

REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	09 APR 2015 DAY.
TABLED BY:	Hon. Njirani Wazir MP Deputy Majority Whip
CLERK-AT THE-TABLE:	Halina Ahmed

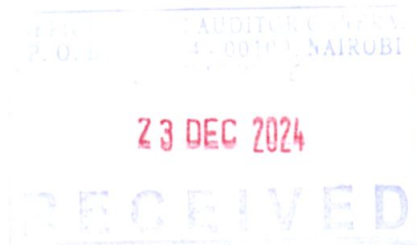
OF

THE AUDITOR-GENERAL

ON

THE TEA BOARD OF KENYA

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



TEA BOARD OF KENYA

Realizing the Tea Promise

THE TEA BOARD OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

**Prepared in accordance with the Accrual Basis of Accounting Method under
the International Public Sector Accounting Standards (IPSAS)**

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.



The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Table of Contents.....	Page
1. Acronyms, Abbreviations and Glossary of Terms.....	iii
2. Key Entity Information and Management.....	iv
3. The Board of Directors.....	xii
4. Key Management Team.....	xx
5. Chairman’s Statement.....	xxviii
6. Report of the Chief Executive Officer.....	xxx
7. Statement of Performance against Predetermined Objectives for FY 2023-2024	xxxii
8. Corporate Governance Statement.....	xxxviii
9. Management Discussion and Analysis.....	li
10. Environmental and Sustainability Reporting.....	lv
11. Report of the Directors.....	lxii
9. Statement of Directors Responsibilities.....	lxiv
10. Report of the Independent Auditor for the Financial Statements of the Tea Board of Kenya.....	lxvi
11. Statement of Financial Performance for the year ended 30 June 2024	1
15 Statement of Financial Position as at 30 June 2024.....	3
16. Statement of Changes in Net Assets for the year ended 30 June 2024.....	5
17. Statement of Cash Flows for the year ended 30 June 2024.....	6
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024.....	8
Budget Notes.....	9
19. Notes to the Financial Statements.....	11
20. Appendices.....	50

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CBK	Central Bank of Kenya
CEO	Chief Executive Officer
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KES	Kenya Shillings
MDAs	Ministries, Departments and Agencies
MOALD	Ministry of Agriculture and Livestock Development
NT	National Treasury
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
TBK	Tea Board of Kenya

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

Board – Means the Tea Board of Kenya

2. Key Entity Information and Management

(a) Background information

The Tea Board of Kenya (TBK) is a State Corporation under the Ministry of Agriculture and Livestock Development established under Section 3 of Tea Act, 2020. The Tea Act, 2020, which came into effect on 11th January 2021 provides for the development, promotion and regulation of the Tea Industry and for connected purposes. The enactment of the Tea Act is the culmination of a process of reforms for the tea subsector geared towards a sustainable and profitable tea sector for the benefit of all the tea value chain players. Prior to the coming into effect of the Tea Act, 2020, development, promotion and regulation of the tea industry was being undertaken by the Agriculture and Food Authority (AFA).

The Tea Board of Kenya is located on Naivasha Road, Off-Ngong Road and has two regional offices, one in Mombasa at Tea House Mombasa along Ngonyo Road and the other in Kericho at Ndege Chai building off Kericho-Kisumu Road. TBK has seven (7) directorates (Compliance and Surveillance; Registration, Licensing and Standards; Capacity Building, Research and Innovation; Trade Advisory and Market Development; Corporate Services; Corporation Secretary/Legal Services Directorate; and Internal Audit and Risk Assurance) and two (2) departments (Planning and Strategy Department; and Supply Chain Management Department

(b) Principal Activities

The following are the functions of the Tea Board of Kenya as provided for under Section 5 of the Tea Act, 2020:

- i. Develop, promote and regulate the development of the tea industry;
- ii. Co-ordinate the activities of individuals and organizations within the tea industry;
- iii. Facilitate equitable access to the resources, facilities and benefits of the tea industry by all interested parties;

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

- iv. Make recommendations to the Cabinet Secretary on the formulation of policies, plans and strategies for the regulation of the tea sector;
- v. Register tea factories, small scale tea growers, medium scale tea growers, large scale tea growers, warehouse operators, tea packers, tea buyers, exporters, importers, tea brokers, management agents, tea auction organizers, commercial tea nurseries and commercial green leaf transporters;
- vi. License manufacturers;
- vii. Promote best practices and standards in the production, processing, marketing grading, storage, collection, transportation and warehousing of tea;
- viii. Facilitate marketing and distribution of tea through gathering and dissemination of market information and monitoring of the local and global supply demand situation;
- ix. Co-ordinate prioritization of research in tea;
- x. Regulate the sale, import and exports of tea;
- xi. Develop, implement and coordinate a national tea marketing strategy;
- xii. Prescribe the maximum period and minimum amount for payment of green leaf;
- xiii. Promote and advise on strategies for value addition and product diversification;
- xiv. Promote demand and consumption of tea locally and internationally;
- xv. Identify market needs and trends and advise the Cabinet Secretary on issues related to national and international tea trade;
- xvi. Collaborate with national and international trade bodies on tea related matters;
- xvii. Monitor, conduct surveillance and enforce compliance with tea standards, the Act and any regulations made under it;
- xviii. Advise the national government on levies, fees and import or export duties on tea;
- xix. Advise the county governments on agricultural cess and fees;
- xx. Oversee the efficient utilization of available Board's funds;
- xxi. Undertake capacity building, technology transfer and technical assistance to the counties on matters related to tea; and
- xxii. Carry out such other functions as may be assigned to it by the Act, and any written law while respecting the roles of the two levels of governments.

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

Vision



“A globally competitive, profitable and sustainable tea industry.”

Mission




“To effectively develop, regulate and promote the Kenya tea industry for socio-economic growth of the country”.

Strategic Objectives

- i. To ensure adherence to set quality standards on Greenleaf and made tea. To facilitate value addition in tea from 5% to 50% by June 2027.
- ii. To enhance market access and integration into global value chains from 70 markets to 98 markets by June 2027.
- iii. To ensure guaranteed minimum return to the tea growers from 59.02 to KES. 100 by June 2027.
- iv. To enhance compliance to the Tea Act, 2020, Tea Regulations and Tea Standards.
- v. To strengthen Tea Board of Kenya Institutional framework to effectively deliver on its mandate.
- vi. To facilitate adaptation to and mitigation against effects of climate change by June 2027.

Core Values		
	Collaboration:	We shall adopt a consultative and participatory approach with all our stakeholders in delivering a competitive and sustainable tea industry.
	Customer focus:	We shall provide quality services and build strong customer relations.

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

	<p>Innovativeness:</p>	<p>We shall continuously infuse creativity and innovation in our business processes in order to enhance service delivery.</p>
	<p>Integrity:</p>	<p>We shall uphold high moral and ethical standards, accountability and transparency in our operations and in the tea industry.</p>
	<p>Professionalism:</p>	<p>We shall uphold high professional standards in discharging our mandate</p>

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

(c) Key Management

The Tea Board of Kenya day-to-day management is under the following key organs:

No.	Designation	Name
1.	Chief Executive Officer	Willy K. Mutai
2.	Director, Trade Advisory, Promotion & Marketing	Rosemary Owino
3.	Director, Compliance and Surveillance	Samuel Njane
4.	Ag. Director, Registration, Licensing & Standards	Julius Kingóo
5.	Ag. Director, Capacity Building & Research	Wekesa Khisa
6.	Director, Corporate Services	Peter Macharia
7.	Director, Legal Services and Corporation Secretary	Peris Mudida
8.	Director, Planning and Strategy	Peter Kibiku
9.	Director, Internal Audit & Risk Assurance	Beatrice Githinji

(a) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chief Executive Officer	Willy Mutai
2.	Director, Trade Advisory, Promotion & Marketing	Rosemary Owino
3.	Director, Compliance and Surveillance	Samuel Njane
4.	Ag. Director, Registration, Licensing & Standards	Julius Kingóo
5.	Ag. Director, Capacity Building & Research	Wekesa Khisa
6.	Director, Corporate Services Corporation Secretary	Peter Macharia Peris Mudida
7.	Director, Planning and Strategy Department	Peter Kibiku
8.	Director, Internal Audit & Risk Assurance	Beatrice Githinji
9.	Deputy Director, Finance & Accounts Department	John Kariuki
10.	Deputy Director, Human Resource & Administration	Serah Muchunu

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

11.	Deputy Director, Information and Communications Technology	Amos Mulievi
12.	Principal Officer, Corporate Communication	Enock Matte
13.	Ag. Principal Supply Chain Management Officer	Doreen Mutheu

(b) Fiduciary Oversight Arrangements

Audit and Risk Committee

The Committee of the Board is responsible for reviewing the systems that have been established at TBK to ensure sound public financial management and internal controls, formulate risk management policies as well as ensure compliance with policies, laws, regulations, procedures, plans and ethics. The Committee's role is to ensure integrity in the Board's financial reports, review financial and statutory reporting obligations, advice on risk identification and mitigation measures, and check on the effectiveness and robustness of internal control measures.

Human Resource and Finance Committee

The Committee of the Board oversees staff and finance matters of the Board and provide oversight role on matters relating to staff, finance and general management of the Board. Specific roles include oversight in formulation of the strategy and human resource instruments, implementation of staff remuneration, review and setting of performance targets, negotiate with government on performance contract and approve quarterly performance and end-year evaluation reports. Consider and recommend for approval by the Board the operational and administrative policies and procedures; consider progress reports on financial matters; formulation of procurement plans and also recommend for the Board's approval the annual financial budgets for TBK as well as quarterly financial performance reports.

Office of the Auditor General (OAG)

The Office of the Auditor General (OAG) audits and report on the use and management of public resources entrusted with the Board with the aim of providing valuable information on whether the resources have been utilised efficiently and effectively towards realisation of the Boards service delivery objectives.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Parliamentary Committee Activities

The Public Investment Committee is responsible for the examination of the reports issued by the Auditor General on financial statements and affairs of the Board in relation to the management of public resources entrusted with the Board.

Inspectorate of State Corporations (ISC)

The Inspectorate of State Corporations ensures that there is effective management of the Board by advising on all matters affecting effective running of the Board; evaluating actual results of operations and management by the Board; advising on the administration of performance contracts; periodically reporting to the relevant arms of Government on management practices within the Board; monitoring utilization of moneys appropriated by Parliament; conducting special investigations on any state corporation on behalf of the State Corporations Advisory Committee and the Auditor-General.

(c) TBK Headquarters

P.O. Box 20064-00200
Tea House
Naivasha Road, off Ngong Rd
NAIROBI, KENYA

(d) TBK Contacts

Telephone: (254) 722200556/734600944
E-mail: info@teaboard.or.ke
Website: www.teaboard.or.ke

(e) TBK Bankers

National Bank of Kenya Ltd
Harambee Avenue
P.O. Box 72866-00200
NAIROBI, KENYA

Citibank N.A Kenya
Upperhill Road
P.O Box 30711-00100
NAIROBI, KENYA

Co-operative Bank
Parliament Road

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

P.O Box 48231-00100

NAIROBI, KENYA

(f) Independent Auditor

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(g) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

3. The Board of Directors

	Directors	Details
1.	 <p>Name: Mr. Jacob Kamau Kahi Designation: Chairman of the Board Date of Birth: 2nd December 1953 Term Appointed on 9th June 2023</p>	<p>Mr. Jacob Kamau Kahi is a seasoned tea expert having a wealth of experience in tea matters spanning over forty-five years. He holds an “A” level certificate and has trained on tea matters in the UK at the London Tea Auction. After training, he joined Unilever Tea as one of the country managers. In 1987, he founded his own tea company and retired in the year 2024.</p>
2.	 <p>Name: Mr. Charles Mwangi Kirigwi Designation: Non-Executive Independent Director, representing Small Scale and Medium Scale Tea Growers-East of Rift Block Date of Birth: 28th February 1972 Term: Appointed on 14th January 2022</p>	<p>Mr. Kirigwi has vast experience in tea matters having served in various Boards within the tea sub-sector. He served as a Director of Ikumbi Tea Factory (2007-2013). He was a Member of the Board of Kenya Tea Development Agency (KTDA) from 2009 to 2012. He has also served in the Board of Management of several schools. He has experience both in the Public and Private Sector having worked with the County Government of Muranga as a Member to the County Assembly and in the Banking industry in various capacities</p> <p>He is also a tea grower in Murang’a County and chairs the Strategy, Market Promotion and Research & Development Committee of the Board.</p> <p>Mr. Kirigwi holds a B.Sc. (Information Technology), Muranga University of Technology - 2017 and a Diploma (Banking), Kenya National Examinations Council -1996. He is currently pursuing a</p>

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

3.



Name: Ms. Florence Nkatha Mutembei
Designation: Non-Executive Independent Director, representing Small Scale and Medium Scale Tea Growers - East of Rift Block
Date of Birth: 04th July 1979
Term: Appointed on 14th January 2022

Masters Degree in Information Technology. He has acquired skills in Corporate Governance and is also a Member of the Computer Society of Kenya.

Ms. Mutembei has wide range of experience in Business and also in the Co-operatives Sector.

Ms Mutembei worked at Thamani SACCO Ltd. - Chuka in various capacities rising up to management level. She serves in the Board of management of Gianchuru Secondary School. She is the Chairperson of Murang'a University Alumni. She is a tea grower in Tharaka Nithi County. She chairs the Human Resources and Finance Committee of the Board.

Ms. Mutembei holds a Bachelor of Business Management (Accounting Option) from Mount Kenya University (2016). She also holds a Certified Public Accountants Part I Certificate and a Certified Credit Professional (CCP) Part II Certificate.

She has also attended several Corporate Governance courses.

4.



Name: Mr. Kennedy Mochere Kaburi
Designation: Non-Executive Independent Director, representing Small Scale and

Mr. Kaburi has a wide range of experience in Business in particular Real Estate and Property Management. He has served in the Board of Management of Sunshine Secondary School and Loreto Girls School. Mr. Kaburi is also a tea grower in Nyamira County and chairs the Audit and Risk Committee of the Board. He chairs Audit & Risk committee of the Board.

Mr. Kaburi holds a Bachelor of Commerce (Accounting & Auditing option) degree. He has undertaken several courses in Corporate Governance.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Medium Scale Tea Growers-West
of Rift Block

Date of Birth: 24th October
1968

Term: Appointed on 14th
January 2022

5.



Name: Mr. Josephat Gathiru
Muhunyu

Designation: Alternate to the
Principal Secretary, Ministry of
Agriculture and Livestock
Development

Date of birth: 1st January, 1963

Term: Appointed on 21st
January 2022 to 26th November
2023

Mr. Muhunyu has vast experience in the Public Service and over 20 years serving in various technical, management and leadership capacities at the Ministry of Agriculture. He was the Agriculture Secretary at the Ministry of Agriculture, Livestock, Fisheries and Co-operatives and retired on 31st December 2023. He served in the Human Resources & Finance, Strategy, Market Promotion & Research Development, Compliance & Capacity Building Committees of the Board.

He served in several Boards of State Corporations as the alternate Board member representing the Principal Secretary State Department for Agriculture, Ministry of Agriculture and Livestock Development.

Mr. Muhunyu holds a Master degree in Agricultural Sciences (Sustainable Rural Development), a Bachelor of Science degree in Agriculture and a Post Graduate Diploma in Education.

He has attended several strategic leadership development programs and senior management courses as well as courses on risk communication on biotechnology & biosafety aspects and project management cycle and monitoring & evaluation.

Mr. Muhunyu is currently pursuing a PhD in Dry-land Agriculture & Resource Management.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.



Name; Mr. Harun R. Khator,
OGW

Designation: Alternate to the
Principal Secretary, State
Department for Agriculture,
Ministry of Agriculture and
Livestock Development

Date of birth: 25th June 1971

Term: Appointed on 27th
November 2023

Mr Khator has extensive experience in the public sector. He is currently the Secretary Administration (SA) State Department for Agriculture, Ministry of Agriculture and Livestock Development. He previously worked as a Deputy Director, Office of The Director of Public Prosecutions. He also worked in the State Department for Industrialization and the State Department for Fisheries and the Blue Economy as Director Administration. Mr. Khator has served as a County Commissioner in various counties as well as a District Commissioner. He is currently the alternate Board member representing the Principal Secretary State Department for Agriculture at the Agriculture and Food Authority (AFA). He is a Member of Kenya Association for Public Administration and Management (KAPAM).

Mr. Khator holds a Bachelors Degree in Arts from the University of Karachi and a Masters of Arts Degree in Political Science. He has attended several strategic leadership development programs, senior management & Public Policy courses among others. Mr Khator is currently pursuing a Masters Degree in Security Management and Police Studies from Kenyatta University.

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**



Name: Mr. Richard Bii
Designation: Alternate to the Principal Secretary, State Department for Agriculture, Ministry of Agriculture and Livestock Development
Date of birth: 12th December 1968
Term: Appointed on 17th May 2024

Mr. Bii has had an illustrious career spanning over 28 years in the public sector. He is currently the Head of Supply Chain Management Services in the State Department for Agriculture, Ministry of Agriculture and Livestock Development. He holds a Master of Science (Msc) Degree in Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology (JKUAT), a Bachelor of Commerce Degree (Business Administration option) from the University of Nairobi (UON) and a Graduate Diploma of the Chartered Institute of Purchasing and Supply, CIPS (UK).

He has attended several courses both within and overseas on Leadership and Management.

Mr. Bii is a member of the Chartered Institute of Purchasing and Supplies – UK and Kenya Institute of Supplies Management (KISM) -Kenya.

Mr. Nderitu has a wide range of experience in the Public Sector having worked with the National Treasury for over 16 years in Public Finance Management; Government Investment and Public Enterprises operations. Mr. Nderitu has also worked in the Private Sector (Dairy industry) in Sales Accounting and Internal Controls.

He served in the Human Resources & Finance, Audit & Risk and Regulation, compliance and Capacity Building Committees of the Board.

He has served in several Boards of the State Corporations as an alternate Board Member representing the Principal Secretary National Treasury and Economic Planning.

6.



Name: Mr. Anthony Ndegwa Nderitu
Designation: Alternate to the Principal Secretary, National Treasury and Economic Planning.
Date of birth: 6th February, 1977

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

	<p>Term: Appointed on 10th March 2022</p>	<p>Mr. Nderitu holds a Bachelor of Commerce degree Accounting Option and is also a Certified Public Accountant of Kenya (CPA-K).</p>
<p>7.</p>	 <p>Name: Mr. Michael Sali Mandu Designation: Alternate to the Principal Secretary, State Department for Trade, Ministry of Trade, Investments & Industry Date of birth: 9th October, 1968 Term: Appointed on 13th June, 2022</p>	<p>Mr. Mandu has a wide range of experience in the Public Sector spanning over 30 years out of which 7½ were in the Diplomatic Service. He has served in several Boards of State Corporations as an alternate Board member representing the Principal Secretary State Department for Trade. He has also been involved in various export promotion programs as a trade negotiator in trade bilateral engagements and headed the Secretariat that helped midwife the Kenya-UK Economic Partnership Agreement (EPA). He is currently leading the Kenya-UAE EPA negotiations Secretariat.</p> <p>Mr. Mandu holds a Bachelor of Arts degree and a Post Graduate Diploma in Entrepreneurship development. He is also trained in Strategic Leadership.</p>
<p>8.</p>	 <p>Name: Mr. Willy K. Mutai Designation: Chief Executive Officer Date of birth: 1st January, 1978 Term: Appointed on 23rd November 2023</p>	<p>Mr. Mutai joined the Board in October 2008 and has served in several capacities and was acting as the Director, Capacity Building, Research and Innovation prior to his appointment as CEO.</p> <p>He is responsible for the day-to-day management of the overall affairs of the Board. Ensuring the achievement of the mandate, objectives and strategy of the Board through formulation of policies, prudent management of resources, including financial and human resources. Implementation of the Board of Directors decisions and enhancing the corporate image of the Board.</p>

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

9.



Name: Ms. Peris Mudida

Designation: Ag. Chief Executive Officer between 1st July 2023 to 23rd November 2023/ Corporation Secretary.

Date of birth: 30th March, 1972

Term:

Mr. Mutai holds a Master of Business Administration; Bachelor of Science in Agriculture; Diploma in Human Resource Management; Short training course on Pollution-free Tea Production Technology for Developing Countries; (KSG Senior Management Course; Member of Kenya Institute of Management (KIM);

Ms. Mudida has vast experience spanning over 20 years in both the public and private sector. She has over 12 years' experience in the tea industry in various management and leadership positions. She served as the Ag. Chief Executive Officer of the Tea Board of Kenya from the establishment of the Tea Board of Kenya in 2021 until 23rd November 2023. She was also the Director Legal Services/Corporation Secretary during the same period, a position which she holds to date.

During her tenure as the Ag CEO, Ms. Mudida spearheaded various reforms in the tea industry.

While working for the Agriculture and Food Authority Ms. Mudida was instrumental in the formulation of various regulations for the various crops regulated by the Agriculture and Food Authority.

Ms. Mudida is an advocate of the High Court of Kenya and a Certified Public Secretary. She holds a Bachelor of Law Degree (LL.B Hons), a Post Graduate Diploma in Law, a Diploma in Business Management and a Certificate in Supply Chain. She is a member of the Law Society of Kenya and the Institute of Certified Secretaries (ICS). She is pursuing a Master of Law Degree at the University of Nairobi.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

She is trained in corporate governance and has undertaken various leadership development and senior management courses.

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

4. Key Management Team

#	Management	Details
1.	 <p>Willy K. Mutai Chief Executive Officer; Master of Business Administration; Bachelor of Science in Agriculture; Diploma in Human Resource Management; Short training course on Pollution-free Tea Production Technology for Developing Countries; (KSG Senior Management Course; Member of Kenya Institute of Management (KIM);</p>	<p>Mr. Mutai joined the Board in October 2008. He is responsible for the day-to-day management of the overall affairs of the Board. Ensuring the achievement of the mandate, objectives and strategy of the Board through formulation of policies, prudent management of resources, including financial and human resources. Implementation of the Board of Directors decisions and enhancing the corporate image of the Board.</p>
2.	 <p>Peter K. Macharia Director, Corporate Services Master of Business Administration – Finance option(ongoing); Bachelor of Arts (Economics); Certified Public Accountant (CPA); Member of the Institute of Certified Public Accountants of Kenya (ICPAK);</p>	<p>Mr. Macharia joined the Board in May 2005 and oversees the Corporate Services Directorate of the Board.</p> <p>He is responsible for efficient and effective management of the corporate affairs of the Board including finance, accounts, human resource, administration, information communication technology and corporate communication functions of the Board.</p>

3.



Rosemary A. Owino
Director, Trade Advisory, Promotion and Marketing

Master of Business Administration (Marketing option); Bachelor of Science (Biochemistry option); Chartered Institute of Marketing (CIM) Post Graduate Diploma in Marketing; Member of the Marketing Society of Kenya (MSK)

Ms. Owino joined the Board in March 2009 and oversees the Trade Advisory, promotion and Marketing Directorate of the Board.

She is responsible for the overall coordination and management of promotion and marketing of Kenya tea in both the local and international markets.

4.



Samuel N. Njane
Director, Compliance and Surveillance

Master of Business Administration (Strategic Management); Bachelor of Science in Agricultural Education and Extension; Diploma in Principles of Modern Management; Diploma in Sales & Marketing; Diploma in Advertising & Public Relations; Member of Kenya Institute of Management (KIM)

Mr. Njane joined the Board in April 2005 and oversees the Compliance, Monitoring and Surveillance function of the Board.

He coordinates compliance with the Tea Act 2020, regulations and standards in the production, processing, marketing, grading, storage, collection, transportation and warehousing of tea. His role also includes overseeing the development, implementation and review of policies, strategies, standards, plans and regulations on compliance and surveillance.

5.



Julius Mwanzia King'oo
Ag. Director, Registration, Licensing & Standards

Master of Business Administration (Strategic Management); Bachelor of Science in Food Science and Technology (First Class Hons.); A Lead Auditor and Lead Tutor in Managements Systems: Quality Management, Food Safety Management, Environment Management; Occupational Health & Safety and Sector- and Customer-Specific Schemes. Member of Kenya Institute of Food Science & Technology Platform of Kenya (FOSTEP-K).

Mr. Mwanzia joined the Board in August 2010 and oversees the Registration, Licensing & Standards and quality control function of the Board.

He coordinates all licensing and registration of stakeholders dealing in tea, development of standards in production, processing, marketing, grading, storage, collection, transportation and warehousing of tea and in quality control of tea produced in Kenya. His role also includes overseeing the development, implementation and review of policies, strategies, standards, plans and regulations on Registration, Licensing & Standards.

6.



Wekesa Khisa
Ag. Director, Capacity Building, Research

Mr. Wekesa joined the Board in October 2004 and heads Capacity Building, Research and Innovation.

He is responsible for the overall coordination and management of capacity building, research, and innovation functions of the Board.

and Innovation

Master of Business Administration; Bachelor of Agribusiness Management; Diploma in Marketing; Member of Marketing Society of Kenya; Member of Kenya Institute of Management.

1



**Peris Mudida
Director, Legal Services and
Corporation Secretary**

Master of Laws (Ongoing), Bachelor of Laws Degree (LLB Hons); Certified Public Secretary CPS(K); Post Graduate Diploma in Law; Diploma in Business Management; Certificate in Supply Chain Management; Advocate of the High Court of Kenya; Member Law Society of Kenya (LSK) and Member of the Institute of Certified Secretaries (ICS).

Ms. Mudida is a public sector Secretary and Legal Advisor with over 20 years' experience.

She joined the Board in July 2010 and is responsible for providing secretarial services to the Board; advising on corporate governance and legal matters within the Board; advising on development of industry regulations and guidelines, managing the litigation function and overseeing legal representation of the Board.

7.



Peter N. Kibiku
Director, Planning and Strategy
Master of Business Administration;
Bachelor of Science; SPSS; Member of
Operations Management Society of Kenya

Mr. Kibiku joined the Board in July 2002 and heads Research and Innovation department of the Board.

He is responsible for developing, implementing and review of policies and strategies for the organization; performance management; monitoring & evaluation of programmes and activities; and enterprise risk management.

8.



Beatrice W. Githinji
Director, Risk and Internal Audit

Master of Business Administration (Finance option); Bachelor of Arts (Economics); Certified Public Accountants (K); Certified Information Systems Auditor (CISA); Member of Institute of Certified Public Accountants of Kenya; Member of Information Systems Audit and Control Association (ISACA); Member of Institute of Internal Auditors (IIAK)

Ms. Githinji joined the Board in June 2007 and heads the Risk and Internal Audit Directorate of the Board.

She is responsible for providing the Board with independent, objective assurance and consulting services to add value to and improve operations. Also responsible for ensuring that the Board accomplishes its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes.

9.



John Kariuki

Deputy Director, Finance and Accounts

Master of Science in Finance; Bachelor of Commerce; Certified Public Accountant (CPA-K); Member of the Institute of Certified Public Accountants of Kenya (ICPAK);

Mr. Kariuki joined the Board in January 2009 and heads the Finance and Accounts Department of the Board.

He is responsible for the management of the Board's financial resources including budget and budgetary control, working capital management, financial reporting, development and implementation of sound accounting and fiscal management systems at the Board

10.



Amos M. Mulievi

Deputy Director, Information, Communication Technology

Masters of Information Systems; Post Graduate Diploma in Computer Science; Bachelor of Education (Mathematics); Certified Information Systems Auditor; Member of Information Systems Audit and Control Association (ISACA)

Mr. Mulievi joined the Board in November 2011 and heads the Information, Communication Technology Department of the Board.

He is responsible for providing and promoting the use of information communication technology innovatively in delivery of services towards realization of the Board's mandate.

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

11.



Enock Matte
Assistant Director, Corporate Communications

Master of Arts (ongoing); Bachelor of Arts (Communication option); Member of the Public Relations Society of Kenya (PRSK)

Mr. Matte joined the Board in December 2013 and heads the Corporate Communications Technology Department of the Board.

He is responsible for managing the strategic communications with a view to enhancing the visibility of the Organization.

12.



Serah N. Muchunu
Ag. Deputy Director, Human Resource & Administration

Master of Science - Human Resource Management option (ongoing); Bachelor of Business Administration & Management; Certified Human Resource Professionals (K); CIC International Premier Diploma in Human Resource Management; Advanced Diploma in Business Management; Member of Institute of the Human Resource Management (IHRM)

Ms. Muchunu joined the Board in October 2011 and heads the Human Resource & Administration Department of the Board.

She is responsible for ensuring that the Board has Human Resource capacity that is adequately developed to enable it deliver on the overall mandate of the Board, develop and implement effective human resource policies, procedures and processes.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

13.



Doreen Mutheu
Ag. Principal Officer, Supply Chain Management

Bachelor of Supplies and Procurement,
CIPS Level 4, PRINCE 2 Certificate,
Certificate in Leadership Development
program,

Joined the Board in August 2022.
Ms. Mutheu is responsible for overall
management of the Supply chain
Department of the Board and
implementation of public
procurement laws, policies,
regulations, procedures and
guidelines in the board.

5. Chairman's Statement

The tea sub-sector remains key to the country's socio-economic development and support to livelihoods across the entire value chain. It also plays a significant role in contributing to employment creation, foreign exchange earnings and GDP growth as well as supporting the realization of Vision 2030 and the Bottom-Up Economic Transformation Agenda (BeTA).

Some of the key challenges facing the sub-sector include declining tea prices coupled with surplus stocks; poor governance practices among the institutions managing the smallholder tea sector; exploitation of tea farmers by middlemen through green leaf hawking malpractices; and declining quality and low levels of value addition and product diversification of Kenya tea.

During the year under review, the focus of the Board was driving implementation of reforms in the tea industry as envisaged in the Tea Act, 2020 aimed at addressing these challenges and emerging global challenges such as the effects of Russia-Ukraine Crisis and armed conflict in Sudan on tea sales, which has created increasing volumes of outlots at the auction.

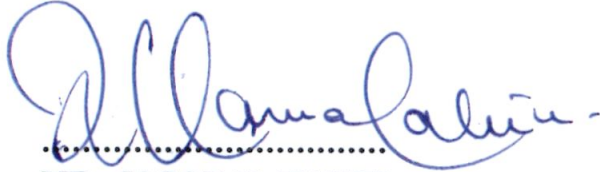
To curb Green leaf hawking/diversion, which is a malpractice perpetrated by tea producers/tea factories who collude with middlemen and tea growers to buy green leaf from other farmers usually at lower prices than the market prices and thus denying the growers their rightful earnings from sale of tea, TBK continued to conduct surveillance audits in tea catchment areas. Surveillance audits were also conducted on Greenleaf weighing falsification. To ensure better performance of the factories and improved returns to the tea farmers, the Board approved Management Agreements between the smallholder tea factories and KTDA-MS in line with the requirements of the Tea Act, 2020. In addition, the Board provided oversight in the conduct of elections for Directors of smallholder tea factories.

To enhance market access, the Board adopted the TBK's Promotion Plan for the financial year 2022/2023 for implementation and participated in trade missions and promotional activities in China and Hong Kong, Iran and Russia. To enhance absorption of surplus teas in the auction occasioned by increased supply against reduced demand occasioned by the global economic recessions affecting the markets, the Board held several consultative meetings with the tea buyers, brokers and producers and developed strategies to deal with this challenge.

The Board made substantial progress in the implementation of the Tea Act, 2020. To ensure effective regulation, development and promotion of the tea industry, the Board negotiated for an out of court settlement of petitions that had been filed by several stakeholders against implementation of some of the provisions of the Tea Act, 2020. The consent on an out of court settlement was filed and adopted by the court on Thursday 11th April 2024. I am glad to note that finalization of the court cases will pave the way for implementation of the sections

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

of the Tea Act that had been suspended by the court particularly the finalization and gazettelement of tea regulations under the Tea Act to effectively operationalize the Tea Act, 2020.



.....
MR. JACOB K. KAHU
CHAIRMAN

6. Report of the Chief Executive Officer

I am pleased to present the Tea Board of Kenya Annual Report and the Financial Statements for the financial year ended June 30, 2024.

The tea sub-sector plays a critical role in supporting realization of Vision 2030 and the Bottom Up Economic Transformation Agenda (BeTA). In this regard, tea has been prioritized under BeTA to support the agricultural pillar through enhancing growth in exports. Under BeTA, the sub-sector is expected to enhance the level of value-added tea exports from 2% in 2022 to 50% by 2027. This is expected to increase the value of tea exports from the current Kshs.180.57 Billion in 2023 to over Kshs.272 Billion by 2027 thereby improve the Foreign Exchange Balance by 2027; increase the earnings of smallholder tea farmers' earnings from the current average of Kshs. 59.02 in the FY 2022/23 per Kilogramme Greenleaf to over Kshs. 100 per kilogram by 2026/2027. This will also support devolution and employment creation as the sub-sector's primary production and processing activities are undertaken in the rural areas across the nineteen (19) tea growing counties.

During the year 2023, the performance of the sub-sector was impressive with the total export volume increasing by 16% (72.58 Million Kgs) from 450.33 Million Kgs recorded in 2022 to 522.92 Million Kgs. Total production of tea for the year 2023 was higher by 35.22 Million Kgs (6.58%) to stand at 570.26 Million Kgs against 535.04 Million Kgs for the year 2022. This was also a record crop achieved by the industry and was attributed to continued favourable weather conditions during the period between April to December during which "above-normal" mean rainfall was recorded in the two rainfall seasons ("Long rains"-March to May and "Short rains"-October to December). Production was also boosted by application of fertilizer through the Government fertilizer subsidy program to improve agricultural productivity. Other factors included licensing of additional processing factories in tea growing areas that had processing capacity potential with a view to reducing on the post-harvest losses.

During the period, Tea Board of Kenya continued to regulate, develop and promote the tea industry as mandated under the Tea Act, 2020. The Tea Board of Kenya also worked closely with the Ministry of Agriculture and Livestock, Development in driving the implementation of reforms envisaged in the Tea Act, 2020, MTP IV and Vision 2030. To ensure better returns to the tea growers, TBK undertook programmes on Capacity Building the Technical Assistants (TESAs) on good agricultural practices; addressed the cost of compliance to markets access requirements; explored strategies to lower the cost of energy and adoption of lower cost of plucking through Mechanical Tea Harvesting (MTH) technologies; and clustered the farmers along the factories for ease of access to subsidized fertilizer under the Government fertilizer subsidy programme. TBK also

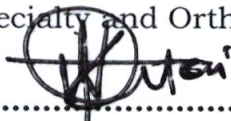
**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

facilitated the signing of the Management Agreements between smallholder tea factories and Kenya Tea Development Agency to pave way for implementation of measures aimed at reducing the costs borne by the tea farmers at the factory level such as seconded staff and Management Agency fee in accordance with the reforms provided for in the Tea Act, 2020.

To enhance compliance to the Tea Act, 2020 the Tea Board of Kenya in partnership with the Weights & Measurements Department under the Ministry of Trade and Industry undertook joint impromptu surveillance on Greenleaf weighing falsification. Surveillance Inspections to check on green leaf hawking and registration of green leaf transporters aimed at curbing malpractices was also undertaken in the tea growing areas. To deal with multiple registration of tea growers by the tea factories, TBK developed a universal Tea Growers Database for tea factories in Kenya. Several factory inspection audits were also undertaken to check on their compliance with the Tea Act, 2020.

The Tea Board of Kenya undertook several market development activities aimed at promoting Kenya tea. To enhance market access and Integration into the Global Value Chain, TBK promoted Kenya's value-added teas and specialty teas in China and Hong Kong; organized a Trade mission to Iran to expand market base for Kenya Orthodox teas in Iran and other Middle East countries and organized a high-level Goodwill Mission to Pakistan in order to restore the market share for Kenya Tea in Pakistan and avoid further decline in view of forex challenges facing the Pakistan market (which accounts for 40% of Kenya Tea Exports).

To enhance the Quality of tea produced in Kenya, TBK conducted blind tasting of teas from the licensed tea factories and included the fifteen (15) lowest ranked tea factories in the Strategic Tea Quality Improvement Programme (STQIP). Several samples drawn from the tea destined for export were also analyzed to ascertain their compliance to the Kenya tea standards and market requirements. On promotion of tea value addition and product diversification, a concept note for incentivizing value addition locally through establishment of a common user facility was finalised and approved by the National Treasury for implementation. TBK also undertook capacity building of tea factories on new technologies for specialty and Orthodox tea manufacturers.



.....
WILLY K MUTAI

Chief Executive Officer

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

7. Statement of Performance against Predetermined Objectives for FY 2023-2024

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Tea Board of Kenya has four (4) strategic pillars/ themes/issues and objectives within the last Strategic Plan for the FY 2022-2027 which was adopted in from the long-term strategic direction of the Board. These strategic pillars/ themes/ issues are:

1. Improve growers' earnings
2. Promote the level of value addition and market development
3. Strengthen the legal and regulatory framework
4. Enhance the institutional capacity.

Tea Board of Kenya develops its annual work plans based on the above six pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Tea Board of Kenya achieved its performance targets set for the FY 2022/2024 period for its six strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/ Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Improve growers' earnings	To ensure adherence to set quality standards on Greenleaf and made tea	Increase in the quality of tea produced Increase in tea auction prices	Conduct blind tasting of teas from the licensed tea factories for evaluation and ranking them, Implement the Strategic Tea Quality Improvement Programme (STQIP) in selected fifteen (15) lowest ranked tea factories; Capacity build tea manufacturers /Makers on new technologies in manufacturing and new products,	STQIP programme undertaken in five factories that were coached by tea experts (Nyansiongo Tea Factory, Rorok Tea Factory, Kapset Tea Factory, Keberigo Tea) Undertook capacity building training on new technologies for specialty and Orthodox tea manufacturers at Chinga Tea Factory

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

				from 23rd -25th April 2024.
			Capacity-building County Agriculture Officers, TESAs, and Field Agriculture Officers on good agricultural practices and best environmental practices in tea;	- Capacity building was undertaken for county extension officers and the TESAs on 11th to 15th March 2024 in Kericho and 18th to 22nd March 2024 in Kerugoya
	To ensure guaranteed minimum return to the tea growers	Reduce the Cost of processing to less than K.sh 100 Per Kg of Made Tea	Conduct a baseline survey on the Cost of Production, processing and marketing, net margin analysis for the Kenya tea industry and undertake a comparative analysis of the COP and other capital outlays of fifteen smallholder factories from both the East and West Tea blocks; Disseminate the findings with recommendations on cost control measures. Undertake a survey on alternative sources renewal energy and cost implication and disseminate the findings to industry players for adoption	Baseline survey on the Cost of Production, processing and marketing, net margin analysis was done. Baseline survey on alternative sources of renewal energy and cost implication findings disseminated to the industry players

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

			Facilitate access to lower cost of fertilizer	Clustered the tea farmers according to the factories to facilitate access to fertilizer at reduced cost under the Government fertilizer subsidy programme
			Reduction of the costs borne by the tea farmers at the factory level	Generic Management Agent Agreement was developed and released for implementation. All 19 smallholder tea factories in the west-of-rift and 17 factories in the east-of-rift signed their reviewed management agreement in April 2024 in readiness for implementation in July 2024.
	To facilitate adaptation to and mitigation against effects of climate change	Increased No of factories complying with the wood fuel sustainability guidelines of ration 4:1/Total No of Tea factories * 100	Evaluate Wood Fuel Development Plan submitted by the factories at the point of license application.	Evaluated Wood Fuel Development Plan submitted by the factories prior to issuance of tea manufacturing licenses.
		Increased sources for wood fuel for factories	Mobilize communities living around tea catchment areas to plant trees.	Mobilized the community to plant trees on 21st May 2024 during the International Tea Day Celebration held in Nandi County.
2. Promote the level of value addition and	To facilitate value addition in tea;	To enhance the level of value addition and	Develop a concept paper on	Concept note developed and

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

market development	product diversification	incentivizing value addition Equip the incubation center. Capacity building SMEs on manufacture of specialty teas, value addition and product diversification in collaboration with Tea Research Institute.	tea approved by the National Treasury Procurement of equipment for incubation center equipment commenced
To enhance market access and integration into global value chains	Increased number of markets Enhanced global market share from 24% to 30% Increased earnings of Kenya tea Enhanced visibility of Kenya tea in the international markets;	Review and domesticate the proposed expansion strategies for the three identified markets of UAE, Saudi Arabia and Iran and commence implementation for the first year as identified in the strategies to these markets (30%); Implementation of the global market expansion strategy for the identified markets	<ul style="list-style-type: none"> - Review of the market expansion strategy was completed, and reports shared with stakeholders in two different forums in Nairobi and Mombasa - Trade mission to Iran to expand market base for Kenya Orthodox teas in Iran and other middle east countries was undertaken in April 2024 - Trade Mission to Hong Kong was undertaken in August 2023 and to China in May 2024 with Benny Tea

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

3. Strengthen the legal and regulatory framework	To enhance compliance to the Tea Act, 2020, Tea Regulations and Tea Standard	Reduce green leaf weighing malpractices Increase in farm gate tea prices Generic management agreements for smallholder tea factories	Undertake quarterly surveillance on green leaf weighing scales and disseminate findings and recommendations to the affected tea factories;	Undertook 88 tea factories and 146 compliance monitoring inspections
		Reduce contraband and poor-quality teas in the Kenya tea market	Conduct quarterly Border Points Surveillance along 9 border points Conduct quarterly compliance monitoring inspections on tea factories and tea traders	conducted quarterly Border Points Surveillances along Moyale, Lunga Lunga, Taveta, Namanga, Loitoktok, Sirare, Isebania, Busia and Malaba
4. Institutional Operational efficiency	To strengthen Tea Board of Kenya Institutional framework to effectively deliver on its mandate	Skills enhancement relative to the skills gap	Capacity build the staff on the skills gap	Undertook training needs assessment and prepared the annual training plan/projections for the year undertook capacity building training for Senior and Middle level officers on the Public Procurement and Asset Disposal Act and related regulations which was facilitated by officers from PPRA. This was undertaken in August 2023.
		Reduce the service delivery timeline and cost.	Re-engineer the TBK business processes on service delivery	Re-engineered business processes by maintaining and updating Tea Stakeholders'

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Enhanced transparency in service delivery to the stakeholders

Integrated Management Information System (IMIS) on registration and licensing, export and import processes and statistical returns.

Directed all Board's payments through government pay bill number 222222; Automated Green Leaf Transport process to curb tea hawking.

8. Corporate Governance Statement

8.1 Role and Functions of the Board

The role of the Board is to provide strategic direction, exercise control and oversee implementation of strategic plan for the Tea Board of Kenya and ensures its alignment to the expectations of the tea industry stakeholders and the Government. The Board also approves significant policies of the organization. To facilitate achievement of the strategic goals, the Board approves the organizational structure, annual budget and the procurement plan, monitors the organization's performance and ensure sustainability and availability of adequate resources for the achievement of the TBK's objectives. The Board also enhances the corporate image of the Tea Board of Kenya.

8.2 Appointment and Removal of Directors

The structure and composition of the Board is provided for under Section 7, 8, 9, 10 and 11 of the Tea Act, 2020. The Board consists of the following members:

- (i). a chairperson appointed by the President by notice in the Gazette;
- (ii). the Principal Secretary responsible for Agriculture or a representative nominated by the Principal Secretary in writing;
- (iii). the Principal Secretary responsible for Trade or a representative nominated by the Principal Secretary in writing;
- (iv). the Principal Secretary responsible for National Treasury or a representative nominated by the Principal Secretary in writing;
- (v). one person of either gender, who shall have knowledge and experience in the tea sector and be from either the East and West tea blocks, nominated alternately by the Council of Governors;
- (vi). four persons, two of either gender, representing and elected by small scale and medium scale tea growers from the East and West of the tea blocks: Provided that two persons shall be from each of the tea blocks:
- (vii). one person elected and representing large scale tea growers;
- (viii). one person elected and representing tea traders;
- (ix). a Chief Executive Officer appointed in accordance with Section 13 of the Tea Act who shall be an ex-officio member of the Board.

In line with Section 7 (1) (i), **Mr. Jacob Kamau Kahi** was appointed as the Chairman of the Board **on 7th June 2023**. However, the Board was not fully constituted and was short by Four members. This was due to the fact that elections for two members representing large-scale tea growers and tea traders had not been done. The election for the representative of Large-Scale tea growers had been stopped by the court through an ex parte court order following the filing

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

of a Constitutional Petition by large scale tea growers where they contested the procedure that had been prescribed by Ministry of Agriculture and Livestock Development in September 2021 for election of their representative. The tea traders similarly contested the procedure that had been prescribed by the Ministry of Agriculture and Livestock Development to elect their representative and declined to hold their elections. In addition, the Council of Governors had not submitted the name of its nominee to the Board to the Cabinet Secretary Ministry of Agriculture and Livestock Development for appointment. The position of the female representative of Small Scale and Medium Scale tea growers from the West of Rift Block also fell vacant in May 2023 following the demise of one of the Board members, Ms. Mary Jeruto Indeje.

8.3 Committees of the Board

Sections 10 and 11 of the of the Tea Act provide that the Board of Directors may establish such committees as it may consider necessary for the efficient performance of its functions and by resolution, delegate to any committee of the Board the exercise of any of its powers or the performance of any of the functions of the Board under the Act or under any other written law.

Mwongozo Code of Governance provides that the Board shall establish an Audit Committee and a maximum of three (3) other committees of the Board. The Board shall also be at liberty to establish such Ad-hoc Committees as may be required to deal with ad-hoc matters requiring focused attention. The Three Committees (by whatever name) shall discharge the functions of Governance, Risk, Compliance, Finance, Technical Matters, Strategy and Human Resources. Section 73 (5) of the Public Finance Management (PFM) Act, 2012 further provides that every national government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations.

To effectively undertake their oversight role, the Board of Directors established Four (4) Board committees; Human Resource and Finance Committee, Regulation, Compliance, and Capacity Building Committee, Strategy, Market Promotion and Research & Development Committee and Audit and Risk Committee.

The Membership and Functions of the Committees is as follows:

1. Regulation, Compliance, and Capacity Building Committee;

The Committee consisted of the following members:

1. Josphat Muhunyu
2. Anthony Nderitu

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

3. Florence Mutembei
4. Kennedy Kaburi
5. Harun Khator, OGW
6. Richard Bii

The mandate of the Committee is to provide oversight in registration and licensing, compliance and surveillance; capacity building, research and innovation, standards and quality control matters of Board.

The functions of the Committee include:

- (i) Advise on the formulation of policies, plans and strategies for regulation and development of the tea sector;
- (ii) Advise on strategic plans related to registration and licensing, compliance and surveillance; capacity building, research and innovation, standards and quality control of the Board;
- (iii) Work with management on regulation and development issues related to the functions of the Board;
- (iv) Review the quality of regulatory and developmental work undertaken by the Board;
- (v) Consider and recommend for approval by the Board licensing and registration of tea value chain players;
- (vi) Advise on policies and strategies for promoting fair and proper governance structures in institutions along the tea value chain in the interest of tea growers;
- (vii) Review and advise on the National Tea Capacity Building Masterplan and Strategy;
- (viii) Advise on all research and innovation matters in the tea industry;
- (ix) Advise on quality assurance and control services of the Board;
- (x) Advise the board on establishment of necessary linkages with relevant stakeholders in furtherance of tea quality improvement interventions;
- (xi) Consider and recommend for approval by the Board the best practices and standards in the production, processing, marketing, grading, storage, collection, transportation and warehousing of tea.

2. Strategy, Market Promotion and Research & Development

The Committee consisted of the following members:

1. Charles Kirigwi
2. Michael Mandu
3. Kennedy Kaburi
4. Josephat Muhunyu

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

5. Harun Khator, OGW
6. Richard Bii

The mandate of the Committee is to provide oversight in strategy, trade advisory, promotion and marketing matters of Board.

The functions of the Committee include:

- (i) Oversee the formulation the Board's strategy and overall operational performance and organizational position;
- (ii) Advise on the formulation of policies, plans and strategies for trade advisory, promotion and marketing of the tea sector;
- (iii) Advise on strategic plans related to trade advisory, promotion and marketing of the Board;
- (iv) Work with management on trade advisory, promotion and marketing issues related to the functions of the Board;
- (v) Review the quality of promotional and marketing work undertaken by the Board;
- (vi) Review and advise on the National Tea Marketing Strategy;
- (vii) Advise on collaboration with national, regional and international trade bodies on tea related matters;
- (viii) Advise on strategies for enhancing demand and consumption of tea nationally, regionally and internationally;
- (ix) Advise on strategies to promote value addition and product diversification;

3. Human Resources and Finance Committee

The Committee consisted of the following members:

1. Florence Mutembei
2. Mr. Anthony Nderitu
3. Josephat Muhunyu
4. Michael Mandu
5. Harun Khator, OGW
6. Richard Bii

The purpose of this Committee is to oversee Human Resource and Finance matters of the Board.

The functions of the Committee include:

- (i) Review and recommend to the Board TBK's organization structure, staff establishment and recruitment, performance management, formulation of

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

staff policies, staff remuneration and compliance with existing government guidelines;

- (ii) Review and recommend remuneration packages of employees including bonus incentive schemes and increments;
- (iii) Review and recommend the Chief Executive Officer's (CEO) compensation, including incentives, benefit and retirement plans to the Board for approval;
- (iv) Review and approve setting of performance targets, negotiate with government and approve end-year evaluation reports;
- (v) Consider and recommend for approval by the Board the operational and administrative policies and procedures of the Board;
- (vi) Receive and consider progress reports on financial matters;
- (vii) Receive, consider and recommend to the Board approval of the annual financial budgets for TBK;
- (viii) Receive, consider and recommend to the Board the financial performance reports of TBK;
- (ix) Consider and recommend quarterly performance contracts to the Board for approval;
- (x) Consider and recommend annual procurement plans to the Board;
- (xi) Undertake oversight roles on human resource, finance, administration and general management of the Board;
- (xii) Periodically review the communication and corporate social responsibility policy to ensure that it continues to espouse the Board's vision, core values and positions on corporate social responsibility
- (xiii) Monitoring development in technology and recommend the adoption of any new technology that may have customer or institutional impact;
- (xiv) Advise on the operationalization and management of the Tea Fund.

4. Audit and Risk Committee

The Committee consisted of the following members:

1. Kennedy Kaburi
2. Michael Mandu
3. Charles Kirigwi
4. Anthony Nderitu

The purpose of the Committee is to review the systems that have been put in place to ensure sound public financial management and internal controls, risk management as well as compliance with policies, laws, regulations, procedures, plans and ethics.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

The functions of the Committee include:

- (i) Support the Accounting Officer with respect to risk, control and governance and associated assurance (PFM Reg. 175(a);
- (ii) Follow up on the implementation of the recommendations of internal and external auditors' (PFM Reg. 175(b);
- (iii) Carrying out annual review of the independence, performance and competency of the internal audit unit and comment on their effectiveness in the annual report (PFM Reg. 166(2);
- (iv) Review the established systems to ensure sound public financial management as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- (v) Ensure integrity of the financial statements, financial plans and budgets;
- (vi) Ensure that the Board's integrity is maintained by establishing and monitoring internal financial controls, transparency, accountability and truthful reporting of financial results in compliance with IPSAS and other laws and government circulars;
- (vii) Review independence, objectivity and effectiveness of internal and external auditors;
- (viii) Review matters raised by both the internal and external auditors and make recommendations to the Board;
- (ix) Review final audited accounts before they are presented to the full Board for approval;
- (x) Deliberate on Public Investment Committees (PIC) requirements and recommendations;
- (xi) Initiate special audits/investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency;
- (xii) Support the management to achieve the three E's (Economy, Efficiency and Effectiveness) in all Board's operations;
- (xiii) Review effectiveness of the Boards systems of accounting controls and risks facing the Board;
- (xiv) Evaluate adequacy of management procedures on risk management, control and governance;
- (xv) Monitoring the effectiveness of TBK's performance information and compliance with the performance management framework and performance reporting requirements.
- (xvi) Review the internal and external audit findings and recommendations and propose corrective and preventive action where necessary;

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

- (xvii) Review the effectiveness of the system for monitoring compliance with laws and regulations and results of management’s investigation and follow up (including disciplinary action) of any instances of noncompliance; and
- (xviii) Provide oversight of the mechanisms established by management to ensure maintenance of high ethical standards for all the directors and staff of the Board;
- (xix) Undertake any other role stipulated in the *Audit Committee Guidelines for National Government* issued by the Public Sector Accounting Standards Board (PFM Reg. 177(3)).

4. Board Committee Membership

COMMITTEE	MEMBERS	ROLE
1. Regulation, Compliance, and Capacity Building Committee	Mr. Josphat Muhunyu	Chairperson
	Mr. Harun Khator, OGW	Member
	Mr. Richard Bii	Member
	Ms. Florence Mutembei	Member
	Kennedy Kaburi	Member
2. Strategy, Market Promotion and Research & Development	Mr. Charles Kirigwi	Chairperson
	Mr. Kennedy Kaburi	Member
	Mr. Josephat Muhunyu	Member
	Mr. Michael Mandu	Member
	Mr. Harun Khator, OGW	Member
3. Human Resource and Finance Committee	Mr. Richard Bii	Member
	Ms. Florence Mutembei	Chairperson
	Mrs. Mary Indeje	Member
	Mr. Josephat Muhunyu	Member
	Mr. Anthony Nderitu	Member
4. Audit and Risk Committee	Mr. Harun Khator, OGW	Member
	Mr. Richard Bii	Member
	Mr. Kennedy Kaburi	Chairperson
	Mr. Charles Kirigwi	Member
	Mr. Anthony Nderitu	Member
	Mr. Michael Mandu	Member

During the FY 2023/2024, Three (3) full Board meetings and three meetings for each of the Board Committees were held in Quarter One, Two and Three and the attendance was as follows:

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Board Member	Classification	Designation	Human Resources and Finance Committee (3)	Regulation, Compliance, and Capacity Building/Technical Committee (3)	Strategy, Market Promotion and Research & Dev. Committee (3)	Audit and Risk (3)	Full Board (3) meetings
Mr. Jacob Kamau Kahiu	Independent	Chairman of the Board from 9th June 2024	N/A	N/A	N/A	N/A	2
Ms. Florence Mutembei	Independent	Member	3	3	N/A	N/A	3
Mr. Josephat Muhunyu	Alternate	Member	2	2	2	N/A	2
Mr. Harun Khator, OGW	Alternate	Member	1	1	1	N/A	1
Mr. Anthony Nderitu	Alternate	Member	3	2	N/A	3	3
Mr. Kennedy Kaburi	Independent	Member	N/A	3	3	3	3
Mr. Charles Kirigwi	Independent	Member	N/A	N/A	3	3	3
Mr. Michael Mandu	Alternate	Member	3	N/A	3	3	3

The dates for the meetings were as follows:

MONTH	DATE	MEETINGS
August 2023	22 nd August 2023	Human Resources and Finance Committee
	8 th August 2023	Regulation, Compliance, and Capacity Building Committee
	10 th August 2023	Strategy, Market Promotion and Research & Development Committee
	25 th August 2023	Audit and Risk Committee
	28 th August 2023	Full Board Meeting

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

October 2023	17 th October 2023	Human Resources and Finance Committee
	23 rd October 2023	Strategy, Market Promotion and Research & Development Committee
	16 th October 2023	Regulation, Compliance, and Capacity Building Committee
	19 th October 2023	Audit and Risk Committee
October 2023	25 th October 2023	Full Board Meeting
January 2024	11 th January 2024	Human Resource and Finance Committee Meeting
	16 th January 2024	Strategy, Market Promotion and Research & Development Committee
	23 rd January 2024	Regulation, Compliance, and Capacity Building Committee
	24 th January 2024	Audit and Risk Committee
	26 th January 2024	Full Board Meeting

The Board also held Eight (8) Special Full Board Meetings whose attendance was as follows:

Board Member	Classification	Designation	Special Board meetings (8)
Mr. Jacob Kamau Kahiu	Independent	Chairman	7
Ms. Florence Mutembei	Independent	Member	8
Mr. Josephat Muhunyu	Alternate	Member	6
Mr. Harun Khator	Alternate	Member	N/A
Mr. Richard Bii	Alternate	Member	N/A
Mr. Anthony Nderitu	Alternate	Member	8
Mr. Kennedy Kaburi	Independent	Member	8
Mr. Charles Kirigwi	Independent	Member	8

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Mr. Michael Mandu	Alternate	Member	7
-------------------	-----------	--------	---

Out of the Eight (8) Special Full Board Meetings, six (6) were conducted to facilitate recruitment of the Chief Executive Officer in line with Section 13 (1) of the Tea Act 2020, while two were to undertake special business that could not be carried out during normal Board meetings. The dates and agenda of the Special Board Meetings was as follows;

DATE	MEETINGS	AGENDA
10 th July 2023	Special Board Meeting	Absorption of tea at the Auction and Tea Hawking
23 rd August 2023	Special Board Meeting	Preparation of Interview tools for recruitment of the Chief Executive Officer
1 st September 2023	Special Board Meeting	<ul style="list-style-type: none"> To receive report on the long listing and short listing of applications for the position of the Chief Executive Officer. Report on the Board Evaluation FY 2022/2023 from State Corporations Advisory Committee.
8 th September 2023	Special Board Meeting	To receive the report on psychometric testing of shortlisted candidates for the position of the Chief Executive Officer.
11 th September 2023	Special Board Meeting	Conducting interviews for the position of Chief Executive Officer
12 th September 2023	Special Board Meeting	Conducting interviews for the position of Chief Executive Officer
13 th September 2023	Special Board Meeting	Interviews for the position of Chief Executive Officer and Preparation of the final report on the interviews.
6 th June 2024	Special Board Meeting	Update on elections for Small Holder Tea Factory Companies

8.4 Board Performance Evaluation

In accordance with Circular OP/CAB. 1/43/1 of 29th June 2011 on Board evaluation, the evaluation for the Board of TBK for the FY 2022/23 was last undertaken on 29th August 2023 under the guidance of the State Corporation

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Advisory Committee (SCAC). The State Corporation Advisory Committee (SCAC) has scheduled the Board evaluation for FY 2023/2024 for 16th September 2024.

All the members of the Board except the Chairman who had just been appointed in June 2023 were eligible for evaluation since they had served during the period under review. The former chairman of the Board, Dr. David Kiarie Mburu, did not participate in the evaluation process as he had since exited from the Tea Board of Kenya. Similarly, by the time of evaluation, one of the Board members Mrs Mary Indeje had passed on in the month of May 2023.

From the results, of the last evaluation TBK Board scored 92.81% with scores of between 70-80% in areas such as Corporate Social Responsibility Policy, Internal Risk Management Framework, Training of the Board, Succession Management and Strategic Plan. Indicators on procedure of Board meetings, Board structure and responsibility, Board Committees and ethics and dealing with conflict of interest were scored highly at over 90%.

The individual scores for each Board Member was as follows:

	Name	Position	Score	Score
1.	Mr. Kennedy Mochere Kaburi	Member	4.63	92.57
2.	Mr. Charles Mwangi Kirigwi	Member	4.66	93.14
3.	Mrs. Florence Nkatha Mutembe	Member	4.64	92.86
4.	Mr. Josephat Gathiru Muhunyu	Member	4.67	93.43
5.	Mr. Anthony Ndegwa Nderitu	Member	4.58	91.57
6.	Mr. Michael Sali Mandu	Member	4.66	93.29
		Average Score	4.64	92.81

8.5 Conflict of Interest

Under clause 2(1) & (2) of the First Schedule of the Tea Act, on the Conduct of Business & Affairs of the Board, if a member of the Board of Directors is directly or indirectly interested in any contract, proposed contract or other matter before the Board of Directors and is present at a meeting of the Board of Directors at which the contract, proposed contract or other matter is the subject of consideration, that member shall, at the meeting and as soon as reasonably practicable after the commencement thereof, disclose the member's interest in the matter and shall not take part in the deliberations over, or vote on, the matter. A disclosure of interest made shall be recorded in the minutes of the meeting at which it is made.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

During the year under review declaration of conflict of interest was a standing agenda in all the Full Board Meetings, Special Board Meetings and Committee Meetings. A conflict of interest register was also kept where all Board members signed the conflict-of-interest register at each meeting indicating whether or not they had any interest in the matters under deliberation by the Board or Committee. The was also recorded in the minutes of the Board and Committee meetings.

8.6 Board Induction and Training

As part of Good Governance practice, the Mwongozo Code requires the Board to develop induction programme for new Board Members and ensure continuous skills development based on competency needs assessment. During the period under review induction was undertaken for the Chairman of the Board following his appointment on 9th June 2023. The induction was facilitated by the State Corporations Advisory Committee (SCAC) at Lake Naivasha Resort in Naivasha from 12th to 14th July 2023. The induction program covered a variety of areas including; Rationale & Status of on-going reforms, an overview of Mwongozo, the role of boards & its organs, legal & institutional framework for governance of State Corporations, stakeholder & shareholder rights & obligations, accountability & internal controls in State Corporations.

The Audit and Risk committee of the Board also attended a Privacy & Data Protection training for champions and IT Policy Review Development Implementation Enforcement and Evaluation seminar. The training was held in Mombasa at Voyager Beach Resort from 26th to 27th October 2023.

The training was facilitated by the Association of Certified Fraud Examiners (ACFE). The objective of the training was to enhance the Audit Committee members' knowledge and skills in fraud prevention detection and investigation.

8.7 Board Succession Plan

The term of appointment of the Board of Directors is provided for under Section 8 of the Tea Act. Section 8. (1) provides that the persons appointed under Section 7 (1) (a), (d), (e), (f), and (g) shall serve for a term of three years renewable once for one further term.

To ensure a smooth transition of leadership, maintain the board's effectiveness, and foster the long-term sustainability of the Tea Board of Kenya Section 8(2) of

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

the Tea Act provides that the Independent Board members appointed under Section 7(1) (a), (d), (e), (f) and (g) be appointed at different times so that their respective expiry of terms of office shall fall at different times but not more than six months shall lapse between one appointment and another. The provisions under Section 8 on the Board succession plan is to ensure that there is minimal potential disruption from unexpected exit of a board member and plan for the future leadership needs of the Board.

8.8 Board remuneration

During the year under review Board Remuneration was paid in accordance with Circulars issued by the Government from time to time. Tea Board of Kenya Board members were paid Sitting allowances as remuneration for conducting official Board's business per sitting at a rate of Kshs. 20,000 less 30% tax. This was based on Mwongozo and applicable government directives which guide on compensation to the Board members fairly and transparently.

8.9 Ethics and Conduct

During the appointment of the Board, the Board members committed to abide by the provisions of Article 10 of the constitution, the Executive Order No. 6 on ethics and integrity in Public Service and the Executive Order No. 7 on implementation of Mwongozo-the code of Governance for State Corporations. The Chairman of the Board and newly appointed Board members also signed the accountability pledge where they undertook to at all times abide by the Constitution of Kenya, Statute Law, Regulations, Policies, Guidelines and Code of Conduct as they apply to public duty, leadership, integrity, the rule of law and the principles of Good Governance. During the FY 2022-23, the Board was evaluated by SCAC on their levels of compliance with Good Corporate Governance practices and ethics.

9. Management Discussion and Analysis

9.1 Operational Performance

Over the period 2019-2023, management implemented programmes, initiatives and activities aimed at boosting agricultural growth and productivity in line with vision 2030 and MTP IV and the Bottom-Up Economic Transformation Agenda (BeTA), TBK Core mandate in accordance with the Tea Act, 2020 and the sector development programmes as well other Government priorities. The programmes included enhancing market access and integration into the global value chain by developing traditional, new, and emerging markets; enhancing the level of value-added tea exports as well as enforcing the provision of the Tea Act, 2020. To boost production, two (2) new tea manufacturing factories with a combined processing capacity of 30 million Kgs of Greenleaf per year were licensed to process CTC, Orthodox, Green tea and Other Specialty teas. During the year under review, the area under tea increased from 225 thousand hectares in 2022 to 227 thousand hectares while productivity improved from 10,073 Kgs of Greenleaf Per Ha to 11,116 Kgs. This was due to continued favourable weather conditions during the period between April to December during which “Above-normal” mean rainfall was recorded in the two rainfall seasons (“Long rains”- March to May and “Short rains”-Oct to December). Production was also boosted by application of fertilizer through the Government fertilizer subsidy program to improve agricultural productivity. Other factors included licensing additional processing factories in tea growing areas with processing capacity potential to reduce post-harvest losses. Consequently, the quantity of tea manufactured during the year was higher from 535 million Kgs to 570 million Kgs.

Year	Planted Area (HA)	Green leaf Production (Kgs)	Productivity Per Ha (Kgs)	Made Tea (Kgs)
2019	206,039	1,950,125,033	9,465	458,852,949
2020	212,411	2,420,525,772	11,395	569,535,476
2021	218,981	2,285,789,566	10,438	537,832,839
2022	225,753	2,273,935,706	10,073	535,043,695
2023	227,777	2,531,955,190	11,116	570,260,178

During the year 2023, the performance of the sub-sector was impressive with the total export volume increasing by 16% (72.58 Million Kgs) from 450.33 Million Kgs recorded in 2022 to 522.92 Million Kgs. Owing to increased volume of exports coupled with favourable exchange rate to the USD and stable prices,

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

the export earnings from tea reached a record of Kshs. 180.57 Billion from Kshs. 138.09 Billion the previous year. This represented a 31% increase in value of exports (Kshs. 42.48 Billion) and was the best earnings ever recorded by the tea industry over the years. Due to favourable exchange rate to the USD at 139.85 compared to 117.87 in the previous year, the unit price was much higher at Kshs. 345.32 compared to Kshs. 306.64 in the previous year.

During the year, Pakistan maintained its position as the leading export destination for Kenya tea having imported 209.59 Million Kgs, which was an increase of 15% compared to 181.98 Million Kgs imported during the year 2022. Pakistan imports from Kenya accounted for 40% of the total export volume, whose value was Kshs. 75.22 Billion.

During the year 2023, Kenya tea was shipped to ninety-two (92) export destinations compared eighty-two (82) in the year 2022. Apart from Pakistan, other key export destinations for Kenya tea were Egypt whose import volume was 65.89 Million Kgs worth Kshs. 22.05 Billion; UK (46.14 Million Kgs valued at Kshs. 14.67 Billion); UAE (28.61 Million Kgs valued at Kshs. 10.15 Billion); Yemen (22.69 Million Kgs valued at Kshs. 9.11 Billion); Russia (18.34 Million Kgs valued at Kshs. 5.25 Billion); Iran (12.40 Million Kgs valued at Kshs. 4.28 Billion); Sudan (12.13 Million Kgs valued at Kshs. 2.92 Billion); Afghanistan (10.65 Million Kgs valued at Kshs. 3.69 Billion); and Poland (8.11 Million Kgs valued at Kshs. 2.36 Billion). The top ten export destinations, majority of which are traditional markets for Kenya tea accounted for 83.1% of Kenya tea export volume. Compared to the year 2022, more exports were recorded in traditional markets with the exception of UAE, Russia and Sudan, which for the quite a while have been facing market access challenges occasioned by the Russia-Ukraine crisis and internal conflict in Sudan, respectively.

However, owing to collaborative efforts between the Tea Board of Kenya and the tea industry stakeholders, the number of export markets have grown from 73 in 2019 to 92 in 2023. Similarly, there has also been a significance increase in the volume and value of Kenya tea exports as well as the global market share. The market expansion strategies adopted included promotion activities with a view to maintaining the traditional markets as well as developing new and emerging markets. This has resulted in improvements of payments to the smallholder tea farmers from an average of Kshs. 41.27 per Kg of Greenleaf in 2019 and Kshs. 50.18 in 2022 to Kshs. 59.02 in 2023.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Parameter	2019	2020	2021	2022	2023
Number of Export Destinations	73	79	78	82	92
Volume of Exports (Million Kgs)	496.75	518.92	558.92	450.33	522.91
Value of Exports (Billion Kshs.)	117.91	120.04	136.59	138.09	180.57
Global Market Share (%)	26.1	28.1	29.1	24.8	30.1
Payments to Smallholder tea framers (Kshs/ Kg of Greenleaf)	41.27	36.64	34.71	50.18	59.02

To enforce tea regulations and standards- quarterly border points surveillance to check on illegal tea imports were conducted along 8 border points (Lunga Lunga, Taveta, Namanga, Loitoktok, Sirare, Isebania, Busia and Malaba) with a view to control influx of teas that do not meet Kenya’s tea import requirements. Similarly, to check on Greenleaf weighing falsification malpractices, surveillance was conducted in the tea growing areas in the West and East of Rift.

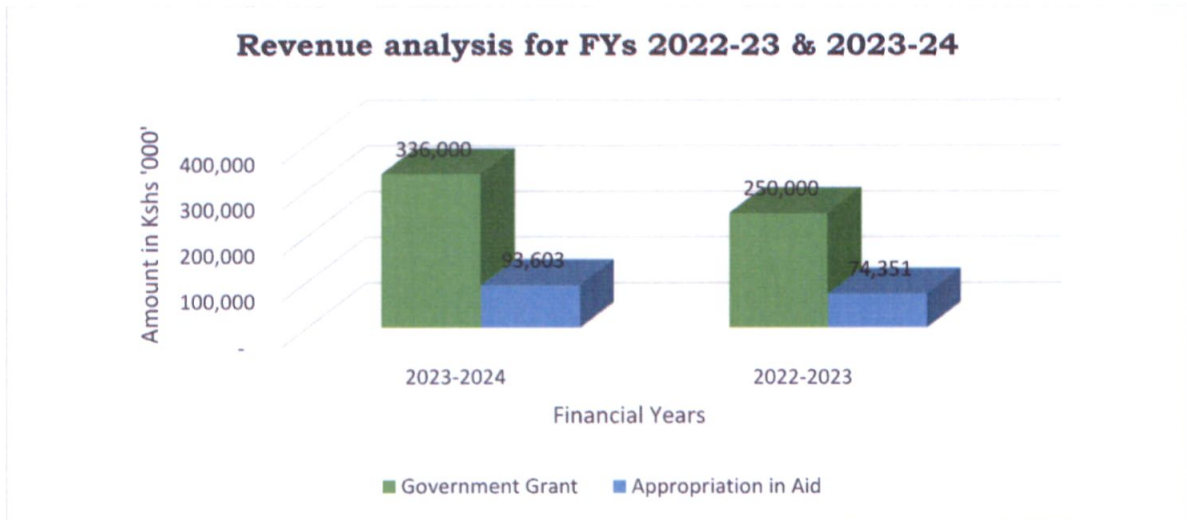
To enhance Compliance with the Tea Act 2020, Management Agreements for smallholder tea factories were approved by the Tea Board of Kenya and signed between the smallholder tea factories and their Management Agents.

To enhance the organizational internal operational efficiency, Staff were equipped with technical and managerial skills through individual and group training based on identified skills gap. The Business processes that required automation were identified and digitalized while the citizen-facing services were on-boarded to the e-citizen platform (222222) in accordance with the Government directive. Procurement of goods, works and services was also done in accordance with PPDA, 2015 & PPDA Regulations, 2020 and within all the statutory affirmative action thresholds.

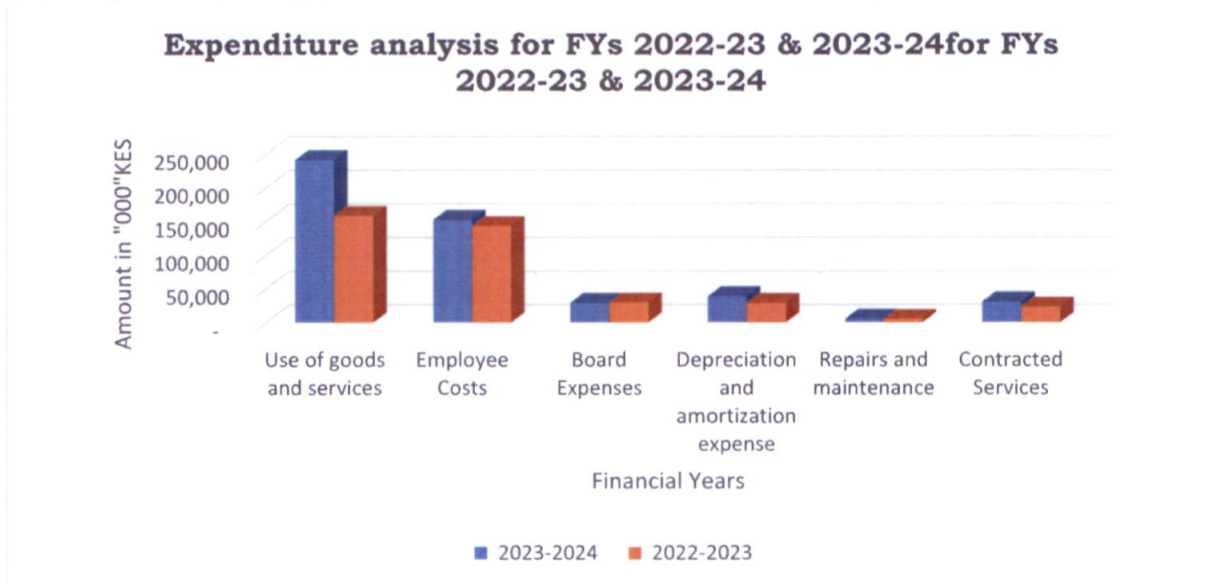
9.2 Financial Performance

During the FY 2023-24, the Board recorded an increase in total revenue from Kshs. 324.3 million in the previous year to Kshs. 429.6 million. This reflected a 32% increase amounting to Kshs. 105.2 owing to increase in government subvention for the FY 2023-24 and internally generated revenue. This is depicted as follows;

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**



In the same year, the Board recorded an increase in expenditure from Kshs. 386.6 million in the previous year to Kshs. 495.6 million. This is depicted as follows;



Consequently, in the FY 2023-24 the Board registered deficit of Kshs. 66 million against a deficit of Kshs. 62 million in the FY 2022-23.

To ensure sustainability of the Board's operations its going concern, the Board is enhancing its internally generated revenue by exploring options of resolving court cases preventing operationalization of Section 53 of the Tea Act, 2020 which provides for a tea levy on tea imports and tea exports.

10. Environmental and Sustainability Reporting

The Tea Board of Kenya exists to drive the tea agenda in the country and to transform the lives and livelihoods of over 834,129 tea farmers across 19 tea growing areas and who depend on tea growing as a primary source of income. This is in line with the Bottom-Up Transformation Agenda (BeTA), Vision 2030, the Kenyan constitution and the UN global goals. Without guaranteed incomes from tea, the farmers cannot sustain production and supply of tea to the consumers in the Global market. Additionally, they cannot sustain the activities of the other secondary and tertiary stakeholders along the value chain who number about 6.5 million Kenyans, representing 13% of the national population. The tea farmers cannot also guarantee the wealth of the country through GDP contribution and foreign exchange earnings derived from export of tea.

The Tea Board of Kenya mandate on regulation, development and promotion ensures tea farmers get sustainable returns through transparent price discovery mechanisms, reduced cost of production through good governance and management of their institutions, involvement of farmers in decision making, access to lower cost of inputs and less exploitation during the sale of their produce.

Below is an outline of the organisation's policies and activities that promote sustainability: -

i) Sustainability strategy and profile

Despite its relative importance, the Kenya tea subsector has been facing a myriad of challenges ranging from declining international tea prices, poor governance among the industry institutions, exploitation of farmers by middlemen, declining quality of tea among others, all which have continued to undermine the farm-gate prices. To address these challenges, the Government has identified tea as a priority value chain under the Bottom-up Economic Transformation Agenda (BETA) as key to supporting the Agricultural Transformation pillar. In this regard, the Tea Board of Kenya has been seeking government intervention to address the challenges affecting the tea sub-sector and putting in place the necessary reform measures aimed at increasing returns to the tea growers.

The Tea Act, 2020 has put in place several mechanisms to ensure sustainability and competitiveness of the tea value chain. Upon being licensed, the Tea Act, 2020 requires a tea factory to only buy green leaf from its registered tea growers and maintain a register of its tea growers to cushion the tea farmers against exploitation by middlemen. To ensure guaranteed return to the tea farmers, the Act requires a buyer to pay in full the value of the tea bids they have won at the auction before collecting or taking custody of the tea. Additionally, tea brokers, buyers and the auction organizers are required to ensure the proceeds from the

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

sale of tea are remitted to the tea factories accounts within fourteen days from the date of the auction and for the tea factory to within thirty days of receipt of the proceeds of the sale of tea, pay tea growers at least fifty per centum of payment due for green leaf delivered every month. The Tea Board of Kenya has also been working in collaboration with the Ministry of Agriculture and Livestock Development to ensure tea farmers have access to Government subsidized fertilizer for reduced farmgate costs and enhanced quality and quantity of the green leaf supplied to the factories for processing which will translate to higher and improved returns.

In 2023, the Government supported distribution of 97,974 MT of fertilizer to the tea smallholder farmers at a subsidized cost of Ksh 2,500 per 50 Kg Bag (92,700 MT procured and distributed under KTDA and 5,274 MT procured and distributed through Kenya National Trading Corporation).

To ensure improved prices, value addition and product diversification have been identified as a priority programmes under BETA and is also a key requirement under the Tea Act, 2020. To spur value addition, TBK has already developed a concept note on funding of value addition initiatives and a scheme on provision of Government fiscal, monetary and administrative incentives. During the year 2023, incentives for tea value addition were boosted through the passing of the Finance Act, 2023 that provided for zero rating of tea bought at the factory for value addition prior to exportation. There are also incentives for promotion of value addition through within the Export Processing Zones and the Special Economic Zones, where there are several fiscal and administrative incentives that would promote value addition. To-date, several tea exporters promoting tea value addition have set up their operations within the EPZs while others have made application for enterprise licences within the SEZs. Due to these initiatives, the number of markets importing value added tea increased from 34 in 2022 to 51 in 2023. The volume of value-added tea exports also increased from 8.7 Million Kgs to 26.14 Million Kgs. The new markets for value added teas are mostly in Central Africa, West Africa and the Middle East.

ii) Environmental performance

Taking cognizant that the tea production sorely depend on good weather and that wood fuel is a key source of energy for tea manufacturing, TBK continues to promote environmental sustainability in the industry as part of its development and regulation mandate. To ensure the tea factories have sustainable and cheaper sources of woodfuel, the factory must demonstrate that they have established adequate woodlots and have put in place a woodfuel development plan prior to being licenced to manufacture tea. Best Environmental Practices (BEPs) has also been mainstreamed in the Tea Board of Kenya on factory inspection compliance checklist and the programme for capacity building of tea growers and tea manufacturers. TBK has also prioritized

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

promotion of tree planting in its Corporate Social Responsibility initiatives and in line with the Presidential Directive on National Tree growing Restoration Campaign issued on 28th February 2023. TBK in collaboration with other agencies has been implementing environmental conservation programs by planting trees in various tea growing catchment areas. This initiative is key to the Board's objective of supporting environmental sustainability in tea growing communities. On 21st May 2024, during the celebrations to mark the UN-International Tea Day, TBK in conjunction with the Rainforest Alliance and the County Government of Nandi distributed over 3000 fruit and indigenous tree seedlings to various schools for planting in Nandi Hills Sub-County. TBK also participated in tree planting at Nandi Hills Comprehensive School. This was in line with the purpose for designation of - International Tea Day i.e to promote sustainable production and consumption of tea and raise awareness of its importance in fighting hunger and poverty. During the World Forestry Day, which was marked on 21st March 2024, TBK joined Kirinyaga County and other stakeholders in planting 5000 assorted indigenous trees at Kangaita Forest. TBK also joined the communities living around the Gazetted forests in tree planting in Kericho County on November 13th 2023 and in restoring Maragoli Hills to the "green blanket cover in Busia county on November 14th 2023.



TBK CEO Mr. Willy Mutai with H.E. Deputy Governor Nandi County Dr. Yulita Mitei Planting trees in Nandi Hills Comprehensive School to Mark the International Tea Day on May 21st 2024

iii) Employee welfare

The Board promotes gender equality as espoused in Article 27 of the Kenya Constitution on equality and freedom from discrimination. In this regard, the Board is guided by the approved Human Resource Instruments in undertaking any recruitment of staff/interns/attaches taking into consideration Article 232 (1) of the Constitution of Kenya on values and principles of public service. During the year under review, the Board engaged seven (7) staff, out of which fifty-seven per cent (4) were female and forty-three per cent (3) were male. The staff composition comprised of thirty-four (34) Male and twenty-two (22) Female employees, thereby complying with the constitutional requirement on gender. In addition, 16 University graduates; 4 males and 12 females were engaged as interns and attaches in various departments to gain on-the-job experience in line with government's policy of equipping the youth with necessary skillsets in readiness of employment.

The staff members are on annual performance contracts and are appraised biannually as per guidelines issued by the public service. In addition, the Board also undertakes continuous capacity building training for its staff members to improve on the skill gaps after conducting training needs assessments and appraisals. In reference to compliance with the Occupational Safety and Health Act of 2007, (OSHA.), the Board is guided by the approved Human Resource Policy and Procedures Manual in ensuring a conducive work environment and safety of staff members.

iv) Market place practices-

The Board is committed to promoting good marketing practices like responsible and ethical marketing, responsible competition practice, responsible supply chain and supplier relations, responsible marketing and advertisement and product stewardship. In this regard, the following is efforts made by the Board to promote fair market practices;

a) Responsible competition practice.

Marketing ethics is an area that deals with moral principles behind marketing. Ethics in marketing applies to different spheres such as product, pricing, placed distribution, promotion and advertising. Tea Board of Kenya has been on the frontline to enhance the visibility of the Kenyan Tea Industry with regard to responsible and ethical marketing. TBK has endeavoured to achieve this by;

1. Engaging all the tea value chain players to ensure that the tea farmer is well compensated for their investment and therefore happily provides safe products (leaf) for use by the Tea Factories to manufacture high quality and safe products. Areas of inefficiencies within the industry have been identified through in-depth studies by TBK and implementation of the

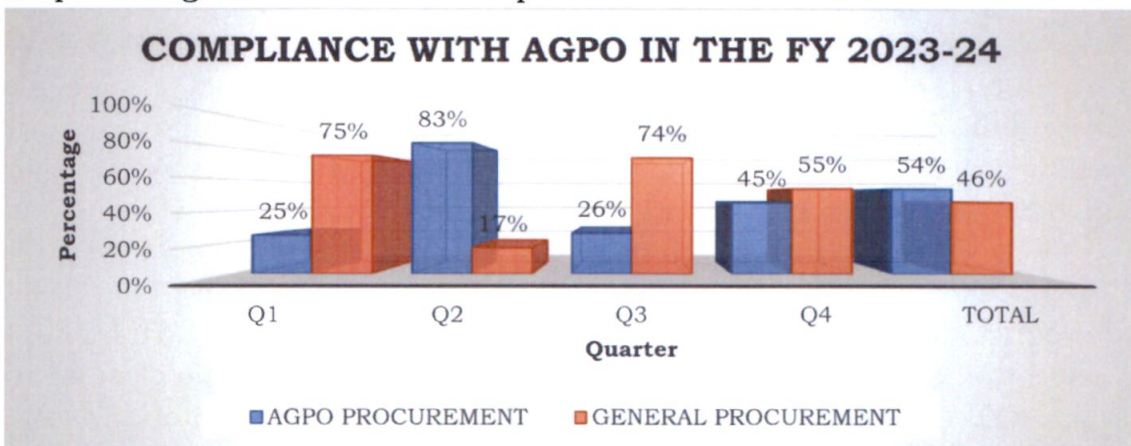
**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

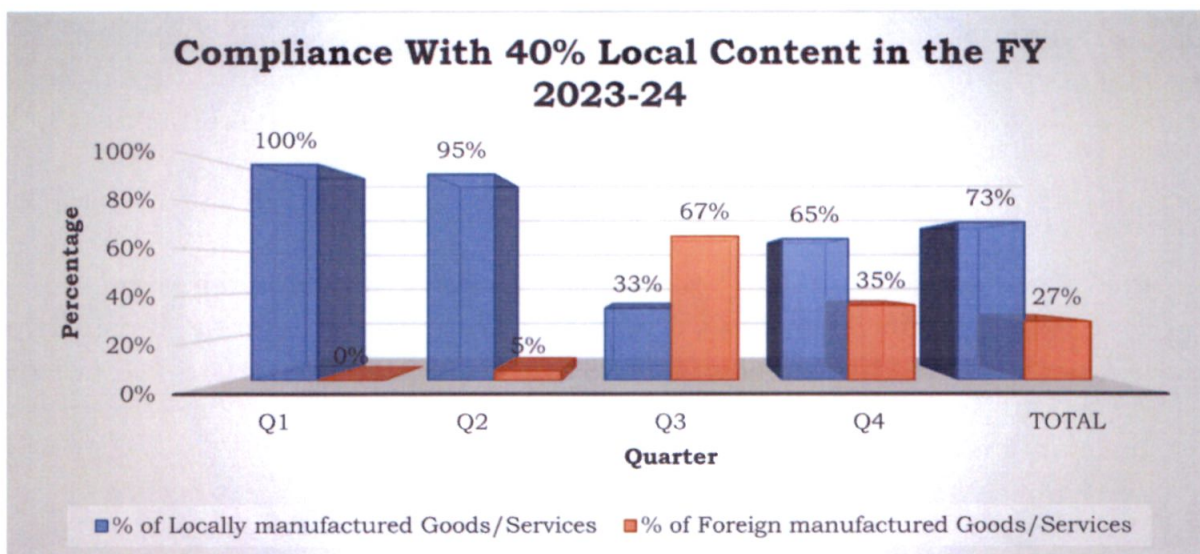
recommendations has been entrenched in legal and administrative tools. To ensure a fair return to the farmer, the smallholder tea factories signed a Greenleaf supply agreement with the tea farmers. In addition, the TBK approved the Management Agreements between the Smallholder Tea Factories and the Management Agent, which amongst other things provided for reduction in the costs of production including the staff seconded at the factory level.

2. Engaging the tea auction organisers to ensure that the price discovery mechanisms for tea is transparent through automation of the process. The Tea Act, 2020 also provides for sanctions against unethical business practices with a view to ensure order and fair play along the value chain. In addition, The Tea Board of Kenya approved the tea trading rules as provided for by the Tea Act, 2020.
3. Through regulatory instruments TBK issue licenses and regularly monitors operations of all tea companies to ensure they observe Good Agricultural Practices and Good Manufacturing Practices for enhanced product safety and consumer protection.
4. To curtail exploitation of farmers by middlemen, TBK undertook surveillance on Greenleaf Hawking and developed a National Tea Growers register, which amongst other things will ensure supply of Greenleaf to the factories where the growers are registered.

b) Responsible Supply chain and supplier relations

The Board promotes good supplier relations by ensuring fairness in the process of engagement of service/ goods providers, payment within the agreed (reasonable) payment timelines and timeliness in provision of any information required by the suppliers. This is done by strictly implementing the provisions of the Public Procurement and Disposal Act, 2015 & Public Procurement and Disposal Regulations Board in its procurement function.





During the FY 2023-24, the Board complied with its service charter of payment of suppliers within one month from the date of submission of the invoice. In addition, during the FY 2023-24, the Board sustained its efficient procurement processes in acquisition of goods, works and services. The Board ensured that the Access to Government Procurement Opportunities (AGPO) was maintained above the minimum 30% threshold as prescribed in the PPD Act, 2015 & PPD Regulations, 2020. The Board awarded 34% of its total procurement spend on to the special interest groups (Youth, Women & PWD's) through the AGPO and 76% to local goods and services.

c) Responsible marketing, advertisement and Product stewardship

Tea Board of Kenya has endeavoured to promote ethical marketing practices and ensure that tea consumer rights are protected by;

- i. Enforcing the right to information through proper Labelling of tea packaging. TBK enforces labelling standards as published by Kenya Bureau of Standards
- ii. Enforcing consumers' right to safety by ensuring that HACCAP and ISO 2200 food safety standards are enforced in all manufacturing and packaging establishments.
- iii. Facilitating consumers' right to participate in decision making by providing platforms for stakeholder participation in all matters or anticipated changes relating to the effective running of the Tea industry in Kenya.

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

- iv. Providing for consumers' right to a healthy environment. Kenyan tea is grown within the brown line prescribed by TBK and TRI. The brown line is within high altitude areas in Kenya. Due to the high altitude Kenyan tea is less likely to be attacked by pests and diseases and spraying with pesticide. Kenyan tea is therefore natural with no pesticide residue as it is not spraying.

v) Corporate Social Responsibility / Community Engagements

To mitigate against the effects of climate change on tea farming, the Tea Board of Kenya engaged the public in forest cover restoration in tea growing regions by distributing tree seedlings and undertaking tree planting activities jointly with the communities within the tea catchment areas.



TBK Assistant Director Corporate Communication participating in tree planting in Kericho County on November 13th 2023 as part of the TBK Corporate Social responsibility in forest cover restoration to mitigate against the effects of climate change on tea farming

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

11. 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 *TBK's* affairs.

i) Principal activities

The principal activities of the Tea Board of Kenya is to develop, regulate and promote the Tea Industry as provided for under the Tea Act, 2020.

ii) Results

The results of the Board for the year ended June 30, 2024, are set out on page 1 and 5 herein.

During the year under review, the Board received a total revenue of Kshs. 429.6 million from Government grants and internally generated sources. From this revenue, the Board applied Kshs. 495.6 million in its programmes thus giving a deficit of Kshs. 66 million.

The Board has a total asset of Kshs. 2 billion and total liabilities of Kshs. 82.5 million thus giving a net asset value of Kshs 1.94 billion

iii) Directors

The members of the Board of Directors who served during the year are shown on pages xi - xvii. During the year two directors (both representing the Principal Secretary State Department for Agriculture) exited on 26th November 2023 and 16th May 2024 and another director was appointed with effect from 17th May 2024.

iv) Surplus remission

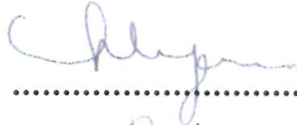
TBK did not make any surplus during the FY 2023-24 and hence there was no remittance to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the Tea Board of Kenya in accordance with Article 229 of the Constitution of Kenya, Section 81 of the Public Financial Management Act, 2012 and Section 69 of the Public Audit Act, 2015.

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

By Order of the Board


.....

Name *Pius Mudiada*.....

**Corporation Secretary/Secretary to the
Board**

9. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act and Section 59 of the Tea Act, 2020, require the Directors to prepare financial statements in respect of the Tea Board of Kenya, which give a true and fair view of the state of affairs of the Tea Board of Kenya at the end of the financial year ended June 30, 2024 and the operating results of the Tea Board of Kenya for the year ended June 30, 2024. The Directors are also required to ensure that the Tea Board of Kenya keeps proper accounting records which disclose with reasonable accuracy the financial position of the Tea Board of Kenya. The Directors are also responsible for safeguarding the assets of the Tea Board of Kenya.

The Directors are responsible for the preparation and presentation of the Tea Board of Kenya's financial statements, which give a true and fair view of the state of affairs of the Tea Board of Kenya 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 Tea Board of Kenya;
- (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 Tea Board of Kenya;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Tea Board of Kenya's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act and the Tea Act, 2020. The Directors are of the opinion that the Tea Board of Kenya's financial statements give a true and fair view of the state of Tea Board of Kenya's transactions during the financial year ended June 30, 2024, and of the Tea Board of Kenya's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Tea Board of Kenya, which have been relied upon in the

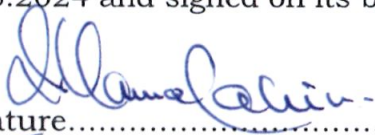
The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.


preparation of the Tea Board of Kenya's financial statements as well as the adequacy of the systems of internal financial control.

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

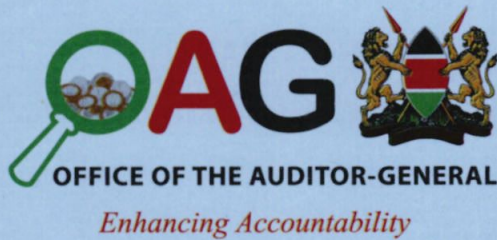
Approval of the financial statements

The Tea Board of Kenya's financial statements were approved by the Board on 28.08.2024 and signed on its behalf by:

Signature.....
Name.....*Jacob K. H. AHU*
Chairperson of the Board

Signature.....
Name.....*Willy K Mutai*
Chief Executive Officer

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
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 THE TEA BOARD OF KENYA FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

1. 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;
2. 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,
3. 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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of The Tea Board of Kenya set out on pages 1 to 53, which comprise the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, 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, the financial statements present fairly, in all material respects, the financial position of The Tea Board 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 Public Sector Accounting Standards Accrual Basis and comply with the Tea Act, 2020 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Tea Board 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 opinion.

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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Years Issues

Review of the prior year reports of the auditor General revealed that the entity had not resolved several issues as listed below. This contravened the requirements of the National Treasury circular No.NT/IAG/GEN/252(12) on Head of public service directive in regards to zero fault audit which directed the Ministries, Departments and Agencies to

ensure that they close all the issues raised by the Auditor General for the financial years 2021/22 and 2022/23. These includes: -

- I. Inadequately constituted Board.
- II. Unapproved investment in fixed deposit account in commercial Bank.
- III. Lack of Tea Act Regulations
- IV. Staff Under establishment.

In circumstances, the Board contravened the provisions of the National Treasury Circular No.NT/IAG/GEN/252(12).

Other Information

The Board Management is responsible for the other information set out on page i to lxx 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 Board'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. Lack of Tea Act Regulations

The Tea Board of Kenya is a State Corporation in the Ministry of Agriculture and Livestock Development established by Tea Act No. 23 of 2020 to develop, regulate and promote tea sub-sector. However, as at 30 June, 2024, several regulations had not yet been enacted to operationalize the Tea Act, 2020. Core functions that require regulations for implementation are listed in the table below:

Section of the Act	Functions Needing Regulations
21(2)	Registration of Small-Scale Tea Growers and Medium Scale Tea Growers
23(2)	Registration Of Large-Scale Tea Growers
24	Issuance of Tea Grower Certificates
25(3)	Licensing of Manufacturers
28(3)	Registration of Warehouse Operator
29(3)	Registration of Tea Packers.
33(4)	Registration of Management Agents
35(3)	Registration of Tea Auction Organizers
37(3)	Registration of Commercial Green leaf transporters
38(3)	Registration of commercial Tea Nurseries
48(2)	Tea Value Addition
49(2)	Appointment of Crop Inspectors
53(4)	Establishment of Tea Levy

In circumstances, the Board risk having no legal framework for carrying out its core functions as stipulated in the Tea Act, 2020.

2.0 Compensation of Employees

2.1 Irregular Payment of Allowances

The statement of financial performance reflects employee cost of Kshs.155,767,000 which includes salaries and allowances of Kshs.117,888,8000 as disclosed in Note12 of the financial statements. However, the following anomalies were observed:

- i. The Management irregularly paid acting allowance amounting to Kshs.294,645 to four(4) staff for more than six(6) months.

- ii. The entity's payroll for the year under review revealed that a total of Kshs.80,368 was paid irregularly to one(1) staff as special duty allowances for more than six (6) months.

This was in contravention of Section C.14 (1) of PSC Human Resource Policies and Procedures Manual for the Public Service of 2016 which states when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary. Acting and special duty allowances will not payable to the officer for more than six (6) months.

In the circumstances, Management was in breach of the human resources policies and procedures.

2.2 Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees was one fifty six (56) out of which twenty four (24) or 43 % of the total number were members of the same ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

In circumstances, the Board was in breach of the law.

2.3 Non-Compliance with the One Third of Basic Salary Rule

Review of the payroll presented for audit verification revealed that some five(5) employees received a net salary of less than one third of the basic salary. Further, four employees received Nil salary in the month of April. This was contrary to the provisions of Section 19 (3) of the Employment Act, 17 of 2007 which requires that deductions made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages.

In circumstances, the Board was in breach of the Law

3. Failure to Prepare of Car Loan and Mortgage Financial Statements

The Tea Board of Kenya has a functional staff car loan and mortgage scheme, they did not prepare the financial statements. This was in contravention of Section 164(3) of the Public Finance Management Act, 2012 which states that the accounting officer shall prepare the financial statements in a form that complies with relevant accounting standards prescribed and published by the Public Accounting Standards Board from time to time.

In circumstances, the Board was in breach of the law.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure to Conduct Governance Audit

The entity's board did not initiate governance audit during the year under review. This was contrary to the requirement of Mwongozo code of conduct for state Corporations issued under presidential Executive Order No.7 dated 25 March,2015 ,under item1.13 which states that the Board of Directors in consultations with the State Corporation Advisory Committee is required to initiate governance audit of the company through an institute of certified public secretaries of Kenya (ICPSK) member and that the governance audit should among other areas cover the governance practices of the organization.

In circumstances, the Board is in contravention with Mwongozo code of conduct.

2. Irregular Composition of Board Committees

Review of the Board records provided for audit verification including the financial statements and board composition paper revealed that all the four committees of the Board of Audit and Risk, Human Resource and Finance, Strategy, market promotion and research and development and Regulations, compliance and capacity building had more than one third of the board members.

Further, most members belonged to more than two committees contrary to section B.4 of the Head of Public Service circular No. OP/CAB.9/1A which states that members can only sit in a maximum of two committees.

In the circumstances, Management was in breach of the law.

3. Board Involvement in the Management of the Entity Operations

Review of the records provided for audit including the payment vouchers revealed that the Board undertook activities that are of management in nature namely; consultative forum, West rift caucus, among others. This is in contravention of section D.2 of the Head of public service circular No. OP/CAB.9/1A on management of state corporations which dictates that the board oversight in fieldwork or projects can be secured through the executive team led by the Chief Executive Officer, internal audit or other government agencies under the framework of one Government approach. Analysis of board budget expenditure as per statement of comparison of budget and actuals revealed that the approved budget of board expenses reflected Kshs.20,680,000 against actual expenditure of Kshs.28,698,000 leading to unauthorized expenditure of Kshs.8,018,000.

In circumstances, the Board is in contravention of the Public Service circular.

4. Staff Under Establishment

During the year under review, examination of the human resource records provided for audit revealed that the Board has an approved staff establishment of one hundred (100) staff against fifty-six (56) staff members in post thus resulting in an overall under establishment of forty-four (44) personnel with some posts having zero employees.

In the circumstances, the Board lacked the requisite staffing levels to be able to run the day-to-day activities thereby adversely affecting delivery of its mandate as stipulated by law.

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.

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 Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 Tea Board of Kenya ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management aware of the intention to liquidate the Board 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.

Those charged with governance are responsible for overseeing the The Tea Board of Kenya financial reporting process, reviewing the effectiveness of how the entity 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 ISSAIs 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.

Report of the Auditor-General on Tea Board of Kenya for the year ended 30 June, 2024

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

30 December 2024

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

11. Statement of Financial Performance for the year ended 30 June 2024

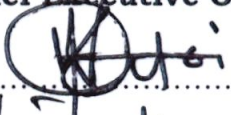
	Notes	2023-2024	2022-2023
		Kshs '000'	Kshs '000'
Revenue from non-exchange transactions			
Transfers from other governments entities	6	336,000	250,000
Licenses and Registration Fees	7	4,334	4,224
		340,334	254,224
Revenue from exchange transactions			
Rental revenue from facilities and equipment	8	7,174	1,077
Finance income	9	82,009	67,985
Other income/Miscellaneous	10	86	1,064
Total revenue		429,603	324,351
Expenses			
Use of goods and services	11	241,402	158,200
Employee Costs	12	155,767	143,068
Board Expenses	13	28,698	29,491
Depreciation and amortization expense	14	38,261	28,528
Repairs and maintenance	15	4,865	4,935
Contracted Services	16	26,672	22,475
Total expenses		495,666	386,697
Other gains/(losses)			
Gain on foreign exchange transactions	17	-	343
Surplus before tax		(66,062)	(62,003)
Remission to National Treasury	18	-	-
Net Deficit for the year		(66,062)	(62,003)

The notes set out on pages 9 to 57 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 57 were approved by the Board of Directors on 28th August 2024.


The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Chief Executive Officer


.....
Winy K Mutzu

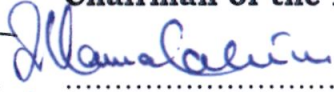
Date 20/12/24

Head of Finance


.....
JOHN KARIM
ICPAK No 11677

Date 20/12/24

Chairman of the Board


.....
Jacob Kaman KAHU


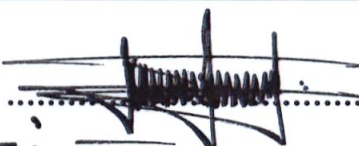
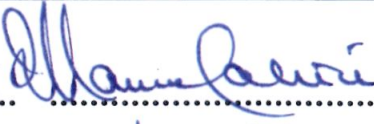
Date 23/12/2024

15 Statement of Financial Position as at 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs '000'	Kshs '000'
Assets			
Current Assets			
Cash and cash equivalents	19	126,645	179,766
Receivables from Exchange Transactions	20	33,664	64,126
Receivables from Non-Exchange Transactions	21	3,068	110,605
Total Current Assets		163,377	354,497
Non-Current Assets			
Property, plant and equipment	22	1,047,376	1,030,454
Intangible Assets	23	9,300	2,699
Securities and Deposits	24	807,844	698,176
Total Non- Current Assets		1,864,520	1,731,328
Total Assets		2,027,898	2,085,825
Liabilities			
Current Liabilities			
Trade and other payables	25	67,552	25,087
Refundable deposits from customers	26	604	604
Current Provision	27	6,336	4,596
Employee benefit obligation	28	8,035	44,106
Total Current Liabilities		82,528	74,393
Non-Current Liabilities			
Non-current Provision			
Total Non- Current Liabilities			
Total Liabilities		82,528	74,393
Net assets			
Revaluation Reserve		510,380	510,380
Accumulated surplus		1,195,937	1,261,999
Capital Fund		239,053	239,053
Total Net Assets		1,945,370	2,011,432
Total Net Assets and Liabilities		2,027,898	2,085,825

The financial statements set out on pages 1 to 57 were signed on behalf of the Board of Directors by:

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

		
Name..... <u>Willy K Mutai</u>	Name..... <u>JOHN KARUMU</u>	Name..... <u>Jacob Kamau KAHU</u>
Chief Executive Officer	Head of Finance ICPAK No 11677	Chairman of the Board
Date..... <u>20/12/24</u>	Date..... <u>20/12/24</u>	Date..... <u>23rd December 2024</u>

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

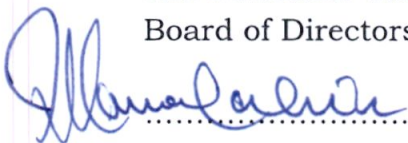
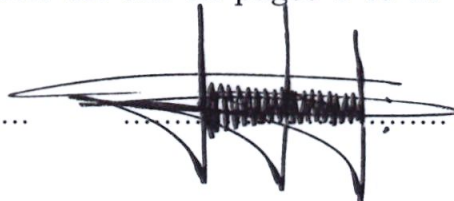
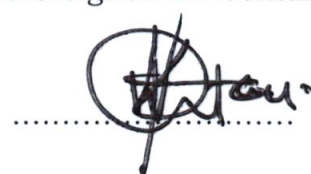
16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Revaluation Reserve	General Reserve	Capital Reserve	Total
	Kshs '000'	Kshs '000	Kshs '000	Kshs '000
As at July 2022	510,380	1,322,959	239,053	2,072,393
Restatement / Prior Year Adjustment		1,043		1,043
Surplus for the Period	-	(62,003)	-	(62,003)
Balance as at 30 June 2023	510,380	1,261,999	239,053	2,011,432
As at July 2023	510,380	1,261,999	239,053	2,011,432
Deficit for the Period	-	(66,062)	-	(66,062)
Return of surplus funds to National Treasury	-	-	-	-
Balance as at 30 June 2024	510,380	1,195,937	239,053	1,945,370

17. Statement of Cash Flows for the year ended 30 June 2024

	NOTES	2023-2024	2022-2023
		Kshs '000	Kshs '000
Cash Generated from Operations			
Surplus for the Year Before Tax		(66,062)	(62,003)
Adjusted for:			
Depreciation	14	38,261	28,528
Gains on Foreign Exchange	17	-	(343)
Finance Income	9	(82,009)	(67,985)
Working capital adjustments:			
Increase/ Decrease in Receivables	20 & 21	137,998	(50,753)
Increase/ Decrease in Employee Benefit Obligation	28	(36,070)	15,593
Increase in Current Provision	27	1,740	3,480
Increase/ Decrease in Payables	25	42,465	(19,846)
Net Cash Flows from Operating Activities		36,322	(153,329)
Cash Flows from Investing Activities			
Purchase of Property, Plant, Equipment and Intangible Assets	22	(61,785)	(68,607)
Gains and Losses on Disposal of Assets/ Foreign Exchange	17	-	343
Increase/Decrease in Securities & Deposits	24	(109,668)	(31,794)
Finance Income	9	82,009	67,985
Net Cash Flows used in Investing Activities		(89,443)	(32,073)
Cash Flows from Financing Activities			
Finance Cost			
Net Cash Flows used in Financing Activities			
Net Increase/(Decrease) in Cash and Cash Equivalents		(53,121)	(185,402)
Cash and Cash Equivalents at 1 July		179,766	365,168
Cash and Cash Equivalents at 30 June		126,645	179,766

The Financial Statements set out on pages 1 to 57 were signed on behalf of the Board of Directors by:

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Jacob K. Kariuki

Board Chairman

Date *23/12/2024*

JOHN KARUKI

Head of Finance
ICPAK No 11677

Date *20/12/24*

Willy K Mutai

Chief Executive Officer

Date *20/12/24*

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	F=d/c
	A	b	C=(a+b)	d	e=(c-d)	
Revenue						
Transfers from other governments entities	301,000	35,000	336,000	336,000	-	100%
Licenses and Registration Fees	4,000		4,000	4,334	334	108%
Finance income	65,800		65,800	82,009	16,209	125%
Rental revenue from facilities & equipment	-	16,477	16,477	7,174	(9,303)	44%
Other income/Miscellaneous	5,200	(1,200)	4,000	86	(3,914)	2%
Total revenue	376,000	50,277	426,277	429,603	3,327	101%
Expenses						
Employee Costs	137,157		137,157	155,767	1,752	99%
Remuneration of Directors	18,800	1,880	20,680	28,698	(8,018)	139%
Use of goods and services	164,730	48,397	213,127	241,402	(28,276)	113%
Contracted Services	43,212		43,212	26,672	(3,822)	117%
Depreciation & amortization	7,344		7,344	38,261	(30,917)	521%
Repairs and maintenance	4,757		4,757	4,865	(109)	102%
Total expenses	376,000	50,277	426,277	495,666	(69,389)	116%
Total Other Gains/(Losses)						
Surplus/Deficit	0.00	-	0.00	(66,062)	(66,062)	

Budget Notes

A. A reconciliation between deficit as per statements of financial performance and comparison of budget and actual amounts is provided as follows

	Amount in Kshs '000
Deficit as per statements of financial performance	(66,062)
Transfers from Accumulated Surplus	-
deficit as per statements of comparison of budget	(66,062)

B. An explanation of differences between actual and budgeted amounts above or under 10% are provided herein below in accordance with IPSAS 24.14; -

1. Finance Income

The total amount received by the Board in the FY 2023-24 is Kshs 82 million against a target of Kshs. 65.8 million registering a positive variance of Kshs 16.2 million owing to an increase in interest income.

2. Rental revenue from facilities and equipment

The total amount received by the Board in the FY 2023-24 is Kshs 7.17 million against a target of Kshs. 16.4 million registering a negative variance of Kshs 9.3 million owing to uncollected rent from AFA which was budgeted for but not realized.

3. Remuneration of Directors

In the FY 2023-24, the Board incurred Kshs. 28.6 million against a target of Kshs. 20.7 million registering a negative variance of Kshs. 8.0 million. The over expenditure resulted from additional programs on elections for small holder tea factories, additional meetings on repeat recruitment of TBK Chief Executive officer and to oversee the elections as per the court decree.

4. Use of Goods

In the FY 2023-24, the Board incurred Kshs. 241.4 million against a target of Kshs. 213.1 million registering a negative variance of Kshs. 28.2 million. The over expenditure resulted from additional costs on some of the programs.

5. Contracted Services

In the FY 2023-24, the Board incurred Kshs. 26.6 million against a target of Kshs. 22.8 million registering a negative variance of Kshs. 3.8 million owing to increase in the cost of Hiring National Youth Service to provide security and additional legal charges.

Budget Notes (Continued)

6. Depreciation and Amortization Expense

In the FY 2023-24, the Board incurred Kshs 38.3 million against a target of Kshs. 7.3 million registering a negative variance of Kshs 30.9 million owing to procurement of 3 additional motor vehicles and office furniture, refurbishment of Tea House for the official launch and refurbishment of Mombasa and Kericho house.

19. Notes to the Financial Statements

1. General Information

The Tea Board of Kenya (TBK) is established by and derives its authority and accountability from the Tea Act, 2020. TBK is wholly owned by the Government of Kenya and is domiciled in Kenya. TBK's principal activity is to develop, regulate and promote the tea industry as provided in the Tea Act, 2020

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, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Board'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 Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Board.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Tea Act, 2020 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

There were no new and amended standards issued in the financial year.

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

Standard	Effective date and impact:
IPSAS 43 - Leases	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The proposed IPSAS 43 which has an effective date of January 1, 2025, may have some impact on the Board's financial statements in future but have no impact in financial statements for the year ended 30 June 2024.</p> <p>This is because the leases with Agriculture and Food Authority (AFA) and James Finlay Kenya Ltd for its rental property in Nairobi are operating leases and the proposed modifications in the finance leases may not apply. However, the Board will in future recognise, measure and present information on right of use assets and lease liabilities in accordance with IPSAS 43.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

	<p>In the FY 2023-24, the Board did not have any Assets Held for Sale and Discontinued Operations and therefore there was no impact on TBK’s financial statements by IPSAS 44: <i>Non- Current Assets Held for Sale and Discontinued Operations</i></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The proposed IPSAS 45 which has an effective date of January 1, 2025, will have impact on the Board’s financial statements in future but have no impact in financial statements for the year ended 30 June 2024. Priors to IPSAS 45, the Board was using, the Board was using the cost and revaluation models prescribed under IPSAS 17 as only basis of measurement but will in future use current operational value as a measurement basis in the updated current value model for assets within its scope. This may impact on the carrying amount of some of the assets within the scope of IPSAS 45.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

	<p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>In future, TBK will use the current operational value as a measurement basis in the updated current value model for assets within its scope to fairly reflect the cost of services, operational capacity and operational capacity of assets and liabilities which is likely to affect their carrying amount. However, in the in the financial statements for the year ended 30 June 2024, IPSAS 46 will not have any impact.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>Currently, TBK recognizes, and measure revenue based on two IPSASs (International Public Sector Accounting Standards); IPSAS 9; Revenue from Exchange Transactions and IPSAS 23; Revenue from Non-Exchange Transactions (Taxes and Transfers). After adopting IPSAS 47, all TBK's revenue will be recognised and measured under one standard, which will be helpful for consistency and addressing some of the application issues in the legacy revenue IPSAS. It will also lead to more transparency in TBK's revenue transactions by introducing more robust and objective approach to the recognition and measurement of revenue. It is also expected that the additional disclosure requirements will provide more useful information to the users.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

<p>IPSAS 49- Retirement Benefit Plans</p>	<p>The proposed IPSAS 48 which has an effective date of January 1, 2026, will have impact on the Board's financial statements in future but have no impact in financial statements for the year ended 30 June 2024. The impact will depend on whether the transfer expenses arise from a transaction with or without a binding arrangement.</p> <p>Where transfer expense relates to a transaction with a binding arrangement, TBK shall derecognize the transferred asset and recognizes the transfer right asset. Subsequently, the transfer right asset will be derecognized and expensed when or as the transfer right is extinguished. The resulting transfer right asset shall be measured at the carrying amount of the transferred asset.</p> <p>Where transfer expense transaction without binding arrangements, TBK shall consider whether it has a constructive or legal obligation related to the transfer. If so, TBK will recognize an expense and make a provision under IPSAS 19; Provisions, Contingent Liabilities, and Contingent Assets. Consequently, this will impact on the carrying amount of the assets and liabilities of the Board.</p> <p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>TBK currently operate a Defined contributory scheme for its staff where retirement benefit obligations owed to staff are recognized in the statement of financial position as defined contribution obligations. Commencement of IPSAS 49 will not in any way impact on the financial statements of the Board since its provisions are already being applied.</p>
---	--

iii. **Early adoption of standards**

TBK did not early – adopt any new or amended standards in the financial year

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

a) Revenue recognition

i) Revenue from non-exchange transactions

Licences and Registration Fee

TBK recognizes revenues from licences, registration fees when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to TBK and the fair value of the asset can be measured reliably. Currently, TBK is using IPSAS 23 to recognise non-exchange transactions but will adopt IPSAS 47- Revenue in the next financial statements.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to TBK and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds. Currently, TBK is using IPSAS 23 to recognise revenue from non-exchange transactions but will adopt IPSAS 47- Revenue in the next financial statements.

ii) Revenue from exchange transactions - IPSAS 9

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period. Currently, TBK is using IPSAS 9 to recognise revenue from exchange transactions but will adopt IPSAS 47- Revenue in the next financial statements.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue. Currently, TBK is using IPSAS 9 to recognise revenue from exchange transactions but will adopt IPSAS 47- Revenue in the next financial statements.

b) Budget information

The original budget for FY 2023-2024 for the Tea board of Kenya was approved by the National Assembly and communicated through the State Department Crop Development and Agricultural Research on 22nd August 2022. During the year, there were no subsequent appropriations that were received. However, subsequent revisions were made to the approved budget in accordance with specific approvals from the appropriate authorities. In this regard, TBK's budget for the FY 2023-24 was revised from Kshs. 376 million to Kshs. 426 million to cater for election expenses.

TBK's 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. 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 note 18 of these financial statements.

c) Taxes

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 TBK operates and generates taxable income.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. 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.

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.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

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 *TBK* and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, *TBK* recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The useful lives of items of property, plant and equipment have been assessed on a straight-line method as follows: -

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Asset	Depreciation Method	Depreciation Rate	Useful Life
Land			Leasehold period
Buildings	Straight-line	2.50%	40yrs
Motor Vehicles	Straight-line	25.00%	4yrs
Computers	Straight-line	33.30%	3yrs
Office & Communication Equipment	Straight-line	12.50%	8yrs
Furniture, Fixtures & Fittings	Straight-line	12.50%	8yrs

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *TBK* Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments.

The *TBK* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *TBK* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to *TBK*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date. Amortization is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Asset	Depreciation Method	Depreciation Rate	Useful Life
Intangible Assets	Straight-line	20%	5yrs

g) Research and development costs

TBK expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the TBK can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of TBK.

i) Provisions

Provisions are recognized when TBK has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where TBK expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

j) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole.

TBK recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that TBK will incur in fulfilling the present obligations represented by the liability.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

k) Contingent liabilities

TBK does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Contingent liabilities for TBK relates to various court cases enumerated in Note no. 31

l) Contingent assets

TBK does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of TBK in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

m) Nature and purpose of reserves

In accordance with IPSAS 1, where an entity has no share capital, it shall disclose net assets/ equity, either on the face of the statement of financial position or in the notes, showing separately: contributed capital, accumulated surpluses, reserves (including a description of the nature and purpose of each reserve within net assets/ equity; and minority interests. The Board maintains the following reserves for the purposes stated: -

1. **Capital Reserve** – This represents the seed money used by the government for establishment of the defunct Tea Board of Kenya under the Tea Act Cap 343. It is primary reserve that finances major assets of the Board and is treated as a capital reserve.
2. **Revaluation Reserve** – This is the reserve created from revaluation of Property, Plant and Equipment being the difference between the carrying amount and the fair value of fixed assets in accordance with IPSAS 17. This is necessary for the proper accounting of fixed asset values, under fair value accounting and therefore has been reported separately in financial statements. This reserve is only adjusted revaluation of Property, Plant and Equipment in accordance with IPSAS 17.
3. **General Reserve** – This is created from accumulated surplus of the Board and is used to strengthen the liquid resources of the Board. This reserve is treated as revenue reserve in the financial statements.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

n) Changes in accounting policies and estimates

TBK recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

o) Employee benefits

Retirement benefit plans

TBK provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The contributions and lump sum payments reduce the post-employment benefit obligation.

The Board is in the process of establishing a contributory benefit plan for its staff. Consequently, a monthly provision is made at the rate of 20% representing the Board's contribution for the pension scheme. The details of the monies set aside in these Financial Statements are disclosed in note 27.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

r) Related parties

TBK regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *TBK* or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers. The Board as a State Corporation under the Ministry of Agriculture and Livestock Development operates under the guidance and Direction of the Ministry.

However, even though some of the major decisions regarding operations of the Board were subject to the approval by the Ministry, the Board operates with a high degree of autonomy.

s) 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 financial year. 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.

t) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. In particular, the comparative figures for the FY 2022-23 have been given.

u) 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 TBK's financial statements in conformity with IPSAS 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.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

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:

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. TBK based its assumptions and estimates on parameters available when the consolidated 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 TBK. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by TBK.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

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 40.

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.

This includes provisions for audit fees, legal fees, pensions and bad debts. Additional disclosure of these estimates of provisions is included in Note 26.

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2023-2024 Kshs "000"	2022-2023 Kshs "000"
Unconditional grants		
Operational grant	336,000	250,000
Other grants		
Total Unconditional Grants	336,000	250,000
Conditional grants		
Total government grants and subsidies	336,000	250,000

The purpose of the grant to finance operations of the Board while undertaking its regulatory functions stipulated in the Tea Act, 2020.

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognize d in capital fund.	Total transfers 2023-24	Total transfers 2022-23
	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"
State Department of Agriculture	336,000	-	-	336,000	250,000
Total	336,000	-	-	336,000	250,000

7. Licenses and Registration Fees

Description	2023-2024 Kshs "000"	2022-2023 Kshs "000"
Licenses & Registration	4,334	4,224
Total	4,334	4,224

These comprises of the fees charged to various industry players for issuance of either a license or registration certificate to operate.

Notes to the Financial Statements (Continued)

8. Rental Revenue from Facilities and Equipment		
Description	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Operating lease revenues	7,174	1,077
Total rentals	7,174	1,077

These relates to the rent charged for Tea House Block B for the Financial year 2023-24.

9. Finance Income		
Description	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Interest from collateral deposits	82,009	67,985
Total finance income	82,009	67,985

10. Other/ Miscellaneous Income		
Description	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Sponsorship	-	300
Others	86	764
Total other income	86	1,064

Notes to the Financial Statements (Continued)

11. Use of Goods and Services

Description	2023-2024 Kshs "000"	2022-2023 Kshs "000"
Stakeholders Forums	177	-
Collaboration & coordination's	1,281	884
Capacity Building	13,828	6,769
Research & Innovation	1,941	175
Compliance Inspections	5,565	6,510
Surveillance Audits	1,457	2,172
Industry Governance	8,600	7,302
Registrations & Licensing	5,035	1,077
Quality analysis	1,152	-
Development and Review of Stds	1,990	2,667
International Forum/Meetings	-	955
Environmental sustainability	-	57
Quality assurance & monitoring	712	382
Stakeholders excellence awards	382	734
Generic Promotion & Market Dev't.	22,189	31,934
Market Research & Development	19,805	5,658
Subscriptions to Associations	10,081	3,669
Trade Advisory	184	-
Overseas conference Expenses	-	6,509
Value Addition	962	2,757
Mark of Origin & Geographic Indications	160	66
Public Awareness & Publicity	1,024	4,502
Shows, Exhib & trade fairs	5,058	-
Public relations and corporate branding	698	988
Corporate Social Responsibility	378	157
Research	262	-
Planning and strategy	11,941	765
Monitoring & Evaluation	439	45
Staff Welfare	4,267	3,486
Train, Semi, Retreats & W-shops	-	5,742
Subscriptions to Professional Bodies	300	233
Staff Uniforms	321	-
Cross Cutting and Team Building	818	-
Internships and attachment	389	1,206
M&E of HR activities	3,218	10,675
Pension Admin Expenses	211	-

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

11. Use of Goods and Services (Cont..)		
Description	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Systems Audit	273	2,339
Internal Audit	2,785	2,260
Risk Management	345	-
M&E of Legal Activities	6,963	2,578
Elections Expenses	45,798	-
Dev. & Review of Regulations	2,938	1,370
Common user items-Printing & Stationery	2,731	3,193
Comm Telephone and Postage	5,276	4,848
Local Travelling Expenses	5,749	-
Common User Items-Sundries	1,560	640
Newspapers, Periodicals, Journals & Subs	1,560	1,276
Cleaning and Sanitary	-	287
Record management	129	223
Tender Advertisements	-	98
Fuel expenses	5,200	4,268
Others vehicle expenses	3,434	2,566
Land Rent & Rates	-	139
Office Rent	330	240
Electricity	1,888	1,463
Water	648	402
General & Staff Facilitation	923	3,098
M&E Finance Activities	7,211	6,567
Bank Charges	835	793
International Missions & Conferences	1,306	355
Meetings with Stakeholders	1,947	198
CEO's travel and subsistence	401	-
Stakeholder's Hospitality	1,216	-
Evaluation of Tenders	375	303
M&E of Procurement Programmes	1,265	1,762
Computer Accessories	1,019	362
M&E of ICT projects	7,825	7,024
Email and Internet	3,915	1,475
Maintenance of Softwares	735	-
Total Use of Goods and Services	241,402	158,200

This comprises most of the expenses of the Board which caters mostly for operations and administration.

Notes to the Financial Statements (Continued)

12. Employee Costs

	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Salaries and Allowances	117,888	116,519
Employer contribution to pension	17,517	12,135
Staff Medical Insurance	16,741	14,414
WIBA	465	-
Group Life Insurance	3,156	-
Total	155,767	143,068

13. Board Expenses

	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Sitting Allowances	7,884	6,749
Lunch Allowances	539	
Accommodation and Subsistence	8,885	9,190
Board Members Travel	8,363	5,849
BM Capacity Building & Trainings	1,591	5,450
Board Member Airtime	84	91
Directors Honorarium	960	997
Board Members Medical & Insurance	391	1,165
Total	28,698	29,491

14. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Property, plant and equipment	35,767	27,853
Intangible assets	2,494	675
Total depreciation and amortization	38,261	28,528

15. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Property	3,446	3,126
Automobiles	-	1,188
Computer and Electronic Equipment	49	73
Others	1,370	548
Total repairs and maintenance	4,865	4,935

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

16. Contracted Services		
Description	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Hire of Security	8,950	3,455
Legal Fees	9,120	3,462
Local Travelling Expenses/Taxi	3,831	7,395
Audit Fees	1,740	3,480
Courier Services	65	-
Consultancy Services/Management Fees	-	1,200
General insurance	1,714	3,483
Cleaning Services	1,252	-
Total	26,672	22,475

17. Gain on Foreign Exchange Transactions		
	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Gain on foreign exchange transactions	-	343
Loss on foreign exchange transactions	-	-
Total	-	343

18. Surplus Remission		
	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Surplus for the period	(66,062)	(62,003)
Less: Allowable deductions by NT	-	-
90% computation (Included in Statement of Financial performance)	-	-
Surplus Remission Payable	-	-
	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Payable at the beginning of the year	-	-
Paid during the year	-	-
Payable at end of the year	-	-

Notes to the Financial Statements (Continued)

19. Cash and Cash Equivalents		
Description	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Current account	76,645	29,766
Fixed deposits account	50,000	150,000
Total cash and cash equivalents	126,645	179,766

The decline in cash and cash equivalents was as a result of funds used to finance the capital and development budget for the period 2023-24, delays in receipt of the government subvention for June 2024 and the deficit for the two years.

Detailed Analysis of the Cash and Cash Equivalents			
		2023-2024	2022-2023
Financial institution	Account number	Kshs "000"	Kshs "000"
a) Current account			
Citibank NA - KES	0300026036	70,676	18,166
Citibank NA - USD	0300026063	2,079	2,094
National Bank of Kenya	01003000544300	2,323	3,008
National Bank of Kenya	01003007525500	100	15
Co-operative Bank of Kenya	01120007120700	1,466	6,482
Sub- total		76,645	29,766
b) On - call deposits			
	-	-	-
Sub- total		-	-
c) Fixed deposits account			
Co-operative Bank of Kenya	01132007120773	-	150,000
Kenya Commercial Bank		50,000	-
Sub- total		50,000	150,000
Grand total		126,729	179,423

Notes to the Financial Statements (Continued)

20. Receivables from Exchange Transactions		
Description	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Current receivables		
Rent Debtors**	6,917	2,161
Trade Debtors	6,763	33,662
Other Debtors	19,985	28,303
Total current receivables	33,664	64,126

** "Rent Debtors" comprises of rent payable by Agriculture and Food Authority for occupying Tea House phase II.

21. Receivables from Non-Exchange Transactions		
Description	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Staff Debtors	2,606	233
Staff Advance	211	187
Receivables from Govt Agencies-Assets	-	517
Receivables from Govt Agencies**	251	109,668
Total current receivables	3,068	110,605

** "Receivable from Government Agencies – represents Kshs. 250,560.00 being rent deposit receivable from AFA for occupancy in Tea House phase II.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

22. Property, Plant and Equipment

Cost	Land	Buildings	Work in Progress	Automobiles	Computer and Electronic Equipment	Office and Communication Equipment	Furniture and Fittings	TOTAL
	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"
As at 1st July 2022	441,500	625,431	-	31,600	11,028	16,733	18,495	1,144,788
Additions	-	-	21,743	28,011	9,375	974	5,131	65,234
As at 30 June 2023	441,500	625,431	21,743	59,611	20,404	17,707	23,626	1,210,022
Additions	-	-	17,575	31,979	1,124	-	2,011	52,690
As at 30 June 2024	441,500	625,431	39,318	91,591	21,528	17,707	25,637	1,262,711
Depreciation and Impairment								
As at 1st July 2022	-	77,930	-	31,600	10,401	15,475	16,309	151,715
Depreciation	-	15,643	-	7,003	3,659	359	1,190	27,853
At 30 June 2023	-	93,573	-	38,603	14,060	15,834	17,498	179,568
Depreciation	-	15,636	-	14,998	3,603	359	1,171	35,767
At 30 June 2024	-	109,209	-	53,601	17,663	16,193	18,669	215,335
Net Book Values								
At 30 June 2024	441,500	516,222	39,318	37,990	3,865	1,514	6,967	1,047,376
At 30 June 2023	441,500	531,858	21,743	21,009	6,344	1,873	6,127	1,030,454

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

22 (b) 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:

	Cost	Accumulated Depreciation	NBV
	Kshs "000"	Kshs "000"	Kshs "000"
Land	70,400	-	70,400
Buildings	593,879	-89,233	504,646
Automobiles	83,668	-66,687	16,982
Computer & Electronic Equipment	20,108	-13,310	6,798
Office & Communication Equipment	15,023	-13,384	1,639
Furniture and Fittings	18,404	-14,377	4,027
Totals	801,483	-196,991	604,491

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

	Cost	Normal Annual Depreciation charge
Automobiles	74,371	14,874
Total	74,371	14,874

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

23. Intangible Assets	2023-2024	2022-2023
	Kshs '000	Kshs '000
COST		
At July 1	7,907	4,534
Software Additions	9,095	3,373
At June 30	17,002	7,907
AMORTISATION		
At July 1,	5,209	4,534
Transfer/Adjustments		
Charge for the year	2,494	675
At June 30	7,702	5,209
NET BOOK VALUE		
At June 30	9,300	2,699

Intangible Assets comprises of several systems and software that were acquired separately are initially recognized at cost and then carried at cost less any accumulated amortization and accumulated impairment losses. Whereas some of the systems are still in use, they have a finite useful life and the Board is in the process of transiting to other systems which will be recognized at cost.

Intangible Assets includes the following assets that are fully amortized:

	Cost	Normal Annual Amortisation charge
	Kshs '000	Kshs '000
ePortal and accounting software	4,534	906.8
Total	4,534	906.8

These includes fully amortised ePortal system that was used for clearing tea exports/imports and an accounting software which are normally amortised at the rate of 20% as indicated in the “*Summary of Significant Accounting Policies*” section of this financial statements.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

24. Securities & Deposits		
Description	2023-2024 Kshs "000"	2022-2023 Kshs "000"
Kenya Commercial Bank - Staff Mortgage	673,143	563,475
National Bank of Kenya - Unsecured Personal Loan	83,828	83,828
National Bank of Kenya - Staff car loan	50,873	50,873
Total cash and cash equivalents	807,844	698,176

25. Trade and Other Payables		
Description	2023-2024 Kshs "000"	2022-2023 Kshs "000"
Trade payables	46,704	25,082
Accrued Expenses	11,060	-
Other payables	9,788	5
Total trade and other payables	67,552	25,087

26. Refundable Deposits and Prepayments from Customers		
Description	2023-2024 Kshs "000"	2022-2023 Kshs "000"
Customer deposits	604	604
Total deposits	604	604

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

27. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
	"000"	"000"	"000"	"000"	"000"
Balance b/d (1.07.2023)	-	-	-	4,596	4,596
Additional Provisions	-	-	-	1,740	1,740
Provision utilized	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Transfers from non-current provisions	-	-	-	-	-
Total provisions as at 30.6.2024	-	-	-	6,336	6,336

This entails the provision for audit fees.

28. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2023-2024	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
	"000"	"000"	"000"	"000"	"000"
Current benefit obligation	-	-	8,035	8,035	44,106
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	8,035	8,035	44,106

This amount represents payroll deductions pending remission by the end of the year.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

29. Cash Generated from Operations		
	2023-2024	2022-2023
	Kshs "000"	Kshs "000"
Surplus for the Year Before Tax	(66,062)	(62,346)
Adjusted for:		
Depreciation	38,261	28,528
Gains on Foreign Exchange	-	-
Finance Income	(82,009)	(67,985)
Working capital adjustments:		
Increase in Receivables	137,998	(50,753)
Increase in Employee Benefit Obligation	(36,070)	15,593
Increase in Current Provision	1,740	3,480
Increase in Payables	42,465	(19,846)
Net Cash Flows from Operating Activities	36,322	(153,329)

Notes to the Financial Statements (Continued)

30. Financial Risk Management

The Board's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. TBK's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. TBK does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

TBK's financial risk management objectives and policies are detailed below:

i) Credit risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Board. Credit Risk arises from bank balances, receivables and amounts due from related parties. Although this risk is unlikely to occur in the short term, it is mitigated as follows:

- i. Cash and short-term deposits are placed with well-established financial institutions of high quality and credit standing and also approved by the National Treasury;
- ii. Funds are invested in short-term facilities; and
- iii. The Board does not raise receivables in its ordinary course of business.

Credit risk with respect to accounts receivable is limited due to the nature of the Board's business and its reliance on government grant as the main source of funding. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the TBK's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the TBK's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

Exposure to Credit Risk	Total Amount Kshs "000"	Fully performing Kshs "000"	Past Due Kshs '000	Impaired Kshs "000"
As at 30 June 2024				
Current portion of receivables from exchange transactions	34,597	34,597		
Receivables from non-exchange transactions	3,609	3,609		
Bank Balances	126,645	126,645		
Total	164,850	164,850		
As at 30 June 2023				
Current portion of receivables from exchange transactions	64,126	64,126		
Receivables from non-exchange transactions	110,605	110,605		
Bank Balances	179,766	179,766		
Total	354,497	354,497		

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and there was no need to provide for an allowance for uncollectible amounts since TBK has considered all amounts to be recoverable. TBK has no significant concentration of credit risk. The board of directors sets the TBK's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the TBK's directors, who have built an appropriate liquidity risk management framework for the management of the Board's short, medium and long-term funding and liquidity management requirements. The Board manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

Notes to the Financial Statements (Continued)

30. Financial Risk Management (Cont.....)

The table below represents cash flows payable by the Board under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Exposure to Liquidity Risk				
	Less than 1 month	1-3 months	3-6 months	6-12 months
	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"
As at 30 June 2024				
Trade and other payables	49,110	10,123	8,318	67,552
Refundable deposits from customers	-	-	-	604
Current Provision	6,336	-	-	6,336
Employee benefit obligation	8,035	-	-	8,035
Total	63,482	10,123	8,318	82,528
As at 30 June 2023				
Trade and other payables	8,178	889	3,243	16,025
Current Provision	-	-	-	4,596
Employee benefit obligation	3,440	3,440	3,440	31,952
Total	11,617	4,329	6,683	52,573

iii) Market risk

TBK has put in place an internal audit function to assist it in assessing the risk faced by TBK on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the TBK's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the Financial Statements (Continued)

30. Financial Risk Management (Cont.....)

Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. TBK's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the TBK's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

TBK has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. TBK manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments. As at reporting date, TBK did not have future commercial transactions in foreign currency but had a recognised asset in form of a US Dollars denominated account i.e. CitiBank Account 0300026063 which exposed it to foreign currency risk. However, the account balance is not significant to expose the Board to significant transactional currency risk.

b) Interest rate risk

Interest rate risk is the risk that TBK's financial condition may be adversely affected as a result of changes in interest rate levels. TBK's interest rate risk arises from bank deposits. This exposes the Board to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Board's deposits. In order to manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity Analysis

TBK analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Notes to the Financial Statements (Continued)

30. Financial Risk Management (Cont.....)

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point (1%) it would result in a decrease/increase in profit of Kshs 829,416 and Kshs. 679,853 in FY 2023/24 and 2022/23 respectively. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs. 4,147,082 and 3,399,263 in FY 2023/24 and 2022/23 respectively.

Sensitivity analysis

	2023-2024	2022-2023
	Kshs '000	Kshs '000
Revenue from interest rates	82,009	67,985
Increase/ Decrease in interest rates by 5%	4,100	3,399
Increase/ Decrease in interest rates by 1%	820	680

iv) Capital Risk Management

The objective of the TBK's capital risk management is to safeguard the Board's ability to continue as a going concern. The Board capital structure comprises of the following funds:

Capital Risk Management

	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	510,380	510,380
Retained earnings	1,195,937	1,261,999
Capital reserve	239,053	239,053
Total funds	1,945,370	2,011,432
Total borrowings	-	-
Less: cash and bank balances	(126,645)	(179,766)
Net debt/(excess cash and cash equivalents)	1,818,725	1,831,666
Gearing	0%	0%

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

31. Related Party Disclosures

a. Government of Kenya

The Government of Kenya is the principal shareholder of the Tea Board of Kenya, holding 100% of the TBK's equity interest.

Other related parties include:

- i) The Ministry of Agriculture, Livestock, Fisheries and Cooperatives;
- ii) Agriculture and Food authority by virtue of the historical relationship between former Tea directorate and the Authority.

	2023-2024	2022-2023
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
State Department of Crop Development	336,000	250,000
Agriculture & Food Authority	-	
Total	336,000	300,425
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for TBK employees		
Total		
c) Receivables from related party		
Rent Deposit Receivable	251	109,668
Total	251	109,668

32. Contingent Liabilities

Court cases

As at reporting date TBK had several court cases where Board had been enjoined in various cases challenging elections held on 28th June 2026. These cases presented a contingent liability should the court find merit in the prayers made by various petitioners. Therefore, the Board hereby discloses these court cases in the Financial Statements for the period ending June 2024 in accordance with IPSAS 19 - *Provisions, Contingent Liabilities and Contingent Assets*.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

32. Contingent Liabilities (Cont.....)

These are a list of cases pending in court which represents a contingent liability; -

	Court case	2023-2024	2022-2023
		Kshs '000	Kshs '000
1.	PETITION NUMBER E253 OF 2024 Korir H Cheruiyot-V-Tea Board And 9 Others	1.89 Million	-
2.	PETITION NUMBER E280 OF 2024 Stephen K. Mwangi and James Kabuti Kihara and others vs Ngere Tea Factory Company Limited and Makomboki Tea Factory Company Limited and 6 others	1.5 Million	-
3.	NYERI JUDICIAL REVIEW NUMBER E012 OF 2024 Joel Mbatia V State Law	0.85 Million	-
4.	HIGH COURT OF KENYA AT KIAMBU PETITION NUMBER E020 OF 2024 Boniface Kago and Damaris K Ikinu And 11 Others Vs Cabinet Secretary Ministry Of Agriculture, Livestock And Fisheries And The Tea Board Of Kenya And 3 Others	0.85 Million	-
5.	PETITION E006 OF 2024 2024 Usikimye CBO V John Chebochok and 4 Others	0.8 Million	-
6.	ELDORET PETITION NO. E017 OF 2024 Okiya Omtatah Okoiti Vs Tea Board of Kenya	0.65 Million	-
7.	IN THE SENIOR PRINCIPAL MAGISTRATE COURT TIGANIA E043 OF 2024 Nehemiah Mugendi -Vs- Michimikuru Tea Factory Co. Ltd & 4 Others	0.4 Million	-
8.	KERUGOYA CIVIL CASE NO. E002 OF 2024 James Bundi Muchiri V Independent Electoral And Boundaries Commission And James Muchangi Kirunyu And 2 Others	0.35 Million	-
9.	KERUGOYA HIGH COURT CIVIL CASE E001 OF 2024 George M. Kariu V Kangaita Tea Factory & 4 Others	0.3468 Million	-
10.	NYAMIRA CONSTITUTIONAL PETITION NO E005 OF 2024; Moffat Teya Machogu Mang'are & 5 Others V Independent Electoral & Boundaries Commission & 44 Others	0.406 Million	-
11.	PETITION NUMBER E008OF 2024 Moses Kimaiga Vs The Tea Board Of Kenya	0.3 Million	-

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

Contingent Liabilities (Cont.....)

	Court case	2023-2024	2022-2023
12.	EMBU CIVIL APPEAL OF E059 OF 2024 Ephantus Mugendi Njeru Versus Moses Njagi Kamau & 4 others.	0.312 Million	-
13.	KERICHO CIVIL CASE NO. E008 OF 2024 Beatrice Chepkirui Chepkwony Vs. Tegat Tea Factory Ltd And 5 Others	0.6 Million	-
14.	KERUGOYA CONSTITUTIONAL PETITION NO. E009 OF 2024 Fredrick Kinyua & Others Vs IEBC & Others	0.4495 Million	-
15.	MURANGA CONSTITUTIONAL PETITION NO E009 OF 2024 Kiru Tea Factory Versus Tea Board Of Kenya and others	0.4 Million	-
16.	MURANGA CIVIL CASE NO. E008 OF 2024 Kiru Tea Factory company limited V IEBC & Others V Tea Board of Kenya and CEO, Tea Board of Kenya	0.4 Million	-
17.	IN THE HIGH COURT OF KENYA PETITION NO E18 OF 2022 (FORMERLY HIGH COURT PETITION NO. 18 OF 2014) KERICHO CONSTITUTIONAL PETITION NO 18 OF 2014 The Governor Kericho County V KTDA, AFA And 27 Others	0.525 Million	-
18.	IN THE COURT OF APPEAL CIVIL APPEAL NO. E529 OF 2024 The Board Of Directors Tea Board Of Kenya V Okiya Omtatah Okoiti	2.567 Million	-
19.	CONSTITUTIONAL PETITION NO. E 266 OF 2023 Peter Gathii Reuben V Jacob Kamau Kahi, Tea Board of Kenya & 3 Others	1.114 Million	-

The outcome of the above court cases therefore may result in legal costs or damages awarded against or for the Board.

33. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In the Financial Years 2020-21 and 2021-22, TBK did not make any surplus to remit to the National Treasury in accordance with Section 219 (2) of the Public Financial Management Act regulations.

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

Surplus Remission

Description	2023-2024 Kshs "000"	2022-2023 Kshs "000"
Surplus for the period		
Less: Allowable deductions by NT 90% computation (Included in Statement of Financial performance)	-	-
Surplus Remission Payable	-	-
Payable at the beginning of the year	-	-
Paid during the year	-	-
Payable at end of the year	-	-

There was no surplus to report during the period under review

34. Events after the Reporting Period

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

35. Ultimate and Holding Entity

TBK is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Agriculture, Livestock, Fisheries and cooperatives. Its ultimate parent is the Government of Kenya.

36. Currency

The financial statements are presented in Kenya Shillings (Kshs).

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

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

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe for the issue to be resolved
FY 2022-23	<p><u>Non-Remittance of Pension</u></p> <p>The statement of financial position and note 28 to the financial statement reflects a total of Kshs 44,106 in respect of employee benefit obligations. However, although the salary payments were made net of employees' pension deductions, and although the Board of directors approved the establishment of the board's staff retirement pension scheme, the pension deduction had not been remitted to the relevant Authorities. This is in contravention of section 19(4) of the Employment Act 2007 and the Retirement Benefit Authority Act, 2012, Section 53(a) on</p>	<p>Since transitioning from AFA, TBK immediately commenced the process of establishing an employee pension scheme for its staff.</p> <p>In accordance with the Retirement Benefits Act, 2012 and other laws, TBK has registered a pension scheme for staff after obtaining necessary approvals from the National Treasury and the Retirement Benefits Authority (RBA).</p> <p>Consequently, all pension dues that were subject of the audit quarry were submitted to the Pension Issuer; Jubilee Insurance.</p>	Resolved	N/A

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

	proceedings for recovery of deductions from employees.		
FY 2022-23	<p>Incorrectly constituted Board</p> <p>As previously reported, Review of the composition of the board revealed that the board of directors had only eight (8) members. This is contrary to section 7 of the tea Act, 2020, which provides that the management of the board shall vest in the board of directors consisting of eleven (11) members. In the circumstances, the board was in breach of the law.</p>	<ol style="list-style-type: none"> 1. Delay in appointing 2 directors representing largescale tea growers and tea traders was occasioned by a court case stopping nomination of their representatives in the Board. However, the matter has now been resolved and a court decree issued on 11th April 2024. 2. One (1) director representing the small-scale farmers passed on in May 2022; 3. The Cabinet Secretary has appointed a committee to oversee the elections of the farmers and traders' representatives in the Board. 4. The Ministry of Agriculture has written severally to the Council of Governors requesting them to nominate their representative to the Board which once done, COG will be represented. 	<p>Partially resolved</p> <p>January 2025</p>
FY 2022-23	<p>Unapproved Investment in Fixed deposit Account in Commercial Bank</p> <p>The Statement of financial position and Note 18 of the financial statements indicate a Cash and Cash equivalent</p>	<p>These funds were meant for the above staff pension scheme and payment of suppliers and were temporary being held in the account awaiting registration of the</p>	<p>Resolved</p> <p>n/a</p>

**The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.**

	balance of Kshs. 179,423,000 of which Kshs. 150,000,000 is fixed deposit account that the Board held in a commercial bank. This is contrary to Section 28(1) of the Public Finance Management Act, 2012.	pension scheme. The funds have since been transferred to the pension scheme and the rest used to pay suppliers of fixed assets procured in the FY 2022-23.		
FY 2022-23	Lack of Regulations The Board was officially formed when The Tea Bill 2018 was enacted into law (Tea Act, 2020) in 2020. However, as at 30th June 2023, regulations had not yet been enacted to operationalize the Tea Act 2020. Hence, the board risk having no legal framework for carrying out its core functions stipulated in the Tea Act 2020	Draft regulations have been developed but gazettment had been halted by ex-parte court orders suspending the operationalization of several sections of the Tea Act including the section 74 which gives powers to the Cabinet Secretary to make regulations. However, following the court decree issued on 11 th April 2024 on the above cases, the court orders have been suspended and the Board is in the process of finalizing the relations.	Partially resolved	June 2025
FY 2022-23	Staff Under Establishment Review of the human resource records revealed that the board had an approved staff establishment of one hundred (100) staff against fifty-nine (59) staff members in-post resulting in an overall under establishment by forty-one (41). In the circumstances, the board may not have adequate human resource	Following the approval of the Human Resource Instruments in 2022, the Board did not have the budget to implement the approved organizational structure in order to address the gaps in the staff establishment. However, the Board is currently implementing its programs using the existing resources as it seeks	Partially resolved	December 2025

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

capacity to facilitate effective additional funding to recruit and fill-in
achievement of its objectives. the forty-one (41) vacant positions.

Signed 

Chief Executive Officer

Date..... 

Appendix II: Projects implemented by TBK

In the financial year 2022-23, TBK did not have any projects funded by development partners and/ or the Government.

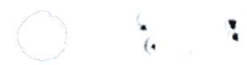
The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Don or Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development /Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
MOALD	08/08/23		25,083333.00						
MOALD	13/09/23		25,083333.00						
MOALD	16/10/23		25,083333.00						
MOALD	31/10/23		25,083333.00						
MOALD	11/12/23		22,940,476.00						
MOALD	05/01/23		22,940,477.00						
MOALD	12/03/23		22,940,477.00						
MOALD	15/02/23		22,940,476.00						

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

MOALD	08/05/2	22,940,476.0						
	3	0						
MOALD	12/06/2	22,940,476.0						
	3	0						
MOALD	26/06/2	72,940,477.0						
	3	0						
Total		336,000,000.0						



The Tea Board of Kenya
 Annual Reports and Financial Statements
 For the year ended June 30, 2024.

Appendix V- Inter-Entity Confirmation Letter

[Insert your Letterhead]

[N/A]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by *[Insert name of beneficiary Entity]* as at 30th June (Current FY)

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June (Current FY)				Total (D)=(A+B+C)	Amount Received by [beneficiary Entity] (KShs) as at 30 th June (Previous FY) (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)				
N/A								
Total								

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

The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Head of Accountants department of beneficiary Entity:

Name JOHN KARUKU Sign  Date ... 20/12/2024



The Tea Board of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A									

The Tea Board of Kenya
 Annual Reports and Financial Statements
 For the year ended June 30, 2024.

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A						