REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA LITERATURE BUREAU

FOR THE YEAR ENDED
30 JUNE, 2025

KENYA LITERATURE BUREAU

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

1. ACRONYMS AND DEFINITION OF KEY TERMS

A. Acronyms

BOM	Board of Management
CBC	Competency Based Curriculum
CBE	Competency Based Education
EYE	Early Year Education
GoK	Government of Kenya
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICS	Institute of Certified Secretaries
IFRS	International Financial Reporting Standards
KICD	Kenya Institute of Curriculum Development
KCPE	Kenya Certificate of Primary Education
KCSE	Kenya Certificate of Secondary Education
KEPSHA	Kenya Primary School Heads Association
KESSHA	Kenya Secondary School Heads Association
KPSA	Kenya Private Schools association
MD	Managing Director
MDA	Ministries Departments and Agencies
MoE	Ministry of Education
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board

B. Definition of Key Terms

Fiduciary Management – Members of management directly entrusted with the entity's financial resources.

Comparative Year – Means the prior period.

2. KEY CORPORATE INFORMATION

a) BACKGROUND INFORMATION

Kenya Literature Bureau was established through the Kenya Literature Bureau Act, Cap 209 of 1980 (Revised 2022). KLB is represented by the Cabinet Secretary for Education, who is responsible for the general policy and strategic direction of the corporation. The Bureau is domiciled in Kenya and has its head office in South C along KLB Road, Nairobi and a Sales and Customer Service Branch on Kijabe Street, Nairobi.

b) PRINCIPAL ACTIVITIES

The principal activity of the Kenya Literature Bureau is to publish, print and disseminate quality literary, educational, cultural and scientific literature and materials. The Vision, Mission, Strategic objectives and Core values of Kenya Literature Bureau are as follows:

VISION

A knowledgeable and inspired society.

MISSION

To provide innovative and competitive publishing and printing solutions.

STRATEGIC OBJECTIVES

1. To grow projected gross revenue from Kshs. 2.718 Billion in 2020/21 to Kshs. 3.198 Billion in 2024/25.
2. To increase customer satisfaction from 80% in 2019/20 to 83% by 2024/25.
3. To improve total operational efficiency and effectiveness from 1.177 in 2020/21 to 1.283 in 2024/25 (reduce total operational efficiency from 83% in 2020/21 to 78% in 2024/25
4. To enhance average employee productivity (total revenue to the number of employees) by 2% from Kshs. 13.389 Million in FY 2020/21 to Kshs. 14.341 Million per employee by 2024/25

CORE VALUES

i) Customer Focus
ii) Integrity
iii) Creativity and Innovation
iv) Quality Publishing and Printing Solutions

c) DIRECTORS

The Board of Management members who served the entity during the period under review were as follows:

S/NO.	NAME	DESIGNATION	APPOINTMENT DATE
1.	Dr. Rispah Wepukhulu, PhD	Chairperson	Appointed on 10 March 2023
2.	Mr. Paul Kibet, OGW	Ag. Managing Director	Appointed on 20 March 2025 to date
3.	*CPA, Julius K. Aritho*	*Ag. Managing Director*	*Appointed on 1 September 2024 and retired on 31 March 2025*
4.	*CPA Victor Lomaria, OGW*	*Ag. Managing Director*	*Up to 31 August 2024*
5.	Mr. Elijah Mungai	Alternate to the Principal Secretary, State Department of Basic Education, Ministry of Education	Appointed on 6 June 2024
6.	CPA Ms. Wendy Nguyu	Alternate to the Principal Secretary, National Treasury	Appointed on 22 November 2023
7.	Mr. Michael O. Monari	Member	Appointed on 10 March 2023
8.	Rev. Dr. Edise W. Ndirangu, PhD	Member	Appointed on 10 March 2023
9.	Mr. David K. Kimeto	Member	Appointed on 10 March 2023
10.	Ms. Doris Shianda	Member	Appointed on 10 March 2023
11.	Mr. Marcelino S. Lesaigor	Member	Appointed on 10 March 2023

d) CORPORATE SECRETARY

Mr. Paul Kibet, OGW (from 20th March 2025 to Date)
CPA Julius K. Aritho *(from 1st September 2024 to 19th March 2025)*
CPA Victor Lomaria, OGW *(up to 31st August 2024)*
P.O. Box 30022 - 00100, GPO
NAIROBI, KENYA.

e) REGISTERED OFFICE & CORPORATE HEADQUARTER

Kenya Literature Bureau Building
Bellevue Area, South C
KLB Road, off Popo Road, off Mombasa Road
P.O. Box 30022 – GPO 00100,
NAIROBI, KENYA

f) BRANCH

Sales and Customer Service Centre
KLB Building
Kijabe Street
P.O. Box 30022 – GPO 00100,
NAIROBI, KENYA

g) CORPORATE CONTACTS

Telephone: (254) 6005595, 020 - 3541196/7
(254) 0711 - 318188, 0732 - 344599
E-mail: info.klb.co.ke
Website: www.klb.co.ke

h) CORPORATE BANKERS

1. **Central Bank of Kenya**
   Haile Selassie Avenue
   P. O. Box 6000 – 00200, City Square
   City Square 00200
   NAIROBI, KENYA

2. **Kenya Commercial Bank Limited**
   Kencom House, Moi Avenue
   P.O. Box 30081 – 00100, GPO
   NAIROBI, KENYA

3. **HF Group Limited**
   Rehani House-Koinange St.
   P.O Box 30088 – 00100,
   NAIROBI, KENYA

4. **National Bank of Kenya Limited**
   National Bank Building, Harambee Avenue
   P. O. Box 72866 – 00200, City Square
   NAIROBI, KENYA

i) INDEPENDENT AUDITORS

Auditor-General
Anniversary Towers, University Way
P.O. Box 30084 – 00100, GPO
NAIROBI, KENYA

j) PRINCIPAL LEGAL ADVISERS

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

3. THE BOARD OF DIRECTORS

DIRECTOR'S NAME	DETAILS
 **1. Dr. Rispah N. Wepukhulu, PhD Chairperson, Board of Management**	Dr. Rispah N. Wepukhulu, PhD (54 years) was appointed the Chairperson of Board of Management, on 10th March 2023. She holds Doctor of Philosophy (Education Communication and Technology), Master of Philosophy (Education Communication and Technology) and Bachelor of education (Arts) all from Moi University. She is a senior lecturer and Director, Institute of Gender and Development Studies at Kibabii University. She has previously worked as a Senior Lecturer and Dean, Faculty of Education and Social Sciences, Chair of 13 departments, all at Kibabii University. She also worked as a lecturer and Warden of Female Hostel in Masinde Muliro University of Science and Technology among other teaching positions. She has held various administrative and leadership positions at Kibabii University, Commission for University Education among others. She has attended professional courses and training in mediation/alternative dispute resolution, strategic leadership development program, gender mainstreaming, digital teaching material development, peer reviewer training, enterprise risk management, grant proposal writing among others. She has attended various conferences, seminars and workshops and supervised various postgraduate students. She has professional research interests emerging Gender and Ethical issues and trends in education and Management.
 **2. Paul Kibet, OGW Ag. Managing Director and Secretary to the Board of Management**	Mr. Paul Kibet, born on 6th June 1964, was appointed Acting Managing Director on 20th March 2025. He is a distinguished educationist with an extensive career in the education sector, where he served with dedication as a Secondary School Principal and later as Director of Secondary Education. He holds a Master of Science degree from the University of Eldoret, a Postgraduate Diploma in Education from Egerton University, and a Bachelor of Science degree from the University of Nairobi. In addition, he has a Certificate in Education Management, reflecting his expertise in educational leadership and institutional governance. With a wealth of experience in high school management and teaching, Mr. Kibet is recognized as an accomplished education administrator, committed to promoting excellence, integrity, and innovation in education.

 **3. Elijah Mungai** Alternate to the Principal Secretary, State Department for Basic Education, Ministry of Education	Mr. Mungai is the Head of the Directorate of Projects Coordination and Delivery in the Ministry of Education. The directorate coordinates design and implementation of donor funded programs. He holds Bachelor and Masters degree in Education and has attended leadership and senior management training at the Kenya school of Government. He previously held successful career stints as a secondary school teacher, officer in the Directorate of Quality Assurance and Standards, officer in the Directorate of Policy, Partnerships and East African Affairs and served at the National Education Board. Mr. Mungai has played key role in formulation of National Education Sector Strategic Plans (2018-2022). He is a member of the Operations and Strategy Committee and the Audit, Risk Assurance and Compliance Committees of the Board. He was appointed on 6th June 2024.
 **4. Wendy Nguyu** Alternate to Principal Secretary, National Treasury and Planning	Ms. Wendy Nguyu (34 years) is a holder of Masters of Arts in Economics and Bachelor of Economics and Statistics both from University of Nairobi. She is an accomplished economist with over 10 years' experience across public and private sectors, specializing in budgeting, investment, cost management, research and strategic communication. Currently serving as a Senior Investment Officer at the Directorate of Government Investments, The National Treasury, she oversees the review of State-Owed Enterprises (SOEs), budgets, advises on strategic reforms, and provides investment oversight. Her research spans fiscal policy, energy, food security and climate change, while her private sector experience includes compliance audit, policy execution and event co-ordination. A published contributor to the Daily Nation on public finance and economic issues, she is passionate about applying her expertise to drive institutional growth and policy impact. She is a member of the Economics Society of Kenya. She a member of the Finance Human Resources & General-Purpose Committee and Audit Risk Assurance and Compliance Committee of the Board. She was appointed on 23rd November 2023.

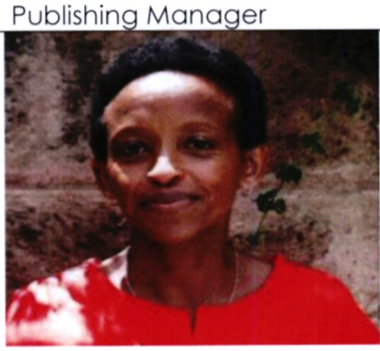
 **5. Mr. Michael O. Monari** Independent Director	Mr. Michael O. Monari (62 years) is a holder of MSc Degree in Global Management from University of Salford (UK), Social Finance Executive Diploma from University of Oxford (UK) and Executive Business Finance Programme from University of Strathmore (Kenya). He is a seasoned Financial Services Provider (FSP), Career Banker and Social Finance Expert. He has extensive corporate and retail banking expertise, operations, business acquisition and project management, all gained in private and public institutions in Africa and Europe. He was appointed to the Board on 10 March 2023 and is the Chairman of the Finance, Human Resources & General Purpose.
 **6. Rev. Dr. Edise W. Ndirangu, PhD** Independent Director	Dr. Edise W. Ndirangu (49 years) is a holder of a PHD in Pastoral Counselling, a Masters in Theology from St. Paul University, a Bachelor of Divinity from St. Paul University and a Bachelor of Counselling Psychology from Mount Kenya University. She also holds higher Diploma in Theological Education by extension from presbyterian University of East Africa and a higher Diploma in Guidance and Psychological Counselling from Methodist University. She holds various certificates in other levels of academia. She has undertaken various research work and holds various leadership positions in institutions and the community. She is a lecturer in Theology at St. Paul University. She is a member of the Kenya Counselling and Psychological Association (KCPA) She is the Chairperson of the Operations and Strategy Committees of the Board and a member of the Finance, Human Resources & General-Purpose Committee. She was appointed on 10 March 2023.
	Mrs. Doris Shianda (48 years) is a holder of Master's in Business Administration - Finance from the Egerton University, Bachelor of Education Science from Egerton University and is a Microsoft Certified Systems Administrator (MCSA). She has a wealth of banking and finance expertise. She is an associate member of Chartered Management Institute. She is a member of Operations & Strategy Committee and Finance and Human Resources and General-Purpose Committees. She was appointed to the Board on 10 March 2023.

7. **Ms. Doris Shianda** Independent Director	
 8. **Mr. David K. Kimeto** Independent Director	Mr. David K. Kimeto (63 years) is a career teacher and was appointed to the Board on 10 March 2023. He holds bachelor's degree in education from Moi University and School Management Course from Egerton University. He has attended various courses and management training on school management, curriculum administration, school development plan among others. He has worked in various positions in Education including Head Teacher, Deputy Head Teacher, Curriculum Support Officer, Area Education Officer, Quality Assurance and Standards Officer, Zonal Inspector of Schools among other positions. He has held various administrative and leadership roles in the education sector. He is the Chairman of the Audit, Risk Management & Compliance Committee. He was appointed to the Board on 10 March 2023.
 9. **Mr. Marcelino S. Lesaigor** Independent Director	Mr. Marcelino S. Lesaigor (34 years) is an advocate of the High Court of Kenya of 9 years professional standing. He holds a Bachelor of Law from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law. He is a Certified Professional Mediator obtained from Dispute and Conflict Resolution International. Marcelino also holds a Certificate in Data Protection from Lawyers Hub. He is a Manging Partner and Co-founder of Hashim & Lesaigor Associates Advocates, a medium law firm in Kenya. He has a wealth of experience as a litigation advocate, legal research and drafting legal opinions. He has acted in many land mark cases including electoral disputes, land matters, constitutional matters in both High Court, Court of Appeal and Supreme Court. He has recently appeared alongside a team of lawyers in representing the Governor of Isiolo in impeachment proceedings before Senate of Kenya. He is a part-time law lecturer at the Kenya School of Law. He was appointed to the Board on 10 March 2023 and is a member of the Audit Risk Assurance and Compliance Committee of the Board.

4. KEY MANAGEMENT TEAM

KEY MANAGEMENT TEAM	KEY QUALIFICATIONS AND EXPERIENCE
 **1. Paul Kibet, OGW** Ag. Managing Director and Secretary, Board of Management	Mr. Paul Kibet, born on 6th June 1964, was appointed Acting Managing Director on 20th March 2025. He is a distinguished educationist with an extensive career in the education sector, where he served with dedication as a Secondary School Principal and later as Director of Secondary Education. He holds a Master of Science degree from the University of Eldoret, a Postgraduate Diploma in Education from Egerton University, and a Bachelor of Science degree from the University of Nairobi. In addition, he has a Certificate in Education Management, reflecting his expertise in educational leadership and institutional governance. With a wealth of experience in high school management and teaching, Mr. Kibet is recognized as an accomplished education administrator, committed to promoting excellence, integrity, and innovation in education.
 **2. CPA, FA, Francis M. Mutunga** Finance Manager	Mr. Francis Mutunga (51 years) is the Finance Manager. He holds a Bachelor of Commerce degree (First Class Honours), Diploma in Monitoring and Evaluation from Kenyatta University and Diploma in Marketing Management from the Kenya Institute of Management (KIM). He is a Certified Public Accountant CPA (K), Certified Financial Analyst (CIFA-K), Certified Pension Trustee and a Certified ISO 9001:2015 Internal Auditor (KEBS). He is also a member of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Investments and Financial Analysts (ICIFA). He is a global Financial and Investment Advisor with GLOBSED, a professional, humanitarian and climate change volunteer network world-wide. He is currently finalizing the project for the award of Master of Business Administration (Finance) degree at Kenyatta University, Certified Pension Trustee and ISO9001:2015 Quality Management System Internal Auditor (KEBS). He is the Performance Contract Co-ordinator. He has been Chairing various Senior Management Sub-committees dealing with various assignments. He was appointed to the position on in May 2014.

 **3. Mr. Evans T. Nyachieng'a** Business Development Manager	Mr. Evans Nyachieng'a (59 years) is the Business Development Manager. He holds a Master's in business administration (Strategic Management) degree from Kenyatta University and a Bachelor of Arts degree from the University of Nairobi. He also holds a Higher Diploma in Human Resources Management (KNEC) from Railway Training Institute and is a member of the Institute of Human Resources Management (IHRM). He was appointed to the position on 1 June 2020.
 **4. Mr. Bernard O. Obura** Sales & Customer Service Manager	Mr. Bernard Obura (51 years) is the Manager, Sales and Customer Service. He holds an Executive MBA (Strategic Management) degree from the Jomo Kenyatta University of Agriculture and Technology (JKUAT), and Bachelor of Arts (Mathematics) degree from the University of Nairobi. He also holds a Diploma in Marketing from the MSK-Kenya. He also holds Certificate in Mediation and Certificate in Arbitration both from CIArb He has over 18 years' experience branding and sales and marketing. He was appointed to the position on 1 June 2020.
 **5. Mr. Job M. Idaki** Administration Manager	Mr. Job Idaki (58 years) is the Administration Manager. He holds a Bachelor of Education (Language and Literature) degree from Kenyatta University and a Higher Diploma in Human Resources Management (KNEC) from Railway Training Institute. He is currently in the final stages of completing his Master's in Business Administration (MBA) at the Strathmore School of Business (SBS). He is a certified ISO 9001:2015 Quality Management System series Lead Auditor and is a member of the Institute of Human Resources Management (IHRM). He was appointed to the position on 1 August 2014.
	Mrs. Roselyn Mugavana (53 years) is the Human Resources Manager at Kenya Literature Bureau. She holds a Master of Business Administration (Human Resource Management) degree from the University of Nairobi and Bachelor of Education degree (English and Literature) from Egerton University. She is a Certified Human Resources Professional (CHRP, Kenya), Certified Human Resources Practitioner in good

 **6. CHRP Roselyn W. Mugavana** Human Resources Manager	standing, Certified Pension Trustee and ISO9001:2015 Quality Management System Internal Auditor (KEBS). Mrs. Mugavana is a member of the Institute for Human Resources Management (IHRM). She was appointed to the position on 17 December 2015. Human Resources and Administration, Development of Human Resources Instruments, Budgeting, Human Resources Accounting/Analytics, Organization Development and Change management, Recruitment, Grievance and Discipline management, Pension Management and Corporate Governance.
 **7. Mr. Kenneth Jumba** Publishing Manager	Mr Kenneth Nyabera Jumba (56 years) is a holder of Master of Philosophy in Geography and Bachelor of Arts degrees, both from Moi University. He also holds a Post-Graduate Diploma in Human Resources Management (KNEC) from the Railway training Institute. He has a wealth of experience in publishing spanning over 20 years during which time he attended various career developmental courses in publishing, management, leadership and good corporate governance. He was appointed to the position of Publishing Manager on 4 September 2017.
 **8. Sheila Kahuki** Asst. Legal Services Manager	Ms. Sheila Kahuki (54 years) holds a Bachelor of Laws Degree from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law. She is an Advocate of the High Court of Kenya, Certified Public Secretary and a Certified Pension Trustee. She is a member of the Law Society of Kenya and the Institute of Certified Secretaries. She was appointed to the position in July 2022.
 **9. CPA Douglas Nyakundi** Senior Internal Auditor & Risk Assurance Officer	Mr. Douglas Nyakundi (51 years) is the in charge of Internal Audit Function. He holds a Masters Degree (Finance option) and Bachelor of Commerce degree (Accounting Option). He is a Certified Public Accountant CPA (K), Certified Pension Trustee from College of Insurance/Retirement Benefits Authority and a Certified ISO 9001:2015 Internal Auditor of the Kenya Bureau of Standards. He is a member of the Institute of Certified Public Accountants of Kenya. He is currently pursuing the CISA certification qualification. He was appointed to this position in September 2024.

5. FIDUCIARY MANAGEMENT

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

No.	Designation	Name
1.	Managing Director	Paul Kibet, OGW
2.	Head of Finance	CPA, FA, Francis Mutunga
3.	Head of Human Resources	CHRP, Roselyn Mugavana
4.	Head of Procurement	Ms. Edna Sawe

6. FIDUCIARY OVERSIGHT ARRANGEMENTS

The fiduciary oversight arrangements during the year included:

No.	Fiduciary Oversight Arrangement	Details
1.	Board Audit and Risk Committee	The Committee's mandate is to ensure KLB assets are safeguarded and continually evaluate the effectiveness of the internal control system. During the year, the Committee provided independent and objective oversight over Governance, Risk management, and Internal control systems in line with its Charter, Mwongozo Code of Governance and the Public Finance Management framework. The Committee reviewed financial reporting processes, internal and external audit reports, and the adequacy of management actions to address identified risks and control gaps. The assessed the effectiveness and independence of the Internal Audit function, confirming that the Internal Audit remained functionally independent and adequately supported. Areas of improvements were noted to be in leadership position and capacity on emerging risk areas such as IT audits. The Internal Audit Manager position which fell vacant on 31st March 2025, would be filled after approval of the Human Resources instruments by the Public Service Commission.
2.	Board Finance, Human Resources & General Purpose Committee	The Committee's is to provide guidance to the Board of Management in fulfiling its oversight responsibilities for fiscal planning and control, financial reporting, human resources management, supply chain processes, corporate communications, legal and adminitrative functions of the Bureau.
3.	Parliamentary Public Investment Committee	The Committee is constituted pursuant to the provisions of Standing Order No 206 and is responsible for the examination of the working of the public investments.
4.	Inspectorate of State Corporations	Established under section 18 of the State Corporations Act, Cap. 446 to advise the Government on all matters affecting the effective running of state corporations
5.	State Corporations Advisory Committee	Established under section 26 of the State Corporations Act, Cap. 446. Functions of SCAC under the State Corporations Act, Cap. 446. Under Section 27 of the State Corporations Act, Cap 446, SCAC is required to advise on the matters and perform any function it is required by the Act. Additionally, it is required to;- Review and investigate the affairs of State Corporations and make such recommendations to the President as it may deem necessary with the assistance of experts where necessary.

7. CHAIRPERSON'S STATEMENT

On behalf of the Board of Management, I am pleased to present this statement for the Kenya Literature Bureau's Annual Report for the period FY 2024/2025 ended 30th June 2025.

Key activities during the year

The implementation of the fourth cycle Strategic Plan 2020 – 2024 is in the fifth year. The Strategic Plan is premised on the four strategic pillars, namely, Financial Sustainability, Customer Centricity, Operational Efficiency and Organizational Capacity Development. Over the past year, KLB undertook several strategic initiatives aimed at enhancing its operations and expanding its reach. Key activities included:

1. **Publication of New Titles**: We successfully published and revised educational and general reading materials, aligning with the Competency-Based Curriculum (CBC) and other market demands.
2. **Digital Transformation**: Continued investment in digital publishing and e-learning platforms to modernize content delivery and improve accessibility.
3. **Partnerships and Collaborations**: Strengthened engagements with the Ministry of Education, authors, booksellers, and other stakeholders to enhance content development and distribution.
4. **Infrastructure Development**: Upgraded our printing facilities to improve efficiency and service delivery.
5. **Literacy Promotion Programs**: Conducted outreach initiatives, including book fairs, author workshops, and reading campaigns, to foster a culture of reading across the country.

Key Successes during the year

The year saw KLB achieve several milestones, including:

1. **Revenue Growth**: Improved financial performance through diversified revenue streams, including institutional printing and commercial sales.
2. **Award-Winning Publications**: Recognition of our publications for excellence in content and innovation in educational materials by the Kenya Institute of Curriculum Development.
3. **Market Expansion**: Increased penetration in the local market.
4. **Enhanced Stakeholder Engagement**: Successful collaborations with educational institutions and partners to support literacy and learning.

Challenges Faced

Despite these achievements, KLB encountered several challenges:

1. **Piracy and Copyright Infringement**: Unauthorized reproduction and distribution of our materials continue to affect revenue and intellectual property rights.
2. **High Operational Costs**: Rising costs of printing materials, logistics, and technology investments strained our financial resources.
3. **Market Competition**: Increased competition from private publishers and digital content providers necessitated strategic adjustments.
4. **Policy and Curriculum Changes**: Changes in education policies required swift adaptations in content development, posing logistical and financial pressures.
5. **Resource Constraints**: There is a need to optimize our financial resources to achieve maximum returns with minimal expenditure.

The way forward or future outlook

Looking ahead, KLB remains committed to its mission while embracing innovation and resilience. Our strategic focus for the coming year includes:

1. **Financial Sustainability**: Exploring avenues for sustainable funding and investment to support our growth and expansion initiatives.
2. **Strengthening Digital Platforms**: Expanding e-books and online learning resources to cater to evolving consumer preferences.
3. **Combatting Piracy**: Working with regulatory bodies to enforce copyright laws and protect our publications.
4. **Cost Optimization**: Implementing efficiency measures in production and supply chain management to reduce expenses.
5. **Diversification**: Exploring new markets, including corporate and professional training materials, to broaden our revenue base.
6. **Capacity Building**: Investing in staff training and technology to enhance productivity and service quality.
7. **Stakeholder Engagement**: Engaging with the stakeholders to better understand their unique educational needs and ensure that our publications reflect the desired contexts.
8. **Launch and implementation of Strategic Plan**: In the coming year, the Bureau is set to launch and commence the implementation of the Strategic Plan for the period 2025 – 2030.

Dividends

The Bureau being a commercial state corporation has been over time maintained its status as a profitable government investment, operating with internally generated funds since 1993 and declaring dividend on a yearly basis, in addition to the greatly contributing to the country's tax revenue.

Appreciation

In conclusion, I extend my heartfelt appreciation to the Government of Kenya, the Ministry of Education, our stakeholders, business partners, valued customers, my fellow Board members, Management, and staff for their unwavering support and contributions towards our recovery, growth, and continued success.

Dr. Rispah Wepukhulu, PhD

CHAIRPERSON, BOARD OF MANAGEMENT

8. REPORT OF THE MANAGING DIRECTOR

I am delighted to present the Annual Report and Financial Statements for the year ended 30th June 2025, outlining the Bureau's key operational performance and highlighting our strategic priorities.

This period has been one of both significant achievements and notable challenges as we continue to fulfil our mandate of promoting literacy, publishing, and distributing quality educational and research materials in Kenya and beyond. The resilience and dedication demonstrated during the year gives me confidence that KLB is well-positioned to overcome challenges and seize emerging opportunities.

Business Operating Environment

The global economy maintained modest momentum in 2024, with real GDP growth hovering around 3.2 %. However, forecasts for 2025 indicate that the World Bank and other institutions highlight significant downside risks—with revised projections as low as 2.7–2.9 %—largely due to continued trade tensions, inflation, and policy uncertainty. Global inflation is expected to decline steadily—from about 5.9 % in 2024 to 4.5 % in 2025 (IMF).

Central banks' policy rates remain elevated as monetary authorities attempt to cool inflation, which continues to impede economic activity. Persistently high rates and trade-related uncertainty suggest a risk of "higher-for-longer" borrowing costs.

Africa continues to show resilience. Following growth near 3.2–3.3 % in 2024, the continent is projected to accelerate to about 3.9 % in 2025 (AfDB). East Africa is leading the regional recovery, with growth increasing from 4.4 % in 2024 to 5.3 % in 2025, and even higher expected by 2026.

In Kenya, economic expansion moderated to 4.7 % in 2024 from 5.7 % in 2023. Yet, the outlook for 2025 is robust: forecasts range from 4.8 % (IMF) to 4.9 % (World Bank, driven by strong domestic demand, agriculture, exports, and monetary easing. Inflation is easing, improving Kenya's policy landscape.

Key activities during the year

The implementation of the fourth cycle Strategic Plan 2020 – 2024 is in the fifth year. The Strategic Plan is premised on the four strategic pillars, namely, Financial Sustainability, Customer Centricity, Operational Efficiency and Organizational

Capacity Development. Over the past year, KLB undertook several strategic initiatives aimed at enhancing its operations and expanding its reach.

Key activities included:

1. **Publication of New Titles**: We successfully published and revised educational and general reading materials, aligning with the Competency-Based Curriculum (CBC) and other market demands.
2. **Digital Transformation**: Continued investment in digital publishing and e-learning platforms to modernize content delivery and improve accessibility.
3. **Partnerships and Collaborations**: Strengthened engagements with the Ministry of Education, authors, booksellers, and other stakeholders to enhance content development and distribution.
4. **Infrastructure Development**: Upgraded our printing facilities to improve efficiency and service delivery.
5. **Literacy Promotion Programs**: Conducted outreach initiatives, including book fairs, author workshops, and reading campaigns, to foster a culture of reading across the country.

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The year saw KLB achieve several milestones, including:

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3. **Market Expansion**: Increased penetration in the local market.
4. **Enhanced Stakeholder Engagement**: Successful collaborations with educational institutions and partners to support literacy and learning.

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Despite these achievements, KLB encountered several challenges:

1. **Piracy and Copyright Infringement**: Unauthorized reproduction and distribution of our materials continue to affect revenue and intellectual property rights.
2. **High Operational Costs**: Rising costs of printing materials, logistics, and technology investments strained our financial resources.
3. **Market Competition**: Increased competition from private publishers and digital content providers necessitated strategic adjustments.

4. **Policy and Curriculum Changes**: Changes in education policies required swift adaptations in content development, posing logistical and financial pressures.
5. **Resource Constraints**: There is a need to optimize our financial resources to achieve maximum returns with minimal expenditure.

The way forward or future outlook

Looking ahead, KLB remains committed to its mission while embracing innovation and resilience. Our strategic focus for the coming year includes:

1. **Financial Sustainability**: Exploring avenues for sustainable funding and investment to support our growth and expansion initiatives.
2. **Strengthening Digital Platforms**: Expanding e-books and online learning resources to cater to evolving consumer preferences.
3. **Combatting Piracy**: Working with regulatory bodies to enforce copyright laws and protect our publications.
4. **Cost Optimization**: Implementing efficiency measures in production and supply chain management to reduce expenses.
5. **Diversification**: Exploring new markets, including corporate and professional training materials, to broaden our revenue base.
6. **Capacity Building**: Investing in staff training and technology to enhance productivity and service quality.
7. **Stakeholder Engagement**: Engaging with the stakeholders to better understand their unique educational needs and ensure that our publications reflect the desired contexts.
8. **Launch and implementation of Strategic Plan**: In the coming year, the Bureau is set to launch and commence the implementation of the Strategic Plan for the period 2025 – 2030.

Financial Performance

Revenues

During the year under review ended 30th June 2025, the Gross Turnover amounted to Kshs. 1.828 billion compared to Kshs. 3.41 billion in FY 2023/24 ended 30th June 2024. This represented a 46.4% decline from the previous year, largely attributed to reduced sales volumes. The Bureau registered a Gross Profit of Kshs. 835.21 million as compared to Kshs. 1.162 billion realized in FY 2023/24. Other Income for the year amounted to Kshs. 59.6 million, compared to Kshs. 49.21 million in FY 2023/24, mainly arising from finance income and other gains.

Operating Expenses

The operating expenses for the year ended 30th June 2025 stood at Kshs. 864.8 million, compared to Kshs. 1.047 billion in FY 2023/24. The reduction was mainly due to lower selling and distribution costs on account of reduced sales turnover. The total costs for the year under review amounted to Kshs. 1.858 billion, compared to Kshs. 3.295 billion in FY 2023/24, representing a 43.6% decrease. This was primarily driven by reduced production costs following the lower turnover.

Profitability

The Bureau registered a Net Profit before tax of Kshs. 30.01 million in FY 2024/25, compared to Kshs. 164.5 million realized in FY 2023/24. This represented an 81.8% decline, largely due to the significant reduction in revenue during the year.

Financial Position and Liquidity

As at 30th June 2025, the Bureau's net asset worth stood at Kshs. 4.48 billion, compared to Kshs. 4.514 billion in FY 2023/24, reflecting a modest 0.8% growth.
Non-current assets amounted to Kshs. 1.769 billion compared to Kshs. 1.826 billion in FY 2023/24. Current assets were Kshs. 4.141 billion, compared to Kshs. 4.774 billion in FY 2023/24. The reduction was mainly attributable to lower trade receivables, with inventories and deposits registering growth. The Bureau closed the year with cash and cash equivalents of Kshs. 320.74 million, an improvement from Kshs. 241.31 million in FY 2023/24, indicating strengthened liquidity.

Dividends

As a commercial State Corporation, the Bureau continues to sustain profitability and declare dividends annually. The dividend proposed for declaration for FY 2024/25 amounted to Kshs. 1.22 million, compared to Kshs. 13.1 million in FY 2023/24.

We reaffirm to the Government and our stakeholders that the Board of Management remains committed to offering strong and effective leadership, steering the organization towards sustainable growth and long-term success. In line with this commitment, the Bureau continues to implement policies and programmes that uphold the highest standards of ethical conduct, guided by the Leadership and Integrity Act, 2012, the Public Officer Ethics Act, 2007 (now repealed by the Conflict of Interest Act, 2025), and other relevant laws and regulations.

Appreciation

In conclusion, I wish to take this opportunity to sincerely thank the Government of Kenya, through the Ministry of Education, together with the Board, our stakeholders, Management, and staff, whose unwavering support, dedication, and commitment have been instrumental in delivering our strong financial performance, despite the challenges posed by the global economic downturn.

Paul Kibet, OGW
AG. MANAGING DIRECTOR

9. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

The Bureau's performance objectives are defined in the fifth cycle Strategic Plan 2020 – 2024, whose last year of execution was FY 2024/25 ending 30th June 2025. The Bureau signs Annual Performance Contracts with the Ministry of Education and the National Treasury and Planning, based on the performance indicators derived from the Strategic Plan, Annual Work Plan, Performance Contract guidelines and the Approved Budget for the year.

The operations of the Bureau are anchored within a framework of four (4) strategic pillars and objectives under the approved Strategic Plan for the FY 2020/21- FY 2024/25.

These strategic pillars/ themes/ issues are including:

No.	Strategic Pillar/Theme	Description	Strategic Objective
1.	**Financial Sustainability**	Entails promoting revenue growth and cost reduction and management to enhance organizational sustainability.	To grow projected gross revenue from Kshs 2.718 Billion in 2020/2021 to Kshs 3.198 B in 2024/2025.
2.	**Customer Centricity**	Entails focus on the needs and expectations of the customer/citizen and other stakeholders.	To increase customer satisfaction from 80% in 2019/2020 to 83% by 30th June 2025.
3.	**Operational Efficiency**	Entails enhanced operational efficiency in service delivery processes and procedures leading to operational effectiveness.	To improve total efficiency and effectiveness from 1.77 in 2020/2021 to 1.283 in 2024/2025.
4.	**Organizational Capacity Development**	Entails the programmes and projects that promote the employee and organization capacity to efficient service delivery.	To enhance average employee productivity from Kshs 13.3m in 2020/2021 to Kshs 14.3 Million by 30th June 2024/2025.

The Bureau developed its annual work plan for FY 2024/2025 based on the above four (4) pillars/Themes/Issues. The assessment of the Bureau's performance against its annual work plan is done on a quarterly basis. The FY 2024/25 was the fifth year of implementation of the Strategic Plan.

Overview of the strategic plan 2020-2024

The Bureau achieved its performance targets set for FY 2024/25 under its four (4) strategic pillars, as indicated below:

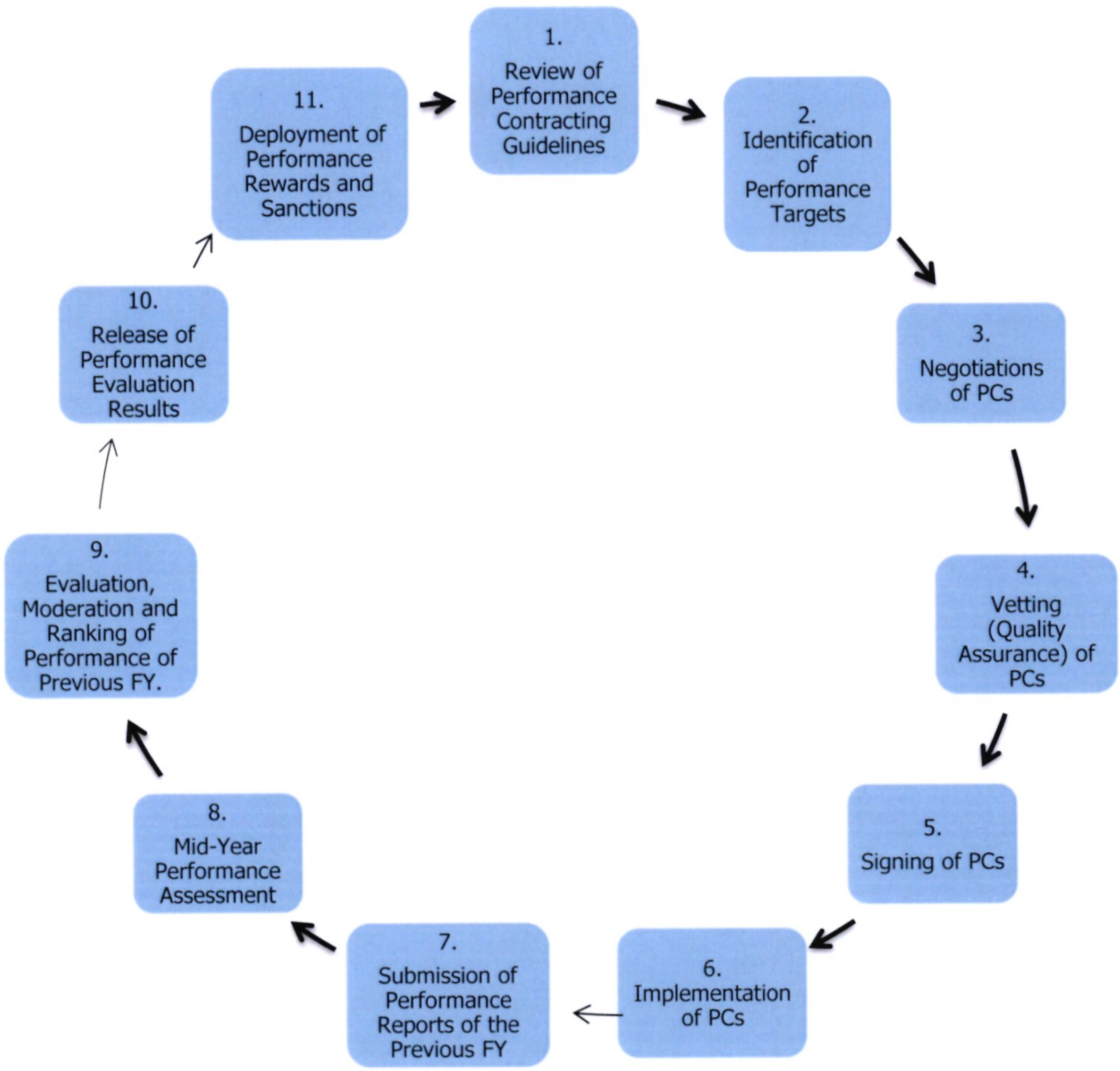
Strategic Pillar	Strategic Objective	Key Performance Indicators (KPIs)	Activities	Achievements	Challenges
Pillar 1: Financial Sustainability	Grow projected gross revenue to Kshs. 3.7B by 30th June 2025	a) Gross revenue b) Revenue from book sales, rentals, printing, investments	a) Print & distribute books to GoK, counties, MDAs, private firms b) Expand open market sales c) Generate rental income d) Invest in treasury bills & fixed deposits d) Increase wastepaper and other sales	a) Gross revenue realized Kshs. 1.828 B (short of target) b) Book sales to GoK: Kshs. 896.4M c) Printing sales (KICD): Kshs. 134.7M d) Rental income: Kshs. 7.6M e) Wastepaper & store items: Kshs. 3.4M f) Investment income: Kshs. 30.5M g) Open market CBC & set books sales achieved h) Collaboration revenue: Kshs. 67.7M (KNEC, KUCCPS, KICD)	a) Cut-throat competition b) Frequent curriculum changes c) Stock outs affecting fulfilment d) Low uptake & piracy of eBooks e) GoK austerity measures limiting MDAs/county orders f) Strained cashflow reducing investment income
Pillar 2: Customer Centricity	Increase Customer Satisfaction from 80% to 83%	a) Customer satisfaction surveys b) Stock availability c) Timely delivery turnaround	a) Conduct surveys b) Maintain adequate stock c) Develop new titles & e-books	a) Customer satisfaction survey conducted - 599 new titles developed, 275 eBooks converted	a) Inadequate budget for book development b) Low eBook uptake & high piracy c) Inadequate computing

		d) New titles & e-books e) Stakeholder engagements	d) Implement CRM e) Customer engagement events & CSR	b) Maintained 100% stock levels for available titles c) Average turnaround 35 mins (Nairobi), 24 hrs (outside Nairobi) d) Stakeholder events: World Book Day, KESSHA, Book Fair, Customer Service Week e) CRM 65% implemented (online sales & registration functional)	facilities/software d) Inadequate transport fleet e) Lack of unified system for handling inquiries f) Govt austerity limiting outreach & CSR
Pillar 3: Operational Efficiency & Effectiveness	Improve efficiency index from 1.05 to 1.283	a) ISO certifications b) Automated systems c) Capacity utilization d) Business process reviews	a) Business process mapping b) Maintain ISO 9001 c) Progress on ISO 27001 d) Automate HR & ICT systems e) Integrate ICT processes f) Implement framework contracts	a) ISO 9001 maintained (100% compliance) b) ISO 27001 at 70% progress (risk register, ISMS audit, policies done) c) 25 ICT systems integrated (ERP, HRIMS, e-commerce, audit tools) d) HRIMS fully implemented (recruitmen	a) Staff resistance to ICT/ISMS changes b) Budget limitations for ICT security tools c) Complexity of integrating new systems with legacy ones d) Downtime during integration e) Data security risks - Low print volume reduced machine utilization

				t, training, leave, performance) e) Machine utilization: 66% f) Framework contracts signed	
Pillar 4: Organizational Capacity Development	Enhance average employee productivity to Kshs. 16.5M	a) Employee productivity b) Training & succession planning c) Work environment surveys d) HR instruments approval e) Governance compliance	a) Conduct staff training & appraisals b) Welfare & work environment survey c) Approve HR instruments d) Procure ICT & equipment e) Enhance corporate governance	a) Work environment survey done & implemented b) 1 succession plan developed c) Training plan achieved d) HR instruments (structure, grading, policy) approved - 90+ ICT hardware procured (vs. target 40) e) 9.36M books produced (target met) f) Corporate governance strengthened (board charters reviewed, compliance achieved in most areas)	a) Austerity measures halted new staff recruitment & HR instruments implementation b) Limited budget for welfare & infrastructure (fleet, roofing, EDRMS, water/electricity upgrades) c) SRC freeze on salary reviews d) Governance audits partly implemented e) Limited funds for training beyond CPDs

The Strategic Plan activities for year were captured in the signed Performance Contract for FY 2024/25 between the Board of Management and the State Department of Basic education and Countersigned by the National Treasury and were cascaded to all the cadres of staff through the Balanced Score Performance Management System.

Annual Performance Contracting Cycle



Source: 21st Performance Contracting Guidelines for FY 2024/25

10. CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the structure of the rules, practices and processes used to direct and manage an organization. In the Bureau Corporate Governance has been entrenched through various instruments. It has provided the framework for the attainment of the Bureau's strategic objectives in a globally dynamic business environment. The Bureau has continually operated within corporate governance principles that serve to balance the interest of various stakeholders. Corporate governance encompasses all spheres of management from the strategic initiatives to performance management and corporate disclosure.

The Board and Management recognises and embraces the basic principles of corporate governance which include accountability, transparency, fairness and responsibility. This promotes the enhancement and protection of the shareholder value, continued sustainability, and enhanced promotion of a knowledgeable and inspired society.

The Board of Management acknowledges the significant role of the good corporate governance practices and has committed itself to maximise shareholder value in a lawful, ethical and sustainable manner guided by the *State Corporations Act Cap 446*, *Leadership and Integrity Act 2012*, *Public Officers Ethics Act 2007 (now repealed to The Conflict of Interest Act, 2025)*, *Kenya Literature Bureau Act Cap 209* and *Mwongozo Code of Governance for State Corporations*.

This entails the continuous review and improvement on the processes and structures used to direct and manage the business affairs of the Bureau, the framework for internal controls and the respective roles of individual Board Members and Management.

a) APPOINTMENT AND REMOVAL OF BOARD MEMBERS

The Board of Management of the Bureau is constituted as per the provisions of Kenya Literature Bureau Act Cap 209 of 1980 (Revised 2022) and as per the State Corporations Act. The appointing authority in case of the Chairman, the President of the Republic of Kenya, while Board members are appointed by the Cabinet Secretary in charge of Education. The Chairman and the Independent Board members were appointed on 10th March 2023. The Board was inaugurated on 31st May 2023 by the former Cabinet Secretary for Education, Hon. Ezekiel Machogu, CBS.

The removal of the Board members is also guided by the provisions of Kenya Literature Bureau Act Cap 209 of 1980 (Revised 2022), the State Corporations Act and the Provisions of the *Mwongozo Code of State Corporations.*

THE COMPOSITION OF THE BOARD OF MANAGEMENT

The Board of Management comprises nine [9] members: the Chairman, Managing Director, five [5] independent directors and two [2] directors representing Principal Secretary for State Department of Education, Ministry of Education and the National Treasury and Planning as per the Kenya Literature Bureau Act Cap 209 of 1980 (Revised 2022).

In line with the Mwongozo Code of Governance, the Board is generally constituted taking into account sector requirements, age, gender, diversity of skills, academic qualifications and experience needed to help the Bureau achieve its goals and objectives. Five (5) of the members of the Board, including the Chairman, are independent. The areas of expertise of the members, who served during the financial year, are as follows:

Names of Board Members and their areas of expertise:

	NAME	AREA OF EXPERTISE
1.	Dr. Rispah N. Wepukhulu, PhD	Education and Administration
2.	Paul Kibet, OGW	Education and Administration
3.	Mr. Elijah Mungai	Education and Administration
5.	CPA, Ms. Wendy Nguyu	Economics, Investment and Financial Management and Publishing
6.	Mr. Michael Monari	Corporate Governance, Banking and Finance
7.	Rev. Dr. Edise W. Ndirangu, PhD	Theology and Counselling
8.	Mr. David K. Kimeto	Education and Administration
9.	Ms. Doris Shianda	Banking and Finance
10.	Mr. Mercelino S. Lesaigor	Legal Jurisprudence

BOARD AND COMMITTEE CHARTERS

The Board and its constituent committee have approved Board Charters that guides the conduct of meetings and other deliberations of the Board and the committees. The Board provides leadership, integrity, enterprise and good judgement in directing the Bureau and acts in the best interest of the business for continued viability and sustainability. The Board of Management confirms that the approved existing Board Charter and their respective Board Committee

Charters have been aligned to the provisions of the *Mwongozo Code of Governance for State Corporations* and other related laws or statutes.

b) THE ROLES AND FUNCTIONS OF THE BOARD

The Board of Management provides leadership and strategic direction of the Bureau. The main responsibilities of the Board include:

i) Establishment of the short and long-term goals of the Bureau and strategic plans to achieve those goals.
ii) Approval and review of annual budgets.
iii) Risk management and compliance by ensuring adequate systems of internal controls are in place to ensure business continuity.
iv) Review of financial performance, expenditure and commitments.
v) Setting and periodically reviewing organisational key performance indicators as well as management performance.
vi) Supporting management to enhance shareholder value.

To effectively discharge these roles, the Board of Management has full access to the Managing Director and to relevant company information. The existing regulatory instruments also allow them to seek independent professional advice on the Bureau's matters, where necessary, at the expense of the Bureau.

ROLE OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The primary role of the Chairman is to provide strategic leadership to the Board. He chairs Board meetings ensuring meetings are properly conducted and orderly, fair decisions are made, sufficient information to discharge its duties are made available and generally, enables effective management of the Board. The Managing Director, on the other hand, is the responsible for the day-to-day management of the Bureau.

c) INDUCTION, TRAINING AND DEVELOPMENT

The Bureau conducts an annual and rotational Board Induction and Training for its Board members to arm them with knowledge and skills required to execute their Board roles including the committee functions. The training covers the functions, powers, responsibilities and operations of the board of management and includes corporate governance among others.

All members were trained during the year under review.

d) BOARD AND MEMBERS' PERFORMANCE

The Board conducts an annual evaluation coordinated by the State Corporations Advisory Committee (SCAC) to assess its effectiveness in discharging its mandate. The process entails a self-evaluation for each director, evaluation of the Chairman by the Board on the overall Board interactions and conduct of business meetings and evaluation of the Chief Executive Officer. The Bureau conducts the Board meetings either in person or virtual basis.

The evaluation criteria include issues related to communication and stakeholder engagement, accountability and risk management, procedures of board meetings, board structure and responsibilities, board and management, performance management, mandate and strategy. The Bureau scored 88.9146% in the FY 2024/2025 performance evaluation.

e) NUMBER OF BOARD MEETINGS HELD AND THE MEMBERS' ATTENDANCE

The Full Board of Management meets at least once in a quarter or more depending on the requirements of the business up to a maximum of six (6) and in compliance with the Government guidelines on such meetings. The Board has a formal schedule of matters to be discussed. The members receive adequate notice and detailed reports in good time to facilitate informed deliberations and decision making and in compliance with the *Mwongozo Code of Governance for State Corporations*.

The Board promotes an environment of innovative thinking, consultation, cordial relations, information sharing, and openness in communication. The Board has an opportunity to meet with all the Bureau's staff in December of each year during the end of year luncheon.

The Board held a total of seven (7) meetings during the year under review, with two (2) meetings being special and duly approved by the Cabinet Secretary as required. The attendance is as detailed below:

Full Board Inauguration meeting membership attendance

NO.	NAME	POSITION	BOARD MEETINGS
1.	Dr. Rispah N. Wepukhulu, PhD	Chairperson	7/7

2.	Paul Kibet, OGW	Ag. Managing Director	2/2
3.	CPA Julius Aritho	Ag. Managing Director	3/3
4.	CPA, Victor Lomaria, OGW	Managing Director	2/2
5.	Mr. Elijah Mungai	Alternate, PS, State Department of Education, Ministry of Education	5/6
6.	CPA, Wendy Nguyu	Alternate, PS National Treasury	6/7
7.	Mr. Michael Monari	Independent Member	7/7
8.	Rev. Dr. Edise W. Ndirangu, PhD	Independent Member	7/7
9.	Mr. David K. Kimeto	Independent Member	7/7
10.	Ms. Doris Shianda	Independent Member	7/7
11.	Mr. Mercelino S. Lesaigor	Independent Member	7/7

f) SUCCESSION PLAN

The Bureau has an established a well thought out succession plan aimed at ensuring business continuity at all levels of the Board and Management. The terms of the members of the Board of Management are scheduled to end at different times to guarantee continuity.

The Finance Human Resources and General Purpose Committee and the Board of Management have a standing agenda on succession management.

g) POLICY TO MANAGE CONFLICT OF INTEREST

In the Bureau's Board Charter, Members are required to make a written disclosure of any agenda or transaction, which would constitute a conflict of interest and to abstain from the discussion or voting when such matters are being considered. Individual Board Members exercise independence of judgement and professional competencies for effective governance of the Bureau. During the Board meetings, the Board members are required to declare any conflict of interest with the business of the day, and excuse themselves from any participation in the particular meeting.

All Directors are required to inform the Board of any conflicts or potential conflicts of interest they may have in relation to particular items of business; and they are required to absent themselves from discussion or decisions on those matters, unless resolved otherwise by the remaining members of the Board.

h) BOARD REMUNERATION

The Board Members are entitled to sitting allowances for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and transport allowance where applicable, within set limits of government for state corporations. Members are also paid such taxable allowance as approved by the Cabinet Secretary for Education, State Corporations Advisory Committee (SCAC) and the Salaries and Remuneration Commission (SRC) when on official duty in and outside the country. In addition, the Chairman is paid a monthly honorarium. The Bureau does not grant loans or guarantee for loans to board members.

i) ETHICS AND CONDUCT

The Bureau recognises the important role ethical standards plays in organisational growth and development. A code of conduct is a public statement that outlines our expectations and holds us accountable to our conduct in business. The revised document was circulated to all Board members and employees, who are required to read, understand, sign and remain bound by the provisions. Adequate mechanisms are in place to receive complaints, investigate the allegations of unethical contact and discipline. The Bureau collaborates with Ethics and Anti-Corruption Commission (EACC) to entrench the culture of ethics in all our undertakings.

The ongoing implementation of the *Mwongozo Code of Governance for State Corporations* is a significant step towards deepening corporate governance, professionalism, ethics and integrity in management of KLB affairs.

j) GOVERNANCE AUDIT

The Board of Management usually undertakes a Governance Audit after every two (2) years or as it may be necessary. The results of the audit in the previous year, indicated continuous compliance with the Corporate Governance provisions and guidelines with a compliance level of 96%. The next governance audit is due in FY 2025/2026.

k) COMMUNICATION POLICY

The Bureau has an established communication policy which enables accurate, timely, and proactive communication with stakeholders in line with corporate governance standards.

The scope of the policy covers communications by the Board, including with management, shareholders, regulators, media, and the public. The Channels of Communication, include the Annual/half-year results via briefings, circulars, and web postings; Corporate website and social media for official disclosures and Email and videoconferencing for stakeholder engagement and board meetings.

The Roles & Responsibilities are defined for the Board Chair & Secretary to the Board, who oversee strategy and execution of communications; Secretary to the Board circulates board materials, record minutes, and liaise with stakeholders and provides accurate and timely information to the board and stakeholders and the public.

l) BOARD COMMITTEES AND THE TERMS OF REFERENCE

BOARD COMMITTEES

The Board has three standing committees with specific delegated authorities and terms of reference. They assist in effectively discharging various business functions and responsibilities and submit reports of their activities to the Board. These committees of the Board are:

a) **Audit and Risk Management and Compliance Committee**
b) **Finance Human Resources and General Purpose Committee**
c) **Operation & Strategy Committee**

Good Corporate governance practices dictate that factors such as minimum number of members per committee, diverse competencies, mix of skills and experience be taken into consideration in constituting committee membership.

In constituting the Committees, the Office of the President circular No. OP/CAB.9/1A dated 11th March 2020 on Management of State Corporations) issued by the Head of Public Service, applies as follows:

i) The number of members to any Committee should be no more than one third (1/3), meaning four (4) members per Committee. 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.
ii) The Board shall appoint the chairpersons of each Committee, with priority given to Independent Directors to serve in such capacities. The Board Chairpersons shall not sit in Committees as members or in attendance.
iii) 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 National Treasury circulars issued from time to time.
iv) The Committee members shall serve for a continuous period of up to twelve (12) months and thereafter be subject to rotation except for the National Treasury and Parent Ministry representatives.

The Board Committees meet at least on quarterly basis. The Managing Director is a member of the Board and the Secretary to all Board Committees, with granted powers to delegate the same to members of Senior Management except the Audit, Risk Management and Compliance Committee, where the Internal Audit Manager is the Secretary.

TERMS OF REFERENCE

1. OPERATION & STRATEGY COMMITTEE

The mandate of the Operation & Strategic Committee is to support the Board of Management in its oversight responsiblities over the core business of the Bureau and the implementation of the strategic objectives as spelt out in the Approved Strategic Plan 2020 – 2024.

The committee considers and makes recommendations to the Board on Bureau's core business, publishing and printing, as well as new developments and technologies in the industry, including:

i) Business development strategies and the progress of the implementation of the KLB Strategic Plan 2020 - 2024.

ii) Market performance of both books and institutional printing sales.
iii) Bureau's publications (both print and digital), trends and strategies.
iv) Trading terms reports and, the Bureau's debt and credit management strategies.
v) Strategies to increase internal production volumes, capacity utilization of production presses/machines and modernization strategy of the printing press.
vi) Any other function assigned by the Board.

2. FINANCE, HUMAN RESOURCES AND GENERAL PURPOSE COMMITTEE

The mandate of the Finance, Human Resource and General Purpose Committee is to provide guidance to the Board of Management in fulfiling its oversight responsibilities for fiscal planning and control, financial reporting, human resources management, supply chain processes, corporate communications, legal and adminitrative functions of the Bureau. The Committee is charged with the responsibility of considering and making recommendations to the Board on the following:

i) Bureau's budget and financial resources.
ii) Major resource allocations and capital investments.
iii) Adherence to procurement laws to ensure processes are cost effective and delivers value for money.
iv) Operating financial results of the organization.
v) Organization structure, assignment of senior management responsibilities, their career development and succession.
vi) Remuneration structure for staff.
vii) Human Resources Policies.
viii) Corporate social responsibility (CSR) and environmental stewardship programmes.
ix) Compliance with the Constitution of Kenya, all applicable laws, regulations, standards and government directives.
x) Compliance with the organization's Code of Conduct, ethics and governance principles.
xi) Targets and objectives set out in the agreed performance measurement framework with the Government of Kenya.

3. AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The Audit and Risk Management Committee's mandate is to ensure KLB assets are safeguarded and continually evaluate the effectiveness of the internal control system. The Committee reports directly to the Board of Management. It is charged with the following responsibilities:

i) Evaluating the scope, nature and priorities of audit, risk management and compliance.
ii) Reviewing aspects relevant to governance, internal control procedures, risk management and internal audit.
iii) Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organization.
iv) Consideration of audit findings of the internal auditor and management's response.
v) Consideration of major findings and recommendations of external auditors in their Management Letter and management's response.
vi) Reviewing the function, independence, operations and findings of the Internal Audit department.
vii) Reviewing risks affecting the Bureau and management strategies in addressing them.
viii) Ensuring adherence to the code of ethics; and
ix) Such other duties or function as may be assigned by the Board which are relevant to audit and investigations.

m) POLICY ON RELATED PARTY TRANSACTIONS

A policy on related party transactions for a KLB aims to ensure that all dealings with individuals or entities having a close relationship with the Bureau are conducted transparently, fairly, and in the best interests of the public. It's a critical component of good corporate governance and financial management. The policy is guided by fundamental principles to prevent conflicts of interest and protect the Bureau's financial integrity.

The Key Principles include:

i) **Transparency**: All related party transactions must be fully disclosed to the relevant authorities and committees.
ii) **Arm's Length Basis**: Transactions must be conducted on terms that are fair and reasonable, as if the parties were unrelated. This is also referred to as "at market value."

iii) **Objectivity**: Decisions regarding related party transactions must be made based on objective criteria, not personal relationships or influence.
iv) **Accountability**: Individuals involved in approving or executing such transactions must be held accountable for their actions.

The related parties include:
i) Key Management Personnel: This includes board members, senior managers, and any other individuals with the authority and responsibility for planning, directing, and controlling the activities of the Bureau.
ii) Close Family Members: Spouses, children, parents, and siblings of key management personnel.
iii) Entities with Control or Significant Influence: Any company, partnership, or other entity that is controlled by or has significant influence over the Bureau's key management personnel or their close family members.
iv) Significant Shareholders: As a state corporation, this would apply to any entity or individual holding a substantial interest or influence in the Bureau including the Government through the Ministry of Education and the National Treasury.

11. MANAGEMENT DISCUSSION AND ANALYSIS

The operational and financial performance for the last five years

Kenya Literature Bureau (KLB), a commercial State Corporation under the Ministry of Education, publishes and distributes educational and general reading materials. This MD&A covers the last five financial years (FY 2020/2021 to FY 2024/2025), providing an analysis of operational performance, financial results, and liquidity based on the provided summary financial statements.

Five-Year Performance Summary (Income Statement and Balance Sheet) up to 30th June 2025

STATEMENT OF PROFIT OR LOSS AS AT 30TH JUNE					
DETAILS	2024/2025 (Kshs)	2023/2024 (Kshs)	2022/2023 (Kshs)	2021/2022 (Kshs)	2020/2021 (Kshs)
Revenues	1,828,203,885	3,409,922,003	2,742,632,258	2,676,210,441	1,543,385,737
Cost of Sales	(992,994,280)	(2,247,641,831)	(1,715,406,139)	(1,538,317,303)	(834,253,008)
Gross Profit	**835,209,605**	**1,162,280,172**	**1,027,226,119**	**1,137,893,138**	**709,132,729**
Other Income	59,601,675	49,208,431	37,188,594	60,869,198	17,658,503
Total Revenues	**1,887,805,560**	**3,459,130,434**	**2,779,820,852**	**2,737,079,639**	**1,561,044,240**
OPERATING EXPENSES	864,801,465	1,046,953,444	895,720,886	1,061,957,521	638,414,086
TOTAL COSTS	**1,857,795,745**	**3,294,595,275**	**2,611,127,025**	**2,600,274,824**	**1,472,667,094**
Profit before taxation	**30,009,814**	**164,535,159**	**168,693,827**	**136,804,815**	**88,377,146**

Proposed Dividend	**1,220,274**	**13,102,470**	**18,878,532**	**8,522,208**	**6,126,923**
	STATEMENT OF FINANCIAL POSITION (BALANCE SHEEET) AS AT 30TH JUNE				
DETAILS	**2024/2025 (Kshs)**	**2023/2024 (Kshs)**	**2022/2023 (Kshs)**	**2021/2022 (Kshs)**	**2020/2021 (Kshs)**
TOTAL NON-CURRENT ASSETS	1,769,009,091	1,826,383,207	1,840,477,872	1,596,778,724	1,490,365,419
TOTAL CURRENT ASSETS	4,140,866,619	4,773,641,359	4,018,772,649	4,413,588,435	3,804,482,165
TOTAL ASSETS	5,909,875,710	6,600,024,566	5,859,250,521	6,010,367,159	5,294,847,584
EQUITY, RESERVES AND LIABILITIES					
SHAREHOLDERS FUNDS	4,480,472,686	4,513,996,945	4,396,074,712	4,351,728,232	4,275,028,356
CURRENT LIABILITIES	1,429,403,022	2,086,027,617	1,463,175,806	1,658,638,922	1,019,819,224
TOTAL EQUITY, RESERVES AND LIABILITIES	**5,909,875,710**	**6,600,024,562**	**5,859,250,518**	**6,010,367,154**	**5,294,847,580**

Operational Performance

Revenue reflects textbook procurement cycles, market demand, and the mix of titles delivered to both public and private segments. Cost of sales movements align with print volumes and paper/input price trends, while administration and selling & distribution costs track staffing, outreach, and logistics activity levels. Other income captures non-core receipts including income from short term investments and sundry recoveries.

Financial Performance

Revenues

During the year under review ended 30th June 2025, the Gross Turnover amounted to Kshs. 1.828 billion compared to Kshs. 3.41 billion in FY 2023/24 ended 30th June 2024. This represented a 46.4% decline from the previous year, largely attributed to reduced sales volumes. The Bureau registered a Gross Profit of Kshs. 835.21 million as compared to Kshs. 1.162 billion realized in FY 2023/24. Other Income for the year amounted to Kshs. 59.6 million, compared to Kshs. 49.21 million in FY 2023/24, mainly arising from finance income and other gains.

Operating Expenses

The operating expenses for the year ended 30th June 2025 stood at Kshs. 864.81 million, compared to Kshs. 1.047 billion in FY 2023/24. The reduction was mainly due to lower selling and distribution costs on account of reduced sales turnover. The total costs for the year under review amounted to Kshs. 1.858 billion, compared to Kshs. 3.295 billion in FY 2023/24, representing a 43.6% decrease. This was primarily driven by reduced production costs following the lower turnover.

Profitability

The Bureau registered a Net Profit before tax of Kshs. 30.01 million in FY 2024/25, compared to Kshs. 164.5 million realized in FY 2023/24. This represented an 81.8% decline, largely due to the significant reduction in revenue during the year.

Gross margin indicates pricing discipline and input cost control across the period. Operating margin (approximate, based on total costs) captures operating efficiency after overheads. Net margin trends reflect tax effects and one-off items. The combined effect shows how effectively KLB translated turnover into bottom-line results over the five-year horizon.

Financial Position and Liquidity

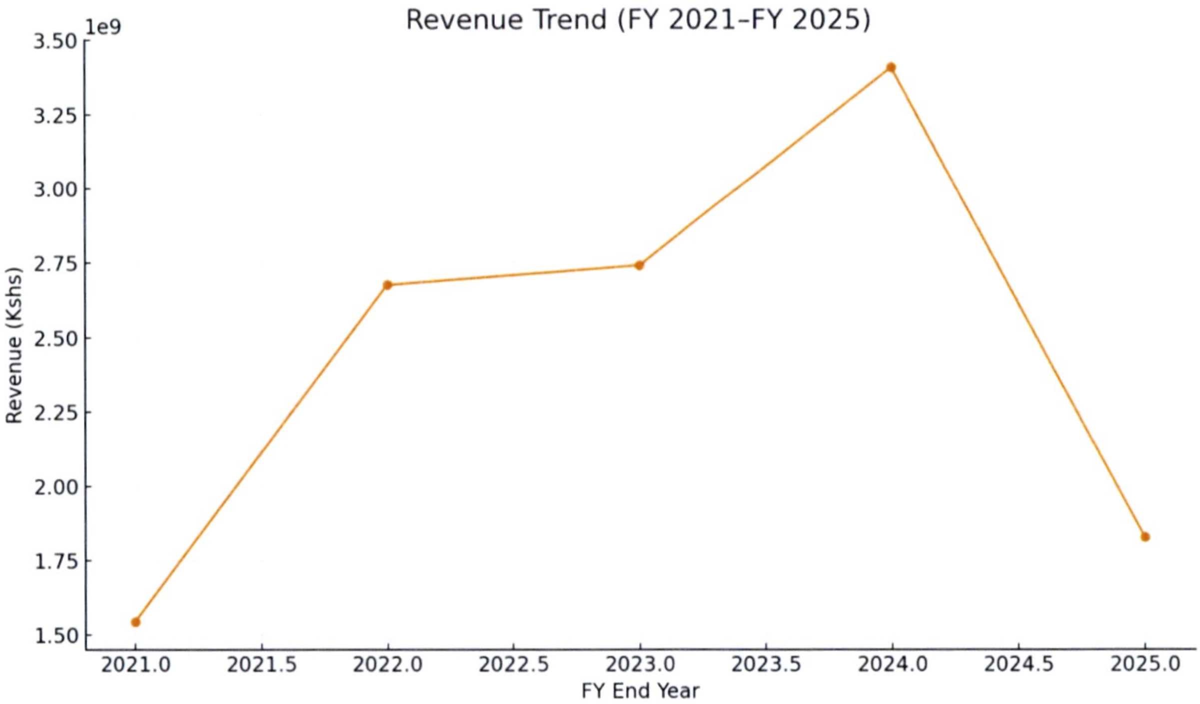
As at 30th June 2025, the Bureau's net asset worth stood at Kshs. 4.48 billion, compared to Kshs. 4.514 billion in FY 2023/24, reflecting a modest 0.4% growth.
Non-current assets amounted to Kshs. 1.769 billion compared to Kshs. 1.826 billion in FY 2023/24. Current assets were Kshs. 4.14 billion, compared to Kshs. 4.774 billion in FY 2023/24. The reduction was mainly attributable to lower trade receivables, with inventories and deposits registering growth. The Bureau closed the year with cash and cash equivalents of Kshs. 320.74 million, an improvement from Kshs. 241.31 million in FY

2023/24, indicating strengthened liquidity. The Bureau financial liquidity has continued to be strong, arising from the internally generated funds.

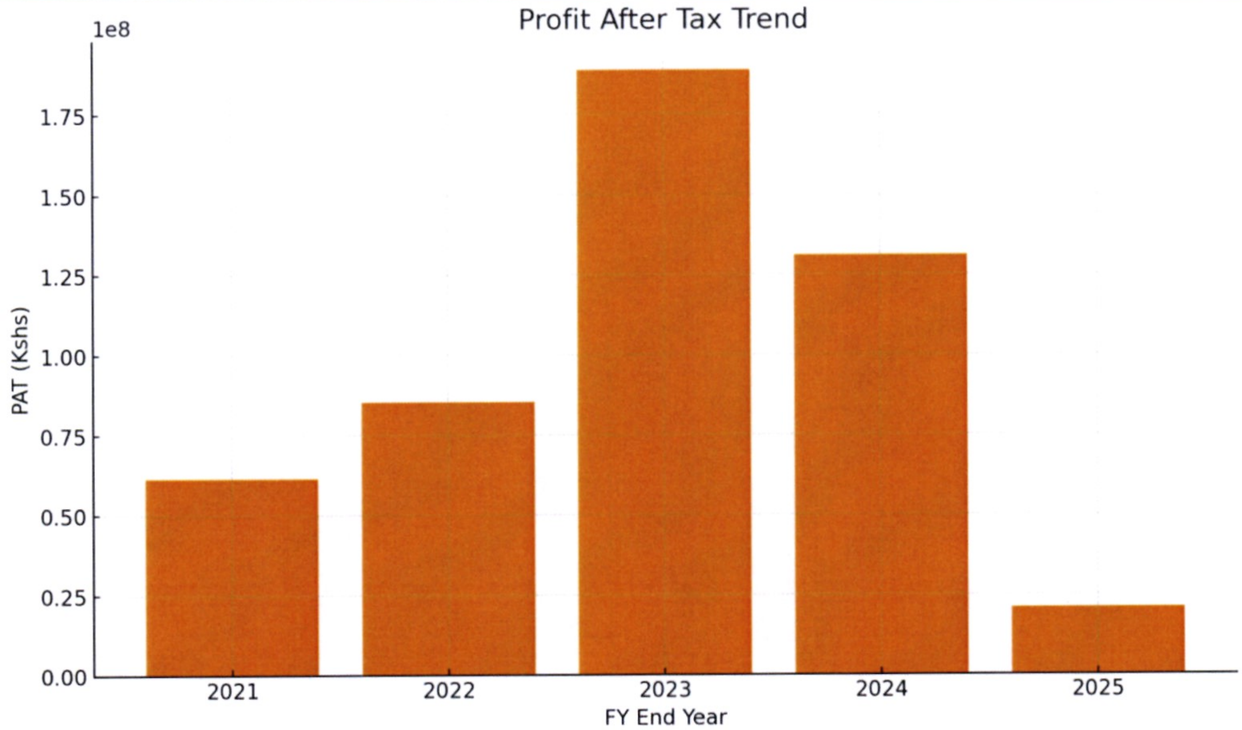
Dividends

As a commercial State Corporation, the Bureau continues to sustain profitability and declare dividends annually. The dividend proposed for declaration for FY 2024/25 amounted to Kshs. 1.22 million, compared to Kshs. 13.1 million in FY 2023/24.

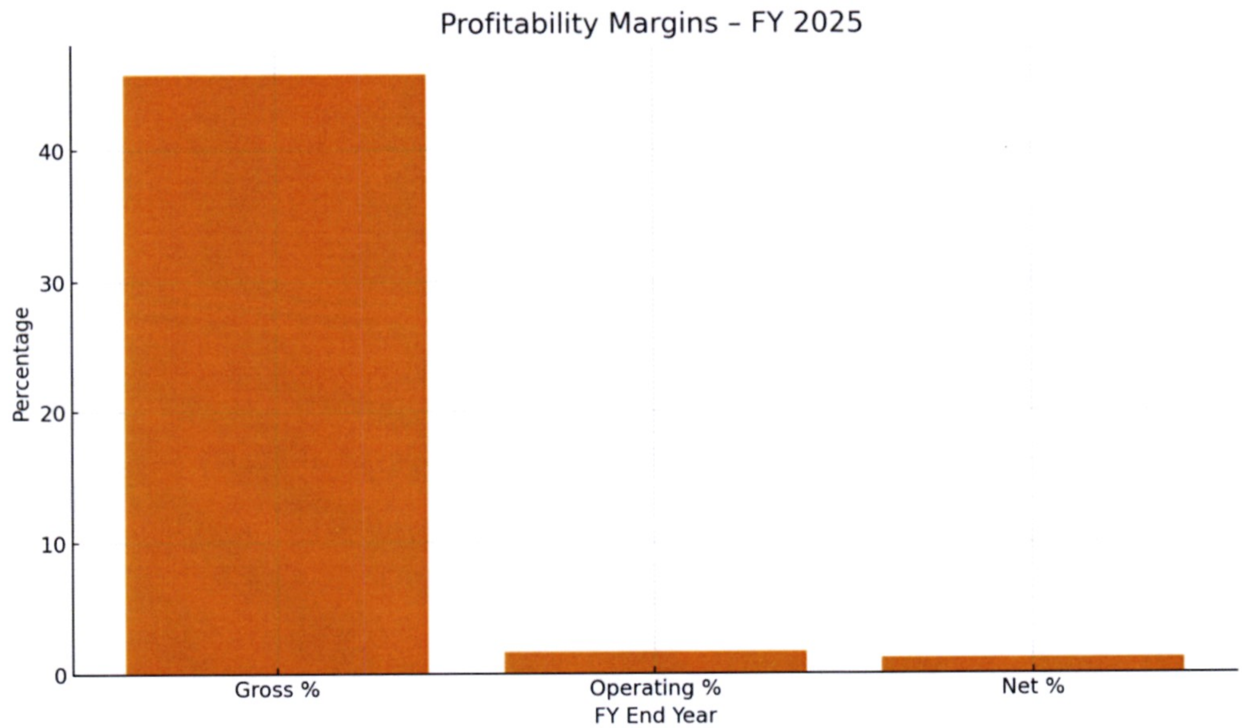
Illustrative Graphs and Pie Charts



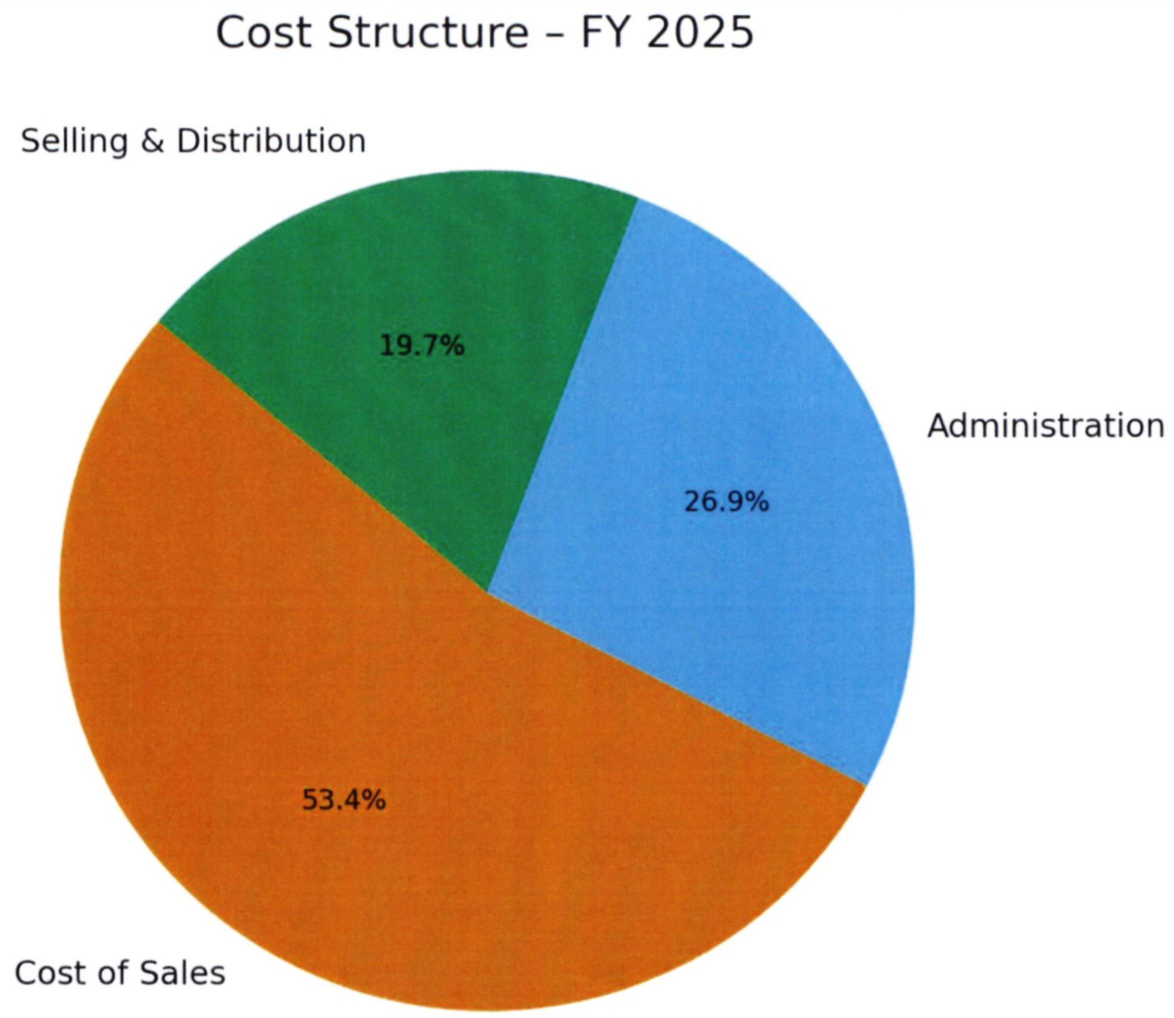
Rev Trend



Pat Trend



Margins Latest



Outlook and Key Risks

Performance outlook will depend on the on-going curriculum reforms, the timing of Ministry of Education procurement, expansion into digital publishing, and cost discipline in printing and distribution. Key risks include paper price volatility, exchange rate movements affecting imported inputs, and competitive pressures in both local and regional markets. Ongoing operational efficiency initiatives and product innovation are expected to support stable performance.

Key projects and investment decisions implemented
The principal project is the modernisation of the printing press to improve the production capacity. This project is a key contributor in the achievement of the Bottom-Up

Economic Transformation Agenda (BeTA). The main objectives of the project are as follows:

a) To increase on the production capacity in order to run efficiently and increase competitiveness of our products.
b) To modernize the printing press as per the new Strategic Plan 2020-2024 to upgrade the printing technology and to reduce the operational costs. The purchase of the machine is entirely financed by internally generated resources saved over the years.
c) To modernize Information Communication and Technology (ICT) to adapt to the rapid advancement of technological changes and meet customers' needs and expectations.
d) To modernize the fleet of sales and marketing and pool vehicles to reduce on running and maintenance costs.

Bureau's compliance with statutory requirements

The Bureau has been compliant with the various regulatory and statutory requirements. The Bureau commits to also comply with all the taxation and other laws.

Major risks facing the Bureau

A. Financial Risk Management: Objectives and Policies

Our Bureau's activities expose it to various financial risks, including credit, liquidity, and market risks. We aim to identify and manage these risks to minimize potential negative impacts on our financial performance. The Bureau's Board of Management oversees risk management, providing a framework for the management team to follow.

B. Credit Risk

Credit risk is the potential for financial loss if a customer or counterparty fails to meet their contractual obligations. We manage this risk by:

i) Holding bank balances with reputable financial institutions. These institutions are fully performing, which means they are in good financial standing.
ii) Dealing with customers who have a good credit history. Our trade receivables are due from customers we are confident will pay.
iii) Investing in government-issued Treasury bills, which are considered to have zero credit risk. These are a safe investment.

C. Liquidity Risk

Liquidity risk is the risk of being unable to meet financial obligations as they become due. We ensure we can pay our bills by:

i) Maintaining sufficient cash balances in the bank.

ii) Holding short-term deposits and Treasury bills. These can be quickly converted to cash if needed.

iii) Continuously monitoring our cash flow. We track both forecasted and actual cash movements to ensure we always have enough to meet our obligations.

D. Market Risk

Market risk is the potential for the value of our financial instruments to fluctuate due to changes in market prices. This category includes currency risk, interest rate risk, and other price risks.

i) Currency Risk: This arises from financial instruments denominated in foreign currencies. As of June 30, 2025, our foreign currency holdings were minimal, amounting to $613.90. Therefore, the risk from currency fluctuations is negligible.

ii) Interest Rate Risk: This risk is associated with changes in market interest rates affecting our borrowings. Since we had no outstanding loans or borrowings as of June 30, 2025, we are not exposed to this risk.

iii) Price Risk: This risk is the potential for the value of a financial instrument to change due to market price movements. We are not exposed to this risk because our financial instruments have stable prices. Additionally, we do not invest in quoted shares, which are typically subject to price volatility.

Material arrears in statutory/financial obligations

The Bureau had no materials arrears in statutory or other financial obligations.

Review of the Economy, Education Sector and Manufacturing Sector

A. Review of the Kenyan Economy in 2024

Kenya's economy in 2024 showed resilience but experienced a slowdown in growth compared to the previous year. The key highlights are:

i) **GDP Growth**: The real Gross Domestic Product (GDP) grew by 4.7%, a moderation from the 5.7% growth in 2023. This slowdown was attributed to a combination of global and domestic factors, including a general decline in growth in most sectors.

ii) **Key Growth Drivers**: The services sector remained the primary engine of growth, contributing over 55% of the GDP increase. Key sub-sectors with strong performance included finance, insurance, transportation, and ICT. Agriculture also played a crucial role, contributing over 22% of GDP growth, though its own growth rate slowed.

iii) **Inflation and Currency**: A significant positive was the easing of inflationary pressures. The annual inflation rate declined to an average of 4.5% in 2024, a notable drop from the 7.7% recorded in 2023. This was supported by a strong appreciation of the Kenyan Shilling against the US Dollar, which was driven by improved foreign exchange inflows and a successful Eurobond buyback.

iv) **Challenges**: The economy faced significant challenges. Public debt remained a major concern, with a large portion of government revenue being allocated to debt servicing. Fiscal consolidation efforts were also challenged by a revenue shortfall and public resistance to new tax measures. This led to budget cuts in critical sectors like health and education.

v) **Employment**: The economy created a significant number of new jobs, mainly in the informal sector, highlighting the continued importance of Micro, Small, and Medium Enterprises (MSMEs).

B. Review of the Education Sector in 2024

The education sector in 2024 was marked by ongoing reforms, but also faced significant challenges, particularly related to funding and implementation of the new curriculum.

i) **Curriculum Reforms**: The implementation of the Competency-Based Curriculum (CBC) remained a central focus, with the rollout and assessment at Grade 6 level under the Kenya Primary School Education Assessment (KPSEA) and now the expected Grade 9 level to transition from Junior to Senior secondary school level under the Kenya Junior School Education Assessment (KJSEA). This also involved continued teacher recruitment to support the new system.

ii) **Enrolment Trends**: The public secondary school enrolment continued to increase, as well as in public primary schools. There was also a notable increase in enrolment in public TVET (Technical and Vocational Education and Training) institutions and public universities.

iii) **Funding and Infrastructure**: Despite a planned increase in the education budget, the sector experienced budget cuts due to national austerity measures. This led to challenges in providing adequate infrastructure and facilities, especially as the system grappled with a "double intake" related to the transition from the old curriculum.

iv) **Challenges**: The sector faced persistent challenges including disparities in access to education, especially in marginalized regions, and inadequate human resource capacity, which was being addressed on yearly basis.

C. Review of the Manufacturing Sector in 2024

The manufacturing sector in Kenya in 2024 continued to struggle with its contribution to the national economy, facing a number of hurdles.

i) **Contribution to GDP**: The sector's contribution to Kenya's GDP declined, falling to 7.3% in 2024 from 11.3% in 2010. This long-term trend highlights a persistent challenge in growing the industrial base.

ii) **Performance**: The sector recorded a decelerated growth rate of 1.3% in the first quarter of 2024, down from 1.7% in the same period in 2023. While some areas like tea and dairy processing saw growth, others like cement and soft drink production experienced declines.

iii) **Key Challenges**: According to the Kenya Association of Manufacturers (KAM), the sector was hampered by several factors, including:

   i) High cost and inconsistent supply of energy.
   ii) High regulatory burdens and unstable policies.
   iii) Cash flow constraints and a contraction in demand for credit.
   iv) Illicit trade, which led to significant tax losses for the government and negatively impacted key industries like textiles and alcoholic beverages.

iv) **Employment**: The sector's decline was also reflected in employment figures, with formal wage employees in the manufacturing sector accounting for a small portion of the total.

12. ENVIRONMENTAL AND SUSTAINABILITY REPORT

At the Kenya Literature Bureau (KLB), our core mandate is to advance literacy and education through the provision of learning, teaching, and knowledge materials in Kenya and the wider East African Community (EAC) region. We recognize that sustainability extends beyond environmental stewardship—it encompasses our capacity to continue delivering quality educational services to citizens over the long term.

This report outlines our sustainability strategy, environmental performance, employee welfare initiatives, marketplace practices, and community engagements for FY 2024/2025. Our sustainability journey is guided by the three pillars of People, Planet, and Profits, reflecting our commitment to social responsibility, ecological balance, and economic resilience.

i) Sustainability Strategy and Profile

KLB has been implementing its Strategic Plan (2020–2024), anchored on four pillars: financial sustainability, customer centricity, operational efficiency, and organizational capacity development. These pillars are designed to ensure the Bureau's long-term viability while fulfilling our mandate.

We align our sustainability efforts with the United Nations Sustainable Development Goals (SDGs), particularly Goal 4 (Quality Education), while contributing to broader goals such as environmental conservation and gender equality.

Global Trends and Policy Frameworks

We closely monitor macroeconomic and political factors that shape our operations, including government education reforms, climate change policies, and shifts in international sustainability best practices. These trends guide our policy framework and enable us to proactively mitigate risks.

Key Achievements

a) Distributed 19,366 tree seedlings worth Kshs. 499,200 to staff and stakeholders, contributing to the national tree-planting agenda.
b) Enhanced digital learning solutions to promote equitable access to quality educational materials.
c) Strengthened diversity, equity, and inclusion through fair employment practices.

d) Benchmarked against international publishing and sustainability practices to improve service delivery.

Challenges and Mitigation

a) Limited adoption of renewable energy due to high initial costs – mitigation measures include phased solar installation plans.
b) Inequitable access to digital resources in rural areas – mitigation through stakeholder partnerships and ICT-enabled content delivery.

In line with our Service Delivery Charter, we also ensure inclusivity in procurement. A proportion of our contracts are allocated to local suppliers and special groups (Youth, Women, and Persons with Disabilities), strengthening social and economic empowerment.

ii) Environmental Performance

KLB has a comprehensive Environmental Policy that commits to reducing waste, conserving energy, protecting biodiversity, and minimizing the environmental impact of our operations.

Key Initiatives and Achievements

a) Tree planting & forest restoration: Established a tree nursery and distributed over 6,000 seedlings of hardwood, softwood, and fruit trees to staff.
b) Waste management: Implemented recycling of wastepaper, safe disposal of printing consumables, and segregation of waste within our compound.
c) Energy conservation: Adopted energy-saving bulbs, increased use of borehole water, and gradually introduced paperless processes to reduce resource consumption.
d) Occupational safety & compliance: Received a Fire Safety and Occupational Safety & Health Compliance Certificate from the Directorate of Occupational Safety and Health and conducted a fire drill to strengthen preparedness.

Challenges

a) High costs of transitioning to renewable energy and eco-technologies.
b) Limited staff uptake of seedlings for replanting due to logistical constraints in urban settings.

Future Commitments:

a) Adoption of green technologies in publishing and printing.
b) Expansion of digital platforms to reduce paper consumption.
c) Strengthening partnerships with NEMA and other agencies on climate-smart initiatives.

iii) Employee Welfare

Our people are central to KLB's sustainability. We have created a work environment that promotes inclusivity, professional growth, and employee well-being.

Employment Practices

a) Recruitment guided by the HR Policies and Procedures Manual (2018, revised 2020).
b) Policies emphasize gender equality, inclusion of youth and PWDs, and stakeholder engagement.

Skills Development

a) Annual performance appraisals and target setting.
b) Training and capacity building through the Human Resources Advisory Committee.
c) Reward and recognition schemes for high performers.

Wellness & Safety

a) Compliance with the Occupational Safety and Health Act (2007).
b) Regular sensitization on stress management, cancer awareness, HIV/AIDS counselling and testing, and gender mainstreaming.

iv) Market place Practices

a) **Responsible Competition**

KLB promotes ethical and transparent practices, ensuring open tendering, compliance with anti-corruption laws, and respect for competitors within the publishing and printing industry.

b) **Responsible Supply Chain**

Procurement is guided by the Public Procurement and Asset Disposal Act (2015, revised 2022). Suppliers are treated fairly, contracts honoured, and payments made promptly to maintain trust and competitiveness.

c) **Responsible Marketing**

We adhere to ethical marketing by avoiding misleading claims, respecting diversity, and ensuring information accuracy. Outreach includes consultative forums, public sensitization, and service automation to enhance accessibility.

d) **Product awareness creation**

We safeguard consumer rights through high-quality educational products, fair pricing, protection of consumer data, and prompt dispute resolution. Our publishing services extend to both public and private institutions, ensuring integrity in service delivery.

v) Corporate Social Responsibility/Community Engagements

As part of our customer-centric culture, KLB invests in initiatives that positively impact communities, especially in education.

CSR Highlights FY 2024/25:

a) Donated reference books worth Kshs. 4,044,326 to schools, vocational institutions, and libraries across Kenya.
b) Partnered with stakeholders during World Book Day (2025) in Wajir County, providing books, sanitary pads, and football kits to schools and training centers.
c) Sponsored key stakeholder forums including KEPSHA, KESSHA, KPSA, and the Wildlife Clubs of Kenya, promoting education and literacy.
d) Supported World Literacy Day and habitat restoration campaigns with Kenya Wildlife Service, reinforcing the link between education and environmental conservation.

Conclusion

KLB remains committed to embedding sustainability into all aspects of its operations—environmental conservation, employee welfare, ethical business practices, and community engagement. By aligning with national and global sustainability priorities, we continue to shape a future where quality education goes hand in hand with ecological and social responsibility.

13. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30 June, 2025 which show the state of the Kenya Literature Bureau's affairs.

a) Principal Activities

The principal activity of the Kenya Literature Bureau is to provide innovative and competitive and printing solutions and disseminate quality literary, educational, cultural and scientific literature and materials at affordable prices, whilst promoting excellent authorship, creating shareholder value and promoting a knowledgeable and inspired society.

b) Results

The results of the Bureau for the year ended 30 June, 2025 are set out on page 1 to 38. Below is summary of the profit made during the year.

	2024/25 Amount (Kshs.)	2023/24 Amount (Kshs.)
Gross Turnover	1,828,203,885	3,409,922,003
Gross Profit	835,209,605	1,162,280,172
Net Profit before Taxation	30,009,814	164,535,159
Income Tax Charge (credit)	17,807,078	33,510,455
Total Comprehensive Income after Tax	12,202,736	131,024,704

c) Dividends

Kenya Literature Bureau is wholly owned by the Government of Kenya. The Directors recommends the payment of dividend to the National Treasury on behalf of the Government of Kenya for the year ended 30 June, 2025, amounting to Kshs. 1,220,274 subject to withholding tax where applicable.

d) Directors

The member of the Board of Directors who served during the year are shown on page (vii).

e) Auditors

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

By Order of the Board

Paul Kibet, OGW
Secretary to the Board/Managing Director
Date: 29th July 2025

14. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, Section 14 of the State Corporations Act, and the Kenya Literature Bureau Act, Cap 209 of 1980 (Revised 2022), require the Board of Management to prepare financial statements in respect of the Bureau, which give a true and fair view of the state of affairs of the Bureau at the end of the financial year and the operating results of the Bureau for that year. The Members of the Board are also required to ensure that the Bureau keeps proper accounting records which disclose with reasonable accuracy the financial position of the Bureau. Board Members are also responsible for safeguarding the assets of the Bureau.

The Board Members are responsible for the preparation and presentation of the Bureau's financial statements, which give a true and fair view of the state of affairs of the Bureau for and as at the end of the financial year ended June 30, 2025 This responsibility includes:

i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Bureau.
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 Bureau.
v) Selecting and applying appropriate accounting policies.
vi) Making accounting estimates that are reasonable in the circumstances.

The Board Members responsibility for the Bureau'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 Public Financial Management Act, 2012 and Section 14 of the State Corporations Act and the Kenya Literature Bureau Act. Cap 209 of 1980 (Revised 2022).

STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

The Members are of the opinion that the Bureau's financial statements give a true and fair view of the state of Bureau's transactions during the financial year ended June 30, 2025, and of the Bureau's financial position as at that date. Board Members further confirm the completeness of the accounting records maintained for the Bureau, which have been relied upon in the preparation of the Bureau's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that Kenya Literature Bureau, 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 Bureau's financial statements were duly approved by Board of Management on 29th July 2025, and signed on behalf of the Kenya Literature Bureau by:

DR. Rispah Wepukhulu, PhD	**Paul Kibet, OGW**
CHAIRPERSON, BOM	**AG. MANAGING DIRECTOR/ SECRETARY, BOM**

REPUBLIC OF KENYA

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REPUBLIC OF KENYA

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA LITERATURE BUREAU FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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 Kenya Literature Bureau set out on pages 1 to 38, which comprise of the statement of financial position as at

30 June, 2025, and the statement of profit/loss and other comprehensive income, statement of changes in capital fund and reserves, statement of cash flows and the 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 Kenya Literature Bureau as at 30 June, 2025 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 Kenya Literature Bureau Act, Cap 209 of 1980 (Revised 2012) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding Trade and Other Receivables

The statement of financial position reflects trade and other receivables of Kshs.1,049,175,456 as disclosed in Note 13(a) to the financial statements. Included in the balance are receivables of Kshs.251,486,737 which have been outstanding for a period of more than ninety (90) days.

In the circumstances, the accuracy and recoverability of the receivables balance of Kshs.251,486,737 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Literature Bureau 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue budget and actual on a comparable basis of Kshs.1,525,228,929 and Kshs.894,811,279 respectively, resulting to under collection of Kshs.630,417,650 or 41%. Similarly, the Bureau spent Kshs.920,820,060 against a budget of Kshs.1,415,804,063, resulting to an under-expenditure of Kshs.494,984,003 or 35%.

The under collection and under expenditure may have affected planned activities and service delivery to the public.

My opinion is not modified in respect of this matter.

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 effects of the matter 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

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Foundation in 2024/2025 revealed that the following nine (9) issues remained unresolved as of 30 June, 2025:

No.	Audit Issue
1	Long Outstanding Trade and Other Receivables
2	Unaccounted for Inventories
3	Budgetary Control and Performance
4	Irregular Payment of Acting Allowances
5	Limited Implementation of Human Resource Management Information System
6	Irregular Outsourcing of Printing Services
7	Failure to Align Kenya Literature Bureau Human Resource Policy Manual 2018 to the Public Service Commission Human Resource Policies and Procedures Manual of 2016
8	Slow Moving Book Stocks
9	Understaffing

Other Information

The Board of Directors is responsible for the Other Information set out on pages iii to lv which comprise of Key Corporate Information, Board of Directors, Key Management Team, Chairperson's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and the Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Outsourcing of Printing Services

The statement of profit/loss and other comprehensive income reflects revenue from contracts with customers amount of Kshs.1,828,203,885 as disclosed in Note 1(a) to the financial statements. Review of procurement and related documentation revealed that the Bureau outsourced part of its printing services of which the following anomalies were noted:

I. The requisition was not supported by market survey report, contrary to Regulation 71(1)(2) of the Public Procurement and Asset Disposal Regulations, 2020 which requires the user department to submit the requisition for procurement to the head of procurement function for processing, accompanied by feasibility studies or surveys and reports, reasonable expected date of delivery and any other necessary information pertaining to the procurement;

II. The Bureau did not provide a list of outsourced contracts and costs;

In the circumstances, value for money may not have been realized on Kshs.1,828,2023,885 spent on contracts with customers and Management was in breach of the law.

2. Non-Compliance with the Climate Change Regulations

The National Climate Change Action Plan (NCCAP) III 2023-2027 and the Climate Change Act, 2016 on delivery action plan require State Departments and National Public entities to work through their climate change units to integrate NCCAP 2023–2027 into strategies and implementation plans, and to report to the National Climate Change Council on an annual basis on performance and implementation. However, there was no evidence that the Bureau reported annually to the Council on the status and progress of performance and implementation on climate change.

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

3. Failure to Duly Appoint Members to the Board of Directors

The statement of profit/loss and other comprehensive income reflects Kshs.499,124,401 in respect to administration costs, which includes Kshs.9,829,812 in respect to management board expenses as disclosed in Note 4(a) to the financial statements. However, contrary to Section 5(1) of the Kenya Literature Bureau Act, 2012 and Circular No. OP/CAB.91A of March 11, 2020 which prescribe the composition of the Board of Directors of the Bureau, the following three (3) Board membership positions had not been filled as at 30 June, 2025: the Secretary of the National Council for Science and Technology (currently known as National Commission for Science and Technology and Innovation) or a representative, the Principal Secretary responsible for social sciences (currently either ministry of labour and social protection or ministry of public service, gender and affirmative action) and; a representative from the University of Nairobi.

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

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

REPORT ON 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. Weaknesses in the Management of Text Books Distribution

Review of the book storage, dispatch and distribution process by the Bureau revealed the following control weaknesses;

i. Non-Distribution of Mathematics Learners Books and Teachers Guides

The Bureau entered into two contractual agreements with Kenya Institute of Curriculum Development (KICD) under contract Nos. KICD/KLB/FC/006/CBC/2024-2026 and KICD/KLB/G1-3/016/CBC 2025 respectively to print, package and distribute mathematics course materials for grades 1 to 4 with expected delivery date of 6 May, 2025 and the following expected outcomes;

Contract	Learners' Books	Teachers Books	Grade	Amount (Kshs.)
KICD/KLB/FC/006/CBC 2024-2026	1,176,503	40,809	4	445,951,240
KICD/KLB/G1-3/016/CBC 2025	1,056,536	37,881	3	363,506,232
KICD/KLB/G1-3/016/CBC 2025	1,040,287	37,553	2	357,181,920
KICD/KLB/G1-3/016/CBC 2025	976,854	36,069	1	305,319,660
Totals	**4,250,180**	**152,312**		**1,026,007,812**

Audit inspection of Murang'a, Kirinyaga, Machakos and Kajiado Counties in the month of July, 2025 revealed that no books were delivered in the schools except for Murang'a School for Hearing Impaired, contrary to the agreed timelines on delivery. Given that only two (2) months were left to end of academic year, the books would be utilized by current grades 3, 2 and 1 learners for a short period only, thus affecting smooth curriculum implementation.

ii. Non-Delivery of Adapted Textbooks for Special Schools

During audit inspection of distributed adapted text books for Kerugoya School for the Deaf and Murang'a School for Hearing Impaired, it was established that adapted versions of the text books to suit the special needs learners were not distributed to the schools. Further, it was noted that the schools had not received Kenya Sign Language textbooks despite being part of the contract. In addition, the two schools received Kiswahili and Mathematics textbooks which were not adaptable to the needs of the students while Machakos School for the Deaf received eleven (11) books which were not in the School's syllabus.

In the circumstances, the books distribution process by the Bureau is weak and this may lead to losses of text books and public funds.

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 those Charged with Governance

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Bureau's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 December, 2025

14. STATEMENT OF PROFIT/LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

	Note	2024/25	2023/24
		Kshs	Kshs
REVENUES			
Revenue from Contracts with Customers	1 (a)	1,828,203,885	3,409,922,003
Cost of Sales	1 (b)	(992,994,280)	(2,247,641,831)
GROSS PROFIT		**835,209,605**	**1,162,280,172**
OTHER INCOME			
Finance Income	7 (a)	41,217,403	38,970,222
Other Gains/(Losses)	2	136,686	(955,220)
Other Income	3	18,247,585	11,193,429
		59,601,675	**49,208,431**
TOTAL REVENUES		**1,887,805,560**	**3,459,130,434**
OPERATING EXPENSES			
Administration Costs	4 (a)	499,124,401	488,821,048
Selling and Distribution Costs	5	365,677,064	558,132,396
		864,801,465	**1,046,953,444**
TOTAL COSTS		**1,857,795,745**	**3,294,595,275**
PROFIT/(LOSS) BEFORE TAXATION		**30,009,814**	**164,535,159**
INCOME TAX EXPENSE/(CREDIT)	8(a)	**17,807,078**	**33,510,455**
PROFIT/(LOSS) AFTER TAXATION		**12,202,736**	**131,024,704**

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

ASSETS	Note	2024/25	2023/24
NON-CURRENT ASSETS		**Kshs**	**Kshs**
Property, Plant and Equipment	10 (a)	1,609,052,966	1,675,207,532
Intangible Assets	11	2,781,825	1,351,375
Investment in Staff Mortgage & Car loans	14(b)	157,174,300	149,824,300
TOTAL NON-CURRENT ASSETS		**1,769,009,091**	**1,826,383,207**
CURRENT ASSETS			
Inventories	12	2,770,947,315	2,193,531,555
Trade and Other Receivables	13(a)	1,049,175,456	2,338,796,539
Short-term Deposits	14(a)	304,169,907	217,443,225
Bank and Cash Balances	15	16,573,941	23,870,040
TOTAL CURRENT ASSETS		**4,140,866,619**	**4,773,641,359**
TOTAL ASSETS		**5,909,875,710**	**6,600,024,566**
EQUITY, RESERVES AND LIABILITIES			
Capital Fund	16	1,000,000,000	1,000,000,000
Revaluation Reserves	17	973,855,036	973,855,036
Revenue Reserves	18	2,506,617,650	2,540,141,909
SHAREHOLDER'S FUNDS		**4,480,472,686**	**4,513,996,945**
CURRENT LIABILITIES			
Trade & Other Payables	19	1,429,403,022	2,086,027,617
TOTAL CURRENT LIABILITIES		**1,429,403,022**	**2,086,027,617**
TOTAL EQUITY, RESERVES AND LIABILITIES		**5,909,875,710**	**6,600,024,566**

The financial statements were approved by the Board of Management on 22nd July 2025 and signed on its behalf by:

Dr. Rispah Wepukhulu, PhD	**Paul Kibet, OGW**	**CPA, FA, Francis Mutunga**
Chairperson,	**Ag. Managing Director/**	**Finance Manager**
Board of Management	**Secretary to the Board**	**ICPAK M/NO. 6056**

16. STATEMENT OF CHANGES IN CAPITAL FUND AND RESERVES FOR THE YEAR ENDED 30 JUNE 2025

	Capital Fund	Revaluation Reserves	Revenue Reserves	Total Reserves
	Kshs	Kshs	Kshs	Kshs
At 1st July 2023	**1,000,000,000**	**973,855,036**	**2,422,219,676**	**4,396,074,712**
Net Profit for the year	-	-	164,535,159	164,535,159
Prov. For Corporation Tax - 2023/24	-	-	(33,510,455)	(33,510,455)
Dividends Payable - 2023/24	-	-	(13,102,470)	(13,102,470)
At 30 June 2024	**1,000,000,000**	**973,855,036**	**2,540,141,909**	**4,513,996,945**
At 1st July 2024	**1,000,000,000**	**973,855,036**	**2,540,141,909**	**4,513,996,945**
Instalment Tax Offsets	-	-	(44,506,722)	(44,506,722)
Net Profit for the year	-	-	30,009,814	30,009,814
Prov. For Corporation Tax - 2024/25	-	-	(17,807,078)	(17,807,078)
Dividends Payable - 2024/25	-	-	(1,220,274)	(1,220,274)
At 30 June 2025	**1,000,000,000**	**973,855,036**	**2,506,617,650**	**4,480,472,686**

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024/25 Kshs	2023/24 Kshs
OPERATING ACTIVITIES			
Operating profit for the year	6	30,009,814	164,535,159
Adjustments for:			
Depreciation Expenses	10 (a)	74,425,217	76,071,471
Amortization Expenses	11	1,059,750	689,125
(Decrease)/Increase in Prov. for Slow Moving Stock	4(a)	(39,069)	(256,752)
Provision for Doubtful Debts	4(a)	(172,253)	2,555,729
Interest Income	7(a)	(41,217,403)	(38,970,222)
Foreign Exchange (Gain)/ Loss	3	(108,061)	2,959,947
(Profit)/Loss on disposal of Assets	2	(136,686)	955,220
Operating profit before Working Capital Changes		**63,821,309**	**208,539,677**
Increase/Decrease in Inventories	12	(577,376,692)	(256,053,773)
Realised Foreign Exchange Gain/Loss		108,061	(2,959,947)
Increase/Decrease in Receivables	13(a)	1,235,351,241	(561,530,716)
Increase/Decrease in payables	19	(638,966,337)	609,749,341
Cash generated from operations		**82,937,583**	**(2,255,418)**
Dividends Paid	9	(18,878,532)	-
Corporation Tax Paid	8(b)	-	(32,115,948)
Net Cashflows from Operating Activities		**64,059,051**	**(34,371,366)**
INVESTING ACTIVITIES			
Purchase of property, plant & equipment	10	(9,015,064)	(60,407,881)
Purchase of Intangible assets	11	(2,490,200)	(475,000)
Transfer to Mortgage & Car loan Investment	14(b)	(7,350,000)	(4,500,000)
Disposal of property, plant & equipment	10(a)	881,099	1,761,730
Interest income received from Investments	7(b)	33,345,698	32,178,840
Net Cashflows from Investing Activities		**15,371,533**	**(31,442,311)**
(Decrease)/ Increase in Cash & Cash Equivalents		**79,430,584**	**(65,813,677)**
Cash & Cash Equivalents at the			
- Start of the year (1st July 2023)		241,313,266	307,126,943
- End of the period (30th June 2024)	21(b)	**320,743,850**	**241,313,266**

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

		Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Actual Vs. Budget Performance Difference	% Change	Remarks
Revenue	**Note**	**2024/25 Kshs**	**2024/25 Kshs**	**2024/25 Kshs**	**2024/25 Kshs**	**2024/25 Kshs**		
Turnover	(1a)	3,912,217,391	(333,694,744)	3,578,522,647	1,828,203,885	(1,750,318,762)	-49%	The Budgeted revenue was not realised as at the end of the 30th June 2025, which was a timing difference resulting from the delay in the provision of the final distribution list by KICD which in turn delayed the execution of the targeted GoK/MOE/KICD sales order Grade 1 to 4 Maths and rationalized Curriculum designs Grade 1 to 9, which was expected to be distributed and partly invoiced in the 4th quarter. The project faced delays in the confirmation of the distribution quantities and the firming up of the contracts by MOE/KICD. This has led to the spill over of the contract execution to FY 2025/2026.
Direct Expenditure	(1b)	2,159,928,247	(35,684,530)	2,124,243,718	992,994,280	1,131,249,437	53%	Due to the delay in the provision of the final distribution list by KICD, the execution of the project, with the printing costs, packaging and distribution costs spreading to the quarter 1 of FY 2025/26. The total amount of expenditure captured in FY 2025/26 and which related to the project and expected to be expenses in quarter 4 of FY 2024/25 was Kshs. 344 Million, which would have closed the expenditure gap for the year.
Gross Profit		**1,752,289,144**	**(298,010,215)**	**1,454,278,929**	**835,209,605**	**(619,069,325)**	**-43%**	The decline in gross profitability was due to the lower than targeted turnover.
Other Income	(2&3)	21,970,000	(3,020,000)	18,950,000	18,384,271	(565,729)	-3%	Mainly due to lower gain on disposal of non-current assets.
Investment Income	(7a)	72,000,000	(20,000,000)	52,000,000	41,217,403	(10,782,597)	-21%	Unfavourable due to decrease in the stock of investment portfolio on account of withdrawals to finance production and other operational activities and the lower interest rates.
Total Income		**1,846,259,144**	**(321,030,215)**	**1,525,228,929**	**894,811,279**	**(630,417,650)**	**-41%**	The total revenue was lower than targeted by 41% attributed to the decline in the GOK Order revenue due to invoicing timing differences, sale of open market books, print sales and investment income.
Staff Costs	(4b)	513,583,600	(398,600)	513,185,000	368,035,566	145,149,434	28%	Mainly due to austerity measures affecting training and other non-remunerative expenses.
Administration Costs	(4a)	83,298,266	25,526,734	108,825,000	87,981,067	20,843,933	19%	This was mainly lower due to the implementation of austerity measures, cost containment and reduction measures.
Selling & Distribution Costs	(5)	721,817,391	(98,399,744)	623,417,647	365,677,064	257,740,583	41%	This registered an under-commitment of 41% mainly due to lowerGOK Order revenue thank targeted, open market sales and the implementation of the Government stipulated austerity measures.
Depreciation - Property/Plant	(10b)	53,109,188	(3,914,858)	49,194,330	43,107,769	6,086,561	12%	This is as per the depreciation policy.
Taxation Paid		142,335,210	(73,153,124)	69,182,086	44,506,723	(24,675,363)	-36%	Lower due to lower than targeted profitability.
Total Expenditure		**1,514,143,655**	**(150,339,592)**	**1,363,804,063**	**909,308,188**	**454,495,875**	**33%**	There was an overall savings on expenses in tandem with the lower than targeted revenues.
Capital Expenditure		**115,200,000**	**(63,200,000)**	**52,000,000**	**11,511,872**	**40,488,128**	**78%**	Affected by the rescheduling and rebudgeting of capital expenditure due to lapse of procurement timelines during the financial year.
Surplus/(Deficit) for the period		**216,915,489**	**(107,490,622)**	**109,424,866**	**(26,008,781)**	**(135,433,648)**	**-124%**	The operating profit was below the target on account of the reduced turnover.

The Statement of Actual and Budget Ammounts for the year ended 30th June 2025 has captured the Orginal Approved Budget, The Approved Rationalized Budget and the Approved Budget reallocations and additional financing during the year due to the changes in production related costs for the Government of Kenya tender award for the Printing, Supply and Distribution of Textbooks directly to schools.

19. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Literature Bureau is established by and derives its authority and accountability from Kenya Literature Bureau Act Cap 209 (Revised 2022). The Bureau is a commercial state corporation and wholly owned by the Government of Kenya and is domiciled in Kenya. The Bureau's principal activity is to publish, print and disseminate quality literary, educational, cultural and scientific literature and materials. For reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actually determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Bureau'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 Bureau.

The financial statements have been prepared in accordance with the Public Financial Management Act of 2012, the State Corporations Act Cap 446, Kenya Literature Bureau Act Cap 209, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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 the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: i) when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii) how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and iii) new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other	1 January 2026

	comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.	

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, the Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current has been addressed in the classification of non-current liabilities. The rest of the applicable standards and amendments have been assessed, and the directors do not expect that there will be a significant impact on the Bureau's financial statements.

ii) ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025***

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.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January2027.Earlier application is permitted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

iii) **Early adoption of standards**

Kenya Literature Bureau did not early – adopt any new or amended standards in year 2024/2025.

4. SUMMARY OF ACCOUNTING POLICIES

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

a) Revenue recognition

Revenue is measured based on the consideration to which the Bureau expects to be entitled in a contract with a customer and excludes amount collected on behalf of third parties. The Bureau recognizes revenue when it transfers control of a product or service to a customer. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of Bureau activities, net of Value-Added Tax (VAT), where applicable, and when specific criteria have been met for each of Bureau's activities as described below.

i) **Revenue from the sale of goods and services** is recognised in the year in which the Bureau delivers products and services to the customer, the customer has accepted the products and services, and collectability of the related receivables is reasonably assured. Discounts are recognised at the same time as the revenue to which they relate and are charged to profit and loss account.

As per International Accounting Standards 21 on the Effects of changes in Foreign Exchange Rates, revenue realised in foreign currency is initially recognised in the functional, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period foreign currency monetary items are translated using the closing rate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii) **Revenue from print services** is recognized when the print order is placed, confirmed by the customer, printing executed and delivered of the items thereof made.

iii) **Grants from National Government** are recognised in the year in which the Bureau 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.

iv) **Finance income** comprises interest receivable from bank deposits and investment in securities and is recognised in profit or loss on a time proportion basis using the effective interest rate method.

v) **Dividend income** is recognised in the income statement in the year in which the right to receive the payment is established.

vi) **Rental income** is recognised in the income statement as it accrues using the effective implicit in lease/rental agreements.

vii) **Other income** is recognised as it accrues.

b) In-kind contributions

In-kind contributions are donations that are made to the Bureau 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 Bureau 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. The portion of the building used for rental purposes has not been disclosed separately under the Investment Property due to its insignificance.

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. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

The cost of property, plant and equipment comprises:

(i) Its purchase price, including import duties and non-refundable purchase taxes such as Value Added Tax (VAT), after deducting trade discounts and rebates, where applicable.

(ii) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

d) Depreciation and impairment of property, plant and equipment

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

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by the National Treasury policy and the KLB Finance Manual, 2021 on assets depreciation are:

Item	Years	Rates
Freehold Land	N/A	Nil
Buildings and civil works	25	4%
Plant and machinery	20	5%
Printing Equipment (Short runs)	12.5	8%
Motor vehicles, including motorcycles	4	25%
Computers and related equipment	3.33	33.33%
Office equipment, furniture and fittings	8	12.5%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The prorate depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount. Plant and Machinery mainly comprise of specialized Web and Offset printing, trimming, sewing and binding machines whose useful life extends to over 20 years. They are depreciated at the rate of 5% or 20 years of useful life. The printing equipment (short-runs) comprise of production digital printer and depreciated at the rate of 8% or 12.5 years of useful life.

Depreciation expense, thereof is apportioned between the Production overheads and the Administrative overheads at the rate of 20% and 80% respectively for buildings, furniture and fittings; and at 100% for Plant and machinery.

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at costs less accumulated impairment losses.

The intangible assets comprise purchased computer softwares and licences, which are capitalised 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.

f) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible assets. The amortization is calculated over three and one third (3.33) years at the rate of 33.33%.

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 the 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 the investment property are included in the profit or loss in the period in which they arise. The part of the Bureau's building under rentals has not been segregated as an investment property due to its insignificance.

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) Biological Assets

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

i) Right to 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 Bureau 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.

j) 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.

k) Quoted and unquoted investments

Kenya Literature Bureau does not have the stock of quoted or unquoted investments.

l) Inventories

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

m) Trade and other receivables

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

n) Taxation

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.

m) Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

n) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at Central Bank of Kenya and at various approved Commercial Banks at the end of the reporting period.

Restricted cash

Restricted cash refers to cash and cash equivalent balances that have usage constraints. The Bureau discloses, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity.

p) 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.

q) Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

r) Retirement benefit obligations

i) Defined Contribution Scheme

The Bureau operates a Defined Contribution Scheme for the full-time and pensionable employees from 1st April 2011. The scheme is administered by an in-house Board of Trustees and appointed Scheme Administrator and is funded by contributions from both the Bureau and its employees. The current rate of contribution by the employer is 15.4%, while the employee is at 7.7%.

ii) Defined Benefits Scheme

The Bureau operates a defined benefit scheme which remains a closed fund for employees that were aged above 45 years as at 1st April 2011. The scheme does not admit new members. All full-time and pensionable employees joining the Bureau are registered to the Defined Contribution Scheme after probation. The year end of the two schemes is 31st December. The current rate of contribution by the employer is 17.1%, while the employee is at 8.5%.

The actuarial valuation of the defined benefit scheme is undertaken after every three (3) years after which a surplus is retained in the scheme, while the actuarial deficit is paid by the sponsor over a period of time as per the Remedial Plan approved by the Board of Management and submitted to the Retirement Benefits Authority (RBA).

(iii) National Social Security Fund

The Bureau contributes to the statutory National Social Security Fund (NSSF). This is defined contribution scheme registered under the National Social Security Act. The Bureau's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at a graduated scale per employee per month based on the gross pay.

s) Provision for staff leave pay

Employee's entitlements to annual leave are recognised as they accrue at the employees. The leave pay is normally paid in January every year and the full expense is accrued at the reporting date.

t) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Bureau operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the

NOTES TO THE FINANCIAL STATEMENTS (Continued)

functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

u) Budget information

The original budget for FY 2024/2025 was approved by the Cabinet Secretary, Ministry of Education on recommendation of the National Treasury in July 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The Bureau's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

v) Service concession arrangements

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

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bureau 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 Bureau. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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:

i) The condition of the asset based on the assessment of experts employed by the Bureau.
ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
iii) The nature of the processes in which the asset is deployed.
iv) Availability of funding to replace the assets.

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 12 and 13.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Some of the provisions applicable to the Bureau include:

i) **Provision for Slow moving stocks**

A provision for slow moving stocks is made at the rate 10% of the slow-moving titles determined at the end of the financial year as per the Approved policy, based on the annual title sales, nature/category of the title, the status of the Curriculum in force and the state of the market. This excludes the titles produced for direct sale to the Government of Kenya or the County Governments to be distributed to the public schools.

ii) **Provision for Bad and doubtful debts**

A provision for bad and doubtful debts is made at 5% of the book and print debts outstanding after ninety (90) days as at the end of the financial year as per the Approved Policy. This excludes the debt owed by the Government of Kenya through the Ministry of Education/ Kenya Institute of Curriculum Development (KICD), for the sale of GoK branded books, which have separate and distinct contractual terms.

iii) **Bad and doubtful debts**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

A specific provision for Bad and doubtful debts is made for the debts that have been determined uncollectible and for which authority has been sought from the Accounting Officer or the Cabinet Secretary, Ministry of Education as per the Public Financial Management Act, 2012 and PFM (National Government) Regulations, 2015 Section 148.

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2024/25	2023/24
1. (a) REVENUE FROM CONTRACT WITH CUSTOMERS	**Kshs**	**Kshs**
Sale of Books	1,583,496,306	3,215,030,092
Sale of Print Services	244,707,579	194,891,911
	1,828,203,885	**3,409,922,003**

Turnover comprises gross amount invoiced for sale of books and print sales.

(b) COST OF SALES

Opening inventories		
Printed books	2,166,351,342	1,714,992,606
Raw materials	22,643,385	18,573,132
Work in progress	902,131	202,204,335
	2,189,896,859	**1,935,770,073**
Production Costs		
Direct Expenses	245,085,987	388,884,318
Raw Materials	239,573,344	194,520,806
Direct Labour	101,594,779	91,204,304
Overheads	175,918,426	173,403,365
Contracted Works	808,061,577	1,653,755,822
	1,570,234,113	**2,501,768,617**
Closing inventories		
Printed books	2,679,077,063	2,166,351,342
Raw materials	16,594,552	22,643,385
Work in progress	71,465,077	902,131
	2,767,136,692	**2,189,896,859**
COST OF SALES	**992,994,280**	**2,247,641,831**

The summary relates to the direct expenditure (cost of sales) for the year. See also Appendix 1, pg 38.

2. OTHER GAINS AND LOSSES

Gain on disposal of non-current assets	**136,686**	**(955,220)**

3. OTHER INCOME

Rental Income	7,641,038	10,207,013
Waste Paper Income	2,871,021	244,755
Interest on advances	46,455	45,089
Foreign exchange gain/(loss)	108,061	-
Miscellaneous income	7,581,010	696,573
	18,247,585	**11,193,429**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2024/25 Kshs	2023/24 Kshs
4 (a).	**ADMINISTRATION COSTS**		
	Staff Costs **4 (b)**	368,035,566	350,986,557
	Management board expenses **4 (c)**	9,829,812	9,097,171
	Foreign exchange loss	-	2,959,947
	Transport operating expenses	15,940,307	16,770,003
	Traveling and accomondation	4,616,086	5,143,877
	Postal and telegram expenses	133,532	90,260
	Telephone expenses	3,937,111	3,896,636
	Electricity, Water and Conservancy	3,339,285	4,369,421
	Purchase of uniforms	188,772	294,293
	Purchase of stationery	8,375,640	5,273,636
	Rent & Rates Expenses	72,650	72,650
	Computer expenses	16,228,432	16,248,044
	Hire of casuals	2,828,174	3,635,603
	Insurance costs	3,547,489	3,938,881
	Audit fees	948,276	749,108
	Consultancy Expenses	180,000	180,000
	Slow moving stocks provision expenses	(39,069)	(256,752)
	Provision for Bad & Doubtful Debts	(172,253)	2,555,729
	Maintenance of office equipment	1,101,580	1,649,508
	Maintenance of buildings	6,917,853	7,556,715
	Security expenses	3,502,539	3,603,522
	Library Expenses	60,910	514,662
	Subscription expenses	-	175,430
	Donation expenses	-	400,000
	Bank charges	409,916	1,891,701
	Legal charges	6,034,024	688,896
	Depreciation	42,048,019	45,646,425
	Amortization	1,059,750	689,125
	Total Administration Costs	**499,124,401**	**488,821,048**
(b).	**STAFF COSTS**		
	Basic Salaries	221,039,739	204,419,727
	Gratuity and pension	46,408,583	42,386,454
	Affordable Housing Levy	3,606,235	4,396,676
	House allowance	36,658,850	38,926,050
	Other personal allowances	20,698,487	18,072,467
	Leave allowances	4,498,462	4,239,142
	Medical expenses	17,023,510	22,546,717
	Overtime costs	9,600,617	6,607,173
	Staff training expenses	3,334,220	2,236,594
	Staff welfare expenses	5,166,863	7,155,558
	Total Staff Costs	**368,035,566**	**350,986,557**
(c).	**MANAGEMENT BOARD EXPENSES**		
	Sitting and Lunch Allowances	3,622,000	2,770,000
	Travelling Allowances	1,613,173	2,036,832
	Chairman's Honoraria	1,044,000	1,044,000
	Accomodation Allowances	2,812,086	2,639,000
	Board Medical Expenses	-	29,539
	Board Training & Other Meeting expenses	738,553	577,800
	Total Board Expenses	**9,829,812**	**9,097,171**
5.	**SELLING AND DISTRIBUTION COSTS**		
	Sales trade discounts allowed	223,047,844	321,553,546
	Promotional Samples costs	6,558,004	2,083,479
	Advertising, Research and Promotions	18,431,432	18,091,769
	Corporate Communications expenses	4,512,797	3,559,015
	Business Development Costs	507,240	265,650
	Packaging, carriage and handling costs	112,619,748	212,578,936
	Total Selling and Distribution Costs	**365,677,064**	**558,132,396**
	Total Costs	**864,801,465**	**1,046,953,444**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2024/25 Kshs	2023/24 Kshs
6.	**OPERATING PROFIT / (LOSS)**		
	The operating profit/(Loss) is arrived at after charging / (crediting):		
	Staff Costs (Note 4)	368,035,566	350,986,557
	Depreciation of property, Plant and equipment	42,048,019	45,646,425
	Amortization Intangible Assets	1,059,750	689,125
	Provision For Bad & Doubtful Debts	-172,253	2,555,729
	Directors Emoluments - Fees	9,829,812	9,097,171
	Gain on Disposal of Non-financial Assets	136,686	(955,220)
	Foreign Exchange Gain/(Loss)	(108,061)	-
	Income from investments	(41,217,403)	(38,970,222)
	Rent Receivable	(7,641,038)	(10,207,013)
	Other Income (note 3)	(10,498,486)	(986,417)
7(a).	**GROSS INCOME FROM INVESTMENTS**		
	Interest Income on Government securities	1,083,676	2,034,949
	Interest Income on short-term deposists	40,133,728	36,935,273
		41,217,403	**38,970,222**
(b).	**INTEREST INCOME RECEIVED FROM INVESTMENTS**		
	Interest receivable at beginning of period	5,736,412	4,790,563
	Current years'	41,217,403	38,970,222
	Less: Tax on Interest Received - paid at source	(6,182,611)	(5,845,533)
		40,771,205	37,915,252
	Less: Closing balance for the period	(7,425,507)	(5,736,412)
	Interest received at close of period	**33,345,698**	**32,178,840**
(c).	**NET INTEREST INCOME**		
	Gross interest income	41,217,403	38,970,222
	Less: Tax on Interest Received	(6,182,611)	(5,845,533)
		35,034,793	**33,124,689**
8.	**INCOME TAX EXPENSE/(CREDIT)**		
(a).	**Income Tax Charge/(Credit)**		
	-Charge for the year based on adjusted profit/(Loss) for the year at 30%	17,807,078	33,510,455
	- Less Advance/paid at source	(6,182,611)	(5,845,533)
	Total	**11,624,467**	**27,664,922**
(b).	**Reconciliation of Tax Expense/(Credit) to Expected Tax Based on Accounting Profit**		
	Tax (credit) at beginning of period	(92,457,363)	(88,006,337)
	Income Tax Charge based on adjusted profits for the period	11,624,467	27,664,922
		(80,832,896)	(60,341,415)
	Income Tax paid - Prior years' balances - Offset	7,645,223	(10,015,309)
	Income Tax paid - Current years' advance - Offset	36,861,500	(22,100,639)
	Tax liability / (credit) at the end of period	**(36,326,173)**	**(92,457,363)**

9. DIVIDENDS PAYABLE

The proposed dividend are accounted for as a separate component of equity and not based on number of ordinary shares since the Government of Kenya is the sole shareholder and the Capital Fund is not divided into any class of shares. The Capital Fund is not divided into any class of shares.

The Board of Management of Kenya Literature Bureau declares and pays a dividend of 10% of the after tax Net profit for the year to the Government. The proposed dividend for the year ended 30th June 2025, Kshs. 2.09 Million, is payable after audit of the Financial statements.

	2024/25	2023/24
Opening balance as at 1st july	31,981,002	18,878,532
Proposed Dividend for the year	1,220,274	13,102,470
Dividend Paid during the year	(18,878,532)	-
Closing balance as at 30th June	**14,322,744**	**31,981,002**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 (a). PROPERTY, PLANT AND EQUIPMENT

2024/25	Land	Buildings & Civil Works	Plant and Machinery	Printing Equipment	Office Equipment	Motor Vehicles	Computers & Related Equipment	Office Furniture and Fittings	Capital Work in Progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
COST OR VALUATION										
At July 1, 2024	667,250,000	488,646,930	559,052,006	-	10,916,856	58,775,583	45,229,191	21,138,478	15,396,805	**1,866,405,849**
Capitalization of Assets	-	-	-	-	-	-	-	-	(2,490,200)	**(2,490,200)**
Adjustment	-	-	-	-	(6,608)	-	-	-	-	**(6,608)**
Additions	-	-	-	4,717,035	92,547	-	4,799,016	409,153	1,494,120	**11,511,872**
Disposals	-	-	(576,500)	-	(115,000)	(1,031,000)	-	-	-	**(1,722,500)**
At June 30, 2025	**667,250,000**	**488,646,930**	**558,475,506**	**4,717,035**	**10,887,796**	**57,744,583**	**50,028,208**	**21,547,631**	**14,400,725**	**1,873,698,413**
DEPRECIATION										
At July 1, 2024	-	56,208,326	51,216,270	-	3,930,885	39,427,702	33,129,851	7,285,284	-	**191,198,317**
Adjust for depre. on disposal	-	-	(93,681)	-	(46,719)	(837,687)	-	-	-	**(978,087)**
Charge for the Year	-	19,545,877	27,930,982	125,788	1,357,838	14,500,582	8,274,807	2,689,343	-	**74,425,217**
At June 30, 2025	**-**	**75,754,203**	**79,053,570**	**125,788**	**5,242,004**	**53,090,597**	**41,404,658**	**9,974,627**	**-**	**264,645,447**
NET BOOK VALUE										
At June 30, 2025	**667,250,000**	**412,892,727**	**479,421,936**	**4,591,247**	**5,645,792**	**4,653,985.50**	**8,623,549**	**11,573,004**	**14,400,725**	**1,609,052,966**
At June 30, 2024	**667,250,000**	**432,438,605**	**507,835,736**	**-**	**6,985,971**	**19,347,881**	**12,099,340**	**13,853,194**	**15,396,805**	**1,675,207,532**
DISPOSAL OF PROPERTY, PLANT & EQUIPMENT										
Disposals proceeds	**-**	**-**	**57,000**	**-**	**9,000**	**815,099**	**-**	**-**	**-**	**881,099**

Property, plant and equipment include the following items that are fully depreciated:

	Cost or Valuation	Normal annual depreciation charge
Computer and related equipment	32,511,691	9,753,507
Motor Vehicles	44,306,250	11,076,563
	76,817,941	**20,830,070**

10 (b). ALLOCATION OF DEPRECIATION EXPENSES FOR PROPERTY, PLANT & EQUIPMENT

	Notes	2024	2023
Cost of Sales (Production Overheads)	Appendix I	32,377,199	30,425,047
Admin Expenses - Depreciation of PPE	10	42,048,019	45,646,425
- Amortization of Intangible assets	11	1,059,750	689,125
Total Depreciation expenses		75,484,967	76,760,596

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 (a). PROPERTY, PLANT AND EQUIPMENT

2023/24	Land	Buildings & Civil Works	Plant and Machinery	Office Equipment	Motor Vehicles	Computers & Related Equipment	Office Furniture and Fittings	Capital Work in Progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
COST OR VALUATION									
At July 1, 2023	667,250,000	468,248,487	382,865,350	10,818,288	61,060,750	36,260,425	20,669,819	164,258,749	**1,811,431,868**
Capitalization of Assets	-	20,398,443	176,186,656	-	-	-	-	(196,585,099)	-
Additions	-	-	-	98,568	3,148,733	8,968,766	468,659	47,723,155	**60,407,881**
Disposals	-	-	-	-	(5,433,900)	-	-	-	**(5,433,900)**
At June 30, 2024	**667,250,000**	**488,646,930**	**559,052,006**	**10,916,856**	**58,775,583**	**45,229,191**	**21,138,478**	**15,396,805**	**1,866,405,849**
DEPRECIATION									
At July 1, 2023	-	37,410,391	25,068,749	2,568,919	28,172,342	19,927,809	4,695,586	-	**117,843,796**
Adjust for depre. on disposal	-	-	-	-	(2,716,950)	-	-	-	**(2,716,950)**
Charge for the Year	-	18,797,934	26,147,520	1,361,966	13,972,311	13,202,042	2,589,697	-	**76,071,471**
At June 30, 2024	-	**56,208,326**	**51,216,270**	**3,930,885**	**39,427,702**	**33,129,851**	**7,285,284**	-	**191,198,317**
NET BOOK VALUE									
At June 30, 2024	**667,250,000**	**432,438,605**	**507,835,736**	**6,985,971**	**19,347,881**	**12,099,340**	**13,853,194**	**15,396,805**	**1,675,207,532**
At June 30, 2023	**667,250,000**	**430,838,096**	**357,796,601**	**8,249,369**	**32,888,408**	**16,332,616**	**15,974,233**	**164,258,749**	**1,693,588,072**
DISPOSAL OF PROPERTY, PLANT & EQUIPMENT									
Disposals Proceeds	-	-	-	-	**1,761,730**	-	-	-	**1,761,730**

Property, plant and equipment include the following items that are fully depreciated:

	Cost or Valuation	Normal annual depreciation charge
Computer and related equipment	45,229,191	13,568,757
Motor Vehicles	58,775,583	14,693,896
	104,004,774	**28,262,653**

10 (b) ALLOCATION OF DEPRECIATION EXPENSES FOR PROPERTY, PLANT & EQUIPMENT

		2024	2023
Cost of Sales (Production Overheads)	**Appendix I**	30,425,047	30,425,047
Admin Expenses - Depreciation of PPE	**10**	42,048,019	45,646,425
- Amortization of Intangible assets	**11**	1,059,750	689,125
Total Depreciation expenses		73,532,815	76,760,597

		2024/25 Kshs	2023/24 Kshs
11.	**INTANGIBLE ASSETS**		
	COST		
	At July 1	24,294,529	23,819,529
	Additions	2,490,200	475,000
	Disposals	-	-
	At June 30	**26,784,729**	**24,294,529**
	AMORTISATION		
	At July 1	22,943,153	22,254,028
	Charge for the year	1,059,750	689,125
	Impairment Loss	-	-
	At June 30	**24,002,903**	**22,943,153**
	NET BOOK VALUE		
	At June 30	**2,781,825**	**1,351,375**

Note: Intangible assets amounting to Kshs 21,799,529 were fully amortized as at the end of financial year.

12. INVENTORIES

	2024/25 Kshs	2023/24 Kshs
Printed Books	2,679,077,063	2,166,351,342
Provision for Slow Moving Stock	(2,599,364)	(2,638,433)
Raw Materials	16,594,552	22,643,385
Stationery & Other Consumables	4,240,459	4,103,600
Library Books	2,169,529	2,169,529
Work in Progress	71,465,077	902,131
	2,770,947,315	**2,193,531,555**
Total excluding provision for slow moving stock	***2,773,546,679***	***2,196,169,987***

13 (a) TRADE AND OTHER RECEIVABLES

	2024/25 Kshs	2023/24 Kshs
Trade Receivables - Books	638,157,354	1,958,515,924
Provision for Bad & Doubtful debts - Books	(5,539,429)	(5,193,405)
Trade Receivables - Printing	307,057,772	276,562,510
Provision for Bad & Doubtful debts - Printing	(7,034,907)	(7,553,185)
VAT Receivable	50,395,499	-
Corporation Tax Receivable	36,326,173	92,457,363
Accrued Interest Income	7,425,507	5,736,412
Other Receivables {inclusive of staff receivables Note **13 (c)**}	17,277,426	13,455,718
Deposits and Prepayments	5,110,061	4,815,202
	1,049,175,456	**2,338,796,539**
Total excluding prov. For bad debts, Corporation tax & accrued int.	***1,017,998,113***	***2,253,349,354***

(b) TRADE RECEIVABLES

	2024/25 Kshs	2023/24 Kshs
Gross trade receivables	945,215,127	2,235,078,434
Provision for doubful receivables	(12,574,337)	(12,746,590)
	932,640,790	**2,222,331,843**

At 30th June, the ageing analysis of the gross trade & other receivables was as follows:

	2024/25 Kshs	2023/24 Kshs
Less than 30 days	637,203,668	1,776,406,979
Between 30 and 60 days	45,152,072	14,389,230
Between 61 and 90 days	11,372,649	189,350,420
Between 91 to 120 days	143,495,717	-
Over 120 days days	107,991,020	254,931,804
	945,215,126	**2,235,078,434**

(c) STAFF RECEIVABLES

	2024/25 Kshs	2023/24 Kshs
Gross staff loans and advances	1,426,862	1,818,813
Less: Amounts due within one year	(1,071,742)	(1,355,996)
Amounts due after one year	**355,120**	**462,817**

		2024/25 Kshs	2023/24 Kshs
14(a).	**SHORT-TERM DEPOSITS**		
	Kenya Commercial Bank	9,457,228	87,023,527
	Housing Finance Bank	246,549,316	130,419,698
	Central Bank of Kenya	48,163,363	-
		304,169,907	**217,443,225**

The weighted average effective interest rate on short term bank deposits at the year-end was 11.81%, while the average effective interest rate for investments in Treasury bills was 8.77%.

(b).	**LONG-TERM INVESTMENTS**		
	HF Group & KCB - Mortgage Deposits	122,500,000	118,000,000
	HF Group - Car Loan Deposits	20,000,000	20,000,000
	Investment Gain	7,324,300	7,324,300
	Additions:		
	Transfer to Mortgage	7,350,000	4,500,000
		157,174,300	**149,824,300**

15. CASH AND BANK BALANCES

Cash on Hand	250,000	242,953
Cash at Bank	16,323,941	23,627,087
	16,573,941	**23,870,040**

The bulk of the cash at bank was held Kenya Commercial Bank and National Bank of Kenya, the Bureau's main bankers.

Detailed analysis of the Cash and Cash Equivalents

a)	**Current Account**	**Account Number**	**Kshs**	**Kshs**
	Kenya Commercial Bank	1241318387	10,865,400	5,608,069
	Kenya Commercial Bank	1108975119	5,224,844	11,167,050
	Kenya Commercial Bank	1124828621	79,332	-18,504
	National Bank Of Kenya	7700064369	36,452	6,827,524
	National Bank Of Kenya	7700064377	75,616	18,213
	National Bank Of Kenya	7700064350	90,127	24,735
	Sub - Total		**16,371,771**	**23,627,087**
b)	**On - Call Deposits**			
	Kenya Commercial Bank	1241318387	9,457,228	9,457,228
	Sub - Total		**9,457,228**	**9,457,228.41**
c)	**Fixed Deposits Account**			
	Kenya Commercial Bank	1241318387	-	77,566,299
	Housing Finance Bank	9783865068-0	246,549,316	130,419,698
	Central Bank of Kenya	CDS 109275	48,163,363	-
	Sub - Total		**294,712,679**	**207,985,997**
d)	**Others - Cash & Mobile Wallet Deposits**			
	Petty Cash		250,000	241,900
	Mpesa		-	(9,139)
	Ecitizen		(47,830)	10,192
	Sub - Total		**202,170**	**242,953**
	Grand Total		**320,743,848**	**241,313,265**

16. CAPITAL FUND

The amount of Kshs. 1,000,000,000 being GOK injection is comprised of Kshs. 300,000,000 which the Government invested when establishing Kenya Literature Bureau through an Act of Parliament Cap. 209 No. 4 of 1980, while Kshs. 400,000,000 were transfers from Revenue Reserves of Ksh 200,000,000 each during financial years 1996/1997 and 2007/2008. A further Kshs 300,000,000 was transferred from the Revenue Reserves during the financial year 2012/2013.

Capital Fund	1,000,000,000	1,000,000,000
	1,000,000,000	**1,000,000,000**

17. REVALUATION RESERVES

Revaluation reserves relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax on retained earnings. Revaluation surlpuses are not distributable. Revaluation of assets was done in 2020/2021 for the assets in the books as at May 31, 2021. The next revaluation of assets is due in FY 2025/2026.

Revaluation Reserves	973,855,036	973,855,036
	973,855,036	**973,855,036**

18. REVENUE RESERVES

The retained earnings represent amounts available for distribution to the Government of Kenya. Undistributed retained earnings are utilised to finance the Bureau's business activities.

Retained Earnings	2,506,617,650	2,540,141,909
	2,506,617,650	**2,540,141,909**

	2024/25 Kshs	2023/24 Kshs
19. TRADE AND OTHER PAYABLES		
Trade Payables	1,210,542,923	1,662,676,471
Dividend Payable	14,322,744	31,981,002
Accrued Royalties	79,402,863	194,118,923
VAT Payable	-	71,599,224
Withholding VAT Payable	27,912,692	29,817,572
Audit Fees Provision	891,796	891,796
Other Payables	27,281,118	24,209,252
Accrued Expenses	2,476,432	1,095,537
Withholding Tax Due	6,352,836	5,841,246
Inventory Clearing Accounts	60,219,618	63,796,595
	1,429,403,022	**2,086,027,617**
Total excluding provision for dividend & corporation tax, payable	***1,415,080,279***	***2,054,046,615***

At 30th June, the ageing analysis of the gross trade payables & other was as follows:

	2024/25 Kshs	2023/24 Kshs
Less than 30 days	1,132,779,634	637,428,908
Between 30 and 60 days	57,427,190	450,936,205
Between 61 and 90 days	27,211,475	422,571,010
Between 91 and 120 Days	211,984,724	575,091,495
	1,429,403,022	**2,086,027,617**

20. RETIREMENT BENEFIT OBLIGATIONS

The Bureau operates a defined contribution scheme for the full time employees from 1st April 2011. The scheme is administered by an in-house Board of Trustees and is funded by contributions from both the Bureau and its employees. Further, the Bureau operates a defined benefit scheme which remains a closed fund for employees that were aged above 45 years as at 1st April 2011. The scheme does not admit new members. All permanent staff joining the Bureau are registered for the defined contribution scheme after probation. The year end of the two schemes is 31st December.

The Bureau also contributes to the statutory National Social Security Fund (NSSF). This is defined contribution scheme registered under the National Social Security Act. The Bureau's obligation under the scheme is limited to specific contributions legislated from time to time and is currently dependent on the earnings per employee per month. A provisional accrual deficit of Ksh 207 Million is currently under review to be submitted to the Retirement Benefits Authority (RBA) after approval by Board of Management.

21. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2024/25 Kshs	2023/24 Kshs
Operating profit or Loss before tax	30,009,814	164,535,159
Adjustments for:		
Depreciation	74,425,217	76,071,471
Amortization	1,059,750	689,125
(Decrease)/Increase in Prov. for Slow Moving Stock	(39,069)	(256,752)
Provision for Doubtful Debts	(172,253)	2,555,729
Foreign Exchange (Gain)/ Loss	(108,061)	2,959,947
Net Interest Income	(41,217,403)	(38,970,222)
(Profit)/Loss on disposal of Assets	(136,686)	955,220
Operating profit before Working Capital Changes	**63,821,309**	**208,539,677**
(Increase)/Decrease in Inventories	(577,376,692)	(256,053,773)
Realised Foreign Exchange Gain/Loss	108,061	(2,959,947)
(Increase)/Decrease in Receivables	1,235,351,241	(561,530,716)
(Increase)/Decrease in Payables	(638,966,337)	609,749,341
Cash generated from operations	**82,937,583**	**(2,255,418)**

(b) Analysis of cash and cash equivalents

	2024/25 Kshs	2023/24 Kshs
Short Term Deposits with Kenya Commercial Bank	9,457,228	87,023,527
Short Term Deposits with Housing Finance Bank	246,549,316	130,419,698
Treasury Bills with Central Bank of Kenya	48,163,363	-
Cash at bank	16,323,941	23,627,087
Cash at hand	250,000	242,953
	320,743,848	**241,313,265**

(c) Analysis of dividend paid

	2024/25 Kshs	2023/24 Kshs
2022 Dividends paid	8,522,208	
2023 Dividends paid	18,878,532	
2024 Dividends paid	13,102,470	
	40,503,210	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2024/25	2023/24
	Kshs	Kshs

22. RELATED PARTY DISCLOSURES

(a) Government of Kenya

The Government of Kenya lis the principal shareholder of Kenya Literature Bureau, holding 100% of the Bureau's equity interest.

There were no other Bureau's transanctions involving the Government of Kenya.

(b) Employees

The Bureau provides certain qualifying employees with Mortgage and car loans in a funded arrangement with Housing Finance Corporation and Kenya Commercial Bank Ltd.

The charge to the property and cars are taken jointly between the borrower, the bank and KLB.

The Mortgage and Car loan Scheme, are accounted for in separate financial statements from the parent, KLB.

(c) Directors' renumeration and related costs

	2024/25 Kshs	2023/24 Kshs
Allowances and other emoluments and costs for directors	**9,829,812**	**9,097,171**

(d) Key management compensation

	2024/25 Kshs	2023/24 Kshs
Salaries and other employment benefits	58,769,865	58,769,865
Managing Director's Gratuity benefits	-	-
	58,769,865	**58,769,865**

The Bureau has a defined benefits and contribution plan whose benefits are payable by the Fund Manager or the annuity service provider and which are independently accounted for by the respective companies.

23. CAPITAL COMMITMENTS

No amounts had been authorised and contracted for as at 30th June 2025.

24. FINANCIAL RISK MANAGEMENT

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) **Credit risk (Continued)**

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Receivables from exchange transactions	945,215,126	837,224,106	107,991,020	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	16,323,941	16,573,941	-	-
Total	**961,539,067**	**853,798,047**	**107,991,020**	**-**
At 30 June 2024				
Receivables from exchange transactions	2,235,078,434	1,980,146,630	254,931,804	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	23,627,087	23,870,040	-	-
Total	**2,258,705,521**	**2,004,016,669**	**254,931,804**	**-**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in thefinancial statements is considered adequate to cover any potentially irrecoverable amounts.

The Bureau has significant concentration of credit risk on amounts due for over ninety (90) days Kshs. 251.5 Million. Of this amount, there are debtors who have negotiated for repayment plans, while others are paying through court wards and court sanctioned consent.

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

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

ii) Liquidity risk management (Continued)

	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade payables	933,488,701	84,638,665	192,415,485	1,210,542,851
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	**933,488,701**	**84,638,665**	**192,415,485**	**1,210,542,851**
At 30 June 2024				
Trade payables	214,077,763	873,507,215	575,091,496	1,662,676,473
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	**214,077,763**	**873,507,215**	**575,091,496**	**1,662,676,473**

iii) Market risk

The board has put in place an internal audit 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 entity'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Bureau 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 carrying amount of the Bureau's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	**Kshs**	**Kshs**
At 30 June 2025			
Financial assets(investments, cash ,debtors)	1,369,919,304	-	1,369,919,304
Liabilities			
Trade and other payables	(1,429,403,022)	-	(1,429,403,022)
Borrowings	-	-	-
Net foreign currency asset/(liability)	**-59,483,718**	**-**	**-59,483,718**

The Bureau manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

	Ksh	Other currencies	Total
	Kshs	**Kshs**	**Kshs**
At 30 June 2024			
Financial assets(investments, cash ,debtors)	2,580,109,804	-	2,580,109,804
Liabilities			
Trade and other payables	(2,086,027,617)	-	(2,086,027,617)
Borrowings	-	-	-
Net foreign currency asset/(liability)	**494,082,187**	**-**	**494,082,187**

Market risk (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	%	Kshs	Kshs
2025			
Rwandan Francs	10%	Insignificant	Insignificant
USD	15%	Insignificant	Insignificant
2024			
Rwandan Francs	10%	Insignificant	Insignificant
USD	15%	Insignificant	Insignificant

b) Interest rate risk

Interest rate risk is the risk that the entity'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 deposits. This exposes the company to cash flow deposits. interest rate risk.
The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs Nil (2025: KShs Nil). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs Nil (2024 – KShs Nil).

iv) Capital Risk Management

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

	2024/25	2023/24
	Kshs	Kshs
Revaluation reserve	973,855,036	973,855,036
Retained earnings	2,506,617,650	2,540,141,909
Capital reserve	1,000,000,000	1,000,000,000
Total funds	**4,480,472,686**	**4,513,996,945**
Total borrowings (Nil)	-	-
Less: cash and bank balances	(16,573,941)	(23,870,040)
Net debt/(excess cash and cash equivalents)	N/A	N/A
Gearing	**0%**	**0%**

25 INCORPORATION

Kenya Literature Bureau is incorporated in Kenya under the Act of Parliament Cap. 209 of 1980 (Revised 2022) and is domiciled in Kenya.

26 EVENTS AFTER THE REPORTING PERIOD

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

27 CURRENCY

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

APPENDIX I

DETAILS OF PRODUCTION COSTS

	2024/25	2023/24
	Kshs	Kshs
Institutional Printing Services	94,862,639	94,889,057
Photography, Artwork & Blocks	3,462,885	4,292,836
Readership, Writing Workshops	89,773,918	58,057,885
Standard Levy	336,040	479,156
Royalty Expenses	56,650,505	231,165,385
Direct Costs	**245,085,987**	**388,884,318**
Contracted Works	**808,061,577**	**1,653,755,822**
Printing Papers Issues	214,899,812	163,932,737
Inks Issues	5,327,042	5,472,936
Plates Issues	6,489,369	6,095,378
Printing Supplies Issues	12,857,121	19,019,755
Direct Material Costs	**239,573,344**	**194,520,806**
Basic Salary Allocation	71,367,491	63,007,178
House Allow Allocation	14,416,200	14,664,450
Other Allow Allocation	6,564,517	5,081,537
Leave Allow Allocation	1,587,635	1,489,328
Overtime Allow Allocation	7,658,936	6,961,812
Direct Labour Costs	**101,594,779**	**91,204,304**
Transport Exp Allocation	2,812,995	2,959,412
Basic Salary Allocation	19,633,224	20,384,445
Depr Of Plant Exp Allocation	27,930,982	26,147,520
Electricity, Water Exp Allocation	10,017,856	13,108,264
Insurance Exp Allocation	2,364,993	2,625,921
Telephone Exp Allocation	1,312,370	1,298,879
Maint Of Plant Allocation	33,781,272	26,056,236
Maint Of Buildings Allocation	2,304,666	2,518,905
Pensions Allocation	30,939,055	28,257,636
Affordable Housing Levy Allocation	2,404,157	0
House Allow Allocation	3,528,000	4,299,400
Maint Of O/Equip Allocation	122,259	183,279
Other Allow Allocation	2,631,359	1,889,757
Depr Of Buildings Exp Allocation	3,909,175	3,759,587
Uniforms Exp Allocation	188,772	294,293
Depr Of Furn Exp Allocation	537,042	517,939
Stationery Exp Allocation	929,467	585,960
Leave Allow Allocation	326,608	411,043
Casual Wages Allocation	11,312,694	14,542,412
Security Exp Allocation	1,167,513	1,201,174
Overtime Exp Allocation	751,373	1,068,724
Training Exp Allocation	2,222,813	1,491,062
Welfare Exp Allocation	3,440,774	4,770,372
Medical Exp Allocation	11,349,007	15,031,145
Overhead Costs	**175,918,426**	**173,403,365**
Total Production Costs	**1,570,234,113**	**2,501,768,617**