

REPUBLIC OF KENYA

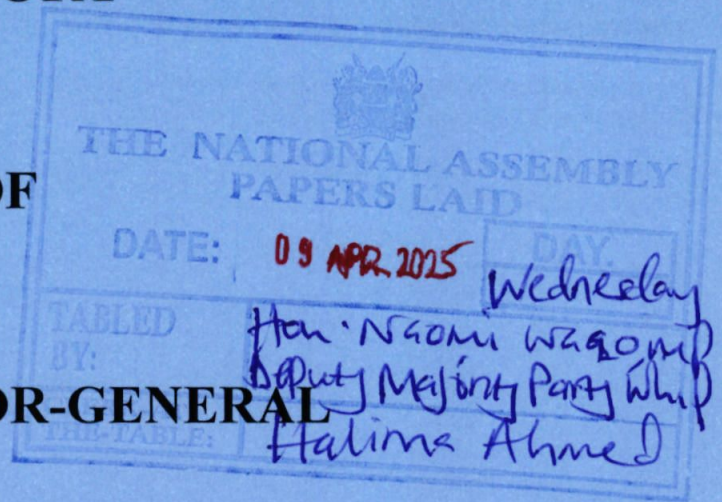


Enhancing Accountability

REPORT



OF



THE AUDITOR-GENERAL

ON

**NATIONAL CEREALS AND
PRODUCE BOARD**

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



NATIONAL CEREALS AND PRODUCE BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

Prepared in accordance with the International Financial Reporting Standards (IFRS)

National Cereals and Produce Board
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Glossary of Terms

<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>NT</i>	<i>National Treasury</i>
<i>PFM</i>	<i>Public Finance Management.</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>NCPB</i>	<i>National Cereals and Produce Board</i>
<i>NFR</i>	<i>National Food Reserves</i>
<i>SFR</i>	<i>Strategic Food Reserves</i>
<i>FBSC</i>	<i>Food Balance Sheet Committee</i>
<i>CBS</i>	<i>Chief of the Order of the Burning Spear</i>
<i>MBS</i>	<i>Moran of the Order of the Burning Spear</i>
<i>Rep.</i>	<i>Representative</i>
<i>MOALF& COOP</i>	<i>Ministry of Agriculture, Livestock and Fisheries and Co-operatives</i>
<i>ASALs</i>	<i>Arid and Semi-arid Lands</i>
<i>MBA</i>	<i>Master of Business Administration</i>
<i>NSSF</i>	<i>National Social Security Fund</i>
<i>AIC</i>	<i>Africa Inland Church</i>
<i>NIC</i>	<i>National Industrial Credit</i>
<i>NCBA</i>	<i>National Commercial Bank of Africa</i>
<i>CECM</i>	<i>County Executive Committee Member</i>
<i>ICT</i>	<i>Information and communication technology</i>
<i>BSc</i>	<i>Bachelor of Science</i>
<i>MSc</i>	<i>Master of Science</i>
<i>RUSI</i>	<i>Royal United Services Institute</i>
<i>PhD</i>	<i>Doctor of Philosophy</i>
<i>BA</i>	<i>Bachelor of Arts</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants</i>
<i>ICPSK</i>	<i>Institute of Certified Public Secretaries of Kenya</i>
<i>KIA</i>	<i>Kenya Institute of Administration</i>
<i>KSG</i>	<i>Kenya School of Government</i>

<i>CIM</i>	<i>Chartered Institute of Marketing</i>
<i>MSK</i>	<i>Marketing Society of Kenya</i>
<i>KESAP</i>	<i>Kenya Society of Agricultural Professionals</i>
<i>CIPS</i>	<i>Chartered Institute of Purchasing and Supplies</i>
<i>KIM</i>	<i>Kenya Institute of Management</i>
<i>UN</i>	<i>United Nations</i>
<i>CPA (K)</i>	<i>Certified Public Accountant Kenya</i>
<i>ASTGS</i>	<i>Agriculture Sector Transformation and Growth Strategy</i>
<i>NTD</i>	<i>NCPB Trading Division</i>
<i>EAGC</i>	<i>Eastern Africa Grain Council</i>
<i>EAC</i>	<i>East African Community</i>
<i>FY</i>	<i>Financial year</i>
<i>ISO</i>	<i>International Organization for Standardization</i>
<i>PPE</i>	<i>Property, plant, and equipment</i>

2. Key Entity Information

a) Background information

National Cereals and Produce Board was established by Chapter 338 Act of Parliament on 8th August 1985. At cabinet level, the Board is represented by the Cabinet Secretary for Agriculture who is responsible for the general policy and strategic direction of the Board. NCPB is domiciled in Kenya and has several branches spread all over the country.

b) Principal Activities

The main activities of the Board are: -

- i. Trading in agricultural produce, i.e. maize, wheat, rice, beans, millet, green grams and sorghum
- ii. Management of the National Food Reserves (NFR) on behalf of the Government of Kenya as well as organising and coordinating activities of the Food Balance Sheet Committee (FBSC).
- iii. Provision of grain post-harvest services like drying, cleaning, storing, warehousing, fumigation, weighing, bagging and other related services to farmers and other interested parties at affordable rates
- iv. Carrying out market intervention on behalf of the government for grains and farm inputs.

Vision Statement

A trusted service provider in agricultural commodity trade and food security.

Mission Statement

To promote food production, trade in agricultural products and promote premier warehousing.

Values

To achieve our Vision and Mission, the following Core Values are our guiding principles:

- Efficiency
- Team work
- Integrity and Accountability
- Customer Service
- Creativity and Innovation

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c) Directors

The Directors who served the entity during the year were as follows:

- | | |
|--------------------------------|--|
| 1. The Hon. Samwel Mbae Ragwa | - Chairman (Appointed on 20th Apr 2023 up to 19th Apr 2026) |
| 2. Mr. Joseph Muna Kimote, MBS | - Managing Director (Appointed on 25 th June 2019) |
| 3. Mr. Samuel Karogo Ndung'u | - Ag. Managing Director (Appointed on 2 nd May 2024) |
| 4. Mr. Raymond Komen | - Member (Appointed 20th Apr 2023 up to 19th Apr 2026) |
| 5. Ms. Juliet Dorcas Ngetich | - Member (Appointed 20th Apr 2023 up to 19th Apr 2026) |
| 6. Mr. Galgallo Wako Abagaro | - Member (Appointed 20th Apr 2023 up to 19th Apr 2026) |
| 7. Mr. Philip Tarus | - Member (Rep. Devolution & ASAL's)(Appointed 12th Oct 2018) |
| 8. Mr. Peter Owoko | - Alternate to PS, State Department for Crop Development
MOALF& COOP (Appointed 16th November 2020) |
| 9. Mr. Chris Makokha | -Member (Rep. Inspectorate)(Appointed 22nd December 2022) |
| 10. Mr. James Mungai | - Member (Appointed 20th May 2022) |
| 11. Mr. William C. Kirwa | - Member (Appointed 21st July 2023) |

d) Ag. Corporate Secretary

Veronicah Mapesa
P.O. Box 30586
Nairobi

e) Registered Office

Nyumba ya Nafaka
Machakos Road
P.O. Box 30586
Nairobi, KENYA

f) Corporate Headquarters

P.O. Box 30586
Nyumba ya Nafaka
Machakos Road
Nairobi, KENYA

g) Corporate Contacts

Telephone: 254(20) 536028/555288

E-mail: md@ncpb.co.ke

Website: ncpb.co.ke

h) Corporate Bankers

1. Kenya Commercial Bank
P.O. Box 48400
NAIROBI
2. Cooperative Bank of Kenya
P.O.Box 48231
NAIROBI
3. Consolidated Bank
P.O. Box 5113
NAIROBI
4. National Bank of Kenya
P.O.Box 41862
NAIROBI

i) Independent Auditors

Auditor-General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Advisers

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

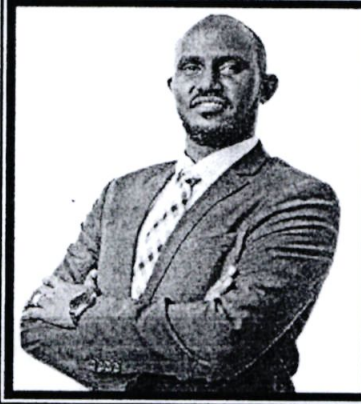
2. Advocates
Various
A list is available at the Board

3. The Board of Directors

SN	Directors	Details
1.	Hon. Samwel Mbae Ragwa 	Hon. Samwel Mbae Ragwa is an experienced professional with a distinguished career in public service spanning over three decades. He began as a Personnel Officer II at the Ministry of Health in Nairobi and steadily progressed through various positions, including Personnel Officer I in charge of Eastern Province and Provincial Personnel Officer I in Central Province. Transitioning into hospital administration, Samwel served as the Administrator for Nakuru Provincial General Hospital, Nyeri Provincial General Hospital, and Meru General Hospital. He further advanced his career as the Administrator of Coast General Hospital in Mombasa and the Provincial Hospital Administrator for Eastern Province in Embu. With notable achievements, Samwel became the Director of Chogoria General Hospital. He is also the first Governor of Tharaka-Nithi County. He holds a Master's degree in Project Management and a Bachelor's degree in Economics and Sociology from the University of Nairobi.
2.	Managing Director, Mr. Joseph Muna Kimote, MBS 	Mr. Joseph Kimote holds a Master of Business Administration (MBA) from Moi University and a Bachelor of Arts degree in Economics from The University of Nairobi. Before joining the Board, Mr. Kimote was the General Manager at the National Social Security Fund (NSSF). He has held several other leadership positions including Director – Institutional Planning and Development, United States International a University; Project Manager – USAID/EPC Trade Development Programme, and a Senior Consultant at Deloitte & Touche. Joseph is a Full member of the Institute of Directors of Kenya, Kenya Institute of Management and Institute of Human Resource Management. He is also a member of the Board of Directors of Bamburi Cement Limited. He has also previously served as a Board Member National Bank of Kenya Limited, AIC Kijabe Cure International Hospital and Precious Blood Secondary School, Riruta. He has undergone extensive trainings in Advanced Leadership and Corporate Governance locally and internationally. Mr. Kimote served the board from 25th June 2019 until 1st May 2024.

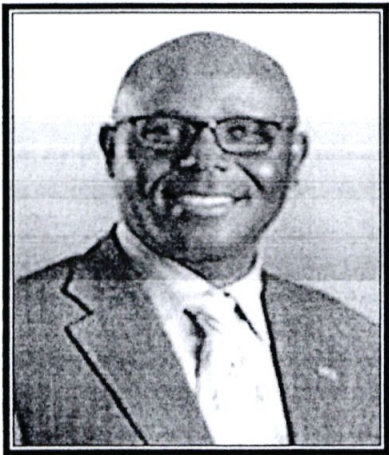
3.	Ag. Managing Director, Mr. Samuel Karogo Ndung'u 	Mr. Ndung'u is a holder of a Master's degree in Business Management (Finance) from the University of Nairobi, and a Bcom graduate of Mangalore University, India. He has a wealth of experience in financial management and accountancy gained from serving both in public and private sectors. He has worked as an Audit Senior at WIA East Africa and with the Nyeri Water and Sewerage Company as head of Internal Audit and as Head of Finance and Administration; a position he held until January 2018. He also worked for Civicon Limited, a leading construction Company as the Chief Accountant. Mr. Ndung'u is a Certified Public Accountant of Kenya, a member of the Institute of Certified Public Accountants (ICPAK), a Certified Public Secretary and a member of the Institute of Certified Public Secretaries of Kenya (ICPSK). Mr. Ndung'u is currently serving the board as the acting MD as from 2nd May 2024.
4.	Mr. Raymond Komen 	Mr. Raymond Komen Kimutai holds a Bachelor of Arts in Economics from the University of Nairobi and a Master of Business Administration in Strategic Management from the same institution. He started his career in the banking industry, working in senior management positions at K-Rep Bank (now Sidian Bank) and NIC Bank (now NCBA). In 2013, Raymond transitioned to public service and joined the Nakuru County Government as the Chief of Staff and Economic Advisor. He later served as a County Executive Committee Member (CECM) for Vocational Training, ICT, and E-Government from 2017 to 2019, followed by the position of CECM for Trade, Industrialization, Tourism, and Cooperatives from 2019 to 2022. His educational background and experience in the banking industry equipped him with a comprehensive understanding of economics, management, risk management, and institutional banking.

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5.	Mr. Galgallo Wako Abagaro 	Mr. Galgallo Wako Abagaro holds a BSc in Military Science from Egerton University and an MSc in Governance, Peace and Security (Governance Option) from Africa Nazarene University. Galgallo worked as a Commissioned Military Officer in the Kenya Defence Forces. He then joined Olive Group Ltd as a Regional Operations and Crisis Manager, East Africa where he managed international and national security projects and teams spread across East Africa. In 2016, he became a Senior Project Manager at Royal United Services Institute (RUSI) for defense and security. He is currently pursuing a PhD in Public Administration from the National University of Public Service, Hungary.
6.	Ms. Juliet Dorcas Ngetich 	Ms. Juliet Dorcas Ngetich joined the Board on 20th April 2023. She holds a bachelor's degree in land Economics from Pioneer International University. Juliet has worked with Njuca Consolidated and Prestige Valuers. She is an administrative support professional with over ten years land management experience with ability to independently plan and manage diverse customer relationships.
7.	Mr. William Kirwa 	William Cheruiyot Kirwa is an accomplished professional with over three decades of experience in agriculture, banking, and leadership. He holds a BSc in Agriculture from the University of Nairobi and has held significant roles across various sectors. Beginning his career as an Agriculture Officer at the Ministry of Agriculture, William transitioned to a 28-year tenure at Kenya Commercial Bank, where he served as Senior Manager, contributing to strategic leadership and operational excellence until 2013. Currently, William manages medium-scale maize, dairy, coffee, and tea farming in Trans Nzoia and Nandi counties. He is the Board Chairman at A.I.C Tuigoin and Itigo Girls Secondary Schools.

8.	John K. Ngetich, Corporation Secretary 	Joined the Board's Legal Department in 1999 after previously working for Hilian Investments (K) Limited. A Qualified advocate, he holds a Bachelor of Laws and BA (Political Science) degrees as well as a Post-graduate Diploma in Law. He responsible for overall Overseeing and undertaking all legal aspects of the Board's Business and secretarial services. Mr. Ngetich served the board from 1st March 1999 until 1st May 2024.
9.	Veronicah Mapesa Shiundu, Ag. Head of Legal Services 	Ms. Shiundu holds a Bachelors of Law degree from Moi University (2012), a Post-Graduate Diploma from the Kenya School of Law (2014). She was admitted to the bar in March 2015 before joining the Board in October 2015. She is also a Certified Professional Mediator, CPM(MTI), Currently she is undertaking a Master of Laws degree and a Certified Secretaries Course (Intermediate Level). Prior to joining NCPB, She worked as an associate advocate at the firm of Ajaa Olubayi & Company Advocates. Ms. Veronicah is currently serving the board as the acting CS as from 2nd May 2024.
10.	Mr.Philip Tarus	Board Member (Alternate to PS, State Department of Special Programmes)
11.	James Mungai	Treasury appointed on 20/05/2022
12.	Mr. Peter Owoko	Alternate to PS, State Department for Crop Development MOALF & COOP
13.	Mr. Chris Makokha	Representative, Inspectorate appointed 22/12/2022

4. Key Management Team

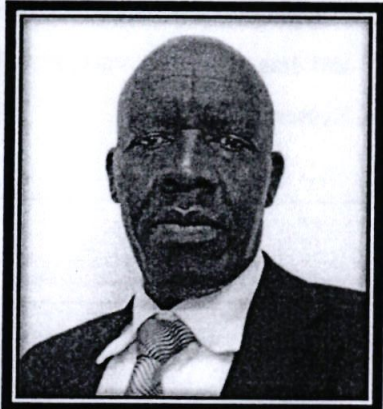
SN	Management	Details
1.	MR. Joseph Muna Kimote, MBS. Managing Director 	Mr. Kimote holds a Master of Business Administration (MBA) from Moi University and a Bachelor of Arts degree in Economics from The University of Nairobi. Before joining the Board, Mr. Kimote was the General Manager at the National Social Security Fund (NSSF). He has held several other leadership positions including Director – Institutional Planning and Development, United States International a University; Project Manager – USAID/EPC Trade Development Programme, and a Senior Consultant at Deloitte & Touche. Joseph is a Full member of the Institute of Directors of Kenya, Kenya Institute of Management and Institute of Human Resource Management. He is also a member of the Board of Directors of Bamburi Cement Limited. He has also previously served as a Board Member National Bank of Kenya Limited, AIC Kijabe Cure International Hospital and Precious Blood Secondary School, Riruta. He has undergone extensive trainings in Advanced Leadership and Corporate Governance Locally and Internationally. Mr. Kimote served the board from 25th June 2019 until 1st May 2024.
2.	Samuel Karogo Ndung'u , Ag. Managing Director 	Mr. Ndung'u is a holder of a Master's degree in Business Management (Finance) from the University of Nairobi, and a Bcom graduate of Mangalore University, India. He has a wealth of experience in financial management and accountancy gained from serving both in public and private sectors. He has worked as an Audit Senior at WIA East Africa and with the Nyeri Water and Sewerage Company as head of Internal Audit and as Head of Finance and Administration; a position he held until January 2018. He also worked for Civicon Limited, a leading construction Company as the Chief Accountant. Mr. Ndung'u is a Certified Public Accountant of Kenya, a member of the Institute of Certified Public Accountants (ICPAK), a Certified Public Secretary and a member of the Institute of Certified Public Secretaries of Kenya (ICPSK). Mr. Ndung'u is currently serving the board as the acting MD as from 2nd May 2024.

3.	John Gichuru, Ag. General Manager, Finance and Accounting 	He possesses over 20 years' experience in financial management having previously worked with Homegrown K. Ltd and as a Consultant with World Bank. Holds a BA Economics and Business Studies from Kenyatta University and CPA (K) as well as a Trustee Development Programme Kenya (TDPK) certificate of proficiency. Responsible for the implementation of an appropriate accounting systems, producing financial reports and maintaining sound financial records. Mr. Gichuru is currently serving the board as the acting GMFA as from 2nd May 2024.
4.	John M. Matiri, General Manager Marketing And Operation 	John M. Matiri holds both a Master's in Business Administration and a Bachelor of Commerce degree from Kenyatta University. He has more than 25 years' experience in the agriculture sector where he started off as an Agricultural Officer and rose to become an Assistant director in the Ministry of Agriculture, Livestock, Fisheries and Irrigation. He later worked in the County Governments of Isiolo and Nyeri as the County Director of Agriculture and as Director of Trade and Investment respectively. He has also served as a part time lecturer in customer care and strategic planning at the Kenya Institute of Administration (KIA) and Kenya School of Government (KSG). Mr. Matiri is a full member of the Chartered Institute of Marketing (CIM), UK; Marketing Society of Kenya (MSK) and Kenya Society of Agricultural Professionals (KESAP), and has won awards for outstanding performances in crop production from F.A.O and Kenya National World Food Committee. Mr. Matiri served the board from 11th February 2019 until 1st May 2024.

5.	Gideon Muthuri, Ag. General Manager Marketing And Operation 	Mr. Gideon M. Ntiritu holds a Master of Arts (Economics) degree from the University of Nairobi, Bachelor of Arts degree from Egerton University and Professional Diploma in Marketing from the Chartered Institute of Marketing (CIM) and he is a full member of the Marketing Society of Kenya (MSK). He has undertaken the Senior Management Course offered by Kenya School of Government (KSG) and other short-term courses such as performance management, change management and job evaluation in public sector. In addition, he has attended various courses in the field of marketing through MSK in Brand Management and Planning, Marketing Strategy, Digital Marketing, Customer Service, Key Account Management and leadership and integrity course offered by National Integrity Academy (NIA). He has garnered a great deal of experience in the grain sector having joined NCPB as a management trainee in 2001 and working in various positions, where has risen to the current position of Ag. General Manager Marketing and Operations. He has worked for the Board for 23years. Mr. Muthuri is currently serving the board as the acting GMMO as from 2nd May 2024.
6.	John K. Ngetich, Corporation Secretary 	Joined the Board's Legal Department in 1999 after previously working for Hilian Investments (K) Limited. A Qualified advocate, he holds a Bachelor of Laws and BA (Political Science) degrees as well as a Post-graduate Diploma in Law. He responsible for overall Overseeing and undertaking all legal aspects of the Board's Business and secretarial services. Mr. Ngetich served the board from 1st March 1999 until 1st May 2024.

7.	Veronicah Mapesa Shiundu, Ag. Head of Legal Services 	Ms Shiundu holds a Bachelors of Law degree from Moi University (2012), a Post-Graduate Diploma from the Kenya School of Law (2014). She was admitted to the bar in March 2015 before joining the Board in October 2015. She is also a Certified Professional Mediator, CPM(MTI), Currently she is undertaking a Master of Laws degree and a Certified Secretaries Course (Intermediate Level). Prior to joining NCPB, She worked as an associate advocate at the firm of Ajaa Olubayi & Company Advocates. Ms. Veronicah is currently serving the board as the acting CS as from 2nd May 2024.
8.	Evans S. Wasike, Head HR and Administration 	Mr. Wasike holds a Bachelor's degree in Human Resource Management from Kenyatta University, Higher Diploma in HRM (KNEC) and a diploma in Labour Studies from Kenya Polytechnic. He is a member of Institute of Human Resource Management (K). He has over 20 years' experience in human resource practice and having worked in various capacities in Human resources and corporate affairs departments. Mr. Wasike served the board until his retirement On 31st December 2023.
9.	James Theuri, Ag. Head HR and Administration 	Mr. James Theuri holds a Bachelor of Education (science) Hons. from Egerton University and a Higher Diploma in Human Resource from Kenya Polytechnic. He joined the Board in 2012 in the Department of Business and Research Development. Before joining the Board, he served in the Teachers Service Commission (TSC) for 15 years. He has also undertaken a Senior Management course by the Kenya School of Government (KSG). Mr. Theuri is currently serving the board as the acting HRM as from 3rd May 2024.

10.	Nelson Waswa Sawenja, Head of Procurement Services 	Mr. Sawenja holds a Master of Science Degree in Procurement, specializing in Purchasing and Supplies from University of Glamorgan-UK and a Graduate Diploma from Chartered Institute of Purchasing and Supplies (CIPS) -UK. He is a Member of CIPS (MCIPS) and Kenya Institute of Management (KIM). He has over 14 years' experience in procurement. Before joining the Board he worked at the UN where he has held several positions with different UN Agencies both locally and internationally. Mr, Waswa served the board as the HoP within the year until 1st May 2024.
11.	Maureen Letting, Ag. Head of Procurement Services 	Ms Maureen Letting holds a Bachelor of Business Management Degree, specializing in Purchasing and supplies from Moi University and a diploma from Chartered Institute of Purchasing and supplies (CIPS)- UK. She is a member of CIPS and Kenya Institute of Supplies Management (KISM). She has over 11 years of experience in procurement. Ms. Letting served the board as the acting HoP within the year as from 2nd May 2024 to 1st August 2024.
12.	Ambrose Njoroge Mutua, Head of Internal Audit 	Mr. Ambrose Njoroge holds a Bachelor of Commerce Degree in Finance from the University of Nairobi and a CPA (K). He joined the Board in 2007 as a management trainee and rose through the ranks. Prior to his appointment to the current position, Njoroge was the senior internal auditor. He also served as the NCPB regional Auditor in charge of the South Rift Region.

13.	Jones M. Kanyaa, Head of Warehousing & Hub Management 	Mr. Kanyaa holds a Bachelor of Science degree in Food Science and Technology from the University of Nairobi and a Certificate in Sustainable Agriculture in An Environmental Perspective from Svalof Weibull AB Sweden (SCIDA). He has attended many courses in Management and is a member of the Kenya Institute of Food Science and Technology. He has more than 20 years' experience working for the Board where he joined as a management trainee and rose to be the Assistant Operations Manager before his current position. He worked as a Government Analyst at the Government Chemist Department before joining the Board. Kanyaa retired on 23rd February 2024 and handed over to Mr. Kandie.
14.	Philip Kandie, Head of Warehousing & Hub Management 	Mr. Philip Kandie is an experienced grain handling, management and pest control specialist. He holds a Bachelor of Science and Master of Sciences degrees in Agriculture and Entomology, both from the University of Nairobi. In addition, he possesses certificates in Postharvest Management and Food Loss and Waste from the University of Sydney, Australia and Wageningen University & Research, Netherlands. Mr. Kandie joined NCPB in 1992 as a management trainee and has risen through the ranks to his current position of Ag. Head of Warehousing and Hub Management. He has been the Manager, Quality management for 14 years. Mr. Kandie served the board as the Head of Warehousing & Hub Management as from 24th February 2024 upon Kanyaa's retirement until 1st May 2024.

15.	Joseph Kimeu, Ag. Head of Warehousing & Hub Management 	Mr. Kimeu holds a Master of Business Administration degree from Moi University and Bachelor of Arts degree, Political Science and Administration from University of Nairobi. He has 28 years' experience in operations management at NCPB. Mr. Kimeu temporarily served the board as the acting Head of Warehousing & Hub Management as from 2nd May 2024 until 1st August 2024.
16.	Tito Keino, Head of ICT 	He has worked in the board for over 25 years with vast experience in ICT and Financial Management and currently responsible for championing continuous optimization of the Board's operations and ensuring innovations and renewals of core processes as well as continuous availability of board's systems, networks, databases, and data security systems to guarantee reliability and optimum support of board's operations in line with the corporate strategic objectives. Holds a Bachelor of Commerce Degree (Management Information Systems) from the University of Nairobi and a Diploma in Computer Science (KNEC) he is also Certified (Sophos) engineer and has attended various courses on Information Security Management Systems.

5. Fiduciary Management

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

No.	Designation	Name
1.	Managing Director on suspension	Joseph Muna Kimote, MBS
2.	Ag. Managing Director	Samuel Karogo Ndung'u
3.	Ag. General Manager, Finance and Accounting	John M. Gichuru
4.	General Manager Marketing and Operation on suspension	John M. Matiri
5.	Ag. General Manager Marketing and Operation	Gideon Muthuri
6.	Corporation Secretary & Head of Legal Services on suspension	John K. Ngetich
7.	Ag. Corporation Secretary & Head of Legal Services	Veronica Mapesa Shiundu
8.	Corporate Planning Manager	Noah K. Koskei
9.	Manager, Risk and Compliance	Bernard K. Yegon
10.	Head Human resource and administration	Evans S. Wasike
11.	Ag. Head Human resource and administration	James Theuri
12.	Head of Procurement Services suspension	Nelson Waswa Sawenja
13.	Ag. Head of Procurement Services	Maureen Letting
14.	Head of Internal Audit	Ambrose Njoroge Mutua
15.	Head of Warehousing & Hub Management retired	Jones M. Kanyaa
16.	Head of Warehousing & Hub Management on suspension	Philip Kandie
17.	Ag. Head of Warehousing & Hub Management	Joseph Kimeu
18.	Deputy Manager Corporate Communication	Titus Kiplimo Maiyo
19.	Ag. Head of ICT	Tito Keino
20.	Manager, Technical Services	Muoka Mwango
21.	Manager, Security Services	Michael Karanja Wainaina
22.	Ag. Chief Accountant	Erastus K. Sumaili
23.	Deputy Chief Accountant	Charles Onchangwa
24.	Regional Manager, Nairobi/Eastern	Alex Mutangili
25.	Regional Manager, Northern	Dennis Mutai
26.	Regional Manager, Coast	Joseph N. Mangale
27.	Regional Manager, South Rift	Emily C. Kukwai
28.	Regional Manager, North Rift	Gilbert K. Rotich
29.	Regional Manager, Lake/Western	Esther N. Chege

6. Fiduciary Oversight Arrangements

NCPB currently does not have its own committees and is relying on the board's subcommittees for oversight. The established committees all have a member who is in management as follows:

Board Sub-committees

To enhance the breadth and depth of achieving Board responsibilities, the Board has delegated authority to various sub-committees although the Board retains ultimate collective accountability for performance and corporate governance. Committees of the Board are as follows:

- 1 Finance and Procurement Oversight
- 2 Audit Committee
- 3 Operations, Business Development & Strategic Planning
- 4 Human Resource & Legal Affairs

These committees have formally determined terms of reference with defined scope of authority, set by the Board of Directors which are from time to time refreshed to synchronize them with new developments and government guidelines.

Finance and Procurement oversight Committee

The Membership of the committee comprises of at least four directors and the Managing Director, currently constituted as hereunder: -

- | | |
|-----------------------------|---------------------------------|
| • Mr. Galgallo Wako Abagaro | Chairperson |
| • Mr. Joseph Kimote, MBS | Managing Director |
| • Mr. Raymond Komen | Member |
| • Mr. James Mungai | Member (Rep. National Treasury) |
| • Mr. John K. Ngetich | Secretary (Corporate secretary) |

The committee meets at least every quarter. The objective of the committee is to assist the Board of Directors in reviewing the financial statements and overseeing the procurement of NCPB. The committee is responsible to review the quarterly financial statements and the performance contract implementation. Also oversee the implementation of the approved procurement plan for the financial year.

Audit and Risk Committee

The committee comprises at least five non-executive directors, the majority of whom shall be independent non-executive directors, currently constituted as hereunder: -

- | | |
|-----------------------------|------------------------------------|
| • Mr. William Kirwa | Chairperson |
| • Ms. Juliet Dorcas Ngetich | Member |
| • Mr. Philip Tarus | Member |
| • Mr. Peter Owoko | Member (Rep. MOALF&C) |
| • Mr. Ambrose Njoroge | Secretary (Internal Audit Manager) |

The committee meets every quarter with internal auditors without management being present and may attend on invitation. Meetings are normally attended by resources from Departments of Internal Audit and Risk Management & Compliance.

The objective of this Committee is to provide independent oversight of NCPB's financial reporting and internal control system, ensure checks and balances within the NCPB are in place and recommend appropriate remedial action regularly and ensures quality integrity and reliability of the Bank's and its subsidiaries risk management. It also assists the Board of Directors in the discharge of its duties relating to the corporate accountability and associated risks in terms of management, assurance and reporting.

The terms of reference of Committee are achieved through review and evaluation of the financial status of the NCPB, review of internal controls, consider performance and findings of internal auditors and recommend appropriate remedial action, review management reports and reports from external auditors concerning deviations and weaknesses in accounting and operational controls,

coordinate between the internal audit function and external auditors, monitor the ethical conduct of the institution and consider the development of ethical standards and requirements, including effectiveness of procedures for handling and reporting complaints, review any related party transactions that may arise within the industry set out the nature, role, responsibility and authority of the risk management and independent compliance functions in NCPB and outline the scope of risk management work, monitor external developments relating to the Practice of corporate accountability and the reporting of specifically associated risks, including emerging and prospective impact, provide independent and objective oversight and review of the information presented by the management.

Operations, Business Development & Strategic Planning Committee

The Membership of the committee comprises of at least four directors and the Managing Director, currently constituted as hereunder: -

- Mr. Raymond Komen Chairperson
- Mr. Joseph Kimote, MBS Managing Director
- Mr. Galgallo Wako Abagaro Member
- Mr. Peter Owoko Member (Rep. MOALF&C)
- Mr. John K. Ngetich Secretary (Corporate secretary)

The committee meets at least every quarter. The objective of the committee is to assist the Board of Directors in reviewing the operations, business development and strategic planning of NCPB. The committee is responsible to review the quarterly operations, business strategies, research & planning and implementation of the strategic plan.

Human Resource and Legal Affairs Committee

The Membership of the committee comprises of at least four directors and the Managing Director, currently constituted as hereunder: -

- | | |
|-----------------------------|-----------------------------------|
| • Ms. Juliet Dorcas Ngetich | Chairperson |
| • Mr. Joseph Kimote, MBS | Managing Director |
| • Mr. William Kirwa | Member |
| • Mr. Philip Tarus | Member (Rep. Devolution & ASAL's) |
| • Mr. John K. Ngetich | Secretary (Corporate secretary) |

The committee meets at least every quarter. The objective of the committee is to assist the Board of Directors in policy framework relating to NCPB Human Resources and Legal Affairs, including policies on the hiring, firing, remuneration package promotions, medical, staff loans, and all other matters as spelt out in the staff policy manual, training and staff development, staff welfare, code of conduct and performance index.

Similarly, it is tasked with the responsibility of overseeing the legal department and receiving reports on the status of all legal matters including ongoing court case matters.

7. Chairman's Statement

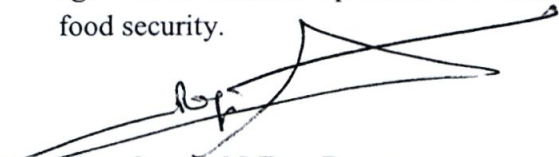
Kenya's economy has demonstrated remarkable resilience in the face of various challenges, including the COVID-19 pandemic, global conflicts, and climate-related adversities. In 2023, the agriculture sector experienced a significant rebound, achieving a growth rate of 7.0% compared to a contraction of -2.0% in 2022. This recovery was supported by favourable rainfall and increased cultivation efforts. The National Cereals and Produce Board (NCPB) played a vital role in this turnaround by actively participating in fertilizer distribution and supporting both the maize and wheat sectors.

The growth of the agricultural sector significantly contributed 21.8% to the overall GDP, with real GDP increasing to 5.4% in 2023. This positive trend was further underpinned by the government's Bottom-Up Economic Transformation Agenda (BETA) and various trade agreements, including the African Continental Free Trade Area (AfCFTA), which have laid a strong foundation for future economic growth. A notable increase in the number of farmers accessing subsidized fertilizer—from 53% in January to 67% in March 2024—indicates the effectiveness of government support in this area.

However, despite these successes, the NCPB reported a net loss from its core operations amounting to Kshs. 953 million, consistent with the previous year's losses. This situation is primarily attributed to liquidity issues stemming from unpaid loans. Additionally, challenges related to fertilizer distribution logistics and limited access for farmers remain critical concerns, with many struggling with transportation difficulties and a lack of information about available resources.

Looking ahead, Kenya's economy is projected to maintain its resilience, supported by a strong agricultural sector and favourable weather patterns. The NCPB aims to enhance food security by re-engineering its processes, diversifying its commercial activities, and forming partnerships with agricultural input suppliers. The implementation of the Warehouse Receipt System (WRS) is currently underway, which will provide farmers with collateral options to improve their financial leverage. Furthermore, revisions to the NCPB Act are being considered to align with the board's new operational structure.

In summary, while the NCPB faces ongoing challenges, strategic reforms and a focus on agricultural resilience position it well to contribute to Kenya's long-term economic stability and food security.



Hon. Samwel Mbae Ragwa

CHAIRMAN

8. Report of the Managing Director

The agricultural sector is a cornerstone of the country's food security and economic stability, and in 2023, it experienced a remarkable recovery. This resurgence was bolstered by favorable rainfall patterns and proactive government interventions, which together created an environment conducive to growth. The agriculture sector recorded an impressive growth rate of 7.0% in 2023, a significant rebound from a troubling contraction of -2.0% in 2022. This turnaround had a palpable impact on the nation's overall economic performance; real GDP increased to an estimated 5.4%, up from 4.8% in the previous year. Notably, agriculture contributed a substantial 21.8% to the overall GDP, underscoring its vital role in the economic framework.

Central to this recovery was the National Cereals and Produce Board (NCPB), which implemented several strategic initiatives to support the agricultural sector. One of the most significant of these initiatives was the active participation in the government's fertilizer subsidy program. By facilitating increased access to subsidized fertilizers, the NCPB helped farmers enhance their productivity. The percentage of farmers gaining access to these crucial inputs rose markedly, from 53% in January 2024 to 67% by March 2024. This increase in access not only empowered farmers but also laid the groundwork for a more resilient agricultural framework.

Additionally, maize production saw a substantial increase of 38.8%, escalating from 34.3 million bags in 2022 to an impressive 47.6 million bags in 2023. This growth was driven by a combination of favorable weather conditions and robust government support. Such a rise in maize production is particularly significant, given maize's status as a staple food in the country. Furthermore, the NCPB provided essential storage and cleaning facilities to farmers and millers in the wheat subsector, ensuring that the quality of this important crop was maintained throughout the supply chain.

Despite these positive developments, the NCPB faced challenges that cannot be overlooked. The board reported a net loss from core operations amounting to Kshs. 953 million, though this represented an improvement from the Kshs. 1.76 billion loss recorded in the previous fiscal year. This persistence of operational losses is concerning, particularly given the significant increase in sales turnover. In the 2023/2024 fiscal year, gross sales turnover rose markedly, reflecting a significant increase from Kshs. 6.58 billion in 2022/2023 to Kshs. 29.5 billion in 2023/2024, primarily due to the NCPB's active participation in fertilizer distribution.

On the financial front, while the NCPB successfully paid off government debt of Kshs. 5.04 billion, reliance on costly commercial bank borrowings persisted. Total obligations to banks reached Kshs. 4.35 billion, highlighting ongoing financial challenges. This reliance on loans poses a risk to the long-term sustainability of the NCPB, potentially limiting its ability to invest in future growth initiatives.

The successes and challenges of the agricultural sector reflect a complex landscape. Increased agricultural output has undeniably contributed to GDP growth and enhanced food security, benefiting countless households across the nation. Moreover, improved access to inputs, particularly through the subsidy program, has supported enhanced crop yields. The notable increase in NCPB's sales turnover serves as an encouraging indicator of better engagement in fertilizer distribution. However, challenges remain prevalent. The NCPB continues to grapple with operational losses despite the improvements in sales and market activities. Logistical issues in the distribution of subsidized fertilizers further complicate matters, affecting farmers' access to these essential inputs. Furthermore, the ongoing burden of past debts and reliance on loans hampers the NCPB's financial stability, making it imperative for the board to address these issues proactively.

Looking to the future, the NCPB is strategically positioned to enhance food security and economic resilience through several key initiatives. One of the primary focuses is on re-engineering business processes to adapt to a dynamic and changing agricultural landscape. Operational reforms are critical in ensuring that the NCPB remains responsive to the needs of farmers and the evolving market environment. Additionally, diversification into new agricultural commodities beyond traditional grains is essential to further strengthen national food security. By expanding its portfolio, the NCPB can mitigate risks associated with reliance on a narrow range of crops.

Collaboration is another critical strategy for enhancing the agricultural sector. The NCPB plans to forge partnerships with fertilizer and seed manufacturers to improve farmers' access to affordable inputs. Such collaborations can lead to better pricing and availability of essential agricultural materials, ultimately benefiting farmers and contributing to greater productivity. Furthermore, the implementation of a Warehouse Receipt System (WRS) is on the agenda, which would allow farmers to use their grains as collateral, thereby enhancing their financial leverage and access to credit.

Establishing commercial agricultural hubs is another strategic initiative being pursued. These hubs would serve as one-stop shops for farmers, providing access to inputs and services that can significantly improve efficiency and productivity. By creating a more streamlined process for accessing necessary resources, the NCPB aims to empower farmers, enabling them to focus more on cultivation and less on logistical challenges.

The management of the NCPB emphasizes a disciplined focus on turnaround strategies, with continuous reviews of operational goals in alignment with Kenya's Vision 2030. This strategic alignment is crucial for ensuring that the board's initiatives contribute effectively to the broader national development goals. Engagement with institutions such as the Eastern Africa Grain Council aims to enhance grain trade efficiency and uphold food quality standards, which is vital for consumer confidence and international competitiveness.

Moreover, the board achieved certification under ISO 9001:2015 standards on July 15, 2021. This certification is expected to enhance service delivery and organizational performance, aligning the NCPB with international quality benchmarks. Such an achievement reflects a commitment to excellence and continuous improvement, essential traits for a public institution operating in a complex agricultural environment.

In conclusion, the NCPB has demonstrated remarkable resilience and strategic focus amid various challenges, implementing successful initiatives aimed at boosting agricultural productivity and enhancing food security. Continued adaptation and reform are crucial for overcoming financial hurdles and fulfilling its mandate in the evolving economic landscape of Kenya. While challenges remain, the future outlook appears cautiously optimistic, bolstered by strategic reforms, government initiatives, and enhanced partnerships within the agricultural sector. The path forward requires a collaborative approach, continuous innovation, and a steadfast commitment to the needs of farmers and the agricultural community at large. By remaining focused on these principles, the NCPB can continue to play a pivotal role in shaping the future of agriculture in the country.



Samuel Karogo Ndung'u

AG. MANAGING DIRECTOR

9. Statement of Performance against Predetermined Objectives for FY 2023/24

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

NCPB has *Seven (4)* Key Results Areas (KRAs) and 10 Strategic Objectives within the current Strategic Plan 2023-2027. These Strategic Plan's KRAs are as follows:

KRA 1: Commodity Trading and Distribution

KRA 2: Management of the National Strategic Reserve (NSR)

KRA 3: Provision of Agricultural Solutions

KRA 4: Strengthening Institutional Capacity

NCPB develops its annual work plans based on the above *Four (4)* KRAs. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *NCPB* achieved its performance targets set for the FY 2023-2024 period for its Four (4) KRAs, as indicated in the Table below:

KRAs/Theme/ Issues	Objective	Key Performance Indicators	Activities	Achievements	
KRA 1: Commodity Trading and Distribution	1. To Grow income from 1.4 billion to 5.2 billion and thereafter grow by 10% annually. 2. To achieve consistent supply of Agricultural products that meet market	Profitable business ventures Low finance cost Steady cash flow Consistent availability of trading commodities' stocks	Sourcing Agricultural commodities at the the onset of harvesting seasons. Pursuing forward contracts with large scale farmers and organizations.	90.1%	Provision of budgetary allocation to all identified business lines. Sourcing and distribution of 329,122 Metric Tons (99.3%) of trading commodities against a target of 331369 Metric Tons.

	demand sustainably. 3. To create sustainable and competitive commodity sourcing.				
KRA 2: Management of the National Strategic Reserve (NSR)	1. To ensure Food Security and stability by sourcing and maintaining a national strategic reserve of food commodities comprising of 90,000MT base stock and 54,000MT of price	Full Utilization of the allocated resources for sourcing of NSR stocks.	Purchase of the NSR stocks (Maize, Rice, Beans, and Green Grams)	71.5%	727,410 x 50Kgs of NSR stocks were purchased. Periodic reports on the NSR completed and submitted.

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	stabilization stock annually.				
KRA 3: Provision of Agricultural Solutions	1. To enhance food safety, security and reduce post-harvest losses by offering efficient post-harvest services including warehousing and packaging, resulting in a 20% reduction in post-harvest losses in the planned period.	Increased food production through access to farm inputs. Increased quality checks to ensure availability of safe food.	Distribution of the GoK subsidy fertilizer. Provide drying services with the Provision of warehousing and storage services additional mobile driers. Provision of grading and aflatoxin testing services Provision of pest control services Operationalization of grain cleaning and grading services Setting up and operationalization of mycotoxin decontamination facilities	121.6 %	The access to drying services was increased by availing mobile driers across the network. Aflatoxin testing for grain was mandatory for every consignment offered for purchase before acceptance Green grams and beans cleaning plant was operationalized. Decontamination plants have been set up at Nairobi and Bungoma silos.
KRA 4: Strengthening Institutional Capacity	1. To increase the efficiency and capacity of grain handling by 30% while reducing operational	Efficient facilities Comply with statutory and customer requirements Improve accessibility and boost corporate image Installed systems and Improved operational efficiency	Formulate the commercial trading policy and Partnership Guidelines. Undertake stakeholder analysis.	80.6%	Commercial Trading Policy was developed and implemented accordingly Several Memorandum of Understanding were signed with various stakeholders especially towards implementation of the Hub Business Model hence maintaining

	cost by 15% by the plan Period. To integrate Human Resource management practices within the framework of the Board's Corporate Strategy. To attain Financial Sustainability. To improve on ICT system in order to achieve a 25% improvement in system reliability and security. To enhance the corporate image and promote public trust to realize a 20%	Optimal staffing levels Optimal staffing levels Adequate number of staff holding the requisite knowledge, skills, and competencies as well as experience at all times Reduced bad debts Upgraded software Additional internet bandwidth Positive image and Perception Publicity, visibility Improved customer satisfaction			Strong relationship with the Strategic partners. The Board also received the Goodwill from the Government of Kenya.
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	increase in positive media coverage and a 15% increase in stakeholder trust.				
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How NCPB has tied Strategic Plan achievements to performance contracts

The Performance contract targets are majorly derived from the Strategic Plan targets as tabulated below:

Strategic Plan Pillar	Performance Contract Indicator
KRA 1: Commodity Trading and Distribution	Form 1A: Financial Stewardship and Discipline
KRA 2: Management of National Strategic Reserve (NSR)	Form 3A: Core Mandate
KRA 3: Provision of Agricultural Solutions	
KRA 4: Strengthening Institutional Capacity	Form 2A: Service Delivery
	Form 7A: Cross-Cutting Issues

10. Corporate Governance Statement

Corporate Governance is the system through which corporations are directed, controlled and operated as power is exercised over its assets and resources. National Cereals and Produce Board (herein after referred to as NCPB) considers corporate governance to be a critical issue towards maintenance of business integrity and stakeholders' trust and is therefore an integral part of our operations philosophy. Our corporate governance values are founded on the *Mwongozo* the code of governance for state corporations. The Board is responsible for NCPB's corporate governance practices and as in place mechanisms to ensure observance and report on its compliance status on a regular basis.

Our high standards of corporate governance are not an exercise in compliance, but a means of driving the performance of the business and operations whilst managing and mitigating risk.

Board Composition

The NCPB is managed by the Board of Directors appointed by the President as provided by the NCPB Act cap 338. The Board consists of nine directors who are non-executive except for the Managing Director who is executive. Notably, the Board is composed of directors with a diverse mix of skills, experience and competencies in the relevant fields of expertise and is well placed to take the organization forward. The Board Secretary is responsible for monitoring and coordinating the Board's agenda and papers.

Appointments and Induction to the Board

Directors are appointed in accordance with the NCPB Act Cap 338. On appointment, directors receive an induction covering the NCPB. As part of this process, the NCPB organizes for regular training on corporate governance as per the calendar of SACC. Directors are advised on the legal, regulatory and other obligations of a director of a state corporation and updated on industry and regulatory developments as they take place. All directors also have access to the Board Secretary, who is responsible for ensuring that the Board's procedures are followed and that applicable laws and regulations are complied with.

Board's Responsibilities

The Board of directors is responsible for providing policies and leadership to NCPB. The Board's duties and responsibilities include: -

- Setting policy guidelines for management and ensuring competent management of the business including the selection, supervision and remuneration of Senior Management;
- Ensuring that the business of NCPB is conducted in compliance with relevant laws and regulations; and
- Monitoring performance.

Board and Strategy Meetings

An annual plan of scheduled Board meetings is prepared each year in advance and provided to all directors. The full Board meets at least four times a year (quarterly basis) and special meetings may be convened when need arises. Guidelines are in place concerning the content, presentation and delivery of Board Papers for each Board meeting to ensure that directors have adequate information and sufficient time for appropriate briefing ahead of each meeting. The Board is in charge of overall strategic direction and approved business plans which form the basis of performance assessment.

Board Chairman and Managing Director

The roles and responsibilities for the Chairman of the Board and the Managing Director are distinct and separate. The chairman provides overall leadership to the Board in line with principles of collective responsibility for Board decisions. The Managing Director is responsible to the Board and takes charge of executive management in the course of effective and efficient running of the NCPB on a day-to-day basis.

The Board has delegated to the Managing Director authority to implement Board decisions with assistance from Management team.

Board performance Evaluation

The Board is responsible for ensuring that an evaluation of its performance and that of its committees and individual directors is carried out each year. This involves a self-review of the Board's capacity, functionality and effectiveness of performance against its set objectives. Evaluation enables directors to suggest how Board procedures may be improved by assessing strengths and weaknesses and addressing its balance of skills, knowledge and experience. This is done by way of both the peer and self-evaluations under the guidance from SACCC who are the custodian of the tool.

Director's Remuneration

The Government guidelines on remuneration of the directors provide the payable amount. The Directors are not eligible for pension scheme membership or dividends.

Internal Control and Audit

The Board has collective responsibility for establishment and management of appropriate systems of internal control and for reviewing their effectiveness. The system of internal control in place has defined procedures with operational and financial controls to ensure that assets are safeguarded, financial transactions authorized and recorded properly, and that material errors and irregularities are either prevented or detected within a reasonable period of time.

The Board reviews effectiveness of internal control systems in place by considering results of work carried out to audit and review NCPB by both internal and external audit providers. Internal audit is carried out by an independent Internal Audit Department that reports to the Board Audit Committee and provides confirmation that the NCPB operations, policies and procedures as set by the Board are being complied with. The Board has reviewed the NCPB system of internal control and is satisfied that the system is effective. However, the Board recognizes that any system of internal control can provide only reasonable and not absolute assurance against material misstatement or loss.

Risk Management and Compliance

The Board of Directors has overall responsibility for the establishment and oversight of NCPB's management framework. The Board's audit Committee is responsible for developing and monitoring NCPB risk management policies established to identify and analyse the risks faced by the NCPB to set appropriate risk limits and controls, and to monitor risks and adherence to limits. NCPB through its training and management standards and procedures aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board has also set up Risks Compliance Department that evaluates the NCPB's compliance framework, identifies and monitors relevant legislation applicable and ensures adherence to NCPB's policies as well as legislative and regulatory requirements including changes arising and their impact.

Conflicts of Interest

The Board's policy provides that Directors, their immediate families and companies in which directors have interests only do business with NCPB at arm's length. Where a matter concerning NCPB may result in a conflict of interest, the director is obliged to declare the same and exclude themselves from any discussion or vote over the matter in question. Directors also have a duty to avoid situations of appointment to positions or acquisition of significant interest in businesses competing with NCPB. Business transactions with directors and related parties are disclosed in notes to the financial statements.

Directors' Attendance 2023/2024 FY

No	Names	Designation	Full Board	Sub-Committees			
				Finance & Procurement Oversight)	Operations, business Development & Strategic Planning	Human Resource & Legal affairs	Audit
1.	Hon.Samwel Mbae Ragwa	Chairman	5	0	0	0	0
2.	Mr. Joseph Kimote	Member	4	3	3	3	0
3.	Mr. Samuel Karogo Ndung'u	Member	0	0	0	0	0
4.	Mr. William C. Kirwa	Member	5	0	0	3	4
5.	Mr. Galgallo Wako	Member	5	4	4	0	0
6.	Ms. Juliet Dorcas Ng'etich	Member	6	2	0	3	1
7.	Mr.Raymond Komen	Member	6	4	4	0	0
8.	Mr. Peter Owoko	Member	4	0	4	0	2
9.	Mr. Chris Makokha	Rep. (Inspectorate)	0	0	0	0	0
10.	Mr. Philip Tarus	Rep. (MOD & ASAL's)	5	0	4	4	1
11.	Mr. James Mungai	Rep. (Treasury)	6	4	0	0	4

11. Management Discussion and Analysis

1. Establishment of the Commodity Exchange / Warehouse Receipt System

Establishment of WRS and COMEX is expected to revolutionize the grain trading in the country. This will enable farmers to deposit their produce during times of harvest and sell when prices improve. The advantage is that, the system will curtail exploitative tendencies exhibited by middlemen and ease food supply throughout the year.

This will also address the need for Government led price intervention commodity market towards economic based markets. The progress is as follows;

- (i) NCPB is participating in the Warehouse Receipt System (WRS) as a warehouse operator and has competitively leased some of its stores to facilitate others to operate their own warehouses under WRS. In addition, the Board is operating agricultural hub centers in selected depots. Hub centers are one-stop-shops which coordinate a network of value chains to strengthen input and services delivery and enhance market access to farmers.
- (ii) The Ministry of industry, Trade and Cooperatives is still seeking consultancy services to support the establishment of a Commodities Exchange. The consultant is expected to provide technical assistance in establishing and operationalizing a commodities exchange in Kenya.

In order to operationalize the WRS, NCPB has already ensured five storage facilities country-wide have been certified by WRS Council which shall be used for Warehouse Receipting.

2. e-Commerce

The modern trade transactions are now becoming more sophisticated with adoption of ICT and mobile technologies. NCPB has embraced e-commerce not only through automation of its ICT platform that is capable of linking all the 110 depots countrywide on on-line basis but also embraced mobile money and electronic transfers as mode of settlement for commodity purchases and payment to farmers for deliveries as well as other suppliers.

To enhance controls in the identification of farmers benefiting from subsidized fertilizers, NCPB in conjunction with MOALF and Safaricom Ltd implemented an e-subsidy platform. The platform contains a farmers' register with the details on identification, acreage, fertilizer requirements as well as option of paying through Mpesa.

3. Devolution of Agriculture

The adoption of 47 devolved units in 2013, upon promulgation of the new constitution, led to the devolution of agriculture sector. NCPB as a national entity has depots in 46 counties with one county being served through primary marketing centers.

This approach requires NCPB to work in collaboration with county governments in the process of farmers' registration, vetting subsidized fertilizers beneficially and identification of families and institution for food supply during times of supply constraint.

Challenges and Opportunities

The challenges that NCPB is facing are both historic financial and operational and which include the following: -

Low working Capital

NCPB's working capital was eroded to extremely low levels as a result of Government limitations in meeting working capital injection obligation to NCPB and losses incurred in carrying out Government initiated market stabilisation programmes.

The National Cereals and Produce Board (NCPB) is owed Kshs. 5.04 billion from previous years' social intervention programs funded by the Government of Kenya. While this amount was fully paid, NCPB continues to rely on bank loans to support these initiatives. This year, the loan taken amounts to Kshs. 4.35 billion. Given our current operating losses, servicing the interest on this loan is expected to place a significant strain on our limited resources.

In order to address the challenges facing the Board and turn it round to profitability, the Government of Kenya through the Ministry of Agriculture commenced restructuring of the Board by commissioning Ernst and Young as the consultants on 13th May 2013.

Update on Restructuring

NCPB has gone through reforms since 2018. The Cabinet directed NCPB to undergo further reforms which the BOD embraced fully. The reforms entailed establishment of two (2) distinct divisions namely: -

- a) NCPB Trading Division (NTD) which will be commercial arm of the NCPB and
- b) The National Food Reserve (NFR) division which will deal with procurement and management of National Food Reserve kitty (formerly handled by the defunct SFR). Under NFR, there will be the Food Balance Sheet Committee (FBSC) which will oversight the NFR. The Balance Sheet Committee will advise on food situation in the country.

To conform to liberalised regime, the NCPB Act Cap 338 is being reviewed to reflect the Boards current mandate and give legal backing to the new NCPB structure and attendant functions.

Aging physical infrastructure

Most of the storage facilities are old and some grain handling technology being used is fast becoming obsolete having been put in place in 1980s and early 1990s. Moreover, some storage facilities were set up in remote areas for food relief operations that do not breakeven under commercial principles. The need to marshal resources to upgrade the facilities and maintain stores that are not economically viable has become a major challenge to NCPB.

NCPB has commenced depot rationalization process that will lead to shedding off of underutilized storage facilities. The process involves categorization of depots based on their business contribution and moth-balling of depots that are not financially viable. Furthermore, upgrades and renovations are underway with support from a grant from the government.

Unpredictable production trends

Arising from over-reliance on rain feed production; the agricultural sector has to contend with unpredictable food production level. This unpredictability results into production glut or deficits that both call for intervention to alleviate suffering by the farming communities or consumers. These demands for deployment of huge resources that overstretched the already depleted NCPB working capital.

The Government effort to refocus on irrigation, early warning systems and restructuring of NCPB is expected to enhance response capacity and predictability of food supply situation.

12. Environmental and Sustainability Reporting

NCPB exists to trading in agricultural produce. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

NCPB seeks to be sustainable by ensuring we engage in profitable business venture with minimal costs ensuring steady cash flow. This is done by operating on a budget and ensuring debt is controlled.

ii) Environmental performance

Our environmental policy guiding the organisation is ensuring clean working spaces, for instance fumigation of stores and daily cleaning of offices. This has helped curb pests and diseases in whatever is stored in the facilities.

iii) Employee welfare

The Employment Act along with the NCPB Human Resource Policies and Procedures Manual guide the hiring process. There is no regard given to factors that may lead to alienation unless they are done in pursuit of attaining national values and principles of governance as enshrined in the Constitution of Kenya 2010. Training and development efforts are made in improving skills and managing careers. Appraisal is done twice each year to assess performance of each employee and a reward system utilized to recognize good performance.

The policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA) is recognised and the management makes reasonable effort in areas of environmental preservation, hazard identification, removal and control, health preservation and injury protection in the course of its activities.

iv) Market place practices-

The outline of efforts made by NCPB in market place practices are:

a) Responsible competition practice.

NCPB ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors by undertaking weekly market surveys on products and services so that our practices are within the market range.

b) Responsible supply chain and supplier relations

NCPB maintains good business practices by holding adhering to the procurement policies and procedures. We suppliers responsibly by honouring contracts and respecting payment practices. This is by holding meetings for monitoring and evaluation in order to make payments accordingly.

c) Responsible marketing and advertisement

Efforts to maintain ethical marketing practices are achieved by compliance with ASC-CAP Code of Advertising Practice & Direct Marketing and NEMA – Regulations (The Kenya Gazette Notice Vol CXIX-No. 31) and Public Procurement and Disposal Act 2015.

d) Product stewardship

Efforts to safeguard consumer rights and interests include adherence to KEBS and registration of our Nafaka Brand Copyright.

Corporate Social Responsibility / Community Engagements

National Cereals and Produce Board has incorporated Corporate Social Responsibility (CSR) as an integral part its operations. The Board's CSR is anchored on a well-defined CSR policy. The following are CSR activities the Board was involved in. The Board's CSR initiatives are centered around wellness, environmental conservation, and community assistance; with emphasis on those economically vulnerable, education and sports and talent development.

Guided by the above, the following are initiatives the Board sponsored or was involved in:



NCPB and other stakeholders plant tree seedlings donated by NCPB during the 2024 World Environment day in Embu



NCPB staff participate in the 2024 Mater Heart Run held on 25th May 2024.



Talent development. NCPB Men's handball team after winning the 2023/2024 Kenya Handball Federation national league

13. Report of the Directors

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

i) Principal activities

The Board's principal activity is grain handling and marketing with provision of allied services and facilities as well as distribution of farm inputs. This is in addition to undertaking social functions on behalf of the Government of Kenya on Agency basis that relates to the procurement, storage, quality maintenance, and distribution/sale of famine relief food commodities as well as SGR stock.

ii) Results

The operating results for the year ended 30th June 2024 are set out on page 1. Below is summary of the profit or loss made during the year.

	2024	2023
	Kshs	Kshs
Operating profit before Depreciation & Provisions	222,945,716	-397,531,547
Less:		
Depreciation	1,126,990,846	1,057,548,091
Amortization	8,075,127	7,187,006
Bad and doubtful debts	80,208,480	261,025,889
	<u>1,215,274,453</u>	<u>1,325,743,777</u>
<u>Net Loss</u>	<u>(992,328,737)</u>	<u>(1,723,292,532)</u>

iii) Directors

The members of the Board of Directors who served during the year are shown on page v. The Board members are appointed by the Cabinet Secretary in charge of Agriculture in accordance to the NCPB Act CAP 338 of the laws of Kenya.

iv) Auditors

The Auditor General is responsible for the statutory audit of the Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of NCPB for the year ended June 30, 2024.

By Order of the Board



Ms. Veronica Mapesa

Ag. Head of Legal Services

9th December 2024

14. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act and National Cereals and Produce Board Act, Cap 338 of the Laws of Kenya require the Directors to prepare financial statements in respect of that NCPB, which give a true and fair view of the state of affairs of the NCPB at the end of the financial year and the operating results of the NCPB for that year. The Directors are also required to ensure that the NCPB keeps proper accounting records which disclose with reasonable accuracy the financial position of the NCPB. The Directors are also responsible for safeguarding the assets of the NCPB.

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (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 NCPB's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and NCPB Act Cap 338.

The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2024, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

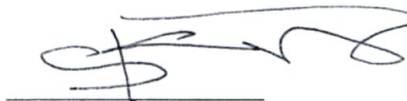
Nothing has come to the attention of the Directors to indicate that the board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Board's financial statements were approved by the Board on 9th December 2024 and signed on its behalf by:



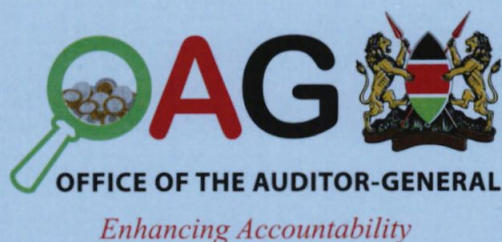
Hon. Samwel Mbae Ragwa
Chairman



Samuel Karogo Ndung'u
Ag. Managing Director

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL CEREALS AND PRODUCE BOARD FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Cereals and Produce Board set out on pages 1 to 62, which comprise of the statement of financial position as

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Cereals and Produce Board as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012 and the National Cereals and Produce Board Act, 1985.

Basis for Qualified Opinion

1. Unaccounted for Inventories

The statement of financial position reflects inventories of Kshs.4,202,138,801 as at 30 June, 2024. Review of the Board of survey report signed by the relevant officers appointed to conduct board of survey at the end of the financial year revealed that physical stock counted in some stores of the NCPB were less than the stock balance in the ledger cards. The officers in the depots could not account for the stock worth Kshs.2,781,633.

In the circumstances, the accuracy, completeness and validity of inventories totalling Kshs.4,202,138,801 could not be confirmed.

2. Bank and Cash Balances

The statement of financial position as at 30 June 2024 reflect bank and cash balances of Kshs.4,649,039,248. Review of the cash books, bank statements and bank reconciliations revealed loss of cash by current and former staff totalling Kshs.4,436,815 dating back to 2019/2020. No proper explanation was provided for the loss of cash by the staff of the corporation.

In the circumstances, the accuracy, completeness and validity of cash and cash equivalent could not be confirmed.

3. Trade Debtors and Prepayments

3.1 Unsatisfactory Matters in Trade Debtors and Prepayments

The statement of financial position reflects trade debtors and prepayments totalling Kshs.15,342,279,846 as disclosed in Note 20 to the financial statements after provision for bad and doubtful debts totalling Kshs.1,004,672,704 is made on the gross balance totalling Kshs.1,758,421,716 as at 30 June, 2024. However, the balance contains the following unsatisfactory matters:

- i) The balance includes trade debtors totalling Kshs.1,758,421,716. However, included in the balance are debtors totalling Kshs.750,033,616 representing 43% of trade debtors that have been outstanding for more than twelve (12) years. Although a cumulative bad debts provision amounting to Kshs.1,004,672,704 has been made in these financial statements, the extent of possible recovery of the debts could not be confirmed as there were no records of effort to recover them.
- ii) Further, the trade and other receivables gross balance includes Kshs.113,347,569 relating to staff debtors. Included in the staff debtors is Kshs.104,382,778 that has been outstanding for more than twelve (12) years in respect of cash loss, imprests and other losses and stock loss. Although Management made a specific provision amounting to Kshs.95,080,123 in respect to the account, the provision did not appear adequate relative to the large long outstanding balance. Management has not explained how the losses occurred and the steps taken by the Board to recover the losses and prevent their recurrence.

3.2 Unsupported Medical Advances

Further, included in the receivables balance is Kshs.5,668,522 in respect of medical advances given to the employees. However, the balance was not sufficiently supported by relevant documentations such as staff requisitions, Board resolutions on settling of medical bills for individual staff and policies on how debts would be written off in case of death of the staff involved. This is contrary to Section 10.2 of National Cereals and Produce Board Human Resources Policies and Procedures Manual, 2019 on Employee Services which states conditions that must be met for medical advances. A review of documents provided revealed that medical advances were not sufficiently supported by respective requisitions. Therefore, the genesis and recoverability of medical advances amounting to Kshs.5,668,522 which have been long outstanding for more than seven (7) years could not be confirmed. Further, National Cereals and Produce Board kept incomplete records and source documents. The debts are historical and most staff exited either through death or retirement before settling the medical advances. Recoverability of the medical advances is in doubt and hence there is possibility of NCPB losing public funds.

3.3 Non-compliance with Debt and Credit Policy

In addition, the aging analysis of debtors provided during audit revealed that there have been outstanding debts of over seven (7) years casting doubt on the accuracy and recoverability of the debtors' balances. Further, it was noted that the Board has not written off the irrecoverable debts and is therefore not complying with their debt policy on write-offs. Minutes from the credit committee were also not provided for audit and therefore casting doubt on the credit scores of the customers who were advanced credit facilities. Lack of credit committee reports and minutes indicates non-compliance with Board's Credit Policy, 2020. Therefore, it could not be confirmed whether credit limits, credit scoring, credit assessments and credit requests from customers were properly authorized and approved contrary to Section 3.8 of Debt Management Policy, 2020 (National Cereals

and Produce Board) on write offs that states conditions that should be met before write-offs.

In the circumstances, the accuracy, completeness and validity of the trade and prepayments balance totalling Kshs.15,342,279,846 as at 30 June, 2024 could not be confirmed.

4. Inaccuracies in the Property, Plant and Equipment

4.1 Lack of Ownership Documents for Land

The statement of financial position reflects property, plant and equipment balance of Kshs.16,684,136,457 as disclosed in Note 17 of the financial statements. Included in the balance is freehold land valued at Kshs.5,488,709,469. As previously reported, the leasehold land includes thirty-four (34) parcels that do not have title deeds. In addition, the leases for three (3) plots had not been renewed thus making a total of thirty-seven (37) properties valued at Kshs.581,364,000 whose title documents were not in the custody of the Board. In addition, the following matters were observed:

- i. The document of title for the land on which the Nakuru Cyprus Bins are located was not provided for audit. Although Management explained that the surveyors had established that the title had been issued at the Land's Registry, the same was not in the custody of the Board.
- ii. Further, although the Board has title deeds for five (5) parcels of land in Kisii County, which have been fenced and marked with the NCPB signpost, there was encroachment on all the parcels of land.
- iii. In Kericho, there was encroachment on one of the parcels of land and a temporary structure constructed by a School. Another parcel along Kericho-Kisumu highway has also been encroached by the Kenya National Highways Authority (KENHA) as well as one of the neighbors whose perimeter wall illegally extended into the Board's compound.
- iv. The Board's land in Sagana Town was fenced but there was encroachment on one section of the land whereby commercial and residential houses have been constructed. However, there was no sign post to show that the land belongs to the Board.
- v. In addition, it was observed that there is a restraining order on a parcel of land in Narok that was issued by the High Court in 2013. Although the Board was allocated 20 acres of the land, it was not possible to physically identify the portion that belongs to the Board.
- vi. The Board's parcel of land of area 0.500ha, situated in Kapsabet Town and with a certificate of lease for 99 years starting from 1 July, 1986 has been encroached and developed with a permanent commercial structure by a developer who claims ownership of the land. Although, Management indicated that they are following up

the matter with the National Land Commission, evidence of follow up was not provided for audit review.

4.2 Lack of Motor Vehicles Ownership Documents

The list of motor vehicles provided for audit revealed that there were fifty-three (53) motor vehicles owned by the Board. However, a motor vehicle registration GK618 with a net book value of Kshs.138,000 as at 30 June, 2024 did not have a logbook and was said to have been donated to the Board from a project some years back.

4.3 Encroachment on the Board's Property

Audit inspections at sampled depots revealed encroachment by private parties on the Board's property. In Bungoma, an encroacher had fenced plot number 485 where the Bungoma silos are located and leased it to a garage operator. In Kisii County there were structures irregularly built by third parties at Block 3/48 measuring 0.0167 ha and Block 3/150 measuring 0.0302 ha. No records were provided to indicate the effort made by Management to recover these lands.

In Nakuru County, the Board did not have ownership documents for land LR/No.3490/16 measuring 0.0878 hectares and it was not possible to physically identify the said land for audit verification.

In Kericho County, there were permanent residential houses built and occupied by third parties who claimed to own the properties and allotment letters for three of the Board's properties Block.5/65 or L.R NO.631/488, Block.5/66 or L.R No.631/505 and Block.5/67 or L.R No.631/504 measuring 0.03 ha (hectares), 0.0389 hectares and 0.0335 hectares respectively. The circumstances under which the land ceased to belong to the Board were not explained. In addition, the properties Block.5/138, Block.2/49 and Block.5/165 measuring 0.0654 hectares, 0.7284 hectares and 0.0654 hectares had their beacons moved inwards from one side and lost tens of meters of land.

In Kakamega County Depot the tenant leasing the land had built permanent structures and also repainted the NCPB office. There were no records indicating that the developments on the property - Bock. 1/640 were approved by the Board of Directors.

An audit inspection of assets in National Cereals and Produce Board depots for the financial year 2023/2024 revealed that Nyahuhuru, Meru, Kiganjo Embu, and Sagana depots have fences that are in deplorable condition which is characterized by either being too low where one can easily jump over as observed in Nyahuhuru depot or unstable (slanting on one side) and in Sagana depot a section of the fence iron sheets had been removed.

An audit inspection of Nyeri and Embu parcel of land belonging to the National Cereals and Produced Board had no title deeds. The location and acreage of the parcels is as follows;

Location	Acreage
Blue Valley Area - North of Nyamachaki PCEA Mission and School to the West of Nyeri Provincial General Hospital (Blue Valley)	0.219 Acres
LR1112/122 located in Embu town - Majengo Estate adjacent to County Primary School	0.0551 Acres

5. Creditors due to GoK on Strategic Grain Reserve (SGR) Maize Sales

The statement of financial positions reflects a balance of Kshs.22,604,515,179 in respect to trade and other payables and as disclosed in Note 29 to the financial statements. The balance includes an amount of Kshs.3,787,292,972 in respect to creditors due to the Government on Strategic Grain Reserve (SGR) maize sales. However, review of the supporting documentation revealed that the liability was long outstanding and no explanation was provided for failure to remit the proceeds from the sale of the maize to the State Department for Agriculture despite receiving Kshs.2,000,000,000 from Ministry for Agriculture.

In the circumstances, failure to remit the proceeds from sale of strategic grain reserve maize amounting to Kshs.3,787,292,972 has led to increase in liabilities.

6. Contingent Liabilities

The summary statement of contingent liabilities as disclosed in note 33 to the financial statements reflects an amount of Kshs.438,675,719. However, contingent liabilities register and breakdown of the amount was not provided for audit. Non-disclosure of contingent liabilities may lead the Board incurring losses that are not budgeted for.

In the circumstances, accuracy and completeness of contingent liabilities amounting to Kshs.438,675,719 could not be confirmed.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of Budget and Actual amounts reflects final receipts budget and actual on comparable basis of Kshs.3,564,972,688 and Kshs.2,323,690,848 respectively, resulting in underfunding of Kshs.1,241,281,840 or 35% of the budget. Similarly, the Corporation spent Kshs.3,256,663,617 against the budgeted amount of Kshs.4,411,285,230 resulting in under expenditure of Kshs.1,154,621,613 representing

26% of the estimated expenditure. Management has attributed the low absorption to low commercial activities.

In the circumstances, the underfunding and under expenditure are an indication that the corporation's objectives may not be achieved and may impact negatively on service delivery to public.

2. Material Uncertainty Relating to Going Concern

The statement of financial position reflects total current assets of Kshs.24,251,179,948 against total current liabilities of Kshs.27,367,274,467 resulting in a negative working capital of Kshs.3,116,094,519 (Kshs.3,255,535,236 for financial year 2022/2023). Further, the Board made a loss of Kshs.992,328,737 (2022/2023 loss of Kshs.1,723,292,532).

In the circumstances, there is a threat on the entity's going concern and the financial statements have been prepared on a going concern basis assuming continued support from the Government and other stakeholders.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Status of Implementation of Previous Year's Audit Recommendations

An assessment of the status of the implementation of previous audit recommendations revealed previous recommendations which were outstanding as at 30 June, 2024 and were not yet implemented as in Appendix I in the financial statements from page 48-62. However, Management has not resolved the issues or given any explanation for failure to act on the recommendations.

Other Information

The Management is responsible for the other information set out on page iv to xlvi which comprise of project Information and Management, Management Team, Report of the Principal Secretary and Statement of Performance Against Predetermined Objectives). The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the National Cereals and Produce Board 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 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. Staff Cost

The statement of profit or loss and other comprehensive income reflects administration costs amount of Kshs.3,205,181,057 which includes staff costs and wages amounting to Kshs.1,259,459,020, as disclosed in Note 12b to the financial statements.

Review of records revealed the following anomalies:

1.1 Variance between Approved Staff Establishment and Actual Posts

A review of human resource records revealed that Board has an approved staff establishment of one thousand one hundred and forty (1,140) employees against Seven Hundred and ninety-six (796) employees in post thus resulting to an overall under establishment of three hundred and forty-four (344) employees contrary to Section 2.2 (4) and (5) of National Cereals and Produce Board Human Resource Policies and Procedure Manual, June, 2019.

1.2 Irregular Payments of Acting Allowances

An analysis of National Cereals and Produce Board payroll provided for audit for the financial year 2023/ 2023 revealed forty (40) employees earned acting allowance for more than six (6) months which is contrary to Section C 14 (1) of the Human Resource Policies and Procedures Manual for Public Service, 2016.

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

1.3 Irregular Payment of Special Duty Allowance

An analysis of National Cereals and Produce Board payroll provided for audit for the financial year 2023/ 2023 revealed six (6) employees earned Special Duty Allowance for

more than six (6) months which is contrary to Section C. 15 Sub – Section (4) of the Human Resource Policies and Procedures Manual for Public Service, 2016.

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

2. Cost of Sales - Purchases

The statement of profit or loss and other comprehensive income reflects purchases amount of Kshs.31,536,081,037 as disclosed in Note 7 to the financial statements.

Review of records revealed the following anomalies;

2.1 Supply of Sub-Standard Fertilizer by a Non-Existent Supplier

Included in the purchases of Kshs.31,536,081,037 includes Kshs.240,437,850 paid to an agency supplier-51 Capital, African Diatomite Industries on 31 March, 2022 to supply Capital Animal Supplement, GPC-Guard and Diatomaceous. The agent had agreed to provide an outlet through designated regions/depots for sale of the said products on agency basis upon the terms and conditions in the contract. Among the set conditions was that the products delivered to designated regions/depots/silos was to meet the Kenya Bureau of Standards (KEBS) requirements. The supply to the depots was to be made on demand basis. However, KEBS through KEBS/HQ/MS/9/1/VOL.13(82) dated 19 January, 2024 requested information on stocks delivered by 51 Capital, African Diatomite Industries as well as facilitation to access stores upon complaints regarding GPC Organic fertilizer which had been distributed to farmers and members of the public through various depots belonging to National Cereals and Produce Board (NCPB).

Additionally, KEBS through Ref: NCPB/9/6/VOL.VII/34 dated 31 January, 2024 was granted access to the NCPB stores to enable sampling of the products for testing. The board through circular Ref: NCPB/A/9/19/VOL.11/10 dated 18 March /2024 directed all depot managers to seize and set aside all GCP products as a non-conforming product following the suspension of permit 603392 by KEBS through letter Ref: KEBS/SRR/QAS/2/GEN dated 8 March, 2024.

Following Market surveillance activity by KEBS conducted in the month of February, 2024, samples of organic fertilizer (GPC Original Plus) were drawn from various regions of the country and tested against the Kenyan Standard KS:2290:2018 Organic Fertilizer - Specification and failed to comply with the requirement of the standard.

A review of records provided revealed that 51 Capital, African Diatomite Industries was nonexistent as at the time of Agency Contract. It was observed that KRA Pin number P051879300M belonged to Fifty-One (K) Capital Limited which was registered on 6 February, 2020 and not 51 Capital, African Diatomite Industries. Further, no change of name certificate was provided for audit confirmation to justify the existence of 51 Capital, African Diatomite Industries.

Therefore, the existence of KEBS permit number 60392 could not be verified and it was not clear how the Board got into an agency contract with 51 Capital, African Diatomite Industries.

The Management transacted with nonexistence company contrary Section 139(1) (a-c) of the Public Financial Management regulations 2015 states that the Accounting Officer of a National Government entity shall take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse and that movement and conditions of assets can be tracked and stock levels are at an optimum economical level.

Further, the results observation amounted to contravention of conditions for use of standardization Mark as provided for in Section 10(5) of the standards Act, Cap 496, Laws of Kenya. As a result, Innovate Manufacturers Limited was supposed to; Cease manufacture of Organic fertilizer 9SBL-GPC Original) until they implement corrective actions under the supervision of KEBS. Recall all the non-compliant products from the market. Records of all the recalls be verified and products destroyed at their cost.

In the circumstances, value for money of Kshs.240,437,850 and integrity of the entire procurement process could not be confirmed. Also, this border fraudulent activities.

2.2 Substandard Distribution of NPK:10:26:10 Fertilizer

Included in the purchases of Kshs.31,536,081,037 includes Kshs.139,682,500 paid to a Chemical Company for the supply of GOK fertilizer Subsidy program (FSP).fertilizers of 50kgs net weight details as follows;

- i. KELGOLD, KEBS Standardization permit No.44463 and labelled as planting fertilizer, NPK:9:16:6.
- ii. KELGREEN, KEBS Standardization permit No.72446 and labelled as planting fertilizer 10:26:10.
- iii. KELPHOS PLUS, KEBS Standardization permit No.447789, NPK 10:17:0.

KEBS through letter Ref: KEBS/HQ/SM/209 VOL3(120) dated 27 March, 2024 drew attention to the brands of NPK fertilizers labelled as planting fertilizers revealed that these products were substandard and did not meet the requirements of the relevant standards and were not suitable for distribution to members of public. A spot visit by the ministry staff led by the Principal Secretary to the Counties and National Cereals Board Stores revealed that the above fertilizer did not meet the required standards. In this regard, the distribution of this fertilizer was stopped with immediate effect from being issued to farmers as per letter Ref: MOA/LCD/9/41 dated 20 March, 2024. Further, audit examination revealed that Kshs.98,490,000 of supplies by KEL Chemicals had already been redeemed and sold to farmers and subsidy amounting to Kshs.35,000,000 paid out. Additionally, amounts of Kshs.159,962,500 being supplies by MEMS Distributors had been redeemed and sold to farmers and subsidies amounting to Kshs.60,000,000 had been paid out. Further, it was observed that the total stocks balances amounting to Kshs.13,467,200 were being held at the NCPB warehouses pending further investigations.

In the circumstance value for money of Kshs.139,682,500 and integrity of the entire procurement process could not be confirmed. Also, this border fraudulent activities.

2.3 Procurement of UREA (46%N)

Review of the tender Evaluation and negotiation committee minute of the meeting held on 15 December, 2023, the committee after negotiation with the qualified bidders noted that two firms had tied on supply for Urea (46% N) at Kshs.4,150 per bag of 50kgs. The Tender Negotiation Committee under Paragraph 2 page 10 of the minute stated that “Ms SLDR International and MEMS Distributors tied in the supply of Urea 46% N at Kshs.4,150 per 50Kgs bag. The Managing Director was to guide on the supply and delivery of the required quantities from the two firms”. However, in the third professional opinion dated 15 December, 2023 and under “recommendation”, the head of procurement services stated that “In view of the guidance from the Managing Director and the evaluation committee recommendation, I suggest the award of Urea (46%N) to MEMS in realizing fair and equitable distribution as guided under Section 40.1 of the tender document”. In this regard, an LPO number 81C4006617 dated 6 March, 2024 was issued to Ms MEMS for supply of 600,000 bags of Urea 46% N fertilizer at contract price of Kshs.2,490,000,000. It could not be established why the tender evaluation committee had to ask the Managing Director to guide on the supply and delivery of the required quantities. Further, it was not explained how the Managing Director and the Head of Procurement Services decided to award supply of the 600,000 bags to Ms MEMS at a contract price of Kshs.2,490,000,000 instead of splitting the tender as requested by the tender negotiation committee contrary Section 84 Sub-Section 1 of the Public Procurement and Assets disposal Act, 2015 states that the head of procurement function of a procuring entity shall, alongside the report to the evaluation committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the Accounting Officer on the procurement or asset disposal proceedings.

The award of tender to one supplier shows impartiality in the award of the tender and as a result, litigation may be instituted by other supplier leading to the Government losing money on legal fees.

In the circumstances, value for money and integrity of the entire procurement process could not be confirmed.

2.4 Fertilizers and Cereals That were not Delivered to the Depots

Comparison of the mezzanine records provided for audit by National Cereals and Produce Board, Head office for supply and delivery of fertilizers and other cereals to various depots across the country and the actual deliveries as per the depots records in Navision provided for audit review revealed that supplies totalling Kshs.241,847,400 meant for Western and Nyanza regions were not actually delivered and received by the depots. Kisii depot had the highest shortage of Kshs.142,454,300 followed by Malaba at Kshs.47,909,500, Bungoma depot Kshs.34,418,100, Kakamega depot Kshs.9,649,500, Kitale depot at Kshs.4,941,000 and Webuye depot at Kshs.2,475,000. However, no explanation was provided as to whether follow up had been made with the suppliers to ensure that the fertilizers and other cereals not delivered were actually delivered. Further, no inspection and acceptance committee report at the depots level was provided for audit review.

In the circumstances, value for money and integrity of the entire procurement process could not be confirmed.

2.5 Seized Fertilizers

During audit verification in selected depots in Nyanza, Western and part of South Rift, it was noted that 981 bags of fertilizers costing Kshs.1,574,100 supplied by Ms 51 Capital (Diatomaceous and Animal supplements) were seized by the Directorate of Criminal Investigation (DCI) and the depots were not allowed to sell the fertilizers. The fertilizers have since been deteriorating by gathering dust in the stores as the depot awaits authorization from the head office for destruction of the fertilizers. This contrary to Section 48 Sub-Section 3 of the Public Procurement and Assets Disposal Act 2015 states that the Inspection and Acceptance Committee shall immediately after the delivery of the goods, works or services; (a) Inspect and where necessary, test the goods received; (b) Accept or reject, on behalf of the procuring entity, the delivered goods, works or services. Sub-Section (4) state that the Inspection and Acceptance Committee shall;

In the circumstances, value for money and integrity of the entire procurement process could not be confirmed.

2.6 Fertilizers That were Replaced for Farmers

Audit verification in various depots in Nyanza, Western and South Rift revealed that a total of 1,960 bags of KEL fertilizers were supplied to the depots in Tamlega (Bungoma), Kitale and Kakamega. The fertilizers were supplied at Kshs.4,300 per bag totalling Kshs.8,428,000. A circular from the head office instructed the depot managers to replace the fertilizers for all the farmers who had purchased the KEL fertilizers. It was further noted that the farmers that were coming for replacements did not bring back the bags as requested by the depot managers. Section 48 Sub-Section (3) of the Public Procurement and Assets Disposal Act, 2015 states that the inspection and acceptance committee shall immediately after the delivery of the goods, works or services Failure by the inspection and acceptance committee to comply with Section 48 Sub-Section (3) of the Public Procurement and Assets Disposal Act, 2015 in ensuring that goods delivered were inspected before being accepted.

In the circumstances, value for money and integrity of the entire procurement process could not be confirmed.

3. Supply, Installation and Commissioning Color Sorter for NCPB Rice Mill

The Management during the year under review awarded through open tender the second lowest bidder for the supply, installation, testing and commissioning a state-of-the-art color sorter for NCPB Rice Mill vide NCPB/COLOUR SORTER/SAGANA RICE MILL/18/2021-2022 at a contract sum of Kshs.11,501,881 instead of the lowest bidder of Kshs.6,235,144 which could have resulted to possible saving of Kshs.5,266,737.

In the circumstances, value for money could not be confirmed.

4. Supply for installation and commissioning of Pulses Cleaning Machine at GCP Depot

The Management during the year under review awarded through open tender the second lowest bidder for the supply and installation testing and commissioning of 2.5 Tph pulses cleaning machine at GCP Depot vide contract No. NCPB/TECH/PULSES MACHINE/19/2021-2022 at a contract sum of Kshs.57,596,770 while the lowest bidder of Kshs.29,000,000 leading to possible saving of the Kshs.28,596,770.

In the circumstances, value for money could not be confirmed.

5. Inventory Management

5.1 Loss of Stock Held in the NCPB Stores

Review of the records provided for audit by the purchases section of NCPB Head Office revealed loss of various stock by NCPB officers totalling Kshs.2,613,414. Failure by the Head of the Procurement to carry out inspections on stocks held in the stores as required by Section 162(2) of the Public Procurement and Assets Disposal Act, 2015 contrary Section 162(2) of the Public Procurement and Assets Disposal Act, 2015 states that the head of procurement function shall arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the Accounting Officer.

In the circumstances, the accuracy and completeness of stocks amounting to Kshs.2,613,414 resulting from loss of stocks could not be confirmed.

5.2 Physical Dispatch Stock Variance between Mombasa, SGR terminal and Maisha Minerals

Kenya National Trading Corporation through the letter Ref: MOA/LCD/9/41 dated 23 May, 2023 received instructions after consultations that the NCPB be mandated to oversee procurement, blending and distribution of the Russian fertilizer donation. In this regard, the Kenya National Trading Corporation was requested to hand over the 34,000 MT fertilizer donation to the Managing Director NCPB with immediate effect. However, a letter Ref: NCPB/NER/7/21/VOL.1/25 dated 3 August, 2023 sent by the Regional Manager -Nairobi / Eastern to Managing Director of NCPB referring to report on the flow of the Russian Donated fertilizer indicated that there was shortage of 20 bags from the SGR dispatch and quantity received at Maisha Minerals. The 20 bags comprised of 11 bags of urea and 9 bags of MOP respectively as summarized below;

Further, it was also noted that there was an excess of 50 bags in the bags dispatched from Mombasa and received at SGR Athi River as below; However, no explanation was offered on the variances noted and accordingly, the recoverability of lost fertilizer and reconciliations of the fertilizer products could not be ascertained.

6. Delivery of Driers to by State Department for Agriculture

6.1 Dryers delivered but Not in Use

Physical verification of supply and delivery of driers purchased by Ministry of Agriculture to various depots of National Cereals and Produce Board revealed the following;

6.2 Mobile Driers - Lack of Proper Documentation

An audit inspection of assets in National Cereals and Produce Board depots for the financial year 2023/2024 revealed that various depots received mobile driers from the Ministry of Agriculture. However, majority of the mobile driers had no proper documentation and accessories. Further all the mobile driers had not been handed over and yet some Depots had already started using them. Additionally, management of the National Cereals and Produce Board depots had not made any effort in properly securing the mobile driers. The driers verified were found to be kept outside the depots and exposed to the harsh weather conditions including dust, rains among others.

Physical verification carried out on Kericho confirmed that the depot has a Fixed Drying Machine Plant installed in 1989 with two internal parts out of which one internal part was later dismantled and taken to a different National Cereals and Produced Board depot. The locals prefer growing tea as compared to cereals and therefore no explanation was provided as to why this depot was given the mobile drier which was assembled in January, 2024. As at the time of the audit, it was confirmed that the drier had just been lying idle and there was no possibility that it would be used in the near future.

6.3 Fixed Driers and Silos – Inefficient Management of Asset

An audit inspection of National Cereals and Produce Board depots for the financial year 2023/2024 revealed that Eldoret, Kericho and Nakuru depots were using outdated Fixed Drying Machine Plant and Silos which were installed way back in the year 1982. It was observed that Eldoret and Nakuru Depots Drying Machine Plants require a complete overhaul including automation of their internal weighers. Further, the two depots' Silos roofing are damaged and they require repairs.

6.4 Mau Narok Depot

The drier was delivered to the depot in April, 2024, however, it has never been tested or used due to lack of high electricity voltage (three phase) which is yet to be installed.

Depot has obsolete assets such as fixed drier and ten silos which were last used in the year 2008. The assets have been idle for sixteen (16) years. Inquiries from Management indicated that the fixed drier stalled in 2008 and some of the parts were removed and fixed in other functional dryers in other depots. The drier is beyond repair and has been rendered obsolete.

There Sub Depot operates a manual weighbridge which is not digitized and which is only used during peak seasons, that is; between February to April every year. However, revenue generated from the same could not be confirmed due to manual operations, therefore, reliability and authenticity of the manual records could not be confirmed.

The depot is not under CCTV surveillance as none has been installed, in the circumstance, the security of mobile dryer which is left in the open without proper storage facility is in doubt. The security of the whole area under the depot and its' assets is not guaranteed and this may lead to loss of public funds through theft.

6.5 Tamlega Depot

The Drier was delivered to the depot in the financial year 2023/2024 in the month of April. The dryer was installed and tested; however, it has never been used. Inquiries from Management indicated that local farmers carry out maize farming in small scale and do not therefore need the mobile dryer whose capacity is ten tons.

The depot is not under CCTV surveillance as none has been installed. In the circumstance, the security of mobile dryer which is left in the open without proper storage facility is in doubt. Further, the fence around the depot premises/property is not properly done and can be easily accessed by strangers and thieves. In the circumstance, security of the whole area under the depot and its' assets are not guaranteed and this may lead to loss of public funds through theft.

There were thirty (30) fire extinguishers lying idle in the store. The extinguishers have been lying idle since the year 2021 as they were not installed in various spots within the premises. The extinguishers would therefore not serve the intended purpose in case of fire breakout.

Management also reported that the stores roofs had leakages during rainy seasons. This leads to wastage and loss of fertilizers. This was evident as there were three fertilizers, (Mavuno Top-dress) that were rejects as they had been rained on and could not be sold. In the circumstance, roof leakages rendered the three fertilizers rejects/obsolete and hence loss of public resources.

6.6 Myanga Depot

The Drier was delivered to the depot in the financial year 2023/2024 in the month of April, however, it has never been tested or used due to lack of high electricity voltage (three phase) which is yet to be installed. The depot is not under CCTV surveillance as none has been installed. In the circumstance, the security of mobile dryer which is left in the open without proper storage facility is in doubt. Further, the fence around the depot premises/property is not properly done and can be easily accessed by strangers and thieves. In the circumstance, security of the whole area under the depot and its' assets is not guaranteed and this may lead to loss of public funds through theft.

6.7 Kipkaren River Depot

The Drier was delivered to the depot in the financial year 2023/2024 in the month of April, however, it has never been tested or used due to lack of high electricity voltage (three phase) which is yet to be installed. Inquiries from Management indicated that local

farmers carry out maize farming in small scale and sugar cane farming in large scale and therefore do not need the mobile dryer whose capacity is ten tons.

7. Status of Various NCDP Depot Stations

7.1.1 Malaba Depot

There was no weighbridge hence all the weighing was done manually. Sample weighing is done randomly to determine the weight of the rest of the load. However, revenue generated from the same could not be confirmed due to manual operations, therefore, reliability and authenticity of the manual records could not be confirmed. not be traced back to the system.

7.1.2 Bungoma Depot

Unknown value of 3 bishop elevators were poorly stored and were wearing out and rusting away. They were prone to theft and vandalism.

7.1.3 Webuye Depot

The depot is not under CCTV surveillance as none has been installed. Further, the fence around the depot premises/property is not properly done and can be easily accessed by strangers and thieves. In the circumstance, security of the whole area under the depot and its' assets is not guaranteed and this may lead to loss of public funds through theft.

Management also reported that the stores roofs had leakages during rainy seasons. This leads to wastage and loss of fertilizers. As a result, the warehouse could not me used maximumly as parts of the roof leaked water leading to spoilage of items stored.

7.1.4 Malava Depot

The depot is not under CCTV surveillance as none has been installed. Further, the fence around the depot premises/property is not properly done and can be easily accessed by strangers and thieves. In the circumstance, security of the whole area under the depot and its' assets is not guaranteed and this may lead to loss of public funds through theft.

There was no weighbridge hence all the weighing was done manually. Sample weighing was done randomly to determine the weight of the rest of the load. However, revenue generated from the same could not be confirmed due to manual operations, therefore, reliability and authenticity of the manual records could not be confirmed.

Drier was delivered to the depot in the financial year 2023/2024 in the month of April, however, it has never been tested or used due to lack of high electricity voltage (three phase) which is yet to be installed.

7.1.5 Kakamega Depot

Management also reported that the stores roofs had leakages during rainy seasons. This leads to wastage and loss of fertilizers. As a result, the warehouse could not be used effectively as parts of the roof leaks water leading to spoilage of items stored.

7.1.6 Kisumu Depot

50kgs of 34,000 bags of rice paddy of third-party firm was found in the stores. The consignment was found to have been infested with bugs making it not suitable for human consumption. It was however not explained why the consignment has not been removed from the store as it continues occupying space that can be utilized by the Board to earn revenue.

7.1.7 Kisii Depot

The National Cereals and Produce Board depot is not under CCTV surveillance as none has been installed. Further, the fence around the depot premises / property is not properly done and can be easily accessed by strangers and thieves. In the circumstance, security of the whole area under the depot and its' assets is not guaranteed and this may lead to loss of public funds through theft. In addition, management also reported that the stores roofs had leakages during rainy seasons. This leads to wastage and loss of fertilizers.

7.1.8 Roof Leakages

An audit inspection of the National Cereals and Produce Board depots for the financial year 2023/2024 revealed that Meru, Subukia and Eldoret Depots have leaking rooftops. Further details are as below;

7.1.9 Meru NCPB Depot

The roof of Meru National Cereals and Produce Board Depot Store One (1) was found to be leaking. Store One (1) has been leased out to One Acre Fund. It was noted that the third-party stocks from One Acre Fund had been damaged by the water due to leaking roofs. It was observed that Forty-nine (49) bags of 50kgs of CAN fertilizers and one hundred and six (106) bags of 25kgs of CAN fertilizers had been destroyed by rain water. Similarly, one hundred and three (103) knapsack spray could not be sold by the client as the covers were had been spoilt by the rain water.

7.1.10 Subukia NCPB Depot

The roof of Subukia National Cereals and Produce Board Depot Store Two (2) was leaking. Store Two has been leased out to Procure limited who at the time of the audit had requested for the roof to be repaired. Although repairs were done on the roof of Subukia National Cereals and Produce Board Depot Store Two (2) on July 2023, it was noted that a section of the roof was still leaking.

7.1.11 Eldoret NCPB Depot

During the financial year 2023/2024 Eldoret depot requested maintenance of stores roof leakages but as at the time of the audit, nothing had been done. The roofs of Eldoret National Cereals and Produce Board depot, Store Three (03) leased to Mombasa Maize Millers, located at Farmers Street Eldoret and Store Four (04) used by NCPB to store fertilizers, located at Silo stores were found to be leaking. As a result of the roof leakages

the stores' space is not fully utilized. Guideline 74 (1) of the Guidelines on Asset and Liability Management in the Public Sector states that every Accounting Officer shall be directly responsible for ensuring that all assets under their responsibility are properly maintained and, in a manner that will ensure that such assets attain their useful lives. Guideline 74 (2) of the Guidelines on Asset and Liability Management in the Public Sector states that the Accounting Officers shall take responsibility for the control and utilization of assets, monitor maintenance actions and budget for the operation and maintenance needs of each asset or class of assets under their control. Operating expenses shall include all labour and material costs for the repair and maintenance of the assets.

Possible loss of public funds through legal litigation against National Cereals and Produce Board by the third-party due to the damaged stocks by rain water due to leaking rooftops.

7.1.12 CCTV Not Functioning in Embu Depot

An audit inspection of assets in Embu National Cereals and Produce Board depot for the financial year 2023 / 2024 revealed that the CCTV was installed in the warehouse and in the manager's office during the financial year 2021/2022. However, on the 23 September, 2024 it was noted that the CCTV did not give any live feeding. Further enquiry from the audit team to the in charge of the depot revealed that the CCTV was not functioning for sometimes (weeks).

Guideline 74 (1) of the Guidelines on Asset and Liability Management in the Public Sector states that every Accounting Officer shall be directly responsible for ensuring that all assets under their responsibility are properly maintained and, in a manner that will ensure that such assets attain their useful lives

7.1.13 Nakuru Depot

An audit inspection of assets in National Cereals and Produce Board depots for the financial year 2023/2024 revealed that the 12 floors Silo lift for the Nakuru depot and 12 floors Silo lift for Eldoret depot have not been functioning for two years.

7.2 Substandard Fertilizers Occupying Space

An audit inspection of assets and inventories in National Cereals and Produce Board depots for the financial year 2023/2024 revealed substandard fertilizers (KEL/GPC) returned and ceased GPC animal feeds that were occupying storage space.

Ineffective utilization of storage space and substandard fertilizers stored for long time can be a health hazard.

7.3 Storing Together Fertilizers and Food Stuff in a single Store

An audit inspection of the National Cereals and Produce Board depots for the financial year 2023/2024 revealed in Subukia, Embu and Kipkelon depots fertilizers and food stuff were stored together in one store. At the Subukia depot store one (1), fertilizer, maize

and cereals had been stored together. It was observed that a temporary wood partition was used to divide the store into two parts.

Ineffective utilization of storage space and mixing of fertilizers and food stuff in the same store is a health hazard.

8. Lack of Gender Diversity on the Board of Directors

Review of the Board of Directors revealed that the Board Committee Members whose term commenced on 20 April 2023 had a membership of 8 members and out of this, only one of them was a female, failure to comply with Chapter 1 on Governance of Principles (1) of the Mwongozo Code of Governance in representation of the gender diversity.

9. Failure to Maintain Fixed Asset Register and Untagged Assets

The asset register for the board presented for audit had assets whose book value was Kshs.16,364,835,574. However, further review of the of the register revealed crucial information had not been provided such as financed by / source of funds, serial number, tag numbers, make and model, date of delivery / installation, payment voucher number, original location, current location, replacement date where applicable, depreciation rate, date of disposal, disposal value, responsible officer and the asset condition of assets owned by the Board..Physical verification carried out on the fixed assets revealed that laptops and computer accessories procured during the financial year under review amounting to Kshs.6,498,807 had not been not tagged.

In the circumstances, Management was in breach of The National Treasury circular.

10. Non-Operationalization of National Food Reserve and National Trading Divisions

The Board was supposed to operationalize the National Food Reserve and National Trading Divisions as per Circular Ref: MOA/B.1/6A dated 29 April, 2020. The divisions were to deal with matters of Strategic Food Reserve and undertake commercial storage and trading in food commodities. However, the Board has not operationalized the two divisions.

In the circumstances, Management is in breach of the law and the assurance of food security in the country could not be confirmed.

11. Asbestos Materials

An audit inspection of assets in National Cereals and Produce Board depots for the financial year 2023/2024 revealed that Nyeri, Kiganjo, Kedowa, Embu, Meru and Nakuru depots have asbestos rooftops contrary to Chapter 1 of The National Guidelines on Safe Management and Disposal of Asbestos which describes Asbestos as hazardous material with extremely fine fibers and can remain suspended in air for hours. This is contrary to Chapter 1 of The National Guidelines on Safe Management and Disposal of Asbestos describes Asbestos as hazardous material with extremely fine fibers and can remain suspended in air for hours. If handled without caution, it may cause serious chronic health

problems such as asbestosis, lung cancer and mesothelioma. The diseases cause long term serious social, economic and emotional problems.

Health hazard as a result of employees being exposed to asbestos.

12. Obsolete Items

An audit inspection of assets and inventories in National Cereals and Produce Board for the financial year 2023/2024 revealed that there are obsolete items within the various depots' premises. Further, in Nakuru Depot it was observed that there were stocks from the third party and for the special program from the Government occupying store one since the year 2007. These stocks included 29 cartons of expired oil, 1080 sacks of expired rice and 620 sacks of expired beans. Additionally, in Sagana Depot it was observed that Store Two (2) had packets of 2Kgs of expired maize Kenya seed code 7303 totalling to three thousand, two hundred and eighty Kgs (3280 Kgs). This is contrary to Section 163 of the Public Procurement and Asset Disposal Act, 2015 states that an Accounting Officer shall establish a disposal committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets.

Ineffective utilization of storage space and obsolete items can be a health hazard.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on 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. Board of Directors

1.1 Non-Compliance with the Establishment of Board Committees

During the year under review, the Board spent a total of Kshs.9,944,815 on Directors' emoluments. However, the following anomalies were noted;

- i. The Board of Directors had a membership of nine (9) with the Human Resource and Legal Affairs Committee and the Audit Committee members exceeding one third of the full Board membership.

- ii. Six (6) Board members attended more than two (2) Board committee meetings during the year.
- iii. One (1) Board member, who was not a member representing The National Treasury or the parent ministry, sat in both the Finance and Audit Committees.
- iv. During the year under review, the Finance and Procurement Oversight Committee and Human Resource and Legal Affairs Committee held meetings on 14 July, 2022 and 18 July, 2022 respectively which had only two (2) members each in attendance, contrary to Mwongozo code of Governance. The anomalies contravened Section 4 of the Office of the President Circular No. OP/CAB.9/1A of 11 March, 2020 which state that, the number of members to any Committees should not be more than one third (1/3) of the full Board to obviate the risk of a Committee conducting its business within the framework of a full Board structure. Further, members can only sit in a maximum of two (2) committees. Any exceptions must secure written approval of the respective Cabinet Secretary in consultation with State Corporations Advisory Committee (SCAC). In addition, Section 5 of the circular requires that, except the members representing The National Treasury and parent ministry, a member serving in the Board Audit Committee shall not be appointed member of Finance Committee and vice versa. The constitution of the Audit Committee should strictly comply with The National Treasury circulars.

1.2 Lack of Gender Diversity on the Board of Directors

During the year under review, the Board had two (2) Board of Directors in existence. The previous Board whose term came to an end on 19 April, 2024 had a membership of nine (9) Members out of which two (2) were female. However, the new Board whose term commenced on 20 April, 2024 has a membership of eight (8) Members with only one female Member. This was contrary to Chapter 1 of Mwongozo Code of Governance which states that composition and size of the Board should provide gender diversity, competences, and skills required for the effective leadership of the organization”.

In the circumstances, Management was not in compliance with the good governance guidelines.

1.3 Non-execution of Governance Audit

Audit verification indicated that the National Cereals and Produce Board did not subject the board to an annual governance audit as required by the Code of Governance. This contrary to Governance Practice 1.13 (1) of the Mwongozo under Code of Governance stipulates that the board in consultation with the Oversight Office, should ensure that it subjects the organization to an Annual Governance Audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose. Potentiality of bypassing of systems and or processes by the organization.

2. Assets Management

2.1 Incomplete Assets Register

The asset register provided for audit revealed a book value of Kshs.17,211,856,499 on all the assets of the Board. However, the Board does not have a comprehensive list of all assets it owns. In addition, the asset register lacks the following information:-

- i. Date of acquisition of the assets,
- ii. Location of the assets,
- iii. Custodian of the asset especially, laptops, tablets and iPads,
- iv. ICT equipment have no serial numbers,
- v. The buildings lacked the building description or title number of the building and,
- vi. In addition, some asset tags are faded and therefore require re-tagging.

2.2 Dilapidated Buildings and Stores at the Depots

Field verification done in the Kajiado Depot revealed that eleven (11) pit latrines at the staff quarters, one (1) pit latrine behind the conventional store and a powerhouse are in completely dilapidated state and not in use. In addition, the conventional store tagged NCPB 2-KON-A02-003 valued at acquisition cost of Kshs.4,100,000 and built during colonial times has a massive fracture on the wall and was virtually hanging and could collapse any moment. This is endangering the lives of tenants and the officers of the Board.

Further, various Board properties in Loikotokitok, Emali, Machakos, Konza and Kajiado, revealed that the Board's tenant houses across the stations visited were in dire need of rehabilitation and maintenance. Some of them had broken doors and faded paint. The tenants have erected unapproved structures within the compounds which distorts the Board's envisioned use of the property for residential purposes only as per the tenancy agreements. In addition, it was noted that various stores within the stations visited were in bad state of disrepair including but not limited to; leaking roofs, huge spaces within the store main doors that could let in birds and other rodents, absence of air cyclones in various stores to regulate the air, some stores had no lightings inside among other repairable needs.

Field verification at the Nanyuki depot revealed that stores 001 and 002 were not in good condition. The windows were either cracked or not there at all leaving room for creatures like birds to get into the store and destroy stock. The building had cracks compromising the safety and stability of the store. There were no CCTV cameras at the stores to ensure safety of the goods.

In the circumstances, the effectiveness of the controls and assets management could not be confirmed.

3. Staff Under-Establishment

Review of human resource records revealed that the Board has an approved staff establishment of one thousand one hundred and forty (1,140) staff against seven hundred (700) staff members in post resulting in an overall under establishment of four hundred

and forty (440) personnel. This is contrary to Section 2.2 (4) and (5) of NCPB Human Resource Policies and Procedure Manual, 2019 which provide that in order to have the right number of people, having the required competencies, placed in the right jobs, appointments shall be made within the approved establishment.

In the circumstances, the under-established staff could affect delivery of goods and services to the public.

4. Lack of Documented and Approved Procedures Policy / Manual For Agency Contracts And Agreements

Management did not provide checklist, Standard Operations Manual or approved procedures detailing critical requirements that potential partners on agency arrangements should possess, was availed for audit verification thereby casting doubt on the integrity of identification, selection and engagement of agencies. Thus, the authenticity of agency contracts and agreements could not be ascertained. Regulation 165 (1) of the Public Finance Management (National Government), 2015 states that the Accounting Officer shall ensure that the national Government entity develops.

Lack of effective internal controls in implementation and management of Agency contracts and Agreements.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

The Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as the 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 Board's ability to continue to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Board or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, the 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 is 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 for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

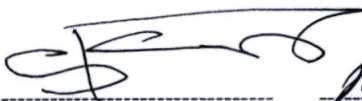
16. Statement of Profit/Loss & Other Comprehensive Income for year ended 30th June 2024.

Description	Note	2023-2024 Kshs	2022-2023 Kshs
Revenues			
Revenue	6	29,539,426,590	6,576,335,666
Cost of sales	7	<u>28,304,070,921</u>	<u>6,022,072,984</u>
Gross profit		1,235,355,669	554,262,682
Gross Margin Gain as a % of Gross sales		4%	8%
Other income			
Grants from the national government	8	0	0
Finance income	9	324,568,161	225,601,328
Other income	10	762,625,804	803,353,770
Other gains/(losses)	11	1,141,214	(986,152)
Total revenues		2,323,690,848	1,582,231,628
Operating Expenses			
Administration costs	12	3,205,181,057	2,990,471,929
Selling and distribution costs	13	30,491,303	284,746,481
Finance costs	14	20,991,257	30,305,751
Total operating expenses		3,256,663,617	3,305,524,161
Loss before taxation		(932,972,769)	(1,723,292,532)
Income tax expense/(credit)	16	59,355,968	0
Net loss after taxation		(992,328,737)	(1,723,292,532)
Other comprehensive income			
Gains on disposal of land		0	0
Surplus or deficit on revaluation of PPE		0	0
Total comprehensive income for the year		(992,328,737)	(1,723,292,532)

17. Statement of Financial Position as at 30 June 2024

Description	Note	2023-2024 Kshs	2022-2023 Kshs
ASSETS			
Non- Current Assets			
Property, Plant and Equipment	17	16,684,136,457	17,551,822,437
Intangible Assets	18	78,854,344	49,710,841
Total Non – Current Assets		<u>16,762,990,801</u>	<u>17,601,533,277</u>
Current Assets			
Inventories	19	4,202,138,801	951,013,488
Trade Debtors and Prepayments	20	15,342,279,846	6,349,219,661
Tax Recoverable	21	57,722,053	37,399,491
Bank and Cash Balances	22	4,649,039,248	3,618,335,914
Total Current Asset		<u>24,251,179,948</u>	<u>10,955,968,554</u>
TOTAL ASSETS		<u>41,014,170,749</u>	<u>28,557,501,832</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Capital Fund	23	6,304,142,172	6,304,142,172
Revaluation Reserve	24	23,822,936,182	23,822,936,182
Retained Earnings	25	(16,740,182,072)	(15,747,853,335)
Grants from the national government	8	260,000,000	0
Capital and Reserves		<u>13,646,896,282</u>	<u>14,379,225,018</u>
Current Liabilities			
Borrowings	27	3,797,993,700	5,035,677,857
Trade and other payables	29	22,604,515,179	8,177,833,369
Tax payable	30	964,765,588	964,765,588
Total Current Liabilities		<u>27,367,274,467</u>	<u>14,178,276,814</u>
TOTAL EQUITY AND LIABILITIES		<u>41,014,170,749</u>	<u>28,557,501,832</u>

The financial statements were approved by the Board on 9th December 2024 and signed on its behalf by:



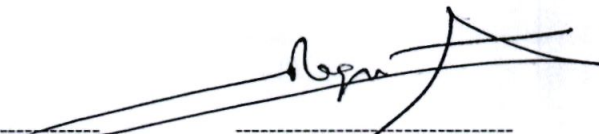
Samuel Karogo Ndung'u

Ag. Managing Director



CPA. John Gichuru ICPAK NO 22638

Ag. General Manager Finance & Accounting



Hon. Samwel Mbae Ragwa

Chairman of the Board

18. Statement of Changes in Equity for the year ended 30 June 2024

	Capital Fund	Revaluation reserve	Revenue reserve	Capital/ Development Grants/Fund	Total
	KShs	KShs	KShs		KShs
As at July 1, 2022	6,304,142,172	23,822,936,182	(14,024,560,803)	0	16,102,517,551
Net Profit/(loss) for the year			(1,723,292,532)	0	(1,723,292,532)
Revaluation adjustment					
As of June 30, 2023	6,304,142,172	23,822,936,182	(15,747,853,335)	0	14,379,225,019
As at July 1, 2023	6,304,142,172	23,822,936,182	(15,747,853,335)	0	14,379,225,019
Net Profit/(loss) for the year			(992,328,737)		(992,328,737)
Capital/development grants received during the year	260,000,000				260,000,000
Transfer of depreciation/amortisation from capital fund to retained earnings			0	0	0
Adjustment					
At June 30, 2024	6,564,142,172	23,822,936,182	(16,740,182,072)	0	13,646,896,282

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

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
OPERATING ACTIVITIES			
Cash generated from/(used in) operations	31	6,101,104,738	(514,257,996)
Net cash generated from /(used in) operating activities a		<u>6,101,104,738</u>	<u>(514,257,996)</u>
INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	17	(294,723,548)	(313,371,847)
Net cash generated from /(used in) investing activities b		<u>(294,723,548)</u>	<u>(313,371,847)</u>
FINANCING ACTIVITIES			
Proceeds from grant	8	260,000,000	0
Net cash generated from /(used in) financing activities c		<u>260,000,000</u>	<u>0</u>
Increase/(Decrease) Cash and Cash equivalent (a+b+c)		<u>6,066,381,191</u>	<u>(827,629,843)</u>
Cash and Cash equivalent at beginning of the year			
Cash at Bank and on Hand	22	3,618,335,914	4,415,536,265
Bank Overdraft	26	(5,035,677,857)	(5,005,248,365)
Cash and Cash equivalent at beginning of the year		<u>(1,417,341,943)</u>	<u>(589,712,100)</u>
Cash and Cash equivalent at end of the year		<u>4,649,039,248</u>	<u>(1,417,341,943)</u>
Cash and Cash equivalent at end of the year			
Cash at Bank and on Hand	22	4,649,039,248	3,618,335,914
Bank Overdraft	26	0	(5,035,677,857)
Cash and Cash equivalent at end of the year		<u>4,649,039,248</u>	<u>(1,417,341,943)</u>

20. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	%	Ref no.
						+ / (-)	
	a	b	c=a+b	d	E=d-c	d/c %	
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		
Gross sales	29,606,671,220	13,798,599,694	43,405,270,914	29,539,426,590	(13,865,844,324)	68%	A
Less: Cost of sales	25,417,165,814	15,612,748,039	41,029,913,853	28,304,070,921	(12,725,842,932)	69%	B
Gross margin	4,189,505,406	(1,814,148,345)	2,375,357,061	1,235,355,669	(1,140,001,392)		
Add:							
Grants from the national government							
Finance income	244,505,993	(13,298,725)	231,207,268	324,568,161	93,360,893	140 %	C
Other Incomes	860,649,471	97,758,888	958,408,359	762,625,804	(195,782,555)	80%	D
Other gains	870,000	(870,000)	0	1,141,214	1,141,214		
Total income	5,295,530,870	(1,730,558,182)	3,564,972,688	2,323,690,848	(1,241,281,840)		
Expenses							
Administration cost	3,770,359,022	62,978,764	3,833,337,786	3,205,181,057	(628,156,729)	-84%	E
Selling and distribution	926,490,623	(708,543,179)	217,947,444	30,491,303	(187,456,141)	-14%	F
Finance cost	383,149,982	(23,149,982)	360,000,000	20,991,257	(339,008,743)	-6%	G
Total expenditure	5,079,999,627	(668,714,397)	4,411,285,230	3,256,663,617	(1,154,621,613)		
Turnover tax		0		59,355,968	59,355,968		
Surplus for the Year	215,531,243	(1,061,843,785)	(846,312,542)	(992,328,737)	(146,016,195)		

Explanatory notes on the differences above:

- a) The decrease in gross sales is due to drop in sale of Maize, fertilizer and pulses

- b) The drop-in cost of sales is due to low sales turnover.
- c) Finance income increased due to significant investments in call deposit account.
- d) The increase in other gains under finance income is a result of gains from the disposal of fixed assets.
- e) The decrease in other incomes is due to decreased commissions on SFR maize.
- f) The decrease in administrative costs is as a result of low maintenance and conservancy costs
- g) The Selling and distribution costs decreased due to low-transportation of fertilizer from the port to various upcountry depots across NCPB network
- h) Finance costs decreased as a result of non-charging of interest on overdraft facility.

21. Notes to the Financial Statements

1. General Information

NCPB was established through an Act of Parliament Chapter 338. The Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The Board's principal activity is grain handling and marketing with allied services and facilities as well as distribution of farm inputs. This is in addition to undertaking social functions on behalf of the Government of Kenya on agency basis that relates to procurement, storage, quality maintenance, and distribution/sale of famine relief food commodities as well as SGR stocks.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying NCPB'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. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Board. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Application of New and Revised International Financial Reporting Standards (IFRS)**i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2024.**

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

Notes to the Financial Statements (Continued)

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

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

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

- iii. *Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year 2023-24

Notes to the Financial Statements (Continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Board and the revenue can be reliably measured. Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of the *Board's* activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the Board's activities as described below.

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

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

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

d) Depreciation on Property, Plant and Machinery

Depreciation charge on fixed assets is provided on a straight-line basis and is calculated on cost or revaluation at the following rates which are consistent with prior years. Depreciation charge is prorated both in the year of asset purchase and in the year of asset disposal.

Freehold Land	Nil
Leasehold Land	Over the term of the lease
Buildings, Boreholes, Fences and Roads	2.5%
Silos, Cyprus bins, machinery House and Loading Bays	6%
Plant, machinery and Computer Equipment	12.5%
Fumigation Equipment	20%
Motor Vehicles and Drying Equipment	25%
Other Equipment	12.5%

e) Intangible assets

Intangible assets comprise purchased computer software which are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over eight years.

f) Amortisation and impairment of intangible assets

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

g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost,

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

h) Right of Use Asset

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

i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

j) Quoted investments

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

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

l) Inventories

Inventories are stated at the lower of cost and net realizable value on the basis of First In First out principle and a provision for shrinkage computed at a rate of 2.2% of the value of the year's purchases of grains and pulses.

m) Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted. Provision for bad and doubtful has been made on the basis of specific debts and consists of 100% specific provision for some debtors and a general provision of 7.5% on all outstanding trade debts at Balance Sheet date.

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

n) Taxation

i) Current income tax

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

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

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

o) Deferred tax

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

Deferred Tax

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

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will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

p) Borrowing costs

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

borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and cash on hand held in the Board's Cash Offices at Head Office and Depot/Silos and Cash in Transit as at 30th June 2022.

r) Borrowings

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

s) Trade Creditors and other payables

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

t) Retirement benefit obligations

The Board operates a defined Provident Fund Scheme for all its permanent employees on 27th January, 1969. The Board's contributions are charged to the Income Statement in the period in which it relates. The assets of the scheme are held in a separate trustee administered fund, which is funded from contributions from both the Board and the employees.

NCPB also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently 15%

while the employee contributes 7.5% of employees basic salary. It is an approved fund under the Income Tax Act and is registered with Retirement Benefits Authority.

u) Provision for staff leave pay

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

v) Exchange rate differences

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

w) Budget information

The original budget for FY 2023-2024 was approved by the National Assembly and subsequently cascaded and the parent ministry communicated the approval on 6th September 2023.

There were no subsequent revisions or additional appropriations in the course of the year.

The Board'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.

The variance between the actual and budgeted amounts for each item in the income statement is explained as shown in the statement of comparison of budget and actual.

x) Comparative figures

Where necessary comparative figures for the previous financial year have been included to conform to the required changes in presentation.

y) Subsequent events

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

z) Stocks of consumable stores and Supplies

The accounting procedure for consumable supplies and stores that are centrally purchased is that items are initially coded to respective control accounts for these stocks at the time of procurement and the cost expensed/charged at the time of dispatch to the respective user budget centres. This policy ensures that budget centres are only held responsible for the expenditure directly related to what they have requisitioned and consumed.

aa) Agency fees/Commission

The rates applicable for various services and facilities that were mutually agreed upon the principal (GOK) and the agent (NCPB) have been in force since 12th November 2002 is as follows:

<u>Nature of Service/facility</u>	<u>Rate</u> <u>Kshs/Percentage</u>
i) Storage	4.80 per bag per month
ii) Quality maintenance	5.00 per bag per month
iii) Commission on Purchasing	115.00 per bag
iv) Commission on releases	25.00 per bag
v) Commercial sales commission	9% of sales value
vi) Commission on transport	10% of transport cost
vii) Commission on commodity handling (Direct costs)	10% of handling cost

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Board'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.

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date.

Provision for bad and doubtful debts has been made on the basis of specific debts and consists of 100% specific provision for some debtors and a general provision of 7.5% of all other outstanding trade debts at the balance sheet date.

Provision for stock shrinkage is computed at a rate of 2.2% of value of the year's purchases.

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Notes to the Financial Statements (Continues)

6. Revenue

Description	2023-2024	2022-2023
	Kshs	Kshs
Sales of Local White Maize	3,393,180	145,773,555
Sales of Rice	166,583,685	260,641,157
Sales of Paddy	0	0
Sales of Wheat	8,761,344	0
Sales of Gunnies	2,302,989	3,159,569
Sales of seeds	72,787,450	59,801,370
Sales of Beans	7,408,145	45,380,030
Sales of Green Grams	27,179,020	17,758,980
Sales of Cow Peas	475	0
Sales of Fertiliser	29,251,010,302	<u>6,043,821,005</u>
Total	<u>29,539,426,590</u>	<u>6,576,335,666</u>

There was an increased Fertilizer sale due to governments subsidy programme

7. Cost of Sales

Description	2023-2024	2022-2023
	Kshs	Kshs
Opening stocks	851,654,952	867,933,173
Purchase	31,536,081,037	5,996,734,403
Milling Costs		
Provision for stock shrinkage (2.2%)	8,920,756	9,060,362
Closing Stocks	(4,092,585,824)	<u>(851,654,953)</u>
Total	<u>28,304,070,921</u>	<u>6,022,072,984</u>

There was a significant increase in fertilizer purchases during the year which was a large component of purchases figure

Notes to the Financial Statements (Continued)

8. Grants from National Government

Description	2023-2024 Kshs	2022-2023 Kshs
Recurrent grants received	-	-
Capital grants realized (see note below)	260,000,000	-
In kind contributions/ donations	-	-
Total	260,000,000	-

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	2023-2024 Kshs	2022-2023 Kshs
Ministry/State Department	-	-	260,000,000	260,000,000	-
Ministry	-	-	-	-	-
Total	-	-	260,000,000	260,000,000	-

9. Finance Income

Description	2023-2024 Kshs	2022-2023 Kshs
Interest from Commercial Banks	324,568,161	225,601,328
Total	324,568,161	225,601,328

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Notes to the Financial Statements (Continued)

10. Other Income

	2023-2024	2022-2023
Description	Kshs	Kshs
Weigh bridge charges	19,432,645	18,690,083
Bagging and handling charges	38,757,423	26,787,905
Cleaning charges	4,522,556	1,771,435
Rental charges	489,505,109	434,913,133
Warehousing Receipt	13,687,611	6,499,689
Drying and fumigation	45,857,913	249,788,040
	611,763,257	738,450,286
(b) Agency services		
Gok agency remuneration	-	2,364,071
Agency commission from inputs	28,628,600	
	<u>28,628,600</u>	<u>2,364,071</u>
(c) Sundry income		
Insurance compensation	-	1,781,179
Sale of tender documents	4,000	160,482
Sale of obsolete materials	2,377,778	416,706
Other miscellaneous income	40,081,703	60,181,046
Other fee and charges	79,770,466	-
	<u>122,233,947</u>	<u>62,539,413</u>
Total	<u>762,625,804</u>	<u>803,353,770</u>

11. Other Gains and Losses

	2023-2024	2022-2023
Description	Kshs	Kshs
Gain on sale of fixed assets	1,141,214	(986,152)
Total	<u>1,141,214</u>	<u>(986,152)</u>

Notes to the Financial Statements (Continued)**12. Administration Costs**

	2023-2024	2022-2023
Description	Kshs	Kshs
Staff costs (note 12b)	1,259,459,020	1,085,271,722
Directors' emoluments (note 12c)	17,981,066	9,944,815
Entertainment	8,897,768	8,503,381
Conservancy, light and water	78,013,707	59,869,956
Consumable stores	10,780,763	6,906,297
Insurance	34,657,339	32,275,819
Land rents & rates and siding charges	34,442,837	23,810,136
Maintenance of machinery, furniture & equipment	83,511,474	62,207,319
Maintenance of building, fences, gates, roads and railway sidings	71,194,036	56,606,057
Postage, telegrams and telephone	22,618,451	24,670,303
Printing and stationery	23,545,505	12,510,843
Security expenses	114,852,400	95,149,422
Subscription & Nafaka Newsletter	1,605,053	1,419,757
Uniform and protective clothing	2,877,748	2,248,128
Donations	579,370	249,990
Bank charges	5,710,293	7,166,514
Audit fee	2,043,698	2,370,690
Legal and other professional fees	22,484,948	24,102,449
Provision for bad and doubtful debts	80,208,480	261,025,889
Depreciation	1,126,990,845	1,057,548,092
Amortization	8,075,127	7,187,006
Licences	19,888,219	-
Other Operating Expenses (note 12d)	174,762,911	149,427,344
Total	3,205,181,057	2,990,471,929

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Notes to the Financial Statements (Continued)

12b. Staff Costs

	2023-2024	2022-2023
Description	Kshs	Kshs
Salaries and wages	922,509,565	805,678,638
Board's contribution to PF and SSS	80,008,758	75,187,810
Board's contribution to NSSF	13,868,880	4,831,144
Medical expenses	99,644,407	96,500,687
Leave pay and gratuities	38,420,507	21,521,329
Welfare and training	105,006,903	81,552,113
	1,259,459,020	1,085,271,722

The average number of employees at the end of the year was:

	2023-2024	2022-2023
Permanent employees – management	451	446
Permanent employees – unionisable	142	154
Temporary and contracted employees	203	98
Total	796	698

12c. Director's expenses

	2023-2024	2022-2023
Description	Kshs	Kshs
Director's expenses	17,981,066	9,944,815
Total	17,981,066	9,944,815

12d. Other Operating Expenses

	2023-2024	2022-2023
Description	Kshs	Kshs
Fumigation expenses	10,198,865	4,651,458
Grain dryers operating costs	17,728,773	8,457,450
Commodity handlings costs	3,175,334	26,772,575
Hired transport (Non-commodities)	7,030,493	3,720,877
Travelling and subsistence	109,164,069	86,150,895
Vehicles running costs	27,465,377	19,674,089
Total	174,762,911	149,427,344

Notes to the Financial Statements (Continued)

13. Selling and Distribution Costs

	2023-2024	2022-2023
Description	Kshs	Kshs
Marketing and Promotional expenses (note 13b)	24,051,586	20,496,087
Other Selling and Distribution costs (note 13c)	6,439,717	264,250,394
Total	30,491,303	284,746,481

13b. Marketing and Promotional expenses

	2023-2024	2022-2023
Description	Kshs	Kshs
Advertising	4,474,942	2,922,948
Shows and exhibitions	19,576,644	17,573,139
Total	24,051,586	20,496,087

13c. Railway & Road transport costs

	2023-2024	2022-2023
Description	Kshs	Kshs
Railway & Road transport costs	6,439,717	<u>264,250,394</u>
Total	6,439,717	264,250,394

14. Finance Costs

	2023-2024	2022-2023
Description	Kshs	Kshs
Bank overdraft interest	20,991,257	30,305,751
Total	20,991,257	30,305,751

The sharp decline in Overdraft charges is as a result of discontinuing of charges on the facility

National Cereals and Produce Board
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Notes to the Financial Statements (Continued)

15. Operating Profit/ (Loss)

Description	2023-2024 Kshs	2022-2023 Kshs
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff Costs (Note 12b)	1,259,459,020	1,085,271,722
Depreciation of property, plant and equipment	1,126,990,845	1,057,548,092
Amortization of intangible assets	8,075,127	7,187,006
Provision for bad and doubtful debts	80,208,480	261,025,889
Directors' emoluments – fees	17,981,066	9,944,815
Other	174,762,911	149,427,344
Auditors' remuneration - current year fees	2,043,698	2,370,690
Net foreign exchange loss	0	0
Interest receivable	(324,568,161)	(225,601,328)
Interest payable	20,991,257	30,305,751
Rent receivable	(489,505,1090	(434,913,133)

16. Income Tax Expense/(Credit)

(a) Current taxation

Description	2023-2024 Kshs	2022-2023 Kshs
Current taxation based on the adjusted Profit for the year at 30%	0	0
Current tax: Prior Year Under/(Over) provision	59,355,968	0
Current year deferred tax charge	0	0
Prior Year Under-provision for deferred tax	0	0
Total	59,355,968	0

(b) Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

Description	2023-2024	2022-2023
	Kshs	Kshs
Profit before taxation	(894,521,665)	(1,723,292,532)
Tax at the applicable tax rate of 30%	0	0
Current tax	0	0
Prior Year Under-Provision	(59,355,968)	0
Tax effects of expenses not deductible for tax purposes	0	0
Tax effects of income not taxable	0	0
Tax effects of excess capital allowances over		
Depreciation/Amortization	0	0
Deferred tax Prior Year Over-Provision	0	0
Total	(59,355,968)	0

Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost or valuation								
At July 1, 2023	5,817,989,592	9,622,598,262	4,624,515,753	159,712,062	111,856,564	246,163,968	240,231,495	20,823,067,696
Additions	0	126,408,498	34,687,210	18,362,069	18,787,283	80,353,527	162,734,093	441,332,680
Transfers	0	0	0	0	0	0	(181,838,676)	(181,838,676)
Disposals	0	0	(405,000)	(1,241,500)	(153,448)	0	0	(1,799,948)
At June 30, 2024	5,817,989,592	9,749,006,760	4,658,797,963	176,832,631	130,490,399	326,517,495	221,126,912	21,080,761,752
Depreciation								
At July 1, 2023	232,117,867	1,140,794,302	1,716,945,068	103,741,544	57,860,730	19,785,749	-	3,271,245,260
Charge for the year	97,162,256	346,062,366	604,944,142	37,350,608	7,503,998	33,967,476	-	1,126,990,846
Impairment loss	-	-	-	-	-	-	-	0
Eliminated on disposal	0	0	(352,693)	(1,241,500)	(16,618)	0	-	(1,610,811)
At June 30, 2024	329,280,123	1,486,856,668	2,321,536,517	139,850,652	65,348,110	53,753,225	0	4,396,625,295
Net book value at June 30, 2024	5,488,709,469	8,262,150,092	2,337,261,446	36,981,979	65,142,289	272,764,270	221,126,912	16,684,136,457

The capital work in progress relates to Ongoing renovations and ICT upgrades

Notes To The Financial Statements (Continued)

Property, Plant and Equipment (Continued)

	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost or valuation								
At July 1, 2022	5,817,989,592	9,472,351,663	4,615,919,478	161,649,941	87,081,232	169,781,979	188,647,276	20,513,421,160
Additions	-	152,296,599	9,206,275	1,383,620	24,775,332	76,381,989	226,502,393	490,546,210
Transfers	-	-	-	-	-	-	(174,918,175)	(174,918,175)
Disposals	-	(2,050,000)	(610,000)	(3,321,500)	-	-	-	(5,981,500)
At June 30, 2023	5,817,989,592	9,622,598,262	4,624,515,753	159,712,062	111,856,564	246,163,968	240,231,495	20,823,067,696
Depreciation								
At July 1, 2022	139,609,656	806,437,923	1,137,325,332	77,439,301	43,810,823	12,233,501	-	2,216,856,536
Charge for the year	92,508,211	334,475,026	579,848,487	29,114,214	14,049,906	7,552,248	-	1,057,548,092
Impairment loss	-	-	-	-	-	-	-	-
Eliminated on disposal	-	(118,647)	(228,750)	(2,811,971)	-	-	-	(3,159,369)
At June 30, 2023	232,117,867	1,140,794,302	1,716,945,068	103,741,544	57,860,730	19,785,749	-	3,271,245,259
Net book value at June 30, 2023	5,585,871,724	8,481,803,961	2,907,570,684	55,970,518	53,995,835	226,378,219	240,231,495	17,551,822,437

Notes To The Financial Statements (Continued)

Valuation

PPE was valued by Sec & M Co. Ltd independent valuer on Fair value basis on May 2015, these amounts were adopted on July 2021

Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	5,817,989,592	329,280,123	5,488,709,469
Buildings	9,749,006,760	1,486,856,668	8,262,150,092
Plant And Machinery	4,658,797,963	2,321,536,517	2,337,261,446
Motor Vehicles, Including Motorcycles	176,832,631	139,850,652	36,981,979
Computers And Related Equipment	130,490,399	65,348,110	65,142,289
Office Equipment, Furniture, And Fittings	326,517,495	53,753,225	272,764,270
	20,859,634,840	4,396,625,295	16,463,009,545

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

	Cost Valuation	Normal Annual Depreciation charge
	Kshs	Kshs
Plant And Machinery	70,370,139	8,796,267
Motor Vehicles, Including Motor Cycles	88,765,457	22,191,364
Computers And Related Equipment	28,593,509	3,574,189
Office Equipment, Furniture And Fittings	38,764,147	4,845,518
Total	226,493,251	39,407,339

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Notes To The Financial Statements (Continued)

18.Intangible Assets

Description	2023-2024 Kshs	2022-2023 Kshs
Cost		
At July 1	91,971,535	85,424,092
Additions	37,218,630	6,547,443
Disposals	0	(0)
At June 30	<u>129,190,165</u>	<u>91,971,535</u>
Amortisation		
At July 1	<u>42,260,694</u>	<u>35,073,689</u>
Charge For The Year	8,075,127	7,187,006
Disposals	0	(0)
Impairment Loss	0	(0)
At June 30	<u>50,335,821</u>	<u>42,260,694</u>
Net Book Value		
At June 30	<u>78,854,344</u>	<u>49,710,841</u>

The intangible asset relates to Software acquired for various modules

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Notes To The Financial Statements (Continued)

19. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Local White maize	278,164	0
Beans	36,831,185	61,370
Asorted Seeds	26,483,980	20,023,970
Paddy	292,352,871	117,009,536
Local milled rice	42,190,478	15,334,907
Green Grams	84,931,296	93,345,080
Cow peas	729,130	729,555
Fertiliser	3,074,417,230	58,694,335
Packaging bags (Jute/pp)	534,371,490	536,878,920
Wheat	0	9,577,280
Total	4,092,585,824	851,654,953
Less: Provision for stock shrinkage (2.2%)	(30,592,543)	(21,671,787)
Net Trading stock	4,061,993,281	829,983,166

19b) Consumables

Stock of consumables	140,145,520	121,030,323
Less: Provision for obsolete consumable stock	0	0
Total	140,145,520	121,030,323
Total closing stock at year end	<u>4,202,138,801</u>	<u>951,013,488</u>

19c) Reconciliation of Impairment Allowance for Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	21,671,787	12,611,426
Additional provisions during the year	8,920,756	9,060,362
Written off during the year	0	0
At the end of the year	30,592,543	21,671,787

National Cereals and Produce Board
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Notes To The Financial Statements (Continued)

20.Trade and Other Receivables		
Description	2023-2024	2022-2023
	Kshs	Kshs
Trade receivable Note 20(b)		
Former Associated Company	160,078	160,078
Debtors for imported Wheat	35,933,464	35,933,464
Receivables	1,194,834,464	1,302,731,150
Staff Debtors	113,347,569	117,578,943
Sundry Debtors and Prepayments	<u>414,146,142</u>	<u>1,274,984,781</u>
Gross trade receivable	1,758,421,716	2,731,388,416
Provision for Bad And Doubtful Receivable	<u>(1,004,672,704)</u>	<u>(1,077,645,206)</u>
Net Trade Receivables	753,749,013	1,653,743,210
Other receivables		
Government Debtors – New Agency A/c	625,686,834	1,083,568,906
Note 20 (c)		
Government Debtors - MOA Fertilizer A/C	13,000,055,973	3,476,642,653
Note 20 (d)		
KNTC Fertilizer Ac Note 20 (e)	<u>962,788,026</u>	<u>135,264,890</u>
Total trade and other receivables	15,342,279,846	6,349,219,661

The provision for bad and Doubtful debts comprises the following:

Associated Companies	160,077.54	160,078
Debtors for imported Wheat	35,933,463.82	35,933,464
Receivables	796,008,361	804,100,612
Staff debtors	95,080,123	95,397,476
Sundry debtors	77,490,679	142,053,577
Total cumulative provision	1,004,672,704	1,077,645,206

20 (b) Trade Receivables

Gross Trade Receivables	1,758,421,716	2,731,388,416
Provision for Doubtful Receivables	<u>(1,004,672,704)</u>	<u>(1,077,645,206)</u>
Net Trade Receivables	<u>753,749,013</u>	<u>1,653,743,210</u>

At June 30, the ageing analysis of gross Trade Receivables was as follows:

Less than 30 Days	124,343,404	226,360,345
Between 30 and 60 Days	191,629,657	12,284,777
Between 61 and 90 Days	41,425,450	1,619,725
Between 91 and 120 Days	41,766,573	182,097
Over 120 Days	<u>1,359,256,631</u>	<u>2,490,941,472</u>
Total	<u>1,758,421,715</u>	<u>2,731,388,416</u>

Notes To The Financial Statements (Continued)

20 (c) Government Debtors – New Agency A/c

The breakdown of amounts outstanding in relation to each activity as well as remittances from Government during the year is summarized here below:

	Cumulative amounts Due KShs	Amounts Received KShs	Net bal. due 30th June. 2024 KShs	Net bal. due 30 th June 2023 KShs
(a) Strategic Grain Reserve (old A/c)				
Balance B/F	342,341,936	0	342,341,936	342,341,936
Direct expenses for the Period	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Sub Total	<u>342,341,936</u>	<u>0</u>	<u>342,341,936</u>	<u>342,341,936</u>
(b) Famine Relief Programme				
Balance B/F	(632,819,283)	0	(632,819,283)	(632,819,283)
Direct expenses for the Period	8,895,074	0	8,895,074	8,895,074
Commision charges	<u>939,852</u>	<u>0</u>	<u>939,852</u>	<u>939,852</u>
Sub Total	<u>(622,984,358)</u>	<u>0</u>	<u>(622,984,358)</u>	<u>(622,984,358)</u>
© GOK 17selected Depots for Famine Relief				
Balance B/F	191,916,638	0	191,916,638	191,916,638
Direct expenses for the Period	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Sub Total	<u>191,916,638</u>	<u>0</u>	<u>191,916,638</u>	<u>191,916,638</u>
(d) Strategic Grain Reserve (New A/c)				
Balance B/F	2,347,114,195		2,347,114,195	2,347,114,195
Direct expenses for the Period	1,616,342,083	2,000,000,000	-383,657,917	0
Storage charges	<u>78,956,828</u>	<u>0</u>	<u>78,956,828</u>	<u>0</u>
Sub Total	<u>4,042,413,106</u>	<u>2,000,000,000</u>	<u>2,042,413,106</u>	<u>2,347,114,195</u>
Total(a+b+c+d)	<u>3,953,687,322</u>	<u>2,000,000,000</u>	<u>1,953,687,322</u>	<u>2,258,388,411</u>
Less sales proceeds from sale of returned gunnies			<u>0</u>	<u>0</u>
			<u>1,953,687,322</u>	<u>2,258,388,411</u>
Provision for bad & doubtful debts			1,328,000,488	1,174,819,506
Net outstanding balance -30th June. 2024			<u>625,686,834</u>	<u>1,083,568,906</u>
(e) Provision for bad and doubtful debts on GOK agency relates to old debts which has been outstanding for long and is to be written off over a period of four years.				
Accumulated provision b/f			<u>1,174,819,506</u>	<u>998,785,941</u>
Provision for the period			<u>153,180,982</u>	<u>176,033,565</u>
Total provision as at 30th June 2024			<u>1,328,000,488</u>	<u>1,174,819,506</u>

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Notes To The Financial Statements (Continued)

20 (d) Government Debtors - MOA Fertilizer A/C

During the year the Board handled and sold assorted quantities of fertilizers at subsidized price and the outstanding subsidy from GOK is as shown below.

	2023-2024	2022-2023
	Kshs	Kshs
Balance B/F	<u>3,476,642,653</u>	<u>4,735,666,409</u>
Add cost for the year	24,361,150,876	2,679,924,144
	<u>27,837,793,529</u>	<u>7,415,590,553</u>
Less: Amount received during the year	(14,837,737,556)	(3,938,947,900)
Balance due from GOK	<u>13,000,055,973</u>	<u>3,476,642,653</u>

20 (e) KNTC

During the year the Board handled and sold assorted quantities of fertilizers at subsidized price and the outstanding amount from KNTC is a KShs **962,788,026** as analysed below

	2023-2024	2022-2023
	Kshs	Kshs
Balance B/F	135,264,890	0
Add cost for the year	5,075,656,636	268,633,510
	<u>5,210,921,526</u>	<u>268,633,510</u>
Less: Amount received during the year	(4,248,133,500)	(133,368,620)
Balance due from KNTC	<u>962,788,026</u>	<u>135,264,890</u>

21. Tax Recoverable

Description	2023-2024	2022-2023
	Kshs	Kshs
At beginning of the year	37,399,491	18,468,406
Income tax charge for the year (Note 16)	0	0
Under/(Over) Provision in prior year (Note 16)	(59,355,968)	0
Income tax paid during the year	<u>79,678,530</u>	<u>18,931,085</u>
At end of the year	57,722,053	37,399,491

The amount was in relation to withholding taxes remitted at source during the period

Notes To The Financial Statements (Continued)

22. Bank and Cash Balances

The amount of Kshs 4,649,039,248 represents bank balances and cash in hand held in the Board's Cash Offices at Head Office and Cash in transit as at 30th June 2024.

Description	2023-2024	2022-2023
	Kshs	Kshs
Cash at bank	4,633,742,084	3,616,688,775
Cash in hand	15,297,164	801,360
Cash in transit	0	845,779
Total	<u>4,649,039,248</u>	<u>3,618,335,914</u>

The bulk of the Cash at Bank was held at Cooperative Bank and KCB Bank

Detailed analysis of the cash and cash equivalents

Description		2023-2024	2022-2023
Financial institution	Account number	Kshs	Kshs
a) Current Account			
Several Bank Accounts (KCB, Coop bank, Consolidated bank and National Bank)	APPENDIX VII	2,133,738,564	1,116,688,775
a) b) Staff car Loan		0	0
b) c) Fixed deposits		2,500,003,520	2,500,000,000
c) d) Others			
Cash in transit		0	845,779
Cash in Hand		0	0
M-pesa Account		15,297,164	801,360
Sub- Total		<u>4,649,039,248</u>	<u>3,618,335,914</u>
d) e) Bank Overdraft		0	(5,035,677,857)
Total cash and cash equivalents		<u>4,649,039,248</u>	<u>(1,417,341,943)</u>

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Notes To The Financial Statements (Continued)

23.Capital Fund

Description	2023-2024	2022-2023
	Kshs	Kshs
Balance B/F	<u>6,304,142,172</u>	<u>6,304,142,172</u>

24.Revaluation Reserve

The revaluation reserve relates to the revaluation of items of property, plant, and equipment carried out in the year 2015 and incorporation of the new values of assets resulted to a net revaluation gain of Kshs 14,233,513,389 and together with brought forward balance increased revaluation reserve to Kshs 23,822,936,182

25.Retained earnings

The Board recorded a Net Operating Loss of Kshs. 992,328,737 during the period under review on its commercial activities. The Loss has been transferred to the Revenue Reserves Account leaving a debit balance of Kshs. 16,740,182,072 as shown below;

	2023-2024	2022-2023
	Kshs	Kshs
Balance B/F	<u>(15,747,853,335)</u>	<u>(14,024,560,803)</u>
Net loss/profit for the period	<u>(992,328,737)</u>	<u>(1,723,292,532)</u>
	<u>(16,740,182,072)</u>	<u>(15,747,853,335)</u>

26.Bank overdraft

The Board had a standby overdraft facility of Kshs.615 million with the Kenya Commercial Bank Limited to supplement working capital. The balances as at 30th June 2024 were as follows: -

	2023-2024	2022-2023
	Kshs	Kshs
Main Bank A/c	<u>0</u>	<u>5,035,677,857</u>

Notes To The Financial Statements (Continued)

27. Borrowings

Description	2023-2024 Kshs	2022-2023 Kshs
a) External borrowings		
Balance at beginning of the year	0	0
External borrowings during the year	0	0
Repayments of during the year	(0)	(0)
Balance at end of the year	0	0
b) Domestic borrowings		
Balance at beginning of the year	0	0
Domestic borrowings during the year	4,350,000,000	0
Repayments during the year	(552,006,300)	(0)
Balance at end of the year	3,797,993,700	0
Balance at end of the period- domestic and external borrowings c = a+b	3,797,993,700	0

The analyses of both external and domestic borrowings are as follows:

Description	2023-2024 KShs	2022-2023 KShs
External borrowings		
Dollar denominated loan from 'x organisation'	0	0
Sterling pound denominated loan from 'y organisation'	0	0
Euro denominated loan from Z organisation'	0	0
Domestic borrowings		
Kenya shilling loan from KCB	3,797,993,700	0
Kenya shilling loan from Barclays bank	0	0
Kenya shilling loan from Consolidated bank	0	0
Total balance at end of the year	3,797,993,700	0

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Notes to the Financial Statements (Continued)

Description	2023-2024	2022-2023
	Kshs	Kshs
Short term borrowings (Current Portion)	3,797,993,700	0
Long term borrowings	0	0
Total	3,797,993,700	0

28.Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

Description	2023-2024	2022-2023
	Kshs	Kshs
Accelerated capital allowances	0	0
Unrealised exchange gains/(Losses)	0	0
Revaluation surplus	0	0
Tax losses carried forward	(0)	(0)
Provisions for liabilities and charges	(0)	(0)
Net deferred tax liability	0	0

The movement on the deferred tax account is as follows:

Description	2023-2024	2022-2023
	Kshs	Kshs
Balance at beginning of the year	0	0
Credit to revaluation reserve	(0)	(0)
Under Provision in Prior Year	0	0
Income Statement Charge/(Credit)	0	0
Balance at end of the year	0	0

Notes to the Financial Statements (Continued)

29.Trade and Other Payables		
Description	2023-2024	2022-2023
	Kshs	Kshs
Trade payables	13,244,850,572	526,366,632
Creditors – owing to farmers	350,992,379	516,677,240
Creditors – staff	2,323,338	2,247,598
Sundry creditors and provisions	2,077,233,118	203,426,127
GOK on fertilizer Sales Note 29b	2,824,564,733	2,824,564,732
GOK on past market intervention Note 29c	174,063,028	174,063,028
GOK Agency Programme (Old A/c) Note 29d	143,195,039	143,195,039
GOK on SGR Maize sales Note 29e	3,787,292,972	3,787,292,972
Total	22,604,515,179	8,177,833,369

29b Creditors - Due to GOK – Fertilizer Sales

Balance B/F	2,824,564,733	2,824,564,732
Sales for the year	<u>0</u>	<u>0</u>
	2,824,564,733	2,824,564,732
Less: Remittances	<u>(0)</u>	<u>(0)</u>
Amount owed to GOK at year end	<u>2,824,564,733</u>	<u>2,824,564,732</u>

29c Government market Intervention A/c

The balance in this account relates to 1994/1995 maize intervention and subsequent maize export transactions in 1995/95 and 1996/97. As at Balance sheet date there was still a retained surplus of Kshs 174,063,028 to be offset against other GOK debts which are still under review as shown below,

	2023-2024	2022-2023
	Kshs	Kshs
Balance due to GOK as at year end	<u>174,063,028</u>	<u>174,063,028</u>

29d Government Agency Account- operating Results (Old Account)

Prior to liberalization in grain marketing in December 1993 the Board used to receive cereals from overseas under either Food Aid or Loan Programs on behalf of the Government of Kenya. A formal Agency Agreement that is still in force was entered into on 18th January 1990 between the GOK and the Board. The agreement stipulated terms and conditions as well as the accountability procedures to be observed by the Board for these commodities. An Agency Commission of 8% of sales value was charged to meet the Board's management and overhead costs. The balance held on behalf of the Government as at 30th June 2020 remained the same as in previous year.

	2023-2024	2022-2023
	Kshs	Kshs
Balance due to GOK as at year end	<u>143,195,039</u>	<u>143,195,039</u>

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Notes to the Financial Statements (Continued)

29e Creditors – Due to GOK on SGR maize sales

	2023-2024	2022-2023
Balance B/F	3,787,292,972	3,787,292,972
Sales for the year	0	0
	3,787,292,972	3,787,292,972
Less: Remittances	(0)	(0)
Balance due to Gok at period end	<u>3,787,292,972</u>	<u>3,787,292,972</u>

30. Tax payable

NCPB is a taxable organization and Income Tax Returns have been filed with the Commissioner of Income Tax up to the year of income ended 30th June 2024, which reflected a cumulative taxable loss amounting to Kshs. 16,701,730,968. However, Kshs 964,765,588 represents VAT arrears payable to KRA on provision of agencies services to GOK.

31. Notes to The Statement of Cashflows

- (a) Reconciliation of operating profit/ (loss) to
Cash generated from/ (used in) operations

	2023-2024	2022-2023
	Kshs	Kshs
Operating profit	(992,328,737)	(1,723,292,532)
Add back		
Depreciation	1,126,990,846	1,057,548,092
Amortisation	8,075,127	7,187,006
Provision for Stock Shrinkage	8,920,757	9,060,363
Provision for bad and doubtful debts	80,208,480	261,025,889
Disposal of Fixed asset	(1,799,948)	(5,981,500)
Operating profit/(loss) before working capital changes	<u>230,066,525</u>	<u>(394,452,684)</u>
(Increase)/decrease in Trade debtors and other receivables	(9,093,591,228)	146,610,781
(Increase)/decrease in inventories	(3,260,046,070)	(2,355,554)
Increase/(decrease) in trade and other payables	14,426,681,811	(264,060,540)
Increase/(decrease) in Bank Loan	3,797,993,700	(0)
Cash generated from/(used in) operations	<u>6,101,104,738</u>	<u>(514,257,996)</u>

(b) Analysis of cash and cash equivalents

Cash at bank	4,633,742,084	3,616,688,775
Cash in hand	15,297,164	801,360
Cash in Transit	0	845,779
Bank Overdraft	0	(5,035,677,857)
Cash and cash equivalent at year end	<u>4,649,039,248</u>	<u>(1,417,341,943)</u>

Notes to the Financial Statements (Continued)

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32.Related Party Disclosures

Transactions with related parties:

(a)Sales to related parties:

	2023-2024	2022-2023
	Kshs	Kshs
Sales to government Parastatals	0	0
Sales to county Governments	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>

(b)Expenses incurred on behalf of related party:

Payment of salaries and wages	<u>0</u>	<u>0</u>
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(c) Key Management Compensation

Directors Expenses	17,981,066	9,944,815
Compensation to Key Management staff		
Total	<u>17,981,066</u>	<u>9,944,815</u>

33.Contingent Liabilities

	2023-2024	2022-2023
Bank guarantees	16,414,000	1,003,750,000
Legal claims against the Board	<u>422,261,719</u>	<u>422,261,719</u>
Total	<u>438,675,719</u>	<u>1,426,011,719</u>

The Board had contingent liabilities amounting to Kshs. 438,675,719 as at 30th June 2024 due to pending disputes with suppliers of goods and services, together with other individuals who have filed court cases against the Board for various reasons. The amount also include Bank guarantees outstanding by close of the financial year

34. 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. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

i. Credit risk

The Board has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The receivables that are past due date relate to trade receivables overdue between 30-120 days. The receivables are not impaired and continue to be paid, however a provision for bad and doubtfully debts is provided and is dealt with in the Income statement.

The board of directors sets the company'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 Board'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 by maintaining adequate reserves (cash and bank balance), reserve borrowing facilities by through continuous monitoring of forecasts and actual cash flows and matching the maturity profiles of financial assets with liabilities.

iii. Market risk

The board has put in place an internal audit and Compliance function to assist it in assessing the risk faced by the entity 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 Board'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. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company'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 Board's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Board 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. The effect of such transactions are minimal because they are few, however the result is dealt with in the income statement either as a loss or a gain.

b) Interest rate risk

Interest rate risk is the risk that the Board's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank interest rate charge on short borrowing. Since the Board working capital has been significantly eroded, it is forced to rely on expensive short-term borrowing from banks but on negotiated terms. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's borrowings.

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rate charges and with negotiable terms.

iv. Capital Risk Management

The objective of the Board'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:

	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	23,822,936,182	23,822,936,182
Retained earnings	(16,740,182,072)	(15,747,836,127)
Capital reserve	6,564,142,172	6,304,142,172
Total funds	13,646,896,282	14,379,242,226
Total debt	27,367,274,467	14,178,276,814
Less: cash and bank balances	(4,649,039,248)	(3,618,335,914)
Net debt/ (excess cash and cash equivalents)	22,718,235,219	10,559,940,900
Gearing	166%	73%

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35.Incorporation

The Board is incorporated in Kenya under the Act of Parliament is domiciled in Kenya.

36.Events After The Reporting Period

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

37.Currency

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

22. Appendices

Appendix 1: Implementation Status of Auditor-General prior year recommendations

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

We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Procurement of 40,000 Metric Tons of Maize As previously reported, The Board entered into a fixed sum contract Kshs. 730,968,000 on 26th November with a company on 26 November 2004 for the supply 40,000 MT of white maize at US Dollars 229 per MT which was not executed. The supplier sought for arbitration with Kenya Chapter, Institute of Chartered Arbitrators and in July the 2009 was awarded US\$ 3,106,000 for breach of contract. On appeal by the	The above matter relates to a contract between NCPB and Erad Suppliers & General Contracts for supply and delivery of 40,000 MT of imported maize for purposes of replenishing Strategic Grain Reserves during the drought during 2001/2002 FY. The Supplier failed to deliver the maize within two weeks as envisaged in the contract. The Supplier thereafter referred the matter to an arbitrator citing breach of contract for failing to open a Letter of Credit (LC). NCPB acted as an agent of the Government in the importation of maize. The Supplier claimed that the Government should have availed funds to NCPB for opening the LC being the	John Ngetich Board Secretary	Not resolved	Ruling made in favour of NCPB but appealed thus the appeal Case is ongoing

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Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Board, the award was increased to US\$ 6,140,859 being equivalent to Kshs. 552,677,382 of which an amount of Kshs. 264,864,285 has been settled leaving a balance of Kshs. 251,499,614. Although the case is pending in court awaiting its hearing and determination, it is not however, possible to ascertain the extent of the liability that may arise as a result of the claim in question.	principal. The matter was heard by the arbitrator who awarded the supplier USD 3,106,000 together with interest of 12%. The Board appealed against the award at the High Court, however the court declined to set aside the award but finally advised that the Court of Appeal was the only avenue NCPB court use to set aside the award. The appeal has been on-going with the application by EACC to be enjoined in the case and to present additional evidence was heard and the court enjoined them but directed that the additional evidence is heard on priority basis. In the event the court of Appeal allows the appeal, the arbitral award will be set aside and directions given by the court on the next course of action. The Board shall therefore apply for restitution for funds confiscated and assets taken during the attachment.			

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Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		If the court dismisses the appeal, the Board shall pay the balance of the decretal sum which will then be passed to the Government. The SFR Board is regularly updated on the matter Current Position The court is the only authority which can finally address the amount payable if any or the amount due to the Board if the award is set aside. We wish to clarify that the Kshs. 314 million was collected through garnishee process where the Board's bankers were compelled to freeze the NCPB's bank accounts and transmit the funds to Erad as directed by the court. The matter came up for hearing on 1st March 2017 for the hearing of the additional evidence by EACC. However two Judges requested to recuse due to relationship with the Respondent and the other having previously acted for the Respondent. The court directed that a new hearing be fixed			

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Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		on priority basis before the bench which allowed the additional evidence to be introduced. It is therefore prudent that all cost be accumulated under GoK agency account until such a time the final verdict is issued.			
2.	Current Liabilities i) Taxation As previously reported in the previous year, Included also in the current liabilities balance of Kshs.10,826,182,855 as at 30th June 2016 is an amount of Kshs.964,765,588 in respect of Value added tax arrears payable to Kenya Revenue Authority on provision of agencies services to the government. This figure includes Kshs. 410,092,367 tax that has remained outstanding since 2002. This amount continues to attract penalties and interest	During their routine tax audits, Kenya Revenue Authority (KRA) indicated that GoK agency services rendered by NCPB are subject to Value Added Tax (VAT) and the SGR Trustees were advised to either seek exemption from Treasury or budgetary provision to pay the tax amount. Several attempts were made to seek exemption from Treasury and eventually the National Treasury through letter ref. DFN 415/411/01 dated 7th February 2013 clarified that agency services are subject to VAT and therefore NCPB should comply with the law. The parent ministry was advised to seek budgetary provision to cover the VAT arrears. NCPB complied immediately by incorporating VAT on all invoices for agency services with effect from 1st January 2013. However VAT assessment for period 2001 to 2012	MD	Not resolved	2024-2025 FY We expect KRA to response to our request as per MOALF recommendation.

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Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	that have not been assessed and incorporated in the financial statements.	which was not charged remained unresolved which stood at Kshs(1.8 billion(made up of principal and penalties and interest) Subsequently KRA issued an agency notice dated 24th April 2013 to all NCPB bankers to recover the tax arrears component for the period 2010 to 2012 amounting to Kshs. 464,430,643.61. The agency notice was enforced and Kshs. 54,338,277.00 taken from NCPB bank accounts leaving a balance of Kshs.410,092,367. The PS – MOALF intervened to have the bank account unfrozen and further appealed to Treasury to provide funds to cover the tax arrears. The matter was referred to the Strategic Food Reserve Oversight Board who accepted to take the responsibility for the VAT arrears on agency services. The PS-MOALF wrote to KRA on 22nd March 2016 proposing a repayment plan for the principal VAT arrears as approved by SFR Board of KShs. 964.77 million in 3 instalments. However vide their letter dated 6th April 2016, KRA wrote indicating that the payment plan had been rejected indicating			

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Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		that the full settlement should be within a period of twelve months and threatened to effect recovery action. Current Status Following several appeals by NCPB for the matter to be resolved on one hand and efforts by KRA to enforce collection measures on the other hand that resulted into a Notice of distress detaining goods and chattels, the National Assembly Departmental Committee on Agriculture Livestock and Cooperatives took up the matter with a view of finding an amicable solution. The Committee in its sitting on 14th June 2016 directed the CS MOALF and CS National Treasury to meet and find a solution to the matter. They reported back to the Committee on 30th June 2016 where it was agreed that the best option was abandonment of the tax due to difficulty in paying as the budget provision for SFR have reduced substantially.			

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Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)								
		As guided by Commissioner General (KRA), NCPB made a formal request for abandonment vide letter Ref: NCPB/CONF/1/2 dated 5th July 2016 to KRA and the outcome is being awaited. A follow up was made by the PS MOALF vide letter Ref.MOA/LCD/9/4/2/VOL.1V letter dated 6th October 2016. Following the above development where the SGR Board owned up the tax responsibility and the subsequent resolution by the National Assembly Departmental Committees on Agriculture and Co-operatives for abandonment, the entire tax amount will be reversed from NCPB books of account once the approval is granted.	John M Gichuru GMFA	Not Resolved									
3.1	Debtors and Prepayments The Debtors and prepayments balance of Kshs. 545,036,971 as disclosed under Note 6 to the Financial statement includes trade debtor balances totaling Kshs. 753,589,267 representing 72% of	We wish to clarify that the amount of Kshs. 987,193,951.00 indicated as older than four years was for 30th June 2015. As at 30th June 2016 the balance outstanding had reduced to KShs. 753,589,267.00 as summarized below:- <table><tr><th>CATEGORY</th><th>AMOUNT (KSHS)</th><th>AMOUNT (KSHS)</th><th>MANAGEMENT</th></tr><tr><td></td><td></td><td></td><td></td></tr></table>	CATEGORY	AMOUNT (KSHS)	AMOUNT (KSHS)	MANAGEMENT					John M Gichuru GMFA	Not resolved	30/06/2025
CATEGORY	AMOUNT (KSHS)	AMOUNT (KSHS)	MANAGEMENT										

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Ref No.	Issue / Observations from Auditor	Management comments				Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	trade debtors that have been outstanding for more than four (4) years. Although a cumulative bad debts provision of Kshs. 943,557,914 has been provided for in the financial statements, it has not been possible to confirm whether and if so, when the Board will be able to recover the amounts. No action appear to have been taken to ensure recovery of the debts.		30/06/2015	30/06/2016	ACTIO N			
		Debts recommende d for write off	628,084,650	628,084,650	Board's approval for write off			
		Debts Under Litigation	56,934,695	56,934,695	Cases in Court			
		Collectable Debts	302,174,606	68,569,922	The balance is being pursued			
		Total	987,193,951	753,589,267				
		The management will be presenting recommendations for write off to the Board Members for approval once the write-off policy is approved.						

Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)									
		That notwithstanding, NCPB has vigorously been pursuing payments of debts including taking legal action against defaulters and currently cases involving Kshs.56.9 million are under litigation. Goods and properties for other defaulters especially for rental arrears have been confiscated and will be sold to defray outstanding rental arrears. However as a prudent measure, NCPB has provided Kshs.943 million as provision for doubtful debts.												
3.2	Government Debtors Agency As previously reported, Government Agency Account balance of Kshs. 2,961,873,689 as at 30th June 2016 still includes brought forward figures of Kshs. 342,341,936 and Kshs. 191,916,638 relating to Strategic Grain Reserve programme – old account and GOK 17 selected depots for old account Famine Relief respectively, both of which have remained unpaid for over 17	The outstanding debts are old debts amounting to Kshs.534.26 million as shown below: - <table><tr><td></td><td>Old Debts</td><td>Kshs</td></tr><tr><td></td><td>Cost of Reserved Capacity & Wheat Market Intervention</td><td></td></tr><tr><td>i)</td><td>Account on SGR</td><td>342,341,936</td></tr></table>		Old Debts	Kshs		Cost of Reserved Capacity & Wheat Market Intervention		i)	Account on SGR	342,341,936	John M Gichuru GMFA	Not Resolved	30/06/2025
	Old Debts	Kshs												
	Cost of Reserved Capacity & Wheat Market Intervention													
i)	Account on SGR	342,341,936												

National Cereals and Produce Board

Annual Report and Financial Statements for the year ended June 30, 2024

Ref No.	Issue / Observations from Auditor	Management comments			Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	years. It has not been possible to confirm whether and if so, the Board will be able to recover the amounts. No provision for bad debts has been made in this regard.		17 G.O.K Depots reserved for ii) Famine Relief Programme 191,916,638 Total 534,258,574				
		A Committee was constituted comprising officer from MOALF, MOD&P, Treasury and NCPB who went through all NCPB claim. However the final report was not issued to allow implementation of the recommendations. The matter will be finalized once a committee to relook at the claims is reconstituted. However as a prudent measure the management has provided Kshs 280 million as provision for doubtful debts.					
4.1	Storage Facilities As previously reported, and as disclosed under Note 5 to the financial statements property, plant and equipment balance of Kshs. 7,054,477,805 602) as at 30th June 2016 still includes fifty five (55) donor funded storage facilities whose	4.1 Storage Facilities It is true that included in the Fixed Asset Register of the Board are fifty five (55) donor funded storage facilities which have not been formally transferred to the Board. As stated in our previous responses, the issue of transfer of fifty (55) donor storage facilities was to be addressed as part of asset divestiture programme. However, the asset divestiture and review of legal framework are the two					

National Cereals and Produce Board

Annual Report and Financial Statements for the year ended June 30, 2024

Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	ownership has not been clarified. Although in its sitting on 11 th August 1998, the Public Investment Committee directed both the parent Ministry and Treasury to look into the matter with a view to formerly transferring the facilities to the Board, no progress appears to have been recorded as at the date of this report.	pending commercialization reform actions, which were left outstanding in previous restructuring programme. The Board has been following this matter with the Government with a reminder done vide letters Ref: NCPB/CONF/1/9 dated 21st February 2017 and 29th November 2016. The National Treasury had in their letter Ref: ZZ 40/64/011 dated 20th December 2013 sought to know whether vesting orders had been issued by the Government being the legal instrument for transfer of assets to the Board. The National Treasury further noted that the Board was undergoing restructuring and the preliminary proposal indicated that it may be split into three entities meaning that the Board will not exist in its current form. It therefore recommended that the transfer of the storage facilities be held in abeyance until such time that it is clear to which entity the facilities will be transferred to. Current Status			

National Cereals and Produce Board

Annual Report and Financial Statements for the year ended June 30, 2024

Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																		
		NCPB has since followed up with the MOALF seeking update on the current status of issuance of vesting orders for the 55 donor funded projects. This has been done vide letter ref: NCPB/CONF/1/9 dated 29 th November 2016 and 21 st February 2017 respectively. Following a meeting held at the Treasury on 1 st March 2017 between National Treasury officers and NCPB to discuss this matter, additional information and documents were sought and have since been submitted vide letter ref: NCPB/CONF./1/9 dated 1 st March 2017 and 31 st March 2017 respectively (attached as Annex XIII(a) & XIII(b)). We are awaiting for feedback from National Treasury.																					
4.2	Land As previously reported, the property, plant and equipment figure of Kshs. 7,054,477,805 also includes thirty seven (37) parcels of land that have been costed at Kshs.54,383,887 that do have title deeds. Information available, indicates that some of the parcels are	There are thirty one (31) plots whose title documents have not been acquired by the Board. The matrix below is a summary of the current status of title acquisition for the thirty one (31) plots:- <table><tr><th></th><th>SUMMARY</th><th>CURRENT STATUS</th></tr><tr><td>A.</td><td>Under Various County Offices</td><td>20</td></tr><tr><td>B.</td><td>Under Lease Extension</td><td>3</td></tr><tr><td>C.</td><td>Under Land Registrar</td><td>3</td></tr><tr><td>D.</td><td>Under Kenya Railways</td><td>5</td></tr><tr><td></td><td>Total Plots</td><td>31</td></tr></table>		SUMMARY	CURRENT STATUS	A.	Under Various County Offices	20	B.	Under Lease Extension	3	C.	Under Land Registrar	3	D.	Under Kenya Railways	5		Total Plots	31	Veronica Mapesa Corporation Secretary and head of legal services	Not Resolved	30/06/2025
	SUMMARY	CURRENT STATUS																					
A.	Under Various County Offices	20																					
B.	Under Lease Extension	3																					
C.	Under Land Registrar	3																					
D.	Under Kenya Railways	5																					
	Total Plots	31																					

National Cereals and Produce Board

Annual Report and Financial Statements for the year ended June 30, 2024

Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	leased from Kenya Railways Corporation. The above situation is indicative of significant impairment on some of the properties. Consequently, it is not possible to ascertain the accuracy of property, plant and equipment balance of Kshs. 7,054,477,805 reflected in the financial statements.	The details are specified below: - a) Under Various County Offices • Ndanai: Awaiting Ground Status Report, Survey Plan, and Physical Planning Report for issuance of title deed (1 month remaining). • Narok/CIS-Mara (Morijo): Group Ranch leaders to seek member approval for excision of 20 acres; timelines depend on approvals. • Kacheliba: Awaiting facilitation for site visit; adjudication process expected to conclude in 3 months. • Mulot: Land survey in progress; title deed preparation expected to conclude in 3 months. • Doldol: Adjudication ongoing; title deed process to take 1 month post-agreement. • Muhuru Bay: Physical planning, survey, and title deed preparation expected to conclude in 3 months. • Iten Plot A & B: Encroachment issues being addressed; title deed preparation to take 1 month after vacant possession. • Embu Majengo: Survey data submitted; Certificate of Lease to be finalized in 1 month. • Malava: Title deed preparation in progress; expected completion in 2 months.			

National Cereals and Produce Board

Annual Report and Financial Statements for the year ended June 30, 2024

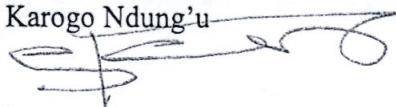
Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		- Ntimaru: Planning and title deed preparation expected to conclude in 3 months. - Bungoma (Plots 484, 485, 491): Ground Status Report completed; issuance of allotment letters and title deeds expected in 3 months. - Nyeri Blue Valley: Physical planning and survey expected to conclude in 3 months. - Murang'a: Awaiting resolution of court case. - Maua: Ground Status Report and title deed preparation expected to conclude in 3 months. - Embu: Physical planning and survey expected to conclude in 3 months. - Garsen: Pending Part Development Plan approval; title deed preparation to take 3 months. - Mandera: Title deed preparation to conclude in 1 month. b) Under Lease Extension - Turbo 6038/82: Lease term renewal; allotment letter issuance and Certificate of Lease preparation expected to conclude in 3 months. - Butere/47 & 48: Re-survey in progress; Certificate of Lease preparation expected by March 2024.			

National Cereals and Produce Board
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Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		c) Under Land Registrar - Nakuru Cyprus Bins: Provisional Certificate of Lease expected after 60 days of advertisement and 1 month for processing. - Olkalou: Planning and title deed process to conclude in 4 months. - Kericho LR No. 631/2495: Certificate of Lease preparation expected in 2 months. d) Under Kenya Railways - Ainabkoi: Awaiting Offer Letter from Kenya Railways. Nyahururu (Plots 6585/338, 340, 341, 349):			

Name: Samuel Karogo Ndung'u

Signature:



Accounting Officer

Managing Director

Date: 9th December 2024

National Cereals and Produce Board
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Appendix II: Projects implemented by (*The Entity*)

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

Appendix III: Inter-Entity Transfers

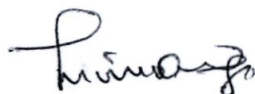
	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

	Break down of Transfers from the State Department of Agriculture and Devolution and Planning			
	FY 2023/2024			
Date	Received From	Receipt No.	Amount (KShs)	The purpose and FY to which the amounts relate

The above amounts have been communicated to and reconciled with the respective Ministries

Head of finance

NCPB

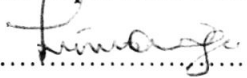


Head of Accounting Unit

Ministry of Agriculture

National Cereals and Produce Board

Annual Report and Financial Statements for the year ended June 30, 2024

Sign 

Sign.....

Head of Accounting Unit

Ministry of Devolution and National Planning

Sign.....ⁱ

Appendix IV: Transfers From Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - Kshs	Statement of Financial Performance	Where Recorded/Recognized				Others - must be specific	Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables			
Ministry of Planning and Devolution		Recurrent								
Ministry of Planning and Devolution		Development								
USAID		Donor Fund								
Ministry of Planning and Devolution		Direct Payment								
Total										

Appendix V- Inter-Entity Confirmation Letter

*[Insert your Letterhead]**[Insert name of beneficiary entity]**[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 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 <i>[Insert name of beneficiary entity]</i> as at 30 th June 2022							
		Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received	
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)	by [beneficiary entity] (Kshs) as at 30 th June 2021 (E)	Differences (Kshs) (F)=(D-E)

Annual Report and Financial Statements for the year ended 30th June 2024

Total							

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

Head of Accountants department of beneficiary entity:

Name Charles Onuagwu Sign [Signature] Date 14/12/24

National Cereals and Produce Board
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Appendix VI: Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Appendix VII: Disaster Expenditure Reporting Template

Date:						
Entity						
Period to which this report refers (FY)	Year				Quarter	
Name of Reporting Officer						
Contact details of the reporting officer:	Email				Telephone	
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-program me	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

APPENDIX VII

NATIONAL CEREALS AND PRODUCE BOARD LIST BANK ACCOUNTS		
Account Number	Account Name	BALANCE
KCB BANK ACCOUNTS		
1101623535	Main Bank A/C-Nakuru	1,042,511.04
1101754389	SMPA Bank-Nakuru	5,351.32
1101754737	Main Bank A/C-Subukia	219,820.00
1101824859	Main Bank A/C-Kendu Bay	305,831.96
1101825022	Main Bank A/C-Homa Bay	345,327.70
1101837284	Main Bank A/C-Kakamega	201,862.12
1101838051	Main Bank A/C-Hamisi	138,082.90
1101838914	Main Bank A/C-Chavakali	885,845.80
1101844469	Main Bank A/C-Solai	179,661.32
1101844604	Wheat Bank-Nakuru Wheat	1,803.50
1101921978	Main Bank A/C-Kisii	1,624.87
1101922141	Main Bank A/C-Kilgoris	442,232.25
1101995882	Main Bank A/C-Kiganjo	155,138.90
1102020923	Main Bank A/C-Narok	1,544,184.29
1102081531	Main Bank A/C-Malaba	254.41
1102084468	Main Bank A/C-Lessos	39,709.10
1102085634	Main Bank A/C-Mosoriot	214,682.25
1102087394	Main Bank A/C-Nyahuhuru	1,280,652.45
1102221716	Main Bank A/C-Olkalou	40,246.77
1102276464	Main Bank A/C-Thika	1,259.70
1102290599	Main Bank A/C-Kilifi	54,940.17
1102495158	Main Bank A/C-Kipkarren Salient	1,095,103.40
1102587826	Main Bank A/C-Nairobi - GCP	56,615.74
1102589160	Main Bank A/C-Embakasi Silos	39,474.43
1102655783	Main Bank A/C-Marsabit	52,109.33
1102843490	Main Bank A/C-Kibwezi	505,732.52
1102872695	Main Bank A/C-Embu	1,410,396.38
1103061321	Main Bank A/C-Mwingi	5,620,915.06
1103170457	Main Bank A/C-Nanyuki	198,953.11
1103530305	Main Bank A/C-Kericho	122,953.63
1103530674	Main Bank A/C-Kipkelion	513,292.33
1103640283	Main Bank A/C-Kedowa	98,840.75
1103664298	Main Bank A/C-Marigat	713,318.00
1103666940	Main Bank A/C-Kabarnet	109,240.25
1103870467	Main Bank A/C-Loitokitok	11,999.55

National Cereals and Produce Board

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1103977628	Main Bank A/C-Mwea	6,448,304.70
1103982826	Main Bank A/C-Mandera	77,284.55
1104024977	Main Bank A/C-Yala	49,249.23
1104026694	Main Bank A/C-Kisumu	374,116.80
1104063263	Main Bank A/C-Muhoroni	8,440.46
1104064057	Main Bank A/C-Fort Ternan	104,966.00
1104156334	Main Bank A/C-Meru	414,654.79
1104252333	Main Bank A/C-Naivasha	230,217.30
1104413493	Main Bank A/C-Maralal	356,671.95
1104605848	Main Bank A/C-Hola	3,777,513.92
1104816407	Main Bank A/C-Mokowe	475,280.75
1105186113	Main Bank A/C-Butere	143,939.79
1105192350	Main Bank A/C-Wajir	324,470.39
1105195414	Main Bank A/C-Kitale	6,806.74
1105196011	SMPA Bank-Kitale	2,403,095.15
1105199711	Main Bank A/C-Moi's Bridge	675,007.42
1105200353	Main Bank A/C-Ziwa	218,312.51
1105335437	Main Bank A/C-Makueni	5,931,131.16
1105676641	Main Bank A/C-Eldama Ravine	707,615.05
1105827585	Main Bank A/C-Mulot	179,752.97
1105827909	Main Bank A/C-Bomet	725,742.68
1106053885	Main Bank A/C-Kitui	304,605.54
1106234847	Main Bank A/C-Bungoma	1,070,638.51
1106261461	Main Bank A/C-Kapenguria	1,689,256.48
1106262530	Main Bank A/C-Migori	144,776.39
1106364422	Main Bank A/C-Awendo	417,369.72
1106384334	Main Bank A/C-Kehancha	160,680.74
1106388798	Main Bank A/C-Ntimaru	111,653.60
1106429427	Main Bank A/C-Machakos	249,598.49
1106430662	Main Bank A/C-Emali	534,663.88
1106818385	Main Bank A/C-Miteitei	3,555,092.44
1106915674	Main Bank A/C-Bondo	74,301.70
1107077869	Main Bank A/C-Head Office-H/Plaza	22,666,177.74
1107165679	Main Bank A/C-Head Office Main Account	188,982,984.85
1107165954	Main Bank A/C-Head Office-Fert/Gunny	722,587,447.09
1107166462	Main Bank A/C-Head Office-GOK	1,129,273.31
1107188113	Main Bank A/C-Webuye	323,987.16
1107188229	Main Bank A/C-Lugari	761,700.34
1107196191	SMPA Bank-Lugari	19,294.74
1107196299	SMPA Bank-Webuye	1,351,628.30

National Cereals and Produce Board

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1107197465	Main Bank A/C-Kipkarren River	2,993,279.37
1107247519	Main Bank A/C-Sagana	12,562,273.79
1107321883	Main Bank A/C-Tala	63,599.39
1107590795	Main Bank A/C-Lodwar	209,691.10
1107638240	Main Bank A/C-Mombasa	749,841.96
1107679877	Main Bank A/C-Kajiado	32,760.51
1108088627	Main Bank A/C-Garissa	1,252,680.27
1108116353	Main Bank A/C-Kapsokwony	339,855.39
1108116639	Main Bank A/C-Eldoret	620,002.69
1108116876	SMPA Bank-Eldoret Silos	3,275,860.21
1108117074	Main Bank A/C-Turbo	1,069,336.96
1108117228	Wheat Bank-Eldoret Silos	62,995.70
1108152643	Main Bank A/C-Elburgon	225,831.06
1108156509	Main Bank A/C-Voi	29,688.08
1108206360	Main Bank A/C-Kithimani	8,999.50
1108426654	Main Bank A/C-Nyansiongo	10,448.61
1108426786	Main Bank A/C-Sotik	813,187.30
1108595693	Main Bank A/C-Kwale	311,772.62
1109123574	SMPA Bank-Moi's Bridge	9,476,329.60
1169232779	Main Bank A/C-Head Office-USD	256,327.51
ACCESS BANK ACCOUNT		
0090100000042	Main bank Olenguruone (Access)	148,892.00
NATIONAL BANK ACCOUNT		
01003003071600	National Bank A/C - Head Office	9,548,916.46
CO-OPERATIVE BANK ACCOUNTS		
1003003071600	Co-operative (SHS)	177,060,336.79
1136007611600	Co-operative (USD)	6,309,840.45
CONSOLIDATED BANK ACCOUNTS		
10101200000129	Main Bank Maua-Consolidated Bank	495,864.10
10111200000306	Main bank Isiolo-Consolidated Bank	218,579.84

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

Deputy Chief Accountant, Charles Onchangwa

Name Charles Onchangwa Sign [Signature] Date 09/12/2024