

REPUBLIC OF KENYA



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# REPORT

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ON

**PYRETHRUM PROCESSING  
COMPANY OF KENYA**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	06 MAR 2025 <sup>DAY</sup> Thursday
TABLED BY:	Hon Naomk Wago, MP Deputy Majority Party Whip
CLERK-AT-THE-TABLE:	A. Shibusko



REPUBLIC OF KENYA



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PYRETHRUM PROCESSING  
COMPANY OF KENYA LTD

HEAD OFFICE

# **PYRETHRUM PROCESSING COMPANY OF KENYA LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2024**

Prepared in accordance with International Financial Reporting Standards (IFRS)



<b>Table of Contents</b>	<b>Page</b>
1. Acronyms and Glossary of Terms .....	ii
2. Key Entity Information .....	iii
3. Board of Directors .....	vii
4. Key Management Team .....	xi
5. Fiduciary Management .....	xiii
6. Fiduciary Oversight Arrangements .....	xiii
7. Chairman's Statement .....	xv
8. Report of the Chief Executive Officer .....	xvi
9. Statement of Performance Against Predetermined Objectives for Fy 2023/24 .....	xvii
10. Corporate Governance Statement .....	xix
11. Management Discussion and Analysis .....	xxii
12. Environmental and Sustainability Reporting .....	xxix
3. Report of the Directors .....	xxxiv
4. Statement of Directors' Responsibilities .....	xxxv
5. Report of the Auditor General on the Financial Statements for PPCK .....	xxxvii
16. Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30th June 2024. ....	1
17. Statement Of Financial Position As At 30 June 2024 .....	2
18. Statement Of Changes In Equity For The Year Ended 30th June 2024 .....	3
19. Statement Of Cash Flows For The Year Ended 30 June 2024 .....	4
20. Statement Of Comparison Of Budget And Actual Amount For The Period Ended 30th June 2024 .....	5
21. Notes To The Financial Statements .....	6
22. Appendices .....	32



<b>1.</b>	<b>ACRONYMS AND GLOSSARY OF TERMS</b>
<b>AFA</b>	Agriculture and Food Authority
<b>CEO</b>	Chief Executive Officer
<b>IFRS</b>	International Financial Reporting Standards
<b>IAS</b>	International Accounting Standards
<b>ICT</b>	Information and Communication Technology
<b>KALRO</b>	Kenya Agriculture & Livestock Research Organization
<b>KEPHIS</b>	Kenya Plant Health Inspectorate Service
<b>NT</b>	National Treasury
<b>MOA&amp;L</b>	Ministry of Agriculture & Livestock Development
<b>MT</b>	Metric Tonnes
<b>MTEF</b>	Medium Term Expenditure Framework
<b>PFM</b>	Public Finance Management.
<b>PPRA</b>	Public Procurement Regulatory Authority
<b>PSASB</b>	Public Sector Accounting Standards Board
<b>PBK</b>	Pyrethrum Board of Kenya
<b>PPCK</b>	Pyrethrum Processing Company of Kenya
<b>PCBP</b>	Pest Control & Products Board
<b>PPAD</b>	Public Procurement Asset Disposal Act,2015
<b>PC</b>	Performance Contract
<b>SCAC</b>	State Corporations Advisory Committee
<b>N.S.S.F</b>	National Social Security Fund
<b>AG</b>	Attorney General



## 2. KEY ENTITY INFORMATION

### a) Background information

The Pyrethrum Processing Company of Kenya Ltd (PPCK) is a company registered under the repealed Company's Act CAP 486 currently operating Registrations Certificate No. 5691 and carrying out the commercial business of the defunct Pyrethrum Board of Kenya (PBK) in line with the provision of section 3 (i) of the first schedule on transition provision of Agriculture and Food Authority (AFA) Act of 2013(Revised 2016).

“Every former institution which immediately before the commencement of this Act carried out any commercial activity with the objective of making profit shall within twelve months of the appointed day, and in accordance with the relevant procedures and practice applicable, transform into a company and be registered as a company under the Companies Act so as to enable the former institution carry on the commercial activity”

This means Pyrethrum Board of Kenya was to transform into a company registered under the Companies Act Cap 486 within twelve months of the commencement of the AFA Act 2013. However, AFA operated the former institution (Pyrethrum and Other Industrials Crops Directorate) from 2014 to 2016 when they adopted the existing company, PPCK to be the successor of PBK.

At the Cabinet level the Company is represented by the Cabinet Secretary for Ministry of Agriculture, Livestock, Fisheries and Cooperatives, while the board is responsible for the general policy and strategic direction of the Company. The institution is also subject to the provisions of the State Corporations Act Laws of Kenya.

PPCK is domiciled in Kenya with nineteen Pyrethrum growing counties namely Nakuru, Kiambu, Nyandarua, Nyeri, Laikipia, Meru, Embu, Baringo, Elgeyo Marakwet, West Pokot, Trans-Nzoia, Bungoma (Mt. Elgon), Uasin Gishu, Nandi, Kericho, Bomet, Narok, Nyamira and Kisii.



**b) Principal Activities**

The principal activity of PPCK is to produce, process and market Pyrethrum and pyrethrum products, conduct scientific & agronomic research, promote, and facilitate production of high yielding planting material & quality Pyrethrum seeds.

**i) Vision Statement**

“To be the pinnacle of excellent value addition of pyrethrum flowers and pyrethrum seed processing globally.”

**ii) Mission Statement**

To enhance team work to give excellent services to pyrethrum stakeholders, promote and facilitate efficient value addition in processing pyrethrum flowers and market world class pyrethrum-based products to for sustainable economic growth”.

**iii) Strategic Objectives**

- To boost pyrethrum production and productivity
- To increase market share of PPCK's products and services
- To enhance efficiency and sustainability of operations and systems
- To mobilize adequate financial resources on a sustainable manner to finance PPCK operations
- To enhance institutional and staff productivity level for improved performance
- To comply with policy, legal and regulatory framework.



c) **Directors**

i. The members of the Board of Directors who served the Company during the year under review were as follows:

	NAME	DESIGNATION	DATE OF APPOINTMENT
1	Mr. Joe Owaka Ager	Chairman	23 <sup>rd</sup> July 2024
2	Mr. Jenaro Guantai Ithinji	Director	30th May 2024
3	Mr. Stanley Ole Mpoe	Director	17th May 2024
4	Ms. Carolynne Chepkoech	Director	7th May 2024
5	Mr. Nabil Khamis Salim	Director	7th May 2024
6	Mr. Zakayo Maina	Director	12th Oct 2023
7	Mr. Justus M. Monda	Director	24 <sup>th</sup> Mar 2022
8	Mrs. Serah W. Wataku	Director	23 <sup>rd</sup> Mar 2022
9	Dr. Hesbon N. Otinga	Alternate Director - PS State Department for Agriculture	17 <sup>th</sup> May 2024
10	Ms. Noreen W. Kanyua	Inspectorate of State Corporations - Representative	14 <sup>th</sup> Nov 2023
11	Mrs. Mary M. Ontiri - Magati	Ag. Chief Executive Officer	20 <sup>th</sup> Nov,2023

ii. The following are board of Directors and Ag. CEO who exited the company for the period under review;

	NAME	DESIGNATION	DATE OF EXIT
1	Mr. George Wachira, MBS	Chairman	28 <sup>th</sup> Mar 2024
2	Ms. Stella Wanjiru	Director	28 <sup>th</sup> Mar 2024
3	Mr. Simeon K. Chebwai Boen	Director	28 <sup>th</sup> Mar 2024
4	Dr. Lawrence M. Ngari	Director	28 <sup>th</sup> Mar 2024
5	Ms. Nasra G. Kochale	Director	28 <sup>th</sup> Mar 2024
6	Mr. John I. Njoroge	Alternate Director - PS State Department for Agriculture	28 <sup>th</sup> Mar 2024
7	Matilda P. Sakwa, (Ms.) EBS	Ag. Chief Executive Officer	20 <sup>th</sup> Nov 2023



**d) Registered Office**

Pyrethrum Processing Company of Kenya Ltd. Hqs  
Industrial Area Nakuru  
Pareto Road  
P.O. BOX 420 - 20100  
**NAKURU, KENYA**

**e) Corporate Headquarters**

Pyrethrum Processing Company of Kenya  
Industrial Area Nakuru  
Pareto Road  
P.O. BOX 420 - 20100  
**NAKURU, KENYA.**



**f) CORPORATE CONTACTS**

Telephone: +254 2211567/82  
E-mail: [md@pyrethrum.co.ke](mailto:md@pyrethrum.co.ke)  
Key Entity Information (continued)

**g) Corporate Bankers**

Kenya Commercial Bank  
Menengai Crater Branch  
Loncom House Ground Floor  
P.O. BOX 15923 - 20100  
**NAKURU, KENYA**  
Telephone: +254- (051) 22216412  
[www.kcbbankgroup.com](http://www.kcbbankgroup.com)



**h) Independent Auditors**

Auditor General  
Office of The Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084 - GPO 00100  
**NAIROBI, KENYA**



**l) Principal Legal Advisor**

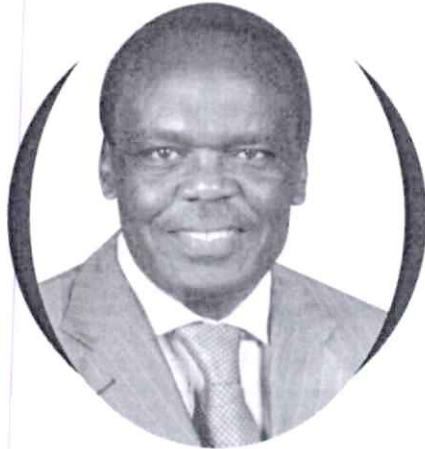
The Attorney General  
State Law Office  
Harambee Avenue  
P.O Box 40112, City Square 00200  
**NAIROBI, KENYA**



OFFICE OF THE ATTORNEY GENERAL  
AND DEPARTMENT OF JUSTICE



### 3. BOARD OF DIRECTORS



**Mr. Joe Owaka Ager**

Mr. Joe Owaka Ager is a distinguished management, marketing, finance, strategy and organizational change expert. He was appointed Chairman of the Pyrethrum Processing Company of Kenya Limited on 23<sup>rd</sup> July 2024 for term of three years. Prior to his appointment Mr. Joe Ager served as the Board Chairman-National Mining Corporation (NMC), from the year 2021 to 2022, as well as Board Chairman-Kenya Universities and Colleges Central Placement Services (KUCCPS) from 2018 to 2021.

He also served as General Manager at the Kenya Electricity Transmission Company (KETRACO), from 2010 to 2015 helping to establish the company as a respected member of power pool of utility companies in East Africa. Mr. Ager also served in various other organizations, including at the British Airways, where he launched his management career as a General Manager for East and Central Africa (1985-2000), and later as Head of Business Development, British Airways (UK), from 2001 to 2004.

Mr. Joe Owaka Ager holds a Master of Business Administration (MBA) degree from The Open University, Milton Keynes, England, Diploma in Aviation and Flight Operations Management from Crane bank Aviation Management College, London and Senior Management Course at Kenya School of Government.

**Chairman**



**Mr. Jenaro Guantai Ithinji**  
Date of Birth: 12<sup>th</sup> December 1969

Mr. Jenaro G. Ithinji holds a M.Ed. in Guidance and Counselling from Egerton University, B.Ed. Kenyatta University.

He is currently a senior lead consultant -Management, Leadership and Corporate governance at African Vocational Education, Research & Consultancy (AVERC) He is a full member of Kenya Institute of Management.

Mr. Ithinji was re-appointed to PCK Board as an independent director and serves as the Chairperson of Finance, HR & General Purposes Committee and also a member of Technical Committee.

**Director**



## BOARD OF DIRECTORS



**Mr. Justus Mochache Monda**  
Date of Birth: 18<sup>th</sup> September 1959

Mr. Justus Mochache Monda, holds Diploma in Corporate Finance and Gender Equality from the Negev Institute of Strategies of Peace & Development - Israel. He also holds certificate in Executive Leadership from African Management Institute and Certificate in Gender, Youth Women and Development from Egerton University.

He has over 25 years' experience in pyrethrum farming and banking and financial management with further experience in rendering service in both the public and private sectors.

He was appointed to the PPCK Board as an independent director and serves as the member of the Technical Committee.

**Director**



**Dr. (CPA), Hesbon N. Otinga, PhD**  
Date of Birth: 24<sup>th</sup> June 1979

Dr. (CPA), Hesbon N. Otinga holds PhD in Business management (Moi University), Masters in Economics- (University of Nairobi) and Bachelor's degree in Economics and Statistics from Maseno University. He is a Certified Public Accountant and a member of ICPAK

He has over 18 years working experience as an Economist/ Statistician in the Public Sector and currently serving as the Director planning in the state department for agriculture.

Dr. (CPA) Otinga joined Pyrethrum Processing Company of Kenya as alternate Director representing the Principal Secretary- State Department for Agriculture. He serves as a Member of the Finance and Audit committee.

**Alternate Director**



**Mr. Stanley Ole Mpoe**  
Date of Birth: 1973

Mr. Stanley Ole Mpoe holds Bachelor degree in education from Maasai Mara University, certificate in education from Muran'ga teachers' college and currently pursuing Masters degree in education from Maasai mara university.

He has over 27 years' experience in civil service.

He was appointed as an independent director of PPCK Board and serves as a member of human resource and the technical committee.

**Director**



## BOARD OF DIRECTORS



**Ms. Noreen W. Kanyua**  
**Date of Birth: 9<sup>th</sup> April 1982**

Ms. Kanyua holds Executive Masters in Organisational Development – Unites States International University (USIU) and Bachelor's Degree in International Relations - Unites States International University (USIU). Currently pursuing a Doctorate in Philosophy (Ph.D.) in Project Management

Noreen has over 15 years' experience in humanitarian projects, communication strategy, operations, eco-system development, stakeholder management and intermittently providing high level support to management teams.

She is an astute Organization Development and Policy Expert who possesses an unwavering commitment to investing in people. She is currently serving as an Assistant Inspector General based at the Inspectorate of State Corporations in the Executive Office of the President of Kenya. Previously, she served as the Head of Programmes and Operations at the SME Advisory Unit, in the Executive Office of the President.

She was appointed as Independent Director to PPCK Board and a Member of Finance & GP, Human Resource, Audit and Technical Committees

**Inspectorate of State Corporations Representative**



**Carolyne Chepkoech**  
**Date of Birth: 2<sup>nd</sup> February, 1973**

Ms. Carolyne holds certificate in Business and Entrepreneurship from UNAITAS college, she also holds certificate in Christian Counselling from GIHON Leader Training Institute.

She has over 10 years' experience in community engagements which aims at protecting and improving livelihoods. She has in the past worked with Kenya Red Cross as Food monitor and Field Officer, International Organization of Migration as Field Security Officer.

she currently serves as Christian Counsellor at IVC Church, Eldoret and an independent Director to the PPCK Board where she serves as a member of the HR and technical subcommittee and a certified mediator.

**Director**



**BOARD OF DIRECTORS**



**Mr. Nabil Khamis Salim**  
Date of Birth: 18/06/1991

Mr. Salim holds Diploma in Hospitality; he has a wide experience in event planning and management activities. He was appointed on 7<sup>th</sup> May 2024 to be member of the Board of Directors of the Pyrethrum Processing Company of Kenya. He also serves as a member of Audit Committee

**Director**



**Mr. Zakayo Maina**  
Date of Birth: 1958

Mr. Zakayo Maina is a prominent Business Man with vast experience in entrepreneurship and business management. He was appointed on 12<sup>th</sup> October 2023 to be member of the Board of Directors of the Pyrethrum Processing Company of Kenya. He also serves as a Human Resource and Technical Board committees

**Director**



**Mrs Mary M. Ontiri-Magati**  
Date of Birth: 12<sup>th</sup> December, 1970

Mrs Mary M. Ontiri- Magati holds a Masters degree in plant Breeding from Egerton University, Bachelor of Science degree in Agriculture and Home Economics from Egerton University.

She has worked with Pyrethrum industry for the 32 years, she has vast experience in Pyrethrum production, processing and marketing, she has collaborated with KALRO Plant Breeders and developed Pyrethrum varieties. She formerly worked as General Manager, Technical and Advisory Services (PBK), Deputy Director at Miraa, Pyrethrum and Other Industrial Crops Directorate under AFA.

She has undertaken senior management Course, Senior Leadership Development Program and Corporate Governance training at Kenya School of Government.

**Ag.chief Executive Officer**



**Mrs Sarah Wanjiku W. Wataku**  
Date of Birth :1961

Mrs. Sarah Wanjiku Wataku is a prominent farmer from Nakuru County - Molo Sub-County and has huge experience in pyrethrum farming with a strong background in articulating issues on behalf of pyrethrum growers at County and National levels. She is passionate in pyrethrum farming both at personal and communal levels.

She was appointed to the PPCK Board as an independent director and serves as the member of the Technical Committee.

**Director**



## 4. KEY MANAGEMENT TEAM



**Mrs Mary M. Ontiri-Magati**  
MSC (Plant Breeding)  
BSc (Agriculture)  
Member (PBAK)

**Ag. Chief Executive  
Officer**



**Ms. Caroline Imbwaga**  
MSC (Agronomy & Rural Dev)  
BSc (Agriculture)  
Member (KESAP)

**Crop Production  
And Research  
Manager**



**CPA Edward. O. Ochele**  
BBA - Finance (On-going),  
CPA (K)  
Member (ICPAK)

**Ag. Finance Manager**



**Ms. Elizabeth A. Luby**  
BCom (Human Resource Mgt)  
Dip -Business Mgt  
Member institute of HRM

**Ag. Human Resource  
& Administration  
Manager**



**Mrs. Rosaline Chepngeno**  
BSc in Science  
Post Graduate Dip in Procurement & Supplies  
Member (KISM)

**Planning & Strategy  
Manager**



**Mr. Joel Atuti Nyachiro**  
BA In Economics & Statistics  
Diploma in Production Mgt

**Internal Audit  
Manager**



## KEY MANAGEMENT TEAM



**Mr. Vincent Ouma**  
Higher National Diploma in  
Applied Chemistry

**Ag. Factory Manager**



**Mrs. Winfred Waweru**  
MBA (Strategic Mgt)  
BCom (Marketing Option)  
Diploma in Business Mgt

**Business Development  
Officer**



**Mr. Peter Kaumbuthu**  
MSc. (Procurement).  
BBM(Supplies).  
Diploma in Procurement and Supplies.  
Member (KISM).

**Procurement Officer**



**Mr. Kenneth C. Ronoh**  
Higher Diploma IDPM  
ICT Manager

**Ict Manager**



## 5. FIDUCIARY MANAGEMENT

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were;

No.	DESTINATION	NAME
1	Ag. Chief Executive Officer	Mrs. Mary M. Ontiri-Magati
2	Crop Production & Research Manager	Ms. Carolyne Imbwaga
3	Ag. Factory Manager	Mr. Vincent Ouma
4	Business Development Officer	Mrs. Winfred Waweru
5	Ag. Finance Manager	Mr. Edward Ochele
6	Procurement Officer	Mr. Peter Kaumbuthu
7	Ag. Human Resource Manager	Ms. Elizabeth Lubyu
8	Planning and Strategy Manager	Mrs. Rosaline Chepngeno
9	ICT Manager	Mr. Kenneth Rono
10	<b>Internal Audit Manager</b>	Mr. Joel Atuti

## 6. FIDUCIARY OVERSIGHT ARRANGEMENTS

The PPCK Board has 4 committees whose primary role is to provide fiduciary oversight role in the governance of PPCK

### a. Finance Committee

This Committee is responsible for recommending financial policies, goals, and budgets that support the realization of the mission, vision and strategic goals of the Company. It also reviews the Company financial performance against its set goals and targets. It is responsible for ensuring that the Company has effective and efficient internal financial controls and reviewing and recommending the Company long, medium- and short-term financial plans to realize the Company mandate. It also ensures that the Company has optimal liquidity for efficient and effective realization of its mandate and reviewing financial reports and making appropriate recommendations to the Board.

### b. Audit Committee

The Board is committed to ensuring that ethics and integrity remain at the core of the Company operations. The Audit Committee's objective includes ensuring that the Company existing internal controls are planned, structured and implemented. Further, the Committee reviews the proposed audit scope, approach and audit deliverables, and ensures implementation of internal and external audit recommendations.

The mandate relating to Financial Reporting and Related Reporting Practices requires the Audit Committee to review the annual financial statements of the Company, the external auditor's opinion and their comments on internal controls and other observations.



The Audit Committee reports to the Board on the standing and independence of the internal audit function within the Company. In furtherance of this, the Board continuously implements systems and processes that purpose to integrate ethical practices in all the Company operations.

**c. Technical Committee**

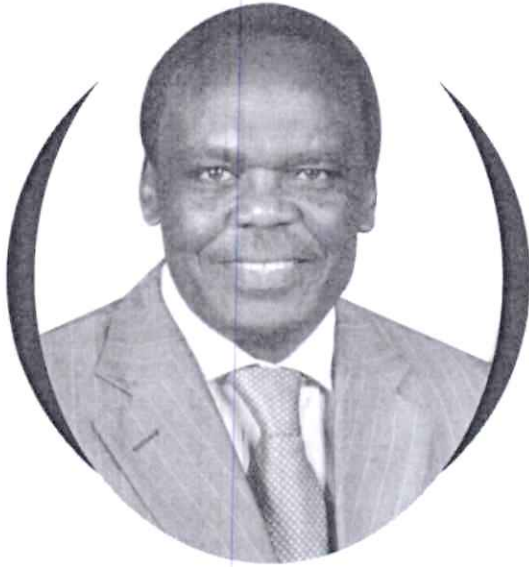
This Committee is mandated to advise on the technical operations of the company in the implementation of the operational performance in the technical departments Factory, Crops and Research, Quality Control, Product development and marketing dept respectively. It is responsible for advising and recommending to the Board on the performance of the technical operations of the company, the objectives and the progress of the Company in achieving what it has set out to undertake as per the Performance Contract.

**d. Human Resource Committee**

This Committee reviews Human Resource policies and HR instruments for efficient and effective functioning of the human resource capital in the Company. The committee advises the Board on the HR matters on recruitment of staff reviews and recommends the Company long, medium and short-term human resource needs.



## 7. CHAIRMAN'S STATEMENT.



subsidised rates aimed at spurring increase in crop production. The Board is therefore committed in ensuring prudent utilization of resources towards sustainable business as a driving factor in the achievement of the Bottom-Up Economic Transformational Agenda.

On behalf of the Board therefore, I wish to express my appreciation to the National Government through the Ministry of Agriculture and Livestock Development for their sustained support in policy matters, Board of Directors for providing guidance in leadership and governance to the Company and the management and staff for implementing organizational strategies on a day-to-day basis. I also thank our valuable pyrethrum growers and other shareholders for extending significant support, trust, and dedication.

Finally, I wish to assure you that the Board through, the principles of good governance, recognizes its collective responsibility to ensure that the growers achieve above average sustainable returns on their investment year after year.

The Pyrethrum Processing Company of Kenya (PPCK) Limited is a body corporate registered under the Company's Act CAP 486 Laws of Kenya with the core mandate of processing and marketing of pyrethrum products. On behalf of the Board of Directors therefore, it gives me great pleasure to present the 2023/24 Company Report and Annual Financial Statements. The annual Financial Report is critical in strategic decision making in order to align it with the overall performance of the Company.

During the year under review the Company mainly focused on the revival strategy to restore the Company back to its former glory as a world class reference point in production of high-quality pyrethrum and pyrethrum products. Through providing the required leadership in designing suitable plans and strategies that will contribute to sound and sustainable socio-economic development; the Board undertakes to ensure that the Company has a credible Risk Management Strategy and Performance Contract designed to deliver the desired goals.

Despite myriad of challenges experienced during the year, the Board oversaw positive trajectory in pyrethrum crop development through seed and seedling distribution network to contracted pyrethrum farmers at highly

Mr. Joe Owaka Ager  
Chairman of the Board

Date 30<sup>th</sup> / 12 / 2024



## 8. REPORT OF THE CHIEF EXECUTIVE OFFICER



The Company is committed in fulfilling its mandate to: produce and supply high quality pyrethrum planting materials, purchase dry flowers from growers, process, market high-quality value-added products and provide technical and scientific services for the economic benefit of farmers, other stake holders and the Country in foreign exchange earnings.


In the FY 2023/24, we reviewed advance payment to growers up from Kshs 200 to 300 per kilo of dry pyrethrum flowers as an incentive towards increase in flower production and ultimate revival of the Company. We further strengthened crop research through collaborative ventures in the growing Counties in the Country and initiated a strategic business development plan for decision making and resource allocation towards defining our goals. The efforts yielded remarkable increase in production during the year under review to 314.346MT of dry pyrethrum flowers up from 180MT during the previous financial year ended 30<sup>th</sup> June 2022. The Company also cleared all the outstanding growers' arrears and forged close working relationship with the National Government through provision of the requisite budgetary allocation and other infrastructural support.

In order to achieve our revival strategy, we have ensured equitable distribution of planting materials and put in place a seed and seedling distribution and verification mechanism for transparency and accountability.

Rehabilitation of degraded pyrethrum nurseries for generation of planting materials and putting in place a corresponding monitoring framework aimed at putting checks and balances in the seedling distribution programs has been among the pillars of our revival. In order to achieve success, we undertake to employ inclusivity and prudence in our engagement with stakeholders as we define our business focus through the concept of value addition for generation of improved revenue in a liberalised business environment. Key achievements of the Company include the ongoing development of high-quality planting materials leading to increase in pyrethrum production, PPCK focuses mainly on pyrethrum research, planning and information management, corporate governance and institutional framework. It further ensures revamping of the infrastructure, community livelihood improvement; and partnership/collaboration for resource mobilization and capacity development. This will inspire social transformation with regard to the Kenya's economy.

Through the Bottom-up Economic Agenda (BETA) the Company plays a key role in the economy by providing direct and indirect employment to several people. Across the value chain, we contribute towards public health sector, crop protection and animal health through environmentally friendly pyrethrum based commercial products thereby supporting livelihoods of several citizens.

In conclusion, I appreciate the support from the Ministry of Agriculture and the immense guidance from the Board during the year under review. I am grateful for the continued confidence of my management team as well as my fellow staff members as the Company undergoes gradual recovery.

  
Mrs. Mary M. Ontiri - Magati  
Ag. Chief Executive Officer

DATE 30<sup>th</sup> / 12 / 2024



**9. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2023/24**

PPCK has one strategic pillar and four strategic objectives within the current Strategic Plan for the FY 2023-2024 as listed below;

Strategic Pillar: Manufacturing Sector

Strategic Objectives are as follows:

1. Boost Pyrethrum production & Productivity.
2. To comply with the policy, Legal and regulatory framework.
3. To support micro small and medium enterprises (MSMEs)
4. To increase market share of PPCK's products and services.
5. Enhance efficiency and Sustainability

6. To mobilize adequate financial resources on a sustainable manner to finance PPCK operations  
PPCK develops its annual work plans based on the above four strategic objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Board achieved its performance targets set for the FY 2022/23 period for its four strategic objectives, as indicated in the diagram below:

Strategic Objective	Activity	KPI	Target	Actual Achieved	Remarks
To boost pyrethrum production & productivity	Undertake Crop Promotion	No of growers contracted	50	1,500	Contracted in fourteen (14) Counties namely Nakuru, Laikipia, Nyandarua, Kericho, Baringo, Nandi, Uasin Ngishu, Elkeiyo Marakwet, Baringo, Bomet, Narok, Kisii,
	Production of Pyrethrum Seed	Quantity of pyrethrum seed Produced (Kg)	1,500	1,721	The achievement is attributed to increased funding for the production of pyrethrum seed and favorable weather conditions
	Increase flower deliveries	Quantity of flowers delivered to the factory for processing	300MT	314.349 MT	The Board increased flower deliveries to 309MT up from 173MT achieved in 2021/2022. This was an increase by 44% when compared to the FY 2021/2022. The closing stock as at 30 <sup>th</sup> June, 2023 is 164MT. This is attributed to prompt monthly payment to growers, settling of outstanding growers' arrears, advance payment of Ksh 250/kg (2022/23) up from Ksh 200/kg (2021/22), improved mobility due to pickups received from MoALF&C in 2021/2022, improved and timely facilitation of Filed Officers, engagement of additional field staff, crop promotion campaigns, monthly field officers meetings and improved producer price
		Analysis of growers samples	37hours	37hours	Analyzed 5885 growers' samples within 37 hours to facilitate payment
	Increase Crop Acreage	Acreage Expansion	500	583	406acres from seedling distribution and 200acres in own nurseries and seed fields
	Production of Tissue Culture Plantlets	No of tissue culture plantlets produced	1M	0.902335 M	The achievement is attributed to increased funding for the production of tissue culture plantlets
	Production of Pyrethrum Planting Materials (Clonal Splits)	Number of clonal planting materials produced	6M	0.902335 M	The achievement is attributed to increased funding for the production of clonal materials
	Distribution of pyrethrum seedlings	Number of pyrethrum seedlings produced	10M	12.865M	Distribution of 12,864,700 pyrethrum seedlings in fourteen (14) Counties namely Nakuru, Laikipia, Nyandarua, Kericho, Baringo, Nandi, Uasin Ngishu, Elkeiyo Marakwet, Baringo, Bomet, Narok, Kisii



PYRETHRUM PROCESSING COMPANY OF KENYA LTD ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

		own sources			<p><b>276M (rationalized budget)</b>  A summary of revenue realized is as follows;  1. Sale of both technical and end use products (Ksh 616,280,620), rent (Ksh 31,736,224), disposal (Ksh 612,570) Seed (Ksh 2,253,705), seedlings (Ksh 1,048,250), Conferencing (Ksh 14,882,279), sale of tende documents (Ksh 53,000), farms (Ksh 1,398,140) and others (Ksh 1,025,246).  The Board has put in place systems and mechanisms to enhance revenue generation which includes undertaking rigorous crop promotion and expansion campaigns in collaboration with National Government, Counties and other stakeholders hence enhanced public private partnerships, distribution of quality planting materials, contracting of growers in all pyrethrum growing Counties and production of tissue culture plantlets, production of clonal splits, increase of seed field acreage, increase of nurseries acreage distribution of pyrethrum seedlings, production of seed.</p> <p>Further, the Board pays growers for flower deliveries and promotion of value addition through timely update of market &amp; product registrations</p>
To comply with the policy, legal and regulatory framework	Ensure compliance with the Legal, Regulatory and policy	Compliance with PFM Act 2012	100%	100%	Budget preparation, approval, implementation and reporting
		Compliance with PPAD Act 2015	100%	100%	Preparation of annual procurement and disposal plan, approval, implementation and reporting
		Compliance with 20 <sup>th</sup> Cycle PC guidelines	100%	100%	PC Negotiation, Vetting, Signing, Implementation and Evaluation
		Compliance with MTEF and M&E Policy Framework	100%	100%	Project funding, appraisal and reporting
Support to Micro Small and Medium Enterprises (MSME)	Growers Payments	Amount of payment to growers	75M	97.292M	Paid growers for flower deliveries Ksh 97,292,391.00. Pyrethrum growers are small holder growers
To increase market share of PPCK's products and services	Analysis of samples of processing solvents to ascertain compliance to the quality specifications	Certificate of analysis for standardized products	100%	100%	Quality processing solvents guarantees high quality pyrethrum raw materials/ products for sale to agro-processing industries.
	Update of market and product registrations	Compliance with the registration requirement	100%	100%	Update of market and product registrations for both the local and international markets
To enhance efficiency and sustainability	Increase Overall Processing Efficiency	Increase in Overall Processing Efficiency	50%	46.76%	The decline is due to old machines.
To mobilize adequate financial resources on a sustainable manner to finance PPCK operations	Financial Stewardship and Discipline	Absorption of Allocated Funds (GOK)	100%	100%	The Board received Ksh269M as GOK grants against a target of Ksh 282M. The Government is through its MTEF Funding Framework funds the Pyrethrum Processing Company of Kenya. The Company contributes to the government development agenda of Vision 2030 and Bottom Up Economic Transformation Agenda (BETA).
	A-in-A	Generate revenue from	276	128M	During the period under review the Board realized Ksh 128M as A - in - A against a target of Ksh 276M



## 10. CORPORATE GOVERNANCE STATEMENT

The Pyrethrum Processing Company of Kenya Ltd is a company registered under the repealed Company's Act CAP 486 currently operating Reg Cert No. 5691 and carrying out the Commercial business of the defunct Pyrethrum Board of Kenya in line with the provision of section 3 (i) of the first schedule on transition provision of Agriculture and Food Authority Act of 2013.

### a. Board Appointment

Members of the Board other than ex-officio members hold office for a period of three (3) years and are eligible for re-appointment for another one term.

The Board Members represent an appropriate skill, experience, gender, diversity to facilitate effective execution of the Company mandate.

### b) Board Committees

The Board has delegated its mandate to the standing Committees to enable it effectively carry out its mandate. The Committees of the Board have specific Terms of Reference and were constituted as follows:

- I. Technical, Research and Compliance.
- ii. Audit Committee.
- iii. Finance and General-Purpose Committee.
- iv. Human Resource Committee.

### c) Conflict of Interest

Board Members are required to disclose any conflict of interest in relation to matters that are brought before them for determination. The Secretary to the Board maintains a register of conflicts of interest, which is updated where a conflict is declared.

### d) Statement of compliance

The Board conducted its business affairs in compliance with applicable laws, rules, regulations, relevant executive orders and circulars.

### e) Board Oversight

The Board is responsible for the formulation, implementation and monitoring of the Company Strategic Plan thus providing appropriate strategic direction for the Company. The Company developed a draft Strategic Plan for the period July 2021 to 30<sup>th</sup> June, 2026 for further review, input and direction by the Board. The Board ensures that the Company adheres to proper corporate governance practices and is also responsible for managing the Company risks. The Board recognizes and is committed to delivering its responsibility to all stakeholders.



## CORPORATE GOVERNANCE STATEMENT (Cont.)

### f). **Board Induction and Training**

For the period under review the Board undertook induction, training and capacity development for 3 board members at the Kenya School of Government.

### g) **Board Evaluation.**

Mwongozo, the Code of Governance for State Corporations, requires that Board of Directors in State Corporations carry out annual performance evaluation and file a report thereof with the parent Ministry (MOA&L) and the State Corporations Advisory Committee (SCAC).

### h). **Board Remuneration.**

The Board is remunerated in accordance with the approved Terms and Conditions of Service prescribed under various Government Circulars.

### I) **Corporation Secretary**

The Board is in the process of addressing across the board including and not limited to recruitment and engagement of a Company Secretary.

### j) **Separation of Roles**

The role of the Board of Directors is separated from that of the Management; the office of the Chairperson and that of the Chief Executive Officer are held by different persons;

### k). **Social Responsibility.**

Being conscious of the Company responsibility to the society, the Board of Directors is committed to operate ethically and promote corporate social responsibility.

### l) **Board Attendance**

A record of attendance of Board Meetings and Board Committee Meetings was kept during the period under review. The provisions of the Company's Act, the State Corporations Act and the Mwongozo Code of Governance for State Corporations pertaining to attendance and absence from meetings have been adhered to.



**CORPORATE GOVERNANCE STATEMENT (Cont.)**

**Board Attendance**

Name	Designation	Classification	Board	Special	TRC	FGP	AC	HR
Mr. George Wachira	Chairman	Membership	P		-	-	-	-
		Attendance	4/4	2/2	-	-	-	-
Ms. Stella Wanjiru.	Member	Membership	P	-	-	-	P	-
		Attendance	4/4	2/2	-	-	4/4	-
Mr. Lawrence M. Ngari	Member	Membership	P	-	-	-	P	-
		Attendance	4/4	2/2	-	-	4/4	-
Mr. Boen Chebwai	Member	Membership	P	-	P		-	-
		Attendance	4/4	2/2	2/2	-	-	-
Ms. Nasra G. Kochale	Member	Membership	P		-	P	-	-
		Attendance	4/4	2/2	-	3/3	-	-
Mr. Jenaro G. Ithinji	Member	Membership	P	-	-	P	-	-
		Attendance	4/4	2/2	-	3/3	-	-
Mr. John N. Irungu	Member	Membership	P	-	-	P	-	-
		Attendance	4/4	1/1	-	3/3	-	-
Ms. Serah Wataku	Member	Membership	P	-	P	-	-	-
		Attendance	4/4	1/1	2/2	-	-	-
Mr. Justus Monda	Member	Membership	P	-	P	-	-	-
		Attendance	4/4	1/1	2/2	-	-	-

**Key:**

P - This is a member of respective committee

# - No attendance in full

TRC - Technical, Research and Compliance;

FGP -Finance and General-Purpose committee

AC - Audit Committee

HR-Human Resource Committee



## 11. MANAGEMENT DISCUSSION AND ANALYSIS

The current production of pyrethrum dry flowers has increased for the period under review due to the efforts and strategies that have been put in place to increase the crop expansion in the field both output and acreage, for the period under review the company was able to receive **314MT** of dry flowers for processing this has been achieved by

- Revamping of the seed fields (Tetu and Ngongongeri) and nurseries (Molo & Marindas) to maximize quality seed production.
- Distribution of quality materials from contracted private labs propagators and commercial nursery operators which has been distributed to growers across the 18 pyrethrum growing counties.
- Prompt monthly payments to growers for their deliveries this has brought back the confidence of growers in growing the pyrethrum hence increasing the crop acreage in their farms.

The company's current working processing facility has a capacity to process **25MT** of dry flowers per day, the management is putting more efforts to ensure that maximum production of dry pyrethrum flowers has been achieved and delivered in the factory for processing and value addition. To ensure that flower deliveries retain the pyrethrin content and that processing continues the management has planned for a procurement of a modern efficient extraction machine which will ensure continuous processing of the dry flowers.

PPCK operates two tissue culture laboratories, one in Muguga within the KEPHIS complex and the other in Molo, which also houses two greenhouses within the KARLO complex. The Molo Pyrethrum Nursery is in a **26-acre** land Centre of Excellence managed by the PPCK. Within the Head office PPCK operates two Laboratories, an Entomology laboratory, and a Bioassay laboratory. PPCK has been licenced by Kenya Plant Health Inspectorate Service (KEPHIS) as a registered seed merchant. Seed production, processing and sale is as per the acts governing seed production as envisaged in the Seed and Plant Varieties Act CAP 326. The management has contracted private tissue culture propagators and private nursery operators for production of more seed and seedlings due to the demand required by the growers in the field.



## MANAGEMENT DISCUSSION AND ANALYSIS (Cont.)

Pyrethrum industry recovery which is a Vision 2030 flagship project is a project under the Ministry of Agriculture and livestock development and its being implemented by Pyrethrum Processing Company of Kenya Ltd. The project initial cost was Kshs 3.4B commencing on 1<sup>st</sup> July 2014 with expected completion date of 30<sup>th</sup> June 2030. For the period under review the project had been allocated Ksh 150Million which was fully absorbed in the implementation of the project.

On enhanced Accessibility of services, the Company integrated some of its services and products onto the E-Citizen platform thus enabling the Public to seamlessly access its services from E-Citizen in line with the Government's agenda of leveraging on technology to enhance service delivery.

Additionally, the management is planning to upgrade ICT Equipment and Infrastructure enhancement in a bid to keep pace with evolving technological needs as well as ensuring the confidentiality, integrity and availability of service provision internally and to the stakeholders, the only challenges the Company is facing is budgetary provision in which the management is addressing by engaging the parent ministry for more additional funding for this vote.

Promoting Effectiveness and Efficiency in Procurement Processes In compliance with Article 227 of the Constitution of Kenya 2010, the Company's procurement processes are undertaken within the provisions of the Public Procurement and Asset Disposal Act, 2015, Public Procurement and Asset Disposal Regulations 2020, Guidelines and Directives issued by the National Treasury Circulars and the Public Procurement Regulatory Authority (PPRA).

Importantly, the management prepares and submit accurate Statutory Reports within the statutory timelines to the relevant government agencies i.e to the office of the Controller of Budget, The National Treasury, Public Procurement Regulatory Authority (PPRA), and other government agencies.

For the period under review the company did not fully achieve to train its management staff in finance department on the emerging financial management practice for capacity building due to financial constraints as a result of budget rationalization.

PPCK, as the successor of the former PBK has inherited its market intellectual property rights in the various market segments. PPCK continues to develop both the technical and end-use markets for the Kenya Pyrethrum Brand, to which it has registered and maintains the brand. PPCK inherited registration in the major market segments from the defunct Pyrethrum Board of Kenya (PBK). These include the European Market- EU-Listing., America, Asia & Africa.

Meanwhile, PPCK has registrations in various African markets. It should be noted that with certification from the Kenyan Pest Control and Products Board; it is easier for the company to access other African markets.



**MANAGEMENT DISCUSSION AND ANALYSIS (Cont.)**

**PPCK has eleven Registered Products Namely**

No	PRODUCT	PCPB REG. NO
1	Refined Pyrethrum Pale Extract 50%	PCPB(CR)0226
2	Refined Pyrethrum Pale Extract 25%	PCPB(CR)0227
3	Crude Ole Resin 25%	PCPB(CR)0228
4	Superfine Pyrethrum Powder 1.3%	PCPB(CR)0229
5	Pylarvex	PCPB(CR)0910
6	Pydust	PCPB(CR)0909
7	Pymos	PCPB(CR)0911
8	Pyagro	PCPB(CR)1278
9	Pynet	PCPB(CR)0912
10	Paresol	PCPB(CR)1965
11	Pareto Roach Spray	PCPB(CR)1953



**A. PPCK Financial Performance for the Last Five Years.**

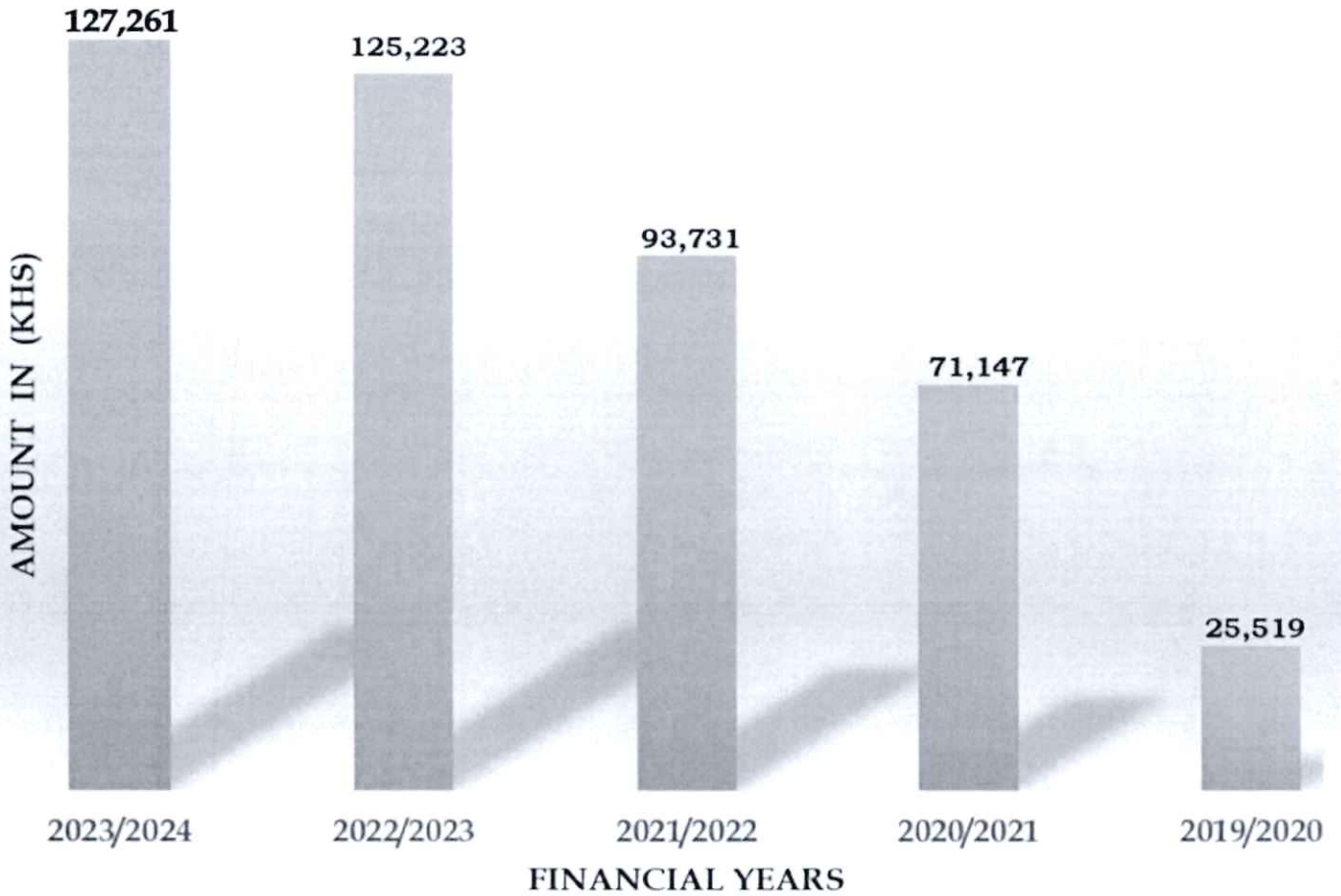
DESCRIPTION	2023/24	2022/23	2021/2022	2020/2021	2019/2020
<b>REVENUE</b>	"000"	"000"	"000"	"000"	"000"
Pyrethrum Product Sales	69,638	69,241	62,741	44,292	3,950
Cost of Sales	(28,748)	(105,659)	(53,752)	(41,732)	(16,956)
<b>Gross Deficit/Surplus</b>	<b>40,890</b>	<b>(36,418)</b>	<b>8,989</b>	<b>2,560</b>	<b>(13,006)</b>
Rent	27,769	24,997	24,368	17,659	18,628
Farms	1,398	2,862	1,731	2,833	1,434
Other Income	28,456	28,123	4,891	6,363	507
Other Gains/(losses)	(43,213)	(43,898)	(44,868)	(42,943)	(45,447)
Total Income Before Gok Grants	55,300	(24,334)	(4,889)	(13,528)	(37,884)
Government Grants	269,000	232,000	272,000	397,000	162,000
<b>Total Income with GOK Grants</b>	<b>324,300</b>	<b>207,666</b>	<b>267,111</b>	<b>383,472</b>	<b>124,116</b>
<b>EXPENDITURE</b>					
Operating Expenses	(407,882)	(456,129)	(391,724)	(340,597)	(307,217)
<b>Total Expenses</b>	<b>(407,882)</b>	<b>(456,129)</b>	<b>(391,724)</b>	<b>(340,597)</b>	<b>(307,217)</b>
<b>Net Surplus / Deficit</b>	<b>(83,582)</b>	<b>(248,463)</b>	<b>(124,613)</b>	<b>42,875</b>	<b>(183,101)</b>



MANAGEMENT DISCUSSION AND ANALYSIS (Cont.)

B. Revenue

INTERNALLY GENERATED REVENUE (MILLIONS)



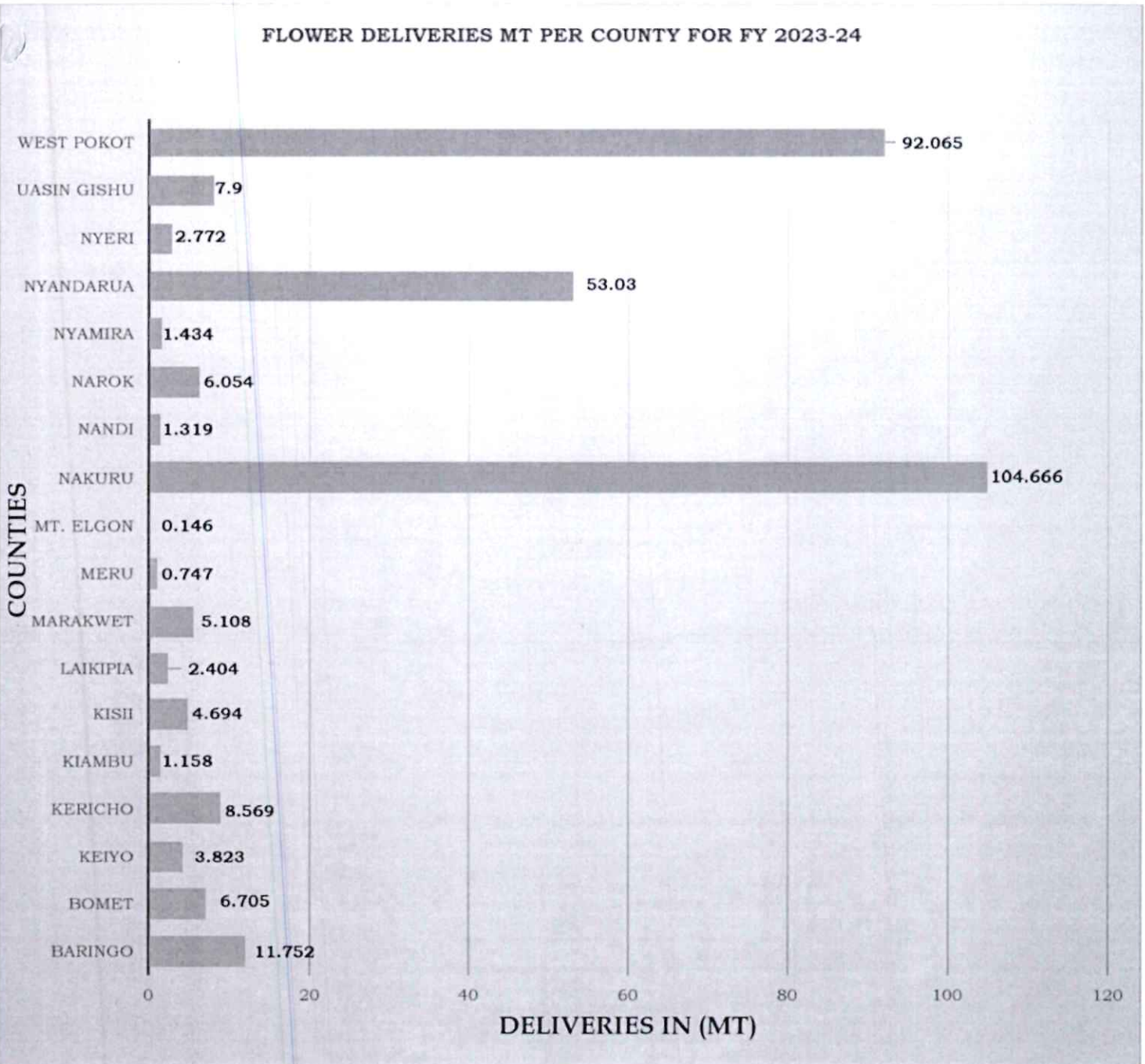
The Internal generated revenue for a period of 5 years which signifies an increase revenue this is due to the effort management has put in place with an increase in volume of raw materials (Pyrethrum flowers) being delivered to the factory for processing.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont.)

Flower Deliveries

FLOWER DELIVERIES MT PER COUNTY FOR FY 2023-24

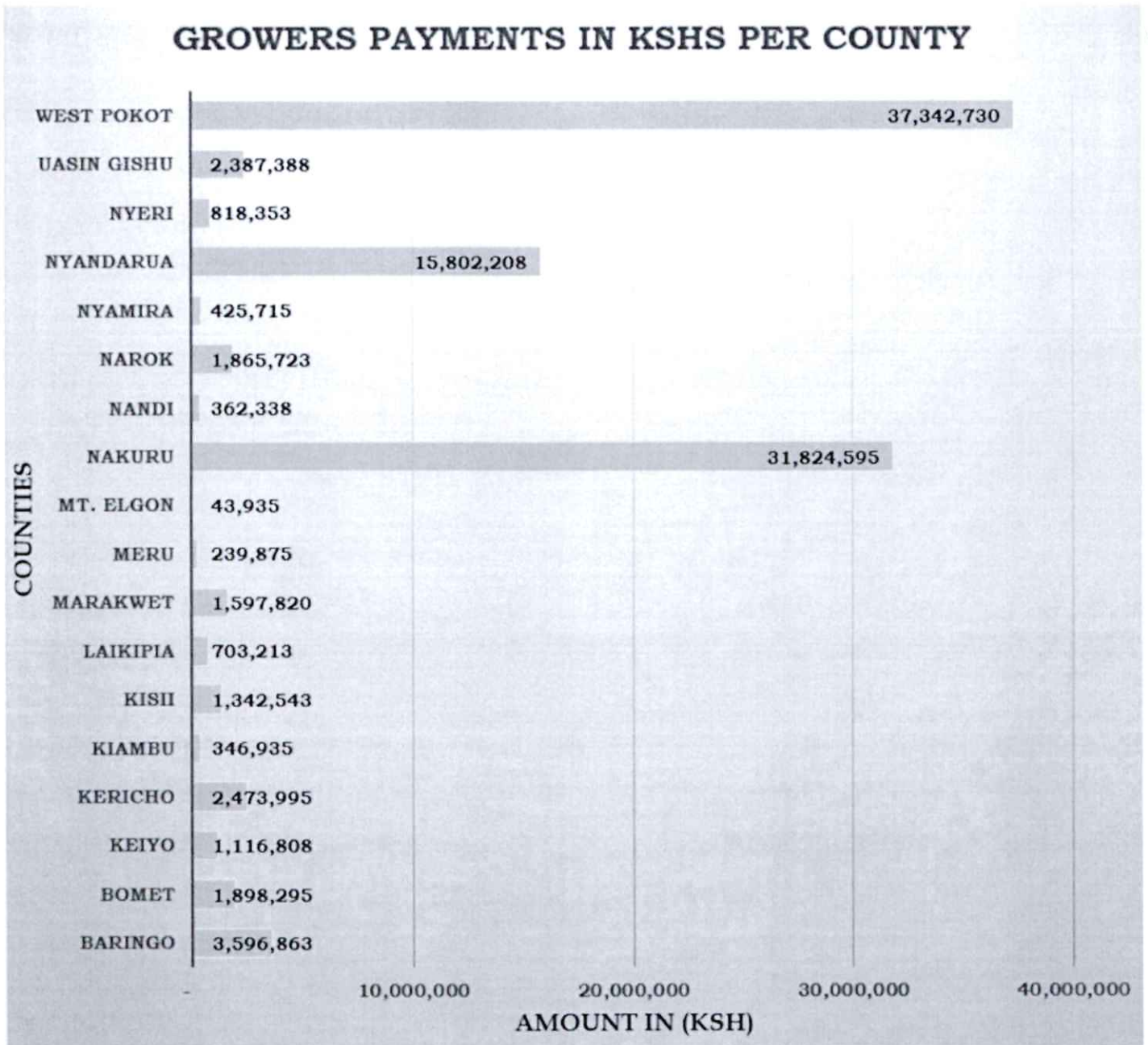


The matrix of flower deliveries to the company from different pyrethrum growing counties. Nakuru county is leading with the highest quantity of production of dry flowers delivered to the company, followed closely by West Pokot County.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont.)

D. Growers Payments



From the matrix above, West Pokot County received more funds in terms of payments to growers due to high quality of the flowers (high pyrethrin content).



## 12. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Pyrethrum Processing Company of Kenya exist to transform lives. This is our purpose and the driving force behind everything the company undertake. It's what guides us to deliver our strategy, is founded on economic Social, Political and the Big 4 agenda. Putting the customer / citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

### i) Sustainability Strategy and Profile

#### Revival Strategy

The current management has put in place various strategies for the sustainability of the company.

- a) Prompt payment to growers on a monthly basis for their deliveries which motivates farmers for the value of their crop.
- b) Availing of high-quality planting materials through multiplication of tissue culture plantlets which gives assurance of high-quality planting materials to growers.
- c) Maintenance & expansion of nurseries and seed fields in Molo, Marindas and Tetu. This will ensure more sustainable seed production in Pyrethrum Sector.
- d) Distribution of quality clonal materials to growers which lead to crop acreage Expansion across the 19 pyrethrum growing counties.
- e) Market linkage and maintenance & update of all market and product registrations in both local & international markets.
- f) Efficient processing and sale of environmentally friendly products (technical and value added) for sale both local and international market.
- g) Establishing and maintaining close relationship with Ministry of Agriculture and Livestock Development, The National Treasury, regulators, Counties, and other stakeholders for sustainable development.

### ii) Environmental Performance

#### a) Compliance with environmental legislation requirements.

This company's addresses conformity with relevant legislations e.g. requirements of National Environment Management Authority (NEMA) and Environmental Management and Coordination Act (EMCA) 1999.



## ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont.)

### b) Successes

Systems constructed to trap effluents from products processes, Boiler chimney raised to greater heights to emit flue gases into the atmosphere, High sound levels determined and control measures put in place, Staff awareness and sensitization created and enforced, Packaging materials manufactured according to world standard, Storage of raw materials and finished products done both scientifically and technologically, good housekeeping and state of environment well kept.

### c) Shortcomings

Financial constraints, Use of old technological systems, Lack of market for some by-products e.g., Sludge, green oil etc. Dependency on external solid garbage disposal arrangements, Shortage of enough manpower to handle practical applications.

### d) Efforts to manage biodiversity

Control and management of toxic products, Scientific storage of harmful chemical practiced Garbage bins placed strategically, Solvents stored in underground tanks e.g., SST. Hexane etc. Packaging materials are bio degradable, Awareness creation done to employees alongside sensitization, Induction done to newly recruited employees, casuals, interns and students in attachment, Warning signs posted in specific areas to create awareness, materials safety data sheets provided by manufacturers.

### e) Efforts to reduce environmental impact of the organization products

Use of world standard packaging materials, provide Material Safety Data Sheet (MSDS), Manual provided to guide users of the product, Contaminants identified and isolated through laboratory analyses, Right transporting means used to transport the products and raw materials, Trained and experienced staff engaged in manufacturing and packaging areas.

### iii) Employee Welfare

The company is guided by the developed HR Instruments which as per the date of this report are in Public Service Commission for approval, Employment act of 2007 & Public service manual.

The company has complied with occupational safety and Health act of 2007 (OSHA) by appointing the environment Health and safety committee to ensure safety and health rules are adhered to and advice management on mitigation measures to be in place to avoid cases of injury and eminent risks at the work place.

#### a) Staff engagement

Hiring of staff is done through a competitive process taking into account the gender ratio & regional balancing.



## ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont.)

### b) Training needs assessment

The Company encourages staff to fill the Training Needs Assessment (TNA) forms at the beginning of every financial year, where analysis is done on the trainings requested and a budget is done. This helps in training staff in their specialized areas of work. The training improves the skills of staff and motivates them more when performing their duties.

### c) Performance appraisal

This is a tool that is used to reward performers or sanction staff who are non-performers. Staff are given targets to achieve in the Annual Performance Contracts which is cascaded from the Board, the CEO, HODs moving downwards, every staff is appraised by their supervisors on the achievements made after due process is done:

The Company has a plan on having an incentive scheme aimed at rewarding members of staff based on the value they are adding to the Company in relation to their performance, approved experience and professional skills/competence. The framework highlights a basis for rewarding exemplary performance and administering sanctions for poor performance, motivating employees to have positive attitude to work and to enhance productivity in the Company. This is done on yearly basis where staff complete performance contract at the beginning of every year. They are then appraised on half yearly basis on what they committed to deliver at the end of the year. Analysis is done for all staff on the overall performance.

### iv) Market place practices-

#### a) Responsible Competition Practice.

PPCK practices responsible competition by going beyond the purpose of our businesses. We practice fair competition by not maligning products from competitors, not copying competitor strategies. There is a corruption prevention committee at the work place that analyses corruption risks in all areas of operations and have put in place risk mitigation measures. PPCK practices fair competition and even supports some competitors (formulators) with raw material. PPCK is a member of pyrethrum Processors Association of Kenya, a body by all processors who are competitors. All members respect each other and have mechanisms of addressing issues common to all.

#### b) Responsible Supply Chain and Supplier Relation

The organization initiates procurement process through open tender with potential suppliers for provision of good, works and services, invite bidders or their representatives to attend the tender opening, awards the tender to the most competitive bidder, notify unsuccessful bidders that they have not been and signing contract with the successful bidder stipulating the terms of engagement. Inspecting all incoming goods, works and services before they are accepted in order to ensure that what is received complies with our specification.



## ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont.)

### c) Responsible Marketing and Advertisement

PPCK is committed to responsible marketing by continuously improving our brands for the better. There is continuous research and testing of existing products. We have put our customers at the center of improving our products to solve their needs with the aim of building strong business relationships.

Our products are beneficial to the society:

- (1) In the agricultural sector which ensures food safety
- (2) Public health sector by providing safe solutions against malaria both from adult mosquitoes and at the larva stage.
- (3) Animal health.

PPCK products are made from natural Pyrethrin's making them very friendly to the environment.

Our marketing is based on honesty, transparency, and promise-keeping. PPCK protects customer data acquired during our relations, privacy, response to customers and practice fair competition. PPCK provides Pyrethrin's as a raw material to other formulators, who are essentially our competitors to support reach to consumers of safe insecticides fostering fair competition.

In advertisement there is no exaggeration about product performance plus no false claims are made about our products. True representation is made.

### (d) Product stewardship

All products made by PPCK are registered with requisite regulatory bodies to ensure they are safe for use and meet required standards the world over. Consumers use our products with full confidence of guaranteed quality and set standards. In Kenya PPCK products are registered with Pest Control Products Board (PCPB) and with specific countries regulatory bodies and requirements. Our products are offered at competitive prices in addition to enabling other formulators to produce similar products for consumers to have a comparison of prices, quality and availability.

### v) Corporate Social Responsibility/Community Engagements

PPCK engages in ethical business practices that consider the broader social and environmental impacts of operations. The company promotes products and services in a manner that demonstrates corporate social responsibility considering environmental impacts, ethical sourcing and community support. During the financial year under review the company engaged in tree planting activity to contribute to the Tree Planting initiative launched by the government of Kenya. This activity aims at conserving the environment by Combating global warming & protecting water catchment areas.





PPCK staff & The Nature Conservancy team during tree planting exercise at PPCK Oljororok farm in May 2024.



### 13. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the PPCK affairs.

- **Principal Activities**

The principal activities of PPCK are to process and market Pyrethrum and Pyrethrum Products,

conduct scientific & agronomic research, promote, and facilitate production of high yielding planting material & quality certified Pyrethrum seeds.

- **Results.**

The results of the entity for the year ended **June 30, 2024** are set out on Page 1.

- **Dividends.**

For more than 15years the company has been operating in losses and due to historical liabilities, therefore no dividends were paid out to The National Treasury for the year under review.

- **Directors**

The members of the Board of Directors who served during the year are shown on page v in accordance with PPCK Articles of Association.

- **Auditors**

The Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and in accordance with section 35 of the Public Audit Act 2015 and section 68(2)(K) of the Public Finance Management Act, 2012.

#### By Order of the Board

Name MARY M. DONTIRI Signature [Signature] Date 30<sup>th</sup> 12 / ..... / 2024

#### Secretary to the Board



#### 14. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of the Company, which give a true and fair view of the state of affairs of the Company at the end of the financial year and the operating results of the Company for that year. The Directors are also required to ensure that the Company keeps 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 are responsible for the preparation and presentation of the Company's financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Company; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances. The Directors responsibility for the Company's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2024, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the Company's financial statements as well as the adequacy of the systems of internal financial control. While the debt burden of the company may appear to suggest otherwise, in acknowledgment of the potential inherent in the company and the industry, and the anticipated financial assistance from the government, 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.

##### **Going Concern**

In preparing the financial statements the Directors have assed PCK ability to continue as a going concern from the following;

1. Liquidated Staff superannuation retirement scheme wound up on 1<sup>st</sup> December 2016 for which the company is the sponsor.
2. Unfinanced historical pending bills / liabilities
3. Contingent liabilities arising from pending court cases
4. The poor state of the processing factory which requires major overhaul this has led to losses in processing efficiencies.



However, the management has prepared the financial report for financial year 2023-24 on going concern basis with the understanding that a working capital injection is required to finance the company operations. With the increased production in volume of flowers in the field much of more international market registrations and access is required for more revenue generation which will enable the company to turn around and operate profitably within a short period of time.

Approval of the Financial Statements.

The Company's financial statements were approved by the Board on 30<sup>th</sup>/12/2024 and signed on its behalf by:



Mr. Joe Owaka Ager

Chairman of the Board



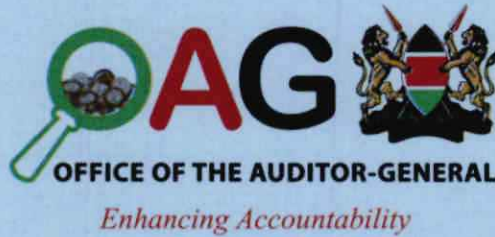
Mrs. Mary M. Ontiri-Magati

Ag. Chief Executive Officer



# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON PYRETHRUM PROCESSING COMPANY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Pyrethrum Processing Company of Kenya set out on pages 1 to 49, which comprise the statement of financial position as

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*Report of the Auditor-General on Pyrethrum Processing Company of Kenya for the year ended 30 June, 2024*

at 30 June, 2024 and the statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Pyrethrum Processing Company of Kenya as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Kenyan Companies Act, 2015 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Property, Plant and Equipment**

The statement of financial position and Note 14 to the financial statements reflects property, plant and equipment balance of Kshs.5,266,659,000. As previously reported review of related records revealed the following anomalies:

#### **1.1. Land Parcels Without Ownership Documents**

Review of the land parcel ownership documents revealed that the Company did not have in possession the title deeds or any other ownership documents for the following listed land properties;

<b>Land Parcel</b>	<b>Ha</b>	<b>Acres</b>
Nakuru Municipality (Factory)	3.5670	8.814
Nakuru Municipality Block 8	0.7990	1.970
Nakuru Municipality (Godown)	0.2376	0.587
Nakuru Municipality (Little Highridge)	0.0295	0.073
Ol joro Orok Farm		865.000
Nyaribari/Keumbu-Nyosia Pyrethrum Seed Propagation Centre	Unknown	Unknown
Nakuru Municipality (Shauri Yako Estate II)	0.1430	0.354
Nakuru Municipality (Shauri Yako Estate I)	0.1430	0.354
Nakuru Municipality (Bondeni Estate II)	0.1858	0.459
Nakuru Municipality (Bondeni Estate I)	0.1858	0.459

#### **1.2. Land Parcels not Updated in the Asset Register**

The assets register provided for audit was not updated and the following Company properties were not disclosed in the assets register:

- i. Proposed Olorropil Pyrethrum Nursery plot
- ii. Naivasha town plot

- iii. Eldoret town plot
- iv. Plot 895 Ex-Lewa settlement scheme in Meru District-5acres
- v. Olenguruone Township Plot No. 4/6
- vi. Eldama Ravine town plot
- vii. Proposed Olokurtu Trading Centre

### **1.3. Illegal Occupation of Nyandarua/Mawingo Farm by Agriculture and Food Authority (AFA)**

The Agriculture and Food Authority (AFA) has occupied 35 acres of land parcel Nyandarua/Mawingo farm owned by the Pyrethrum Processing Company of Kenya since September, 2017. The land was illegally allocated to the Authority through the Pyrethrum Industry Recovery, Implementation & Oversight Team (PIRIOT) report. The allocation of the Company's farm by PIRIOT to AFA was not subjected to due process by the PPCK Board, AFA and the Government and is not authentic since the report was not signed. In addition, there was no lease agreement in place. Further, in a meeting held on 25 September, 2023 between PPCK Management and AFA, AFA had claimed transfer and acquisition of the legal ownership of the farm on the basis of improvements they had undertaken on the farm and allocation of the land as indicated on the PIRIOT report. The Managing Director wrote to the Principal Secretary vide letter reference number MD/PPCK/B.16 (a)/2873/2023 dated 26 October, 2023 requesting for a follow-up of the return of the Mawingo farm to the Company. However, there has been no response from the Principal Secretary.

#### **2.1 Land Matters at Oljororok Farm**

Included in the property, plant and equipment balance is a property in Oljoro Orok farm whose historical cost is Kshs.360,000,000 for 865 acres. A physical verification of the farm during the previous year under audit highlighted the following matters;

- i. The farm did not have a fence around it, except for the small area where the Corporation's farm offices are situated. As a result, a large part of the farm had been encroached by squatters. It was explained that the squatters had taken up about 400 acres or half of the farm.
- ii. It was also observed that a public road had been recently cut across the property, thus opening up the land to trespassers. This situation further exposes the Corporation to the possibility of additional squatters on the land or possible illegal hiving off of sections of the land.
- iii. There was evidence of old tree stumps which had been cut down. However, it could not be confirmed who had cut down the trees and what benefit the Corporation gained from the same.

#### **2.2 Other Anomalies Noted on Property, Plant and Equipment**

- i. Included in the property, plant and equipment balance of Kshs.5,266,659,000 are motor vehicles and computers with a net book value of Kshs 1,414,000 and Kshs.2,146,000 respectively. Review of the assets register revealed that fifty-one (51) vehicles and thirty-one (31) computers have been fully depreciated and have not been revalued yet they are still in use at the company and continue to incur operational costs.

- ii. In addition, the property, plant and equipment balance include an extraction plant purchased and installed in the year 2006 at a cost of Kshs.305,872,000 and whose net book value is Kshs.147,000,000 that has never been commissioned. Although Management has explained that the machine was purchased in anticipation of an increase in flower deliveries to the factory and that the plant will be commissioned in future once the industry is revived, evidence to indicate the steps taken to revive the industry was not provided. Further, technological changes and wear and tear are bound to adversely affect the idle machines and may result in the loss of funds invested in the asset. The Management explained that it intends to dispose of the plant since it's not of economic value at the moment. However, selling plans have not yet commenced

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.5,266,659,000 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs) I am independent of the Pyrethrum Processing Company of Kenya Management in accordance with ISSAI 130 on the Code of Ethics I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## **Emphasis of Matter**

### **1. Budgetary Control and Performance**

The statement of comparison of the budget and actual amounts reflects a total revenue budget and actual amount on comparable basis of Kshs.544,827,000 and Kshs.396,262,000 respectively resulting to an under collection of Kshs.148,565,000 or 27% of the budget.

The under collection might have affected planned activities and impacted negatively on service delivery to the public.

Further, a comparison of the budget and actual expenditures for the year under review revealed that various expenditure items had exceeded the budget as tabulated below:

<b>Component</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Percentage Overutilization</b>
Use of Goods and Services	66,200,000.00	93,836,000.00	27,636,000.00	42%
Other Payments	151,142,000.00	199,530,000.00	48,388,000.00	32%

In circumstances, the entity effectiveness of its budget controls could not be confirmed

## **2. Material Uncertainty in Related to Going Concern**

The statement of financial position reflects current liabilities balance of Kshs.1,612,877,000 which exceeds the current assets balance of Kshs.666,437,000 resulting to a negative working capital of Kshs.946,440,000. Further, the statement of profit or loss and other comprehensive income reflects a deficit of Kshs.83,582,000 resulting to a increase in accumulated general reserve deficit from Kshs.523,645,000 as at 30 June, 2023 to Kshs.671,593,000 as at 30 June, 2024. The Company is, therefore, technically insolvent and its continued sustainability of services is dependent upon support from the National Government and its creditors.

In the circumstances, the Corporations' ability to continue to sustain its services could not be confirmed.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for the failure to resolve them.

### **Other Information**

Management is responsible for the other information set out on page iii to xxxv which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I

conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Non-Compliance with Law on Ethnic Composition**

Review of the ethnic composition of the entity revealed that during the financial year under review fifty-one (51) staff out of one hundred and thirty-five (135) were from one ethnic group representing 38% of the total workforce of the entity. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

In circumstances, Management was in breach of the law.

#### **2. Non-Compliance to the One Third Gender Rule**

Review of the payroll and other staff records of the entity for the period under review revealed that out of the one hundred and thirty-five (135) permanent employees the entity had twenty-nine (29) female employees representing 21% of the total workforce. This is contrary to Part B.22 (2) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that the Government will endeavor to have a gender balanced civil service by ensuring that not more than 2/3 of positions in its establishment are filled by either gender.

In circumstances, Management is in breach of the law.

#### **3. Failure to Onboard Government Services on E-Citizen Platform**

In line with government digitization plan all ministries, government departments and agencies were directed to terminate all non-designated payment platforms and migrate to the designated Pay bill number within 30 days from 10th July 2023, However, the

company is still operating and receiving payments via several accounts as tabulated below even after the deadline.

No.	Revenue Stream	Account No.
1	Rent	1153031779
2	Product sales	1153031337
3	Product sale USD	1153032171
4	Product sales EURO	1153032422

In the circumstances, Management was in breach of the Government directives.

#### **4. Under-Utilization of the Processing Capacity.**

Review of the company's operations revealed that the company has a processing capacity of 25MT of flowers per day translating to 9,125MT per year. During the year under review the company only made three runs processing a total of 411MT which is suboptimal compared to the processing capacity. Upon enquiry from the management, it was explained that the company has to accumulate flowers averagely for three months before the same is enough for a run, this is due to the slow flower reception as a result of lack of funding to purchase the flowers and flowers production. This has in turn led to high production costs due to diminishing pyrethrin content of the stored flowers, idle time of the machine, operations inefficiencies due to processing of low quantities and underutilization of the factory staff.

In circumstances, the effectiveness of utilization of machinery and human resources could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

#### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance

were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenyan Company's Act, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records and returns.

### **Responsibilities of Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Kenyan's Companies Act and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is 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 Management is aware of the intention to liquidate the Company or to cease operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error

and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP 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 financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu CBS  
AUDITOR-GENERAL

**Nairobi**

**31 December, 2024**

**16. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024.**

Description	Note	JUNE 2024	JUNE 2023
		Kshs	Kshs
		'000'	'000'
<b>Revenues</b>			
Revenue	6	69,638	69,241
Cost of sales	7	<u>(28,748)</u>	<u>(105,659)</u>
<b>Gross profit</b>		<u>40,890</u>	<u>(36,418)</u>
<b>Other income</b>			
Grants from the national government	8	269,000	232,000
Other income	9	57,623	55,982
Other gains/(losses)	10	<u>(43,213)</u>	<u>(43,898)</u>
<b>Total revenues</b>		<u>324,300</u>	<u>207,666</u>
<b>Operating expenses</b>			
Administration costs	11(a)	(404,288)	(450,686)
Selling and distribution costs	12	<u>(3,594)</u>	<u>(5,443)</u>
<b>Total operating expenses</b>		<u>(407,882)</u>	<u>(456,129)</u>
<b>Profit/(Loss) before Taxation</b>		<u>(83,582)</u>	<u>(248,463)</u>
Taxation	13	-	-
<b>Profit/(Loss) after Taxation</b>		<u>(83,582)</u>	<u>(248,463)</u>



17. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

Description	Note	JUNE 2024 Kshs '000'	JUNE 2023 Kshs '000'
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant And Equipment	14	5,266,659	5,351,923
Intangible Assets	15	525,000	525,000
Deferred Pyrethrin costs	27	588,433	633,697
Biological Assets	17	<u>10,254</u>	<u>8,704</u>
<b>Total Non-Current Assets</b>		<b><u>6,390,346</u></b>	<b><u>6,519,324</u></b>
<b>Current Assets</b>			
Inventories	16	410,366	275,666
Trade And Other Receivables	18	246,624	259,126
Bank And Cash Balances	19 (a)	<u>9,447</u>	<u>22,274</u>
<b>Total Current Assets</b>		<b><u>666,437</u></b>	<b><u>557,065</u></b>
<b>Total Assets</b>		<b><u>7,056,783</u></b>	<b><u>7,076,390</u></b>
<b>Equity And Liabilities</b>			
<b>Capital And Reserves</b>			
PBK Stock	28	32,891	32,891
Levy fund	29	149	128
Accumulated Capital Fund		318,158	318,158
General Reserve		(671,593)	(523,646)
Revaluation Reserve	26	<u>5,764,301</u>	<u>5,764,301</u>
<b>Capital And Reserves</b>		<b><u>5,443,906</u></b>	<b><u>5,591,832</u></b>
<b>Current Liabilities</b>			
Trade and Other Payables	20	<u>1,612,877</u>	<u>1,484,558</u>
<b>Total Current Liabilities</b>		<b><u>1,612,877</u></b>	<b><u>1,484,558</u></b>
<b>Total Equity And Liabilities</b>		<b><u>7,056,783</u></b>	<b><u>7,076,390</u></b>

The financial statements were approved by the Board on <sup>30th</sup>...../...../2024 and signed on its behalf by:

  
.....

Mr. Joe Owaka Ager  
Chairman of the Board

  
.....

Mrs. Mary M. Ontiri-Magati  
Ag. Chief Executive Officer

  
.....

CPA Edward O. Ochele  
Finance Manager  
ICPAK M/NO:16703





### 18. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024

Description	PBK Stock	Levy Fund	Accumulated Capital Fund	General Reserve	Revaluation reserve	Total
	"000"	"000"	"000"	"000"	"000"	"000"
At July 1, 2022	32,891	107	318,158	(270,479)	5,764,301	5,844,978
Total profit/loss for the year	-	-	-	(248,463)	-	(248,463)
Levy Charge for the year	-	21	-	-	-	21
Prior year adjustments	-	-	-	(4,703)	-	(4,703)
At June 30, 2023	32,891	128	318,158	(523,645)	5,764,301	5,591,833
At July 1, 2023	32,891	128	318,158	(523,645)	5,764,301	5,591,833
Total profit/loss for the year	-	-	-	(83,581)	-	(83,581)
Levy Charge for the year	-	21	-	-	-	21
Prior year adjustments	-	-	-	(64,367)	-	(64,367)
At June 30, 2024	32,891	149	318,158	(671,593)	5,764,301	5,443,906

19. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2024

Description	Note	JUNE 2024 Kshs	JUNE 2023 Kshs
Cash flows from operating activities		'000'	'000'
Net Cash generated from/(used in) operations activities	22	(12,134)	(170,249)
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(1,215)	(6,121)
Proceeds from disposal of assets		<u>501</u>	<u>6,991</u>
Net cash generated from/(used in) investing activities		<u>(714)</u>	<u>870</u>
Cash flows from financing activities			
Levy fund	29	<u>21</u>	<u>21</u>
Net cash generated from/(used in) financing activities		<u>21</u>	<u>21</u>
Increase/(decrease) in cash and cash equivalents		(12,827)	(169,358)
Cash and cash equivalents at beginning of year		<u>22,274</u>	<u>191,632</u>
Cash and cash equivalents at end of the year	19	<u>9,447</u>	<u>22,274</u>





## 20. Statement of Comparison of Budget and Actual Amount for the Period Ended 30<sup>th</sup> June 2024

Description	Original Budget	Adjustments	Final budget	Actual on comparable basis	Performance Difference	% of Utilisation
	a	b	c=a+b	d	E=c-d	d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
	000'	000'	000'	000'	000'	
Revenue						
Sale of goods	214,580	-	214,580	69,638	144,942	32%
Transfers from GoK Recurrent	134,000	(15,000)	119,000	119,000	-	100%
Transfers from the GoK-Capital	150,000	-	150,000	150,000	-	100%
Other income	61,247	-	61,247	57,623	3,624	94%
<b>Total income</b>	<b>559,827</b>	<b>(15,000)</b>	<b>544,827</b>	<b>396,262</b>	<b>148,565</b>	
Expenses						
Compensation of employees	180,700	4,700	176,000	186,477	(10,477)	106%
Use of goods and services	73,200	7,000	66,200	93,836	(27,636)	142%
Other payments	154,442	3,300	151,142	199,530	(48,388)	132%
<b>Total expenditure</b>	<b>408,342</b>	<b>15,000</b>	<b>393,342</b>	<b>479,843</b>	<b>(86,501)</b>	
<b>Surplus/Deficit for the period</b>	<b>151,485</b>	<b>-</b>	<b>151,485</b>	<b>(83,582)</b>	<b>(235,066)</b>	

- a) During the financial year under review the government allocated PPCK Kshs.119M for recurrent and Kshs.150 for development to aid Pyrethrum Industry Recovery Process. PPCK recurrent grant allocations was revised downward from Kshs.134M to Kshs.119M.
- b) The difference between original budget and final budget is due to revision of budget which resulted in reallocation of budget votes.

## 21. NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

P.P.C.K is established by and derives its authority and accountability from Crop Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to produce, process and market Pyrethrum and pyrethrum products, conduct scientific & agronomic research, promote and facilitate production of high yielding planting material & quality Pyrethrum seeds.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

### 2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the Notes.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of PPCK, and all values are rounded off to the nearest Kenya shillings (Kshs.000). The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.



NOTES TO THE FINANCIAL STATEMENTS (Cont.)

5. Application of New and Revised International Financial Reporting Standards (IFRS)

i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2024.

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.



**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**Application of New and Revised International Financial Reporting Standards (IFRS)**

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

*(The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements).*

**iii. Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year.

**4. SUMMARY OF ACCOUNTING POLICIES**

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

**a) Revenue recognition**

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.



NOTES TO THE FINANCIAL STATEMENTS (Cont.)

- i) **Revenue from the sale of goods and services** is recognized in the year in which the PPCK delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) **Grants from National Government** are recognized in the year in which the entity actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) **Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) **Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) **Other income** is recognized as it accrues.

b) **In-kind contributions**

In-kind contributions are donations that are made to the entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

c) **Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.



**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognized in profit or loss in the income statement.

**d) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

Freehold Land	Nil
Buildings and civil works	2.50% P.A
Plant and machinery	12.50% P.A
Motor vehicles, including motor cycles	25% P.A
Computers and related equipment	30% P.A
Office equipment, furniture and fittings	12.50% P.A

A full year's depreciation charge is recognized in the year of asset purchase and in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**e) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets of P.P.C.K includes Licenses, Registrations, Patents, Brands, trademarks, and data relating to PPCK- Pyrethrum Processing Company of Kenya.



**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**f) Amortization and impairment of intangible assets**

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**g) Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

**h) Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.



**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**i) Fixed interest investments (bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. These bonds are measured at amortized cost/ at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) (entity to amend appropriately based on measurement/ classification).

**j) Quoted investments**

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value through profit or loss (FVTPL).

**k) Unquoted investments**

Unquoted investments are measured at fair value through profit or loss (FVTPL). (During the period under review the company did not have unquoted investments).

**l) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of engineering spares and accessories are calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion.

**m) Trade and other receivables**

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

**n) Taxation**

**i) Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities.



**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**o) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**p) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash Imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**r) Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

**s) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to P.P.C.K or not, less any payments made to the suppliers.



## NOTES TO THE FINANCIAL STATEMENTS (Cont.)

### t) Retirement benefit obligations

The former Pyrethrum Board of Kenya was operating a defined contribution scheme for all full - time employees, Pyrethrum Board of Kenya Staff Superannuation scheme which was wound up on 1<sup>st</sup> December 2016 and a liquidator was appointed. For the current staff the company identified a new scheme under ICEA Lion Group of which contributions are being remitted as required by the Retirement Benefits Authority. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently applied on a graduated scale based on the employee's monthly salary.

### u) Provision for staff leave pay

Employees' entitlements to annual leave are recognised as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

### v) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which P.P.C.K operates, Kenya Shillings. Transactions in foreign currencies during the year/ period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### w) Budget information

The original budget for FY 2023/24 was approved by the National Assembly on 30<sup>th</sup> June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by P.P.C.K upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded reduction in appropriations of Kshs.15,000,000 on the FY 2023/24 budget following P.P.C.K Board approval.

P.P.C.K budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.



## NOTES TO THE FINANCIAL STATEMENTS (Cont.)

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

### X) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

### y) Comparative figures

Where necessary comparative figures for the 2022/23 financial year have been amended or reconfigured to conform to the required changes in presentation in accordance with IAS 8 "Presentation of Financial Statements".

### z) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

## 5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of P.P.C.K financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made e.g.

### a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.



**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**b) Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 20. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.



NOTES TO THE FINANCIAL STATEMENTS (Cont.)

6. Revenue

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Sale of Goods	<u>69,638</u>	<u>69,241</u>
<b>Total</b>	<b><u>69,638</u></b>	<b><u>69,241</u></b>

The revenue for the period under review was generated from processing of 411 tonnes of dry pyrethrum flowers within the financial year. Part of the Pyrethrum finished products processed during the financial year were still held in stock-in-trade as at the end of the period under review.

7. Costs of Sales

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Opening inventories	181,187	139,009
Add: Manufacturing costs		
Purchase of Pyrethrins	97,292	90,673
Processing and refining	81,465	57,165
<b>Sub-Total</b>	<b>359,944</b>	<b>286,846</b>
<b>Less: Closing inventories</b>	<b><u>(331,196)</u></b>	<b><u>(181,187)</u></b>
<b>Cost of sales</b>	<b><u>28,748</u></b>	<b><u>105,659</u></b>

The cost of production increased during the period under review due increased production of dry flowers delivered to PPCK and high cost of processing inputs (solvents).

8. Grants from National Government

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Recurrent grants received	119,000	132,000
Capital grants	<u>150,000</u>	<u>100,000</u>
<b>Total</b>	<b><u>269,000</u></b>	<b><u>232,000</u></b>

During the period under review, PPCK was allocated Kshs.134 million for recurrent and Kshs.150 million for development in the Annual Budget FY 2023/24. Due to the budget cuts undertaken within the financial year, the company Received Kshs.119 million as recurrent grant and Kshs.150 million as development grant. The development grant of Kshs.150 million was meant for Pyrethrum Industry recovery project as per attached Appendix II



NOTES TO THE FINANCIAL STATEMENTS (Cont.)

Analysis of grants received from the Government during year 2023/2024

Name of the Entity sending the grant	Amount recognized in the statements of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	2023-2024	2022-2023
	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
Ministry of Agriculture/State Department of Crop Development	269,000	-	-	269,000	232,000
<b>Total</b>	<b>269,000</b>	<b>-</b>	<b>-</b>	<b>269,000</b>	<b>232,000</b>

9. Other Income

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Rental Income	27,769	24,997
Farms	1,398	2,862
Other Miscellaneous Receipts	<u>28,456</u>	<u>28,123</u>
<b>Total</b>	<b><u>57,623</u></b>	<b><u>55,982</u></b>

10. Other Gains and Losses

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Differed Pyrethrin Loss	(45,264)	(45,264)
Fair value gain or loss on Revaluation of biological assets	<u>2,051</u>	<u>1,366</u>
<b>Total</b>	<b><u>(43,213)</u></b>	<b><u>(43,898)</u></b>

During the period, annual valuation of tea bushes in Olenguruone farm was undertaken, the value of tea bush was value at Ksh.150 per bush and Kshs.120 in FY 2022/23, therefore during the year under review the fair value of biological asset increased by Kshs.2,051,000.00.



**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**11. (A) Administration Costs**

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Staff costs (note (11B))	186,477	171,049
Directors' emoluments	8,558	10,273
Electricity and water	4,173	3,190
Repairs and maintenance	9,170	14,245
Security	1,104	719
Travelling & Subsistence	17,052	17,993
Auditors' remuneration	862	1,000
Rent & Rates	3,236	3,254
Insurance costs	3,582	2,525
Depreciation	86,480	85,681
Entomology expenses	103	64
Legal fees & Court Awards	1,564	11,213
Other Operating Expenses	<u>81,927</u>	<u>129,480</u>
<b>Total</b>	<b><u>404,288</u></b>	<b><u>450,686</u></b>

**11.(B) Staff Costs**

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Salaries and allowances of permanent employees	118,557	114,920
Salaries of Staff on contract	34,806	38,673
Transfer Allowance	876	973
Gratuity	8,800	8,202
Exgratia	8,392	2,897
Staff Pension Scheme	5,081	-
N.S.S.F Employer	2,397	-
Affordable Housing-Employer	2,023	-
Overtime	<u>5,545</u>	<u>5,384</u>
<b>Total</b>	<b><u>186,477</u></b>	<b><u>171,049</u></b>



**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
<b>The average number of employees at the end of the year was:</b>		
Permanent employees - management	41	43
Permanent employees - unionisable	96	93
Temporary and contracted employees	<u>125</u>	<u>120</u>
<b>Total</b>	<b><u>262</u></b>	<b><u>256</u></b>

**12. Selling and Distribution Costs**

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Marketing and Promotional expenses	2,286	4,522
Other Selling and Distribution costs	1,308	<u>921</u>
<b>Total</b>	<b><u>3,594</u></b>	<b><u>5,443</u></b>

**13. Income Tax Expense /(Credit)**

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Current taxation based on profit/ (Loss) for the year at 30%	-	-
Current tax: Prior year under/ (Over) Provision	-	-
Current Year Deferred Tax Charge	-	-
<b>Total</b>	<b>-</b>	<b>-</b>





## 14. PROPERTY, PLANT AND EQUIPMENT

Description	Freehold Land	Building & Civil Works	Plant & Machinery	Motor Vehicles including Motor Cycles	Computers & related equipment	Office Equipment	Furniture & Fittings	TOTAL
Rate		2.50%	12.50%	25%	30%	12.50%	12.50%	
	'000'	'000'	'000'	'000'	'000'	'000'	'000'	'000'
As At 1st July 2022	4,535,050	692,700	530,474	19,565	2,210	12,725	4,630	5,797,354
Additions	-	-	-	-	1,971	2,604	1,545	6,121
Disposals	-	-	(12,920)	(2,195)	-	-	-	(15,115)
As at 30th June 2023	4,535,050	692,700	517,554	17,370	4,181	15,329	6,175	5,788,360
Additions	-	-	-	-	1,126	59	30	1,215
Disposals	-	-	-	(6,980)	-	-	-	(6,980)
Transfer/ Adjustments	-	-	-	-	-	-	-	-
As at 30 June 2024	4,535,050	692,700	517,554	10,390	5,307	15,388	6,205	5,782,594
<b>Depreciation &amp; Impairment</b>								
At 1st July 2022	-	69,272	265,237	17,573	1,430	4,091	1,808	359,410
Depreciation	-	17,318	64,694	579	604	1,798	688	85,681
Disposals	-	-	(6,460)	(2,195)	-	-	-	(8,655)
As at 30th June 2023	-	86,589	323,471	15,956	2,035	5,889	2,496	436,436
Depreciation	-	17,318	64,694	578	1,196	1,921	772	86,480
Disposals	-	-	-	(6,980)	-	-	-	(6,980)
As at 30th June 2024	-	103,907	388,165	9,554	3,231	7,810	3,268	515,935
As at 30 June 2024	4,535,050	588,793	129,389	836	2,076	7,578	2,937	5,266,659
	4,535,050	606,111	194,083	1,414	2,146	9,440	3,679	5,351,923

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**Notes to the Financial Statements (Continued)**

**Valuation**

Land and buildings were valued by Ebony Estates Limited, independent valuer on Market Value and Market Rent basis of valuation. These amounts were adopted on 1<sup>st</sup> July 2018.

**Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	N.B.V
	Kshs '000'	Kshs '000'	Kshs '000'
Land	4,535,050	-	4,535,050
Building & Civil Works	692,700	103,907	588,794
Plant And Machinery	517,554	388,165	129,389
Motor Vehicles, Including Motorcycles	10,390	9,555	835
Computers And Related Equipment	5,308	3,231	2,076
Office Equipment	15,388	7,810	7,578
Furniture, And Fittings	6,204	3,268	2,937
	<b>5,782,594</b>	<b>515,936</b>	<b>5,266,659</b>

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost Valuation	Normal Annual Depreciation Charge
	Kshs	Kshs
Motor Vehicles, Including Motor Cycles	8,075	8,075
Computers And Related Equipment	1,313	1,313
<b>Total</b>	<b>9,388</b>	<b>9,388</b>



NOTES TO THE FINANCIAL STATEMENTS (Cont.)

15. Intangible Assets

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
<b>Cost</b>		
At July 1,2023	525,000	525,000
Additions	-	-
Disposals	-	-
At June 30, 2024	525,000	525,000
<b>Amortization</b>		
At July 1,2023	-	-
Charge For The Year	-	-
Disposals	-	-
Impairment Loss	-	-
<b>Net Book Value as at June 30, 2024</b>	<b>525,000</b>	<b>525,000</b>

These are costs relating to Registrations/Licenses and studies undertaken on impact of pyrethrum on the environment and humans. The registrations/licenses and studies are mandatory as they form the basis for pyrethrum trade in the international markets. The major markets for PPCK are in America and Europe, hence the need to maintain these market segments through sustained registrations. The benefits from these intangible assets shall be realised over an indefinite period and have therefore not been amortised. The indefinite useful life of these intangible assets were assessed based on the ongoing research and studies on pyrethrum in the international markets.



NOTES TO THE FINANCIAL STATEMENTS (Cont.)

16. A) Inventories

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Raw materials	11,927	37,784
Finished goods	72,801	4,824
Work in Progress	142,300	34,411
Other Pyrethrum products	<u>104,168</u>	<u>104,168</u>
<b>Sub-Total</b>	<b><u>331,196</u></b>	<b><u>181,187</u></b>

16 B) Consumables

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Engineering stores	72,400	87,553
Fuel, oil and lubricants	1,610	1,845
Stationery and general stores	<u>5,160</u>	<u>5,081</u>
<b>Sub-Total</b>	<b><u>79,170</u></b>	<b><u>94,479</u></b>
<b>Total</b>	<b><u>410,366</u></b>	<b><u>275,666</u></b>

17. Biological Assets

Description	2023-2024 Kshs '000'	2022-2023 Kshs '000'
Livestock	-	501
Tea Bushes	<u>10,254</u>	<u>8,203</u>
	<b><u>10,254</u></b>	<b><u>8,704</u></b>

During the period under review there was a gain in fair value of Tea bushes amounting to Kshs. 2,051,000.00 as per the valuation report. The valuation of biological assets was carried out by County Government of Nakuru Ministry of Agriculture Livestock & Fisheries and report issued for the purpose of incorporating in the current year Financial Statements' FY 2023/2024. All livestock were disposed off during the period under review.



NOTES TO THE FINANCIAL STATEMENTS (Cont.)

18. Trade and Other Receivables

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Trade receivables	70,780	68,339
Kenya power deposit	2,500	2,500
Abortive Nairobi Show	7,180	7,180
Deposit held by courts	454	4,454
Growers' receivable	57,634	48,157
Staff receivable	35,865	28,275
Fixed Interest Investments (Euro Bank Ltd)	150,000	150,000
Other Receivables	141,026	169,036
<b>Gross Trade and Other Receivables</b>	<b>465,440</b>	<b>477,941</b>
Specific Provision for doubtful debts	(162,574)	(162,574)
Provision for Bad And Doubtful debts	(56,241)	(56,241)
<b>Net Trade and Other Receivables</b>	<b>246,624</b>	<b>259,126</b>

19. A) Bank and Cash Balances

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Cash at bank	9,447	22,274
Cash in hand	-	-
<b>Total</b>	<b>9,447</b>	<b>22,274</b>

The cash at bank of Kshs.9,414,000.00 was held at Kenya Commercial Bank as shown in note 18(b). There was no cash in hand as at 30<sup>th</sup> June 2024.



NOTES TO THE FINANCIAL STATEMENTS (Cont.)

19 (B). Detailed analysis of the cash and cash equivalents

Description		2023-2024	2022-2023
Financial institution	Account number	Kshs '000'	Kshs '000'
<b>a) Current Account</b>			
Rent	1153031779	168	1,275
Growers Account	1153031493	170	267
Asset Disposal Account	1153031930	2,485	14,245
USD Account	1153032171	3,001	118
Euro Account	1153032422	2,909	6,304
Operations	1153031337	681	32
<b>Sub- Total</b>		<b>9,414</b>	<b>22,241</b>
<b>b) Other</b>			
Cfc Stanbic Bank Account	014/00/300349/01	33	33
Cash in hand		-	-
<b>Sub- Total</b>		<b>33</b>	<b>33</b>
<b>Grand Total</b>		<b>9,447</b>	<b>22,274</b>

20. Trade And Other Payables

Description	2023-2024	2022-2023
	Kshs '000'	Kshs '000'
Trade payables	1,204,852	1,085,858
Payable to AFA HQ	223,127	223,127
Payable to Sugar Directorate (AFA)	41,493	41,493
Payables to Tea Directorate (AFA)	16,030	16,030
Payables to New Kenya Planters Union	100,000	100,000
Amount due to Growers	<u>27,375</u>	<u>18,050</u>
<b>Total</b>	<b><u>1,612,877</u></b>	<b><u>1,484,558</u></b>



NOTES TO THE FINANCIAL STATEMENTS (Cont.)

21. Provisions

Description	Euro Bank	Other Provisions	Total
	Kshs '000'	Kshs '000'	Kshs '000'
Balance at the beginning of the year	150,000	12,574	162,574
Additional Provisions	-	-	-
Less: current Portion	-	-	-
Balance at the end of the year	150,000	12,574	162,574

Provision above relates to specific provisions for bad debts

22. Notes to the Statement of Cash Flows

	2023-2024 Kshs '000'	2022-2023 Kshs '000'
<b>Reconciliation of operating profit/(loss)</b>		
<b>Cash generated from/ (used in) operations</b>		
Operating profit/ (loss)	(83,582)	(248,463)
Depreciation	86,480	85,680
Differed Pyrethrin Loss	45,264	45,264
Loss/ (Gains) from changes in fair value of biological assets	<u>(2,051)</u>	<u>(1,365)</u>
<b>Operating profit/ (loss) before working capital changes</b>	<b><u>42,486</u></b>	<b><u>(118,884)</u></b>
(Increase)/Decrease in Inventories	(134,700)	(49,841)
(Increase)/Decrease in trade and Other Receivables	12,501	(53,470)
Increase/ (Decrease) in Trade and Other Payable	128,320	56,650
Other Liabilities	<u>(64,366)</u>	<u>(4,704)</u>
<b>Cash generated from/ (used in) Operations</b>	<b>(12,134)</b>	<b><u>170,249</u></b>

23. Other Liabilities

During the financial year under review, the company noted some errors in the previous year's financial statements which warranted adjustment in order to reflect a fair presentation of the financial statements of PPCK in accordance to IAS 8 "Accounting policies, changes in Accounting Estimates and Errors ". In order to correct the errors, the company effected the changes through the general reserve in the current financial year. The correction resulted to movement in the notes to cashflows statements amounting to Kshs.64,366,778.28



NOTES TO THE FINANCIAL STATEMENTS (Cont.)

24. **Investment in Euro Bank**

The Company invested Kshs.150 million in Euro Bank Limited on 17<sup>th</sup> October 2001. Euro Bank collapsed on 20<sup>th</sup> February 2003 without significant assets. The Company made a provision in the year 2002/2003 and is awaiting the outcome of the case.

25. **Incorporation.**

The Pyrethrum Processing Company of Kenya Ltd (PPCK) is a company registered under the repealed Company's Act CAP 486 currently operating Registrations Certificate No. 5691 and carrying out the commercial business of the defunct Pyrethrum Board of Kenya (PBK) in line with the provision of section 3 (i) of the first schedule on transition provision of Agriculture and Food Authority (AFA) Act of 2013(Revised 2016).

26. **Revaluation Reserve.**

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment which was done in June 2018 valued at **Kshs. 5,764,301,000.00** As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation. Revaluation surpluses are not distributable.

27. **Deferred Pyrethrin Costs.**

These costs relate to unaccounted for Pyrethrin's received in between 1999-2003 valued at Kshs. 1,357,922,110/=. The Pyrethrum Act Cap 340 (now repealed) Section 18 provides that the total amount realised from the operations of the Company ought to be paid based on performance and surplus or losses passed to the growers. Between the years 1999-2003, trade stocks were held mainly in Crude Pyrethrum Extract (OR). The Pyrethrin's reconciliation was then impossible. It was realised in the year 2005/2006 that quite substantial quantities of Pyrethrin's of 180,859.71 kg Pys valued at Kshs. 1,357,922,110/= could not be accounted for. Growers had therefore been paid an element that should have been adjusted to reflect the process losses. The necessary adjustment for the prior period error was therefore made in the financial statements to reflect a fair view of the financial statements. The Company noted the losses requested for a thorough investigation. They recommended for the adjustment of the prior period error to reflect the correct status in the books of account thereby accommodating the amount of Kshs. 1,357,922,110/= in the general reserve account which will be amortised over a period of 30 years starting financial year 2007/2008. For the current year of reporting the loss has been treated in the statement of comprehensive incomes.



NOTES TO THE FINANCIAL STATEMENTS (Cont.)

	JUNE 2023-2024 Kshs '000'	JUNE 2022-2023 Kshs '000'
Balance at beginning of the year	633,697	678,961
Write off for the year	(45,264)	(45,264)
Balance at end of the year	<u>588,433</u>	<u>633,697</u>

28. **PBK Stock Units Issued**

In return for levy paid by pyrethrum growers, the Company issues one unit of stock to each licensed grower for every amount of twenty shillings paid to it by way of levy.

29. **Levy Fund**

Under the provisions of the Pyrethrum Act the Minister of Agriculture imposed a levy on all pyrethrum grown or cultivated in Kenya. The levy is at the rate of 6.6 cents per kilogram of dry pyrethrum flowers delivered to the Company. The levy valued at **Kshs.149** FY 2023/24 is held as fund pending issuance of PPCK units thereof.

	JUNE 2023-2024 Kshs '000'	JUNE 2022-2023 Kshs '000'
Balance at beginning of the year	128	107
Addition for the year	<u>21</u>	<u>21</u>
Balance at end of the year	<u>149</u>	<u>128</u>

30. **Pyrethrum Board of Kenya Staff Superannuation Scheme.**

Pyrethrum Board of Kenya superannuation scheme was wound up on 1<sup>st</sup> December 2016 and a liquidator was appointed through the Office of Attorney General . Actuarial valuation of the scheme was undertaken which currently stands at **Kshs 2.02 billion**.



**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**31. Related Party Disclosures**

**Government of Kenya**

The Government of Kenya is the principal shareholder of the entity, holding 100% of the entity's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) Ministry of Agriculture, State Department of Crop Development
- ii) Key management
- iii) Board of directors

**Transaction with related parties**

a) Grants from the government	2023-2024	2022-2023
	Kshs.'000'	Kshs.'000'
Grants from national governmentt	<u>269,000</u>	<u>232,000</u>
<b>Total</b>	<b><u>269,000</u></b>	<b><u>232,000</u></b>
b) Key management compensation	2023-2024	2022-2023
	Kshs.'000'	Kshs.'000'
Directors' emoluments	8,558	10,273
Compensation to Key management	<u>15,177</u>	<u>12,536</u>
<b>Total</b>	<b><u>23,735</u></b>	<b><u>22,809</u></b>

During the Financial year under review, PPCK had pending litigation in various high courts within the country which their outcome remains uncertain.

**32. Events after the Reporting Period.**

There were no material adjusting and non-adjusting events after the reporting period.





# Pyrethrum Processing Company of Kenya Ltd.

## 20.APPENDICES

### APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR GENERAL PRIOR YEAR RECOMMENDATIONS

The following is the summary of issues raised by external auditor and management comments that were provided to the auditors.

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
1.	<p><b>Non-Disclosure of Material Uncertainty in Relation to Sustainability of Services</b></p> <p>The statement of financial position reflects current liabilities balance of Kshs.1,484,558,000 which exceeds the current assets balance of Kshs.557,065,000 resulting to a negative working capital of Kshs.927,493,000. Further, the statement of profit or loss and other comprehensive income reflects a deficit of Kshs.248,463,000 resulting to an increase in accumulated general reserve deficit from Kshs.270,479,000 as at 30 June, 2022 to Kshs.523,646,000 as at 30 June, 2023. The Company is, therefore, technically insolvent and its continued sustainability of services is dependent upon support from the National Government and its creditors. In addition, this material uncertainty has not been disclosed in the financial statements. In the circumstances, the Corporations' ability to continue to sustain its services could not be confirmed.</p>	<p><b>Non-Disclosure of Material Uncertainty in Relation to Sustainability of Services</b></p> <p>With the continued government support and the implementation of the company five-year strategic plan that commenced in the year 2021 and is currently being executed by management will positively impact on the growth of the company.</p>	Not resolved	30 <sup>th</sup> June 2025

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
2.	<p><b>Unsupported Bank and Cash Balance</b></p> <p>The statements of financial position reflect a bank and cash balance of Kshs.22,274,000 as disclosed in Note 18 to the financial statement. A detailed analysis of the bank and cash balances revealed that the balance includes Kshs.33,000 held at CFC Stanbic bank account. However, the certificate of bank balances as at 30 June, 2023 was not provided for audit confirmation. Further, the account has been dormant and no evidence of the closure was provided for audit.</p> <p>In the circumstances, the accuracy and completeness of the bank and cash balance of Kshs.22,274,000 could not be confirmed.</p>	<p><b>Unsupported Bank and Cash Balances</b></p> <p>Follow up is being done between PPCK and Stanbic Bank.</p>	Not resolved	30th June 2025

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME																												
3.	<p><b>Property, Plant and Equipment</b> The statement of financial position and Note 13 to the financial statements reflects property, plant and equipment balance of Kshs. 5,351,923,000. Review of related records revealed the following anomalies;</p>																															
	<p><b>3.1. Land Parcels Without Ownership Documents</b> Review of the land parcel ownership documents revealed that the Company did not have in possession the title deeds or any other ownership documents for the following listed land properties;</p> <table border="1" data-bbox="271 831 922 1385"> <thead> <tr> <th></th> <th>Land Parcel</th> <th>Ha</th> <th>Acres</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Nakuru Municipality (Factory)</td> <td>3.5670</td> <td>8.814</td> </tr> <tr> <td>2.</td> <td>Nakuru Municipality Block 8</td> <td>0.7990</td> <td>1.970</td> </tr> <tr> <td>3.</td> <td>Nakuru Municipality (Godown)</td> <td>0.2376</td> <td>0.587</td> </tr> <tr> <td>4.</td> <td>Nakuru Municipality Little (Little Highridge)</td> <td>0.0295</td> <td>0.073</td> </tr> <tr> <td>5.</td> <td>Ol joro Orok Farm</td> <td></td> <td>865.00 0</td> </tr> <tr> <td>6.</td> <td>Nyaribari/Keumbu/1028-Nyosia</td> <td>Unkno wn</td> <td>Unkno wn</td> </tr> </tbody> </table>		Land Parcel	Ha	Acres	1.	Nakuru Municipality (Factory)	3.5670	8.814	2.	Nakuru Municipality Block 8	0.7990	1.970	3.	Nakuru Municipality (Godown)	0.2376	0.587	4.	Nakuru Municipality Little (Little Highridge)	0.0295	0.073	5.	Ol joro Orok Farm		865.00 0	6.	Nyaribari/Keumbu/1028-Nyosia	Unkno wn	Unkno wn	<p><b>3.1. Land Parcels Without Ownership Documents</b> The company has engaged the services of a Govt surveyor from the Ministry of Lands to fast-track survey works, by beaconing, documentation and issue of the legal ownership documents.</p>	Not resolved	30 <sup>th</sup> June 2026
	Land Parcel	Ha	Acres																													
1.	Nakuru Municipality (Factory)	3.5670	8.814																													
2.	Nakuru Municipality Block 8	0.7990	1.970																													
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No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME																				
	<table border="1"> <tr> <td data-bbox="271 263 327 336"></td> <td data-bbox="327 263 678 336">Pyrethrum Seed Propagation Centre</td> <td data-bbox="678 263 801 336"></td> <td data-bbox="801 263 925 336"></td> </tr> <tr> <td data-bbox="271 336 327 416">7.</td> <td data-bbox="327 336 678 416">Nakuru Municipality (Shauri Yako Estate II)</td> <td data-bbox="678 336 801 416">0.1430</td> <td data-bbox="801 336 925 416">0.354</td> </tr> <tr> <td data-bbox="271 416 327 496">8.</td> <td data-bbox="327 416 678 496">Nakuru Municipality (Shauri Yako Estate I)</td> <td data-bbox="678 416 801 496">0.1430</td> <td data-bbox="801 416 925 496">0.354</td> </tr> <tr> <td data-bbox="271 496 327 576">9.</td> <td data-bbox="327 496 678 576">Nakuru Municipality (Bondeni Estate II)</td> <td data-bbox="678 496 801 576">0.1858</td> <td data-bbox="801 496 925 576">0.459</td> </tr> <tr> <td data-bbox="271 576 327 639">10.</td> <td data-bbox="327 576 678 639">Nakuru Municipality (Bondeni Estate I)</td> <td data-bbox="678 576 801 639">0.1858</td> <td data-bbox="801 576 925 639">0.459</td> </tr> </table>		Pyrethrum Seed Propagation Centre			7.	Nakuru Municipality (Shauri Yako Estate II)	0.1430	0.354	8.	Nakuru Municipality (Shauri Yako Estate I)	0.1430	0.354	9.	Nakuru Municipality (Bondeni Estate II)	0.1858	0.459	10.	Nakuru Municipality (Bondeni Estate I)	0.1858	0.459			
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10.	Nakuru Municipality (Bondeni Estate I)	0.1858	0.459																					
	<p><b>3.2. Land Parcels not Updated in the Asset Register</b></p> <p>The assets register provided for audit was not updated and the following Company properties were not disclosed in the assets register; -</p> <ul style="list-style-type: none"> <li>i. Proposed Olorropil Pyrethrum Nursery plot</li> <li>ii. Naivasha town plot</li> <li>iii. Eldoret town plot</li> <li>iv. Plot 895 Ex-Lewa settlement scheme in Meru District- 5acres</li> <li>v. Olenguruone Township Plot No. 4/6</li> <li>vi. Eldama Ravine town plot</li> <li>vii. Proposed Olokurtu Trading Centre</li> </ul>	<p><b>3.2 Land Parcels not updated in the Asset Register</b></p> <p>For an asset to be updated or included in the Fixed Asset Register it must have all the legal ownership documentation and hence the management has engaged the services of the Head of survey - Department of Land, Housing &amp; physical planning Nakuru county with instructions to undertake survey works, beaconing, documentation and finally provision of the legal ownership documents</p>	Not resolved	30 <sup>th</sup> June 2026																				

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
	<p><b>3.3 Illegal Occupation of Nyandarua/Mawingo Farm by Agriculture and Food Authority (AFA)</b></p> <p>The Agriculture and Food Authority (AFA) has occupied 35 acres of land parcel No. Nyandarua/Mawingo Salient/307 farm owned by the Pyrethrum Processing Company of Kenya since September, 2017. The land was illegally allocated to the Authority through the Pyrethrum Industry Recovery, Implementation &amp; Oversight Team (PIRIOT) report. The allocation of the Company's farm by PIRIOT to AFA was not subjected to due process by the PPCK Board, AFA and the Government and is not authentic since the report was not signed. In addition, there was no lease agreement in place. Further, in a meeting held on 25 September, 2023 between PPCK Management and AFA, AFA had claimed transfer and acquisition of the legal ownership of the farm on the basis of improvements they had undertaken on the farm and allocation of the land as indicated on the PIRIOT report. The Managing Director wrote to the Principal Secretary vide letter reference number MD/PPCK/B.16(a)/2873/2023 dated 26 October, 2023 requesting for a follow-up of the return of the Mawingo farm to the Company. However, there has been no response from the Principal Secretary.</p>	<p><b>3.3 Illegal Occupation of Nyandarua/Mawingu Farm by Agriculture and Food Authority (AFA)</b></p> <p>The company is in the process of planning for a meeting between the AFA Board and PPCK Board to resolve the matter amicably.</p>	Not resolved	30 <sup>th</sup> June 2025

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
	<p><b>3.4 Land Matters at Oljororok Farm</b>  Included in the property, plant and equipment balance is a property LR Number: 11322 (Original: 3341/5 — I.R 19606) Oljoro Orok farm whose historical cost is Kshs.360,000,000 for 865 acres. A physical verification of the farm during the year highlighted the following matters;</p> <ul style="list-style-type: none"> <li>i. The farm did not have a fence around it, except for the small area where the corporation's farm offices are situated. As a result, a large part of the farm had been encroached by squatters. It was explained that the squatters had taken up about 400 acres or half of the farm.</li> <li>ii. It was also observed that a public road had been recently cut across the property, thus opening up the land to trespassers. This situation further exposes the corporation to the possibility of additional squatters on the land or possible illegal hiving off of sections of the land.</li> <li>iii. A pump house on the farm contained a vandalized old model pump, and thus was not in use.</li> <li>iv. There was evidence of old tree stumps which had been cut down. However, it could not be confirmed who had cut down the trees and what benefit the corporation gained from the same.</li> </ul>	<p><b>3.4 Land Matters at Oljororok Farm</b></p> <p>Due to the budgetary constraints and cash flow challenges affecting the company, the intends to comply once resources are available.</p>	Not resolved	30 <sup>th</sup> June 2026

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
	<p><b>3.5 Other Anomalies Noted on Property, Plant and Equipment</b> As previously reported; -</p> <p>i. Included in the property, plant and equipment balance of Kshs.5,351,923,000 are motor vehicles and computers with a net book value of Kshs. 1,414,000 and Kshs. 2,146,000 respectively. Review of the assets register revealed that fifty-one (51) vehicles and thirty-one (31) computers have been fully depreciated and have not been revalued yet they are still in use at the company and continue to incur operational costs.</p> <p>ii. In addition, the property, plant and equipment balance includes an extraction plant purchased and installed in the year 2006 at a cost of Kshs.305,872, 000 and whose net book value is Kshs. 147,000,000 that has never been commissioned. Although Management has explained that the machine was purchased in anticipation of an increase in flower deliveries to the factory and that the plant will be commissioned in future once the industry is revived, evidence to indicate the steps taken to revive the industry was not provided. Further, technological changes and wear and tear are bound to adversely affect the</p>	<p><b>3.5 Other Anomalies Noted on Property, Plant and Equipment</b></p> <p><b>I. Revaluation of assets</b> Due to budget constraints, the company plan to revalue the Assets in the FY 2025/2026</p> <p><b>II. Extraction plant.</b> The management has put plans on Acreage expansion to attain the threshold requirement of 50MT of dry pyrethrum.</p> <p><b>III. Dilapidated buildings</b> Due to budget constraints, the management has been undertaking partial repairs on its properties.</p>	Not resolved	30 <sup>th</sup> June 2026

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
	<p>idle machines and may result in the loss of funds invested in the asset. The Management explained that it intends to dispose of the plant since it's not of economic value at the moment. However, selling plans have not yet commenced.</p> <p>iii. Included in the property, plant and equipment balance of Kshs.5,351,923,000 are rental houses and offices with a net book value of Kshs. 606,111,000. However, physical verification revealed that the rental houses and offices were dilapidated. No reasons were provided for the failure to repair the buildings.</p> <p>In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.5,351 could not be confirmed.</p>			

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
4.	<p><b>Deferred Pyrethrin Costs</b></p> <p>The statement of financial position indicates a deferred pyrethrin cost of Kshs.633,697,000 as disclosed in Note 26 to the financial statements. This cost relates to unaccounted for pyrethrin received between the years 1999—2003 valued at Kshs. 1,357,922,110. The Pyrethrum Act Cap 340 (Now Repealed) Section 18 provides that the total amount realized from the operations of the company ought to be paid based on performance and surplus or losses passed to the growers. Between the years 1999-2003 trade stocks were held mainly in Crude Pyrethrum Extract (OR).</p> <p>It was realized in the year 2005/2006 that quite a substantial quantity of pyrethrin of 180,859.71 Kgs Pys valued at Kshs. 1,357,922 could not be accounted for. Growers had therefore been overpaid with an element that should have been adjusted to reflect process losses. The Company noted the losses and requested for thorough investigation, the results of which has not been provided for audit. The Company recommended for accommodating the amount of Kshs. 1,357,922,110 in the general reserve account which was to be written off over a period of 30 years from the 2007/2008 financial year. For the current year, the loss of Kshs.42,264,000 has been written-off in the statement of comprehensive income.</p>	<p><b>4. Deferred Pyrethrin Costs</b></p> <p>The matter is in the process of presentation to the Board for consideration for write-off.</p>	Not resolved	30 <sup>th</sup> June 2025

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
	<p>The Board recommended and initiated the write-off without prior approval from The National Treasury. The Company has not initiated the process of approval for write-off from The National Treasury to date.</p> <p>In the circumstances, the accuracy, completeness and regularity of the deferred pyrethrin cost balance of Kshs.633,697,000 and the write off of Kshs.42,264,000 during the year could not be confirmed.</p>			

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
4.	<p><b>Long Outstanding and Unsupported Trade Receivables</b></p> <p>The statement of financial position and Note 17 to the financial statements reflects trade and other receivables balance of Kshs.259,126,000, and as previously reported, the following matters were noted;</p> <ul style="list-style-type: none"> <li>i. Included in the amount is trade debtors balance of Kshs.68,339,028 whose brought forward balance of Kshs.61,852,998 in the financial statement differs with ledger brought forward balance of Kshs.50,739,302 which has remained outstanding for over fifteen years. Further, no breakdown or supporting documents were provided on brought forward balances to enable verification.</li> <li>ii. Included in the balance are trade receivables, other receivables, growers' receivables and staff receivables balances of Kshs.68, 339,000, Kshs. 169,036,000 Kshs.48, 157.000 and Kshs.28,275,000 respectively which have been outstanding for more than one year and the details of the receivables were not provided.</li> <li>iii. The balance also includes deposit held by courts of Kshs.4,454,000 that has been outstanding for long and which Management did not provide details and progress of the cases. In addition, the</li> </ul>	<p><b>5.Unsupported Trade Receivables</b></p> <p>The matter is in the process of presentation to the Board for consideration for write-off.</p>	Not resolved	30 <sup>th</sup> June 2025

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
	<p>balance includes an amount of Kshs.7,179,950 relating to abortive expenses on Nairobi Agricultural Society of Kenya (ASK) Show and which Management explained that Ethics and Anti-Corruption Commission (EACC) was conducting investigations pertaining to the expenditure. However, progress report on the case was not provided.</p> <p>iv. Further, the balance was net of provision for bad debts of Kshs.56,241,149 whose basis of computation was not provided.</p> <p>v. Review of the property manager's monthly report for June, 2022, revealed rent arrears from nine properties owned by the Company amounted to Kshs.28,873,010. However, the arrears were not disclosed in the trade and other receivables balance for the year.</p> <p>In the circumstances, the accuracy and completeness of the trade and other receivables balance of Kshs.259, 126,000 could not be confirmed.</p>			
5.	<p><b>Rent and Rates Accruing from Properties with Doubtful Ownership</b></p> <p>The statement of profit or loss and other comprehensive income reflects administration costs amount of Kshs.450,686,000. As disclosed in Note 11 to the financial statements. The amounts includes rent and</p>	<p><b>6. Rent and Rates Accruing from Properties with Doubtful Ownership</b></p> <p>The company has engaged the services of a Govt surveyor from the Ministry of Lands to fast-track survey works, by</p>	Not resolved	30 <sup>th</sup> June 2026

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
	<p>rates of Kshs.3,254,000 which includes Kshs.2,416,502 being land rates accruing from land properties that the Pyrethrum Processing Company of Kenya is not a registered or confirmed owner.</p> <p>In the circumstances, the accuracy and completeness of the rent and rates amount of Kshs.2,416,502 could not be confirmed.</p>	<p>beaconing, documentation and issue of the legal ownership documents.</p>		
7.	<p><b>Overstatement of Inventories</b></p> <p>The statement of financial position and Note 15 to the financial statements reflects inventories balance of Kshs.275,666,000. Included in the balance, and as previously reported, is an amount of Kshs. 104,168,000 in respect of other pyrethrum products which comprises of sludges that are waste products after extraction of pyrethrin and other substances from the flowers. The products were last valued in the year 2007. However, attempts by the company to dispose these products at this cost have not been successful and the products may have deteriorated in value over time.</p> <p>In the circumstances, the accuracy and completeness of inventories balance of Kshs. 104,168,000 could not be confirmed.</p>	<p><b>7.Overstatement of Inventories</b></p> <p>The matter is in the process of presentation to the Board for consideration for write-off.</p>	Not resolved	30 <sup>th</sup> June 2025

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
7.	<p><b>Long Outstanding and Unsupported Trade and Other Payables</b></p> <p>The statement of financial position reflects trade and other payables balance of Kshs. 1,484,558,000 and as disclosed in Note 19 to the financial statement. As previously reported, review of the payables revealed the following matters;</p> <p>i. Included in the balance is trade payables and provisions amount to Kshs. 1,085,858,000 out of which amounts totaling Kshs.175,301,015 and Kshs.19,968,869 relate to long outstanding unremitted value added and pay as you earn tax deductions and other salaries and wages clearances respectively. The unremitted taxes continue attracting interest and penalties from the Kenya Revenue Authority (KRA). No provision for penalties and interest chargeable as a result of failure to remit the deductions to the relevant authorities on time has been made in the year under review.</p> <p>ii. In addition, the balance also includes other payables to Agriculture and Food Authority of Kshs.223,127,000, Sugar Directorate of Kshs. 41,493,000 and Tea Directorate of Kshs. 16,030,000 that have been outstanding for more than one year. No explanation for the failure to settle the outstanding invoices has been provided by Management.</p>	<p><b>8. Long Outstanding and Unsupported Trade and Other Payables</b></p> <p>The matter is in the process of presentation to the Board for consideration for write-off.</p>	Not resolved	30 <sup>th</sup> June 2026

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
	<p>iii. Included in the balance are amounts due to growers amounting to Kshs. 18,050,798 whose details of the identity of the growers and their balances were not provided.</p> <p>In the circumstances, the accuracy and completeness of the trade payables balance of Kshs. 1,484,558,000 could not be confirmed.</p>			
8.	<p><b>Understated Other Income-Rental Income</b></p> <p>The statement of profit or loss and other comprehensive income reflects other income amount of Kshs.55,982,000. As disclosed in Note 9 to the financial statements, the amount includes rental income of Kshs.24,997,201 which was revenue from leased and rented properties. It was noted that the accounting department recognizes revenue after actual receipt of the cash income. The concept is against the IFRS reporting framework that requires recognition of income once earned. The verified rental income earned by the entity in the financial year 2022-2023 was Kshs.28,641,600 but only Kshs. 24,997,201 was disclosed in the financial statements, thereby misstating rent revenue and receivables.</p> <p>In the circumstances, the accuracy and completeness of rental income amount of Kshs.24,997,201 could not be confirmed.</p>	<p><b>9.Understated Other Income-Rental Income</b></p> <p>The company is in the process of capturing rental income in the ACCPAC Accounting software.</p>	Not resolved	30 <sup>th</sup> June 2025

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
9.	<p><b>Retention of Officers in Employment Beyond the Age of Sixty (60) years</b></p> <p>Analysis of the payroll and staff establishment revealed that the Company has retained in service employees who are over sixty (60) years without Authority from the Head of Public Service and the Public service Commission. This has resulted in irregular payment of salaries and allowances amounting to Kshs.4,082,208 for the year under review. In the circumstances, Management was in breach of the law and has no effective succession plan.</p>	<p><b>10.Retention of Officers in Employment Beyond the age of 60 years</b></p> <p>The management is in the process of complying with the government guidelines vide Ref No:OP.CAB.2/1 dated 5<sup>th</sup> August 2024 on Mandatory Retirement Age of public officers</p>	Not resolved	30 <sup>th</sup> June 2025

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
10.	<p><b>Use of Standalone Accounting Software</b> The Company uses workmate 2000 System to manage monthly payroll and accounting as its core Finance Management Software. The modules deployed include accounts payable, cashbook, general ledger and reporting. However, it was observed that both the operating system and the accounting software are standalone systems. It was difficult to authenticate the figure provided in the ledger/journal vouchers since the employee details in the payroll did not include the department they work in, their job group, their designation and their category. In the circumstances, the Company may suffer compromised efficiency due to use of ineffective ICT systems,</p>	<p><b>11. Use of Standalone Accounting Software</b>  Due to budget constraints, the company plans to install an ERP system in the financial year 2025/2026.</p>	Not resolved	30 <sup>th</sup> June 2026
12.	<p><b>Molo Tissue Culture Laboratory</b> The Corporation operates a tissue culture laboratory in Molo. However, a physical audit verification carried out in January, 2024 confirmed the laboratory could not effectively achieve its mandate of bulking or multiplication of mother clones for seed production due to the following challenges: i.The station has propagation and storage rooms that require controlled temperatures to properly produce the plantlets. However, the laboratory was not equipped with a</p>	<p><b>12. Molo Tissue Culture Laboratory</b>  Due to budget constraints and cash flow challenges, the company will comply with equipping the lab once the revenues improve.</p>	Not resolved	30 <sup>th</sup> June 2025

No	Issue/Observations from The Auditor	Management Comments	Status (Resolved/Not Resolved)	TIMEFRAME
	<p>generator to avoid power outages to prevent losses of plantlets.</p> <p>ii.The greenhouse/glasshouse of the station which is used for acclimatization/hardening of the plants was not working since the structure has broken windows and a broken lever system therefore it could not be used for this stage. Therefore, the plantlets were transported to the laboratory in Muguga for acclimatization during which some plantlets were lost. After hardening the plantlets were brought back to Molo for planting in the field. Therefore, the transportation costs and losses could be avoided with a proper working laboratory.</p> <p>In the circumstances, the controls and risk management mechanism of the Company may not be effective</p>			

MARY M. ONTIRI  
**AG. CHIEF EXECUTIVE OFFICER**

SIGN .....  .....

DATE..... 30/12/2024 .....



## APPENDIX II: Projects implemented by Pyrethrum Processing Company of Kenya

### Projects

Projects implemented by the State Corporations/SAGA Funded by development partners

Project Title	Project Number	Donor	Period/Duration	Donor Commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in the financial statements (Yes/No)
Pyrethrum Industry Recovery	1165103500	GOK	1 <sup>st</sup> July 2014 to 30 <sup>th</sup> June 2030	NO	NO	YES

### Status of Projects completion

No.	Project Title	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
		Kshs. Billion	Kshs. Million		Kshs. Million	Kshs. Million	
1	Pyrethrum Industry Recovery	3.480	1,010	29%	150	150	GOK

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor transferring the funds	Date Received as per the Bank Statement	Nature Recurrent/ Development /Others	Total Amount (Kshs)	Where Records/Recognized				Total
				Capital Funds (Kshs)	Deferred Income	Receivables	Others	
MOA&L	08-Aug-23	Recurrent	11,166,667.00	-	-	-	-	11,166,667.00
	13-Sep-23	Recurrent	11,166,667.00	-	-	-	-	11,166,667.00
	22-Sep-23	Development	20,000,000.00	-	-	-	-	20,000,000.00
	22-Sep-23	Development	30,000,000.00	-	-	-	-	30,000,000.00
	16-Oct-23	Recurrent	11,166,665.00	-	-	-	-	11,166,665.00
	31-Oct-23	Recurrent	11,166,667.00	-	-	-	-	11,166,667.00
	11-Dec-23	Recurrent	11,166,667.00	-	-	-	-	11,166,667.00
	05-Jan-24	Recurrent	9,023,810.00	-	-	-	-	9,023,810.00
	15-Jan-24	Development	25,000,000.00	-	-	-	-	25,000,000.00
	15-Feb-24	Recurrent	27,071,428.00	-	-	-	-	27,071,428.00
	28-Feb-24	Development	75,000,000.00	-	-	-	-	75,000,000.00
	12-Mar-24	Recurrent	9,023,810.00	-	-	-	-	9,023,810.00
	15-Apr-24	Recurrent	9,023,810.00	-	-	-	-	9,023,810.00
08-May-24	Recurrent	9,023,809.00	-	-	-	-	9,023,809.00	
<b>TOTAL</b>			<b>269,000,000.00</b>	-	-	-	-	<b>269,000,000.00</b>





Appendix V: Inter- Entity Confirmation Letter

Name of Transferring Entity: Ministry of Agriculture and Livestock Development

Name of Beneficiary Entity: Pyrethrum Processing Company of Kenya Limited

Confirmation of Amounts Received by Pyrethrum Regulatory Authority as at 30th June 2024					
Reference Number	Date Disbursed	Recurrent	Development	Total	REMARKS
		Kshs	Kshs	Kshs	
0000008155	08-Aug-23	11,166,667.00		11,166,667.00	
0000008428	13-Sep-23	11,166,667.00		11,166,667.00	
0010005269	22-Sep-23	-	20,000,000.00	20,000,000.00	
0010005270	22-Sep-23	-	30,000,000.00	30,000,000.00	
0000008627	16-Oct-23	11,166,665.00		11,166,665.00	
0000008753	31-Oct-23	11,166,667.00		11,166,667.00	
0000008952	11-Dec-23	11,166,667.00		11,166,667.00	
0000009277	05-Jan-24	9,023,810.00		9,023,810.00	
0010005911	15-Jan-24	-	25,000,000.00	25,000,000.00	
0000009286	15-Feb-24	27,071,428.00		27,071,428.00	
0010006303	28-Feb-24	-	75,000,000.00	75,000,000.00	
0000009535	12-Mar-24	9,023,810.00		9,023,810.00	
0000009770	15-Apr-24	9,023,810.00	-	9,023,810.00	
0000010023	08-May-24	9,023,809.00	-	9,023,809.00	
		119,000,000.00	150,000,000.00	269,000,000.00	

I confirm that the amounts shown above are correct as of the date indicated

Head of Accounts Department - Disbursing Entity

Name ... DOUGLAS MUTEMI ... Signature ... [Signature] ... Date ... 27/09/2024

Head of Accounts Department - Beneficiary Entity

Name ... EDWARD OCTELE ... Signature ... [Signature] ... Date ... 27/09/24



## Appendix VI: Reporting of Climate Relevant Expenditures

Pyrethrum Processing Company of Kenya Ltd  
 Telephone Number: +254 51 2215918  
 Email Address: Md@pyrethrum.co.ke  
 Name of CEO: Mrs. Mary M. Ontiri-Magati

Name and Contact details of contact person -CPA Edward Ochele - Ag. Finance Manager

Project Name	Project Description	Project Objectives	Project Activities					Sources of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Growing Restoration	Planting Trees	Help combat global warming & Protecting water catchment areas	12,000 trees planted in Oljororok farm					A.I.A	The Nature's Conservancy & PPCK

**Appendix IV: End Year Quality Review Checklist for State Corporations (SCs) and Semi-Autonomous Government Agencies (SAGAs) and Funds.**

Ref.	Ensure the following for the financial statements prepared for the year Ended 30 <sup>th</sup> June 2024	Comment
1	<b>Financial Statements</b> i. Financials statements are prepared using the applicable reporting framework, IFRS or IPSAS Accrual as prescribed by the PSASB.	Complied
2	<b>Trial Balance</b> i. The trial balance is balancing and has been used to prepare the latest financial statements.	Complied
	ii. All known adjustments effected before running the final trial balance	Complied
3	<b>General Ledgers</b> i. For all general ledgers cut-off procedures have been observed.	Complied
	ii. Financial Statement items should be recognized in the relevant accounting period.	Complied
	iii. Any suspense account should be cleared.	Complied
4	<b>Accounting Policies</b> i. Accounting policies adopted by the entity are in line with the entity's reporting finance manual and comply with the respective adopted reporting framework	Complied
	ii. Only relevant accounting policies should be included in the financial statements	Complied
5	<b>Cash and cash equivalent: Bank balance</b> i. Ensure that bank reconciliations for the whole year have been prepared, reviewed and approved as per the organization's manual.	Complied
	ii. Ensure that the bank reconciliation does not include invalid reconciling items such as stale checks or bank charges that should be recorded as expenses in the general ledger	
	iii. Cash balance	
	iv. Carry out a cash count ensuring that entity personnel independent from the one in charge of cash is present and signs off on the petty cash certificate.	Complied
	v. Ensure that the petty cash reconciliation opening balance agree to the previous cash count and the closing balance agrees to the petty cash certificate at the end of the fiscal period	Complied



6	<b>Investments: Short term deposits</b>	
	i. Check and ensure that all deposits have certificates and have been recorded in the system	
	ii. Ensure the investments schedule clearly shows the amount of principal, no. of days held, interest earned at the earlier of date of maturity or period end.	
	iii. Ensure that the interest income earned is correctly recorded in the general ledger	
	iv. Ensure that the accrued interest at the end of the year is accurately computed and recorded	
	v. Review the investment schedule and ensure that all computations have been done	N/A
7	<b>Receivables</b>	
	i. Ensure that there is an aged receivables listing that agrees to the general ledger/ trial balance	
	ii. Ensure that all provisions made are appropriately approved and are as per entity's policy	Complied
	iii. Ensure that the evidence of following up on long outstanding balances is available	
	iv. Document credit risk management for the receivables as at the end of closing period.	
8	<b>Inventories</b>	
	i. Ensure that an inventory count is conducted and the results match what is recorded in the general ledger/ trial balance	Complied
	ii. Ensure that all variances arising from the result above are well explained	N/A
	iii. Ensure that any impairments in value are accurately computed and presented in the trial balance	N/A
9	<b>Property plant and equipment &amp; Intangible assets</b>	
	i. Ensure the fixed assets register is up to date and agrees with the fixed asset movement and eventually to the general ledger / trial balance	
	ii. Conduct a verification exercise and ensure that all assets that are impaired are provided for;	Complied
	iii. Ensure all assets that are being held as collateral for the entity borrowing are clearly identified and documented in the fixed asset file	N/A
	iv. Update the list of fully depreciated asset and their condition as at the end of the reporting period	N/A
	v. Any work in progress included under PPE should be detailed and confirmed that indeed it was not complete as at the end of fiscal year	N/A
	vi. Confirm adequacy of insurance for all the assets held	Complied
	vii. Prepare a fixed asset movement schedule	Complied
	viii. Ensure that the movement schedule agrees to the following;	Complied



	ix. The opening balances on both cost and accumulated depreciation agrees to the prior year signed financial statements	Complied
	x. The depreciation charge for the year agrees to the depreciation in the statement of financial performance	
	xi. The net book value agrees to the amount disclosed in the Statement of Financial Position	
10	<b>Biological assets</b>	Complied
	i. Perform a count at the end of the period	
	ii. Ensure that the fair value is computed accurately and that all assumptions are well documented	
	iii. Ensure that the fair value adjustments have been accurately passed to reflect the change in valuation in the statement of Financial Performance	
11	<b>Accounts payable: Trade payables</b>	Complied
	i. Obtain the aged payable listing and ensure that they agree to the general ledger	
	ii. Review all unpaid invoices and ensure that all expenses relating to the fiscal year are accrued accurately	
	iii. Ensure any long outstanding payables have been written off after appropriate approval has been obtained	In Progress
	<b>Accounts payable: Differed Income</b>	N/A
	i. Ensure that the differed income has been adjusted correctly having recognized income that relate to the current fiscal ear	
	ii. Ensure that there is clear documentation and support for classifying the amount as differed income	
12	<b>Accounts payable: Unexpended Grants</b>	N/A
	i. Prepare the unexpended grants movement schedule	
	ii. Ensure that the opening balances agree to the prior year audited financial statements	
	iii. Ensure that the income and expenditure are fully supported and agree to what was received in the current year	
13	<b>Funds/ Reserves</b>	Complied
	i. Ensure that the amount in the trial balance agrees to the prior year audited financial statements	
	ii. Prepare a movement incorporating any changes in the year and maintain the accuracy of the figure	



14	<b>Revenue</b>	
	i. Ensure that all revenue schedules are prepared disclosing the date the income was received, the source, cheque number, etc.	Complied
	ii. Ensure that the key prices schedules of all goods/ services sold by the entity is available	Complied
	iii. Ensure that all discounts awarded during the year are well supported and relevant approvals are available	Complied
	iv. Ensure that the most revised copy of rental agreements is available	Complied
	v. Ensure that any grants received from donors are well recorded (restricted/ unrestricted) as per the donor agreements	N/A
	vi. Ensure transfer from MDA are correctly classified as recurrent and development and are disclosed appropriately	Complied
	vii. Transfer from MDAs MUST agree with the MDA records as at the end of reporting period	
	viii. Ensure revenue recognition as per the accounting policies and the respective financial reporting framework	
15	<b>Expenditure</b>	
	i. Ensure that all supporting documentation of expenditure are filed in an orderly manner	Complied
	ii. Ensure that all expenses are recorded including accruals made at the end of the year	
	iii. Ensure that expenditure reports sent to donor are also available and that they agree to what is in the trial balance within any difference being explained	N/A
16	<b>Inter-entity balances</b>	
	i. Liaise with the ministry at lease quarterly to reconcile the amounts received from what was dispatched to ensure accuracy of the figures	Complied
	ii. Ensure that the amounts received are clearly differentiated between recurrent and development and that a detailed schedule of when the funds was received and from who	
	iii. Ensure that any funds received in the subsequent month that relate to the year that is coming to an end are accrued for accurately and reported in the year under review	N/A
	iv. Ensure that there is a detailed disclosure for the inter entity balances in the financial statements for ease of reconciliation with amount disclosed by the ministry.	Complied



17	<b>Disclosures</b>	
	i. Ensure that all amounts disclosed in the financial statements are fully supported by notes and that the amounts on the face of the financials agree to the amounts disclosed in the notes	Complied
	ii. Ensure that the inter entity notes clearly indicates funds meant for recurrent expenditure and funds meant for development expenditure with a detailed breakdown of when the funds were received and from which ministry	Complied
	iii. Ensure that all rental agreement is available and support the operating lease disclosure	Complied
	iv. Ensure that all donor agreements are available and prepare the grant movement schedule for restricted grants ensuring that the opening balances agrees to the prior year signed financial statements, income received agrees to the bank statement and receipts issued and the income recognized agrees to the expenditure spent duringg the period under review	N/A
	v. Prepare IFRS7/IPSAS 30 disclosures ensuring that all amounts disclosed agree to the trial balance and the draft financial statements	Complied
	vi. Ensure that any related party balances are disclosed separately with clear descriptions included in the notes to ensure understandability to the users of the financial statements	N/A
	vii. Ensure that subsequent events that may affect the information disclosed in the financial statements are disclosed with clear descriptions and provisions made if necessary.	N/A
	viii. Review any litigation matters that are pending in court and liaise with your legal representative to ensure that all contingent liabilities are disclosed in the financial statements with any provisions being made in the payables	Complied
	ix. Ensure that the notes to cash clearly indicates the banks where the cash is being held for both cash at bank and any short- and long-term deposits	Complied
18	<b>Donor Funded projects</b>	
	i. Ensure all donor funded projects are taken stock of; i.e., determining the projects that started during the year, continuing and closed projects.	
	ii. Determine based on the donor agreement whether a separate financial statement is required for the project	
	iii. Prepare project financial statements based on the requirements stipulated in the government Grant Agreement	
	iv. Ensure actual receipts and payments are compared with the budget and explanation for variation documented	Complied



v. Ensure compliance with donor agreement terms and conditions and summarize issues of non-compliance	N/A
vi. The Projects Financial Statements should be prepared in accordance either IPSAS Cash basis template issued by the PSASB of Kenya as included in the National Treasury Website	
vii. Where a separate bank account is maintained for the project, ensure a reconciliation for the bank and cash balances as at the end of reporting period	
viii. Before submission of the projects financial statement to OAG with a copy to COB and national treasury, ensure internal reviews are carried out.	
ix. Ensure the donor confirms funds transferred and any commitments from them and if there were costs which were paid by the donor on behalf of the entity, they should also be confirmed	
x. A listing of assets acquired using donor funds but expensed should also be maintained and the status of such assets as at the end of reporting period.	

Name of chief finance officer or any other officer reviewing:

Sign: 

Date of review: 30/12/2024



