KENYA ORCHARDS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2016

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2016

	Note	2016 Shs	2015 Shs
Revenue		64,586,481	60,974,312
Cost of sales		(56,607,847)	(54,194,111)
Gross profit		7,978,634	6,780,201
Gain /(loss) on valuation of shares		(199,234)	14,231
Administrative expenses		(1,882,518)	(2,062,130)
Selling and distribution expenses		(110,827)	(117,189)
Establishment expenses		(77,376)	(88,659)
Finance costs	5	(413,651)	(197,581)
Profit before tax	4	5,295,028	4,328,873
Income tax	6	(1,531,920)	24,586,775
Profit and total comprehensive income for the year		3,763,108	28,915,648
Earnings per share information			
Basic earnings per share	17	0.29	2.24

BALANCE SHEET AT 31ST DECEMBER 2016

	Note	2016 Shs	2015 Shs
CAPITAL EMPLOYED			
Share capital	7	57,228,746	57,228,746
Revaluation reserve		362,632	414,437
Accumulated losses		(47,912,718)	(51,672,631)
Proposed dividends		55,000	55,000
Shareholders funds		9,733,660	6,025,552
Non Current Liabilities			
Borrowings	8	56,271,926	56,271,926
		56,271,926	56,271,926
		66,005,586	**62,297,478**
Non current assets			
Property, plant and equipment	10	19,409,170	20,025,580
Investment	15	112,425	311,659
Deferred tax assets	9	22,750,185	24,282,105
		42,271,780	44,619,344
Current assets			
Current tax		392,000	392,000
Inventories	12	1,133,538	1,554,069
Trade and other receivables	11	45,444,309	32,165,810
		46,969,847	34,111,879
Current Liabilities			
Borrowings	8	2,352,993	323,641
Trade and other payables	13	20,883,048	16,110,104
		23,236,041	16,433,745
Net Current Assets		23,733,806	17,678,134
		66,005,586	**62,297,478**

The financial statements on pages 10 to 25 were approved for issue by the board of directors on 28th march 2017 and were signed on their behalf by:

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Director

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Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2016

	Share capital Shs	Revaluation reserve	Accumulated earnings Shs	Proposed dividend	Total Shs
Balance as at 1st January, 2015	57,228,746	493,422	(80,612,264)	55,000	(22,835,096)
Net Profit	-	-	28,915,648	-	28,915,648
Total Comprehensive Income	57,228,746	493,422	(51,696,616)	55,000	6,080,552
Transactions with owners					
Preference Dividends Final 2015-Proposed	-	-	(55,000)	55,000	-
Preference Dividends Final 2014-Paid	-	-	-	(55,000)	(55,000)
Transfer of Excess Depreciation	-	(78,985)	78,985	-	-
Balance as at 31st December, 2015	57,228,746	414,437	(51,672,631)	55,000	6,025,552
Balance as at 1st January, 2016	57,228,746	414,437	(51,672,631)	55,000	6,025,552
Net Profit	-	-	3,763,108	-	3,763,108
Total Comprehensive Income	57,228,746	414,437	(47,909,523)	55,000	9,788,660
Transactions with owners					
Preference Dividends Final 2016-Proposed	-	-	(55,000)	55,000	-
Preference Dividends Final 2015-Paid	-	-	-	(55,000)	(55,000)
Transfer of Excess Depreciation	-	(51,805)	51,805	-	-
Balance as at 31st December, 2016	57,228,746	362,632	(47,912,718)	55,000	9,733,660

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 2016

	Note	2016 Shs	2015 Shs
Cash flows from operating activities			
Profit for the year		5,295,028	4,328,873
Adjustments for:			
Depreciation of property, plant and equipment	10	616,410	706,795
Loss/(gain) on valuation of shares		199,234	(14,231)
		6,110,672	5,021,437
Changes in operating assets and liability			
Decrease in inventories		420,531	3,750,931
(Increase) in trade and other receivables		(13,278,499)	(8,301,434)
Increase in trade and other payables		4,772,944	361,094
Cash used in Operations		(1,974,352)	832,028
Income tax paid		-	(1,103,667)
Net cash from Operating activities		(1,974,352)	(271,639)
Cash flows from financing activities			
Purchase of equipment		-	(25,000)
Dividends paid		(55,000)	(55,000)
		(55,000)	(80,000)
Net decrease in cash and cash equivalents		(2,029,352)	(351,639)
At the start of the year	14	(323,641)	27,998
Cash and cash equivalent at the end of the year	14	(2,352,993)	(323,641)

The directors submit their report together with the audited financial statements for the year ended 31st December 2016, 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 (2015: 55,000). The directors do not recommend the declaration of a dividend to ordinary shareholders (2015 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

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Company Secretary

Nairobi 28th march **2017**