JESSIE & ASSOCIATES
Certified Public Accountants

ADABU HOUSE,
GENERAL MATHENGE DRIVE,
P. O. BOX 43682, GPO, 00100
NAIROBI, KENYA
TEL: 020 2349153, 0700 414845,
0737 519924, 0710 647731
E-MAIL: jessieassociates@yahoo.com

31/3/015

30th March, 2015

RECEIVED
30 MAR 2015
CAPITAL MARKETS AUTHORITY
NAIROBI

The Chief Executive,
Capital Markets Authority,
Embankment Plaza
4th Floor, Upperhill
Nairobi.

Dear Sir,

RE: KENYA ORCHARDS LIMITED
FINANCIAL STATEMENTS – 31ST DECEMBER, 2014

We enclose herewith a copy of the Annual Report and Financial Statements for the year 2014 as required.

Please acknowledge receipt by signing a copy of this letter.

Yours faithfully,

JESSIE & ASSOCIATES

Encl.

MANAGEMENT
Chief Executive
Director - MO
Director - C S & C
Director - R P & S
Director - CS

KENYA ORCHARDS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2014

CONTENTS

Board of directors

Thakarshi K. Patel	Chairman	Date of Birth	4th October 1940
Vipul T. Patel	Managing Director	Date of Birth	6th August 1969
Vaidya S. Damodar (Non-executive)	Independent Director	Date of Birth	21st April 1952
Hardik Mahesh Shah	Director	Date of Birth	26th October 1986

Company secretary

Sage Registrars,
P.O. Box 52234 - 00200,
Nairobi,
Kenya.

Registered office

L.R. No. 1870/11/321,
Adabu House, General Mathenge Drive,
Westlands,
P.O. Box 52234-00200,
Nairobi,
Kenya.

Independent auditor

Jessie & Associates,
Certified Public Accountants,
Adabu House,
General Mathenge Drive,
P.O. Box 43682 - 00100,
Nairobi,
Kenya.

Principal banker

Guardian Bank Limited,
Biashara Street,
P.O. Box 67437-00100,
Nairobi,
Kenya.

Corporate Governance Statement

Kenya Orchards Limited (KOL) and its Board of Directors are committed to achieving the highest standards of corporate govemance and acknowledge that this is essential to creating and building sustainable value for shareholders. The main corporate govemance practices in respect to 2014 are detailed in this statement. The Board of Directors and entire management have committed themselves to act honestly, ethically, diligently and in accordance with the law in serving the interests of KOL's shareholders, employees, customers and the communities in which KOL operates. KOL will endeavour and continue to uphold good corporate govemance practices. The Company will endeavour to comply with Nairobi Securities Exchange (NSE) Listing requirements and the Guidelines on corporate Governance practices by Public listed companies in Kenya issued by the Capital Market Authority (CMA).

Role and Responsibilities of the Board of Directors

The Board operates in accordance with the broad principles set out in its Charter. The implementation of corporate strategy and day to day management of KOL's affairs are delegated to management, however the Board retains specific responsibility for:

- reviewing and approving systems of risk management, internal control and compliance, codes of conduct, continuous disclosure and legal compliance;
- reviewing and approving major capital expenditure, capital management, acquisitions and divestitures;
- any matters which exceed the authority limits delegated to the Managing Director;
- reviewing and approving business plans and budgets, including the setting of performance objectives;
- monitoring the company's operational and financial position and performance;
- approving the company's financial and accounting policies and financial statements;
- monitoring compliance with control and accountability systems, regulatory requirements and ethical standards;
- approving the financial and other reporting mechanisms for adequate, accurate and timely information being provided to the Board;
- approving processes, procedures and systems to ensure that financial results are appropriately and accurately reported on a timely basis;
- reviewing executive succession planning and development;
- approving the acquisition, establishment, disposal or cessation of any significant business of the company;
- approving the issue of any securities in the company;
- approving any public statements which reflect significant issues of company policy or strategy;
- approving changes to the discretions delegated from the Board; and
- deciding on any matters which exceed the authority limits delegated to the Managing Director.

Board Composition

Directors are elected by the Shareholders based on the skills and experience they are able to bring to Board deliberations on current and emerging issues. In addition, the Board seeks to ensure that the size of the Board as well the blend of skills within its membership, is conducive to effect discussion and efficient decision making. In accordance with the company's Memorandum and Articles of Association, one third of the Directors are required to retire from office annually. The Directors have developed and adopted a policy on the appointment, tenure and retirement of Directors.

Director Independence

The Board recognises the importance of independent judgement in the decision making process. The Board's Charter expressly states that it shall not be necessary for a director to hold any share in the company. Applying the above criteria, the Board considers that all non-executive directors are independent.

Managing Director

The Managing Director is KOL's most senior employee. The Managing Director recommends policy, strategic direction and business plans for Board approval and is responsible for managing the company's day-to-day activities. The Managing Director is appointed by the Board and is subject to an annual performance review by the Board.

Corporate Governance Statement *(continued)*

Director Orientation
Directors undergo an induction process upon appointment during which they are given a full briefing on the company. This includes meetings with key executives, tours of operational sites and presentations. Thereafter, in order to assist Directors to maintain an appropriate level of knowledge of the company and its operations, Directors undertake site visits and are provided with regular updates and briefings on current and emerging issues.

Board Meetings
The Board convenes on average of four formal meetings per year, including one meeting dedicated primarily to strategic planning. The agenda, frequency and length of meetings are determined by the Chairman in consultation with the Managing Director. The Chairman manages the conduct of meetings and strives to ensure open and constructive discussion between Board members and between the Board and management. Ad hoc Board and committee meetings may be convened to consider particular matters.

In addition, the various Board Committees meet at least three times each year to discuss various issues on the position of the company and the performance of management.

Company Secretary
Sage Registrars is KOL's Company Secretary. This position is responsible for:
- advising the Board on corporate governance principles;
- management of the company secretarial function;
- attending all Board and Board committee meetings and taking minutes; and
- communication with the Capital Markets Authority and the Nairobi Stock Exchange.

Committees of the Board
To assist in the execution of its responsibilities and to allow detailed consideration of complex issues, the Board will establish the following sub-committees:
- Human Resources and Strategy committe.
- Audit Committee.

Each committee will be comprised wholly of independent, non-executive Directors. The structure and membership of these committees will be reviewed periodically. Each committee will have its own policy setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. Unless expressly delegated by the Board to one of its committees, all matters determined by committees are to be submitted to the full Board as recommendations for Board decision.

The Human Resources and Strategy Committee
The Human Resources and Strategy Committee's responsibility is to provide assistance and recommendations to the Board to assist it in fulfilling its corporate governance responsibilities relating to:
- overall development and direction of the company's strategy and policies;
- overall remuneration strategy of the company, its development, review and implementation;
- remuneration of executives and non-executive Directors;
- evaluation of the performance of the Managing Director and senior executives;
- succession planning for key roles; and
- assessment, composition and succession of the Board. The Committee has the resources and authority appropriate to discharge its duties and responsibilities, including the authority to engage external professionals on terms it determines appropriate.

The Audit Committee

The Committee is to be guided by a charter which requires that all members of the Committee be financially literate and have an appropriate understanding of the industries in which the company operates. The overall purpose of the Audit Committee will be to protect the interests of the company's shareholders and other stakeholders by overseeing processes in respect of:
- integrity of financial reporting;
- adequacy of the control environment;
- process for the management of risk; and
- internal and external audit functions.

Corporate Governance Statement *(continued)*

Risk Assessment and Management

The Board, with assistance from the Audit Committee, will be responsible for ensuring there are adequate processes and policies in place to identify, assess and mitigate risk. KOL will implement a formal Enterprise Risk Management program which will establishes structured risk management processes, as well as ensuring that risk management concepts and awareness are embedded into the culture of the organisation. This program includes the involvement of senior executives, as well as the engagement of external risk management consultants as necessary.

The key elements of KOL's risk management program are:

- classification of risks into strategic, financial, operational, compliance, information and project risks;
- the quantification and ranking of risk events consequences;
- the process to capture and document high level risks;
- a comprehensive management representation program which involves a detailed hierarchy of signoffs on a wide range of risk issues;
- the assignment of clear accountabilities for identified risk issues to appropriate senior employees;
- comprehensive regular reporting to the Board and senior management on key areas of safety, environment, treasury and exchange, legal matters and major projects;
- policies and procedures to address key internal controls;
- the development of a company wide intranet based risk management database for communicating and updating progress on risk matters;
- a comprehensive insurance program.

Audit Function

The company's current external auditors are Jessie & Associates .

Securities Trading Policy

If Directors, officers and employees of the company intend to buy or sell the company's securities (shares, options, warrants etc), they must do so in accordance with the company's Securities Trading Policy. Under the Securities Trading Policy, Directors and employees are prohibited from trading in the company's securities if they are in possession of price sensitive information which is not generally available to the market. In addition to this general prohibition, all employees and Directors are prohibited from buying or selling securities in the company during the period from the end of the financial year or half financial year to the time of the release of the annual or half year results. In addition, the employees must declare to the Company Secretary that they hold interest in the securities of the company.

Continuous Disclosure

In accordance with the Company's Articles of Association, the shareholders of the company elect Directors during the annual general meeting. During this meeting shareholders have the opportunity to express their views, ask questions about company business and vote on other items of business for resolution by shareholders at the Annual General Meeting.

The Company Secretary is responsible for communication with the Nairobi Stock Exchange and the Capital Markets Authority (CMA). This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the CMA.

Conflict of Interest

The Directors are required to disclose their areas of conflict of interest at least once a year. In terms of the established practice, they are also required to refrain from contributing to and abstain from voting on matters on which they have such conflict. On an on going basis, the Directors are required to notify the Company Secretary in advance of any potential conflicts of interest through other Directorships or Shareholdings or Associations or conflicts arising from specific transactions.

1 The following directors have interest in the company;

Name	No. of Ordinary Shares	% in Shares	Issued and fully paid up capital
Thakarshi Keshav Patel	4,324,324	33.60%	21,621,620
Vipul Thakarshi Patel	1,915,579	14.89%	9,577,895
	6,239,903	48.49%	31,199,515

The following directors have interest in the related companies;

Njoro Canning Factory (K) Ltd

	No. of Ordinary Shares	% in Shares	Issued and fully paid up capital
Thakarshi Keshav Patel	141,000	47%	14,100,000
Vipul Thakarshi Patel	66,000	22%	6,600,000
	207,000	69%	20,700,000

Njoro Vegetables Ltd

Thakarshi Keshav Patel	500	50%	500,000

2 The Company has no subsidiaries and the only material contract involving director's interest in Kenya Orchards Limited and related parties is that Njoro Canning Factory (K) Limited and shareholders have loaned the company Shs. 16,000,000 and Shs. 40,271,926 respectively as stated in note 8 page 23 of the Financial Statement.

3 Distribution of Shareholders is as follows:

Shareholding (No. of shares)	No. of Shareholders	No of Shares held	% Shareholding
500 and Less	91	31,431	0.24
501 - 5,000	35	17,202	0.13
5,001 - 10,000	7	66,436	0.52
10,001 - 100,000	2	37,880	0.29
100,001 - 1,000,000	1	212,191	1.65
Above 1,000,000	4	12,479,806	97.16
	140	12,844,946	100.00

4 Name of the ten largest shareholders and the number of shares in which they have an interest.

Name	No. of Shares held	% Shareholding
1. Westpac Holding Limited	4,411,443	34.28 %
2. Thakarshi Keshav Patel	4,324,324	33.60 %
3. Vipul Thakarshi Patel	1,915,597	14.89 %
4. Sadoline Paints (E.A) Limited	1,828,460	14.21 %
5. Dineshchandra lalji shah	212,188	1.65 %
6. Kurban Bhaloo	18,940	0.15 %
7. Mrs. Malek Bhaloo	18,940	0.15 %
8. Azim Jamal Virjee	9,509	0.07 %
9.Rafiq Shariff, Salim Alibhai & Shehnaz Alibahi	9,470	0.07%
10. Mrs Savitaben Velji Raichand	8,703	0.07 %

Corporate Social Responsibility

The Company recognizes that it has a corporate social and environmental responsibility and has a documented policy approved by the Board in support of this.

Protecting a Fragile Environment

The Company developments and operations are guided by an eco-policy that is aimed at conserving the environment. Some of the major programmes that we will continue to support include, planting trees and waste paper recycling.

Employment Welfare and Ethical Standards

The Company conducts business in compliance with high ethical standards of business practice, the Company has a Code of conduct which outlines the principals and policies that govem the activities of the Company and to which the employees must adhere. All employees and Directors have committed to follow the Company Code of Conduct.

Upon employment, new members of staff must sign the Code of Conduct acknowledging that they have read and are committed to abide by the Code of Conduct.

Communication
The Company encourages dialogue and participation from all employees through internal e-mail and team building initiatives. Further, the Company encourages staff to hold meetings where all staff members meet for discussion on the Company progress and strategic direction. All the action points recommended by staff and approved by the Company Executive Committee were implemented to enhance the working environment that aims to inspire employees to give their best. The action points addressed staff concerns in the areas of talent management, career management, work life balance, communication and leadership. Feedback has been provided to staff on the changes made during this period.

Staff Training & Development
The Company attaches great importance to staff training and development as a means of ensuring that the organization is fully and appropriately staffed with employees who have requisite competencies to perform their jobs and that all staff feel valued and supported.

The training programme is designed to attain the highest standards in education and is continuously benchmarked with other leading players. The Company policy is to provide training that strikes the appropriate balance between short and long term resource requirements with regard to the size and complexity of its operations and the need to offer the highest quality of service.

The training process begins with an induction phase which also comprises of mandatory courses on the Company, services and strategy. Thereafter, on-the-job-training is the foundation upon which all other types of training must depend. This process is fully supplemented by a mentoring program and we acknowledge the role that our experienced members of staff play in training their colleagues. In additional, tailor-made courses/ workshops are arranged to meet specific skills and knowledge requirements.

With the current employee skill-base, the Company is able to effectively compete both locally and intemationally.

The directors submit their report together with the audited financial statements for the year ended 31st December 2014, which disclose the state of affairs of the company.

Principal activities

The principal activity of the Company is that of selling processed fruits, vegetables and other food products.

Results and dividends

The results of the company for the year are shown in the profit and loss account on page 10 and the appropriations there from in the statement of changes in equity on page 12. The directors recommend the payment of a dividend of Shs.55,000 to preference shareholders (2013: 55,000). The directors do not recommend the declaration of a dividend to ordinary shareholders (2013: Nil).

Directorate

The directors who held office during the year and to the date of this report are set out on page 1.

Auditor

The company's auditor, Jessie & Associates, have expressed their willingness to continue in office in accordance with Section 159 (2) of the Kenyan Companies Act.

By order of the board

SAGE REGISTRARS

....

Company Secretary

Nairobi 28th match **2015**

Kenya Orchards Limited
Statement of directors' responsibilities
For the year ended 31st December 2014

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
ii) selecting and applying appropriate accounting policies; and
iii) making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31st December 2014 and of its profit/loss and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

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

Approved by the board of directors on ......26th March...... 2015 and signed on its behalf by:

....

Director **Director**

Report on the financial statements

We have audited the accompanying financial statements of Kenya Orchards Limited, set out on pages 10 to 25 which comprise the balance sheet as at 31st December 2014, the profit and loss account, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the company as at 31st December 2014 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the Kenyan Companies Act.

Report on other legal requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:
i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
iii) the company's balance sheet and profit and loss account are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Jitendra C. Patel - P/No 043.

Jessie & Associates

Jessie & Associates
Certified Public Accountants
P.O. Box **43682 - 00100**
Nairobi
PIN No. **A000151882G**

28th March
.... **2015**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2014

	Note	2014 Shs	2013 Shs
Revenue		58,062,204	47,090,526
Cost of sales		(54,187,912)	(44,124,311)
Gross profit		3,874,292	2,966,215
(Loss)/ Gain on valuation of shares		(256,158)	8,539
Administrative expenses		(1,255,236)	(1,181,381)
Selling and distribution expenses		(740,647)	(682,895)
Establishment expenses		(98,116)	(112,650)
Finance costs	5	(52,687)	(31,806)
Profit before tax	4	1,471,448	966,022
Income tax	6	(26,732,995)	1,449,318
Profit and total comprehensive income for the year		(25,261,547)	2,415,340

BALANCE SHEET AT 31ST DECEMBER 2014

	Note	2014 Shs	2013 Shs
CAPITAL EMPLOYED			
Share capital	7	57,228,746	57,228,746
Revaluation reserve		493,422	563,046
Accumulated losses		(80,612,264)	(55,365,341)
Proposed dividends		55,000	55,000
Shareholders funds		(22,835,096)	2,481,451
Non Current Liabilities			
Deferred tax liabilities	9	304,670	-
Borrowings	8	56,271,926	56,271,926
		33,741,500	**58,753,377**
Non current assets			
Property, plant and equipment	10	20,707,375	21,514,697
Investment	15	297,428	553,586
Deferred tax assets	9	-	25,716,658
		21,004,803	47,784,941
Current assets			
Inventories	12	5,305,000	6,922,989
Trade and other receivables	11	23,864,376	15,523,652
Cash at bank and in hand	14	27,998	365,718
		29,197,374	22,812,359
Current Liabilities			
Current tax		711,667	-
Trade and other payables	13	15,749,010	11,843,923
		16,460,677	11,843,923
Net Current Assets		12,736,697	10,968,436
		33,741,500	**58,753,377**

The financial statements on pages 10 to 25 were approved for issue by the board of directors on ..22....3.... 2015 and were signed on their behalf by:

....
Director

....
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2014

	Share capital Shs	Revaluation reserve	Accumulated earnings Shs	Proposed dividend	Total Shs
Balance as at 1st January, 2013	57,228,746	673,516	(57,836,151)	55,000	121,111
Net Profit	-	-	2,415,340	-	2,415,340
Total Comprehensive Income	-	-	2,415,340	-	2,415,340
Transactions with owners					
Preference Dividends Final 2013-Proposed	-	-	(55,000)	55,000	-
Preference Dividends Final 2012-Paid	-	-	-	(55,000)	(55,000)
Transfer of Excess Depreciation	-	(110,470)	110,470	-	-
Balance as at 31st December, 2013	57,228,746	563,046	(55,365,341)	55,000	2,481,451
Balance as at 1st January, 2014	57,228,746	563,046	(55,365,341)	55,000	2,481,451
Net Loss	-	-	(25,261,547)	-	(25,261,547)
Total Comprehensive Income	-	-	(25,261,547)	-	(25,261,547)
Transactions with owners					
Preference Dividends Final 2014-Proposed	-	-	(55,000)	55,000	-
Preference Dividends Final 2013-Paid	-	-	-	(55,000)	(55,000)
Transfer of Excess Depreciation	-	(69,624)	69,624	-	-
Balance as at 31st December, 2014	57,228,746	493,422	(80,612,264)	55,000	(22,835,096)

Revaluation reserve arises from the revaluation of plant and equipment. This reserve is not distributable.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2014

	Note	2014 Shs	2013 Shs
Cash flows from operating activities			
Profit for the year		1,471,448	966,022
Adjustments for:			
Depreciation of property, plant and equipment	10	807,322	926,858
Loss/(Gain) on valuation of share		256,158	(8,539)
		2,534,928	1,884,341
Changes in operating assets and liability			
Decrease in inventories		1,617,989	2,272,759
(Increase) in trade and other receivables		(7,742,906)	(3,775,182)
Increase/ (Decrease) in trade and other payables		3,307,269	(699,313)
Cash used in Operations		(282,720)	(317,395)
Cash flows from financing activities			
Dividends paid		(55,000)	(55,000)
		(55,000)	(55,000)
Net decrease in cash and cash equivalents		(337,720)	(372,395)
At the start of the year	14	365,718	738,113
Cash and cash equivalent at the end of the year	14	27,998	365,718

NOTES

1 Summary of significant accounting policies

(a) Statement of compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards. The financial statements are prepared under the historical cost convention.

(b) Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). They are presented in Kenya Shillings, which is also the functional currency, rounded to the nearest one shilling (Sh).

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 2.

(c) Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC)

The following new standards issued by the International Accounting Standards Board are effective in the current period. These have been adopted in financial statements of the Company during the year, where relevant to its operations. The adoption of these new and revised standards have no material effect on the Company's accounting polices or disclosures.

(i) New standards and amendments to published standards effective for the year ended 31 December 2014

Amendments and revised standards	**Effective for annual periods beginning on or after**
IAS 32, Offsetting financial assets and financial liabilities (Amendments to IAS 32-Financial Instruments)	1 January 2014
IAS 36, Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	1 January 2014
IAS 39, Novation of derivatives and continuation of hedge accounting	1 January 2014
IAS 19, Defined Benefit plans: Employee contributions (Amendments to IAS 19)	1 July 2014
IFRIC 21, Levies	1 January 2014
Annual Improvements 2010-2012 Cycle (Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 & IAS 38 and IAS 2·	1 July 2014
Annual Improvements 2011-2013 Cycle (Amendments to IFRS 1, IFRS 3, IFRS 13 & IAS 40)	1 July 2014

(ii) New standards and amendments to published standards and interpretations in issue but not yet effective in the year ended 31 December 2014

At the date of authorization of these financial statements, there were a number of revised or amended standards and interpretations that were in issue but not yet effective. The Directors anticipate that the new or revised standards and interpretations will have no material impact on the financial statements of the Company in future periods.

New and Amendments to standards		Effective for annual periods beginning on or after
IFRS 9 (2014)	Financial instruments 2014 (supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013))	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 1	Disclosure initiative (Amendments to IAS 1)	1 January 2016
IAS 16	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
	Annual Improvements 2012-2014 Cycle (Amendments to IFRS 5, IFRS 7, IFRS 9 & IAS 34)	1 January 2016

(iv) Early adoption of standards

The Company did not early-adopt new or amended standards in 2014

NOTES (CONTINUED)

(d) **Revenue recognition.**
Revenue represents the fair value of consideration received or receivable for the sale of goods and services in the course of the company's activities. It is recognised when it is probable that future economic benefits will flow to the company and the amount of revenue can be measured reliably. It is stated net of Value Added Tax, rebates and trade discounts. Cash discounts are included as part of finance costs. Sale of goods are recognised upon the delivery of the product and customer acceptance, while sale of services are recognised upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided.

(e) **Property, plant and equipment.**
All property, plant and equipment are initially recorded at cost and are stated at historical cost less depreciation. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the reducing balance method. The following annual rates are used for the depreciation of property, plant and equipment:

	Rate %
Plant and equipment	12.5%
Motor vehicles	25%
Furniture and fittings	12.5%
Computers	30%

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

(f) **Inventories**
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out (FIFO) method. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads based on normal operating capacity, but exclude borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) **Trade and other receivables**
Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss. Subsequent recoveries of amounts previously written off are credited to income in the year of their recovery.

(h) **Trade payables.**
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

(i) **Provision for liabilities and charges**
Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

NOTES (CONTINUED)

(j) **Borrowing costs**
Borrowing costs, net of any temporary investment income on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset. The net borrowing cost capitalised is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowings directly attributable to the asset and applying this rate to the borrowing attributable to the asset. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in the profit or loss in the year in which they are incurred.

(k) **Income tax**
Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

Deferred income tax

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(l) **Share capital and share premium**
Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

(m) **Dividends**
Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting.

(n) **Offsetting**
Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

NOTES (CONTINUED)

(o) **Impairment of assets.**

Internal and external sources of information are reviewed at each balance sheet date to identify the indications that assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the assets recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. An impairment loss is recognised in the income and expenditure statement whenever the carrying amount of the assets exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount and which results in an increase in the recoverable amount. A reversal of impairment loss is restricted to the assets carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses are credited to the profit and loss account in the year in which the reversals are recognised.

(p) **Financial instruments**

Classification

The company classifies its financial instruments into the following categories:

i) **Financial assets and financial liabilities at fair value through profit or loss,** which comprise financial assets and financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term or to generate short-term profit-taking; and Financial assets and financial liabilities at fair value through profit or loss, which comprise financial assets or financial liabilities designated by the company at fair value through profit or loss and which are managed and their performance evaluated on a fair value basis in accordance with the company's investment strategy.

ii) **Held-to-maturity investments,** which comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has a positive intention and ability to hold to maturity.

iii) **Loans and receivables,** which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and excludes assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets.

iv) **Available-for-sale financial assets,** which comprise non-derivative financial assets that are designated as available-for-sale financial assets, and not classified under any of the other categories of financial assets.

v) **Financial liabilities,** which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

Recognition and measurement

Financial assets:

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale. Financial assets carried at fair value through profit or loss are initially recognised at fair value and the transaction costs are expensed in the profit and loss account. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

Subsequently, held-to-maturity investments and loans and receivables are carried at amortised cost using the effective interest method, while all other financial assets are carried at their fair values, without deduction for transaction costs that may be incurred on sale.

Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The fair value for quoted shares is determined using the quoted bid price at the balance sheet date while that of non-quoted shares is determined using valuation techniques and Investment in equity shares classified as available-for-sale assets for which there is no active market and whose fair value cannot be reliably measured are carried at cost.

NOTES (CONTINUED)

(p) **Financial instruments-continued**

The company assesses at each balance sheet whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. In the case of held-to-maturity investments and loans and receivables, the recoverable amount is the present value of the expected future cash flows, discounted using the asset's effective interest rate.

Changes in fair value of financial assets at fair value through profit or loss are recognised in the profit and loss account.

Changes in fair value for available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss), which are recognised in the profit and loss account. In the year of sale, the cumulative gain or loss recognised in other comprehensive income is recognised in the profit or loss account as a reclassification adjustment.

Presentation
Changes in the carrying values and impairment losses of held-to-maturity investments and loans and receivables are recognised in the profit and loss account. Trade and other receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account in the year of recovery.

Financial liabilities:
All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the profit and loss account.

Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities through profit or loss which are carried at fair value.

All financial assets are classified as non-current except financial assets at fair value through profit or loss, those with maturities of less than 12 months from the balance sheet date, those which the directors have the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

(q) **Impairment of non-financial assets**

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(r) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

NOTES (CONTINUED)

(s) **Retirement benefits.**
The company contributes to a statutory defined pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and currently limited to KShs.200 per employee per month. The company's obligations to retirement benefit schemes are charged to the income statement in the year to which they relate.

(t) **Comparatives**
Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

2 Significant judgements and key sources of estimation uncertainty
In the process of applying the accounting policies adopted by the company, the directors make certain judgements and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

a) Significant judgements made in applying the company's accounting policies
The judgements made by the directors in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

i) Whether it is probable that future taxable profits will be available against which temporary differences can be utilised; and
ii) Whether the company has the ability to hold 'held-to maturity' investments until they mature. If the company were to sell other than an insignificant amount of such investments before maturity, it would be required to classify the entire class as 'available-for-sale' and measure them at fair value.

b) Key sources of estimation uncertainty
Key assumptions made about the future and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

i) Impairment losses
Estimates are made in determining the impairment losses on tangible and intangible assets. Such estimates include the determination of the net realisable value or the recoverable amount of the asset.

ii) Useful lives of Property, plant and Equipment
Critical estimates are made by the directors, in determining depreciation rates of Property, plant and Equipment. The company reviews the estimated useful lives of the assets at the end of each financial reporting year.

iii) Provisions and Contingent liabilities
The company reviews its obligations at each balance sheet date to determine whether provisions need to be made and if there are any contingent liabilities.

NOTES (CONTINUED)

3 Risk management objectives and policies

(a) Financial risk management

The company's activities expose it to a variety of financial risks including credit, liquidity and market risks. The company's overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the company's performance by setting acceptable levels of risk. The company does not hedge against any risks.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a company-wide basis. The company does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

The maximum exposure of the company to credit risk as at the balance sheet date is as follows:

	Fully performing Shs	Past due but not impaired Shs	Total Shs
31st December 2014			
Financial assets			
Trade receivables	11,514,803	11,442,603	22,957,406
Other receivables	781,708	125,262	906,970
Cash at bank and in hand	27,998	-	27,998
Gross financial assets	12,324,509	11,567,865	23,892,374

	Fully performing Shs	Past due but not impaired Shs	Total Shs
31st December 2013			
Financial assets			
Trade receivables	1,765,600	13,532,790	15,298,390
Other receivables	225,262	-	225,262
Cash at bank	365,718	-	365,718
Gross financial assets	2,356,580	13,532,790	15,889,370

The ageing analysis of past due but not impaired receivables is:

	2014 Shs	2013 Shs
0-6months	-	-
6-9 months	-	-
9-12 months	-	-
Over 12 months	11,567,865	13,532,790
	11,567,865	13,532,790

NOTES (CONTINUED)

3 Risk management objectives and policies

(b) Financial risk management

i) Credit risk

The Customers under the fully performing category are paying their debts as they continue trading.The default rate is high. No provision for impairment loss on trade receivables has been made during the year.

ii) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the company's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The company manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities.The amounts disclosed are the contractual undiscounted cash flows.

	Less than one month Shs	Between 1-3 months Shs	Over 3 months Shs
Year ended 31st December 2014			
Trade and other payables	961,456	276,794	14,510,760
Year ended 31st December 2013			
Trade and other payables	607,237	1,184,986	10,051,700

iii) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk. The company's exposure to the above market risks is insignificant.

(c) Capital management

The company's objective in managing its capital is to ensure that it supports the development of its business and is able to continue as a going concern, while at the same time maximising the return to its shareholders. The company is not subject to any external capital requirements

The gearing ratio at the year-end was as follows:

	2014 Shs	2013 Shs
Total borrowings	56,271,926	56,271,926
Less: cash and cash equivalents	(27,998)	(365,718)
Net debt	56,243,928	55,906,208
Total equity	(22,835,096)	2,481,451
	33,408,832	58,387,659
Gearing	N/A	N/A

	2014 Shs	2013 Shs
4 Profit before tax		
The following items have been charged in arriving at the profit before tax		
Depreciation on Property, Plant and Equipment (**Note 10**)	807,322	926,858
Auditors Remuneration	165,000	150,000
5 Finance cost		
Bank Interest	52,687	31,806
	52,687	31,806
6 Income tax expense		
Current tax	711,667	-
Deferred Tax (Note 9)	26,021,328	(1,449,318)
	26,732,995	(1,449,318)
The tax on loss before tax differs from the theoretical amount that would arise using the basic tax rate as follows:		
Net profit before tax	1,471,448	966,022
Tax calculated at a tax rate of 30% (2013 - 30%)	441,434	289,807
Tax effect of:		
Expenses not deductible for tax purposes	171,610	-
Others	26,119,950	(1,739,125)
Tax charge/(credit)	26,732,994	(1,449,318)

7 Share capital

	2014	2013
Authorised;	**Shs**	**Shs**
13,800,000 (2013:13,800,000) Ordinary shares of Shs.5 each	69,000,000	69,000,000
50,000 5.5% Preference shares of Shs.20 each	1,000,000	1,000,000
	70,000,000	70,000,000
Issued and Fully Paid;		
12,868,124 (2013: 12,868,124) ordinary shares of Shs.5 each	64,340,620	64,340,620
6,239,903 ordinary shares issued at discounted rate of Shs.1.30	(8,111,874)	(8,111,874)
50,000 5.5% Preference shares of Shs.20 each	1,000,000	1,000,000
	57,228,746	57,228,746

8 Borrowings

Non-Current		
Shareholders loans	40,271,926	40,271,926
Related Party Loan-Njoro Canning (K) Ltd	16,000,000	16,000,000
	56,271,926	56,271,926

The borrowings are secured as follows:

The above unsecured Shareholders' and Related party loans were offered interest free and there were no specific dates of repayments.

9 Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2013-30%). The movement on the deferred income tax account is as follows:

	2014	2013
	Shs	**Shs**
At start of the year	(25,716,658)	(24,267,340)
Income Statement charge/(credit) (Note 6)	26,021,328	(1,449,318)
At end of the year	304,670	(25,716,658)

Deferred tax liabilities/(assets) and deferred tax charge/(credit) in the profit and loss account are attributable to the following items:

	1.1.2014 Shs	Charged/ (Credited) to Income Statement Shs	31.12.2014 Shs
Deferred income tax liabilities			
Excess capital allowance over Depreciation	185,991	(69,624)	116,367
Assets Revaluations	217,301	(28,998)	188,303
	403,292	(98,622)	304,670
Deferred income tax assets			
Tax Loss carry forwards	(26,119,950)	26,119,950	-
Net deferred income tax assets	(25,716,658)	26,021,328	304,670

In addition, deferred tax of Shs 69,624 (year 2013-Kshs 110,470) was transferred within Shareholders equity from revaluation reserves to retained earnings. This represents deferred tax on the difference between the actual depreciation on the property, plant and equipment and the equivalent depreciation based on the historical cost.

NOTES (CONTINUED)

10 Property, plant and equipment

	Plant & equipment	Motor vehicles	Furniture and fittings	Computers	Total
	Shs	Shs	Shs	Shs	Shs
1st January 2014	37,804,320	1,465,000	4,865,490	213,800	44,348,610
31st December 2014	37,804,320	1,465,000	4,865,490	213,800	44,348,610
This Comprises					
At cost	27,500,135	1,465,000	4,865,490	213,800	34,044,425
Valuation - 1994	7,200,000	-	-	-	7,200,000
Valuation - 2002	3,104,185	-	-	-	3,104,185
	37,804,320	1,465,000	4,865,490	213,800	44,348,610
1st January 2014	17,143,509	1,387,585	4,095,058	207,761	22,833,913
Charge for the year	689,852	19,354	96,304	1,812	807,322
31st December 2014	17,833,361	1,406,939	4,191,362	209,573	23,641,235
Net book value					
31st December 2014	19,970,959	58,061	674,128	4,227	20,707,375

NOTES (CONTINUED)

		2014 Shs	2013 Shs
11	**Trade and other receivables**		
	Trade debtors	22,957,406	15,298,390
	Amount Due from Related Parties	125,262	125,262
	Vat recoverable	472,556	-
	Prepayments	309,152	100,000
		23,864,376	15,523,652
12	**Inventories**		
	Goods for sale	5,305,000	6,922,989
13	**Trade and other payables**		
	Accrued expenses	930,694	450,000
	Amount Due to Related Parties	12,265,304	9,170,060
	Other payables	1,671,372	1,184,986
	Vat payables	-	157,237
	Due to directors	881,640	881,640
		15,749,010	11,843,923
14	**Cash at bank and in hand**		
	Cash at bank	27,998	365,718
15	**Investement in quoted shares**		
	28,462 shares in Uchumi supermarket Limited	297,428	553,586

16 Related party transactions

The following transactions were carried out with related parties:

		2014 Shs	2013 Shs
(i)	**Purchases of goods**		
	Njoro Canning factory (k) Limited	46,396,783	42,002,406
(ii)	**Outstanding balance arising from advances to related parties**		
	Njoro Vegetables Limited	125,262	125,262
(iii)	**Outstanding balance arising from Purchases of goods**		
	Njoro Canning factory (k) Limited	4,922,749	3,593,528
(iii)	**Outstanding balance arising from advances from related parties**		
	Njoro Canning factory (k) Limited	7,342,555	5,576,532

Njoro Canning Factory (k) Limited and Njoro Vegetables Limited are companies owned by Mr. T.K Patel and Mr. Vipul T. Patel, the directors and share holders of Kenya Orchards Limited. The above transactions were carried out on commercial terms and conditions. The advances to/from related parties were interest free and no specified repayment dates.

17 Contingent liabilities

There were no known contingent liabilities as at 31st December, 2014.

TRADING ACCOUNT

1.	COST OF SALES	2014 Shs	2013 Shs
	Opening stock	6,922,989	9,195,747
	Purchases	50,281,882	39,443,113
	Direct cost (1.1)	2,288,041	2,408,440
	Closing stock	(5,305,000)	(6,922,989)
		54,187,912	44,124,311

1.1	**Direct cost**		
	Freight clearing and transport	1,598,189	1,620,038
	Depreciation - Plant and Equipment	689,852	788,402
		2,288,041	2,408,440

SCHEDULE OF OPERATING EXPENDITURE

	2014	2013
1. ADMINISTRATIVE EXPENSES	**Shs**	**Shs**
Advertising	-	617,475
Audit Fees	165,000	150,000
Subscriptions	237,502	400,000
Bank Charges	18,924	13,577
Filing fees	18,900	-
Telephone	1,057	329
Quality inspection fee	343,853	-
Stationary and photocopies	90,000	-
Secretarial fee	380,000	-
	1,255,236	1,181,381
2. Selling and Distribution Expenses		
Depreciation - Motor Vehicle	19,354	25,806
Insurance	121,293	57,089
Salaries and wages	600,000	600,000
	740,647	682,895
3. Establishment expenses		
Depreciation - Furniture & Computers	98,116	112,650