

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2021

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS
Annual report and financial statements
FOR THE YEAR ENDED 31ST DECEMBER 2021

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KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS
Annual report and financial statements
FOR THE YEAR ENDED 31ST DECEMBER 2021

Company Information

Directors

James Gichigo
Jane Gitau

Registered office

Venus Complex
Nothern By Pass

Independent Auditors

Fellie Martin Consultancy
Certified Public Accountants (K)
Nothern Bypass
P.O. Box 9611 - 00100 NAIROBI

Principal bankers

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS
Certificate of the Director
FOR THE YEAR ENDED 31ST DECEMBER 2021

The directors submits their report together with the audited financial statements for the period ended 31st December 2021, which disclose the state of affairs of the business.

Incorporation

The business is incorporated in Kenya under the Kenyan Companies Act, and is domiciled in Kenya. The address of the registered office is as set out on page 1.

Principal activities

The principal activities of the business is provision of food production and advisory

Results and dividends

The net profit for the year as indicated in Page 6, has been added to retained earnings.

Directorship

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

Certificate under section 54(1)(b) of the Income Tax Act, CAP 470

We enclose herewith full accounts of the receipts and payments and assets and liabilities of the business during the year contained in the profit and loss and balance sheet respectively. We confirm that there were no benefits, advantage or facility other than the normal salaries as provided in the payroll that were granted to the employees or the directors. We further confirm that the information contained in the accounts were a full disclosure of all the transactions as per the information provided to the auditors and supported by respective documents and our representations.

By order of the directors

Director

.....2022

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS
Statement of directors' responsibilities
FOR THE YEAR ENDED 31ST DECEMBER 2021

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 operating results for that year. It also requires the directors to ensure that the company maintains proper accounting records which 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 financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. 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 2021 and of its operating results for the year then ended. The directors further accept responsibility for the maintenance of accounting records which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Approved by the directors on2022 and signed on its behalf by:

Director

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS**Statement of comprehensive income****FOR THE YEAR ENDED 31ST DECEMBER 2021****Profit & Loss Account**

	Note	2021	2020	2019 Shs	2018 Shs
Sales	4	2,724,000	257,500	4,897,500	1,545,000
Cost of Sales	5	<u>(265,000)</u>	<u>(231,000)</u>	<u>(830,000)</u>	<u>(286,250)</u>
Gross profit		<u>2,459,000.00</u>	<u>26,500.00</u>	<u>4,067,500</u>	<u>1,258,750</u>
Administrative expenses	15	(918,700)	(205,000)	(813,200)	(244,000)
Sales and distribution	17	(83,000)	(6,000)	(33,000)	(6,000)
Financial and professional expenses	16	<u>(293,237)</u>	<u>(165,013)</u>	<u>(181,444)</u>	<u>(44,500)</u>
		<u>(1,294,936.62)</u>	<u>(376,013.28)</u>	<u>(1,027,644)</u>	<u>(294,500)</u>
Operating profit		<u>1,164,063.38</u>	<u>(349,513.28)</u>	<u>3,039,856</u>	<u>964,250</u>
Profit before tax		<u>1,164,063.38</u>	<u>(349,513.28)</u>	<u>3,039,856</u>	<u>964,250</u>
Net profit for the year		<u>1,164,063.38</u>	<u>(349,513.28)</u>	<u>3,039,856</u>	<u>964,250</u>
Balance b/f		<u>3,654,592.97</u>	<u>4,004,106.25</u>	<u>964,250</u>	<u>-</u>
Balance c/f		<u><u>4,818,656.35</u></u>	<u><u>3,654,592.97</u></u>	<u><u>4,004,106</u></u>	<u><u>964,250</u></u>

KENYA RURAL FOOD CENTRE (Ltd) - AITAP BUSINESS
Statement of Financial Position
FOR THE YEAR ENDED 31ST DECEMBER 2021
Balance Sheet

	Note	2021	2020	2019 Shs	2018 Shs
Capital Employed					
Director's Contribution	9	1,955,000	1,877,000	878,000	688,000
Revaluation Surplus			0	-	-
Retained earnings		4,818,656	3,654,593	4,004,106	964,250
		6,773,656	5,531,593	4,882,106	1,652,250
Bank Loan	14			-	-
Shareholders' funds		6,773,656	5,531,593	4,882,106	1,652,250
Represented by:					
Non-current assets					
Intangible Assets					
Property, plant and equipment	10	2,052,656	1,155,093	1,270,106	311,500
		2,052,656	1,155,093	1,270,106	311,500
Current assets					
Trade and other receivables	11	-	-	-	-
Cash at bank and in hand	12	4,721,000	4,376,500	3,612,000	1,340,750
		4,721,000	4,376,500	3,612,000	1,340,750
Current liabilities					
Trade and other payables	13	-	-	-	-
Borrowings		-	-	-	-
		-	-	-	-
Net Current Assets (Liabilities)		4,721,000	4,376,500	3,612,000	1,340,750
		6,773,656	5,531,593	4,882,106	1,652,250

The financial statements on pages 5 to 16 were approved for issue by the directors on 2022
and were signed on its behalf by:

Director

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS**Statement of changes in equity****FOR THE YEAR ENDED 31ST DECEMBER 2021****Statement of changes in equity**

	Note	Share Capital Shs	Retained Reserves Shs	Revaluation Reserves Shs	Total Shs
At 1st January 2018		0	-	-	-
Net profit for the year		688,000	964,250		964,250
At 31st December 2018		688,000	964,250	-	964,250
At 1st January 2019		688,000	964,250	-	1,652,250
Net profit for the year		190,000	3,039,856		3,039,856
At 30th December 2019		878,000	4,004,106	-	4,692,106
At 1st January 2020		878,000	4,004,106	-	4,882,106.25
Net profit for the year		999,000	(349,513)		649,487
At 30th December 2020		1,877,000	3,654,593	-	5,531,593
At 1st January 2021		1,877,000	3,654,593	0	5,531,593
Net profit for the year		78,000	1,164,063		1,242,063
At 30th December 2021		1,955,000	4,818,656	-	6,773,656

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS**Statement of cash flows****FOR THE YEAR ENDED 31ST DECEMBER 2021****Cash flow statement**

	Note	2021	2020	2019 Shs	2018 Shs
Cash flows from operating activities					
Profit before income tax		1,164,063.38	(349,513.28)	3,039,856	964,250
Adjustments for:					
Depreciation on property, plant and equipment	10	293,237	165,013	181,444	44,500
Operating profit before working capital changes		1,457,300.00	(184,500.00)	3,221,300	1,008,750
Decrease / (increase) in:					
Trade and other receivables	11	0.00	0.00	0.00	0.00
Increase / (decrease) in:					
Trade and other payables	13	0.00	0.00	0.00	0.00
Cash generated from operations		1,457,300.00	(184,500.00)	3,221,300	1,008,750
Net cash generated from operating activities		1,457,300.00	(184,500.00)	3,221,300	1,008,750
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(1,190,800)	(50,000.00)	(1,140,050)	(356,000)
Net cash (used in) investing activities		(1,190,800.00)	(50,000.00)	(1,140,050.00)	(356,000.00)
Cash flows from financing activities					
Director's Contribution	9	78,000	999,000.00	190,000	688,000
Share Capital	8		0.00	-	-
Borrowings			0.00	-	-
Net cash generated from financing activities		78,000.00	999,000.00	190,000.00	688,000.00
Net (decrease) in cash and cash equivalents		344,500.00	764,500.00	2,271,250	1,340,750
Cash and cash equivalents at 1st January		4,376,500	3,612,000	1,340,750	-
Cash and cash equivalents at 31st December	12	4,721,000.00	4,376,500.00	3,612,000	1,340,750

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KENYA RURAL FOOD CENTRE (Ltd) - AITAP BUSINESS

Financial statements

FOR THE YEAR ENDED 31ST DECEMBER 2021

Notes

1. Accounting policies

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

a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards under the historical cost convention, and are presented in the functional currency, Kenya Shillings (Shs).

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 judgment 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 .

b) Revenue recognition

Sales represent the fair value of consideration received or receivable for the services and are stated net of rebates and trade discounts. Cash discounts are included as part of finance costs.

Sale of services are recognized in the period in which the company delivers the service to the customer, the customer has accepted the service and the collectability of the related receivables are reasonable assured.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recognized at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance is charged to the profit and loss account in the year to which it relates.

Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	<u>Rate - %</u>
Furniture & fittings	12.5
Computers, copiers & faxes	30
Machinery & Equipment	12.5
Motor Vehicles	25

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS

Financial statements

FOR THE YEAR ENDED 31ST DECEMBER 2021

Notes

c) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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.

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

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Kenya Shillings using the exchange rate prevailing as at that date. The resulting gains and losses from the settlement of such transactions and translations are recognized on a net basis in the profit and loss account in the year in which they arise.

e) Provision for liabilities and charges

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events and 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.

f) Retirement benefit obligations

The company and the employees contribute to the National Social Security Fund, a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the profit and loss account in the year to which they relate.

g) Borrowing costs

Borrowing costs are recognized as an expense in the year in which they are incurred.

h) Taxation

Tax expense in the profit and loss account is the aggregate of the current income tax and deferred income tax.

i) Current tax

Current tax is provided on the basis of results for the year adjusted in accordance with the fiscal laws of Kenya.

i) Receivables

Receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.

KENYA RURAL FOOD CENTRE (It'd) - ATTAP BUSINESS
Financial statements
FOR THE YEAR ENDED 31ST DECEMBER 2021
Notes

j) Receivables (continued)

A provision for impairment is recognized in the profit and loss account in the year when recovery of the amount due as per the original terms is considered doubtful. The provision is based on the difference between the carrying amount and the present value of the expected cash flows, discounted at the effective interest rate.

Receivables not collectable are written off against the related provisions. Subsequent recoveries of amounts previously written off are credited to the profit and loss account in the year of recovery.

k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, term and call deposits with banking institutions and other short-term highly liquid investments in money market instruments with maturities of three months or less from the date of acquisition net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

2. Financial risk management objectives and policies

The company's activities expose it to a variety of financial risks including credit liquidity and interest rates risks and changes in market prices of the company's products. 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 extended to customers with an established credit history.

3. Critical accounting estimates and judgements

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

i) Property, plant and equipment

Critical estimates are required in determining the depreciation rates for property, plant and equipment. The management determines these rates of depreciation based on their assessment of the useful lives of the various items of property, plant and equipment.

ii) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS**Financial statements****FOR THE YEAR ENDED 31ST DECEMBER 2021****Notes****3. Critical accounting estimates and judgements (continued)****iii Impairment losses on receivables**

The company regularly reviews its receivables to assess impairment. In determining whether an impairment loss should be recorded in the profit and loss account, the company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of any receivables.

	2021	2020	2019	2018
4 Sales				
No. Farmers	140	10	280	60
Farmers Registration	1,925,000	137,500	3,850,000	825,000
Access fee - Collection Centres	175,000.00	0.00	87,500.00	0.00
Training	624,000.00	120,000.00	960,000.00	720,000
	2,724,000.00	257,500.00	4,897,500.00	1,545,000.00
	Shs		Shs	
5 Cost of Sales				
Cost of Shops	65,000	196,000	130,000	196,000
Cost of Collection Centres/ Shades	200,000	35,000	700,000	90,250
	(265,000)	(231,000)	(830,000)	(286,250)

6 (a) Items charged

The following items have been charged in arriving at operating profit:

Depreciation on property, plant and equipm	293,237	165,013	181,444	44,500
Auditors' remuneration				
Current year				

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS**Financial statements****FOR THE YEAR ENDED 31ST DECEMBER 2021****Notes**

7 Tax	2021	2020	2019 Shs	2018 Shs
The tax on the company's profit before tax differs from the theoretical amount				
Profit before tax	1,164,063	(349,513)	3,039,856	964,250
Tax expense /(deficit) b/d			0	0
Taxable profit	1,164,063	(349,513)	3,039,856	964,250
Tax calculated at a tax rate of 30%				
Tax effect on losses b/f				
Tax effect of:				
			0	0
Expenses not deductible for tax purposes				
Tax expense /(deficit c/d)			0	0
8 Share capital				
9 Director's Contribution				
Departments				
As at 1st January	1,877,000	878,000	688,000	0
Agricultural Policy for Public sector.	0	0	0	0
Registry & system Administration,	8,000	38,000	20,000	15,000
Field Accountancy & Unit sales	0	0	0	0
Agriculture Rural Development & Insurance	8,000	14,000	20,000	15,000
Food Safety-Value Addition	8,000	0	20,000	15,000
Food Quality Standards & Food supply	0	0	0	0
Marketing- Rural Investment	8,000	18,000	20,000	15,000
Construction & Property management	8,000	0	10,000	15,000
Women Empowermen	6,000	15,000	20,000	15,000
Agricultural Policy for Public sector	8,000	0	20,000	15,000
Executive Director / Chair	8,000	14,000	20,000	15,000
AITAP JANE&JAMES	16,000	900,000	40,000	568,000
	78,000	999,000	190,000	688,000
As at 31st December	1,955,000	1,877,000	878,000	688,000

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS**Financial statements****FOR THE YEAR ENDED 31ST DECEMBER 2021****Notes****10 Property, plant and equipment**

	Office Equipment Shs	Furniture & fittings Shs	Computers & Printers Shs	Total Shs
Year ended 31st December 2018				
Opening carrying value	-	-	-	-
Additions	-	356,000	-	356,000
Depreciation charge	-	(44,500)	-	(44,500)
Closing Carrying Value	0	311,500	0	311,500
Year ended 31st December 2019				
Opening carrying value	-	311,500	-	311,500
Additions	-	1,140,050	-	1,140,050
Depreciation charge	-	(181,444)	-	(181,444)
Closing carrying value	0	1,270,106	-	1,270,106
Year ended 31st December 2020				
Opening carrying value	-	1,270,106	-	1,270,106
Additions	-	50,000	-	50,000
Depreciation charge	-	(165,013)	-	(165,013)
Closing carrying value	0	1,155,093	-	1,155,093
Year ended 31st December 2021				
Opening carrying value	-	1,155,093	-	1,155,093
Additions	-	1,190,800	-	1,190,800
Depreciation charge	-	(293,237)	-	(293,237)
Closing carrying value	0	2,052,656	-	2,052,656

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS**Financial statements****FOR THE YEAR ENDED 31ST DECEMBER 2021****Notes**

	2021	2020	2019	2018
		Shs	Shs	
11 Trade and other receivables				
Trade receivables		0	-	
Provision for Current Taxes		-	-	
	-	-	-	-
12 Cash and cash equivalents				
For the purpose of the cash flow statement, cash and cash				
Cash and current account balances				
Cash in Bank	344,500	764,500	2,271,250	1,340,750
Cash in hand		-	-	0
	344,500	764,500	2,271,250	- 1,340,750
	344,500	764,500	2,271,250	- 1,340,750
13 Trade and other payables				
Trade payables		0.00	-	
Other Payables: Accruals		0.00	-	0
	-	-	-	-
14 Borrowings				
Bank Loan		-	-	
Director's Drawings				0.00
	0.00	0.00	0.00	0.00

KENYA RURAL FOOD CENTRE (ltd) - AITAP BUSINESS**Schedule of operating expenditure****FOR THE YEAR ENDED 31ST DECEMBER 2021****Schedule of operating expenditure**

15 Administrative expenses	2021		2020	2019	2018
				Shs	Shs
Employment:					
Salaries, Commissions, and wages	270,000		15,000	30,000	54,000
Total employment costs	270,000	-	15,000	30,000	54,000
Other administration expenses:					
Rent	360,000		187,300	650,500	143,000
Printing & Stationeries			0	-	
Licenses & Permits			0	-	
Water and Electricity Expenses	200		200	200	3,000
Telephone & Internet	2,500	2,500	2,500	2,500	5,000
Repair and Maintenance	196,000		0	80,000	39,000
Staff Welfare Expenses	90,000		0	50,000	-
office expenses	0		0	-	-
Total other administration expenses	648,700	2,500	190,000	783,200	190,000
Total administrative expenses	918,700	2,500	205,000	813,200	244,000
16 Financial and professional expenses					
Finance interest cost	0		0	-	-
Bank Charges	0		0	-	-
Depreciation charge	293,237		165,013	181,444	44,500
Accounting & Audit Expenses	-		-	-	-
	293,237	-	165,013	181,444	44,500
17 Sales and distribution					
Marketing & Promotion	80,000		0	30,000	-
Transport and Fuel Expenses	3,000		6,000	3,000	6,000
	83,000	-	6,000	33,000	6,000
Total expenses	1,294,937	2,500	376,013	1,027,644	294,500