

REPUBLIC OF KENYA



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THE AUDITOR-GENERAL

ON

THE TEA BOARD OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2025**



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 2025

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

The Tea Board of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

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1. Acronyms and Definition of Key Terms

A: Acronyms

BETA	Bottom-up Economic and Transformation Agenda
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CET	East Africa Commission Common External Tariff
COG	Council of Governors
CUF	Common User Facility
EAC	East Africa Community
ESG	Environmental Social and Governance
FY	Finance year
GAPs	Good Agricultural Practices
GMPs	Good Manufacturing Practices
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
ISC	Inspectorate of State Corporations
KPIs	Key Performance Indicators
MOALD	Ministry of Agriculture and Livestock Development
MSMEs	Micro, Small and Medium Enterprises
MTPIV	Medium Term Plan IV
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
RFA	Rainforest Alliance
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
STQIP	Strategic Tea Quality improvement Programme

TBK	Tea Board of Kenya
TCC	Tea Classes Competition
VAT	Value Added Tax

B: Definition of Key Terms

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

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 mandate of the Tea Board of Kenya is to develop, promote and regulate the Tea Industry.

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 Tea House along John Kerich 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 and Supply Chain Management).

(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;
- 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.

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 and improved livelihoods”.

Strategic Objectives

- Figure 1: Core Values**

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(c) Key Management

The Tea Board of Kenya's 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	James Marete
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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

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	James Marete
6.	Director, Corporate Services	Peter Macharia
7.	Corporation Secretary	Peris Mudida
8.	Director, Planning and Strategy Department	Peter Kibiku
9.	Director, Internal Audit & Risk Assurance	Beatrice Githinji
10.	Deputy Director, Finance & Accounts Department	John Kariuki
11.	Deputy Director, Human Resource & Administration	Serah Muchunu

- | | | |
|-----|--|---------------|
| 12. | Deputy Director, Information and Communications Technology | Amos Mulievi |
| 13. | Principal Officer, Corporate Communication | Enock Matte |
| 14. | Ag. Principal Supply Chain Management Officer | Doreen Mutheu |

(e) Fiduciary Oversight Arrangements

Audit and Risk Committee

The Committee has the oversight responsibility of reviewing, assessing the adequacy and monitoring of internal controls, risk management and corporate governance processes; examining internal and external audit reports and recommendations; overseeing financial reporting and reviewing the accounting principles, policies and practices adopted in the preparation of financial statements.

Human Resource and Finance Committee

The Committee of the Board oversees staff and finance matters and provides the oversight role on matters relating to staff, finance and general management. Specific roles include oversight in formulation of the corporate strategy and human resource instruments, implementation of staff remuneration, review and setting of performance targets, negotiation of performance contract and approval of quarterly performance and end-year evaluation reports. The Committee also considers and recommends for approval by the Board, of the operational and administrative policies and procedures; consider progress reports on financial matters; procurement plans and annual financial budgets as well as quarterly financial performance reports.

Office of the Auditor General (OAG)

The Office of the Auditor General (OAG) audits and reports on the use and management of public resources entrusted to the Board with the aim of providing valuable information on whether the resources have been applied lawfully, efficiently and effectively towards realisation of the Board's service delivery objectives.

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 to Board.

Inspectorate of State Corporations (ISC)

The role of the Inspectorate of State Corporations is to ensure effective governance and management of state corporations, providing advisory services, conducting management audits and special investigations, monitoring performance, and undertaking surcharge actions to recover mismanaged funds. ISC's mandate stems from the State Corporations Act, Cap 446, and aims at improving public service delivery through promoting good corporate governance practices in State Corporations.

(f) TBK Headquarters

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

(g) TBK Contacts

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

(h) TBK Bankers

Co-operative Bank
Parliament Road
P.O Box 48231-00100
NAIROBI, KENYA

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

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

The Tea Board of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Kenya Commercial Bank Kenya Ltd
Mortgage Centre, Sarit
P.O Box 1080-00606
NAIROBI, KENYA

(i) Independent Auditor

Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. The Board of Directors

	Directors	Details
1.	 Name: Mr. Ndungu Gathinji Designation: Chairman Date of birth: 20th February 1946 Term: Appointed on 14th February 2025	Mr. Gathinji has many years of experience in both the public and private sectors. He is currently the Chairman of the Tea Board of Kenya as well as the Chairman of Francis Drummond and Company Limited, Stockbrokers, and LSG Sky Chefs Kenya Limited, among others. He has previously served as Chairman of the Development Bank of Kenya and also as Chairman of the Nairobi Securities Exchange. He has also served in the following capacities among many others: - Founder Secretary and former Chairman of the African Stock Exchanges Association (ASEA); founder Chairman and former CEO, Eastern, Central and Southern African Federation of Accountants (ECSAFA); past Chairman of the Institute of Certified Public Accountants of Kenya (ICPAK); Board member of the International Federation of Accountants (IFAC) and former Chairman, Ernst & Young East Africa firm of accountants. He holds a law degree from the University of Nairobi, and is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA), Fellow of the Association of Chartered Certified Accountants (FCCA), a Fellow of the Institute of Certified Public Accountants of Kenya (FCPAK) and a found member of the Institute of the Certified Investment and Financial Analysts of Kenya.

2.



Name: Mr. Jacob Kamau Kahiu
Designation: Chairman of the Board
Date of Birth: 2nd December 1953
Term Appointed on 9th June 2023

Mr. Jacob Kamau Kahiu 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.

3.



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: Re-appointed on 28th February 2025

Mr. Kirigwi is a Non-executive Independent Director. He holds a BSC Degree in Information Technology from Muranga University of Technology, and a Diploma (Banking) from Universal College. He is a Member of the Computer Society of Kenya. He has undertaken several specialized trainings which include trainings for Public Sector Boards, ICT Management & Leadership, Privacy & Data Protection, Contract & Procurement Fraud Prevention, investigation & Detection, Staff Selection & Recruitment and Finance for Non-Finance Leaders.

Mr Kirigwi is a distinguished governance and development expert with over three decades of experience in Public service, Cooperative leadership, Financial oversight, and Education management. He has served in the Board of Management of several schools and in various Boards within the tea sub-sector. Mr Kirigwi has played a pivotal role in shaping National Tea Sector priorities and promoting Constitutional Values and Corporate

		Governance. His leadership has been marked by Strategic foresight, Ethical Stewardship, and a Deep commitment to Community Empowerment. He chairs the Regulations, Compliance and Capacity Building Committee of the Board.
4.	 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	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.
5.	 Name: Mr. Kennedy Mochere Kaburi Designation: Non-Executive Independent Director,	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.

	representing Small Scale and Medium Scale Tea Growers-West of Rift Block Date of Birth: 24th October 1968 Term: Appointed on 14th January 2022	
6.	 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.
7.	 Name: Ms. Grace Sian	Ms Sian is a non-executive director. She holds a Degree in Economics and Statistics. She is currently pursuing her Ms. Grace Sian Kaindi holds a Bachelor's degree in Economics and is currently pursuing a Master's degree in Economics and Policy Management at Kenyatta University. She has attended a Program on Investment Appraisal and Risk Analysis (PIAR) in Canada.

Designation: Alternate to the Principal Secretary, National Treasury

Date of birth: 2nd April 1996

Term: Appointed on 15th January 2025

Ms Sian currently works at the National Treasury - Government Investment Public. She has vast experience in the Public Sector, and in governance and oversight of State Corporations. Her expertise includes conducting budget analysis and providing strategic budget recommendations, evaluating and proposing institutional reforms, structuring borrowing frameworks for State Corporations, leading organizational restructuring initiatives and formulating policy guidance to enhance efficiency and accountability in public institutions

She is skilled in Public sector investment analysis, Policy formulation and evaluation, Strategic financial planning, Governance and institutional reform, Stakeholder engagement and negotiation and Economic research and data interpretation

Ms. Kaindi is an active member of the Economists Society of Kenya (ESK) and currently serves in other Boards as a representative of the Principal Secretary, National Treasury.

8.



Name: Mr. Anthony Ndegwa Nderitu

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.

	Designation: Alternate to the Principal Secretary, National Treasury and Economic Planning. Date of birth: 6th February, 1977 Term: Appointed on 10th March 2022 up to 15th January 2025.	He has served in several Boards of the State Corporations as an alternate Board Member representing the Principal Secretary National Treasury and Economic Planning. Mr. Nderitu holds a Bachelor of Commerce degree Accounting Option and is also a Certified Public Accountant of Kenya (CPA-K).
9.	 Name: Ms. Tabitha Lagat Designation: Representing Council of Governors Date of Birth: 6th August 1985 Term: Appointed on 28th March 2025	CPA Tabitha Lagat is a Non Executive Executive Director. She holds a Bachelor of Commerce Degree (Accounting Option) from Strathmore University. She is Certified Public Accountant of Kenya (CPAK) and a Member of ICPAK in good standing. CPA Tabitha Lagat is a dynamic finance, audit and governance professional with extensive experience in accounting, strategic financial planning and institutional strengthening. She is a Partner at Cheror Lagat and Associates-CLA (Certified Public Accountants of Kenya). CPA Tabitha previously served as Chief Accountant at CITAM, where she was instrumental in leading the finance team during CITAM's successful attainment of ISO certification. She Championed the transformation of the organization to a billion-shilling institution. She Provided leadership in the establishment and financial structuring of new strategic branches and introduced internal controls that enabled long-term sustainability and growth of CITAM. CPA Lagat's Core Competencies include Corporate governance & board-level leadership, Public-sector stakeholder engagement & county representation,

	IFRS-compliant financial reporting & audit quality, Organizational transformation & strategic growth, Policy interpretation, risk management & regulatory compliance and Human capital policy design & implementation. CPA Tabitha Lagat is deeply committed to integrity, fairness and inclusivity in governance and finance. Her leadership philosophy is anchored in the belief that: “Numbers tell a story and if we listen carefully, they can lead us to transformation, transparency and trust.” She envisions a Kenya where public and private institutions alike uphold high standards of financial stewardship, accountability, and people-centred growth. She chairs the Strategy, Market Promotion and Research & Development Committee of the Board.
10.	 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 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. Mr. Mandu holds a Bachelor of Arts degree and a Post Graduate Diploma in Entrepreneurship development. He is also trained in Strategic Leadership.

11.



Name: Mr. Leonard Kubok
Designation: Alternate to the Principal Secretary, State Department for Agriculture, Ministry of Agriculture and Livestock Development
Date of birth: 28th May 1969
Term: Appointed on 16th January 2025

Mr. Kubok is currently the Deputy Director of Agriculture the State Department for Agriculture, Ministry of Agriculture and Livestock Development. He holds a Master of Science (Msc) Degree in Agricultural Extension, a Bachelor of Science in Agriculture, a Diploma ins Understanding Sustainability and aa certificate in Rural Development in African Countries.

12.



Name: Mr. Willy K. Mutai
Designation: Chief Executive Officer
Date of birth: 1st January, 1978
Term: Appointed on 23rd November 2023

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.

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.

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

13.



Name: Ms. Peris Mudida
Designation; Corporation Secretary.

Date of birth: 30th March, 1972

Term: Appointed on 1st July 2021

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

4. Key Management Team

#	Management	Details
1.	 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);	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.
2.	 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);	Mr. Macharia joined the Board in May 2005 and oversees the Corporate Services Directorate of the Board. 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.

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.



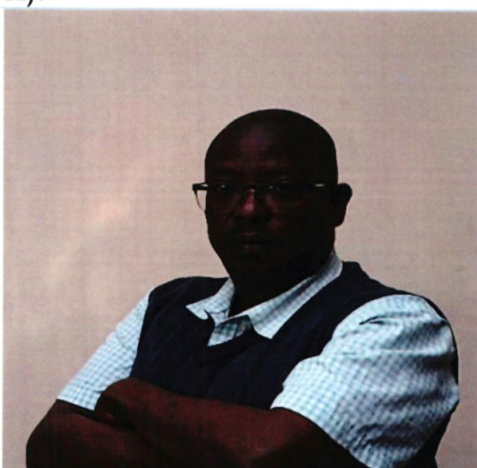
Julius Mwanzia King'oo
Ag. Director, Registration, Licensing & Standards

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.



James Kirima Marete
Ag. Director, Capacity Building, Research and Innovation

Bachelor of Science in Agriculture and Certificate in Tea Pollution Free Tea

Mr. Marete joined the Board in August 2008 and heads the Capacity Building, Research and Innovation.

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

Production Technology for Developing Countries.

7.



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.

8.



Peter N. Kibiku
Director, Planning and Strategy

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.

	Master of Business Administration; Bachelor of Science; SPSS; Member of Operations Management Society of Kenya	
9.	 Beatrice W. Githinji Director, Internal Audit and Risk 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.
10.	 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

11.



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.

12.



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.

13.	 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.
14.	 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 2020. 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 agricultural sector is a critical part of Kenya's economy, accounting for 21.8 % of the country's Gross Domestic Product (GDP). The tea sub-sector is key to the country's socio-economic development particularly in supporting livelihoods across the tea value chain and in contributing towards employment creation, foreign exchange earnings and growth in GDP. During the year, activities and programmes undertaken were aimed at supporting the realization of Vision 2030, the Bottom-Up Economic Transformation Agenda (BeTA), TBK' strategic Plan (2023-2027) and the Performance Contract for the FY 2024-2025.

In the year 2024, the industry recorded a very impressive growth in tea production increasing by 28.21 Million Kgs (4.95%) from 570.26 Million Kgs in the year 2023 to 598.47 Million Kgs in 2024. The total export volume increased by 14% (71.59 Million Kgs) from 522.92 Million Kgs recorded in 2023 to 594.50 Million Kgs. The exports earnings also recorded a slight improvement in performance by 1% (Kshs. 1.12 Billion) from Kshs. 180.57 Billion recorded in 2023 to Kshs. 181.69 Billion. The growth in tea production was attributed to a number of factors such as favourable weather conditions and the higher application of fertilizers, licensing of additional processing factories in tea growing areas. During the year, the government provided subsidized fertilizers to tea farmers where over 97,000 metric tonnes of fertilizers were distributed to the farmers at a subsidized price of Kshs 2,500 per 50 Kg bag.

To improve governance in the smallholder tea sub-sector, the Board oversaw the elections of directors of all smallholder tea factories where over 315 directors were elected and inducted. In order to address the governance challenges facing the tea subsector, the Board developed corporate governance guidelines and code of conduct for the tea sector. The Board also facilitated TBK Elections covering the representatives for small scale/medium scale tea growers, Large Scale and Tea Trade representatives were elected into the Board. Additionally, TBK conducted Governance and Financial Audits of Tea Factories to assess the level of compliance of tea factories with the Tea Act, 2020 and other laws.

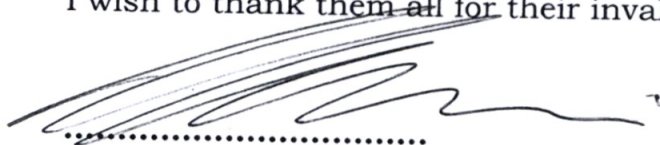
During the year, the Board finalized the development of the TBK' Strategic Plan (2023-2027) in accordance with guidelines issued by the National Treasury and Economic Planning. The plan will give the strategic direction of the Board in realization of the Governments blueprints for the tea sector and the mandate of the Board as stipulated in the Tea Act, 2020. The Board also developed the draft

Tea (Licensing and Registration) and the Tea (Levy) Regulations to strengthen the Industry's regulatory framework.

During the year, the Board held the *Kenya Tea industry Centenary Celebrations* to commemorate the 100 years of tea production in Kenya. The celebrations were held under the theme "100 years of serving Kenyan tea to the rest of the world", and brought together key players in the global tea industry. During the celebrations the industry reflected on the successes realised in the last 100 years which included increased tea production, liberalization of the tea sub-sector, increased forex earnings and expansion of new tea markets, as well as the development of new tea varieties and products. The industry also considered the challenges facing the sub-sector which includes declining tea prices coupled with the rise in surplus stocks; poor governance practices among the institutions managing the smallholder tea sector; exploitation of tea farmers; declining quality of Kenya tea; inadequate funding of industry programmes; low levels of value addition; overreliance on a few export markets and emerging global challenges such as the effects of the Russia-Ukraine crisis and the armed conflict in Sudan which has negatively affected the market access for Kenya tea.

In order to address the above challenges, the TBK's 2023-2027 strategic plan provides a structured approach towards implementing the reforms envisaged in the Tea Act, 2020 and the Bottom-Up Economic Transformation Agenda (BeTA). The TBK has also been at the forefront in advocating for the amendments of the Tea Act, 2020 in order to address some of the legal and regulatory bottlenecks affecting the subsector such as lack of a regulatory framework to effectively regulate various industry activities. The Board is working with other government agencies to enhance tea value addition and also markets access of Kenya tea.

The Board is now largely and strategically positioned to fully support the Kenya tea industry in making it more sustainable and competitive. As the chairman, I wish to acknowledge the invaluable efforts of my colleagues in the Board, the management and staff of the Board. Their continued commitment and teamwork have continued to be instrumental in advancing our vision of making a globally competitive, profitable and sustainable tea industry. To our other stakeholders, I wish to thank them all for their invaluable and continued support.



MR. NDUNGU GATHINJI
CHAIRMAN

6. Report of the Chief Executive Officer

During the year, The Tea Board of Kenya worked closely with the Ministry of Agriculture and Livestock, Development in driving the implementation of Vision 2030, MTP IV and the Bottom-Up Economic Transformation Agenda (BeTA) as well as reforms envisaged in the Tea Act, 2020, and the TBK Strategic Plan.

To facilitate distribution of subsidized fertilizer to the farmers, TBK finalized clustering tea farmers along the tea factories and developed a tea growers' database for all the registered tea growers to ascertain the fertilizer quantity requirements and map out the tea factories as last mile centres for distribution of subsidised fertiliser.

To ensure better returns to the tea growers, TBK undertook capacity building of the Field Extension Officers and Factory Production Managers on tea plucking standards, Good Agricultural Practices (GAPs) and Good Manufacturing Practices (GMPs) with view to enhance farm level returns.

Additionally, TBK conducted blind tasting of teas from the licensed tea factories and included Sixteen (16) lowest ranked tea factories in the Strategic Tea Quality Improvement Programme (STQIP).

To enhance market access for Kenya tea, TBK in collaboration with the tea industry players undertook market development activities in UAE, China, Iran, North America and Germany. There were also bi-lateral engagements with Egyptian authorities through a high-level Goodwill Mission to explore alternative payment and settlement systems. TBK also facilitated deliberations with tea stakeholders on implementation of Rainforest Alliance (RFA) market access standard and capacity build MMEs on packaging and branding and specialty tea production with a view to promote tea value addition and product diversification.

Compliance with the Tea Act, 2020 and Regulations was enhanced through surveillance inspections on green leaf transport vehicles, falsification in weighing of green leaf and green leaf hawking / diversion. Compliance monitoring inspections were also conducted within tea factories in the tea growing areas and on registered tea traders (Packers, buyers/exporters, Tea brokers and warehousemen) in collaboration with County Governments and law enforcement Agents/Officers.

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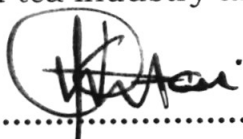
On the implementation of Presidential Directives, The Tea Board of Kenya enforced factory wood fuel sustainability requirements by conducting quarterly factory inspections on wood fuel planting KPI /targets. It also undertook an assessment of existing value addition capacity gap and identified potential private sector investors who were willing to enter into a Public Private Partnership Agreement with the Government with a view to operationalising Common User Facilities (CUF) for value addition in Nairobi, Kericho and Mombasa. With view to incentivize value addition of tea prior to exportation, TBK engaged other government agencies for successful removal of Value Added Tax (VAT) on tea and packaging materials, respectively.

To facilitate product diversification into Orthodox and specialty tea manufacture, TBK developed and submitted funding proposals to the National Treasury for modernization of the tea factories. To ensure standardization of the Kenya Orthodox and specialty tea, The Tea Board of Kenya conducted an onsite training and capacity building for Orthodox & Specialty tea manufacturers.

During the year, the Board surpassed its target for internally generated funds by collecting Kshs. 125 million against a target of Kshs. 85 million owing to good financial management. However, the Board is still consulting with tea industry stakeholders on operationalization of Section 53 of the Tea Act, 2020 in order to enhance the revenue generation to finance the Board and tea industry programmes.

Looking ahead, we are committed towards our vision of making a globally competitive, profitable and sustainable tea industry by effectively developing, regulating and promoting the Kenya tea industry for socio-economic growth of the country and improved livelihoods.

On behalf of the management team, I wish to express my gratitude to the Chairman and the Board of Directors for their continued support and guidance during the year. I also wish to sincerely appreciate the Board's staff for their unwavering support and commitment in delivering the set targets. I remain committed in steering the team towards the realisation of the Board's mandate and tea industry aspirations.



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WILLY K. MUTAI
Chief Executive Officer

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

The Tea Board of Kenya has four (4) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023-2027 which have been adopted in from the long-term strategic direction of the Board. These strategic pillars/ themes/ issues are:

1. Farm Income;
2. Value Addition and Market Development;
3. Compliance;
4. Institutional Capacity.

The Tea Board of Kenya develops its annual work plan and performance contract targets based on the above four 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 2024/2025 period for its four strategic pillars/themes/ issues, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1. Improved growers' income	To ensure guaranteed minimum return to the tea growers	National Growers database for fertilizer distribution	Cluster growers along the tea factories and ascertain farm inputs requirements	Clustered 834,129 tea farmers along tea factories and developed a tea grower's database; Ascertained tea farmers fertilizer requirements for provision of subsidized fertilizer
	To enhance quality of Kenya tea	Greenleaf quality guidelines	Develop Greenleaf quality guidelines	Draft green leaf quality guidelines were developed and subjected to public participation
		No. of Tea Factories Sensitized	Capacity build technical managers on Good Manufacturing Practices (GMPs)	Sensitized Production Managers from 50 Tea Factories in the West of Rift on Quality Tea Processing

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		No. of factories inspected for Greenleaf quality	Conduct inspections on Greenleaf quality	Undertook inspections on Greenleaf quality in 40 tea factories
		No. of factories assessed for Tea quality analysis (Tea Classes Competition)	Conduct tea quality analysis (TCC)	Conducted tea quality analysis for 145 factories and identified the factories with the low quality for Strategic Tea Quality Improvement Programme (STQIP) programme
	To mainstream climate action and Environmental Social Governance in tea production	No. of tree seedlings planted	Plant tree seedlings	A total of 21,500 tree seedlings were planted during the International Tea Day, Rukuriri tree planting event and at during Kabianga Ward Expo at Kapmaso School
		Compliance level on factory wood fuel sustainability requirements	Enforce factory wood fuel sustainability KPI requirements target	Quarterly audits on wood fuel sustainability were conducted on Smallholder, largescale growers and Independent Tea Factories giving a compliance level of 78.7%.
2. Enhanced tea value addition and market expansion	To promote Kenya value added teas	No. of exhibitions to promote value added teas	Undertake exhibitions to promote value added teas	Export market development activities to promote access of Kenya value-added teas were undertaken in 4 markets; UAE, North America, Germany and China
		No. of MSMEs trained on value addition	Capacity build MSMEs on value addition	45 MSMEs trained in Mombasa on packaging and branding;
		No. of Forum on product diversification	Capacity build MSMEs on product development and diversification	Two (2) onsite trainings on Orthodox and specialty tea production was conducted

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	To enhance market access and integration into global value chains	No. of trade missions undertaken	Undertake Scheduled trade missions	Two trade missions undertaken in Egypt and Iran
3. Enhanced compliance with Tea industry regulatory framework	To strengthen the tea industry regulatory framework	No. of regulations developed	Develop two tea industry regulations	Two (2) draft Tea regulations (Tea Levy; Licensing and Registration) were developed. Six (6) Public participation forums with Tea Industry stakeholders were conducted in Mombasa, Kericho, Murang'a, Naivasha and Nairobi
		No. of elections conducted	Oversee elections of directors for the tea Board of Kenya	Three (3) elections for representatives of small-scale and medium-scale tea growers, large-scale tea growers, and tea trade to the Board of the Tea Board of Kenya were conducted
		No. of Governance and financial audits of Tea Factories	Conduct Governance and financial audits of Tea Factories	Conducted Governance and financial audits of Nine Tea Factories (Michimikuru, Kagwe, Kimunye, Thumaita, Kebirigo, Kapkoros, Tirgaga, Motigo, and Olenguruone)
	To enforce the Tea Act and Regulations	Quarterly surveillance audits on green leaf diversions, transportation and weighing falsifications	Undertake surveillance Audits on green leaf diversions, transportation and weighing falsifications	Quarterly surveillance inspections conducted in the Counties of Kericho, Bomet, Nyamira, Kisii and Nandi
		No. of monitoring	Conduct compliance monitoring	Conducted compliance monitoring inspections in 42 tea factories

		inspections to tea factories	inspections in tea factories	
		No. of monitoring inspections on tea traders	Conduct compliance monitoring inspections for tea traders	Conducted compliance monitoring inspections to 43 tea traders in Nairobi, Mombasa, Narok, Nakuru, Kisii, Bomet, Nyamira, Kericho, Nandi, Meru, Muranga and Kiambu
		No. of field validation visits for Licensing and Registration	Conduct field validation of the applications for licensing and registration	Conducted 14 field validations for licensing and registration applications
4. Enhanced institutional operational efficiency	To strengthen the institutional framework to effectively deliver on its mandate	Reduced turnaround time for citizen-facing and back office services	Re-engineer business processes for citizen-facing and back office services	Reduced the turnaround time of stakeholder registration and Licensing from 90 days to an average of 30 days
		No. of digitized services	Digitize citizen-facing and back office services	Reduced the turnaround time of export and/or import permit issuance from 7 days to an average of less than a day
		No. of staff Sensitized	Sensitize staff on the Citizens' Service Delivery	Onboarded ten (10) stakeholders' services onto e-Citizen platform; Digitized payment for services through Government pay bill number 222222; Fifty-four (54) Staff were Sensitized on the Citizen Service Charter was done in Nairobi, Mombasa, and Kericho

8. Corporate Governance Statement

8.1 Appointment of Board members, Process of Appointment and Removal of Directors, Size, Diversity, Demographics of the Board and Existence of the Board Charter

The membership, size, structure and appointment of the Board is provided for under Section 7, 8, 9 and 10 of the Tea Act, 2020. Under Section 7 the Board consists of the following eleven (11) members:

- a) a chairperson appointed by the President by notice in the Gazette;
- b) the Principal Secretary responsible for Agriculture or a representative nominated by the Principal Secretary in writing;
- c) the Principal Secretary responsible for Trade or a representative nominated by the Principal Secretary in writing;
- d) the Principal Secretary responsible for National Treasury or a representative nominated by the Principal Secretary in writing;
- e) 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;
- f) 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;
- g) one person elected and representing large scale tea growers;
- h) one person elected and representing tea traders;
- i) a Chief Executive Officer appointed in accordance with Section 13 of the Tea Act who shall be an ex-officio member of the Board.

During the year under review; -

1. Mr. Ndungu Gathinji was appointed as the Chairperson of the Tea Board of Kenya on 14th February 2025 following the revocation of the appointment of Mr. Jacob Kamau Kahi in line with Section 7 (1)(a) of the Tea Act,
2. The appointment of Richard Bii as the representative of the Principal Secretary responsible for Agriculture was revoked and Leonard Kubok appointed in line with Section 7 (1) (b) of the Tea Act;
3. The term of Anthony Nderitu as the representative of the National Treasury ended and Grace Sian appointed in line with Section 7 (1) (d) of the Tea Act;
4. The position was filled through the appointment of Tabitha Langat in line with Section 7 (1) (e) of the Tea Act. Since the inception of the Board, the

position for the Representative of the Council of Governors has been vacant;

5. Three representatives of small-scale and medium-scale tea growers were reappointed in line with section 7 (1) (f) of the Tea Act;
6. Elections of one (1) person each representing tea trade, large-scale tea growers, and small scale and medium-scale tea growers were done in line with section 7 (1) (h), (g) & (f), respectively, and gazettment by the Cabinet Secretary is being awaited.

Removal of the Board

Section 9 of the Tea Act provides the circumstances under which a person shall cease to be a member of the Board which include being absent from three consecutive meetings of the Board without notifying the chairperson, becomes an officer, agent or member of staff of the Board, resignation, being convicted of a criminal offence and sentenced to a term of imprisonment of not less than six months being declared bankrupt being unable to perform the functions of the office or death.

Board Diversity and Demographics

Section 7 (1) and (2) of the Tea Act, 2020 provides that persons appointed to the Board to represent COG and small scale and medium scale tea growers shall be from either gender have knowledge and experience in the tea sector and be from the East and West tea blocks. Under Section 7 (3) the appointment of the Chairman and Independent Directors shall take into account the gender, regional and other diversities of the people of Kenya.

The Board recognizes and embraces the benefits of diversity and views increasing diversity as an essential element in maintaining a competitive advantage. The Board of directors who served during the year were from the different tea growing blocks and regions. The Board also recognizes the role of diversity in bringing different perspectives into Board debates. The Non-Executive Directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the Board and the tea industry. The areas of expertise of the current Board of Directors include: Legal and Governance, Banking, Accounting and Audit, ICT, Trade Negotiations, Agriculture Business Management, Economics, Statistics, Marketing, Risk Management, Human Resources. Short biographies of the Directors, including details of qualifications, relevant skills and experience, are set out on pages xi to xviii.

A draft Board Charter has been developed and is awaiting adoption by the Board of directors.

8.2 Roles and functions of the Board of Directors

The role of the Board of Directors is to provide strategic direction, exercise control and oversee implementation of the Tea Act, 2020, any regulations made thereunder, the strategic plan and ensures its alignment to the Government's blue print for the tea sub-sector and to the expectations of tea industry stakeholders. The Board is responsible for the general control of the performance and management of the undertakings and affairs of the Board. The Board of Directors have a general duty to ensure that the functions and mandate of TBK are carried out in an efficient, transparent and ethical manner and that no particular person or body is given undue preference or subjected to any undue disadvantage.

The Key responsibilities of the Board of Directors are as follows;

- a. Determining Board's mission, vision, purpose and core values;
- b. Setting and overseeing the overall strategy and approve significant policies of the organisation;
- c. Reviewing, evaluating and approving, on a regular basis, long-term plans for the Board;
- d. Reviewing, evaluating and approving Board's budget and financial forecasts;
- e. Ensuring that the procurement process is cost-effective and delivers value for money;
- f. Ensuring effective, accurate, timely and transparent disclosure of pertinent information on Board's operations and performance;
- g. Ensuring effective processes and systems of risk management and internal controls are in place;
- h. Reviewing, evaluating and approving the overall structure of Board, the assignment of senior management responsibilities and plans for senior management development and succession;
- i. Reviewing and evaluating in consonance with relevant Government Entities on the remuneration structure of Board;
- j. Adopting, implementing and monitoring compliance with Board's Code of Conduct and Ethics;
- k. Reviewing on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework;
- l. Reviewing periodically Board's strategic objectives and policies;
- m. Enhancing Board's public image and ensuring engagement with stakeholders through effective communication;
- n. Monitoring compliance with the Constitution, all applicable laws, Regulations and Standards; and
- o. Reviewing, monitoring and ensuring that Board is effectively and consistently delivering on its mandate.
- p. Hiring the Chief Executive Officer, on such terms and conditions of service as may be approved by the relevant government organ(s) and approving

the appointment of senior management staff.

8.3 Induction, training, and development

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, representatives of the Principal Secretary responsible for Agriculture and National Treasury following their appointment in the year. The induction was facilitated by the Institute of Certified Secretaries of Kenya at Lake Naivasha Resort in Naivasha from between 27th and 29th March 2025. 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.

8.4 Board and members' performance

In line with the provisions of Mwongozo, the Code of Governance for State Corporations and in accordance with Circular OP/CAB. 1/43/1 of 29th June 2011 on Board evaluation, Tea Board of Kenya self-evaluation for the FY 2023-2024 was conducted on 30th September 2024 under the guidance of the State Corporation Advisory Committee (SCAC). The State Corporation Advisory Committee (SCAC) undertook the Board evaluation for the FY 2024/2025 on 26th August 2025.

All the members of the Board were eligible for evaluation since they had served during the period under review. The evaluation was conducted in the form of a self/peer review.

From the results of the self-evaluation, The Board's overall score was 91.80 % with individual scores of members ranging between 87-95%. The criteria for evaluation included areas such as Communication & Stakeholder Management, Accountability and Risk Management, Procedure of Board Meetings, Board Structure and Responsibilities, Board and Management, Performance Management, Mandate and Strategy. Indicators on accountability and risk management procedure of Board meetings, Board structure, responsibilities and performance management were scored highly at over 90%.

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The individual scores for each Board Member was as follows:

	Name	Position	Score	Score (%)
1.	Mr. Jacob Kahi	Chairperson	4.63	92.63
2.	Mr. Kennedy Mochere Kaburi	Member	4.84	96.75
3.	Mr. Charles Mwangi Kirigwi	Member	4.87	97.38
4.	Ms. Florence Nkatha Mutembei	Member	4.84	96.75
5.	Mr. Richard Bii	Member	4.50	90.00
6.	Mr. Anthony Ndegwa Nderitu	Member	4.75	95.00
7.	Mr. Michael Sali Mandu	Member	4.81	96.25
			Average Score	91.80

8.5 Number of Board meetings held and the attendance to those meetings by members

During the FY 2024/2025, Four (4) full Board meetings and four meetings for each of the Board Committees were held in Quarter One, Two, Three and Four and the attendance was as follows:

Board Member	Classification	Designation	HR & Finance Committee	Regulation, Compliance & Capacity Building Committee	Strategy, Market Promotion & Research & Dev. Committee	Audit & Risk	Full Board meetings)
Mr. Jacob Kamau Kahi	Independent	Chairman of the Board from 9th June 2023 to 14th February 2025	N/A	N/A	N/A	N/A	1
Mr. Ndungu Gathinji	Independent	Chairman of the Board from 14th February 2025	N/A	N/A	N/A	N/A	2
Ms. Florence Mutembei	Independent	Member of the Board Re-appointed on 28 th February 2025	3	4	N/A	1	4
Mr. Richard Bii	Alternate	Member of the Board from 17 th May 2024 to	2	3	3	N/A	1

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		15 th January 2025					
Mr. Anthony Nderitu	Alternate	Member of the Board from 10 th March 2022 to 15 th January 2025	2	2	N/A	3	2
Mr. Kennedy Kaburi	Independent	Member of the Board Re-appointed on 28 th February 2025	1	3	4	2	4
Mr. Charles Kirigwi	Independent	Member of the Board Re-appointed on 28 th February 2025	1	1	3	3	4
Mr. Michael Mandu	Alternate	Member	3	N/A	4	4	4
Ms. Grace Sian	Alternate	Member	1	1	N/A	1	2
Ms. Tabitha Lagat	Alternate	Member	N/A	N/A	1	1	2
Mr. Leonard Kubok	Alternate	Member	N/A	1	1	1	N/A

The dates for the full Board and Committee meetings were as follows:

MONTH	DATE	MEETINGS
August 2024	13 th August 2024	Strategy, Market Promotion, Research and Development Committee
	15 th August 2024	Regulations, Compliance, and Capacity Building Committee
	20 th August 2024	Human Resource and Finance Committee meeting
	22 nd August 2024	Audit and Risk Committee meeting
	28 th August 2024	Full Board Meeting

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October 2024	7 th October 2024	Human Resources and Finance Committee
	16 th October 2024	Regulations, Compliance and Capacity Building Committee
	22 nd October 2024	Strategy, market promotion, research and Development Committee
	24 th October 2024	Audit and Risk Committee
December 2024	3 rd December 2024	Full Board Meeting
January 2025	14 th January 2025	Regulations, Compliance and Capacity Building Committee
	16 th January 2025	Human Resource and Finance Committee
	21 st January 2025	Strategy, Market Promotion, Research and Development committee
	23 rd January 2025	Audit and Risk Committee
April 2025	3 rd April 2025	Full Board Meeting
May 2025	13 th May 2025	Regulations, Compliance and Capacity Building Committee meeting
	15 th May 2025	Human Resource and Finance Committee
	27 th May 2025	Strategy Market promotion research and development committee
	29 th May 2025	Audit and Risk Committee
June 2025	12 th June 2025	Full Board Meeting

The Board also held one (1) Special Full Board Meeting and one (1) Special Audit and Risk Committee meeting, whose attendance was as follows:

Special Full Board Meeting

Board Member	Classification	Designation	Special Board meeting (1)
Mr. Jacob Kamau Kahi	Independent	Chairman	1
Ms. Florence Mutembei	Independent	Member	1
Mr. Richard Bii	Alternate	Member	1
Mr. Kennedy Kaburi	Independent	Member	1
Mr. Charles Kirigwi	Independent	Member	1
Mr. Michael Mandu	Alternate	Member	1

Special Audit and Risk Committee Meeting

Board Member	Classification	Designation	Special Audit and Risk Committee (1)
Kennedy Kaburi	Independent	Chairman	1
Anthony Nderitu	Alternate	Member	1
Charles Kirigwi	Independent	Member	1
Michael Mandu	Alternate	Member	1

The Special Full Board Meeting and Audit and Risk committee meeting were to undertake special business that could not be carried out during normal Board and Committee Meetings. The dates and agenda of the Special Board Meeting and Audit and Risk Committee meeting were as follows;

DATE	MEETINGS	AGENDA
9 th January 2025	Special Board Meeting	1. Invitation to East Africa Tea Trade Association (EATTA) Board on Trading of unlicensed tea traders at the Tea Auction in Mombasa. 2. Trading of unlicensed tea traders at the Tea auction in Mombasa. 3. Revised Budget FY 2024-2025 & Annual Budget FY 2025-2026.
17 th January 2025	Special Audit and Risk Committee meeting	1. Presentation of the final report on Mombasa and Kericho House Renovations 2. Status report on Implementation by Management of all the issues /risks identified during audits, including the Boards mandate

8.6 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 Act provides that the Independent Board members appointed under Section 7(1) (a), (d), (e), (f) and (g) be appointed at different times

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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 disruption from the unexpected exit of a board member and plan for the future leadership needs of the Board. In this regard, the Independent Board members under Section 7(1) (a), (d), (e), (f) and (g) were appointed at different times as follows; -

Board Member	Current Election/ Appointment Date
Chairperson	Appointed on 14 th February, 2025
Representative of the Principal Secretary responsible for the National Treasury	Appointed on 15 th January, 2025
Representative of the Council of Governors	Appointed on 28 th March, 2025
Representatives of small-scale and medium-scale tea growers from the East and West of the tea blocks	Three representatives were reappointed on 28 th February 2025. One representative elected on 18 th June, 2025
Representative of large-scale tea growers	Elected on 19 th June, 2025
Representative of tea traders	Elected on 20 th June, 2025

8.7 Policy to manage conflicts of interest.

According to the First Schedule of the Tea Act, 2020, and the Mwongozo Code, Board members are obligated to fully disclose to the Board any real or potential conflict of interest that comes to any member's attention, whether direct or indirect.

The First Schedule of the Tea Act, 2020 provides for members of the Board to declare real/potential conflict of interest before transacting the agenda of the Board or as soon as reasonably practicable after the commencement of the meeting.

During the financial year under review, the Board observed the statutory duty to avoid situations in which the Board members have or may have interests that conflict with those of the Board. Declaration of any conflict of interest is also a standard agenda item that is addressed at the onset of each Board and committee meeting. In this regard, a Board member(s) who has any interest in

any matter is excluded from the quorum of the meeting and voting on the matter. No material conflicts were reported by the Board members in the year under review. A register for declaration of conflict of interest was maintained by the Corporation Secretary.

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. The Tea Board of Kenya Board members were paid sitting allowances as remuneration for conducting official business of the Board at the rate Kshs. 20,000 per sitting. In addition, the chairperson was paid an honorarium of Kshs. 80,000.00 per month. The total Board sitting allowances and honorarium for the FY 2024/2025 amounted to Kshs. 5,502,789.60 and Kshs. 957,333.00 respectively.

8.9 Ethics and Conduct

The Board exercises ethics in its decision-making and leadership. TBK's Board members and employees are expected by the code of conduct to act with honesty, integrity, and fairness in all their dealings with one another and with stakeholders.

Upon being appointed to the Board of TBK, Board members committed to abide by the provisions of Article 10 of the Constitution, Executive Order No. 6 on Ethics and Integrity in Public Service, and Executive Order No. 7 on implementation of Mwongozo-the code of Governance for State Corporations. The Chairman and Board members also signed the accountability pledge. The pledge commits the Board members to personal liability in the event of conflict with tenets of the Leadership and Integrity Code and the Public Officers Ethics Act. The Board also 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.

8.10 Governance audit

During the year under review Board did not undertake the governance audit, but it will be undertaken in the FY 2025-26.

8.11 Communication policy

TBK has a communication policy that guides all communication by the Board of Directors and the staff of the Board. The policy is guided by the principles of transparency and accountability, factualness, consistency, equal treatment, confidentiality, integrity and professionalism, and accessibility.

8.12 Terms of Reference of Committees

Sections 10 and 11 of the of the Tea Act, 2020 provides 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 any other written law. Mwongozo Code of Governance further provides that the Board shall establish an Audit Committee and a maximum of three (3) other committees of the Board.

To effectively undertake its oversight role, the Board 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 are as follows:

1. Regulation, Compliance, and Capacity Building Committee;

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 the Board. During the year, the committee comprised the following members;

Period	Membership	Role
July 2024-March 2025	Mr. Antony Nderitu	Chairperson
	Mr. Kennedy Kaburi	Member
	Mr. Richard Bii	Member
	Mr. Florence Mutembei	Member
April 2025-June 2025	Mr. Charles Kirigwi	Chairperson
	Ms. Florence Mutembei	Member
	Mr. Leonard Kubok	Member
	Ms. Grace Sian	Member

2. Strategy, Market Promotion, Research & Development

The mandate of the Committee is to provide oversight in strategy, trade advisory, promotion, and marketing matters of the Board and work with management on trade advisory, promotion, and marketing issues related to the functions of the Board. During the year, the committee comprised the following members;

Period	Membership	Role
July 2024-March 2025	Mr. Charles Kirigwi	Chairperson
	Mr. Michael Mandu	Member
	Mr. Kennedy Kaburi	Member
	Mr. Richard Bii	Member
April 2025-June 2025	Ms. Tabitha Lagat	Chairperson
	Mr. Kennedy Kaburi	Member
	Mr. Leonard Kubok	Member
	Mr. Michael Mandu	Member

3. Human Resources and Finance Committee

The purpose of this Committee is to oversee Human Resource and Finance matters of the Board, which includes reviewing and recommending to the Board TBK's organization structure, staff establishment and recruitment, performance management, formulation of staff and other policies, staff remuneration, and compliance with existing government guidelines. During the year, the committee comprised the following members;

Period	Membership	Role
July 2024-March 2025	Ms. Florence Mutembei	Chairperson
	Mr. Michael Mandu	Member
	Mr. Anthony Nderitu	Member
	Mr. Richard Bii	Member
April 2025-June 2025	Mr. Kennedy Kaburi	Chairperson
	Mr. Charles Kirigwi	Member
	Ms. Grace Sian	Member
	Mr. Michael Mandu	Member

4. Audit and Risk Committee

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,

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plans and ethics. The committee is also tasked with ensuring 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 relevant laws and government circulars. During the year, the committee comprised the following members;

Period	Membership	Role
July 2024-March 2025	Mr. Kennedy Kaburi	Chairperson
	Mr. Anthony Nderitu	Member
	Mr. Charles Kirigwi	Member
	Mr. Michael Mandu	Member
April 2025-June 2025	Ms. Florence Mutembei	Chairperson
	Ms. Tabitha Lagat	Member
	Mr. Michael Mandu	Member
	Ms. Grace Sian	Member
	Mr. Leonard Kubok	Member

8.13 Policy on related party transactions

The Board 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 TBK, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO, and senior managers. Transactions with related parties are at arm's length.

However, the Board, as a state corporation under the Ministry of Agriculture and Livestock Development, operates under the guidance of the Ministry. Even though some of the major decisions regarding operations of the Board were subject to the approval of the Ministry, the Board operates with a high degree of autonomy.

9. Management Discussion and Analysis

9.1 Operational Performance

Over the period 2020-2024, management implemented programmes, initiatives and activities aimed at making the tea sub-sector globally competitive, profitable and sustainable in line with vision 2030 and MTP IV and the Bottom-Up Economic Transformation Agenda (BeTA), the Tea Act, 2020, the TBK Strategic Plan (2023-2027) and the sector development programmes as well other Government priorities. These programmes, initiatives and activities included Capacity Building the Field Extension Officers and Production Managers on tea plucking standards, Good Agricultural Practices (GAPs) and Good Manufacturing Practices (GMPs); Facilitating distribution of fertilizer to farmers at subsidized costs for enhanced production, productivity and profitability; Market development and promotion of value addition and product diversification in tea and enhancing market access for improved export earnings to the country; Enforcing compliance to the Tea Act, 2020, Regulations and Standards and strengthening the regulatory framework for a competitive value chain.

To boost production, one new tea manufacturing and two cottage factories with a combined processing capacity of 15 million Kgs of Greenleaf per year were licensed to process CTC, Orthodox, Green tea, and Other Specialty teas. During the year under review, the quantity of tea manufactured increased from 570 million Kgs recorded in 2023 to 598 million Kgs.

Table 1: Green Leaf and Made Tea Production for 5 years

Year	Green leaf Production (Kgs)	Made Tea (Kgs)
2019	1,950,125,033	458,852,949
2020	2,420,525,772	569,535,476
2021	2,285,789,566	537,832,839
2022	2,273,935,706	535,043,695
2023	2,531,955,190	570,260,178
2024	2,543,530,331	598,477,725

The total export volume increased by 14% (71.5 Million Kgs) from 522.92 Million Kgs recorded in 2023 to 594.50 Million Kgs. The export earnings also recorded a slight improvement of 1% (Kshs. 1.12 Billion) from Kshs. 180.57 Billion recorded in 2023 to Kshs. 181.69 Billion.

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During the year 2024, Kenya tea was shipped to ninety-six (96) export destinations compared to ninety-two (92) in the year 2023, as shown in the table below;

Table 2: Comparative analysis of Kenya Tea Export in the years 2024 and 2023

		2024		2023		VAR	
	EXPORT DESTINATION	QUANTITY (Mn. KGS)	VALUE (Bn. KSHS)	QUANTITY (Mn. KGS)	VALUE (Bn. KSHS)	QUANTITY (Mn. KGS)	VALUE (Bn. KSHS)
1	PAKISTAN	206.27	70.00	209.59	75.22	(3.32)	5.22
2	EGYPT	86.90	23.96	65.89	22.05	21.01	1.91
3	UK	57.44	16.99	46.14	14.67	11.30	2.32
4	UAE	30.50	10.27	28.61	10.15	1.89	0.12
5	RUSSIA	28.46	7.44	18.35	5.26	10.12	2.18
6	INDIA	17.13	3.95	5.26	1.73	11.87	2.21
7	SAUDI ARABIA	15.92	6.02	7.83	3.00	8.09	3.03
8	YEMEN	14.14	5.53	22.69	9.12	(8.55)	3.59
9	IRAN	13.01	4.27	12.41	4.29	0.60	0.02
10	CHINA	12.42	2.74	4.63	1.55	7.80	1.19
	SUBTOTAL	482.20	151.17	421.41	147.05	60.80	4.12
11	Other 86 Destinations	112.30	30.52	101.51	33.52	10.79	3.00
	GRAND TOTAL	594.50	181.69	522.92	180.57	71.59	1.12

Pakistan maintained its position as the leading export destination for Kenyan tea, having imported 206.27 Million Kgs, which accounted for 34.7% of the total export volume. The top ten export destinations, majority of which are traditional markets for Kenya tea accounted for 81% of Kenya tea export volume. Compared to the year 2023, more exports were recorded in traditional markets with Egypt recording the highest increase in export volume by 21.01 Million Kgs. India recorded the second highest increase by 11.86 Million Kgs followed by UK 11.29 Million Kgs; Russia (10.11 Million Kgs); Saudi Arabia (8.09 Million Kgs); China (7.79 Million Kgs); Chad (4.69 Million Kgs) and Poland (3.49 Million Kgs). Notably, Chad is significantly growing as an emerging market for direct imports from Kenya. Prior to the conflict in Sudan, Chad which is a landlocked country, was getting its import supplies including tea from Sudan. However, due to the blockage of trade routes from Sudan, Chad has now shifted to Nigeria and

Cameroon as alternative import transshipment routes. Just like Chad, South Sudan is also rapidly growing as an emerging market for Kenya tea. Similarly, there were improved exports to other traditional and emerging markets such as Kazakhstan; Somali; Switzerland; Oman; Nigeria; Ukraine; Sri Lanka; USA; Germany; South Africa and Japan.

Due to market access challenges occasioned by internal conflict in the country, there was a 12% decrease in tea exports to Sudan. Tea exports to Pakistan also recorded a decline of 2% owing to the effects of the changes in the sales tax policy in the market, which came into effect during the last quarter of the year.

During the year 2024, there were also market access challenges occasioned by disruptions along the Red Sea shipping route due to the attacks on vessels by the Yemen Terrorist group. This has prompted several shipping lines to suspend their operations through the route and revert to using the Southern tip of Africa an alternative transshipment route, whose shipment duration is much longer and costs more from the Port of Mombasa.

However, with a view to consolidate and expand the tea markets, the Tea Board of Kenya in collaboration with the industry stakeholders participated in several trade missions and exhibitions for tea in UAE, Iran, Turkey, Ghana, Germany, China, and Hong Kong.

Out of the total exports of value-added tea, United Kingdom accounted for the highest volume at 35.6% and was followed by Sudan at 14.4%, Oman (12.7%); Somalia (11.6%); Yemen (6.4%), and Burkina Faso (3%). Other significant importers of value-added teas included Cote D'ivoire; Chad; Ireland; Pakistan; South Sudan; Saudi Arabia; Mali; United States; Eritrea. The exports of teas in value-added form included tea bags and loose tea packed in retail packages as well as tea extracts and instant teas from local tea factories. Exports in value-added form were boosted by removal of VAT on teas purchased for value addition through the Finance Act 2023. To enhance export in value added the market development strategy envisages establishment of Common User Facilities for value addition and provision of fiscal and administrative incentives to facilitate tea packaging prior to export at competitive rates. It also envisages partnerships with the private sector and establishment of Warehousing facilities for storage of value-added tea in the target markets (specifically Ghana; DRC Congo; UAE) to ease challenges of shipment logistics.

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 in payments to the

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smallholder tea farmers from an average of Kshs. 34.71 per Kg of Greenleaf in 2021, to Kshs. 50.18 in 2022, Kshs. 59.02 in 2023 and Kshs. 64.00 in 2024. This increment is in line with the Bottom-Up Economic Transformation Agenda of enhancing farmgate prices.

Table 2: Exports in Kilogrammes and Value

Operating Performance	2020	2021	2022	2023	2024
Number of Export Destinations	79	78	82	92	96
Volume of Exports (Million Kgs)	518.92	558.92	450.33	522.91	594.50
Value of Exports (Billion Kshs.)	120.04	136.59	138.09	180.57	181.69
Global Market Share (%)	28.1	29.1	24.8	30.1	26.9
Payments to Smallholder tea framers (Kshs/ Kg of Greenleaf)	36.64	34.71	50.18	59.02	64.00

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 the Rift.

To enhance the organizational internal operational efficiency, the Business processes that required automation were identified and digitalized while the citizen-facing services were onboarded to the e-citizen platform (222222) in accordance with the Government directive.

During the year under review, risks that may hinder the operation of TBK and achievement of its Strategic Objectives were identified as follows:

Table 4: Risks Matrix

N	Risks Category	Risk and description	Risk Likelihood L/M/H	Impact L/M/H	Overall Risk level L/M/H	Mitigation Measure(s)
1.	Compliance risks	Non - compliance with statutory and regulatory requirements	Medium	High	High	• Undertake compliance and surveillance audits • Institute legal measures against non-compliance • Delicense and deregister players • Undertake legal compliance audits

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		Non - compliance with standards, guidelines, and codes of practice	High	High	High	• Undertake compliance and surveillance audits • Institute legal measures against non-compliance • Delicense and deregister players • Training for compliance
2.	Licensing and registration risks	Licensing and Registration of unqualified applicants	Medium	High	High	• Due diligence of the applicants • Automation of the registration process • Licensing and registration Committee • Separation of licensing and registration with compliance and Surveillance roles
3.	Financial risks	Inadequate financial resources to effectively execute the mandate	High	High	High	• Enhance internal and external resource mobilization • Enhance efficiency in the collection of levies
		Utilization of funds in unplanned activities	Medium	High	High	• Adopt activity-based planning and budgeting • Compliance with implementation plans
		Budget overruns	Medium	High	High	• Adopt activity-based planning and budgeting • Compliance with implementation plans • Prepare monthly management figure accounts
		Operational risk	Medium	High	High	• Institute strong internal control systems
		Demands by the Counties for Industry Development funds	Medium	High	High	• Constitution of a Levy Management Committee • Audit and M&E of the funds utilized on county development projects
4.	Reputation al risk	Misinformation and blogs in media	Medium	High	High	• Implement Corporate Communication Policy • Media monitoring • Monitor customer feedback • Carry out customer satisfaction survey
5.	Macro-economic risks	High inflation in the export markets	High	High	High	• Monitoring of trends • Barter Trade negotiations
		Currency depreciation in the export markets	High	High	High	• Barter Trade negotiations • Identification and linkages with Exim Banks to finance trading activities with the markets.

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		Shifts in government policies or regulations and internal conflicts in the export markets	High	High	High	• Re-align programmes, activities and projects to government manifesto
6.	Market risks	Changes in tastes and preferences	Medium	High	High	• Continuous market research and intelligence
		Competition from other producers	Low	High	Medium	• Enhance competitiveness and product quality
		Increasing quantities of outlots	Medium	High	High	• Set standards for Greenleaf and made tea • Surveillance to ensure adherence to Greenleaf Standards • Capacity building tea farmers on GAPs and Manufacturers on GMPs and quality requirements
7.	Information security and data risks	Data breaches, loss and corruption	Medium	High	High	• Establish regular data backup procedures and offsite storage • Implement strong access controls and encryption
		External and internal threats to the technology infrastructure	Medium	High	High	• Continuous training and awareness programs to staff on information security best practices. • Conduct phishing simulation exercises and regular reminders • Develop the intrusion logs
		Lack of incident response preparedness	Medium	High	High	• Develop and review an incident response plan with clear roles and responsibilities • Train staff on incident response procedures and conduct regular drills • Establish communication channels and relationships with external incident response resources
9.	Legal, regulatory and policy risks	Litigation against the regulations by stakeholders	Medium	High	High	• Stakeholder involvement and participation in development and review of Regulations
1	Governance risks	Low compliance with	Low	High	Low	• Promote good corporate governance practices • Continuous training • Governance Audit

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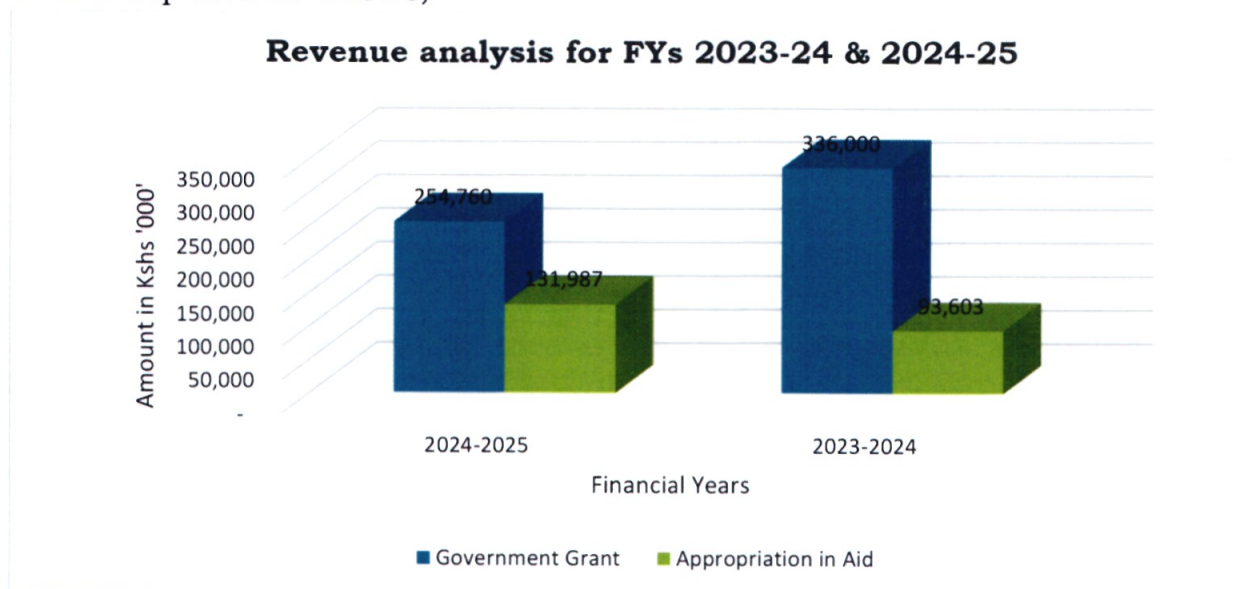
		governance instruments				
		Clarity on separation of Board and Management role	Medium	High	High	• Punitive punishment for integrity breaches • Sensitization on Integrity
1	Political risks	Interference by politicians	Medium	High	High	Adherence to provisions of the Constitution, legal and regulatory frameworks

9.2 Financial Performance

During the FY 2024-25, the Board recorded a decrease in total revenue from Kshs. 429.6 million in the previous year to Kshs. 386.7 million. This reflected an 10% decrease amounting to Kshs. 42.8 million owing to a decrease in government subvention for the FY 2024-25 by Kshs. 81. Million.

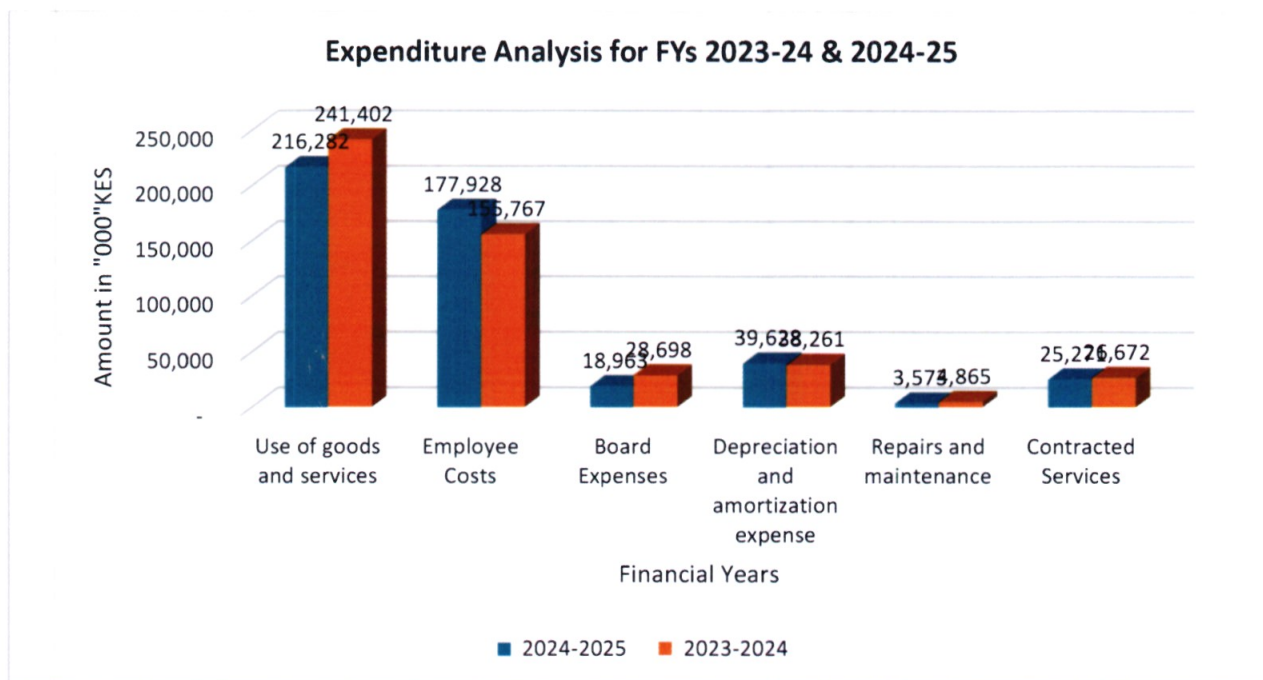
However, Internally Generated Revenue increased by Kshs. 38.3 million from Kshs. 93.6 million to Kshs. 131.9 million owing to effectiveness and efficiency in revenue collection.

This is depicted as follows;



In the same year, the Board recorded a decrease in expenditure from Kshs. 495.6 million in the previous year to Kshs. 481.6 million. This is depicted as follows;

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Consequently, in the FY 2024-25, the Board registered a deficit of Kshs. 95 million against a deficit of Kshs. 66 million in the FY 2023-24.

Past financial performance of the Board poses a major risk to the financial stability of the Board and its ability to deliver on its mandate due to the annual financial deficits recorded. In addition, the Board is highly dependent on exchequer funding, which is not sustainable.

To ensure the sustainability of the Board's operations and its going concern, the Board is enhancing its internally generated revenue by engaging stakeholders on the tea levy regulations, which seek to operationalize Section 53 of the Tea Act, 2020, which provides for a tea levy on tea imports and tea exports.

During the year under review, the Board complied with all statutory and financial obligations, including payment of relevant taxes, filing and payment of statutory deductions on time, and submission of all statutory returns to the relevant bodies.

10. Environmental and Sustainability Reporting

10.1 Sustainability Strategy and Profile

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 counties and over 6.5 million Kenyans who depend on tea as a source of their livelihoods. This is in line with the Bottom-Up Transformation Agenda (BeTA), Vision 2030, the Kenyan constitution, and the Sustainable Development Goals (SDGs). Whilst undertaking this role, the Board is cognizant of the fact that, the Kenya tea industry is affected by various micro and macro-economic factors such as Political, Environmental, Social, Technology, Legal and global political and macroeconomic factors like political instability and economic meltdowns in key tea markets.

In this regard, the Board is in the process of developing an Environmental, Social, and Governance (ESG) strategy to ensure that the industry remains sustainable and competitive. The strategy will provide a framework on environmental issues on energy consumption and efficiency, carbon footprint, clean and renewable energy, mitigation against the effects of climate change, environmental diversity, and high-yielding varieties. The strategy will also provide a framework for mainstreaming social issues in tea, including fair returns to the farmers, fair remuneration and decent living standards to the workers, workforce diversity, labour standards, human rights, and Corporate Social Responsibility. In addition, the strategy will also provide a framework for mainstreaming governance issues, including diversity in representation, transparency and accountability, conflict of interest, ethical business practices, and good corporate governance and risk management along the tea value chain.

During the year under review, the Board finalized the development of the 2023-2027 strategic plan, which provides for the strategies of mainstreaming most of the environmental, social, and governance issues in tea. The Tea Industry Corporate Governance Guidelines also include mechanisms for addressing governance issues in the Tea industry.

10.2 Environmental performance

The Tea Board of Kenya has developed an ESG Strategy which will provide a framework of mainstreaming environmental issues in the tea industry. However, taking cognizant that the tea production sorely depends 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.

In collaboration with the Tea Research Institute and stakeholders, the Board has been promoting climate-smart agricultural practices and the adoption of resilient tea cultivars that withstand changing weather patterns, pests, and diseases. TBK also supports waste management initiatives, including the reduction of carbon emissions and the promotion of renewable energy sources in tea processing.

TBK has also prioritized 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 19th May 2025, during the celebrations to mark the UN-International Tea Day, TBK, in conjunction with other stakeholders, participated in a reforestation program through the distribution and planting of 10,000 indigenous trees, 4,000 avocado trees, and 1,000 bamboo seedlings at Kagongo Primary School in Murang'a County. On 11th April 2025, 1,500 indigenous trees were planted during the Kabianga Ward Expo at Kapmaso School in Kericho County. On 28th June 2025, 1,000 avocado



Figure 4: TBK CEO Willy K. Mutai planting a tree during Kabianga Ward Expo at Kapmaso Primary School in Kericho county on 10th and 11th April, 2025



Figure 3: TBK Director Florence planting a tree during International Tea Day Tree Planting on 19th May 2025 at Kagongo Primary School, Muranga county

trees and 4,000 indigenous trees were distributed and planted at Rukuriri Primary School in Embu County.



Figure 6; Susan Boit, Head of 15 billion Tea Growing Programme Secretariat, TBK and KFS staff during International Tea Day Tree Planting on 19th May 2025 at Kagongo Primary School, Muranga



Figure 5; TBK staff during Tree Planting at Rukuriri Primary School, Embu county on 28th June 2025

10.3 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 six (6) staff, out of which sixty-seven per cent (4) were female and thirty-three per cent (2) were male. The staff composition comprised thirty-six (36) Male and twenty-six (26) Female employees, thereby complying with the constitutional requirement on gender. In addition, 24 University graduates, 7 males and 17 females, were engaged as interns and attaches in various departments to gain on-the-job experience in line with the government's policy of equipping the youth with the necessary skillsets in readiness for 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 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 the safety of staff members.

10.4 Market place practices-

The organisation should outline its efforts to:

10.4.1 Responsible competition practice.

The Board conducts all its business ethically and transparently to guarantee equal opportunities to all Kenyans seeking services and ensure fair market practices. It has deployed strong anti-corruption measures to prevent bribery and fraud, responsible political involvement that avoids undue influence and promotes transparency, and adherence to fair competition laws that discourage monopolistic behavior and promote innovation. Open tendering is also essential, ensuring procurement processes are competitive, inclusive, and free from favouritism. Together, these practices foster trust, accountability, and sustainable economic growth while protecting the integrity of both public and private sectors.

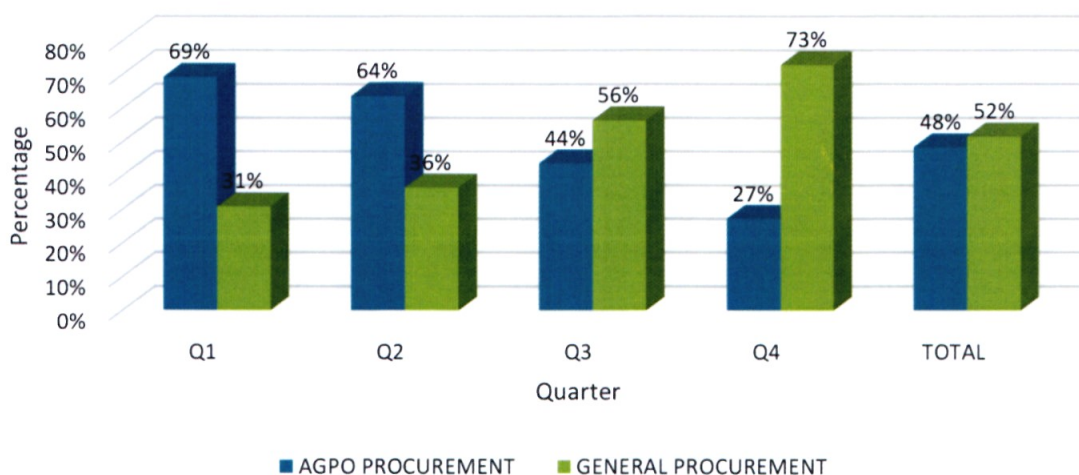
In addition, the Board has deployed a service charter, which provides timelines for various services provided by the Board. The timelines are continuously monitored, and corrective actions are taken on the variances noted. To enhance the organizational internal operational efficiency, the Business processes that required automation were identified and digitalized, while the citizen-facing services were onboarded to the e-citizen platform (222222) in accordance with the Government directive.

To encourage whistleblowing and corruption reporting, the Board has developed and implemented an anti-corruption policy, established an integrity and assurance committee, and enforced staff code of conduct and ethics.

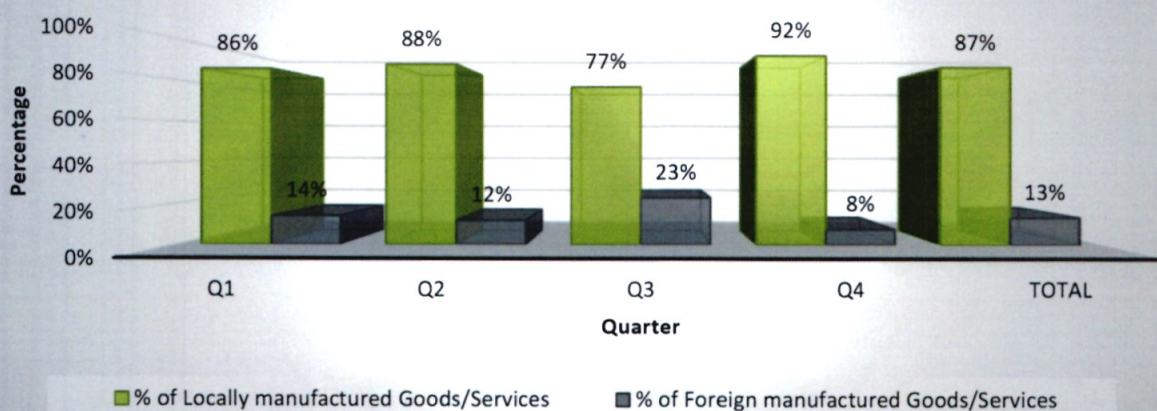
10.4.2 Responsible Supply chain and supplier relations

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.

COMPLIANCE WITH AGPO IN FY 2024-25



COMPLIANCE WITH 40% LOCAL CONTENT IN FY 2024-25



During the FY 2024-25, 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 2024-25, 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 48% of its total procurement spend on to

the special interest groups (Youth, Women & PWD's) through the AGPO and 87% to local goods and services.

10.4.3 Responsible marketing and advertisement or Responsible engagement with the citizens.

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 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.

10.4.4 Product stewardship or Awareness creation

To safeguard consumer rights and interests, the Board undertakes quarterly surveillance audits of tea along the value chain to ensure conformity to the Tea Standards. In addition, prior to the importation of tea in Kenya, the Board requires a pre-import approval and certificate of conformity to tea standards from the country of origin. The Board also issues an export permit for all tea exports to ensure that tea exports conform to the Tea Act and Regulations. The Board is also in the process of establishing a Laboratory for tea quality analysis in order to guarantee consumers of the safety and quality of Kenya tea. The draft tea regulations require tea packers to provide truthful information about the tea in their packaging.

10.5 Corporate Social Responsibility / Community Engagements

During the year under review, the Board supported farmers in tea-growing communities by distributing fruit trees as a means of supplementing their income from tea with a view to enhancing food security. On 19th May 2025, during the celebrations to mark the UN-International Tea Day, TBK, distributed 4,000 avocado trees to tea farmers in Murang'a County at Kagongo Primary School. On 28th June 2025, 1,000 avocado trees were distributed in Embu County at Rukuriri Primary School.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, 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, 2025, are set out on page 1 and 5 herein.

During the year under review, the Board received a total revenue of Kshs. 386.7 million from Government grants and internally generated sources. From this revenue, the Board applied Kshs. 481.6 million in its programmes thus giving a deficit of Kshs. 95 million.

The Board has a total asset of Kshs. 1.9 billion and total liabilities of Kshs. 66.4 million thus giving a net asset value of Kshs 1.85 billion

iii) Directors

The members of the Board of Directors who served during the year are shown on page xii - xx. During the year two directors (one representing the Principal Secretary State Department for Agriculture and the other representing Principal Secretary National Treasury) exited on 16th January 2025 and 15th January 2025 and another two directors were appointed with effect from 16th January 2025 and 15th January 2025 respectively. In addition, one director representing Council of Governors, was appointed with effect from 28th March 2025.

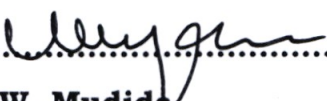
iv) Surplus remission

TBK did not make any surplus during the FY 2024-25 and hence there was no remittance to the Consolidated Fund.

v) Auditors

The Auditor-General is responsible for the statutory audit of the *TBK* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....

Peris W. Mudida
Corporation Secretary/Secretary to the
Board

12. Statement of Directors Responsibilities

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

The Directors are responsible for the preparation and presentation of the TBK's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year (period) ended on June 30, 2025. 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 TBK; (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 Board; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the TBK'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 and (the State Corporations Act) and the Tea Act, 2020. The Directors are of the opinion that the TBK's financial statements give a true and fair view of the state of TBK's transactions during the financial year ended June 30, 2025,

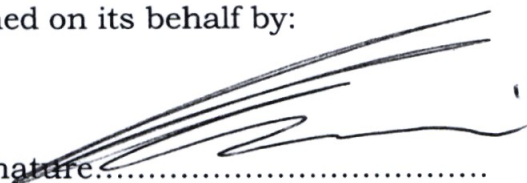
and of the TBK's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the TBK's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the TBK's ability to continue as a going concern and nothing has come to the attention of the Directors to indicate that the Board 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 Board's financial statements were approved by the Board on 28.08.2025 and signed on its behalf by:

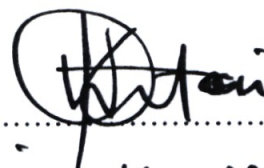
Signature.....



Name.....NDUNDO GATHARA

Chairperson of the Board

Signature.....



Name.....Winy K Mutai

Chief Executive Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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, 2025

PREAMBLE

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Tea Board of Kenya set out on pages 1 to 57, which comprise of the statement of financial position as at 30 June, 2025, 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

Report of the Auditor-General on The Tea Board of Kenya for the year ended 30 June, 2025

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 Tea Board of Kenya as at 30 June, 2025 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 of 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 Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Report on Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Board in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Lack of Tea Act Regulations
2	2023/2024	Compensation of Employees.
3	2023/2024	Non-Compliance with Law on Ethnic Composition.
4	2023/2024	Non-Compliance with the One Third of Basic Salary Rule.
5	2023/2024	Failure to Prepare of Car Loan and Mortgage Financial Statements
6	2023/2024	Failure to Conduct Governance Audit
7	2023/2024	Irregular Composition of Board Committees
8	2023/2024	Board Involvement in the Management of the Entity Operations
9	2023/2024	Staff Under Establishment

Other Information

The Directors are responsible for the Other Information set out on page v to lxvii which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities. 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

As reported previously, 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, 2025, 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

Section of the Act	Functions Needing Regulations
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 risks having no legal framework for carrying out its core functions as stipulated in the Tea Act, 2020.

2. Compensation of Employees

As reported previously, the statement of financial performance reflects expenditure on employee cost of Kshs.177,928,000 as disclosed in Note 13 to the financial statements. The following issues were observed;

2.1 Irregular Payment of Acting and Special Duty Allowance

Included in this expenditure is acting allowances of Kshs.936,786 and special duty allowances of Kshs.532,889, all totalling Kshs.1,469,675. Review of the relevant personal files revealed that these allowances were irregularly paid to ten (10) officers who had served in acting and special duty roles for periods exceeding twelve months, extending from the prior financial year. This was contrary to Section C.15 of the Human Resource Policies and Procedures Manual for the Public Service.

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

2.2 Non-Compliance with Law on Ethnic Diversity

Review of employee records revealed that the entity had fifty-six (56) employees, of whom twenty-four (24), representing 43 percent, belonged to the same ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires 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.

3. Failure to Deduct and File Monthly Returns on Procurement Capacity Building Levy

During the financial year under review, the Board entered into contracts with various suppliers for works, goods delivery, and service provision. However, the Board did not deduct and remit to the Public Procurement Regulatory Authority (PPRA) Levy, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes from the contract value at the time of making payments for such contracts. Further, the Board did not submit returns, contrary to Section 9 of the Public Procurement Capacity Building Levy Order, 2023 which requires procuring entities to maintain monthly records in Form SL.1 and submit the returns through the Public Procurement Information Portal.

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

4. Failure to Prepare Car Loan and Mortgage Financial Statements

As reported previously, the statement of financial position reflects securities and deposits balance of Kshs.807,843,889 as disclosed in Note 25 to the financial statements. Included in the amount are staff mortgage and staff car loan of Kshs.673,143,262 and Kshs.50,872,527, respectively. However, the financial statements for the car and mortgage were not prepared by the Board, contrary to Section 164(3) of the Public Finance Management Act, 2012, which requires the accounting officer to prepare financial statements in a form that complies with the relevant accounting standards prescribed and published by the Public Accounting Standards Board.

In the circumstances, Management was in breach of the law

5. Failure to Establish a Tea Fund

Section 54 of the Tea Act, 2020 requires the Board to establish and manage a Tea Fund comprising monies appropriated by the National Assembly, tea levy collections, approved sources, and grants or donations, to be applied for income or price stabilization and research and development. However, the audit revealed that the Tea Fund had not been set up as at the time of the review.

In the circumstances, Management was in breach of Section 54 of the Tea Act, 2020.

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. Understaffing of the Board

Review of the payroll data and the Board's approved staff establishment revealed that the Board had a staff establishment of one hundred positions (100). However, only fifty-six (56) were filled, leaving a shortage of forty-four (44) staff members. This lack of adequate staffing hampers effective discharging of the mandate of the Board. This is contrary to Section 16. (1) of the Tea Act, 2020 which requires that the Board may employ such officers, agents and staff as are necessary for the proper and efficient discharge of the functions of the Board under this Act and upon such terms and conditions of service as the Board may determine.

Inadequate staffing may affect the Board's ability to effectively deliver on its mandate, leading to service delivery gaps.

2. Failure to Conduct Governance Audit

As reported previously, 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 item 1.13 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 the circumstances, the adequacy of governance oversight could not be assured, as the Board failed to initiate the mandatory governance audit required under the Mwongozo Code of Conduct for State Corporations.

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 the Management and 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Boards' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of 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. 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

17 December, 2025

14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024- 2025 Kshs '000'	2023- 2024 Kshs '000'
Revenue from non-exchange transactions			
Transfers from other governments entities	7	254,760	336,000
Licenses and Registration Fees	8	7,431	4,334
		262,191	340,334
Revenue from exchange transactions			
Rental revenue from facilities and equipment	9	28,414	7,174
Finance income	10	81,100	82,009
Other income/Miscellaneous	11	15,042	86
Total revenue		386,747	429,603
Expenses			
Use of goods and services	12	216,282	241,402
Employee Costs	13	177,928	155,767
Board Expenses	14	18,963	28,698
Depreciation and amortization expense	15	39,628	38,261
Repairs and maintenance	16	3,573	4,865
Contracted Services	17	25,271	26,672
Total expenses		481,645	495,666
Other gains/(losses)			
Gain/Loss on foreign exchange transactions	18	(168)	-
Surplus/ Deficit		(95,066)	(66,062)
Remission to National Treasury		-	-
Net Surplus for the year		(95,066)	(66,062)

The notes set out on pages 8 to 51 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:



Willy K. Mutai
Accounting Officer

Date 8/12/2025



John M. Kariuki
Head of Finance

ICPAK M/No:
Date 08/12/2025



Ndungu Gathinji
Chairman of the Board

Date 08/12/25

The Tea Board of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

15 Statement of Financial Position as at 30 June 2025

	Notes	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Assets			
Current Assets			
Cash and cash equivalents	20	20,624	126,645
Receivables from Exchange Transactions	21	64,885	33,664
Receivables from Non-Exchange Transactions	22	3,084	3,068
Total Current Assets		88,592	163,377
Non-Current Assets			
Property, plant and equipment	23	1,011,556	1,047,376
Intangible Assets	24	8,662	9,300
Securities and Deposits	25	807,844	807,844
Total Non- Current Assets		1,828,063	1,864,520
Total Assets		1,916,655	2,027,898
Liabilities			
Current Liabilities			
Trade and other payables	26	54,392	67,552
Refundable deposits from customers	27	604	604
Current Provision	28	2,320	6,336
Employee benefit obligation	29	9,164	8,035
Total Current Liabilities		66,480	82,528
Non-Current Liabilities			
Non-current Provision		-	-
Total Non- Current Liabilities		-	-
Total Liabilities		66,480	82,528
Net assets		1,850,175	1,945,370
Represented by:			
Revaluation Reserve		510,380	510,380
Accumulated surplus		1,100,741	1,195,937
Capital Fund		239,053	239,053
Total Net Assets		1,850,175	1,945,370

The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

Willy K. Mutai
Accounting Officer

Date 8/2/25

John M. Kariuki
Head of Finance

ICPAK M/No:

Date 09/12/2025

Ndungú Gathinji
Chairman of the Board

Date 08/12/25

16. Statement of Changes in Net Assets for the year ended 30 June 2025

	Revaluation Reserve	General Reserve	Capital Reserve	Total
	Kshs '000'	Kshs '000	Kshs '000	Kshs '000
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
As at July 2024	510,380	1,195,937	239,053	1,945,370
Deficit for the Period	-	(95,066)	-	(95,066)
Prior year balance	-	(129)	-	(129)
Return of surplus funds to National Treasury	-	-	-	-
Balance as at 30 June 2025	510,380	1,100,741	239,053	1,850,175

17. Statement of Cash Flows for the year ended 30 June 2025

	NOTES	2024-2025 Kshs '000	2023-2024 Restated Kshs '000
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	7	254,760	336,000
Licenses and Registration Fees	8	7,431	4,334
Rental revenue from facilities and equipment	9	1,004	257
Finance income	10	61,244	62,025
Other income/Miscellaneous	11	15,042	86
Total receipts		339,481	402,702
Payments			
Use of goods and services	12	222,248	32,297
Employee costs	13	179,057	191,838
Board Expenses	14	18,963	28,698
Repairs and maintenance	16	3,573	4,865
Contracted services	17	18,491	26,672
Total payments		442,332	284,370
Net cash flows from/ (used in) operating activities		(102,851)	118,331
Cash flows from investing activities			
Purchase of PPE and Intangible assets	22	(3,170)	(61,785)
Increase/Decrease in Securities & Deposits		-	(109,668)
Net cash flows from/(used in) investing activities		(3,170)	(171,453)
Cash flows from financing activities			
Net cash flows from financing Activities		-	-
Net increase/(decrease) in cash &Cash equivalents		(106,021)	(53,121)
Cash and cash equivalents at 1 July		126,645	179,766
Cash and cash equivalents at 30 June		20,624	126,645

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original budget	Adjustm ents	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Receipts						
Budget carry over	-	126,645	126,645	126,645	-	100%
Transfers from other governments entities	254,760	-	254,760	254,760	-	181%
Licenses and Registration Fees	4,100		4,100	7,431	3,331	204%
Finance income	30,058		30,058	61,244	31,186	3%
Rental revenue from facilities & equipment	35,442		35,442	1,004	(34,437)	98%
Other income/Miscellaneous	5,400	10,000	15,400	15,042	(358)	100%
Total receipts	329,760	136,645	466,405	466,126	279	100%
Payments						
Employee Costs	158,000	18,901	176,901	179,057	(2,156)	101%
Remuneration of Directors	16,488		16,488	18,963	(2,475)	115%
Use of goods and services	128,267	88,800	217,067	222,248	(5,181)	102%
Contracted Services	22,040		22,040	18,491	3,549	84%
Depreciation and amortization expense	2,309	27,943	30,252	-	30,252	0%
Repairs and maintenance	2,655	1,001	3,656	3,573	83	98%
Total Payments	329,760	136,645	466,405	442,332	24,072	95%
Capital Expenditure Payments				3,170		
Surplus/Deficit	-	-	-	20,624		

Budget Reconciliation

- A.** A reconciliation between the Statement of Cash Flows and comparison of budget is provided as follows

Description of Particulars	Amount in Kshs '000
Actual Surplus Amounts as per the statement of Budget	20,624
Closing Cash and Cash Equivalent as per the statement of Cash flows	20,624

- 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. Licenses and Registration Fees

The total amount received by the Board in the FY 2024-25 is Kshs 7.4 million against a target of Kshs. 4.1 million registering a positive variance of Kshs 3.3 million owing to an increase in application for licences and registration certificates and effectiveness in revenue collection.

2. Finance Income

The total amount received by the Board in the FY 2024-25 is Kshs. 61.2 million against a target of Kshs. 30 million registering a positive variance of Kshs 31.1 million owing to an increase in interest income.

3. Rental revenue from facilities and equipment

The total amount received by the Board in the FY 2024-25 is Kshs 1 million against a target of Kshs. 35.4 million registering a negative variance of Kshs 34.4 million owing to accrued rental income from AFA who are the main tenant of the Board's rentable space.

4. Remuneration of Directors

In the FY 2024-25, the Board incurred Kshs. 18.9 million against a target of Kshs. 16.4 million registering a negative variance of Kshs. 2.4 million. The over expenditure resulted from additional programs by director during the elections for small holder tea factories at the beginning of the year.

5. Contracted Services

In the FY 2024-25, the Board incurred Kshs. 18.5 million against a target of Kshs. 22 million registering a negative variance of Kshs. 3.5 million owing to overlapping bills.

Budget Notes (Continued)

6. Depreciation and Amortisation

In the FY 2024-25, the Board did not pay out Kshs. 30.2 million budgeted for replacement of property plant and equipment and intangible assets after their useful lives.

19. Notes to the Financial Statements

a) General Information

The Tea Board of Kenya (TBK) is established by and derives its authority and accountability from 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

b) 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 TBK'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 TBK. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), 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)

c) Adoption of New and Revised Standards

- i. ***New and amended standards and interpretations in issue effective in the year ended 30 June 2025.***

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 2025***

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> 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. IPSAS 43 which was effective on January 1, 2025, has relevance on the Board's financial statements since it currently has leases with Agriculture and Food Authority (AFA) and James Finlay Kenya Ltd for its rental property in Nairobi which are operating leases. In this regard, the Board has;- 1. Recognized costs incurred in earning the lease income as an expense; 2. Depreciated the asset in a manner consistent with the Board's normal depreciation policy of 2.5% straight-line method for buildings; 3. Assessed the leased property for impairment under IPSAS 26; 4. Added initial direct costs incurred in obtaining the lease to the carrying amount of the leased asset and recognize

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	those costs as an expense over the lease term on the same basis as the lease income.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, 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: 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. In the FY 2024-25, 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>
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 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. IPSAS 45 which was effective on January 1, 2025, will have no impact on the Board's financial statements for the year ended 30 June 2025. As much as the Board applies IPSAS accrual accounting, the scope of this Standard excludes all PPE's of the Board.
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:

	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 standard also introduces a public sector specific measurement bases called the current operational value 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. In the financial statements for the year ended 30 June 2025, IPSAS 46 will have an impact on TBK as it shall disclose information that helps users of the financial statements assess assets or liabilities that are measured at current operational value or fair value on a non-recurring basis in the statement of financial position. The board will also disclose the remaining service potential of the asset, the asset itself and the measurement technique
IPSAS 47: Revenue	Applicable 1st January 2026 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. Currently, TBK recognizes, and measure revenue based on two IPSASs (International Public Sector Accounting Standards); IPSAS 9; The commencement date of IPSAS 47 Board shall account for its revenue on a binding arrangement

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	using the binding arrangement accounting model following the criteria; Below; a) The parties to the binding arrangement have approved the binding arrangement (in writing, orally or in accordance with other customary practices) and are committed to perform their respective obligations; b) The entity can identify each party's rights under the binding arrangement; c) The entity can identify the payment terms for the satisfaction of each identified compliance obligation; d) The binding arrangement has economic substance In the financial statements for the year ended 30 June 2025, IPSAS 47 will have an impact on TBK financial statements on disclosure of:- a) The amount of revenue from transactions recognized during the period, showing separately, Compliance obligations in a binding arrangement b) The amount of receivables recognized at the reporting date in respect of revenue; c) The amount of liabilities recognized at the reporting date in respect of transferred assets subject to compliance obligations;
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> 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. 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. 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. 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.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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. 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

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	IPSAS 50 which will be effective on January 1, 2027, will have not have impact on the Board's financial statements for the year ended 30 June 2025.
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iii. Early adoption of standards

TBK did not early – adopt any new or amended standards in the financial year 2024-25.

Notes to the financial statements (continued)

5. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Taxes, Levies and fines

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

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 2024-2025 for the Tea Board of Kenya was approved by the National Assembly and communicated through the State Department of Agriculture. 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 2024-25 was revised from Kshs. 329 million to Kshs. 339 million to cater for the centenary celebrations.

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.

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

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. 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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 40-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

a) 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 *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 the *TBK*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. The leases for the rental property in Nairobi are operating leases.

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

b) 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. 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

c) Biological Assets

TBK policy is to recognize biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to TBK, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur. However, TBK did not have any biological assets as at reporting date.

d) Research and development costs

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Research and development costs (Cont...)

- 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.

e) 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.
- 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.

f) 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Provisions (Cont.)

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.

g) 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. 32

h) 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.

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

a) 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.

b) 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.

c) 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.

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

Retirement benefit plans (Cont..)

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.

d) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

e) 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.

f) 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.

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

Related Parties (Cont.)

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.

g) Service concession arrangements

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

h) 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.

i) 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 2023-24 have been given.

j) 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, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

6. 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. 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

- 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.

Notes to the Financial Statements (Continued)

7. Transfers from Other Government entities

Description	2024-2025 Kshs "000"	2023-2024 Kshs "000"
Unconditional grants		
Operational grant	254,760	336,000
Other grants		
Total Unconditional Grants	254,760	336,000
Conditional grants		
Total government grants and subsidies	254,760	336,000

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 Kshs "000"	Amount deferred under deferred income Kshs "000"	Amount recognize d in capital fund. Kshs "000"	Total transfers 2024-25 Kshs "000"	Total transfers 2023-24 Kshs "000"
State Department of Agriculture	254,760	-	-	254,760	336,000
Total	254,760	-	-	254,760	336,000

8. Licenses and Registration Fees

Description	2024-2025 Kshs "000"	2023-2024 Kshs "000"
Licenses & Registration	7,431	4,334
Total	7,431	4,334

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)

9. Rental Revenue from Facilities and Equipment

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Operating lease revenues	28,414	7,174
Total rentals	28,414	7,174

These relates to the rent charged for Tea House Block B for the Financial year 2024-25.

10. Finance Income

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Interest from collateral deposits	81,100	82,009
Total finance income	81,100	82,009

11. Other/ Miscellaneous Income

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Sponsorship	8,840	-
Others	6,202	86
Total other income	15,042	86

12. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Collaboration & coordination	4,017	177
Capacity Building	8,459	1,281
Research & Innovation	929	13,828
Compliance Inspections	8,669	1,941
Surveillance Audits	917	5,565
Stakeholders Forums	8,776	1,457
Industry Governance	-	8,600
Registrations & Licensing	6,486	5,035
Quality analysis	1,177	1,152

Notes to the Financial Statements (Continued)

12 Use of Goods and Services

Description	2024-2025 Kshs "000"	2023-2024 Kshs "000"
Development and Review of Stds	2,567	1,990
Quality assurance & monitoring	-	712
Stakeholders excellence awards	88	382
Generic Promotion & Market Dev't.	18,326	22,189
Market Research & Development	10,393	19,805
Subscriptions to Associations	3,277	10,081
Trade Advisory	1,603	184
Overseas conference Expenses	5,388	-
Value Addition	2,271	962
Mark of Origin & Geographic Indications	-	160
Special Projects	30,340	-
Public Awareness & Publicity	1,945	1,024
Shows, Exhib & trade fairs	-	5,058
Public relations and corporate branding	1,034	698
Corporate Social Responsibility	647	378
Research	-	262
Planning and strategy	7,177	11,941
Monitoring & Evaluation	605	439
Staff Welfare	3,073	4,267
Subscriptions to Professional Bodies	230	300
Staff Uniforms	-	321
Cross Cutting and Team Building	-	818
Internships and attachment	40	389
M&E of HR activities	4,029	3,218
Pension Admin Expenses	3,307	211
Systems Audit	340	273
Internal Audit	3,611	2,785
Risk Management	-	345
M&E of Legal Activities	14,202	6,963
Elections Expenses	-	45,798
Dev. & Review of Regulations	8,985	2,938
Common user items-Printing & Stationery	3,493	2,731
Comm Telephone and Postage	5,882	5,276
Local Travelling Expenses	218	5,749
Common User Items-Sundries	1,410	1,560

Notes to the Financial Statements (Continued)

12 Use of Goods and Services (Cont..)

Description	2024-2025 Kshs "000"	2023-2024 Kshs "000"
Newspapers, Periodicals, Journals & Subs	1,315	1,560
Record management	-	129
Tender Advertisements	963	-
Fuel expenses	6,003	5,200
Others vehicle expenses	6,175	3,434
Land Rent & Rates	330	330
Electricity	2,140	1,888
Water	945	648
General & Staff Facilitation	227	923
M&E Finance Activities	6,726	7,211
Bank Charges	736	835
International Missions & Conferences	36	1,306
Meetings with Stakeholders	3,528	1,947
CEO's Travel and Subsistence	1,469	401
Stakeholder's Hospitality	1,694	1,216
Evaluation of Tenders	625	375
M&E of Procurement Programmes	72	1,265
Computer Accessories	96	1,019
M&E of ICT projects	1,382	7,825
Email and Internet	3,127	3,915
Maintenance of Softwares	4,781	735
Total Use of Goods and Services	216,282	241,402

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

13. Employee Costs

	2024-2025 Kshs "000"	2023-2024 Kshs "000"
Salaries and Allowances	123,457	117,888
Employer contribution to pension	31,084	17,517
Staff Medical Insurance	19,766	16,741
WIBA	465	465
Group Life Insurance	3,156	3,156
Total	177,928	155,767

Notes to the Financial Statements (Continued)

14. Board Expenses

	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Sitting Allowances	5,503	7,884
Lunch Allowances	-	539
Accommodation and Subsistence	6,857	8,885
Board Members Travel	3,784	8,363
BM Capacity Building & Trainings	1,315	1,591
Board Member Airtime	91	84
Directors Honorarium	957	960
Board Members Medical & Insurance	456	391
Total	18,963	28,698

15. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Property, plant and equipment	36,670	35,767
Intangible assets	2,958	2,494
Total depreciation and amortization	39,628	38,261

16. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Property	2,144	3,446
Computer and Electronic Equipment		49
Others	1,429	1,370
Total repairs and maintenance	3,573	4,865

Notes to the Financial Statements (Continued)

17. Contracted Services

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Hire of Security	10,565	8,950
Legal Fees	6,645	9,120
Local Travelling Expenses/Taxi	1,235	3,831
Audit Fees	2,320	1,740
Courier Services	48	65
General insurance	2,733	1,714
Cleaning Services	1,725	1,252
Total	25,271	26,672

18. Gain on foreign exchange transactions

	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Gain from foreign exchange transactions	168	-
Total	168	-

19. Surplus Remission

	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Deficit for the period	(94,387)	(66,062)
Less: Allowable deductions by NT	-	-
90% computation	-	-
Surplus Remission Payable	-	-

20. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Current account	20,624	76,645
Fixed deposits account	-	50,000
Total cash and cash equivalents	20,624	126,645

The decline in cash and cash equivalents was as a result of funds used to finance the capital and development budget for the period 2024-25, and the deficit for the two years.

Notes to the Financial Statements (Continued)

20 Cash and Cash Equivalents (Cont...)

Detailed Analysis of the Cash and Cash Equivalents			
		2024-2025	2023-2024
Financial institution	Account number	Kshs "000"	Kshs "000"
a) Current account			
Citibank NA - KES	0300026036	18,118	70,676
Citibank NA - USD	0300026063	1,383	2,079
National Bank of Kenya	01003000544300	813	2,323
National Bank of Kenya	01003007525500	6	100
Co-operative Bank of Kenya	01120007120700	304	1,466
Sub- total		20,624	76,645
b) On - call deposits			
	-	-	-
Sub- total		-	-
c) Fixed deposits account			
Co-operative Bank of Kenya		-	-
Kenya Commercial Bank		-	-
Sub- total		-	50,000
Grand total		20,624	126,645

21. Receivables from Exchange Transactions		
Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Current receivables		
Rent Debtors**	38,266	6,917
Trade Debtors	6,763	6,763
Other Debtors	19,856	19,985
Total current receivables	64,885	33,664

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

Notes to the Financial Statements (Continued)

22. Receivables from Non-Exchange Transactions

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Staff Debtors	2,652	2,606
Staff Advance	181	211
Receivables from Govt Agencies**	251	251
Total current receivables	3,084	3,068

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

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Notes to the Financial Statements (Continued)

23. Property, Plant and Equipment								
	Land	Buildings	Work in Progress	Automobiles	Computer and Electronic Equipment	Office and Communication Equipment	Furniture and Fittings	TOTAL
Cost	Kshs “000”	Kshs “000”	Kshs “000”	Kshs “000”	Kshs “000”	Kshs “000”	Kshs “000”	Kshs “000”
As at 1st July 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
Additions					850			850
Transfers/Adjustments		29,788	(29,788)					-
As at 30 June 2025	441,500	655,219	9,530	91,591	22,378	17,707	25,637	1,263,561
As at 1st July 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
Depreciation		16,380		14,998	3,783	338	1,171	36,670
At 30 June 2025	-	125,589	-	68,598	21,446	16,531	19,840	252,005
Net Book Values								
At 30 June 2025	441,500	529,630	9,530	22,993	932	1,176	5,797	1,011,556
At 30 June 2024	441,500	516,222	39,318	37,990	3,865	1,514	6,967	1,047,376

Notes to the Financial Statements (Continued)

23 (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	-95,411	504,646
Automobiles	51,689	-51,689	0
Computer & Electronic Equipment	23,767	-9,707	14,060
Office & Communication Equipment	15,023	-13,025	1,998
Furniture and Fittings	16,393	-13,206	3,187
Totals	771,151	-183,038	594,291

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

Notes to the Financial Statements (Continued)

24. Intangible Assets	2024-2025	2023-2024
	Kshs '000	Kshs '000
COST		
At July 1	17,002	7,907
Software Additions	2,320	9,095
At June 30	19,322	17,002
AMORTISATION		
At July 1,	7,702	5,209
Transfer/Adjustments		
Charge for the year	2,958	2,494
At June 30	10,660	7,702
NET BOOK VALUE		
At June 30	8,662	9,300

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.

Notes to the Financial Statements (Continued)

25. Securities & Deposits		
Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Kenya Commercial Bank - Staff Mortgage	673,143	673,143
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	807,844

26. Trade and Other Payables		
Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Trade payables	46,452	46,704
Accrued Expenses		11,060
Other payables	7,939	9,788
Total trade and other payables	54,392	67,552

27. Refundable Deposits and Prepayments from Customers		
Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Customer deposits	604	604
Total deposits	604	604

Notes to the Financial Statements (Continued)

28. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"
Balance b/d (1.07.2024)	-	-		6,336	6,336
Additional Provisions	-	-		2,320	2,320
Provision utilized	-	-		(6,336)	(6,336)
Change due to discount and time value for money	-	-			
Transfers from non-current provisions	-	-			
Total provisions as at 30.6.2025	-	-		2,320	2,320

This entails the provision for audit fees.

29. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2024-2025	2023-2024
	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"
Current benefit obligation	-	-	9,164	9,164	8,035
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	9,164	9,164	8,035

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

Notes to the Financial Statements (Continued)

30. Cash Generated from Operations

	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Deficit for the Year Before Tax	(95,066)	(66,062)
Adjusted for:		
Depreciation and Amortisation	39,628	38,261
Prior Year Adjustment	(129)	-
Working capital adjustments:		
Increase in Receivables	(31,236)	137,998
Increase in Employee Benefit Obligation	1,129	(36,070)
Increase in Current Provision	(4,016)	1,740
Increase in Payables	(13,160)	42,465
Net Cash Flows from Operating Activities	(102,851)	118,331

Notes to the Financial Statements (Continued)

31. 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:

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 2025				
Current portion of receivables from exchange transactions	64,885	64,885		
Receivables from non-exchange transactions	3,084	3,084		
Bank Balances	20,624	20,624		
Total	88,592	88,592		
As at 30 June 2024				
Current portion of receivables from exchange transactions	33,664	33,664		
Receivables from non-exchange transactions	3,068	3,068		
Bank Balances	126,645	126,645		
Total	163,377	163,377		

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)

31. 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 Kshs "000"	1-3 months Kshs "000"	3-6 months Kshs "000"	6-12 months Kshs "000"
As at 30 June 2025				
Trade and other payables	14,580	9,025	22,848	7,939
Refundable deposits from customers	-	-	-	604
Current Provision	2,320	-	-	-
Employee benefit obligation	9,164	-	-	-
Total	26,064	9,025	22,848	8,543
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

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)

31. 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.

1. 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.

2. 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)

31. 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 811,002 and Kshs. 820,094 in FY 2024/25 and 2023/24 respectively. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs. 4,055,010 and 4,100,469 in FY 2024/25 and 2023/24 respectively.

Sensitivity analysis		
	2024-2025	2023-2024
	Kshs '000	Kshs '000
Revenue from interest rates	81,100	82,009
Increase/ Decrease in interest rates by 5%	4,055	4,100
Increase/ Decrease in interest rates by 1%	811	820

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		
	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	510,380	510,380
Retained earnings	1,100,741	1,195,937
Capital reserve	239,053	239,053
Total funds	1,850,175	1,945,370
Total borrowings	-	-
Less: cash and bank balances	(20,624)	(126,645)
Net debt/(excess cash and cash equivalents)	1,829,551	1,818,725
Gearing	0%	0%

Notes to the Financial Statements (Continued)

32. 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.

	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
State Department of Crop Development	254,760	336,000
Agriculture & Food Authority	-	
Total	254,760	336,000
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	251
Total	251	251

33. 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 2024. 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*.

Notes to the Financial Statements (Continued)

33. Contingent Liabilities (Cont.....)

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

#	COURT CASE	2024- 2025	2025- 2026
1.	PETITION NUMBER E253 OF 2024 Korir H Cheruiyot-V-Tea Board And 9 Others	1, 890,000	-
2.	PETITION NUMBER E006 of 2024 Usikimye CBO V John Chebochok and 4 Others	800,000	-
3.	PETITION NUMBER E006 OF 2024 Moses Kimaiga Vs the Tea Board of Kenya	300,000	-
4.	CONSTITUTIONAL PETITION NO E008 & E009 OF 2024 Kiru Tea Factory Versus Tea Board of Kenya and others	750,000	-
5.	PETITION NO E266 OF 2023 Peter Gathii Reuben vs Jacob Kamau Kahi & TBK	1,114,000	-
6.	CIVIL APPEAL OF E059 OF 2024 Ephantus Mugendi Njeru Versus Moses Njagi Kamau & 4 others.	658,000	-
7.	KERUGOYA CIVIL CASE NO E001 OF 2024 George M.Kariu VS Kangaita Tea Factory		
8.	NYAMIRA CONSTITUTIONAL PETITION NO E005 OF 2024; Moffat Teya Machogu Mang'are & 5 Others vs Independent Electoral & Boundaries Commission & 44 Others	400,000	-
9.	PETITION NO. E017 OF 2024 Okiya Omtatah Okoiti Vs Tea Board of Kenya	650,000	-
10.	IN THE HIGH COURTAPPEAL CIVIL APPEAL NO E529 OF 2024 The Board of Directors Tea Board of Kenya Vs Okiya Omtatah Okoiti	2,567,500	-
11.	CONSTITUTIONAL PETITION NO. E009 OF 2024 - Fredrick Kinyua & Others Vs IEBC & Others	354,800	-
12.	CONSTITUTIONAL PETITION E012 OF 2024- Peter Mwai Migwi Vs Lucy Wambui Mwangi & 9 Others	330,000	-

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Notes to the Financial Statements (Continued)

33. Contingent Liabilities (Cont.....)

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

13.	JUDICIAL REVIEW NUMBER E012 OF 2024 Joel Mbatia V State Law	850,000	-
14.	CIVIL CASE NO. E002 OF 2024 James Bundi Muchiri V Independent Electoral and Boundaries Commission and James Muchangi Kirunyu and 2 Others	350,000	-
15.	EMBU CIVIL CASE NO. E004 OF 2025 KESTEGA vs Enos Njiru & 13 others	-	700,000

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

34. 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 2024-25 and 2023-24, 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.

Surplus Remission		
Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Deficit for the period	(94,387)	(66,062)
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

Notes to the Financial Statements (Continued)

35. Events after the Reporting Period

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

36. 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.

37. Currency

The financial statements are presented in thousand Kenya Shillings (Kshs "000").

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.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe for the issue to be resolved
FY 2022-23 & 2023-24	<u>Lack of Tea Act Regulations</u> Having not developed regulations for core functions that require regulations for implementation of the Tea Act, 2020, the Board risk having no legal framework for carrying out its core functions as stipulated in the Tea Act, 2020.	Following the commencement of the Tea Act in 2021, TBK immediately commenced the process of developing regulations to operationalize the Tea Act as provided for under Section 74 of the Tea Act. However, before the regulations could be gazetted several tea industry players filed Petitions in various High Courts across the country challenging several Sections of the Tea Act including Section 74. The Board has obtained an out of court settlement resolving all court cases and the process of finalizing the court cases is at an advance stage. In the year under review, two sets of regulations were finalized; Tea (Registration and Licensing) Regulations and Tea (Levy) Regulations and are awaiting final validation and gazettment. However, the process of developing	Partially resolved	June 2026

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FY 2023-24	Irregular payment of Acting and Special Duty Allowances a) TBK irregularly paid acting allowance amounting to Kshs. 294,745 to four (4) staff for more than six (6) months. b) TBK irregularly paid Kshs. 80,368 to one (1) staff as special duty allowances for more than six (6) months. The management breached the human resources policies and procedures by paying acting and special duty allowances for more than six (6) months.	other regulations is being hampered by lack of resources to undertake public participation with relevant stakeholders. Following the commencement of the Tea Act in 2021, the Board developed Human Resource Instruments which were later approved by relevant authorities. According to the transitional structure, TBK has a staff establishment of 100 against the current establishment of 56. Due to lack of resources The Board has not implemented the new organization structure, necessitating acting appointments on some few critical positions to enable the Board to function. However, the Board has since stopped appointing staff on acting positions for a continuous period of more than 6 months and is also at an advanced stage of implementing Section 53 of the Tea Act, which will raise revenue to fill in the positions substantively.	Resolved	N/A
FY 2023-24	Non-Compliance with Law on Ethnic Composition Out of the total number of TBK's employees of fifty-six (56), twenty-four (24) or 43% were members of the same	Following the commencement of the Tea Act, 2020 in 2021, TBK transited with the former staff of defunct AFA-Tea Directorate and has only recruited two staff (both from a different community from the quoted) due to lack of resources. However, the Board developed Human	Partially resolved	June 2026

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	ethnic community contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008	Resource Instruments which were later approved by relevant authorities. According to the transitional structure, TBK has a staff establishment of 100 against the current establishment of 56. Due to lack of resources The Board has not implemented the new organization structure but is at an advanced stage of implementing Section 53 of the Tea Act, which will raise revenue to recruit staff and address this anomaly.		
FY 2023-24	Non- Compliance with the One Third of Basic Salary Rule. Five (5) employees received a net salary of less than one third of the basic salary whilst four (4) employees received Nil salary in the month of April contrary to the provisions of Section 19(3) of the employment Act, 17 of 2007	Violation of one third of the basic salary rule in April was majorly precipitated by implementation of the ne NSSF, Housing Levy and SHIF which saw most of the staff who whose pays lips were on the margin fall below the required thresholds. However, the Board has continually resolved this gap by removing some staff deductions from the payroll and instead advising them to pay off the payroll.	Resolved	N/A
FY 2023-24	Failure to prepare of Car loan and Mortgage Financial Statements TBK did not prepare a separate staff car and	The Board has staff Car Loan and Mortgage scheme with KCB where it provides collateral for the facility that allows its staff to access mortgage and car loans facilities. However, according to the Memorandum of Understanding, the loan facilities	Partially resolved	June 2026

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	mortgage scheme financial statements in contravention with Section 264(3) of the Public Finance Management Act, 2012.	are advanced by the bank which bears all the risks and interests arising from the facility. As a result, a separate set of financial statements was not be necessary but the Board is in the process of reviewing both the MOU and developing a separate staff car and mortgage scheme financial statements		
FY 2023-24	Failure to conduct Governance Audit The entity's board did not initiate governance audit during the year under review contrary to the requirement of Mwongozo code of conduct for State Corporations issued under presidential Executive Order No. 7 dated 25 March 2015, under item 1.13	Following the coming into effect of the Tea Act in 2021, the Board of TBK was only partially constituted in January 2022 and consisted only of 7 members until 2025. It was therefore not ideal to have the governance audit as the Tea Board of Kenya was still in the process of putting in place the necessary governance structures including the full constitution of the Board by the Cabinet Secretary for Agriculture. The process of constituting the Board has now been completed and the full Board is in place to undertake the governance audit in the current financial year.	Partially resolved	June 2026
FY 2023-24	Irregular Composition of Board Committees All the four committees of the Board had more than one third of the board members and most members belonged to more than two committees contrary to section B.4 of the	The Board of the Tea Board of Kenya comprises of Eleven Board members representing various tea value chain players and various government Ministries. However, during the financial year under review, the Board only had 7 members following the passing on of one of the Board members. In order to ensure that the committee	Resolved	N/A

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	Head of Public Service Circular No. OP/CAB.9/1A	constituted do not suffer from lack of quorum when the committee meetings are convened and given that the board members currently in office is only 7, the Board members were appointed to more than three committees. However, the process of constituting the Board has now been completed, the full Board constituted.		
FY 2023-24	Board involvement in the Management of the Entity operations The Board undertook activities that are of management in nature namely contrary of section D.2 of the Head of Public Service Circular No. OP/CAB.9/1A on management of state corporations. 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.	During the year under review, the Board was tasked with supervising elections for smallholder tea factories pursuant to a court decree issues on 11 th April 2024. As a result, the Board Members had the overall role of supervising the elections. In addition, the Tea Board of Kenya is a relatively new institution having been re-constituted in 2021. The current Board members are the first directors of the newly established Tea Board of Kenya. The Board members consist of value chain players who have been elected by the various categories of the tea sub-sector value chain players and there is therefore need for constant engagement with the tea value chain players to ensure that the directors are able to address any concerns and challenges facing the tea sub-sector and their constituents are addressed in real time.	Resolved	N/A
FY 2023-24	Staff under establishment The Board has an approved staff establishment of one	Following the commencement of the Tea Act, 2020, TBK transitioned with the staff of the former AFA – Tea Directorate in July 2021. Since then, TBK	Partially resolved	June 2026

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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.

Signed
Chief Executive Officer

Date.....
8/12/2025

have developed and gotten approval of HR instruments (including an organizational structure) with a staff establishment of one hundred (100) against the in-post of fifty-six (56) leading to a total deficit of 44 employees.

Recruitment of additional staff have been hampered by lack of sufficient budget to recruit staff and freezing of employment by the Government. The management takes cognizant of the gaps highlighted and is at an advance stage of raising revenue to recruit staff and address this anomaly.

Appendix II: Projects implemented by TBK

In the financial year 2024-25, TBK did not have any projects funded by development partners and/ or the Government.

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds					Where Recorded/recognized				Total Transfers during the Year
	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
MOALD	08/08/23		21,229,988.00						
MOALD	13/09/23		21,229,988.00						
MOALD	16/10/23		21,229,986.00						
MOALD	31/10/23		21,229,987.00						
MOALD	11/12/23		21,229,987.00						
MOALD	05/01/23		21,229,987.00						
MOALD	12/03/23		21,229,987.00						
MOALD	15/02/23		21,229,987.00						
MOALD	08/05/23		21,229,987.00						
MOALD	12/06/23		21,229,987.00						
MOALD	26/06/23		21,229,987.00						
Total			254,759,850.00						

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 30 th June (Current FY)							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June (Current FY)				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)	Total (D)=(A+B+C)		
N/A							
Total							

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

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Head of Accountants department of beneficiary Entity:

Name Sign Date

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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									

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						