

**Kenafric Biscuits Limited**  
**Annual Financial Statements**  
**for the year ended 31 March 2025**

# **Kenafric Biscuits Limited**

Annual Financial Statements for the year ended 31 March 2025

## **General Information**

---

<b>Country of incorporation and domicile</b>	Kenya
<b>Date of incorporation</b>	10 February 2021
<b>Directors</b>	Mikul Nilesh Shah Kirtan Velji Shah Vishal Bhimani Annu Gupta Ravi Kishore Soni
<b>Registered office</b>	Ruaraka, Off Baba Dogo, P.O. Box 39257 -00623 Nairobi, Kenya
<b>Principal banker</b>	Diamond Trust Bank Kenya Limited Diamond Plaza Branch P.O. Box 61711-00200 Nairobi
<b>Independent auditor</b>	Grant Thornton LLP Certified Public Accountants (Kenya) 5th Floor, Avocado Towers Muthithi Road, Westlands P.O. Box 46986-00100 Nairobi
<b>Company secretary</b>	ESR Kenya LLP Certified Public Secretaries (K) P.O. Box 47323-00100 Nairobi
<b>Company registration number</b>	PVT-LRUYYJD3
<b>Tax reference number</b>	P051991098U

# KenafriC Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Contents

---

	<b>Page</b>
Directors' Report	3 - 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 - 8
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Significant Accounting Policies	13 - 15
Notes to the Annual Financial Statements	16 - 22

# Kenafriic Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Directors' Report

---

The directors submit their report together with the audited annual financial statements for the year ended 31 March 2025.

### 1. Principal activity

The principal activity of the company is the manufacture of biscuits. The company operates principally in Kenya.

### 2. Business review of financial results and activities

The annual financial statements have been prepared in accordance with IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015. The accounting policies have been applied consistently compared to the prior year.

During the year under review, the Company achieved significant milestones in its financial and operational performance, reflecting the strength of our strategic initiatives and the dedication of our team. Our product portfolio includes a variety of biscuit, catering to diverse consumer preferences. We have been operating in the Kenyan market from the last 2 years 6 months, and have established a strong presence through our commitment to quality, innovation, and customer satisfaction.

#### Financial Performance

The Company recorded a robust 39% year-on-year growth in revenue, from Ksh 432,925,188 in the prior year to Ksh 602,140,208 for the year ended 31 March 2025, driven by strong sales across key product categories, improved customer acquisition strategies, and continued expansion into territories. This marks one of the highest revenue growth periods since the Company's inception two and a half years back.

In addition to top-line growth, we successfully implemented cost optimization and operational efficiency measures, various grammage optimisation as well as a superlative procurement strategy, which significantly boosted the business gross margins and as a result helped the company to reduce its loss after tax for the year ended 31 March 2025 by 46% to Ksh 77,612,759 from the loss after tax of the prior year of Ksh 143,604,298. A considerable impetus was put in improving labour and logistics cost efficiency by almost 15% over the prior year on a per ton of biscuits produced. This improvement and financial performance reflect our commitment to disciplined financial management and a clear path towards break even and profitability.

Company cash flows used in operating activities increased by 23.77% from Ksh (64,821,618) in the prior year to Ksh (101,589,393) for the year ended 31 March 2025.

#### Strategic Highlights

##### Distribution Expansion

- The company has successfully expanded into 8 new territories and onboarded 12 distributors, adding to its coverage and potentially long-term revenue stability.
- Direct distribution channels have grown significantly, increasing the direct control and reach in the domestic market, contributing to higher sales.
- Locating and onboarding the right customer and increasing the customer base.
- Turnaround of Coast region: the highest growing region for KBL.
- General trade performed exceptionally well.
- Resisted competition through Bourbon launch with 360-degree promotion.
- Measuring sales force productivity and initiating incentive based program.
- Traditional POP drive across outlets had enhanced high top of mind recall of Bourbon, Chocochips, Kreemz, Digestive and Football.
- Ensuring necessary expansion in export markets such as Rwanda, Uganda, etc.
- Solid growth in our cream's biscuit portfolio through superior product offering.

# Kenafriic Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Directors' Report

---

### Product Launch Success

- New product launches, particularly in the 10 KSH pack range, have performed well, contributing 25% of overall sales vs 14% sales against FY. This strategy aligns with consumer demand and is beneficial for gaining market entry in a highly competitive space.
- Introduction of new products: Kreemz & Football at 10 Ksh pack democratize the consumer segment.

Apart from above, the team also worked efficiently in reducing the inventory in days, worked on expediting collections to ensure manageable receivables and credit and had a strong relationship with its vendors to get support on credit in order to maintain a reasonable working cycle to continue its operations in a smooth manner.

The company continued to experience tough market competition, price sensitivity in the market. Having said that, the business has an optimistic outlook for the coming year. Revenue is steadily rising month on month. The Company is gradually launching new variety of Biscuits under Britannia product range and plans to aggressively expand in Modern Trade as well as untapped Kenya market. At the same time, business will prioritise on distribution expansion across regions in Kenya and also tap on export opportunities in East Africa. The emphasis will be given to scale up the volumes to fully absorb the fixed costs.

Exchange rate in financial years is stable and prices for major commodities like flour and sugar started showing a stability. The inflationary prices are also being addressed through efficient procurement plans, robust review mechanisms and extracting more savings by efficient management of end-to-end supply chain costs. The company will focus to drive efficiencies in production with respect to reduction of change over time and better factory utilization with higher volumes.

We remain confident in our strategy and committed to delivering sustainable value to our shareholders. Looking ahead, we will continue to focus on scalability, innovation, and strengthening our market position. I would like to thank our employees, partners, and shareholders for their continued support and trust.

### Legal, regulatory and compliance

The company has put in place robust fiduciary systems and standards. The company is also compliant with the Kenyan Government tax regime, Kenyan Companies Act, 2015, and statutory requirements.

### Internal Controls

The company has reasonably adequate internal control systems which are being constantly reviewed by management. Standard operating procedures and policies are in place which are being adhered to.

### Political and security risks

The company continues to monitor the political and security situation within the country and acts as and when required.

### Employees

The company believes that employees are the core contributors and assets in developing the company to reach at this level. The team is working cohesively to achieve the business goals. The Company indulges into continuous Hygiene and Safety training programmes.

### **3. Share capital**

Refer to note 16 of the annual financial statements for detail of the movement in authorised and issued share capital.

### **4. Dividends**

The board of directors does not recommend the declaration of a dividend for the year.

### **5. Directors**

The directors in office at the date of this report are as follows:

Mikul Nilesh Shah  
Kirtan Velji Shah  
Vishal Bhimani  
Annu Gupta  
Ravi Kishore Soni

# KenafriC Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Directors' Report

---

There have been no changes to the directorate for the year under review.

### 6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

### 7. Statement of disclosure to the company's auditor

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and
- the person has taken all the steps that he or she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### 8. Terms of appointment of the auditor

Grant Thornton LLP continues in office in accordance with the company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

### 9. Approval of annual financial statements

The annual financial statements set out on pages 9 to 22, which have been prepared on the going concern basis, were approved by the board of directors on 25 APRIL 2025 and were signed on its behalf by:



---

Vishal Bhimani  
(Director)

# KenafriC Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Statement of Directors' Responsibilities

---

The Kenyan Companies Act, 2015 requires the directors to prepare annual financial statements for each financial year that give a true and fair view of the financial position 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 are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these annual financial statements in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- designing, implementing and maintaining such internal controls as they determine necessary to enable the presentation of annual financial statements that are free of material misstatement, whether due to fraud or error;
- selecting suitable accounting policies and applying them consistently; and
- making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

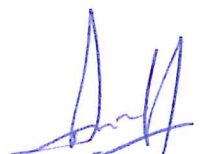
The directors acknowledge that the independent audit of the annual financial statements does not relieve them of their responsibilities.

The annual financial statements set out on pages 9 to 22, which have been prepared on the going concern basis, were approved by the board of directors on \_\_\_\_\_ and were signed on its behalf by:



---

**Vishal Bhimani**  
(Director)



---

**Annu Gupta**  
(Director)

## **Independent Auditor's Report**

---

**To the Shareholder of Kenafric Biscuits Limited**

**Report on the Audit of the Annual Financial Statements**

### **Opinion**

We have audited the annual financial statements of Kenafric Biscuits Limited (the company) set out on pages 9 to 22, which comprise the statement of financial position as at 31 March 2025, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Kenafric Biscuits Limited as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Auditor's Responsibilities for the Audit of the Annual Financial Statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report as required by the Kenyan Companies Act, 2015, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Annual Financial Statements**

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

## Independent Auditor's Report

---

### Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on Other Legal and Regulatory Requirements

In our opinion the information given in the report of the directors on page 3 - 5 is consistent with the Annual Financial Statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Alfred Siele, Practicing Certificate No. 1690.

 **Grant Thornton LLP**  
Certified Public Accountants

For and on behalf of Grant Thornton LLP  
Certified Public Accountants (Kenya)  
Nairobi

25<sup>TH</sup> APRIL 2025

K/1613/0325/AUD

# KenafriC Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Statement of Profit or Loss and Other Comprehensive Income

Figures in Shillings	Note(s)	2025	2024
Revenue	2	602,140,208	432,925,188
Cost of sales	3	(483,703,351)	(411,254,546)
<b>Gross profit</b>		<b>118,436,857</b>	<b>21,670,642</b>
Other income	4	4,309,898	2,040,878
Operating expenses	5	(187,015,470)	(159,826,370)
<b>Operating loss</b>		<b>(64,268,715)</b>	<b>(136,114,850)</b>
Finance costs	7	(13,123,569)	(7,280,891)
<b>Loss before taxation</b>		<b>(77,392,284)</b>	<b>(143,395,741)</b>
Taxation	8	(220,475)	(208,557)
<b>Loss for the year</b>		<b>(77,612,759)</b>	<b>(143,604,298)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(77,612,759)</b>	<b>(143,604,298)</b>

The accounting policies on pages 13 to 15 and the notes on pages 16 to 22 form an integral part of the annual financial statements.

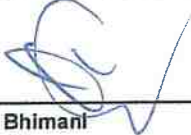
# Kenafriic Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Statement of Financial Position as at 31 March 2025

Figures in Shillings	Note(s)	2025	2024
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	10	170,223,795	190,671,967
Intangible assets	11	1,000	1,000
		<u>170,224,795</u>	<u>190,672,967</u>
<b>Current Assets</b>			
Inventories	13	57,352,313	51,538,511
Trade and other receivables	14	128,386,432	113,418,831
Current tax receivable	9	1,600,701	1,805,366
Cash and cash equivalents	15	3,274,492	17,315,164
		<u>190,613,938</u>	<u>184,077,872</u>
<b>Total Assets</b>		<u><b>360,838,733</b></u>	<u><b>374,750,839</b></u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	16	364,843,334	314,843,334
Accumulated losses		(270,912,539)	(193,299,780)
		<u>93,930,795</u>	<u>121,543,554</u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	17	5,308,752	8,658,628
<b>Current Liabilities</b>			
Trade and other payables	18	150,048,963	176,612,891
Borrowings	17	5,122,500	4,873,086
Bank overdraft	15	106,427,723	63,062,680
		<u>261,599,186</u>	<u>244,548,657</u>
<b>Total Liabilities</b>		<u><b>266,907,938</b></u>	<u><b>253,207,285</b></u>
<b>Total Equity and Liabilities</b>		<u><b>360,838,733</b></u>	<u><b>374,750,839</b></u>

The annual financial statements and the notes on pages 16 to 22, were approved by the board of directors on 25 April 2025 and were signed on its behalf by:

  
Vishal Bhimani  
(Director)

  
Annu Gupta  
(Director)

The accounting policies on pages 13 to 15 and the notes on pages 16 to 22 form an integral part of the annual financial statements.

# Kenafriic Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Statement of Changes in Equity

Figures in Shillings	Share capital	Accumulated losses	Total equity
<b>Balance at 1 April 2023</b>	<b>272,066,534</b>	<b>(49,695,482)</b>	<b>222,371,052</b>
Loss for the year	-	(143,604,298)	(143,604,298)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(143,604,298)</b>	<b>(143,604,298)</b>
Transfer between reserves	42,776,800	-	42,776,800
<b>Total changes</b>	<b>42,776,800</b>	<b>-</b>	<b>42,776,800</b>
<b>Balance as at start of the period</b>	<b>314,843,334</b>	<b>(193,299,780)</b>	<b>121,543,554</b>
Loss for the year	-	(77,612,759)	(77,612,759)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(77,612,759)</b>	<b>(77,612,759)</b>
Issue of shares	50,000,000	-	50,000,000
<b>Total changes</b>	<b>50,000,000</b>	<b>-</b>	<b>50,000,000</b>
<b>Balance as at March 31, 2024</b>	<b>364,843,334</b>	<b>(270,912,539)</b>	<b>93,930,795</b>
Note(s)	16		

The accounting policies on pages 13 to 15 and the notes on pages 16 to 22 form an integral part of the annual financial statements.

# Kenafric Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Statement of Cash Flows

Figures in Shillings	Note(s)	2025	2024
<b>Cash flows used in operating activities</b>			
Cash used in operations	19	(88,450,014)	(55,275,052)
Finance costs	7	(13,123,569)	(7,280,891)
Tax paid	9	(15,810)	(2,265,675)
<b>Net cash used in operating activities</b>		<b>(101,589,393)</b>	<b>(64,821,618)</b>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment	10	(2,715,860)	(3,169,653)
Proceeds from sale of motor vehicle	10	-	91,872
<b>Net cash used in investing activities</b>		<b>(2,715,860)</b>	<b>(3,077,781)</b>
<b>Cash flows from financing activities</b>			
Proceeds on share issue	16	50,000,000	42,776,800
Net movement in borrowings	17	(3,100,462)	13,531,714
<b>Net cash from financing activities</b>		<b>46,899,538</b>	<b>56,308,514</b>
<b>Total cash and cash equivalents movement for the year</b>		<b>(57,405,715)</b>	<b>(11,590,885)</b>
Cash and cash equivalents at the beginning of the year	15	(45,747,516)	(34,156,631)
<b>Total cash and cash equivalents at end of the year</b>	15	<b>(103,153,231)</b>	<b>(45,747,516)</b>

The accounting policies on pages 13 to 15 and the notes on pages 16 to 22 form an integral part of the annual financial statements.

# Kenafriic Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Significant Accounting Policies

---

### 1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board, and the Kenyan Companies Act, 2015. For Kenyan Companies Act, 2015 reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is represented by the statement of profit or loss and other comprehensive income.

The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Kenyan Shillings and rounded off to the nearest Shilling.

#### 1.1 Significant judgements and sources of estimation uncertainty

##### Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

##### Key sources of estimation uncertainty

##### Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

##### Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated selling price less costs to complete and sell. Where an impairment is necessary, inventory items are written down to selling price less costs to complete and sell.

##### Impairment testing

The company reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

##### Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

#### 1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

# KenafriC Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Significant Accounting Policies

---

### 1.2 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

---

Item	Depreciation method	Useful life
Plant and machinery	Straight line	10 years
Furniture and fixtures	Straight line	8 years
Motor vehicles	Straight line	5 years
Computers and copiers	Straight line	5 years

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

### 1.3 Financial instruments

#### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

### 1.4 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

#### Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

### 1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

# Kenafriic Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Significant Accounting Policies

---

### 1.6 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

### 1.7 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the statement of profit or loss and other comprehensive income in the year they fall due.

### 1.8 Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

### 1.9 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

### 1.10 Other income

Rental income from operating leases is recognised on a straight line basis over the period of the lease.

### 1.11 Foreign exchange

#### Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

All transactions in foreign currencies are initially recorded in Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

# Kenafriic Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Notes to the Annual Financial Statements

Figures in Shillings	2025	2024
<b>2. Revenue</b>		
Sale of goods	<u>602,140,208</u>	<u>432,925,188</u>
<b>3. Cost of sales</b>		
Cost of goods sold	<u>388,859,526</u>	<u>325,048,333</u>
<b>Direct costs</b>		
Carriage, freight and distribution costs	17,422,978	12,388,680
Power and fuel	25,549,596	23,990,079
Staff costs (Note 6)	24,810,394	18,476,635
Depreciation	21,791,778	21,441,052
Material write off	5,269,079	9,909,767
	<u>94,843,825</u>	<u>86,206,213</u>
	<u>483,703,351</u>	<u>411,254,546</u>
<b>4. Other income</b>		
Profit on sale of assets	-	23,065
Profit on exchange differences (see below)	189,746	-
Rental income (see below)	734,916	695,190
Other income	3,385,236	1,322,623
	<u>4,309,898</u>	<u>2,040,878</u>
Other income relates to sale of scrap items.		
<b>Rental income (Net)</b>		
Rental income	7,836,054	6,798,270
Rental expenses	(7,101,138)	(6,103,080)
	<u>734,916</u>	<u>695,190</u>
<b>(Gain)/Loss on exchange difference</b>		
Unrealised exchange gain	2,597,971	-
Realised exchange gain	(2,787,717)	-
	<u>(189,746)</u>	<u>-</u>
<b>5. Operating expenses</b>		
<b>The following items are included within operating expenses:</b>		
Staff costs (Note 6)	88,563,242	71,782,928
Provision for bad debts	-	865,804
Repairs and maintenance	13,143,213	16,350,495
Rent	32,498,862	29,896,920
Travelling expenses	8,574,632	8,946,543
Advertisement	-	1,068,539
Security charges	2,226,365	2,124,209
Miscellaneous expenses	60,667	(2,032,844)
Loss on exchange differences (see below)	-	1,343,580
Auditors remuneration	1,125,000	1,125,000
IT expenses	2,261,791	1,595,939
Insurance	2,392,435	3,484,435
Bank charges	1,749,015	2,081,226
Engineering stores	845,080	2,579,982
Cleaning expenses	1,986,139	580,695
Depreciation	1,372,254	1,336,399
License	566,558	1,042,182
Water expense	382,164	473,265

# Kenafric Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Notes to the Annual Financial Statements

Figures in Shillings	2025	2024
Motor vehicle expenses	1,082,454	650,046
Professional fees	523,129	133,622
Printing and stationery	230,065	218,052
Subscriptions	86,702	92,286
Commission and brokerage	362,069	532,818
Office expenses	287,016	454,828
Promotions	26,271,524	12,755,613
Telephone and postage	425,094	343,808
	<u>187,015,470</u>	<u>159,826,370</u>
<b>Loss on exchange differences</b>		
Unrealised exchange loss	-	(7,278,303)
Realised exchange loss	-	8,621,883
	<u>-</u>	<u>1,343,580</u>
<b>6. Staff costs</b>		
<b>Direct staff costs</b>		
Salaries and wages	<u>24,810,394</u>	<u>18,476,635</u>
<b>Indirect staff costs</b>		
Salaries and wages	73,349,955	58,750,534
Staff welfare expenses	988,046	632,576
Other staff costs	10,115,712	9,776,289
Staff medical	2,338,241	1,235,550
NSSF company contribution	832,415	738,009
Housing levy contribution	938,873	649,970
	<u>88,563,242</u>	<u>71,782,928</u>
<b>Average number of persons employed during the year was:</b>		
Administration	29	22
Management	4	4
	<u>33</u>	<u>26</u>
<b>7. Finance costs</b>		
Interest expenses	<u>13,123,569</u>	<u>7,280,891</u>
<b>8. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current taxation</b>		
Local normal tax - current year	<u>220,475</u>	<u>208,557</u>

# Kenafriic Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Notes to the Annual Financial Statements

Figures in Shillings	2025	2024
<b>8. Taxation (continued)</b>		
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting loss and tax expense.		
Accounting loss	(77,392,284)	(143,395,741)
Tax at the applicable tax rate of 30%	(23,217,685)	(43,018,722)
<b>Tax effect of adjustments on taxable income</b>		
Expenses not deductible for tax purposes	8,659,639	8,922,681
Income not subject to tax	(8,951,377)	(11,080,346)
Unused tax losses	23,729,898	45,384,944
	<b>220,475</b>	<b>208,557</b>

Total accumulated carried forward losses as at 31st March 2025 is Ksh 373,558,729 (2024:294,959,667).

### 9. Tax paid

Balance at beginning of the year	1,805,366	(251,752)
Current tax for the year recognised in loss	(220,475)	(208,557)
Balance at end of the year	(1,600,701)	(1,805,366)
	<b>(15,810)</b>	<b>(2,265,675)</b>

### 10. Property, plant and equipment

	2025			2024		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Plant and machinery	219,525,107	(53,771,325)	165,753,782	216,915,388	(31,979,547)	184,935,841
Furniture and fixtures	1,473,982	(443,239)	1,030,743	1,473,982	(258,991)	1,214,991
Motor vehicles	3,483,029	(1,522,630)	1,960,399	3,483,029	(826,025)	2,657,004
Computers	2,500,329	(1,021,458)	1,478,871	2,394,189	(530,058)	1,864,131
<b>Total</b>	<b>226,982,447</b>	<b>(56,758,652)</b>	<b>170,223,795</b>	<b>224,266,588</b>	<b>(33,594,621)</b>	<b>190,671,967</b>

#### Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Depreciation	Closing balance
Plant and machinery	184,935,841	2,609,720	(21,791,779)	165,753,782
Furniture and fixtures	1,214,991	-	(184,248)	1,030,743
Motor vehicles	2,657,004	-	(696,605)	1,960,399
Computers	1,864,131	106,140	(491,400)	1,478,871
	<b>190,671,967</b>	<b>2,715,860</b>	<b>(23,164,032)</b>	<b>170,223,795</b>

#### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Plant and machinery	203,638,537	2,738,356	-	(21,441,052)	184,935,841
Furniture and fixtures	1,209,300	184,297	-	(178,606)	1,214,991
Motor vehicles	3,353,610	-	-	(696,606)	2,657,004
IT equipment	2,147,125	247,000	(68,807)	(461,187)	1,864,131
	<b>210,348,572</b>	<b>3,169,653</b>	<b>(68,807)</b>	<b>(22,777,451)</b>	<b>190,671,967</b>

# Kenafriic Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Notes to the Annual Financial Statements

Figures in Shillings 2025 2024

### 11. Intangible assets

	2025			2024		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademark	1,000	-	1,000	1,000	-	1,000

#### Reconciliation of intangible assets - 2025

	Opening balance	Total
Trademark	1,000	1,000

#### Reconciliation of intangible assets - 2024

	Opening balance	Total
Trademark	1,000	1,000

### 12. Deferred tax

#### Unrecognised deferred tax asset

Deferred income tax is calculated using the enacted income tax rate of 30%. The movement on the deferred income tax account is as follows:

At start of the year	55,886,789	14,535,771
Movement in the year	23,224,508	41,351,018
<b>Not recognised as a deferred tax asset</b>	<b>79,111,297</b>	<b>55,886,789</b>

	At start of the year	Credit (charge) to profit or loss	At the end of year
Tax losses	88,487,904	23,579,883	112,067,787
Unrealised exchange loss	(2,183,492)	779,391	(1,404,101)
Provision	566,866	856,770	1,423,636
Accelerated capital allowances	(30,984,489)	(1,991,368)	(32,975,857)
Prior year over provision	-	(168)	(168)
	<b>55,886,789</b>	<b>23,224,508</b>	<b>79,111,297</b>

Deferred tax assets are recognised only to the extent that it is possible that future taxable profits will be available against which temporary differences can be utilised. The deferred income tax asset has not been recognised as the company is yet to record taxable profit therefore, the availability of future taxable profits to utilise the net asset in doubt. The net deferred income not recognised is attributable to the above.

### 13. Inventories

Raw materials	13,694,301	11,244,394
Loose tools	6,413,579	1,187,365
Packing material	19,749,885	16,037,440
Finished goods	17,494,548	23,069,312
	<b>57,352,313</b>	<b>51,538,511</b>

# Kenafriic Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Notes to the Annual Financial Statements

Figures in Shillings	2025	2024
<b>14. Trade and other receivables</b>		
Trade receivables (see below)	75,593,595	62,965,040
Prepayments	4,105,667	1,662,564
Deposits	10,486,000	9,736,000
VAT	38,193,775	38,707,648
Amounts due from related parties (Note 20)	7,395	347,579
	<u>128,386,432</u>	<u>113,418,831</u>
<b>Trade receivables (Net)</b>		
Trade receivables (Gross)	76,459,399	63,830,844
Provision for bad debts	(865,804)	(865,804)
	<u>75,593,595</u>	<u>62,965,040</u>
<b>15. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	3,274,492	17,315,164
Bank overdraft	(106,427,723)	(63,062,680)
	<u>(103,153,231)</u>	<u>(45,747,516)</u>
Current assets	3,274,492	17,315,164
Current liabilities	(106,427,723)	(63,062,680)
	<u>(103,153,231)</u>	<u>(45,747,516)</u>
The above bank overdraft from Diamond Trust Bank is secured by debenture/security rights agreement over stocks of Kenafriic Biscuits Limited registered in their names for Kshs 130,000,000.		
<b>16. Share capital</b>		
<b>Authorised</b>		
3,648,433 ordinary shares each Ksh 100 (2024: 3,148,433 ordinary shares each Ksh 100)	364,843,334	314,843,334
<b>Reconciliation of number of shares issued:</b>		
Reported as at 1 April 2024	314,843,334	314,843,334
Issue of ordinary shares (500,000 @100 each)	50,000,000	-
	<u>364,843,334</u>	<u>314,843,334</u>
<b>Issued</b>		
3,648,433 ordinary shares each Ksh 100 (2024: 3,148,433 ordinary shares each Ksh 100)	364,843,334	314,843,334
All issued shares are fully paid.		
<b>17. Borrowings</b>		
<b>At amortised cost</b>		
Diamond Trust Bank	10,431,252	13,531,714
<b>Non-current liabilities</b>		
At amortised cost	5,308,752	8,658,628

# KenafriC Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Notes to the Annual Financial Statements

Figures in Shillings	2025	2024
<b>17. Borrowings (continued)</b>		
<b>Current liabilities</b>		
At amortised cost	5,122,500	4,873,086
	<u>10,431,252</u>	<u>13,531,714</u>

The above loan from Diamond Trust Bank is secured by entire existing and future stock of KenafriC Biscuits Limited registered in their names for Kshs 130,000,000. The loan term is 48 months and interest rate is 17%. (2024:13.5%) p.a.

### 18. Trade and other payables

Trade payables	98,532,377	85,436,186
Payroll liabilities	8,652,611	2,680,521
Deposits	2,384,043	1,297,923
Amounts due to related parties (Note 20)	25,529,116	37,830,620
Other payables	14,950,816	49,367,641
	<u>150,048,963</u>	<u>176,612,891</u>

### 19. Cash used in operations

Loss before taxation	(77,392,284)	(143,395,741)
<b>Adjustments for:</b>		
Depreciation	23,164,032	22,777,451
Profit on sale of assets	-	(23,065)
Finance costs	13,123,569	7,280,891
<b>Changes in working capital:</b>		
Inventories	(5,813,802)	20,334,796
Trade and other receivables	(14,967,601)	(22,418,923)
Trade and other payables	(26,563,928)	60,169,539
	<u>(88,450,014)</u>	<u>(55,275,052)</u>

### 20. Related parties

#### Related party balances and transactions with related parties

##### Related party balances

##### Amount due from related parties

KenafriC Industries Limited	7,395	347,579
-----------------------------	-------	---------

##### Amount due to related party

KenafriC Properties Limited	21,768,000	27,840,000
AL Sallan Food Industries Co SAOC	-	194,975
KenafriC Industries Limited	3,021,376	4,277,990
Strategic Food International Co.	-	5,517,655
Britania Industries	739,740	-
	<u>25,529,116</u>	<u>37,830,620</u>

##### Related party transactions

##### Rent paid to related parties

KenafriC Properties Limited	39,600,000	36,000,000
-----------------------------	------------	------------

KenafriC Biscuits Limited is related to the above companies by virtue of common control and directorship.

### 21. Commitments

There were no commitments for the year ended March 31, 2025.

# KenafriC Biscuits Limited

Annual Financial Statements for the year ended 31 March 2025

## Notes to the Annual Financial Statements

Figures in Shillings

2025

2024

### 22. Contingencies

There were no other contingencies for the year ended March 31, 2025..

### 23. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of the Directors' report.

### 24. Categories of financial instruments

#### Financial assets at amortised cost

Trade and other receivables	86,086,990	73,048,619
Cash and cash equivalents	3,274,492	17,315,164
	<u>89,361,482</u>	<u>90,363,783</u>

#### Financial liabilities at amortised cost

Borrowings	10,431,252	13,531,714
Trade and other payables	150,048,961	176,612,893
Bank overdraft	106,427,723	63,062,680
	<u>266,907,936</u>	<u>253,207,287</u>