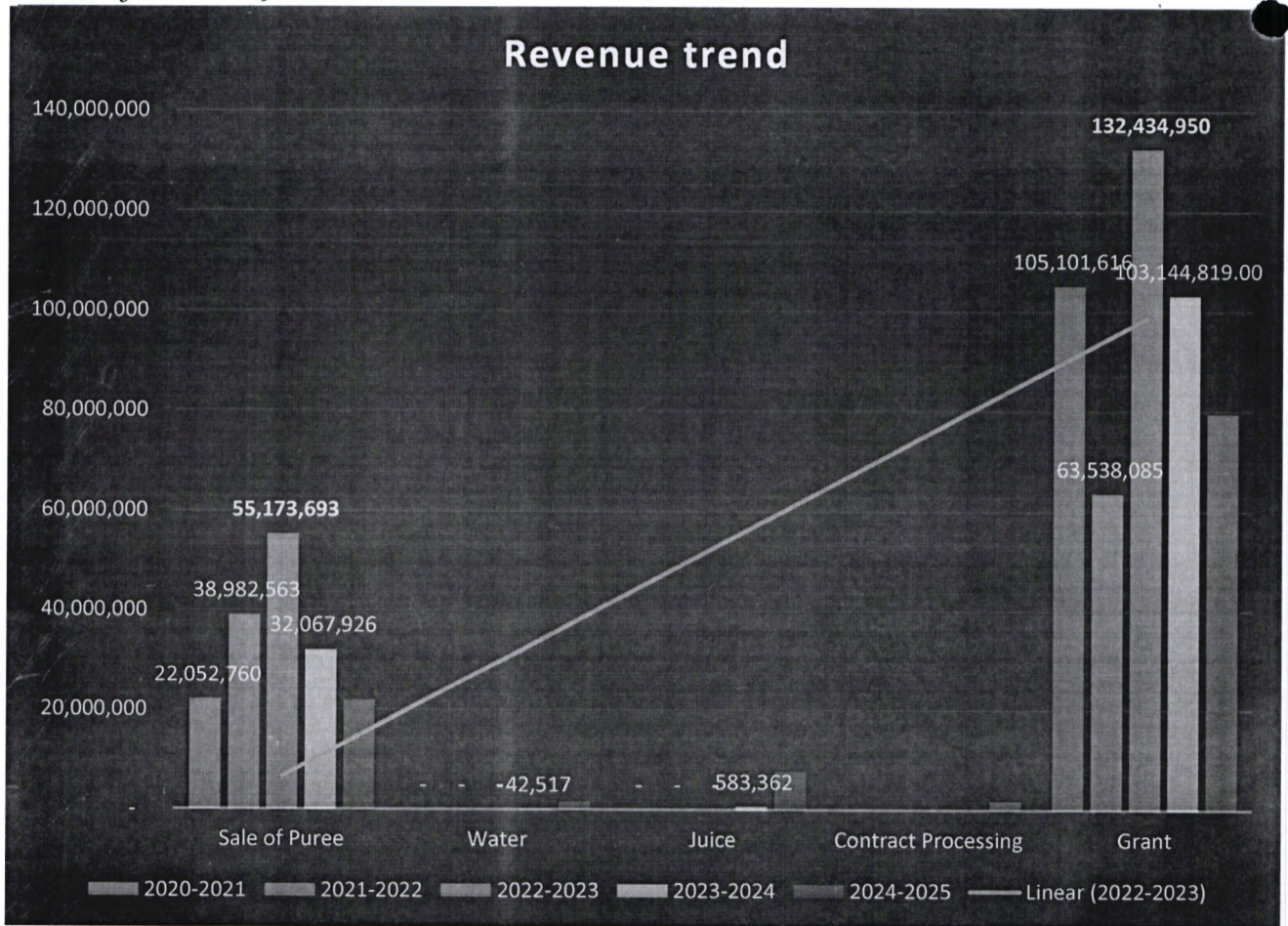


Figure 3: Revenue trends

3. Impact to the community

The implementation of MCFDMA activities has impacted the community positively in more ways than one. The plant provided increased job opportunities both directly at the factory level and at the farm level. At the factory level, the plant employs between 60 and 100 casuals per day during the peak period. Additional labour between 30 and 50 casuals are hired on daily basis for picking, grading, and loading. In addition, the Authority has been able to stabilize the prices for mango fruits at Ksh 24 per kg up from Ksh. 15 per kg at the farm level thereby economically empowering the farmers. Figure 4

Figure below shows the amount paid to farmers over the last three years.

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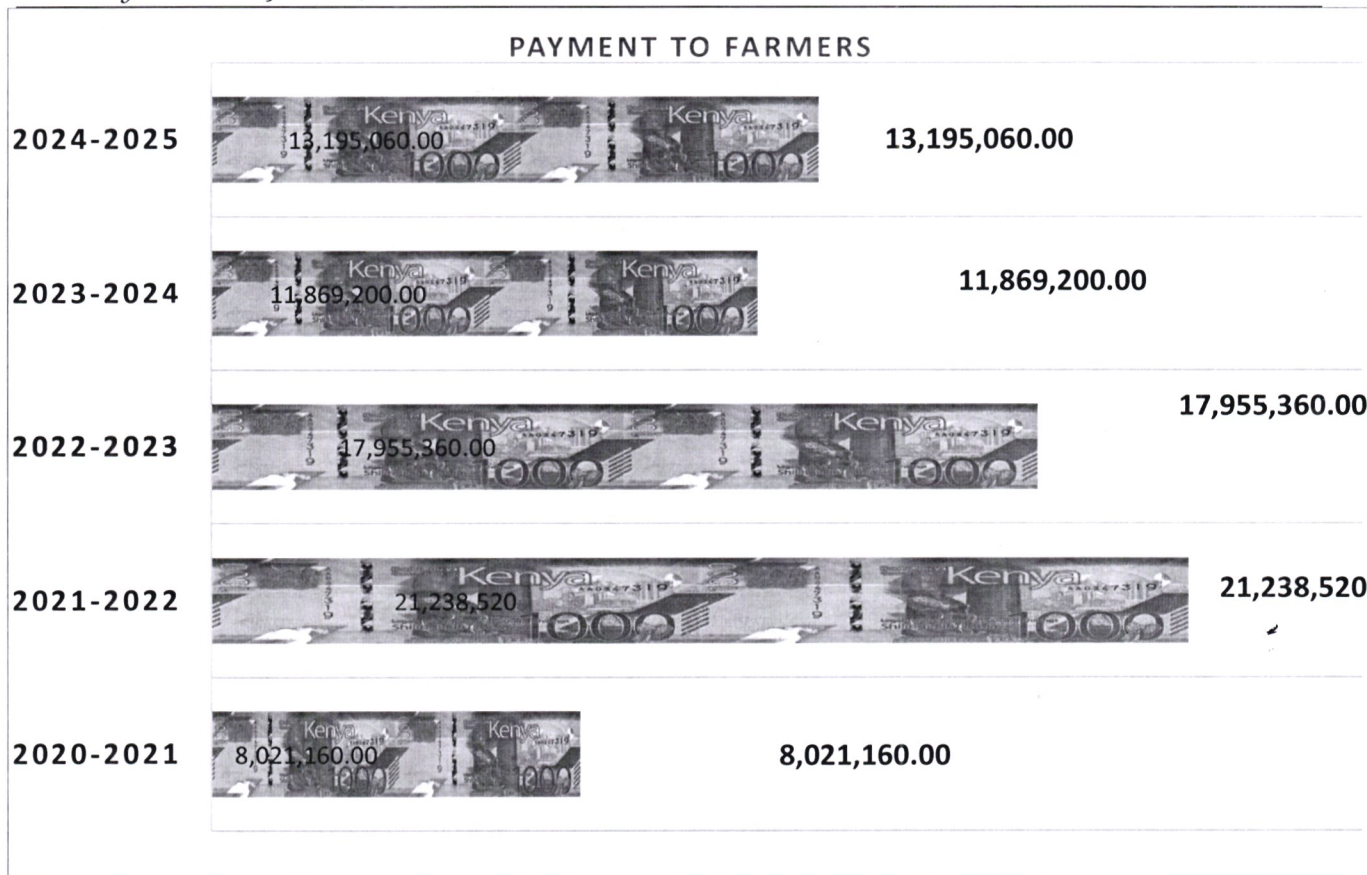


Figure 4: Funds paid to farmers over the three-year period.

4. Future Outlook

Looking ahead, the Authority will focus on expanding market access, diversifying product lines, and strengthening partnerships to increase profitability and resilience. Priority will be placed on sustainability, value addition, and operational efficiency, ensuring continued growth for farmers and stakeholders. With a fully operational RTD line, Makueni is well-positioned to become a regional leader in fruit processing and agribusiness innovation.

As we present the financial statements for the year, I wish to reaffirm the Authority’s commitment to prudent financial management, compliance with statutory obligations, and accountability to our stakeholders. Despite challenges in the operating environment, we continue to strengthen our internal controls, improve efficiency, and drive value for the farmers and communities we serve.

Looking forward, our focus remains on scaling market access, enhancing profitability, and embedding sustainability in all operations—ensuring that Makueni remains a pioneer in fruit processing and a benchmark for county-driven industrialization in Kenya.


Agnes M. Kitili
Ag. Chief Executive Officer

9. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/25

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

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

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

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

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

Table 1: Progress Towards Achieving MCFDMA's Strategic Objectives

KEY RESULT AREAS	STRATEGIC OBJECTIVES	PROGRESS
1. Return on Investment & Profitability of MFPP	To operate MFPP at Optimal Capacity	To optimize on the capacity of the plant, The Authority has installed and tested a Ready-to-Drink Juice line which can package both bottled water and juice. The line has a filling capacity of 8,000 bottles per hour
	To enhance the quality of MFPP products	The Authority has implemented food safety management system (Hazard Analysis and Critical Control Points) to enhance the quality of food products as well as an environmental management system
	To improve the efficiency of production	The Authority developed and implemented a maintenance manual for all the equipment and machines to ensure they are in good conditions.
2. Diversification	To diversify the range of Makueni Fruit Processing Plant (MFPP) products	The Authority received a juice line through the European Union funded IDEAS project. the line is fully operationalized and produces both bottled drinking water and ready-to-drink Juice

*Makueni County Fruit Development and Marketing Authority
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KEY RESULT AREAS	STRATEGIC OBJECTIVES	PROGRESS
3. Partnerships with the cottage industries	To establish and maintain strategic business partnerships	The Authority has supported the cooperative movement by procuring 7 Cooperatives as suppliers who in turn supplied 100% of the total mangoes to the factory.
4. Corporate capacity	To attract, develop and retain competent Human Capital	To attract and retain competent staff, MCFDMA is in the process of developing a Human Resource Manual.
	To manage financial resources prudently	MCFDMA board has put in place an Audit committee as well as a finance/HR committee which will provide oversight and advise on operations. Further, the Authority is in the process of developing a Finance Manual

10. CORPORATE GOVERNANCE STATEMENT

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

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

a) Board Composition

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

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

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

b) Functions of the Authority

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

- i. Administer the management of fruit processing and its infrastructure in the County in accordance with the provisions of this Act
- ii. Ensure that significant policies related to governance, risk management, compliance, human resource management, investor relations, corporate social responsibility, capital expenditure, planning and internal control of the Makueni Fruit Processing Plant (MFPP) have been formulated
- iii. Oversee the implementation of strategies, policies and budget of the Authority
- iv. Promote best practices in, and propose mechanism and or policies in the processing of fruits and marketing of fruit products

Makueni County Fruit Development and Marketing Authority
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- v. Review and evaluate present and future opportunities, threats and risks relating to fruit processing
- vi. Partner with other stakeholders for the development of the fruit value addition infrastructure
- vii. In consultation with stakeholders, review fruit product prices based on market forces and propose strategic interventions required in the fruit value addition subsector
- viii. Direct the affairs of the fruit processing plant while meeting the appropriate interests of stakeholders
- ix. Ensure compliance of any law or regulation in the performance of its functions;
- x. Advise stakeholders on any policy decision relevant to or has implications on the functions of MFPP
- xi. Undertake market surveys and research on fruit processing
- xii. Do anything incidental or conducive to the performance of preceding functions.

c) Board remuneration

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

d) Board Work Plan and Meetings

During the FY under review, a total of 10 board meetings and 12 committee meetings took place. Table 1 below shows the details of board attendance during the year.

Table 1: Board meeting attendance

S/No	Name	7/12/2024	9/27/2024	3/10/2024	11/7/2024	11/8/2024	12/18/2024	12/19/2024	12/20/2024	4/11/2025	5/16/2025
1	Paul Muthama Nguku	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	John Nguni	x	x	x	x	x	x	x	✓	✓	✓
3	Justus Liku	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Felix Daniel	✓	✓	✓	✓	✓	✓	✓	✓	✓	x
5	Rose Mulu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Josselyn Mutua	✓	x	✓	✓	✓	✓	✓	✓	✓	✓
7	Philip Mauyu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Victoria Kyallo	x	✓	✓	✓	✓	✓	✓	✓	✓	✓

e) **Ethical Standards**

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



Mr. Paul N. Muthama
Chairman of The Board

11. MANAGEMENT DISCUSSION AND ANALYSIS

1. Introduction

This section provides the users of these financial statements with a narrative overview and analysis of the financial activities of the Authority for the financial year ended June 30, 2025. Readers are encouraged to consider the information presented here in conjunction with additional information that we have furnished in Chief Executive Officer’s report on pages xvii to xxi.

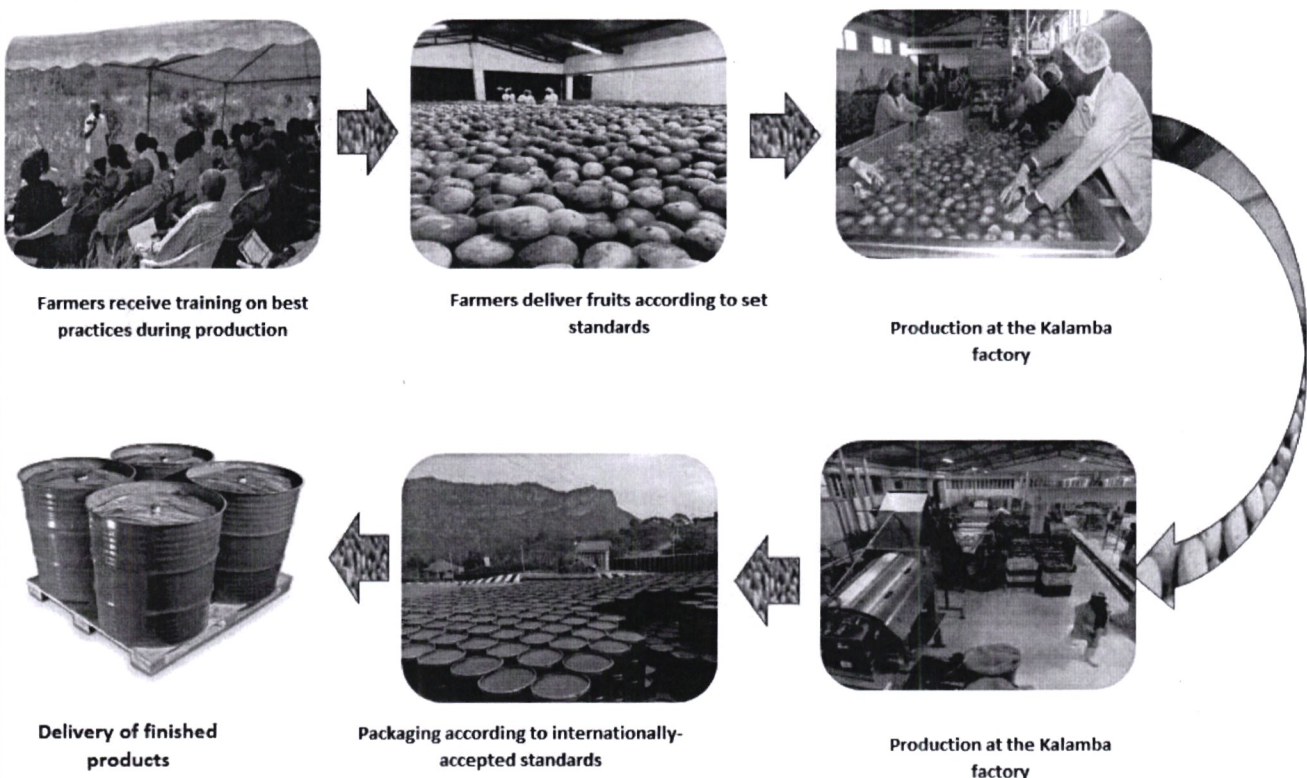
2. Production Process

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

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

The mango fruits are sourced from within Makueni County.

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



3. Financial Highlights

The financial highlights are presented below.

3.1 Overview of the financial statements

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

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

Statement of financial position presents the net assets position of the Authority as at 30th June 2025. The net assets for the Authority at the end of the financial year amounted to KSh. 321,153,611

3.2 Revenue and funding

Revenue comprises of income from sale of puree, water and juice as well as grants from the county government. Revenue for the year amounted to Kshs 32,649,714 while grants from the county government to Ksh 79,507,008 as indicated in figure 1.

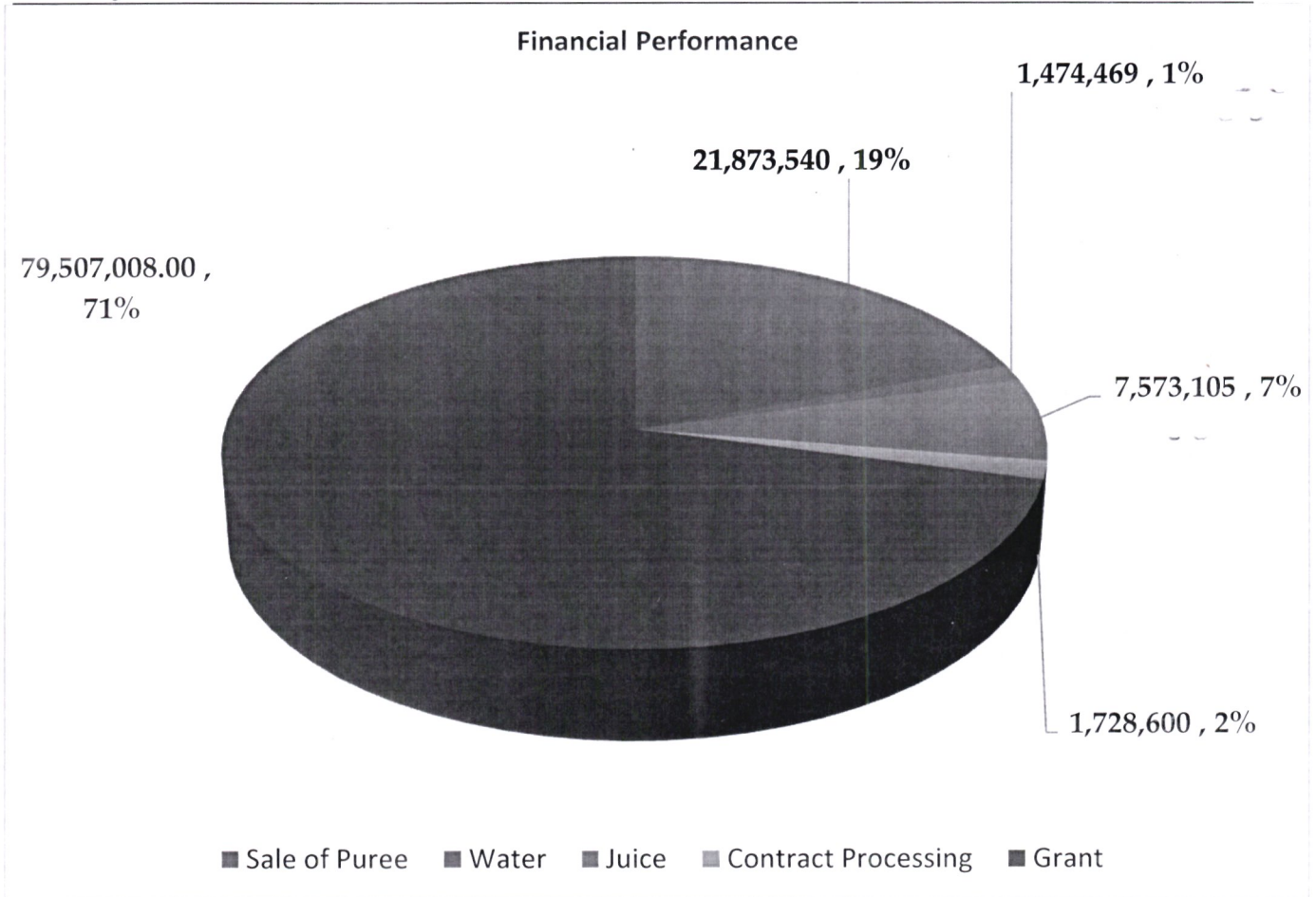


Figure 1: Revenue and grants

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

3.3 Expenditure

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

12. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and profile

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

ii) Environmental Performance

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

iii) Employee Welfare

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

iv) Marketplace practices

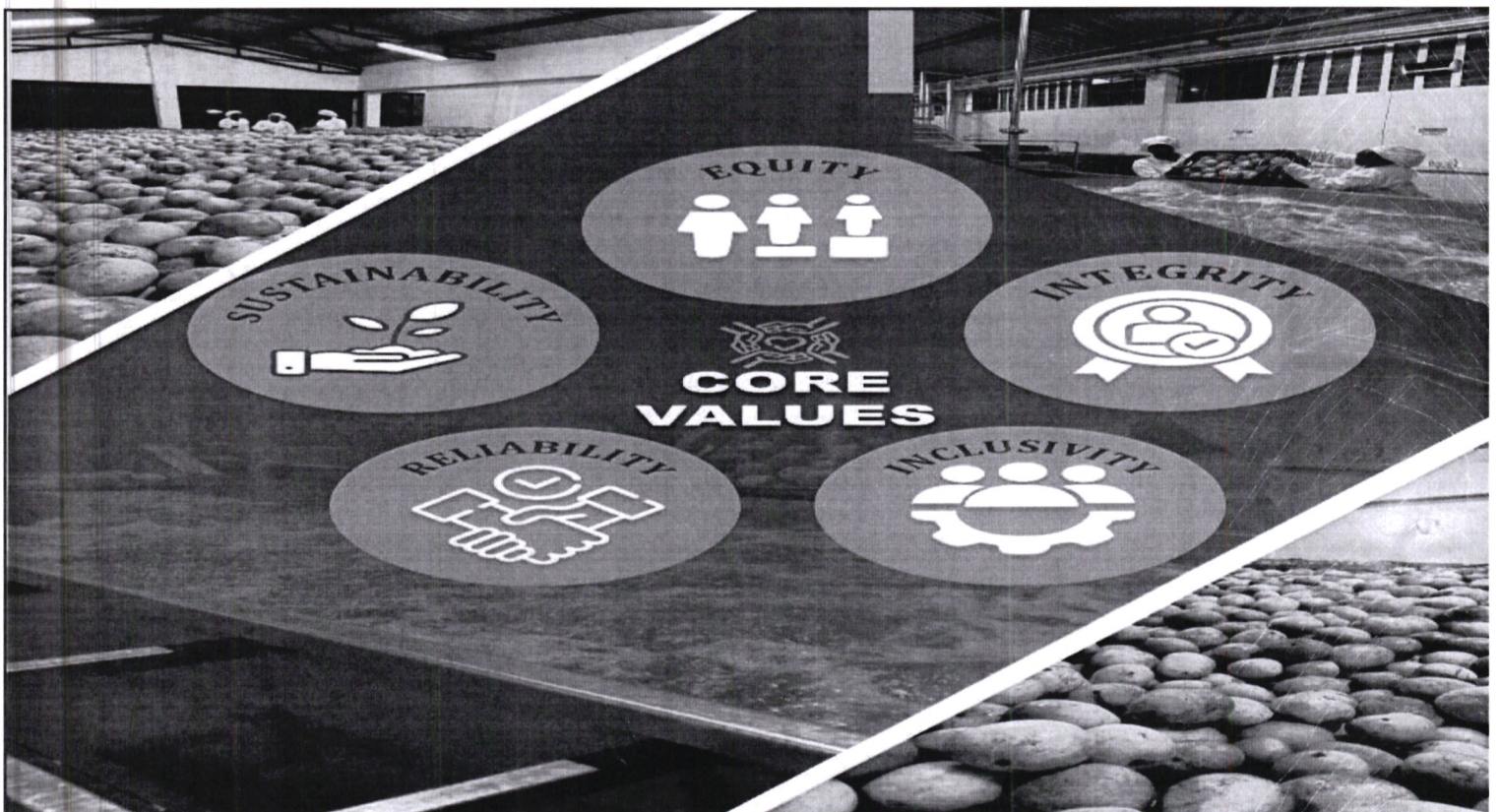
The production process involves puree extraction from mango fruits, sterilizing, and aseptic packing the puree using no artificial colorant or taste enhancer. This is done in compliance with Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Point (HACCP) standards, from receipt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

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



Figure 2: Cleaning of mangoes before processing
v) Corporate Social Responsibility/Community Engagement

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



13. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Authority's affairs.

i) Principal activities

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

ii) Results

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

iii) Dividends

The directors do not recommend payment of dividend.


iv) Directors

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

v) Auditors

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

By Order of the Board


Agnes Kijili
Secretary to the Board

Date 22/10/20

14. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

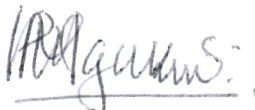
The Directors responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012

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

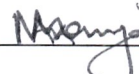
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 7th August 2025 and signed on its behalf by:



Mr. Paul N. Muthama
Chairman



Agnes M. Kitili
Ag. Chief Executive Officer

REPUBLIC OF KENYA

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



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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON MAKUENI COUNTY FRUIT DEVELOPMENT AND MARKETING AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Makueni County Fruit Development and Marketing Authority set out on pages 1 to 28 which comprise of the

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects the financial position of Makueni County Fruit Development and Marketing Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Makueni County Fruit Development and Marketing Authority Act, 2017 and the Public Finance Management Act, 2012.

Basis for Opinion

Unconfirmed Property, Plant and Equipment

The statement of financial position and as disclosed in Note 14 to the financial statements reflect property, plant and equipment balance of Kshs.256,168,719. However, the ownership documents for the freehold land, motor vehicles, building, civil works, plant and machinery were not provided for audit review. Although Management explained that the assets had not been transferred from the County Government to the Authority, there was no evidence provided to confirm effort made to acquire ownership of the assets.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.256,168,719 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the Other Information set out on pages vi to xxxi which comprise of Key Authority Information, The Board of Directors, Management Team,

Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Lack of Operational Autonomy

As previously reported, review of records and systems revealed that the Authority lacks operational autonomy as it does not operate as a separate entity from the County Government of Makueni. The Authority irregularly transferred Kshs.25,467,219 to the County Revenue Fund (CRF) which was accounted for as own source revenue by the County Government instead of investing the surplus. This is contrary to Section 7 (b) of the Makueni County Act, 2017 which states that the Authority shall have powers to manage, administer and control its assets in such a manner and for such purposes as best promotes the purpose for which it was established. In addition, Section 7(g) states that the Authority shall invest any funds not immediately needed for its purposes.

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

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of 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 governance were not effective

Basis for Conclusion

Lack of an Approved Strategic Plan

Review of general information and operational environment of the Authority revealed that the strategic plan provided for audit review was dated 2019-2024 which had expired. Management did not explain how the budget estimates for the year were developed without an approved strategic plan. Lack of a strategic plan means that Management lacks strategic direction.

In the circumstances, Management may not be able to deliver on its mandate.

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

Responsibilities of 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 (IFRS) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 November, 2025

*Makueni County Fruit Development And Marketing Authority
Annual Report and Financial Statements
For the year ended June 30, 2025*

**16. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	2024-2025 Kshs	2023-2024 Kshs
REVENUE			
Revenue	6	32,649,714	32,693,805
Cost of Sales	7	(49,307,374)	(74,711,571)
Gross Profit		(16,657,660)	(42,017,766)
Recurrent Grants	8	79,507,008	103,144,819
Finance Income/expense	9	-	(2,496,590)
Total Revenues		62,849,348	58,630,463
OPERATING EXPENSES			
Administration expenses	10	(34,963,197)	(40,899,300)
Selling and Distribution expenses	11	(3,100,768)	(3,711,675)
Total operating expenses		(38,063,965)	(44,610,975)
Profit/(Loss) before county tranfers	12	24,785,383	14,019,487
Transfer to County Revenue Fund	13	(25,467,219)	(35,932,588)
Impairment of Property plant and equipment		(117,469,451)	-
Total comprehensive income /(loss)for the year		(118,151,287)	(21,913,101)

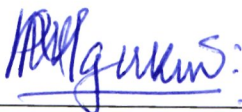
Makueni County Fruit Development and Marketing Authority
Annual Report and Financial Statements
For the year ended June 30, 2025

17. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

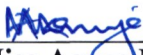
	Note	2024-2025 Kshs	2023-2024 Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	14	<u>256,168,719</u>	<u>394,382,201</u>
Current Assets			
Inventories	15	46,580,412	37,066,905
Trade and other receivables	16	23,194,250	9,770,128
Bank and cash balances	17	<u>9,077,058</u>	<u>29,970,375</u>
Total Current Assets		<u>78,851,721</u>	<u>76,807,408</u>
Total Assets		<u>335,020,440</u>	<u>471,189,610</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Retained earnings	18	(138,068,297)	(19,917,011)
Capital fund	18	<u>462,273,943</u>	<u>462,273,943</u>
Capital and Reserves		<u>324,205,646</u>	<u>442,356,932</u>
Current Liabilities			
Trade and other payables	19	<u>10,814,794</u>	<u>28,832,678</u>
Total equity and Liabilities		<u>335,020,440</u>	<u>471,189,610</u>

The financial statements were approved by the Board on 7th August 2025 and signed on its behalf

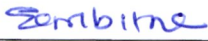
by:



Paul N. Muthama
Chairman



Miss Agnes M. Kitili
Ag. Chief Executive Officer



Sylvia Kingwaa
Finance Manager
ICPAK Number:17846

*Makueni County Fruit Development And Marketing Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025*

18. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	Capital fund Kshs	Retained Earnings Kshs	Total Kshs
Year ended June 30 2024			
At 1st July 2023			
As previously stated	462,273,943	14,682,415	476,956,358
Provision for obsolete stocks	-	(12,686,325)	(12,686,325)
As restated	462,273,943	1,996,090	464,270,033
Loss for the Year	-	(21,913,101)	(21,913,101)
At June 30 2024	462,273,943	(19,917,011)	442,356,932
Year ended June 30 2025			
At 1st July 2024	462,273,943	(19,917,011)	442,356,932
Loss for the Year	-	(118,151,286.57)	(118,151,286.57)
At June 30 2025	462,273,942.85	(138,068,297.32)	324,205,646

*Makueni County Fruit Development And Marketing Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025*

19. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Note	2024-2025 Kshs	2023-2024 Kshs
Cash flows from operating activities			
Profit for the year before transfer to County Government		24,785,383	14,019,487
Adjustments for:			
Depreciation of property, plant and equipment	14	25,816,070	41,363,924
Changes in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		(13,424,122)	5,192,718
Decrease/(increase) in inventories		(9,513,507)	(13,650,685)
Increase/(decrease) in trade payables		(18,017,884)	2,921,139
Cash generated from operations		9,645,939	49,846,583
Net cash from operating activities			
		9,645,939	49,846,583
Cash flows from investing activities			
Purchases of property plant and equipment	14	(5,072,039)	(11,395,728)
Net cash used in investing activities		(5,072,039)	(11,395,728)
Cash flows from financing activities			
Capital Grant received	8	-	-
Transfer to county Government	13	(25,467,219)	(35,932,588)
Net cash used in financing activities		(25,467,219)	(35,932,588)
Net increase (decrease) in cash and cash equivalents		(20,893,319)	2,518,267
Cash and cash equivalents at start of year	17	29,970,375	27,452,108
Cash and cash equivalents at end of year	17	9,077,056	29,970,375

*Makueni County Fruit Development And Marketing Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025*

20. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% perform ance
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Sales	33,000,000	-	33,000,000	32,649,714	350,286	99%
Grants	82,054,584	1,619,101	83,673,685	79,507,008	4,166,677	95%
Finance income/costs	-	-	-	-	-	0%
Total income	115,054,584	1,619,101	116,673,685	112,156,722	4,516,963	
Expenses						
Raw materials and production cost	59,376,087	(10,000,000)	49,376,087	49,307,374	68,713	0%
Purchase of Assets	5,072,039	-	5,072,039	5,072,039	-	0%
Operating expenses	46,318,976	-	46,318,976	38,063,965	8,255,011	18%
County Transfers	26,000,000	-	26,000,000	25,467,219	532,781	
Total expenditure	136,767,102	(10,000,000)	126,767,102	117,910,597	8,856,506	7%
Profit/(Loss)for the year	(21,712,518)	11,619,101	(10,093,417)	(5,753,875)	(4,339,543)	0%

Reconcilitaion:

Profit as per statement of budget and actual amounts	(5,753,874.64)
Add: Purchase of Assets	5,072,039.24
Less: Loss on valuation of property plant and equipment	(117,469,451.17)
Profit as per Profit and loss account	(118,151,287)

21. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in *Note 5*. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Authority*. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

2.1 Going concern

The financial statements indicate profit of Ksh. 24,785,383 before transfer to the county for Ksh 25,467,219 and impairment of plant and equipment for Ksh 117,469,451. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Authority's ability to continue as a going concern. However, the financial statements have been prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS) on assumption that continued financial support will be made available to the Authority by the County Government, through grants.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

Title	Description	Effective Date	Impact on the Authority
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.	Effective for annual periods beginning on or after 1 st January 2023.	No impact
IAS 8- Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of ‘accounting estimates’ and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.	No impact
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies.	The amendments are effective for annual periods beginning on or after January 1, 2023.	No impact
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	The amendments are effective for annual periods beginning on or after January 1, 2023.	No impact

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

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

Title	Description	Effective Date	Impact on the Authority
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an Authority to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments were effective for annual periods beginning on or after January 1, 2024.	No Impact
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 were effective for annual periods beginning on or after January 1, 2024.	No Impact
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an Authority provides about liabilities arising from loan arrangements for which an Authority's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the Authority complying with conditions specified in the loan arrangement.	The amendments were effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.	No Impact

Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the Authority's financial statements.

iii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in year 2024-2025

4. Summary of Significant Accounting Policies

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

a) Revenue recognition

Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties such as Value Added Tax (VAT). The Authority recognizes revenue when it transfers control of a product or service to a customer.

i) **Revenue from the sale of goods and services** is recognized in the year in which the Authority delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. During the financial year the Authority realised income from contract processing of Puree (Sale of services)

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

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

b) In-kind contributions

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

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

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

d) Depreciation and impairment of property, plant and equipment

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

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

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

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

e) Intangible assets

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

accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

f) Amortization and impairment of intangible assets

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

g) Inventories

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

h) Trade and other receivables

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

i) Taxation

i) Current income tax

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

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute

the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Authority operates and generates taxable income.

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

ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

j) Cash and cash equivalents

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

k) Trade and other payables

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

l) Provision for staff leave pay

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

m) Exchange rate differences

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

n) Budget information

The original budget for FY 2024-2025 was approved by the County Assembly on 26th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues,

expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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	2024-2025	2023-2024
	Shs	Shs
6. Revenue		
Sale of Puree, Water, Juice and Contract processing	<u>32,649,714</u>	<u>32,693,805</u>
7. Cost of Sales		
Opening Stock of finished goods and work In Progress	20,701,584	14,602,287
Cost of raw and packing materials consumed (7.1)	26,398,049	30,086,631
Production cost (7.2)	36,953,114	50,724,237
Closing stock of finished goods and work-in-progress	<u>(34,745,372)</u>	<u>(20,701,584)</u>
Total Cost of Sales	<u>49,307,374</u>	<u>74,711,571</u>
7.1 Cost of raw and packing materials consumed		
Opening stock	16,365,321	8,813,933
Purchases	21,867,768	37,638,020
Closing stock	<u>(11,835,040)</u>	<u>(16,365,321)</u>
Total Cost of raw and packing materials consumed	<u>26,398,049</u>	<u>30,086,631</u>
7.2 Production Cost		
Salaries and Wages	3,717,837	2,958,947
Electricity and water	1,880,453	2,630,640
Processing chemicals	1,637,047	4,228,124
Fuel and Oil Expenses	5,168,109	3,206,130
Personal Protective Equipment	560,782	293,255
Consumables	70,206	2,454,341
Licence and certifications	1,486,707	621,762
Plant repairs and maintenance	2,843,050	4,516,591
Depreciation for plant and machinery	16,528,496	29,679,094
Excise Duty	3,032,007	135,354
Lab Consumables	<u>28,420</u>	<u>-</u>
Total Production Cost	<u>36,953,114</u>	<u>50,724,237</u>

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8. Grants from County Government and Development partners

Grants

Makueni County Government (8.1)	79,507,008	103,144,819
European Union	-	-
Total Grant	<u>79,507,008</u>	<u>103,144,819</u>
Recurrent	79,507,008	103,144,819
Capital	-	-
	<u>79,507,008</u>	<u>103,144,819</u>

2024-2025
Shs

2023-2024
Shs

8.1 Grants from County Government

Transfer from county Government	67,054,320	89,513,505
Expenses paid on behalf of the Authority	12,452,688	13,631,314
Total Grant from county Government	<u>79,507,008</u>	<u>103,144,819</u>

9. Other Income

Foreign Exchange gain/loss	-	(2,496,590)
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10. Administration expenses

Employment costs

Salaries and wages	12,452,688	13,631,314
Other Staff costs	1,932,554	204,556
	<u>14,385,242</u>	<u>13,835,870</u>

Other Administrative expenses

Bank charges and commissions	102,761	97,333
Consultancy fees	324,800	1,297,000
Directors' emoluments	4,008,053	3,889,327
Staff training expenses	119,200	716,875
Legal and Professional fees	-	1,140,000
Cleaning and sanitation	529,354	440,711
Repairs and Maintenance	1,478,233	-
Other administrative expenses	1,717,875	858,107
Travelling and subsistence	13,580	3,822,198
Rent	240,000	-
Hospitality costs	775,012	639,572
Communication services and supplies	722,589	776,496
Printing and Stationery	349,148	421,319
Motor Vehicle running expenses	909,776	1,085,462
Environmental Impact Assessment costs	-	194,200
Depreciation of Property Plant and Equipment	9,287,574	11,684,831
Total other administration expenses	<u>20,577,955</u>	<u>27,063,430</u>
Total administration expenses	<u>34,963,197</u>	<u>40,899,300</u>

11. Selling and distribution costs

Marketing and promotional expenses	3,100,768	2,743,131
Carriage Outwards	-	968,544
Total Selling and distribution expenses	<u>3,100,768</u>	<u>3,711,675</u>

12. Operating profit/ (loss)

The operating profit/(loss) is arrived at after charging/(crediting):

	2024-2025	2023-2024
	Shs	Shs
Staff costs (note 10)	14,385,242	13,835,870
Depreciation of property, plant and equipment	25,816,070	41,363,924
- other	4,008,053	3,889,327
	<u> </u>	<u> </u>

13. County Transfers

Transfer to County Revenue Fund	<u>25,467,219</u>	<u>35,932,588</u>
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14. Property, Plant and Equipment

	Freehold land Kshs	Buildings and Civil Works Kshs	Computer Assessories Kshs	Furniture and fittings Kshs	Plant and Machinery Kshs	Motor Vehicles Kshs	Total Kshs
Cost:							
At July 1 2023	4,269,998.00	264,058,741.00	8,278,147.00	3,616,111.50	365,999,930.90	22,351,804.00	668,574,732
Additions	-	9,192,728.00	-	-	2,203,000.00	-	11,395,728
At June 30, 2024	4,269,998.00	273,251,469.00	8,278,147.00	3,616,111.50	368,202,930.90	22,351,804.00	679,970,460.40
 Depreciation							
At July 1 2023	-	61,744,227.68	7,762,730.67	1,506,517.84	150,859,054.66	22,351,804.00	244,224,335
Charge for the year	-	10,930,058.76	465,483.00	289,288.92	29,679,093.70	-	41,363,924
At June 30, 2024	-	72,674,286.44	8,228,213.67	1,795,806.76	180,538,148.36	22,351,804.00	285,588,259
 Net book value at June 30, 2024	4,269,998.00	200,577,182.56	49,933.33	1,820,304.74	187,664,782.54	-	394,382,201.17

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2024-2025

	Freehold land Kshs	Buildings and Civil Works Kshs	Computer Assessories Kshs	Furniture and fittings Kshs	Plant and Machinery Kshs	Motor Vehicles Kshs	Total Kshs
Cost:							
At July 1 2024	4,269,998.00	273,251,469.00	8,278,147.00	3,616,111.50	368,202,930.90	22,351,804.00	679,970,460
Additions	-	1,076,123.24	3,847,950.00	-	147,966.00	-	5,072,039
Valuation	1,452,952.00	(145,981,469.00)	(5,980,847.00)	(1,373,611.50)	(236,122,930.90)	(15,051,804.00)	(403,057,710)
At June 30, 2024	5,722,950.00	128,346,123.24	6,145,250.00	2,242,500.00	132,227,966.00	7,300,000.00	281,984,789
Depreciation							
At July 1 2024	-	72,674,286.44	8,228,213.67	1,795,806.76	180,538,148.36	22,351,804.00	285,588,259
Revaluation	-	(72,674,286.44)	(8,228,213.67)	(1,795,806.76)	(180,538,148.36)	(22,351,804.00)	(285,588,259)
Charge for the year	-	5,133,844.93	2,048,416.67	280,312.50	16,528,495.75	1,825,000.00	25,816,070
At June 30, 2025	-	5,133,844.93	2,048,416.67	280,312.50	16,528,495.75	1,825,000.00	25,816,070
Net book value at June 30, 2025	5,722,950.00	123,212,278.31	4,096,833.33	1,962,187.50	115,699,470.25	5,475,000.00	256,168,719.39

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	2024-2025	2023-2024
	Shs	Shs
15. Inventories		
Finished goods (Puree and Water)	34,745,372	33,387,909
Less: Obsolete stocks	-	(12,686,325)
As revalued	34,745,372	20,701,584
Consumables and packaging materials	11,835,040	16,365,321
Total inventories	46,580,412	37,066,905
16. Trade and Other Receivables		
Trade receivables	13,249,294	8,150,623
Deposits(Security Bond)	600,000	-
Grants Receivable	8,854,956	1,619,505
Other receivables	490,000	-
Total trade and other receivables	23,194,250	9,770,128

The aged analysis of receivables is as follows:

16 (a) Trade receivables

Gross Trade Receivables	13,249,294	8,150,623
Provision for Doubtful Receivables	-	-
Net Trade Receivables	<u>13,249,294</u>	<u>8,150,623</u>
Ageing analysis of gross Trade Receivables		
Less than 30 Days	1,467,800	1,959,795
Between 30 and 60 Days	256,500	1,658,251
Between 61 and 90 Days	2,742,880	726,595
Between 91 and 120 Days	2,948,420	-
Over 120 Days	5,833,694	3,805,982
Total	<u>13,249,294</u>	<u>8,150,623</u>

17. Bank and Cash Balances

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

Cash at bank	<u>9,077,058</u>	<u>29,970,375</u>
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Detailed analysis of the cash and cash equivalents

KCB Bank Operations Acc No 1282641352	5,031,241	29,968,497
KCB Bank Revenue Acc No 1282640194	4,045,656	642
KCB Bank Dollar - Acc No 1289137811	162	1,237
	<u>9,077,058</u>	<u>29,970,375</u>

18. Nature and Purpose of reserves

- (i) Capital funds relate to cumulative capital grants received from the county government and development partners for purchase of non-current assets. The balance represents the Authority's Investment in in the assets of the fruit processing plant as 30 June 2025.
- (ii) **The retained earnings** represent amounts available for distribution to the Authority's shareholders. Undistributed retained earnings are utilised to finance the Authority's business activities.

	2024-2025	2023-2024
	Shs	Shs
19. Trade and Other Payables		
Trade Payables	8,799,855	23,750,455
Accrued expenses	2,014,939	1,042,685
Other payables	-	4,039,538
Total Trade and other payables	<u>10,814,794</u>	<u>28,832,678</u>

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20. Notes to The Statement of Cash Flows

	Note	2024-2025 Kshs	2023-2024 Kshs
Net cash from operating activities	20	<u>9,645,939</u>	<u>49,846,583</u>
Cash flows from investing activities			
Purchases of property plant and equipment	14	(5,072,039)	(11,395,728)
Net cash used in investing activities		<u>(5,072,039)</u>	<u>(11,395,728)</u>
Cash flows from financing activities			
Capital Grant received	8	-	-
Transfer to county Government	13	(25,467,219)	(35,932,588)
Net cash used in financing activities		<u>(25,467,219)</u>	<u>(35,932,588)</u>
Net increase (decrease) in cash and cash equivalents		(20,893,319)	2,518,267
Cash and cash equivalents at start of year	17	<u>29,970,375</u>	<u>27,452,108</u>
Cash and cash equivalents at end of year	17	<u>9,077,056</u>	<u>29,970,375</u>

21. Related Party Disclosures

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

Other related parties include:

- i) The Parent Ministry
- ii) Government of Kenya
- iii) Key management
- iv) Board of directors

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	2024-2025	2023-2024
	Shs	Shs
a. Grants from Government		
Grants from County Government	<u>67,054,320.00</u>	<u>89,513,505.00</u>
b. Expenses incurred on behalf of related party		
Payment of Salaries and wages for Mcfdma emplo	<u>12,452,688</u>	<u>13,631,314</u>
c. Key management compensation		
Directors' emoluments	<u>4,008,053</u>	<u>3,889,327</u>

22. Capital Commitments

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

23. Financial Risk Management

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal 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.

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

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

(iii) Market risk

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

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

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Authority's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

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

(iii) Market risk (Continued)

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

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

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.

c) Interest rate risk

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

iv) Capital Risk Management

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

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24. Incorporation

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

25. Events After the Reporting Period

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

26. Currency

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

27. Revaluation

Revaluation.	Net book value Kshs	Revaluation/Impairment Kshs	Revaluation Surplus/Impairment
Freehold land	4,269,998.00	5,722,950.00	1,452,952.00
Buildings and Civil Works	200,577,182.56	127,270,000.00	(73,307,182.56)
Computer Assessories	49,933.33	2,297,300.00	2,247,366.67
Furniture and fittings	1,820,304.74	2,242,500.00	422,195.26
Plant and Machinery	187,664,782.54	132,080,000.00	(55,584,782.54)
Motor Vehicles	-	7,300,000.00	7,300,000.00
	394,382,201.17	276,912,750.00	(117,469,451.17)

22. APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Audit Observation	Management Comments	Status	Time Frame
A. Other Matters			
1. Unresolved prior matters.	The prior matters included lack of operational autonomy and lack of substantive Chief Executive Officer.	Autonomy Pending CEO - Resolved	June 30 2026
2. Material uncertainty related to going concern	Management recommends the provision of seed capital as a one-off support to the plant to enable it finance its operations into the future. Further, retention of revenue should be provided for in the act and sweeping of revenue to the CRF should be stopped forthwith	Pending	June 30 2026
REPORT ON UNLAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES			
1. Lack of a substantive Chief Executive Officer.	The recruitment of a substantive CEO is in progress and interviews have already been conducted.	Resolved	
3. Lack of operational autonomy.	The management recommends a review of the act to enable retention and use of revenue collected and avoid sweeping funds to CRF. This will enhance operational autonomy.	Pending	June 30 2026

APPENDIX II: PROJECTS IMPLEMENTED BY MAKUENI COUNTY FRUIT DEVELOPMENT AND MARKETING AUTHORITY

PROJECTS

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

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

There were no projects funded by development partners during the period.

APPENDIX III: INTER-ENTITY CONFIRMATION LETTER

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by Makueni County Fruit Development and Marketing Authority as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	12/02/2024	12,000,000.00	-	12,000,000.00	
	23/12/2024	-	28,050,314.00	28,050,314.00	
	17/02/2025	-	16,010,685.00	16,010,685.00	
	27/06/2025	-	2,138,364.00	2,138,364.00	
	03/07/2025	6,953,117.70	-	6,953,117.70	
	11/07/2025	-	1,901,739.00	1,901,739.00	
Total		18,953,117.70	48,101,103.00	67,054,219.70	

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 Sign Date.....