KENYA ORCHARDS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2018

The directors submit their report together with the audited financial statements for the year ended 31st December 2018, 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 11 and the appropriations there from in the statement of changes in equity on page 13. The directors recommend the payment of a dividend of Shs.55,000 to preference shareholders (2017: 55,000). The directors do not recommend the declaration of a dividend to ordinary shareholders.

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 the Kenyan Companies Act, 2015.

By order of the board

SAGE REGISTRARS

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Company Secretary

Nairobi 27th March **2019**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2018

	Note	2018 Shs	2017 Shs
Revenue		72,239,217	73,691,426
Cost of sales		(53,028,277)	(60,361,981)
Gross profit		19,210,940	13,329,445
Gain /(loss) on valuation of shares		(108,156)	18,500
Administrative expenses		(3,545,888)	(4,247,659)
Selling and distribution expenses		(1,602,322)	(932,903)
Establishment expenses		(63,180)	(73,529)
Finance costs	5	(905,934)	(530,185)
Profit before tax	4	12,985,460	7,563,669
Income tax	6	(4,099,346)	(1,829,020)
Profit and total comprehensive income for the year		8,886,114	5,734,649
Earnings per share information			
Basic earnings per share	17	,0.69	0.44

BALANCE SHEET AT 31ST DECEMBER 2018

	Note	2018 Shs	2017 Shs
CAPITAL EMPLOYED			
Share capital	7	57,228,746	57,228,746
Revaluation reserve		279,227	317,303
Accumulated losses		(33,318,550)	(42,187,740)
Proposed dividends		55,000	55,000
Shareholders funds		24,244,423	15,413,309
Non Current Liabilities			
Borrowings	8	56,271,926	56,271,926
		56,271,926	56,271,926
		80,516,349	**71,685,235**
Non current assets			
Property, plant and equipment	10	25,746,507	24,534,036
Investment	15	22,769	130,925
Deferred tax assets	9	16,821,819	20,921,165
		42,591,095	45,586,126
Current assets			
Current tax		392,000	392,000
Inventories	12	15,591,077	2,739,598
Trade and other receivables	11	55,991,537	59,560,537
		71,974,614	62,692,135
Current Liabilities			
Borrowings	8	6,606,588	5,320,411
Trade and other payables	13	27,442,772	31,272,615
		34,049,360	36,593,026
Net Current Assets		37,925,254	26,099,109
		80,516,349	**71,685,235**

The financial statements on pages 11 to 26 were approved for issue by the board of directors on 27th March 2019 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 2017

	Share capital Shs	Revaluation reserve	Accumulated earnings Shs	Proposed dividend	Total Shs
Balance as at 1st January, 2017	57,228,746	362,632	(47,912,718)	55,000	9,733,660
Net Profit	-	-	5,734,649	-	5,734,649
Total Comprehensive Income	57,228,746	362,632	(42,178,069)	55,000	15,468,309
Transactions with owners					
Preference Dividends Final 2017-Proposed	-	-	(55,000)	55,000	-
Preference Dividends Final 2016-Paid	-	-	-	(55,000)	(55,000)
Transfer of Excess Depreciation	-	(45,329)	45,329	-	-
Balance as at 31st December, 2017	57,228,746	317,303	(42,187,740)	55,000	15,413,309
Balance as at 1st January, 2018	57,228,746	317,303	(42,187,740)	55,000	15,413,309
Net Profit	-	-	8,886,114	-	8,886,114
Total Comprehensive Income	57,228,746	317,303	(33,301,626)	55,000	24,299,423
Transactions with owners					
Preference Dividends Final 2018-Proposed	-	-	(55,000)	55,000	-
Preference Dividends Final 2017-Paid	-	-	-	(55,000)	(55,000)
Transfer of Excess Depreciation	-	(38,076)	38,076	-	-
Balance as at 31st December, 2018	57,228,746	279,227	(33,318,550)	55,000	24,244,423

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 2018

	Note	2018 Shs	2017 Shs
Cash flows from operating activities			
Profit for the year		12,985,460	7,563,669
Adjustments for:			
Depreciation of property, plant and equipment	10	2,408,217	1,843,409
(Loss)/gain on valuation of share		108,156	(18,500)
		15,501,833	9,388,578
Changes in operating assets and liability			
Decrease in inventories		(12,851,479)	(1,606,060)
(Increase) in trade and other receivables		3,569,000	(14,116,228)
Increase in trade and other payables		(3,829,843)	10,389,567
Cash used in Operations		2,389,511	4,055,857
Income tax paid		-	-
Net cash from Operating activities		2,389,511	4,055,857
Cash flows from financing activities			
Purchase of equipment		(3,620,688)	(6,968,275)
Dividends paid		(55,000)	(55,000)
		(3,675,688)	(7,023,275)
Net decrease in cash and cash equivalents		(1,286,177)	(2,967,418)
At the start of the year	14	(5,320,411)	(2,352,993)
Cash and cash equivalent at the end of the year	14	(6,606,588)	(5,320,411)