

REPUBLIC OF KENYA



**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 14 APR 2026

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| TABLED BY:          | Hon. Naomi Wago, CBS, MP<br>(Deputy Majority Whip) |
| CLERK-AT-THE-TABLE: | Inzofu Mwak, HSC                                   |

**THE AUDITOR-GENERAL**

**ON**

**KENYA NATIONAL TRADING  
CORPORATION LIMITED**

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



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**KENYA NATIONAL TRADING CORPORATION LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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Prepared in accordance with the IFRS Accounting Standards

**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

|              |   |
|--------------|---|
| <b>CEO</b>   | Chief Executive Officer                     |
| <b>DG</b>    | Director General                            |
| <b>IAS</b>   | International Accounting Standards          |
| <b>IASB</b>  | International Accounting Standards Board    |
| <b>IFRS</b>  | International Financial Reporting Standards |
| <b>ICS</b>   | Institute of Certified Secretaries          |
| <b>MD</b>    | Managing Director                           |
| <b>NT</b>    | National Treasury                           |
| <b>PFMA</b>  | Public Finance Management Act.              |
| <b>PSASB</b> | Public Sector Accounting Standards Board    |
| <b>KNTC</b>  | Kenya National Trading Corporation          |

**B. Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with the entity's financial resources.

**Comparative Year**- Means the prior period.

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**2. Key Entity Information**

**a) Background information**

The Kenya National Trading Corporation Ltd was established under the Companies Act (Cap 486) in 1965. At cabinet level, the Corporation is represented by the Cabinet Secretary for the Ministry of Investment, Trade and Industry who is responsible for the general policy and strategic direction of the Corporation. The Corporation is domiciled in Kenya and has branches in Nairobi, Kisumu, Mombasa, Karatina, Eldoret, Nakuru, Machakos, Kitale and Meru.

**b) Principal Activities**

The principal activities of KNTC are to:

1. Participate in the promotion of wholesale, retail business and e-trade in line with Vision 2030, the medium-term plan and the Parent Ministry's Strategic Plan.
2. Promote the development of SME markets, expansion and diversifications of trade in line with the Government Policy.
3. Partner with other key players to avail relevant products/input for the agricultural sector.
4. Improve and strengthen supply chain and distribution systems for both the formal and informal sector.
5. Stabilize consumer commodity prices by ensuring balance in supply and demand through availability of stocks/goods in the country.
6. Be a Procurement Agent for the Government and general public at a minimum fee.
7. Participate in distribution of goods and services in special economic zones.
8. Enhance the mandate of mopping up local rice.

**Our Vision:** To be a leading agent for Trade and Socio-economic transformation of Kenya.

**Our Mission:** 'To provide customers within the region with quality products and services through an efficient distribution network, partnerships and innovation'.

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**Key Entity Information (continued)**

**c) Directors**

The Directors who served the Corporation during the year/period were as follows:

- |                              |                         |  |
|------------------------------|-------------------------|--|
| 1. Dr. Evans Odhiambo Kidero | - Chairman              | - Appointed in November 2024                   |
| 2. Hussein Tene Debasso      | - Chairman              | - Left in November 2024                        |
| 3. Lucy M. Anangwe           | - Managing Director     | - Appointed in November 2024                   |
| 4. Purity Kimathi            | - Ag. Managing Director | - Acted in October 2024                        |
| 5. Peter Njoroge             | - Ag Managing Director  | - Left in October 2024                         |
| 6. Harrison Njoroge Mwaura   |                         | - Appointed in March 2023                      |
| 7. Perez Jepkorir            |                         | - Appointed in March 2023                      |
| 8. Leonard Langat            |                         | - Appointed in March 2023                      |
| 9. Meymuna Osman Gabow       |                         | - Appointed in March 2023                      |
| 10. Lydia Wanjiku Kariuki    |                         | - Appointed in March 2023                      |
| 11. Herman Gacugi            |                         | - Left in November 2024                        |
| 12. Abigail Masinde          |                         | - Representative of the Attorney General       |
| 13. Jonah Tajeu Orumoi       |                         | - Alternate to The PS, The National Treasury   |
| 14. Patricia N. Gachungi     |                         | - Alternate to the Executive Director, KDC     |
| 15. Nicholas Kamau           |                         | -Alternate to The PS State Department of Trade |

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**Key Entity Information (continued)**

**d) Corporate Secretary**

Pancras Kariuki  
P.O. Box 30518-00100  
Nairobi.

**e) Registered Office**

KNTC Yarrow Road Complex  
Yarrow Road off Nanyuki Road,  
Industrial Area,  
P.O. Box 30587-00100  
Nairobi, Kenya

**f) Corporate Headquarters**

P.O. Box 30587-00100  
KNTC Yarrow Road Complex  
Yarrow Road off Nanyuki Road,  
Industrial Area,  
Nairobi, Kenya

**g) Corporate Contacts**

Tel: (020) 2430824 Fax: (020) 556331  
Mobile: 0736-563912, 0714563911  
Website: [www.kntc.co.ke](http://www.kntc.co.ke)  
E-mail: [kntc@kntc.co.ke](mailto:kntc@kntc.co.ke)

**Key Entity Information (continued)**

**h) Corporate Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
  
2. Co-operative Bank of Kenya  
Industrial Area  
P.O Box 18119-00500,  
Nairobi, Kenya.
  
3. ABSA Bank Kenya  
Lunga Lunga Road,  
P.O. Box 18060-00500,  
Nairobi, Kenya
  
4. KCB Bank Kenya Ltd  
Mashariki Branch  
P.O Box 311-00507  
Nairobi, Kenya.
  
5. National Bank of Kenya  
Harambee Avenue  
P.O Box 41862-00100,  
Nairobi, Kenya.

**i) Independent Auditors**


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

**j) Principal Legal Advisers**





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

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**3. The Board of Directors**



| SN | Directors  | Details  |
|----|--|--|
| 1. |  <p data-bbox="276 813 778 913">Dr. Evans Kidero<br/>Masters in Business Administration and<br/>a Bachelor's Degree in in pharmacy</p>  | <p data-bbox="805 436 1469 752">Dr. Evans Kidero was born on 20<sup>th</sup> May 1957 and is the chairman of the board and was nominated in November 2024. He is an accomplished leader with a blend of expertise in political governance and corporate management. He has a proven track record of over thirty (30) years shaping policy and advocating for economic development, infrastructure improvement and local &amp; international trade.</p> <p data-bbox="805 757 1469 898">He holds a Bachelor's degree in pharmacy from the University of Nairobi and a Master's in Business Administration from the Kenyan United States International University.</p> |
| 2. |  <p data-bbox="284 1272 751 1373">Harrison M. Njoroge<br/>Bachelor's degree in education and a<br/>Diploma in Financial Management</p>  | <p data-bbox="805 1003 1437 1178">Harrison Njoroge was born on 12<sup>th</sup> December 1962 and is an Independent Director nominated to the Board in March 2023. Mr. Njoroge has over 30 years' experience in public administration, financial management and training.</p> <p data-bbox="805 1182 1437 1283">He is the chair of the Finance and Strategy committee and a member of the Human Resource and Admin Committee.</p>   |
| 3. |  <p data-bbox="325 1601 735 1814">Meymuna Osman Gabow<br/>Bachelor's degree in Business<br/>Management (Human Resource)<br/>and a Diploma in Secretarial<br/>studies, bookkeeping and<br/>Accounts.</p> | <p data-bbox="805 1411 1445 1512">Meymuna Osman was born on 1<sup>st</sup> January 1980 and is an independent director nominated to the Board in March 2023.</p> <p data-bbox="805 1516 1445 1583">She has experience in Business Administration and Finance.</p> <p data-bbox="805 1588 1445 1688">She is the Chairperson of the board audit and risk Committee and a member of the Human Resource and Admin Committees.</p>  |

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|    |  |   |
|----|--|---|
| 4. |  <p>Leonard Kipkoech Langat<br/> Masters in Business Administration<br/> (Strategic Management) and a Bachelor<br/> of Commerce (Banking and Finance)</p> | <p>Leonard Langat was born on 17<sup>th</sup> August 1988 and is an independent director and was nominated to the Board in March 2023.</p> <p>He has a wealth of experience in Public Administration and Planning, Finance and Accounts, Audit and Corporate Governance. He is the Chair of the technical matters committee and a member of the Finance and Strategy Committees.</p>  |
| 5. |  <p>Perez Muge<br/> Bachelor of laws degree</p>   | <p>Perez Muge was born on 23<sup>rd</sup> March 1973 and is an Independent Director nominated to the Board in March 2023. Ms. Perez has over twenty years' experience in legal matters, business administration and public relations.</p> <p>She is the Chair of the of the Human Resource and Admin Committee and a Member of the board audit and risk committee.</p>  |
| 6. |  <p>Lydia Wanjiku Kariuki<br/> Certificate in sales and marketing</p>  | <p>Lydia Wanjiku born on 11<sup>th</sup> December 1982 and was nominated to the Board in March 2023.</p> <p>She has vast experience in digital marketing, business development and planning, project management, sales and customer relations.</p> <p>She is a Member of the Finance and Strategy, Human Resource and the Technical matters Committees.</p>   |
| 7. |  <p>Jonah Orumoi<br/> Masters in Finance and Investment<br/> from and a Bachelor's degree in<br/> Accounting and Finance</p>                            | <p>Jonah Orumoi was born on 20<sup>th</sup> October 1978 and was nominated to the Board in February 2023 as the Alternate to the Principal Secretary, The National Treasury.</p> <p>He is a certified Fellow of the Association of Certified and Corporate Accountants. He is vastly trained in strategic leadership, public private partnerships, resource mobilization and proposal writing, corporate governance for directors and culture transformation and leadership.</p> <p>He has over 15 years of experience in strategic planning and implementation, board supervisory committee collaboration, risk assessment and administration, performance management and portfolio and investment management. He is a Member of the Finance &amp; Strategy Committee and the Human Resource and Admin Committees.</p> |



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|     |  |  |
|-----|--|--|
| 8.  |  <p>Nicholas Kamau<br/>Masters in Commerce (Finance and Investments) and a Bachelor of commerce degree (Finance).</p> | <p>Nicholas Kamau was born on 15<sup>th</sup> April 1976 and was nominated to the Board in May 2023 as the Alternate to the Principal Secretary, State Department for Trade.</p> <p>He is currently pursuing a PHD in Finance. He is a certified Information systems auditor and a certified public accountant. He has vast experience in public service having served for over 15 years. He specializes in finance, systems audit, budget implementation and control and financial management.</p> <p>He is a Member of the Finance and Strategy Committee, Technical Matters committee, Human Resource Committee and Audit and Risk Committee.</p>   |
| 9.  |  <p>Abigail Masinde<br/>Bachelor of Laws, LLB<br/>Advocate of the High Court of Kenya</p>                            | <p>Abigail Masinde was born on 15<sup>th</sup> August 1988 and was nominated to the board in October 2023 to represent the Attorney General. She is a senior state counsel well versed in contract negotiations and procurement agreements. She also has a wealth of experience in offering legal advice to state corporations, ministries and government agencies before execution of commercial agreements.</p>  |
| 10. |  <p>Ms. Patricia N. Gachungi<br/>Masters in Procurement and Logistics<br/>BCOM - Business Administration</p>        | <p>Patricia Gachungi was born on 20<sup>th</sup> July 1987 and was nominated to the Board in November 2024 as the Alternate to the Executive Director, KDC.</p> <p>Ms. Patricia holds a Master of Science Degree in Procurement and Logistics from the Jomo Kenyatta University of Science and Technology (JKUAT) and a Bachelor of Commerce Degree, Business Administration Option from Strathmore University. She also holds Graduate Diploma from The Chartered Institute of Procurement and Supply, United Kingdom. She is a Fellow of the Chartered Institute of Procurement and Supply (FCIPS-UK) and a Licensed Member of the Kenya Institute of Supplies Management (MKISM). She is a member of the Human Resource and Finance and Strategy Committees</p> |





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|     |   |   |
|-----|---|---|
| 11. |  <p>Lucy M. Anangwe<br/>MSc in Finance, a bachelor's degree in Economics and Business Studies, and a Certified Public Accountant (CPA-K)</p> | <p>Lucy Anangwe was born on 8<sup>th</sup> August 1978 and is the Managing Director with over 20 years' experience in financial management, economic analysis, and accounting principles. She is a member of Certified Public Accountant (CPA-K). Throughout her career, Lucy has demonstrated strong leadership and strategic acumen, successfully steering organizations toward sustainable growth, operational excellence, financial reporting, budgeting, and risk assessment, with a commitment to continuous professional development and ethical practice.</p> |
| 12. |  <p>Pancras Kariuki<br/>Degree in law (LLB)<br/>Post graduate diploma in law from Kenya school of law</p>                                   | <p>Pancras Kariuki was born on 24<sup>th</sup> June 1989 and is the acting Company Secretary. He joined the corporation in 2018. He is an Advocate of the High Court of Kenya with over 15 years of experience in legal practice, corporate governance, and regulatory compliance. He is a certified mediator and a registered member of the Institute of Certified Secretaries. He is currently pursuing a Master's degree in International Criminal Justice. He spearheads strategic leadership for the Office of the Company Secretary &amp; Legal Services.</p>   |



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**4. Key Management Team**

| SN | Management  | Details  |
|----|---|--|
| 1. | <br>Lucy M. Anangwe<br>MSc in Finance, a bachelor's degree in Economics and Business Studies, and a Certified Public Accountant (CPA-K)                  | Managing Director                                  |
| 2. | <br>Pancras Kariuki<br>Degree in law (LLB), and a Post graduate diploma in law from Kenya school of law   | Acting Company Secretary & Manager Legal Services  |
| 3. | <br>Michael Muli Munyao<br>Certified Public Accountant (CPA-K)   | Acting General Manager Strategy, Risk & Compliance |
| 4. | <br>Maureen Dwallo<br>MBA in Human Resources Management, Degree in Human Resource Management, CHRP-K, Higher Diploma in HR, and Counselling Psychology | Head, Human Resource & Administration              |

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|    |  |                                    |
|----|--|------------------------------------|
| 5. |  <p>Peter Wachira</p> <p>Bachelors in Business Management, a Senior Management Course certification, Strategic Leadership Development Program Certification and a Certified Public Accountant (CPA-K)</p> | Interim Finance & Accounts Manager |
| 6. |  <p>Kevin Micheni</p> <p>MBA (Strategic Management), a Bachelor of Commerce (Accounting) and a Certified Public Accountant (CPA-K)</p>   | Head of Internal Audit             |

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## 5. Fiduciary Management

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

| No. | Designation                | Name           |
|-----|----------------------------|----------------|
| 1.  | CEO/ MD/ DG                | Lucy Anangwe   |
| 2.  | Head of Corporate Services | Maureen Dwallo |
| 3.  | Ag. Head of Finance        | Peter Wachira  |
| 4.  | Ag. Head of Procurement    | Evelyn Kimemia |
| 5.  | Head of Internal Audit     | Kevin Micheni  |

## 6. Fiduciary Oversight Arrangements

KNTC Board Committees and the Parliamentary Oversight Committees

The Corporation has 4 committees which exercise their fiduciary duties as follows; -

### I. Finance and Strategy Committee.

#### Finance:

- **Financial Reporting:** Reviews and approves financial statements, ensuring accuracy and compliance with accounting standards.
- **Budget Approval:** Oversees the development and approval of annual budgets, monitoring expenditures against those budgets.
- **Financial Performance:** Monitors the organization's financial performance, including revenue, expenses, and cash flow.
- **Risk Management:** Identifies, assesses, and mitigates financial risks that could impact the organization.
- **Audit Oversight:** Works with the audit committee to oversee the external audit process and internal controls.

**Fiduciary Oversight Arrangements (Continued)**

**Strategic Planning:**

- **Strategic Direction:** Provides guidance on the organization's long-term strategic direction, aligning it with its mission and vision.
- **Strategic Initiatives:** Reviews and approves major strategic initiatives and capital expenditure proposals.
- **Performance Measurement:** Establishes key performance indicators (KPIs) to measure the success of strategic initiatives.
- **Risk Assessment:** Identifies and assesses strategic risks that could impact the organization's long-term goals.

**II. Human Resource and Administration Committee.**

- Review and monitor the development of the Corporation's human resources management strategy to determine whether human resources plans and initiatives will enable the Corporation to achieve its strategic objectives;
- Review and, when appropriate, recommend to the Board approval of the Corporation's human resources policies
- Review the terms and conditions of employment for Management including Chief Executive Officer and recommend the approval of same to the Board.
- Review and make recommendations to the Board on the Corporation's compliance with legislative requirements in areas dealing with human resources management such as the Labor Laws and Employment.
- Review investments and strategies for employee training, education, and development.
- Review management's identification and assessment of any significant human resources risk to the Corporation and, if necessary, recommend measures to mitigate the risk;
- Develop a Human Resources Committee work plan on an annual basis, identifying priorities and objectives
- Responsible for reviewing Corporation's staffing requirement
- Interview and recommend to the Board for approval of recruitment of Senior Management positions.
- Review and monitor the Legal Departments' Operations, litigation cases and cases reports.
- Undertake any other duties that the Board may delegate to the Committee.

**Fiduciary Oversight Arrangements (Continued)**

**III. Audit Committee**

- Evaluating the adequacy of management procedures with regard to issues relating to risk management, control and governance.
- Reviewing and approving the audit charter where applicable and internal audit work plans.
- Reviewing the internal and external audit findings and recommendations and proposing corrective and preventive action where necessary.
- Reviewing the systems established to ensure sound public financial management and internal controls as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- Initiate special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the accounting officer/chief executive officer.

**IV. Technical Matters Committee.**

- Review, evaluate and advise the board on the Corporation's performance in terms of profit and loss making.
- Review and advise the board regarding the Corporation's short term and long-term strategic goals and objectives
- Review evaluate and advise the board on emerging business trends in the economic landscape.
- Monitor and evaluate the Corporation's sales and marketing strategies to ensure the Corporation's stability in terms of profit making.

**Fiduciary Oversight Arrangements (Continued)**

**V. Trade, Industry & Cooperatives Parliamentary Committee**

- Oversight of public funds by ensuring lawful, efficient, and responsible use of public resources.
- Monitoring accountability and transparency by demanding disclosure, documentation, and explanations from sector agencies.
- Implementing Policy and legislative stewardship by reviewing and enhancing laws, policies, and regulations affecting the sector.
- Performance monitoring by assessing program effectiveness, identifying weaknesses, and recommending corrective action.
- Protection of public interest by safeguarding national economic goals, fair trade, MSME development, and consumer welfare.
- Ensuring ethical and governance oversight by monitoring compliance with Mwongozo, audit findings, procurement laws, and ethical standards.

## **7. Chairman's Statement**

### **Foreword**

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements for the year ended 30th June 2025. This report reflects our continued commitment to transparency, accountability, and prudent stewardship of resources in line with our mandate and strategic objectives

### **Business Environment**

The 2024/2025 financial year was characterised by a stable macroeconomic environment, with Kenya's GDP growth estimated at 4.8%, up from 4.7% in the previous year. This growth was supported by prudent fiscal management, enhanced revenue mobilisation, and a rebound in key sectors such as agriculture, manufacturing, and services. However, the business landscape remained sensitive to global market fluctuations, inflationary pressures, and currency volatility, which necessitated cautious financial planning.

### **Performance Overview**

During the year, the Corporation continued to deliver on its mandate, focusing on efficient service delivery, operational cost optimisation, and strategic partnerships. We achieved notable progress in:

- Strengthening governance and compliance frameworks.
- Enhancing revenue streams through diversification and innovation.
- Improving operational efficiency through automation and process re-engineering.
- Expanding stakeholder engagement to foster trust and collaboration.

Sales revenues registered a drop from Kshs. 12.1 billion to Kshs. 4.4 billion, a decrease of 63%. Our operating loss increased from Kshs. 5.4 billion in 2024 to a loss of Ksh. 4.1 billion in 2025. The loss is attributed by the cost of sales of imported cooking oil and rice. The Government's intervention on purchase of rice directly from farmers for onward selling to Government institutions will go a long way in promoting the Government's Bottom-Up Economic Transformation Agenda (BETA). Our Asset base decreased from Kshs. 14 billion in 2024 to Kshs. 6 billion in 2025, a drop of 57%.

**Chairman’s Statement (Continued)**

The financial performance reflects disciplined expenditure management and robust internal controls, enabling us to meet our obligations and maintain a strong financial position despite external challenges.

**Governance and Compliance**

The Board upheld the highest standards of corporate governance, ensuring adherence to statutory obligations, regulatory requirements, and best practices. Regular Board and Committee meetings were held to provide strategic guidance and oversight, with a focus on risk management and sustainable growth.

**Acknowledgements**

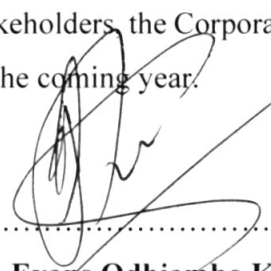
I extend my appreciation to my fellow Board members for their dedication and strategic insight, to management for their commitment to operational excellence, and to our employees for their hard work and professionalism. We are equally grateful to our stakeholders and partners for their unwavering support and trust in our institution.

**Outlook**

Looking ahead, the Corporation will continue to build resilience, invest in innovation, and strengthen partnerships to sustain growth and deliver value to stakeholders. Our focus remains on prudent financial management, diversification of income sources, and alignment with national development priorities.

**Conclusion**

The Board remains confident that, with sound governance, a dedicated team, and supportive stakeholders, the Corporation is well-positioned to navigate challenges and seize emerging opportunities in the coming year.

  
.....  
**Dr. Evans Odhiambo Kidero**  
**Chairman of the Board**  
**KNTC**

## **8. Report of the Chief Executive Officer/ Managing Director**

Over the past year, we have embarked on transformative journey to re-invigorate KNTC's operations to become the leading agent for trade and socio-economic transformation in Kenya. We have made decisive changes to make the Corporation fit for purpose in serving the country's dynamic needs as the country works towards economic recovery from the impact of the COVID-19 pandemic, and getting back on track to realize the Government's Bottom-Up Economic Transformation agenda (BETA).

To this end, we have made structural and policy adjustments to be able to fully execute our mandate geared to strengthening the regional supply chain, stabilizing quality of essential commodities and enhancing distribution systems for the Nation. This renewed focus, will be reflected in our new Strategic Plan, which will guide the corporation's operations to ensure KNTC is competitive. The Strategic Plan will keep us on track and guide our reporting along specific milestones that will ensure the Corporation's turnaround.

The long-term health of our balance sheet will be determined by our continued ability to improve profitability and generate profit. Within this reporting period, we have built a strong sales momentum and invested in building competitive pricing frameworks which has restored confidence in KNTC in the essential supply chains of cooking oil, cement, rice and sugar. We have also improved in our service-delivery and continuing to invest in expanding our human resource and infrastructure to ensure we meet the growing demand for our goods and services. We report an operating loss of Kshs. 4.1 billion losses from Kshs.5.4 billion loss last financial year.

Depots underperformed due to insufficient working capital which had a significant impact to our competitiveness. We have however, addressed these challenges with support from the Cabinet Secretary of Investments, Trade and Industry, and in consultation with the National Treasury. The corporation is committed to continuous improvement, research and development to spearhead ongoing review of processes and strategies that are relevant to the evolving needs in the market. Customer needs and satisfaction assessments guide us as we rebuild trust in the KNTC brand.

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**Report of the Chief Executive Officer/ Managing Director (Continued)**

The Corporate Strategic Plan will serve as an orientation to the new strategic direction, alongside staff input to achieve the new Brand Promise. It will be of imperative importance to rebuild trust of our customers, and reaffirm the competitiveness in the market as a going concern.



.....  
**Lucy M. Anangwe**  
**Managing Director**

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**9. Statement of Performance against Predetermined Objectives for FY 2024/25**

Kenya National Trading Corporation Ltd has 3 Key Result Areas and 10 Strategic objectives within its Strategic Plan for the FY 2021/2022- 2026/2027. This plan is up for review in the current year.

These pillars are as follows:

**Pillar 1:** Domestic Trade Development and Promotion

**Pillar 2:** Strengthened Organization Capacities and Resource Management

**Pillar 3:** Technology & Innovation for effective & efficient service delivery

KNTC develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Corporation achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the table below:

| <b>Strategic Pillar</b>         | <b>Objective</b>  | <b>Key Performance Indicators</b> | <b>Activities</b>   | <b>Achievement for Year -2024/2025</b> |
|---------------------------------|---|-----------------------------------|---|--|
| Trade Development and Promotion | To Position KNTC as the main Supplier of strategic bulk commodities in the Country. | Amount sold                       | Fertilizer Subsidy sales grown by 5% by 30th June, 2025   | N/A                                    |
|                                 |   | Amount sold                       | Ventured into export of commodities and goods and generated export sales by 30th June, 2025.    | -                                      |
|                                 |   | Amount sold                       | Distribution of bulk affordable Commodities sales increased by 30th June, 2025.                 | 385,501,286.00                         |
|                                 |   | Amount sold                       | KNTC General Business Line grown by 20% by 30th June, 2025.                                     | 4,092,475,123.00                       |
|                                 |   | No. of set up units               | Logistics Bases and Distribution Hubs set up in Kenya and foreign Countries by 30th June, 2025. | -                                      |

**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

| Strategic Pillar   | Objective  | Key Performance Indicators   | Activities   | Achievement for Year -2024/2025                    |
|--|--|--|--|--|
|  |  | No. of New institutions engaged  | Biashara Centres established by 30th June, 2025.   | -  |
|  |  | % Annual Growth  | Trade Receivables collection enhanced against sales by 30th June, 2025   | 60%  |
|  |  | To enhance MSMEs access to   | %Annual Growth   | Presidential Directive on Kenyan rice implemented. |
| Strengthened Organization Capacities and Resource Management       | To Maintain a positive work environment and strong employee engagement | Attract, develop and retain skilled employees  | Implement a competitive Remuneration Structure   | 1  |
| Technology & innovation for effective & efficient service delivery | To offer integrated on-line services in an efficient and effective way | Re-engineer business processes for at least 25% of the prioritized services  | e-board management portal for management of board meeting businesses.<br><br>Management of KNTC board & management online meetings via zoom workplace platform.<br><br>Other integrated platforms already in place include e-recruitment, e-procurement, biometric system. | 100%   |
|  |  | Digitalize at least 25% of the identified services   | Implemented the e-citizen payment platform for all government revenue collections from KNTC.<br><br>Updated website, social media platforms such as facebook, Instagram, twitter (X), for visibility of KNTC to the public.  | 100%   |
|  |  | Institute measures for cyber security and data protection e.g. Use of biometric security features, anti-virus updates, data back-up, secure socket layer (SSL) certificates, privacy and data protection | Biometrics system in place, updated anti-virus implemented, ERP data back-up secured at KONZA, secure socket layer (SSL) certificates up-to-date, KNTC is registered as a data controller and data processor with the commissioner for data protection.                    | 100%   |

## **10. Corporate Governance Statement**

Kenya National Trading Corporation (KNTC) is committed to upholding the highest standards of corporate governance, integrity, accountability, and transparency in the execution of its mandate. Corporate governance within the Corporation is driven by established frameworks, policies, and procedures that guide decision-making, ensure prudent management of resources, enhance stakeholder confidence, and promote sustainable value creation.

The Board of Directors recognizes that sound governance is fundamental to achieving strategic objectives, maintaining public trust, and ensuring compliance with relevant laws and best practices. Accordingly, the Corporation continuously reviews its governance structures to align with emerging legal requirements, including the Mwongozo Code of Governance for State Corporations, the State Corporations Act, and other applicable guidelines.

### **Appointment and Removal of Board Members**

Board members are appointed in accordance with the State Corporations Act, Mwongozo Guidelines, and other applicable government instruments. Appointment is undertaken through a transparent process coordinated by the Ministry responsible, taking into account merit, expertise, and representation.

The removal or replacement of directors follows legally established procedures, including revocation of appointment through the parent Ministry or the appointing authority. Board members may also vacate office through resignation, expiration of term, or disqualification as prescribed by law.

### **Board Composition, Size, Diversity, and Demographics**

The Board comprises eleven (11) members drawn from diverse professional backgrounds and sectors, including government ministries and the private sector. This diversity enhances robust decision-making and strategic oversight.

The roles of the Chairman and the Managing Director are segregated in line with good governance practices. The Chairman serves in a non-executive capacity, providing oversight and leadership to the Board, while the Managing Director is responsible for the day-to-day management and operations of the Corporation.

## **Corporate Governance Statement (Continued)**

### **Board Charter**

The Board is guided by a Board Charter to ensure clarity, accountability, and effective execution of Board mandates. It outlines the roles and responsibilities of the Board and its committees, governance structures, decision-making processes, delegation of authority, and ethical expectations.

### **Roles and Functions of the Board**

The Board is responsible for the overall governance and strategic direction of the Corporation. Its key functions are to provide strategic leadership, approve corporate policies and strategic plans, monitor financial and operational performance, ensure compliance with legal and regulatory requirements, oversee risk management and internal controls, safeguard stakeholder interests, and approve major investments and resource utilization.

### **Induction, Training, and Development**

All newly appointed Board members undergo a structured induction program that familiarizes them with the Corporation's mandate, strategic priorities, governance frameworks, and financial and operational systems.

The Board also undertakes continuous professional development through trainings, workshops, and governance programs to enhance effectiveness and awareness of emerging governance trends.

### **Board and Members' Performance**

The Inspectorate of State Corporations conducts annual evaluations to assess Board effectiveness, committee performance, individual director performance and leadership of the Chairman and Managing Director. The evaluation process aims to promote continuous improvement, strengthen governance practices, and enhance accountability.

### **Board Meetings and Attendance**

The Board meets quarterly, and additional meetings may be convened under exceptional circumstances. During these meetings, the Board reviews performance against strategic objectives and considers key policy and operational matters.

Attendance records are maintained to ensure Board members fulfil their obligations.

**Corporate Governance Statement (Continued)**

**Succession Planning**

The Corporation has a succession plan designed to ensure continuity in leadership and key functions. The plan identifies critical roles and outlines processes for talent development, capacity building, and transition management within the Corporation.

**Conflict of Interest Policy**

All directors, management, and staff are required to avoid situations that may create conflicts between personal interests and their duties to the Corporation. Directors are obligated to disclose any external interests that may conflict with Corporation business, consistent with the Conflict-of-Interest Policy and Mwongozo requirements.

**Board Remuneration**

Board remuneration is determined in accordance with the Government Circular on Terms and Conditions of Service for State Corporations dated 23rd November 2008 and other applicable government directives. Remuneration comprises sitting allowances and other approved benefits for non-executive directors.

**Ethics and Conduct**

The Corporation has a Code of Conduct that guides ethical behaviour and professional conduct. Directors, management, and employees are expected to uphold Integrity, honesty, accountability and professionalism when engaging with customers, suppliers, regulators, government agencies, and other stakeholders.

**Governance Audit**

The Corporation undertakes periodic governance audits in line with Mwongozo requirements to assess the effectiveness of governance structures, policies, and practices. Recommendations arising from these audits are implemented to strengthen governance and compliance.

**Communication Policy**

The Corporation has a communication policy that ensures timely, accurate, and transparent dissemination of information to stakeholders. Communication channels include official publications, reports, website platforms, and stakeholder engagements.

**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Corporate Governance Statement (Continued)**

**Board Committees and Terms of Reference**

The Board has four committees, each governed by clear Terms of Reference that outline their mandates and reporting responsibilities:

- 1) Technical Matters Committee
- 2) Finance and Strategy Committee
- 3) Audit Committee
- 4) Human Resource and Administration Committee

These committees support the Board in oversight of operations, systems, financial management, human resources, and internal controls.

**Going Concern**

The reported losses and the negative working capital position are primarily attributable to the outstanding KCB debt obligation, which is currently classified in the bank's records as a short-term non-performing loan. This facility continues to attract high interest charges, thereby exerting significant pressure on the Corporation's liquidity during the period under review. Discussions on the restructuring of this facility with KCB are ongoing, and the Corporation remains committed to achieving a mutually beneficial resolution.

Further, the Corporation is seeking goodwill from the government in getting approvals from the Cabinet & National Treasury to undertake importation of essential commodities as part of the food security and trade stabilization mandate. The corporation is also seeking approvals from relevant ministries in facilitating special food program projects for relief food & partnerships with the developers of affordable housing projects to improve on its cashflow position. The proceeds from these strategic programs will be applied to offset the KCB debt and strengthen working capital.

Management believes that KNTC will continue to operate as a going concern for the foreseeable future with the expected government goodwill in supporting the Corporation's mandate

**11. Management Discussion and Analysis**

**A. Operational and Financial Performance**

**(a) Share capital**

KNTC has only one class of shares – Ordinary shares of par value Kshs. 20 each. The share capital balance as at 30<sup>th</sup> June 2025 amounted to Kshs 32,000,000 which is the same as the previous two years.

**(b) Reserves and Surplus**

- Retained Earnings**

The retained earnings from the year ended 30<sup>th</sup> June 2023 amounted to Kshs. (158,743,780) compared to the retained earnings of the year ended 30<sup>th</sup> June 2024 (4,036,811,730). As at 30<sup>th</sup> June 2025 the retained earnings stood at Ksh. (7,218,791,447).

**Graph 1: Retained Earnings**



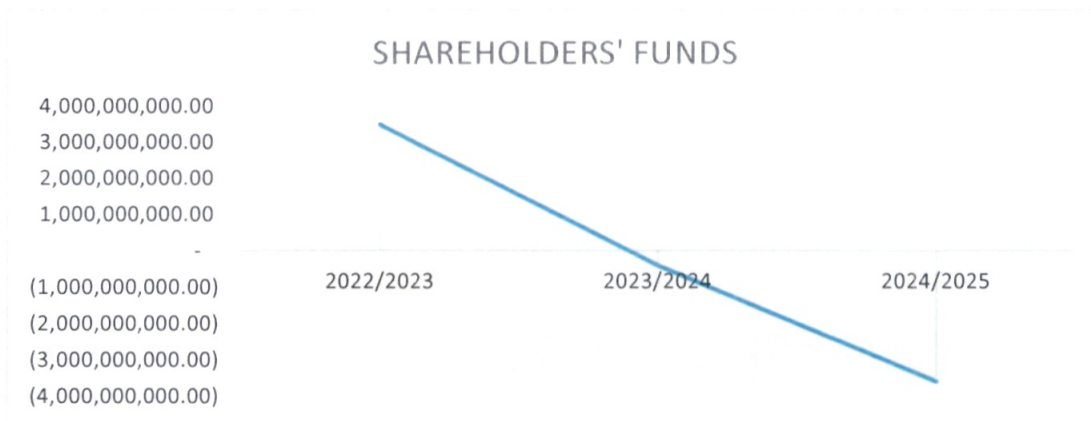
- Shareholders' funds**

The total shareholders' fund stood at Kshs. (3,591,167,908) as at 30th June 2025 compared with Kshs. as at 30th June 2024 (409,188,191) and Kshs. 3,468,879,759 as at 30th June 2023. There was no assets revaluation exercise during the year ended 30th June 2025.

**Kenya National Trading Corporation Ltd**  
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**Management Discussion and Analysis (Continued)**

**Graph 2: Shareholders' Funds**



**(c) Trade and Other Receivables**

The trade and other receivables amounted to Kshs. 848,225,462 as at 30<sup>th</sup> June 2025 compared to Kshs. 5,083,302,025 as at 30<sup>th</sup> June 2024 and Kshs. 1,877,247,428 as at 30<sup>th</sup> June 2023. Except for the specific debts provided for, these debts are considered good and realizable.

**Graph 3: Trade and Other Receivables**



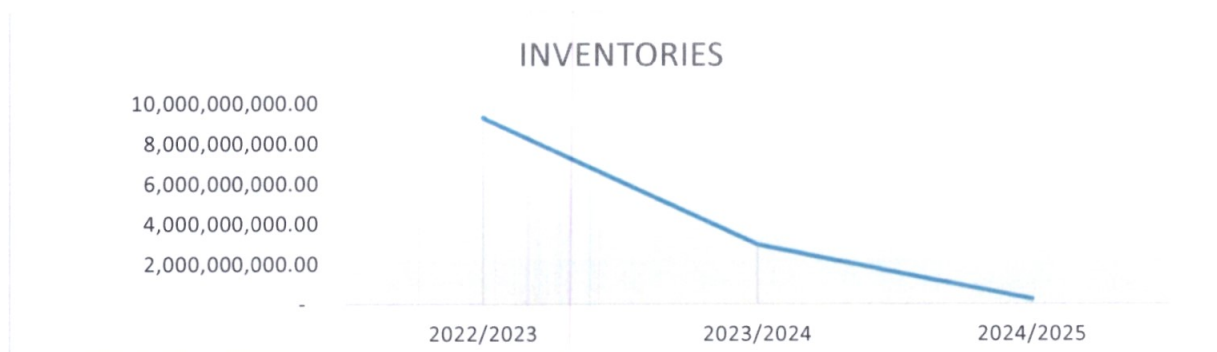
**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**Management Discussion and Analysis (Continued)**

**(d) Inventories**

Inventories amounted to Kshs. 243 million as at 30<sup>th</sup> June 2025 compared to Kshs. 2.97 billion as at 30<sup>th</sup> June 2024 and Kshs. 9.27 billion in the FY 2022/2023.

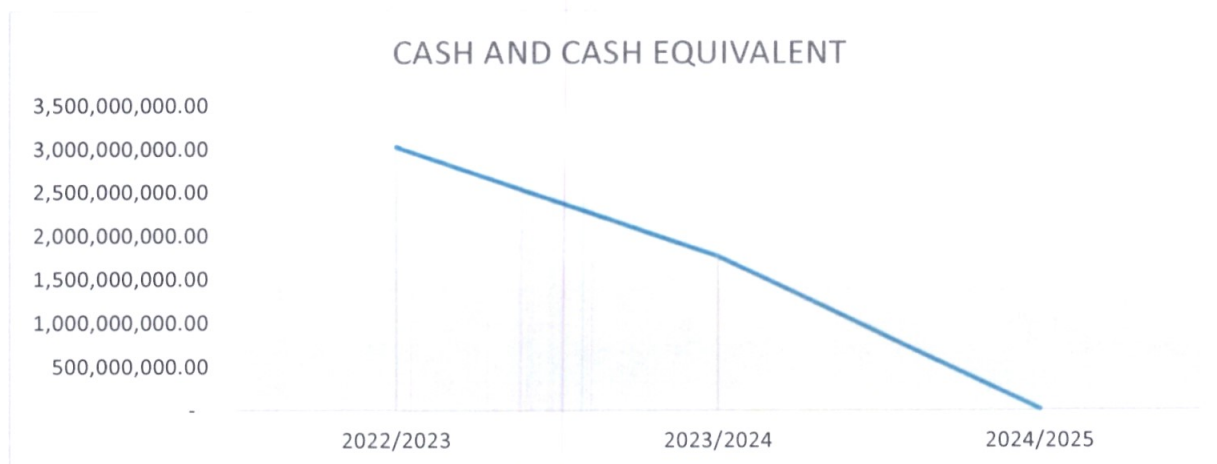
**Graph 4: Inventories**



**(e) Cash and cash equivalents**

The balance in our current accounts stands at KES 16.07 million as at 30th June 2025 as compared to Kshs. 1.75 billion as at 30th June 2024 and Kshs 3.01 billion as at 30th June 2023. Out of the total cash at bank amount, Kshs. 4 million is held in KCB Escrow for cooking oil. The Corporation did not invest in short term deposits as at 30th June 2024.

**Graph 4: Cash and cash equivalents**



## Kenya National Trading Corporation Ltd

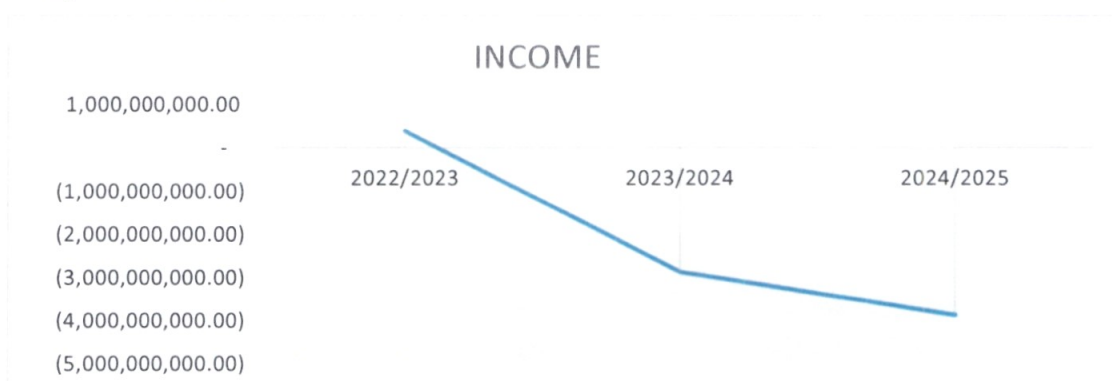
### Annual Report and Financial Statements for the year ended June 30, 2025

#### B. Results of our Operations

##### (a) Income

All of the revenues for the year ended 30th June 2025 were domestic revenues and development grants. Our revenues are generated primarily from sales of products and rent from our leased warehouses. The trading income from sale of products is Kshs. (3,865,214,478) compared with Kshs. (2,872,379,007) from the previous year and Kshs 384,203,079 in the year ended 30th June 2023. The decrease in revenue is from the increase in cost of sale for cooking oil and rice.

##### Graph 5: Income



##### (b) Expenditure

- **Personnel Emoluments**

Personnel Emoluments relate to salaries and benefits paid to employees. They amounted to Kshs. 116 million this year compared to Kshs. 135 million over the same period last year a 14% decrease and 109 million in the year ended 30th June 2023.

- **Administration Expenses**

Administration expenses amounted to Kshs. 322 million in 2025 compared to the previous year which amounted to Kshs. 772 million in 2024 representing a 58% decrease. In the year ended 30th June 2023, the corporation administration cost was Kshs. 256 million. In the financial year 2024/2025, the Administration Expenses included Personnel Emoluments, Board Expenses, Depreciation Expenses and other Administration Expenses.

- **Selling & Marketing Costs**

Marketing, Selling & distribution costs as at 30th June 2025 amounted to Kshs. 7 million compared to Kshs. 50 million incurred in the previous year and Kshs. 46 million incurred in the year ended 30th June 2023.

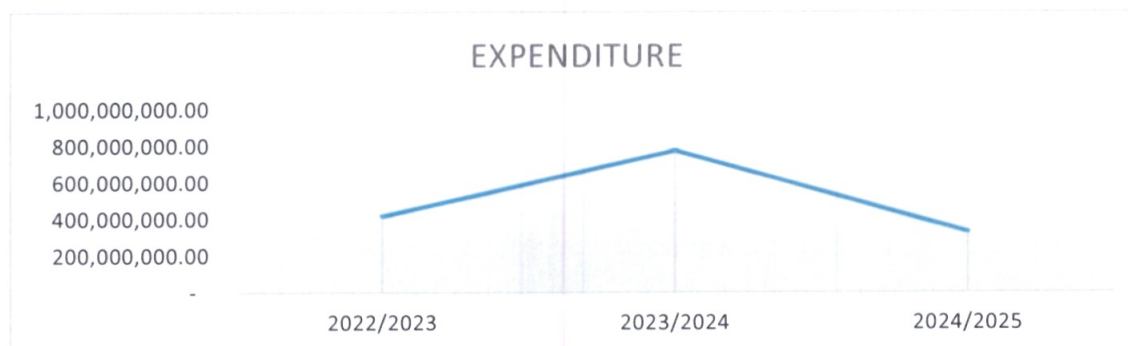
**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**Results of our Operations (Continued)**

• **Directors Emoluments**

Directors' emoluments increased from Kshs. 11 million as at 30th June 2023 to Kshs. 39 million as at 30th June 2024 and further decreased by 38% to Kshs. 24 million as at 30th June 2025.

**Graph 5: Expenditure**



**(c) Operating profits**

KNTC made an operating loss before tax of Kshs. 4.1 billion in 2024/25 compared to operating loss before tax of Kshs. 5.4 billion over the same period last year and Kshs 152 million as at 30th June 2023. We incurred Kshs. 257 million in interest costs associated with the short-term loan for fertilizer, cooking oil and rice imports.

**(d) Earnings per Share (EPS)**

There was no earning per share for the year ended 30th June 2025 and 30th June 2024 given that the corporation was running at a loss. The outstanding shares used in computing the basic EPS were 1,600,000 @ Kshs 20 per share.

**(e) Liquidity**

Our growth has been financed largely through cash generated from financing activities. The net cash generated by our operations was Kshs. 1.7 billion. The Net cash used for investing activities was Kshs. (1.8) million while Net cash generated from financing activities was Kshs. (3.5) billion for the year ended June 30<sup>th</sup> 2025.

## **12. Environmental and Sustainability Reporting**

KNTC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 3 pillars:

- Putting the customer/Citizen first,
- Effective and efficient delivery of relevant goods and services, and
- Improving operational excellence.

Below is a brief highlight of our achievements in each pillar

### ***i) Sustainability strategy and profile***

At KNTC, we aspire “to use our warehouse network, our products and our services to transform the lives of Kenyans”. Our vision is based on responsible, ethical business and transformational products and services. KNTC has integrated sustainability into our corporate strategy. In making the SDG's a central pillar of our business, we have made sustainable development a part of the Corporation's business culture. We continue to translate our sustainability goals into concrete plans, from the medium-term objectives to simple daily activities that could be put into practice throughout the Corporation. The Board of Directors is responsible for ensuring that sustainability is at the heart of our business strategy. The management assumes the responsibility of leading, implementing, monitoring and reporting on sustainability initiatives into the day-to-day operations of the Corporation. During the year under review, the sustainability priorities of the Corporation were keeping KNTC customer-focused. We established and continue to establish numerous partnerships to enable us to achieve our goals and have begun integrating the goals into our employees' annual performance targets.

### ***ii) Environmental performance***

Reducing the environmental impacts of what we do is a key priority for us. At KNTC, we believe that reforestation will play a crucial role in reducing our carbon footprint and in curbing air pollution. We have therefore made a strategic decision to become a major partner in the afforestation and reforestation programmes in Kenya. We have set an ambitious target of planting 100,000 trees by 2027, and are working closely with the Ministry of Environment and Forestry to help the country achieve its goal. In May 2025, the Corporation participated in tree planting day at Irangi forest in Embu County.

**Environmental and Sustainability Reporting (Continued)**

**iii) Employee welfare**

The hiring process at KNTC is guided by a transparent, merit-based recruitment policy aimed at attracting and retaining the best talent. The policy adheres to principles of equal opportunity, fairness, and inclusivity. KNTC actively promotes gender equity in hiring, ensuring alignment with the Government of Kenya's gender representation guidelines, which advocates for at least one-third representation of either gender in employment. KNTC conducts regular training sessions to enhance employee skills. KNTC is committed to maintaining a safe working environment. This includes: Providing safety equipment (e.g., PPE for warehouse and logistics staff). Conducting regular safety drills and training. The corporation complies with the Occupational Safety and Health Act of 2007 by ensuring all facilities meet OSHA standards and reporting and addressing workplace incidents promptly.

**iv) Market place practices-**

Our year-on-year tax remittances have contributed to the country's economic growth. Over the past five years. The corporation championed several efforts towards responsible market practises by ensuring:

- **Responsible competition practice**

Kenya National Trading Corporation Ltd (KNTC) upholds responsible competition practices through a comprehensive approach that includes a zero-tolerance policy on corruption, guided by the Anti-Corruption and Economic Crimes Act. The organization maintains political neutrality, ensuring transparency and compliance with the Leadership and Integrity Act. KNTC is committed to fair competition, adhering to the Competition Act, 2010, and fostering healthy market dynamics by avoiding anti-competitive practices. The corporation respects its competitors by engaging in ethical business practices, promoting collaboration, and refraining from unfair market conduct. These efforts reflect KNTC's dedication to integrity, transparency, and a competitive yet ethical business environment.

**Responsible supply chain and supplier relations**

Kenya National Trading Corporation Ltd (KNTC) maintains responsible supply chain and supplier relations by upholding high standards of business ethics and integrity. The organization ensures

**Environmental and Sustainability Reporting (Continued)**

that all supplier contracts are honoured, with clear terms that promote mutual respect and transparency. KNTC is committed to timely payments, following agreed-upon payment schedules and ensuring suppliers are paid promptly, in line with industry best practices. The corporation fosters long-term relationships with suppliers, prioritizing fairness and consistency in all interactions. Additionally, KNTC regularly engages with its suppliers to provide feedback and collaborate on improving efficiency, sustainability, and overall performance within the supply chain, ensuring that its business practices align with both local and international standards of responsible trade.

- **Responsible marketing and advertisement**

Kenya National Trading Corporation Ltd (KNTC) is committed to maintaining ethical marketing and advertising practices by ensuring that all promotional activities are truthful, transparent, and comply with relevant laws and regulations. KNTC focuses on promoting its products and services based on their true value, avoiding exaggerated claims, and ensuring that all advertisements are in the best interest of consumers. Furthermore, the corporation respects customer privacy by safeguarding personal information and using data responsibly in its marketing campaigns. Ethical practices are embedded in the company's culture, ensuring that marketing efforts are aligned with the values of fairness, transparency, and customer trust.

- **Product stewardship**

Kenya National Trading Corporation Ltd (KNTC) prioritizes product stewardship by safeguarding consumer rights and interests through various efforts aimed at ensuring the quality, safety, and transparency of its products. The organization adheres to strict quality control standards for all goods, ensuring that they meet regulatory requirements and industry best practices. KNTC also ensures that all products are clearly labelled, providing consumers with accurate information on ingredients, usage instructions, and potential risks. In line with consumer protection laws, KNTC offers responsive customer service, addressing complaints and feedback promptly to ensure satisfaction and resolve issues. The corporation also actively engages in recall procedures when necessary, prioritizing consumer safety by removing defective or unsafe products from the market. By focusing on consumer education and maintaining high standards of product quality, KNTC is committed to building trust and protecting the rights of its customers.

**Environmental and Sustainability Reporting (Continued)**

**v) Corporate Social Responsibility / Community Engagements**

**a. Community Engagements**

Meeting the society's expectations of the Corporation involves playing a positive role in communities where we operate and in wider society. As a corporation, we make a conscious effort to participate in and contribute to the development of the communities in which we operate. We do this by creating jobs and using local SME manufacturers and suppliers under the Buy-Kenya-Build-Kenya initiative. We currently generate direct and indirect employment and business opportunities for more than 1,000 Kenyans in farming, manufacturing and distribution.

**b. Corporate Social Responsibility & Donations**

In light of the Government's agenda of planting 5 billion trees in the next five years to tackle the climate change, the Corporation participated in this noble exercise as a start towards the target of 30 trees per employee. During the long rains this year, the corporation participated in the exercise of tree planting carried out at Irangi Forest in Embu county in May 2025.

The country also experienced heavy rains early this year resulting to floods where many people lost their lives and many families displaced. To join the rest of the country in supporting the flood victims, the Cabinet Secretary State Department for Trade directed all State Agencies donate funds, food stuff, and other materials to support the affected families.

The corporation donated 10 bags of premium rice valued at Kshs. 72,600. Other contribution included providing storage facilities of food stuff donated by other State Agencies, transportation services within Nairobi County and handling services.

### **13. Report of the Directors**

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

#### **i) Principal activities**

The principal activities/mandate of the Corporation are:

1. Participating in the promotion of wholesale, retail business and e-trade in line with Bottom-Up Economic Transformation Agenda (BETA), the medium-term plan and the parent Ministry's Strategic Plan.
2. Promoting the development of SMEs markets, expansion and diversifications of trade in line with the Government Policy.
3. Partnering with other key players to avail relevant products/input for the agricultural sector.
4. Improving and strengthening the supply chain and distribution systems for both the formal and informal sector.
5. Stabilizing consumer commodity prices by ensuring balance in supply and demand through availability of stocks/goods in the country.
6. Being a Procurement Agent for the Government and general public at a minimum fee.
7. Participating in distribution of goods and services in special economic zones.

#### **ii) Results**

The results of the Corporation for the year ended June 30, 2025 are set out on page 1-7

#### **iii) Dividends**

There was no interim dividend per ordinary share paid in 2024/2025 given that the Corporation incurred a loss.

#### **iv) Directors**

The members of the Board of Directors who served during the year are shown on page vii, viii, ix & x

#### **v) Auditors**

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

  
.....  
**Pancras Kariuki**

**Acting Corporate Secretary/Secretary to the Board**

**Date** 04/12/2025

**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**14. Statement of Directors' Responsibilities**

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

The Directors are responsible for the preparation and presentation of the KNTC's financial statements, which give a true and fair view of the state of affairs of the Corporation for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Corporation, (v) selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Corporation's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the State Corporations Act.

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

**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

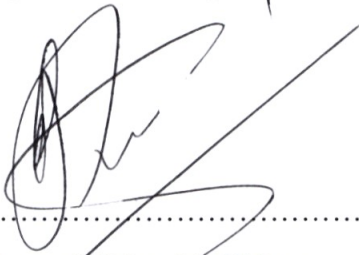
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**Statement of Directors' Responsibilities (Continued)**

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern and it has come to the attention that the Corporation will remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Kenya National Trading Corporation's financial statements were approved by the Board on 28<sup>th</sup> August 2025 and signed on its behalf by:



.....  
**Dr. Evans Odhiambo Kidero**  
**Chairman of the Board - KNTC**



.....  
**Lucy Anangwe**  
**Accounting officer**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL TRADING CORPORATION LIMITED FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kenya National Trading Corporation Limited set out on pages 1 to 64, which comprise of the statement of financial

position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya National Trading Corporation Limited 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 Companies Act, 2015 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

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

The statement of financial position reflects property, plant and equipment balance totalling Kshs.3,106,186,223 as at 30 June, 2025. However, the following anomalies were noted:

#### **1.1 Unsupported Variances**

As disclosed in Note 19 to the financial statements, the property, plant and equipment balance includes an amount of Kshs.2,096,928,000 relating to land. However, the Nakuru plot valued at Kshs.35,000,000 as per the assets register was reported as Kshs.32,928,000 in the financial statements resulting in an unexplained variance of Kshs.2,072,000. In addition, Loita street plot valued at Kshs.485,000,000 was disclosed as Kshs.454,537,460 and deducted from the Property, Plant and Equipment (PPE) schedule resulting in an unexplained variance of Kshs.30,462,540. Further, a balance of Kshs.485,000,000 was deducted from retained earnings as provisions. Management did not explain or provide disclosure for the varying amounts. In addition, Note 19 to the financial statements excludes Kshs.14,643,747 in respect of work in progress. However, Management did not provide explanation nor indicate where the capitalized amount was transferred to.

#### **1.2 Land Without Ownership Documents**

The property, plant and equipment net book value balance of Kshs.3,106,186,223 includes land valued at Kshs.2,096,938,000. The value for land further includes three (3) parcels of land located in Nairobi, Nyahururu and Kapsabet whose ownership documents were not provided.

In addition, other records indicated that there is an unresolved dispute between the Corporation and other parties in regard to ownership of parcels of land of undisclosed size and value in Bungoma and Nakuru Counties.

### **1.3 Unsupported Diminution of Land Value**

As previously reported, Management made a provision for loss amounting to Kshs.520,000,000 in respect to parcels of land located in Loita Street, Nairobi and in Nakuru County.

The Management disclosed that the plot on Loita Street, Nairobi was irregularly surrendered to the Commissioner of lands and that a section of the plot of land in Nakuru has been encroached upon and registered in the name of a third party. Although, the Management explained that investigations by various agencies are ongoing, the current status of the investigations was not provided for review. In addition, approval for the provision, by the Board of Directors and The National Treasury was not provided for audit. It was there not possible to confirm whether the loss in asset value amounting to Kshs.520,000,000 resulting from the adjustment was valid and reasonable. In addition, the property, plant and equipment vale omitted the balance and provision for this piece of land in both the prior and current period.

Further, the revalued balance does not include one of the plots in Nakuru that had a carrying value of Kshs.32,928,000 before valuation and therefore no justification for its provision.

In the circumstances, the ownership, valuation and completeness of the property, land and equipment balance of Kshs.2,096,938,000 could not be confirmed.

### **2. Long Outstanding Trade and other Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.848,225,462 as disclosed in Note 25 to the financial statements. Review of trade and other receivables records revealed an amount of Kshs.86,319,756 has remained outstanding for more than three (3) years. Further, included in this amount is Kshs.44,726,594 being rent receivable from Uchumi Super Markets Limited which was declared insolvent.

In the circumstances, the accuracy and recoverability of trade and other receivables Kshs.86,319,756 could not be confirmed.

### **3. Unsupported Transfers from the Government**

The statement of comparison of budget and actual amounts reflects transfers from the Government of Kshs.1,500,000,000. The same amount has been reflected under statement of changes in net assets as recurrent grants. However, Management did not provide documents showing the request and receipt of the funds.

In the circumstances, the accuracy and completeness of the transfers of funds of Kshs.1,500,000,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Trading Corporation Limited 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.

#### **4. Material Uncertainty in Relation to Going Concern**

The statement of profit/loss and other comprehensive income reflects a loss of Kshs.4,196,988,479 (2024: Kshs.3,855,867,950). Further, the Corporation's current liabilities balance of Kshs.8,844,280,038 exceeded its current assets balance of Kshs.2,937,077,435 resulting to a negative working capital of Kshs.5,907,202,603. The Corporation may not be able to meet its short-term obligations.

Management has not disclosed with adequate details in the financial statements indicating that material uncertainty exists and measures taken to mitigate the same.

In the circumstances, this casts significant doubts on the Corporation's ability to continue as a going concern.

My opinion is not modified in respect of this matter.

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.1,126,120,496 and Kshs.(2,073,031,770) respectively, resulting to an under-performance of Kshs.3,199,152,266 or 284% of the budget. However, the Corporation spent a total of Kshs.2,123,956,709 against actual receipts of Kshs.(2,073,031,770) resulting to an over-utilization of Kshs.4,196,988,479 or 203% of the receipts.

The under-performance affected the planned activities and may have impacted negatively on 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 effect of the matters described in the Basis for Qualified Opinion/Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

## **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Emphasis of Matter, Other Matter and Report on Lawfulness and Effectiveness in the Use of Public Resources. The issues as detailed in Appendix I remain unresolved.

### **Other Information**

The Management are responsible for the Other Information set out on page iii to xxxviii which comprise of Key Entity Information, The Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Director General, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and 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 Corporation's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Stalled Construction of Karatina Warehouse**

The Corporation entered into a contract with a contractor for proposed renovation works of the Corporation's Karatina warehouse at a contract sum of Kshs.17,090,442. The

works commenced on 27 February, 2023 and were to be completed on 25 August, 2023. Further, according to the project status report of October 2023, the certified amount of work done is Kshs.10,158,560. However, physical inspection carried out in June 2025 revealed that the project had stalled and the contractor was no longer on site. Further, the warehouse was inaccessible since it was locked and explanation provided was that the contractor had the keys.

In the circumstances, value for money for the delayed project may not be realized. In addition, it may attract additional costs in case of any deterioration.

## **2. Long Outstanding Trade and other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.1,130,492,736 as disclosed in Note 38 to the financial statements. Included in the balance is an amount of Kshs.933,366,525 which had been outstanding for a period of more than one (1) year.

In the circumstances, business operations, liquidity and livelihoods of the creditors and by extension their beneficiaries may be affected negatively due to failure by the Corporation to pay the amounts due to them.

## **3. Tenants without Lease Agreement**

Review of the tenant's records revealed six (6) tenants without lease agreement owed the Corporation Kshs.773,513 and other seven (7) tenants whose lease period had lapsed had unsettled payment of Kshs.2,076,513. The thirteen (13) tenants may not be legally obligated to pay rent or may challenge eviction leading to legal disputes and loss of public funds.

In the circumstances, the recoverability of rent arrears of Kshs.2,280,026 for tenants without valid leases could not be confirmed.

## **4. Composition of the Board Committee**

Review of Board of directors' records revealed that membership to Board committees exceeding a third (1/3) of full board composition of nine (9) members. Ideally, each committee should have three (3) members. However, the audit and risk committee, technical matter committee and finance and strategy committee each has five (5) members while human resource and administration committee has four (4) members. Further, one (1) of the directors sits in all four (4) of the committees. This was contrary to Circular No. OP/CAB.9/1A issued by the office of the President dated 11 March, 2020 which states that the number of members to any committees should be no more than 1/3 of the full board to obviate the risk of a committee conducting its business within the framework of a full board structure.

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

## **5. Unauthorized Over-Expenditure**

The statement of comparison budget and actual amounts reflects that the Corporation spent Kshs.2,123,956,709 against actual receipts of Kshs.(2,073,031,770) resulting to an over-utilization of Kshs.4,196,988,479 or (202%) of the receipts. This was contrary to Section 12 of the State Corporations Act, Cap 446 which requires State Corporations not to incur any expenditure not in annual estimates without prior approval in writing of the Cabinet Secretary and the Treasury.

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

## **6. Unsettled Credit Notes**

As previously reported and as per the letter ref: KNTC/KCB/01/07/CORSP/VOL 3(250), the Corporation engaged all suppliers of imported commodities and agreed with them to raise credit notes equivalent to USD 7 per jerrican of cooking oil and USD 80 per metric ton of rice. Review of the records revealed two (2) of the suppliers were yet to settle credit notes worth of Kshs.1,669,431,042.

In the circumstances, failure to have the credit notes settled may lead to loss of revenue.

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. Weakness in Inventory Control and Stores Management**

The statement of financial position reflects inventories balance of Kshs.243,010,034 as disclosed in Note 24 to the financial statements. Excluded from this balance is Kshs.20,955,191 relating to damaged inventory. Review of stock sheets provided for audit revealed that some stocks of various categories were lying in various depots in damaged state due to overstocking, poor inventory packaging and mis-handling.

In the circumstances, the effectiveness of the controls on inventory management could not be confirmed.

## **2. Untagged Assets**

Review of the fixed assets register revealed that furniture and fittings were purchased at a cost of Kshs.13,994,741 while machinery and office equipment were purchased at a cost of Kshs.17,427,714 as at 1 July, 2022. Physical inspection of the assets showed that most of the purchased items had not been tagged, an exercise that was long overdue.

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

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Conclusion**

As required by the Companies Act, 2015, I report, based on my audit, that:

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on pages xxxvi is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on pages 24 has been properly prepared in accordance with the Companies Act, 2015.

### **Basis for Conclusion**

The Companies Act, 2015 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to Company's, compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 Corporation'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 Directors is responsible for overseeing the Corporation'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 Gatundu, CBS  
AUDITOR-GENERAL

Nairobi

11 December, 2025

## Appendix I

### Unresolved Prior Year Matters

| No. | Observation   |
|-----|---|
|     | <b>Basis of Adverse Opinion</b>   |
| 1   | Inaccuracies in the Financial Statements  |
| 2   | Variance in the Trial Balance   |
| 3   | Restated Amounts  |
| 4   | Unreconciled Bank and Cash Balances   |
| 5   | Long-Outstanding Trade and other Receivables  |
| 6   | Unsupported Selling Price   |
| 7   | Unconfirmed Cost of Sales   |
| 8   | Property, Plant and Equipment   |
| 8.1 | Land without Ownership Documents  |
| 8.2 | Unsupported Diminution of Land Value  |
| 9   | Unsupported and Irregular Foreign Travel Expenditure                                  |
| 10  | Material Uncertainty Related to Going Concern   |
|     | <b>Emphasis of Matter</b>   |
| 1   | Trade and other Payables  |
| 2   | Budgetary Control and Performance   |
|     | <b>Report on Lawfulness and Effectiveness in the Use of Public Resources</b>          |
| 1   | Identification, Collection, and Accounting for Revenue<br>Unsettled Credit Notes      |
| 2   | Prescription on Board and Chief Executive Officers' Terms of Service and Entitlements |
| 2.1 | Unapproved Board Meetings   |
| 2.2 | Composition of Board Committees   |
| 2.3 | Unapproved Board Expenses   |
| 2.4 | Irregular Payment of Allowances   |
|     | <b>Report on Effectiveness of Internal Controls, Risk Management and Governance</b>   |
|     | Weakness in Inventory Control and Stores Management                                   |

**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**16. Statement of Profit/Loss & Other Comprehensive Income for the Year Ended 30th June 2025**

| Description   | Note | 2024/2025              | 2023/2024              |
|---|------|------------------------|------------------------|
|   |      | Kshs                   | Kshs                   |
| <b>Revenues</b>   |      |                        |                        |
| Revenue from Contracts with Customers   | 6    | 4,481,897,986          | 12,198,063,661         |
| Cost of sales   | 7    | (8,347,112,463)        | (15,070,442,668)       |
| <b>Gross profit</b>   |      | <b>(3,865,214,478)</b> | <b>(2,872,379,007)</b> |
| <b>Other income</b>   |      |                        |                        |
| Grants from the national government   | 8    | -                      | 22,200,000             |
| Finance income  | 9    | -                      | -                      |
| Other income  | 10   | 292,182,707            | 87,765,657             |
| Other gains/(losses)  | 11   | -                      | 21,088,690             |
| <b>Total revenues</b>   |      | <b>(3,573,031,770)</b> | <b>(2,741,324,660)</b> |
| <b>Operating expenses</b>   |      |                        |                        |
| Administration costs  | 12   | 322,599,928            | 772,622,841            |
| Selling and distribution costs  | 13   | 7,446,615              | 50,944,335             |
| Finance costs   | 14   | 257,924,117            | 1,853,559,601          |
| <b>Total operating expenses</b>   |      | <b>587,970,660</b>     | <b>2,677,126,777</b>   |
| <b>Profit/(loss) before taxation</b>  |      | <b>(4,161,002,431)</b> | <b>(5,418,451,437)</b> |
| <b>Income tax expense/(credit)</b>  | 16   | 35,986,049             | (1,562,583,487)        |
| <b>Profit/(loss) after taxation</b>   |      | <b>(4,196,988,479)</b> | <b>(3,855,867,950)</b> |
| Earnings per share – basic and diluted  | 17   | -                      | -                      |
| Dividend per share  | 18   | -                      | -                      |
| <b>Other comprehensive income</b>   |      | -                      | -                      |
| <b>Profit/ (loss) after taxation</b>  |      | <b>(4,196,988,479)</b> | <b>(3,855,867,950)</b> |
| Surplus or deficit on revaluation of PPE  |      | -                      | -                      |
| Re-measurement of net defined benefit liability                                     |      | -                      | -                      |
| Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI |      | -                      | -                      |
| <b>Total comprehensive income for the year</b>                                      |      | <b>(4,196,988,479)</b> | <b>(3,855,867,950)</b> |


**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**17. Statement of Financial Position as at 30th June 2025**

| Description                          | Note | 2024/2025              | 2023/2024             |
|--------------------------------------|------|------------------------|-----------------------|
|                                      |      | Kshs                   | Kshs                  |
| <b>Assets</b>                        |      |                        |                       |
| <b>Non-Current Assets</b>            |      |                        |                       |
| Property, Plant And Equipment        | 19   | 3,106,186,223          | 3,589,875,671         |
| Intangible Assets                    | 20   | -                      | -                     |
| Investment Property                  | 21   | -                      | -                     |
| Right- Of -Use Assets                | 22   | 6,642,075              | 9,890,630             |
| Fixed Interest Investments           | 23   | 0                      | -                     |
| <b>Total Non-Current Assets</b>      |      | <b>3,112,828,298</b>   | <b>3,599,766,301</b>  |
| <b>Current Assets</b>                |      |                        |                       |
| Inventories                          | 24   | 243,010,034            | 2,972,829,631         |
| Trade And Other Receivables          | 25   | 848,225,462            | 5,083,302,025         |
| Deferred Tax Assets                  | 33   | 1,829,766,929          | 1,067,685,483         |
| Short-Term Deposits                  | 26   | -                      | -                     |
| Bank And Cash Balances               | 27   | 16,075,010             | 1,758,801,942         |
| <b>Total Non-Current Assets</b>      |      | <b>2,937,077,435</b>   | <b>10,882,619,080</b> |
| <b>Total Assets</b>                  |      | <b>6,049,905,733</b>   | <b>14,482,385,382</b> |
| <b>Equity And Liabilities</b>        |      |                        |                       |
| <b>Capital And Reserves</b>          |      |                        |                       |
| Ordinary Share Capital               | 28   | 32,000,000             | 32,000,000            |
| Revaluation Reserve                  | 29   | 3,595,623,539          | 3,595,623,539         |
| Fair Value Adjustment Reserve        | 30   | -                      | -                     |
| Retained Earnings                    | 31   | (7,218,791,447)        | (4,036,811,730)       |
| <b>Capital And Reserves</b>          |      | <b>(3,591,167,908)</b> | <b>(409,188,191)</b>  |
| <b>Non-Current Liabilities</b>       |      |                        |                       |
| Borrowings                           | 32   | 46,143,385             | 46,143,385            |
| Deferred Tax Liability               | 33   | -                      | -                     |
| Rent Lease Deposits                  | 36   | 17,281,379             | 15,878,629            |
| Lease Liability                      | 34   | 7,743,339              | 6,540,527             |
| Rice Fund                            | 35   | 660,000,000            | 660,000,000           |
| Deferred Income                      | 37   | 65,625,501             | 64,760,193            |
| <b>Total Non-Current Liabilities</b> |      | <b>796,793,603</b>     | <b>793,322,734</b>    |
| <b>Current Liabilities</b>           |      |                        |                       |
| Borrowings                           | 32   | 7,710,794,200          | 11,796,447,197        |
| Trade And Other Payables             | 38   | 1,130,492,736          | 2,298,562,711         |
| Retirement Benefit Obligations       | 39   | -                      | -                     |
| Provisions                           | 40   | -                      | -                     |
| Dividends Payable                    | 41   | -                      | -                     |
| Lease Liability                      | 34   | 2,993,102              | 3,240,930             |
| <b>Total Current Liabilities</b>     |      | <b>8,844,280,038</b>   | <b>14,098,250,838</b> |
| <b>Total Equity And Liabilities</b>  |      | <b>6,049,905,733</b>   | <b>14,482,385,382</b> |

**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**


The financial statements were approved by the Board on 28.08. 2025 and signed on its behalf by:



.....  
**Dr. Evans Odhiambo Kidero**  
**Chairman of the Board**  
**KNTC**



.....  
**Lucy Anangwe**  
**Managing Director**



.....  
**Michael Mulli Munyao**  
**Ag. Head of Finance**  
**ICPAK M/NO: 8953**

**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**18. Statement of Changes in Equity for the year ended 30 June 2025**

| Description  | Ordinary share capital | Revaluation reserve  | Fair value adjustment reserve | Retained earnings      | Proposed dividends | Capital/Development Grants/Fund | Total                  |
|--|------------------------|----------------------|-------------------------------|------------------------|--------------------|---------------------------------|------------------------|
| <b>As at July 1, 2023</b>  | <b>32,000,000</b>      | <b>3,595,623,539</b> | -                             | <b>(158,743,780)</b>   | -                  | <b>70,774,917</b>               | <b>3,539,654,676</b>   |
| New capital issued   | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Revaluation gain   | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Transfer of excess depreciation on revaluation                               | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Deferred tax on excess depreciation  | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Fair value adjustment on quoted investments                                  | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Profit for the year  | -                      | -                    | -                             | (3,878,067,950)        | -                  | -                               | (3,878,067,950)        |
| Capital/development grants received during the year                          | -                      | -                    | -                             | -                      | -                  | 22,200,000                      | 22,200,000             |
| Transfer of depreciation/amortisation from capital fund to retained earnings | -                      | -                    | -                             | -                      | -                  | (28,214,724)                    | (28,214,724)           |
| Dividends paid – prior year  | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Interim dividends paid – current year  | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Proposed final dividends   | -                      | -                    | -                             | 0                      | -                  | -                               | -                      |
| <b>As of June 30, 2024</b>   | <b>32,000,000</b>      | <b>3,595,623,539</b> | -                             | <b>(4,036,811,730)</b> | -                  | <b>64,760,193</b>               | <b>(344,427,998)</b>   |
| <b>As at July 1, 2024</b>  | <b>32,000,000</b>      | <b>3,595,623,539</b> | -                             | <b>(4,036,811,730)</b> | -                  | <b>69,245,380</b>               | <b>(339,942,811)</b>   |
| Issue of new share capital   | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Revaluation gain   | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Transfer of excess depreciation on revaluation                               | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Deferred tax on excess depreciation  | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Fair value adjustment on quoted investments                                  | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Profit for the year  | -                      | -                    | -                             | (4,196,988,479)        | -                  | -                               | (2,696,988,479)        |
| Recurrent grants received during the year/Prior year adjustment              | -                      | -                    | -                             | 1,500,000,000          | -                  | -                               | 1,500,000,000          |
| Utilization of Capital Fund  | -                      | -                    | -                             | -                      | -                  | (3,619,879)                     | (3,619,879)            |
| Provision of loss of land - Loita Street to account for re-valued amount     | -                      | -                    | -                             | (454,537,460)          | -                  | -                               | (454,537,460)          |
| Prior year adjustments for provision of loss of land - Loita Street          | -                      | -                    | -                             | (30,462,540)           | -                  | -                               | (30,462,540)           |
| Prior year adjustments for accumulated amortization - Right of use assets    | -                      | -                    | -                             | 8,763                  | -                  | -                               | 8,763                  |
| Interim dividends paid – current year  | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| Proposed final dividends   | -                      | -                    | -                             | -                      | -                  | -                               | -                      |
| <b>At June 30, 2025</b>  | <b>32,000,000</b>      | <b>3,595,623,539</b> | -                             | <b>(7,218,791,447)</b> | -                  | <b>65,625,501</b>               | <b>(3,525,542,407)</b> |

Kshs. 3,619,879 reflects payments made toward the utilization of the capital grant during the year. The recurrent grant of Kshs. 1,500,000,000 received during the year was not recognized as income but was earmarked specifically for the settlement of an existing current liability.

**Kenya National Trading Corporation Ltd**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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

| Description   | Note | 2024/2025<br>Kshs      | 2023/2024<br>Kshs      |
|---|------|------------------------|------------------------|
| <b>Cash flows from operating activities</b>                   |      |                        |                        |
| <b>Cash generated from/(used in) operations</b>               | 42   | <b>1,766,272,504</b>   | <b>(8,447,609,303)</b> |
| Interest received   |      | -                      | -                      |
| Interest paid   |      | -                      | -                      |
| Taxation paid   |      | -                      | (19,709,316)           |
| <b>Net cash generated from/(used in) operating activities</b> |      | <b>1,766,272,504</b>   | <b>(8,467,318,619)</b> |
| <b>Cash flows from investing activities</b>                   |      |                        |                        |
| Purchase of property, plant and equipment                     |      | (3,295,598)            | (50,379,645)           |
| Proceeds from disposal of property, plant and equipment       |      | -                      | -                      |
| Purchase of intangible assets                                 |      | -                      | -                      |
| Purchase of investment property                               |      | -                      | -                      |
| Purchase of quoted investments                                |      | -                      | -                      |
| Increase/(Decrease) in Rent lease deposits                    |      | 1,402,750              | -                      |
| <b>Net cash generated from/(used in) investing activities</b> |      | <b>(1,892,848)</b>     | <b>(50,379,645)</b>    |
| <b>Cash flows from financing activities</b>                   |      |                        |                        |
| Recurrent grant Received                                      |      | 1,500,000,000          | -                      |
| Development Grant Received                                    |      | -                      | 22,200,000             |
| Increase/Decrease in Non-Current Lease Liabilities            |      | 1,202,811              | (3,240,930)            |
| Payments in relation to grant income                          |      | (3,619,879)            | (28,214,724)           |
| KCB Overdraft   |      | (3,304,715,721)        | 3,073,093,252          |
| Proceeds from issues of new share capital                     |      | -                      | -                      |
| Proceeds from borrowings                                      |      | (780,937,275)          | 6,285,734,265          |
| Repayment of borrowings                                       |      | (919,036,524)          | (2,090,003,344)        |
| Dividends paid  | 41   | -                      | -                      |
| <b>Net cash generated from/(used in) financing activities</b> |      | <b>(3,507,106,588)</b> | <b>7,259,568,520</b>   |
| <b>Increase/(decrease) in cash and cash equivalents</b>       |      | <b>(1,742,726,932)</b> | <b>(1,258,129,744)</b> |
| <b>Cash and cash equivalents at beginning of year</b>         |      | <b>1,758,801,941</b>   | <b>3,016,931,686</b>   |
| Effects of foreign exchanges rate fluctuations                |      | -                      | -                      |
| <b>Cash and cash equivalents at end of the year</b>           | 27   | <b>16,075,010</b>      | <b>1,758,801,942</b>   |

## 20. Statement of Comparison of Budget &amp; Actual amounts for the period ended 30 June 2025

| Description                   | Original budget    | Adjustments          | Final budget         | Actual on comparable basis | Performance difference | % of utilization |
|-------------------------------|--------------------|----------------------|----------------------|----------------------------|------------------------|------------------|
|                               | a                  | b                    | c = a + b            | d                          | E = c - d              | d/c%             |
| <b>Revenue</b>                | <b>Kshs</b>        | <b>Kshs</b>          | <b>Kshs</b>          | <b>Kshs</b>                | <b>Kshs</b>            | <b>%</b>         |
| Sale of goods                 | 524,582,276        | (94,336,446)         | 430,245,830          | (3,865,214,478)            | 4,295,460,308          | -898%            |
| Sale of services              | -                  | -                    | -                    | -                          | -                      |                  |
| Transfers from the government | 154,600,000        | 445,400,000          | 600,000,000          | 1,500,000,000              | (900,000,000)          | 250%             |
| Donations in kind             | -                  | -                    | -                    | -                          | -                      |                  |
| Finance income                | -                  | -                    | -                    | -                          | -                      |                  |
| Other income                  | 102,388,681        | (6,514,015)          | 95,874,666           | 119,953,496                | (24,078,830)           | 125%             |
| Decrease in provisions        | -                  | -                    | -                    | 172,229,211                | (172,229,211)          |                  |
| <b>Total income</b>           | <b>781,570,957</b> | <b>344,549,539</b>   | <b>1,126,120,496</b> | <b>(2,073,031,770)</b>     | <b>3,199,152,266</b>   | <b>-184%</b>     |
| <b>Expenses</b>               |                    |                      |                      |                            |                        |                  |
| Compensation of employees     | 175,036,970        | (51,491,280)         | 123,545,690          | 116,707,494                | 6,838,196              | 94%              |
| Use of goods and services     | 52,248,000         | 13,081,980           | 65,329,980           | 7,446,615                  | 57,883,365             | 11%              |
| Finance cost                  | 5,100,000          | 619,420,000          | 624,520,000          | 257,924,117                | 366,595,883            | 41%              |
| Rent paid                     | -                  | -                    | -                    | -                          | -                      |                  |
| Payment of payables           | -                  | -                    | -                    | 1,500,000,000              | (1,500,000,000)        |                  |
| Taxation paid                 | 21,766,856         | 2,201,814            | 23,968,670           | 35,986,049                 | (12,017,379)           | 150%             |
| Other payments                | 319,769,800        | (88,731,670)         | 231,038,130          | 205,892,434                | 25,145,696             | 89%              |
| Grants and subsidies paid     | -                  | -                    | -                    | -                          | 0                      |                  |
| <b>Total expenditure</b>      | <b>573,921,626</b> | <b>494,480,844</b>   | <b>1,068,402,470</b> | <b>2,123,956,709</b>       | <b>(1,055,554,239)</b> | <b>199%</b>      |
| <b>Surplus for the period</b> | <b>207,649,331</b> | <b>(149,931,305)</b> | <b>57,718,026</b>    | <b>(4,196,988,479)</b>     | <b>4,254,706,505</b>   | <b>-7272%</b>    |

**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2025 (Continued)**

**Budget Reconciliation**

|    | Description of Particulars  | Amount in Kshs        |
|----|---|-----------------------|
|    | <b>Actual Surplus Amounts as per the statement of Budget</b>  | <b>-4,196,988,479</b> |
| 1  | <b>Sale of Goods</b> - The underperformance was primarily attributable to rising importation costs, driven by elevated finance expenses, warehousing charges, and clearing costs. These cost pressures eroded margins and weakened overall sales performance. Additionally, operational and administrative inefficiencies exacerbated the situation, including frequent stockouts and order fulfilment constraints. | 4,295,460,308         |
| 2  | <b>Transfer from the Government</b> - The Corporation was not allocated development grants for the FY 2024/2025.  | -900,000,000          |
| 3  | <b>Other Income</b> – Rental Income: The variance was primarily attributed to delays in the timely renewal of expired contracts. A significant number of contracts lapsed without immediate renewal, which temporarily suppressed rental income. However, most of these contracts were subsequently renewed during Quarter 3 and Quarter 4, resulting in fluctuations in reported income across the financial year. | -24,078,830           |
| 4  | <b>Compensation of employees</b> – The decline was mainly attributed to the corporation’s delayed recruitment process for vacant positions. Additionally, the termination of certain senior management contracts further reduced overall compensation expenses.   | -6,838,196            |
| 5  | <b>Use of goods and services</b> – The reduction is primarily attributable to the decline in sales turnover, which directly lowered the demand for related inputs, operational expenditures, and service requirements.  | -57,883,365           |
| 6  | <b>Finance cost</b> - During the financial year ended 30 June 2025, Management proactively engaged the Corporation’s lenders on applicable interest rates on its existing borrowing facilities. These negotiations resulted in a substantial reduction in finance costs, with the effective interest rate being lowered significantly from the originally contracted terms.   | -366,595,883          |
| 7  | <b>Payment of payables</b> -The corporation received a recurrent grant to clear the related current liability   | 1,500,000,000         |
| 8  | <b>Taxation paid</b> -The tax paid is in relation to rental and parking income that increased from the prior year's amounts collected   | 12,017,379            |
| 9  | <b>Other payments</b> - The significant under-absorption of the budget is primarily attributable to the non-realization of the planned importation of 100,000 metric tonnes of rice. The Corporation did not receive the requisite approvals, resulting in the underutilization of the substantial funds allocated for this purpose.  | -25,145,696           |
| 10 | <b>Depreciation and amortization</b> -A substantial portion of the Corporation’s PPE has been fully depreciated. The Corporation had planned and budgeted for a comprehensive independent revaluation of these assets during the financial year ended 30 June 2025.   | -14,505,796           |
| 11 | (Increase)/Decrease in Inventories  | 4,513,189,262         |
| 12 | (Increase)/Decrease in Trade and Other Receivables  | -1,120,486,847        |
| 13 | Increase/(Decrease) in Trade and Other Payables   | -3,496,219,757        |
| 14 | Payment in relation to grant income   | 76,380,121            |
| 15 | Decrease in provisions  | -172,229,211          |
|    | <b>Closing Cash and Cash equivalent as per the Statement of Cash flows</b>  | <b>16,075,010</b>     |

## **21. Notes to the Financial Statement**

### **1. General Information**

The Kenya National Trading Corporation Ltd is established by and derives its authority and accountability from Companies Act (Cap 486) in 1965. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of the Corporation is to Promote and increase wholesale and retail trade and distribution of a wider range of products such as; Rice, Fertilizer, Cement, Lime, Magadi Salts, Building Materials, Human Salt, Farm inputs and products, Sugar etc.

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

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

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

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

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

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

| <b>Title</b>   | <b>Description</b>  | <b>Effective Date</b>  |
|--|---|--|
| 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<br><i>The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, the following has been assessed to be significant for the company and has been addressed by classifying a liability as non-current for liabilities to be settled at least 12 months after the reporting period</i> | 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.<br><i>The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, the following has been assessed to be significant for the company and has been addressed by measuring lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.</i>  | The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. |

Notes to the Financial Statement (Continued)

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

| Title  | Description   | Effective Date   |
|--|---|--|
| Amendments to the Classification and Measurement of Financial Instruments<br>Amendments to IFRS 9 and IFRS 7 | The amendments specify:<br>i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date.<br>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<br>new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs. | 1 January 2026   |
| 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 January 2027. Earlier application is permitted. |

**Notes to the Financial Statement (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 company's financial statements.

**iii. Early adoption of standards**

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

**4. Summary of Accounting Policies**

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

**a) Revenue recognition**

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

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

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

**b) Notes to the Financial Statement (Continued)**

**c) In-kind contributions**

In-kind contributions are donations that are made to the Corporation 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 Corporation 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.

**d) Property, plant and equipment**

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

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

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

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

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

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

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

| <b>Item</b>                              | <b>Years</b> | <b>Rates</b> |
|--|--------------|--------------|
| Freehold Land                            | 2            | Nil          |
| Buildings and civil works                | 2            | 2%           |
| Plant and machinery                      | 2            | 12.5%        |
| Motor vehicles, including motorcycles    | 2            | 20%          |
| Computers and related equipment          | 2            | 33.3%        |
| Office equipment, furniture and fittings | 2            | 12.5%        |

A full year's 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.

**f) Intangible assets**

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

**g) Amortisation and impairment of intangible assets**

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

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

**h) Investment property**

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

**i) Right of Use Asset**

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

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

**j) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using First In First Out (FIFO). Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**k) Trade and other receivables**

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

**l) Taxation**

**i) Current income tax**

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

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

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

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

**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.

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

**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. 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 the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period.

**p) Restricted cash**

Restricted cash refers to cash and cash equivalent balances that have usage constraints. An entity shall disclose, 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.

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

**q) 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.

**r) 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 entity or not, less any payments made to the suppliers.

**s) Retirement benefit obligations**

The Corporation operates a defined contribution scheme for all full-time employees from July 1, 2025. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.4,320 per employee per month.

**t) Provision for staff leave pay**

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

**u) Exchange rate differences**

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

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

**v) Budget information**

The original budget for FY 2024/2025 was approved by the National Assembly on January 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. Accordingly, the entity recorded additional appropriations on the FY 2024/2025 budget following the governing body's approval.

The entity'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.

**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.

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Entity'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.

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

**a) Estimates and assumptions**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

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.

**i. Provision for Staff Leave Pay.**

Employees' entitlements to annual leave are recognised as they accrue to the employees.

**ii. Provision for Bad & Doubtful Debts.**

The estimated provision for doubtful debts is based on the period for which the debt was outstanding.

**iii. Provision for stocks obsolescence.**

The provision for stocks obsolescence is based on the condition of the stock item and whether the corporation stands to recover its investment from the stock item.

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

**6. Revenue from contracts with customers**

| Description       | 2024/2025            | 2023/2024             |
|-------------------|----------------------|-----------------------|
|                   | Kshs                 | Kshs                  |
| Sales Of Goods    | 4,481,897,986        | 12,198,063,661        |
| Sales Of Services | -                    | -                     |
| <b>Total</b>      | <b>4,481,897,986</b> | <b>12,198,063,661</b> |

Revenue for the year ended 30 June 2025 amounted to Kshs 4.48 billion, compared to Kshs 12.20 billion in the previous year.

The significant variance is primarily attributable to:

- i) **Discontinuation of Subsidized Fertilizer Sales** – In the prior year, a substantial portion of revenue was derived from sales under the government fertilizer subsidy programme. The fertilizer subsidy programme mandate was transferred to National Cereals and therefore no fertilizer subsidy sales were earned in FY 2024/2025.
- ii) **Reduced Importation and Sale of Rice** – Revenue from imported rice declined considerably in the current year compared to the previous period, further reducing total sales.

**7. Cost of Sales**

| Description               | 2024/2025            | 2023/2024             |
|---------------------------|----------------------|-----------------------|
|                           | Kshs                 | Kshs                  |
| Cost of sales on goods    | 8,347,112,463        | 15,070,442,668        |
| Cost of sales on services | -                    | -                     |
| <b>Total</b>              | <b>8,347,112,463</b> | <b>15,070,442,668</b> |

Cost of sales for the year ended 30 June 2025 decreased significantly in line with the reduction in revenue, amounting to Kshs 8.3 billion compared to Kshs 15.07 billion in the previous year.

The variance is mainly due to:

- i) **Discontinuation of Subsidized Fertilizer Purchases** – In the prior year, a significant portion of cost of sales related to procurement and distribution of fertilizer under the government subsidy programme. Following the transfer of this mandate to the National Cereals and Produce Board, no related costs were incurred in FY 2024/2025.
- ii) **Reduced Importation of Rice** – Corresponding to the decline in rice sales, the cost of imported rice purchased and sold during the year was substantially lower than in the previous period.

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

**8. Grants from National Government**

| Description                              | 2024/2025 | 2023/2024         |
|--|-----------|-------------------|
|  | Kshs      | Kshs              |
| Recurrent grants received                | -         | -                 |
| Capital grants realized (see note below) | -         | 22,200,000        |
| In kind contributions/ donations         | -         | -                 |
| <b>Total</b>                             | <b>-</b>  | <b>22,200,000</b> |

| Name of the Entity sending the grant | Amount recognized in the Statement of Comprehensive Income<br>KShs | Amount deferred under deferred income<br>KShs | Amount recognized in capital fund.<br>KShs | 2024/2025 | 2023/2024         |
|--------------------------------------|--|---|--|-----------|-------------------|
|                                      |  |   |  | Kshs      | Kshs              |
| Ministry/State Department            | -  | 65,625,501                                    | (3,619,879)                                | -         | 22,200,000        |
| <b>Total</b>                         | <b>-</b>   | <b>65,625,501</b>                             | <b>(3,619,879)</b>                         | <b>-</b>  | <b>22,200,000</b> |

**9. Finance Income**

| Description   | 2024/2025 | 2023/2024 |
|---|-----------|-----------|
|   | Kshs      | Kshs      |
| Interest income from treasury bonds                       | -         | -         |
| Interest income from treasury bills                       | -         | -         |
| Interest from receivables                                 | -         | -         |
| Interest from commercial banks and financial institutions | -         | -         |
| Interest on staff loans                                   | -         | -         |
| Dividends   | -         | -         |
| <b>Total</b>  | <b>-</b>  | <b>-</b>  |

**10. Other Income**

| Description                  | 2024/2025          | 2023/2024         |
|------------------------------|--------------------|-------------------|
|                              | Kshs               | Kshs              |
| Sale Of Tender Documents     | -                  | -                 |
| Fines And Penalties          | -                  | -                 |
| Cash Donations               | -                  | -                 |
| Insurance Compensation       | -                  | -                 |
| Rental Income                | 119,581,082        | -                 |
| Parking Income               | 372,414            | 84,551,240        |
| Other Miscellaneous Receipts | 172,229,211        | 3,214,417         |
| <b>Total</b>                 | <b>292,182,707</b> | <b>87,765,657</b> |

**Kenya National Trading Corporation Ltd**  
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**Notes to the Financial Statement (Continued)**

**11. Other Gains and Losses**

| Description   | 2024/2025 | 2023/2024         |
|---|-----------|-------------------|
|   | Kshs      | Kshs              |
| Commission income   | -         | 21,088,690        |
| Loss/gain on disposal on sale of investments                    | -         | -                 |
| Gain on sale of fixed assets                                    | -         | -                 |
| Fair value gain or losses on revaluation of investment property | -         | -                 |
| Revaluation losses on inventory                                 | -         | -                 |
| Unrealized foreign exchange gains/(losses)                      | -         | -                 |
| <b>Total</b>  | <b>-</b>  | <b>21,088,690</b> |

**12. Administration Costs**

| Description  | 2024/2025          | 2023/2024          |
|--|--------------------|--------------------|
|  | Kshs               | Kshs               |
| Staff costs (note (12a))                           | 116,707,494        | 135,768,436        |
| Directors' emoluments                              | 24,237,534         | 39,454,948         |
| Electricity and water                              | 2,182,095          | 2,612,814          |
| Communication services and supplies                | 4,729,490          | 7,186,703          |
| Transportation, travelling and subsistence         | 33,531,324         | 48,700,966         |
| Advertising, printing, stationery and photocopying | 1,297,570          | 6,593,653          |
| Rent expenses                                      | 4,895,328          | 5,423,680          |
| Staff training expenses                            | 5,845,574          | 6,644,855          |
| Hospitality supplies and services                  | 24,910,693         | 29,771,948         |
| Insurance costs                                    | 6,057,543          | 16,088,532         |
| Bank charges and commissions                       | 1,056,953          | 2,039,577          |
| Office and general supplies and services           | 944,346            | 3,115,119          |
| Auditors' remuneration                             | 200,000            | 464,000            |
| Legal fees   | 6,555,430          | 154,851,600        |
| Consultancy fees                                   | 18,821,270         | 3,140,000          |
| Licenses and permits                               | 2,486,069          | 3,444,859          |
| Repairs and maintenance                            | 51,891             | 839,752            |
| Provision for bad and doubtful debts               | -                  | 169,027,543        |
| Inventory provisions                               | -                  | 40,669,684         |
| Depreciation                                       | 50,731,839         | 41,716,541         |
| Amortization                                       | 3,240,930          | 8,650,637          |
| Other Operating Expenses                           | 14,116,554         | 46,416,994         |
| <b>Total</b>                                       | <b>322,599,928</b> | <b>772,622,840</b> |

**Kenya National Trading Corporation Ltd**  
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**Notes to the Financial Statement (Continued)**

**12(a) Staff Costs**

| Description  | 2024/2025          | 2023/2024          |
|--|--------------------|--------------------|
|  | Kshs               | Kshs               |
| Salaries and allowances of permanent employees                     | 98,814,309         | 57,220,848         |
| Wages of temporary employees                                       | 6,630,974          | 4,140,917          |
| Medical insurance schemes  | -                  | -                  |
| Employer's contributions to national social security schemes       | 2,487,910          | 1,497,960          |
| Employer's contributions to pension scheme                         | 5,199,319          | 6,459,307          |
| Leave pay  |                    | 306,758            |
| Gratuity provisions  | 3,094,697          | 8,788,972          |
| Fringe benefit tax   | -                  | -                  |
| Staff welfare  | 480,284            | 57,353,674         |
| <b>Total</b>   | <b>116,707,494</b> | <b>135,768,436</b> |
| <b>The average number of employees at the end of the year was:</b> |                    |                    |
| Permanent employees – management                                   | 66                 | 75                 |
| Permanent employees – unionisable                                  | -                  | -                  |
| Temporary and contracted employees                                 | 5                  | 4                  |
| <b>Total</b>   | <b>71</b>          | <b>79</b>          |

**13. Selling and Distribution Costs**

| Description                           | 2024/2025        | 2023/2024         |
|---------------------------------------|------------------|-------------------|
|                                       | Kshs             | Kshs              |
| Salaries and wages of Sales personnel | -                | -                 |
| Marketing and Promotional expenses    | 955,140          | 34,910,077        |
| Sales commissions                     | -                | -                 |
| Sales discounts and rebates           | -                | -                 |
| Other Selling and Distribution costs  | 6,491,475        | 16,034,258        |
| <b>Total</b>                          | <b>7,446,615</b> | <b>50,944,335</b> |

The selling and distribution costs reduced during the FY 2024/2025 compared to the previous year, reflecting the lower trading volumes. The decline mainly relates to reduced logistics, warehousing, and distribution expenses associated with subsidy fertilizer sales and imported rice sales.

**Kenya National Trading Corporation Ltd**  
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**Notes to the Financial Statement (Continued)**

**14. Finance Costs**

| Description                         | 2024/2025          | 2023/2024            |
|-------------------------------------|--------------------|----------------------|
|                                     | Kshs               | Kshs                 |
| Interest expense on loans           | 257,890,816        | 265,468,823          |
| Interest expense on Bank overdrafts | -                  | -                    |
| Interest on Lease liabilities       | 33,301             | 31,326               |
| Others                              | -                  | 1,588,059,452        |
| <b>Total</b>                        | <b>257,924,117</b> | <b>1,853,559,601</b> |

The significant variance is primarily attributable to the fact that in FY 2023/2024 the Corporation incurred substantial foreign exchange losses on foreign-currency denominated importation obligations, whereas no such losses were recorded in FY 2024/2025. Consequently, overall finance costs were considerably lower in the current year.

**15. Operating Profit/ (Loss)**

| Description  | 2024/2025   | 2023/2024     |
|--|-------------|---------------|
|  | Kshs        | Kshs          |
| <b>The operating profit/(loss) is arrived at after charging/(crediting):</b> |             |               |
| Staff Costs (Note 12a)   | 116,707,494 | 135,768,436   |
| Depreciation of property, plant and equipment                                | 50,731,839  | 49,657,500    |
| Depreciation of right-of-use asset   | 3,240,930   | 3,048,713     |
| Amortization of intangible assets  | -           | 5,601,924     |
| Provision for bad and doubtful debts   | 121,611,971 | 267,542,212   |
| Directors' emoluments – fees   | 24,237,534  | 39,454,948    |
| Auditors' remuneration - current year fees                                   | 200,000     | 464,000       |
| Prior year under-provision   | -           | -             |
| Loss on disposal of property, plant and equipment                            | -           | -             |
| Net foreign exchange loss  | -           | 1,588,059,452 |
| Interest receivable  | -           | -             |
| Interest payable   | -           | -             |
| Rent receivable  | 185,532,503 | 152,501,732   |

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

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

**(a) Income tax charge/ credit**

| Description   | 2024/2025              | 2023/2024              |
|---|------------------------|------------------------|
|   | Kshs                   |                        |
| Current taxation based on the adjusted Profit for the year at 30% | 35,986,049             | -                      |
| Current tax: Prior Year Under/(Over) provision                    | -                      | -                      |
| Current year deferred tax charge                                  | (1,829,766,929)        | (1,562,583,487)        |
| Prior Year Under-provision for deferred tax                       | -                      | -                      |
| <b>Total</b>  | <b>(1,793,780,880)</b> | <b>(1,562,583,487)</b> |

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

| Description   | 2024/2025              | 2023/2024       |
|---|------------------------|-----------------|
|   | Kshs                   | Kshs            |
| Profit before taxation  | (4,161,002,431)        | (5,440,651,437) |
| Tax at the applicable tax rate of 30%                                   | 35,986,049             | (1,632,195,431) |
| Prior Year Under-Provision  | -                      | 1,562,583,487   |
| Tax effects of expenses not deductible for tax purposes                 | 31,770                 | 63,010,593      |
| Tax effects of income not taxable                                       | (493,779,072)          | 5,440,651,437   |
| Tax effects of excess capital allowances over Depreciation/Amortization | (20,865,954)           | 6,601,351       |
| Deferred tax Prior Year Over-Provision                                  | -                      | -               |
| <b>Total</b>  | <b>(4,639,629,638)</b> | <b>-</b>        |

**17. Earnings Per Share**

The earnings per share is calculated by dividing the profit after tax of Kshs. (4,181,366,914) by the average number of ordinary shares in issue during the year of 1,600,000. There were not dilutive or potentially dilutive ordinary share as at the reporting date.

**18. Dividend per Share**

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM to be held before the end of June, there were no dividends disbursed for the financial year ended 30<sup>th</sup> June 2025.

Notes to the Financial Statement (Continued)

19. Property, Plant and Equipment

| Description  | Freehold land        | Buildings & civil works | Plant and machinery | Motor vehicles, including, motor cycles | Computers & related equipment | Office equipment, furniture & fittings | Capital work in progress | Total                |
|--|----------------------|-------------------------|---------------------|---|-------------------------------|--|--------------------------|----------------------|
| <b>Rate</b>  |                      | 2%                      | 12.50%              | 20%                                     | 33.33%                        | 12.50%                                 |                          |                      |
|  | <b>Kshs</b>          | <b>Kshs</b>             | <b>Kshs</b>         | <b>Kshs</b>                             | <b>Kshs</b>                   | <b>Kshs</b>                            | <b>Kshs</b>              | <b>Kshs</b>          |
| <b>As at 1st July 2023</b>   | <b>2,518,537,460</b> | <b>985,800,000</b>      | <b>7,056,345</b>    | <b>69,948,800</b>                       | <b>24,507,518</b>             | <b>25,019,944</b>                      | <b>0</b>                 | <b>3,642,594,315</b> |
| Additions  | -                    | -                       | 16,811,899          | 17,754,000                              | 1,170,000                     | -                                      | 14,643,747               | 50,379,646           |
| Disposals  | -                    | -                       | -                   | -                                       | -                             | -                                      | -                        | -                    |
| Transfers/Adjustments  | -                    | -                       | -                   | -                                       | -                             | -                                      | -                        | -                    |
| <b>As at 30<sup>th</sup> June 2024</b>                                 | <b>2,518,537,460</b> | <b>985,800,000</b>      | <b>23,868,244</b>   | <b>87,702,800</b>                       | <b>25,677,518</b>             | <b>25,019,944</b>                      | <b>14,643,747</b>        | <b>3,692,973,961</b> |
| Additions  | -                    | -                       | 3,295,598           | -                                       | -                             | -                                      | -                        | 3,295,598            |
| Disposals  | -                    | -                       | -                   | -                                       | -                             | -                                      | -                        | -                    |
| Transfer/Adjustments - Nakuru Plot Restored to KNTC                    | 32,928,000           | -                       | -                   | -                                       | -                             | -                                      | -                        | 32,928,000           |
| Transfer/Adjustments - Under provision for Loita Street Re-Valued Land | (454,537,460)        | -                       | -                   | -                                       | -                             | -                                      | -                        | (454,537,460)        |
| <b>As at 30<sup>th</sup> June 2025</b>                                 | <b>2,096,928,000</b> | <b>985,800,000</b>      | <b>27,163,842</b>   | <b>87,702,800</b>                       | <b>25,677,518</b>             | <b>25,019,944</b>                      | <b>14,643,747</b>        | <b>3,274,660,099</b> |
| <b>Depreciation And Impairment</b>                                     |                      |                         |                     |   |                               |  |                          |                      |
| <b>At 1 July 2023</b>  |                      |                         |                     |   |                               |  |                          |                      |
| Depreciation   | -                    | 19,716,000              | 2,301,876           | 7,890,480                               | 8,816,727                     | 2,991,458                              | -                        | 47,838,865           |
| Impairment   | -                    | -                       | -                   | -                                       | -                             | -                                      | -                        | 5,601,924            |
| Transfers/ Adjustments   | -                    | 19,716,000              | 2,489,740           | 17,244,660                              | 7,071,045                     | 3,136,055                              | -                        | 49,657,500           |
| <b>As At 30<sup>th</sup> June 2024</b>                                 | <b>-</b>             | <b>39,432,000</b>       | <b>4,791,616</b>    | <b>25,135,140</b>                       | <b>15,887,772</b>             | <b>6,127,513</b>                       | <b>-</b>                 | <b>103,098,289</b>   |
| Depreciation   | -                    | 39,432,000              | 4,791,616           | 25,135,140                              | 15,887,772                    | 6,127,513                              | -                        | 103,098,289          |
| Disposals  | -                    | -                       | -                   | -                                       | -                             | -                                      | -                        | -                    |
| Impairment   | -                    | -                       | -                   | -                                       | -                             | -                                      | -                        | -                    |
| Transfer/Adjustment  | -                    | 19,716,000              | 3,210,480           | 17,540,560                              | 7,149,456                     | 3,115,343                              | -                        | 50,731,839           |
| <b>As at 30<sup>th</sup> June 2025</b>                                 | <b>-</b>             | <b>59,148,000</b>       | <b>8,002,096</b>    | <b>42,675,700</b>                       | <b>23,037,228</b>             | <b>9,242,856</b>                       | <b>-</b>                 | <b>153,830,128</b>   |
| <b>As at 30<sup>th</sup> June 2024</b>                                 | <b>2,518,537,460</b> | <b>966,084,000</b>      | <b>21,378,503</b>   | <b>70,458,140</b>                       | <b>18,606,473</b>             | <b>21,883,889</b>                      | <b>14,643,747</b>        | <b>3,643,316,460</b> |
| <b>As at 30<sup>th</sup> June 2025</b>                                 | <b>2,096,928,000</b> | <b>926,652,000</b>      | <b>19,161,745</b>   | <b>45,027,100</b>                       | <b>2,640,290</b>              | <b>15,777,088</b>                      | <b>-</b>                 | <b>3,106,186,223</b> |

a) Nakuru Plot LR. 6/159 previously acquired irregularly by a private developer was re-instated back to KNTC by the Environment & Land Court at Nakuru on 8th May 2025.

b) Loita Street plot LR. 209/103430 valued at Ksh. 485 million was irregularly transferred to commissioner of lands. Prior provision was Ksh 30,462,540, therefore the under-provision is Ksh 454,537,460 has been captured to reflect the full provision of Ksh 485 million

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

**Valuation**

Land and buildings were valued by Bocca Enterprises Limited an independent valuer on blend of the sales comparable and depreciated replacement cost approach basis of valuation. These amounts were adopted on 2022/2023.

**Property, Plant and Equipment at Cost**

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

| Description                               | Cost                 | Accumulated Depreciation | NBV                  |
|---|----------------------|--------------------------|----------------------|
|   | Kshs                 | Kshs                     | Kshs                 |
| Land                                      | 2,096,928,000        | -                        | 2,096,928,000        |
| Buildings                                 | 985,800,000          | 59,148,000               | 926,652,000          |
| Plant And Machinery                       | 27,163,842           | 8,002,096                | 19,161,745           |
| Motor Vehicles, Including Motorcycles     | 87,702,800           | 42,675,700               | 45,027,100           |
| Computers And Related Equipment           | 25,677,518           | 23,037,228               | 2,640,290            |
| Office Equipment, Furniture, And Fittings | 25,019,944           | 9,242,856                | 15,777,088           |
|   | <b>3,248,292,104</b> | <b>142,105,880</b>       | <b>3,106,186,223</b> |

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

| Description                              | Cost Valuation | Normal Annual Depreciation charge |
|--|----------------|-----------------------------------|
|  | Kshs           | Kshs                              |
| Plant And Machinery                      | -              | -                                 |
| Motor Vehicles, Including Motor Cycles   | -              | -                                 |
| Computers And Related Equipment          | -              | -                                 |
| Office Equipment, Furniture And Fittings | -              | -                                 |
| <b>Total</b>                             | -              | -                                 |

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

**20. Intangible Assets**

| Description           | 2024/2025         | 2023/2024         |
|-----------------------|-------------------|-------------------|
|                       | Kshs              | Kshs              |
| <b>Cost</b>           |                   |                   |
| <b>At July 1</b>      | 11,724,248        | 11,724,248        |
| Additions             | -                 | -                 |
| Disposals             | -                 | -                 |
| <b>At June 30</b>     | <b>11,724,248</b> | <b>11,724,248</b> |
|                       |                   |                   |
| <b>Amortisation</b>   |                   |                   |
| <b>At July 1</b>      | 11,724,248        | 6,122,324         |
| Charge For The Year   | -                 | 5,601,924         |
| Disposals             | -                 | -                 |
| Impairment Loss       | -                 | -                 |
| <b>At June 30</b>     | <b>11,724,248</b> | <b>11,724,248</b> |
| <b>Net Book Value</b> | -                 | -                 |
| At June 30            | -                 | -                 |

Intangible assets constitute of Computer software - Veka Pos System, ERP System Microsoft Dynamics Nav 2018 and Website and they are fully depreciated

**21. Investment Property**

| Description                      | 2024/2025 | 2023/2024 |
|----------------------------------|-----------|-----------|
|                                  | Kshs      | Kshs      |
| <b>Opening Valuation</b>         | -         | -         |
| <b>Movements During The Year</b> |           |           |
| Additions                        | -         | -         |
| Disposals                        | -         | -         |
| Fair Value Gains/(Losses)        | -         | -         |
| <b>Closing Valuation</b>         | -         | -         |
| <b>Depreciation (If At Cost)</b> |           |           |
| <b>At July 1</b>                 | -         | -         |
| Charge For The Year              | -         | -         |
| Disposals                        | -         | -         |
| Impairment Loss                  | -         | -         |
| <b>At June 30</b>                | -         | -         |
| <b>Net Book Value</b>            | -         | -         |
| At June 30                       | -         | -         |

**Kenya National Trading Corporation Ltd**  
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**Notes to the Financial Statement (Continued)**

**22. Right-of-use assets**

| Description                           | Buildings                | Plant | Equipment | Total                    |
|---------------------------------------|--------------------------|-------|-----------|--------------------------|
|                                       | Kshs                     | Kshs  | Kshs      | Kshs                     |
| <b>Cost</b>                           |                          |       |           |                          |
| As At 1 July 2024                     | 17,946,143               | -     | -         | 17,946,143               |
| Additions                             | -                        | -     | -         | -                        |
| As At 30 June 2024                    | 17,946,143               | -     | -         | 17,946,143               |
| Additions                             | -                        | -     | -         | -                        |
| As At 30 June 2025                    | <b><u>17,946,143</u></b> | -     | -         | <b><u>17,946,143</u></b> |
| <b>Accumulated Depreciation</b>       |                          |       |           |                          |
| As At 1 July 2024                     | 5,006,800                | -     | -         | 5,006,800                |
| Charge For The Year                   | 3,048,713                | -     | -         | 3,048,713                |
| As At 30 June 2024                    | 8,055,513                | -     | -         | 8,055,513                |
| Prior year opening balance adjustment | 7,625                    |       |           | 7,625                    |
| Charge For The Year                   | 3,240,930                | -     | -         | 3,240,930                |
| As At 30 June 2025                    | <b><u>11,304,068</u></b> | -     | -         | <b><u>11,304,068</u></b> |
| <b>Carrying Amount</b>                |                          |       |           |                          |
| As At 30 June 2024                    | <b><u>9,874,243</u></b>  | -     | -         | <b><u>9,874,243</u></b>  |
| As At 30 June 2025                    | <b><u>6,642,075</u></b>  | -     | -         | <b><u>6,642,075</u></b>  |

**23. Fixed Interest Investments**

| Description   | 2024/2025 | 2023/2024 |
|---|-----------|-----------|
|   | Kshs      | Kshs      |
| Central Bank of Kenya 12.5% 15-Year Infrastructure Bond | -         | -         |
| <b>Total</b>  | -         | -         |

**24. Inventories**

| Description                | 2024/2025          | 2023/2024            |
|----------------------------|--------------------|----------------------|
|                            | Kshs               | Kshs                 |
| Raw materials              | -                  | -                    |
| Goods in transit           | -                  | -                    |
| Finished goods             | <b>263,965,225</b> | <b>3,013,499,315</b> |
| Work In Progress           | -                  | -                    |
| Less: Impairment of Stocks | (20,955,191)       | (40,669,684)         |
| <b>Total</b>               | <b>243,010,034</b> | <b>2,972,829,631</b> |

**Kenya National Trading Corporation Ltd**  
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**Notes to the Financial Statement (Continued)**  
**Reconciliation of Impairment Allowance for Inventories**

| Description                           | 2024/2025         | 2023/2024         |
|---------------------------------------|-------------------|-------------------|
|                                       | Kshs              | Kshs              |
| At the beginning of the year          | 41,648,484        | 978,800           |
| Additional provisions during the year | (20,693,293)      | 40,669,684        |
| Recovered during the year             | -                 | -                 |
| Written off during the year           | -                 | -                 |
| At the end of the year                | <b>20,955,191</b> | <b>41,648,484</b> |

**25. Trade and Other Receivables**

| Description                               | 2024/2025          | 2023/2024            |
|---|--------------------|----------------------|
|   | Kshs               |                      |
| Trade Receivables (Note 25 (a))           | 216,323,714        | 4,326,724,836        |
| Deposits and prepayments                  | 6,197,152          | 1,845,775            |
| Vat recoverable                           | 476,846,305        | 736,319,113          |
| Staff receivables                         | 2,144,216          | 2,728,200            |
| Other receivables                         | 268,326,045        | 283,226,312          |
| <b>Gross Trade and Other Receivables</b>  | <b>969,837,432</b> | <b>5,350,844,236</b> |
| Provision for Bad And Doubtful Receivable | (121,611,970)      | (267,542,212)        |
| <b>Net Trade and Other Receivables</b>    | <b>848,225,462</b> | <b>5,083,302,025</b> |

In the prior year (FY 2023/2024), the Corporation recognised prepaid stock relating to the importation of cooking oil, which represented advance payments made to suppliers for inventory not yet received by year-end. In the current year (FY 2024/2025), no such prepayments were made and, therefore, no balance relating to prepaid stock is reflected in the financial statements.

**Kenya National Trading Corporation Ltd**  
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**Notes to the Financial Statement (Continued)**

**25 (a) Trade Receivables**

| Description                                       | 2024/2025          | 2023/2024            |
|---|--------------------|----------------------|
|   | Kshs               | Kshs                 |
| Gross Trade Receivables                           | 216,323,714        | 4,326,724,836        |
| Provision for Doubtful Receivables                | (26,858,473)       | (267,542,212)        |
| Net Trade Receivables                             | 189,465,241        | 4,059,182,624        |
| <b>ageing analysis of gross Trade Receivables</b> |                    |                      |
| Less than 30 Days                                 | -                  | 8,149,925            |
| Between 30 and 60 Days                            | 12,900,860         | 3,236,253,714        |
| Between 61 and 90 Days                            | 5,496,462          | 9,081,260            |
| Between 91 and 120 Days                           | 6,272,200          | 2,342,393            |
| Over 120 Days                                     | 191,654,192        | 1,070,897,544        |
| <b>Total</b>                                      | <b>216,323,714</b> | <b>4,326,724,836</b> |

**25 (b) Reconciliation of Impairment Allowance for Trade Receivables**

| Description                           | 2024/2025          | 2023/2024          |
|---------------------------------------|--------------------|--------------------|
|                                       | Kshs               | Kshs               |
| At the beginning of the year          | 267,542,213        | 93,285,955         |
| Additional provisions during the year | (145,930,242)      | 174,256,258        |
| Recovered during the year             | -                  | -                  |
| Written off during the year           | -                  | -                  |
| At the end of the year                | <b>121,611,971</b> | <b>267,542,212</b> |

**25 (c) Staff Receivables**

| Description                       | 2024/2025        | 2023/2024        |
|-----------------------------------|------------------|------------------|
|                                   | Kshs             | Kshs             |
| Gross staff loans                 | 2,137,600        | 2,728,200        |
| Gross staff advances              | 6,616            | -                |
| Provision for impairment loss     | -                | -                |
| <b>Net staff loans</b>            | <b>2,144,216</b> | <b>2,728,200</b> |
| Less: Amounts due within one year | 2,144,216        | 2,728,200        |
| Amounts due after one year        | -                | -                |

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

**25 (d) Reconciliation of Impairment Allowance for Staff Receivables**

| Description                           | 2024/2025 | 2023/2024 |
|---------------------------------------|-----------|-----------|
|                                       | Kshs      | Kshs      |
| At the beginning of the year          | -         | -         |
| Additional provisions during the year | -         | -         |
| Recovered during the year             | -         | -         |
| Written off during the year           | -         | -         |
| At the end of the year                | -         | -         |

**26. Short Term Deposits**

| Description                   | 2024/2025 | 2023/2024 |
|-------------------------------|-----------|-----------|
|                               | Kshs      | Kshs      |
| <b>Other Commercial Banks</b> |           |           |
| Cooperative Bank Of Kenya     | -         | -         |
| Kenya Commercial Bank         | -         | -         |
| Barclays Bank Of Kenya        | -         | -         |
| Others ( <i>Specify</i> )     | -         | -         |
| <b>Total</b>                  | -         | -         |

**27. Bank and Cash Balances**

| Description  | 2024/2025         | 2023/2024            |
|--------------|-------------------|----------------------|
|              | Kshs              | Kshs                 |
| Cash at bank | 15,590,827        | 1,758,440,105        |
| Cash in hand | 484,184           | 361,837              |
| <b>Total</b> | <b>16,075,010</b> | <b>1,758,801,942</b> |

The bulk of the cash at bank was held at Co-operative Bank followed by Absa Bank.

**Kenya National Trading Corporation Ltd**  
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**Notes to the Financial Statement (Continued)**

**Detailed analysis of the cash and cash equivalents**

| <b>Description</b>                   |                       | <b>2024/2025</b>  | <b>2023/2024</b>     |
|--------------------------------------|-----------------------|-------------------|----------------------|
| <b>Financial institution</b>         | <b>Account number</b> | <b>Kshs</b>       | <b>Kshs</b>          |
| <b>a) Current Account</b>            |                       |                   |                      |
| ABSA Bank                            | 0701788990            | 4,821,751         | 5,094,359            |
| National Bank                        | 01003002924900        | 311,495           | 312,695              |
| Co-operative Bank                    | 01136028861700        | 4,354,550         | 10,135,252           |
| Co-operative Bank                    | 01136028861701        | 1,196,665         | 2,042,696            |
| ABSA Bank                            | 2046098318            | 764,708           | 4,155,757            |
| KCB - Main Current Account           | 1305267672            | -                 | -                    |
| KCB - Dollar Account                 | 1305267737            | -                 | -                    |
| KCB-Beans Escrow                     | 1310600880            | 187               | 30                   |
| KCB - Fertilizer Escrow              | 1310600686            | -                 | 1,203,080            |
| KCB - Rice Escrow                    | 1310600791            | -                 | 325,552,807          |
| KCB - Cooking Oil Escrow             | 1310600910            | 4,000,000         | 791,530,606          |
| Cooking Oil-USD                      | 1310601062            | -                 | 215,855,059          |
| KCB - Lamar Escrow                   | 1312069368            | -                 | 402,557,500          |
| KCB Mashariki Rice USD Account       | 1310601011            | 129               | 132                  |
| KCB Mashariki Beans USD Account      | 1310601038            | 129               | 132                  |
| KCB Mashariki Fertilizer USD Account | 1310600945            | 52                | -                    |
| <b>Sub- Total</b>                    |                       | <b>15,449,667</b> | <b>1,758,440,105</b> |
|                                      |                       |                   |                      |
| <b>b) On - Call Deposits</b>         |                       |                   |                      |
| Other Commercial banks               |                       | -                 | -                    |
| <b>Sub- Total</b>                    |                       | <b>-</b>          | <b>-</b>             |
|                                      |                       |                   |                      |
| <b>c) Fixed Deposits Account</b>     |                       |                   |                      |
| Other Commercial banks               |                       | -                 | -                    |
| <b>Sub- Total</b>                    |                       | <b>-</b>          | <b>-</b>             |
|                                      |                       |                   |                      |
| <b>d) Others (Specify)</b>           |                       |                   |                      |
| Cash in transit                      |                       | -                 | -                    |
| Cash in hand                         |                       | 484,184           | 361,837              |
| Mobile money account                 |                       | 141,160           | -                    |
| <b>Sub- Total</b>                    |                       | <b>625,344</b>    | <b>361,837</b>       |
| <b>Grand Total</b>                   |                       | <b>16,075,010</b> | <b>1,758,801,942</b> |

**Kenya National Trading Corporation Ltd**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

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

**28. Ordinary Share Capital**

| Description   | 2024/2025         | 2023/2024         |
|---|-------------------|-------------------|
|   | Kshs              | Kshs              |
| <b>Authorized:</b>                                  |                   |                   |
| 1,600,000 Ordinary Shares of Kshs 20 par value each | <b>32,000,000</b> | <b>32,000,000</b> |
| <b>Issued and fully paid:</b>                       |                   |                   |
| 0 Ordinary Shares of Kshs par value each            | -                 | -                 |

**29. Revaluation Reserve**

The revaluation reserve 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 to retained earnings. Revaluation surpluses are not distributable.

**30. Fair Value Adjustment Reserve**

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

**31. Retained Earnings**

The retained earnings represent amounts available for distribution to the Corporation's shareholders. Undistributed retained earnings are utilised to finance the Corporation's business activities.

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Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025

Notes to the Financial Statement (Continued)

32. Borrowings

| Description   | 2024/2025            | 2023/2024             |
|---|----------------------|-----------------------|
|   | Kshs                 | Kshs                  |
| <b>a) External borrowings</b>   |                      |                       |
| Balance at beginning of the year  |                      | -                     |
| External borrowings during the year   | 864,653,942          | 4,169,369,663         |
| Repayments of during the year   |                      |                       |
| <b>Balance at end of the year</b>   | <b>864,653,942</b>   | <b>4,169,369,663</b>  |
| <b>b) Domestic borrowings</b>   |                      |                       |
| Balance at beginning of the year  | 7,673,220,919        | 3,020,171,955         |
| Domestic borrowings & Interest during the year                                | 257,890,816          | 6,743,052,308         |
| Repayments during the year  | (1,038,861,392)      | (2,090,003,344)       |
| <b>Balance at end of the year</b>   | <b>6,892,283,643</b> | <b>7,673,220,919</b>  |
|   |                      |                       |
| <b>Balance at end of the period- domestic and external borrowings c = a+b</b> | <b>7,756,937,585</b> | <b>11,842,590,582</b> |

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

| Description   | 2024/2025            | 2023/2024             |
|---|----------------------|-----------------------|
|   | KShs                 | KShs                  |
| <b>External borrowings</b>                            |                      |                       |
| Dollar denominated loan from KCB Bank                 | 864,653,942          | 4,169,369,663         |
| Sterling pound denominated loan from 'y organisation' | -                    | -                     |
| Euro denominated loan from Z organisation'            | -                    | -                     |
| <b>Domestic borrowings</b>                            |                      |                       |
| Kenya shilling loan from KCB                          | 6,892,283,643        | 7,673,220,919         |
| Kenya shilling loan from Barclays bank                | -                    | -                     |
| Kenya shilling loan from Consolidated bank            | -                    | -                     |
| <b>Total balance at end of the year</b>               | <b>7,756,937,585</b> | <b>11,842,590,582</b> |

| Description                             | 2024/2025            | 2023/2024             |
|---|----------------------|-----------------------|
|   | Kshs                 | Kshs                  |
| Short term borrowings (Current Portion) | 7,710,794,200        | 11,796,447,197        |
| Long term borrowings                    | 46,143,385           | 46,143,385            |
| <b>Total</b>                            | <b>7,756,937,585</b> | <b>11,842,590,582</b> |

**Kenya National Trading Corporation Ltd**  
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**Notes to the Financial Statement (Continued)**

**33. Deferred Tax Liability/Asset**

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

| Description                                      | 2024/2025            | 2023/2024              |
|--|----------------------|------------------------|
|  | Kshs                 | Kshs                   |
| Accelerated capital allowances                   | 18,821,340           | 25,313,961             |
| Unrealised exchange gains/(Losses)               | 0                    | -                      |
| Revaluation surplus                              | 0                    | -                      |
| Tax losses carried forward                       | (780,902,786)        | (1,562,583,487)        |
| Provisions for liabilities and charges           |                      | 210,003,985            |
| <b>Net deferred tax liability for the period</b> | <b>(762,081,446)</b> | <b>(1,327,265,541)</b> |

The movement on the deferred tax account is as follows:

| Description                             | 2024/2025              | 2023/2024              |
|---|------------------------|------------------------|
|   | Kshs                   | Kshs                   |
| <b>Balance at beginning of the year</b> | <b>(1,067,685,483)</b> | <b>259,580,058</b>     |
| Credit to revaluation reserve           | -                      | -                      |
| Tax losses carried forward              | (780,902,786)          | 235,317,946            |
| Accelerated capital allowances          | 18,821,340             | (1,562,583,487)        |
| <b>Balance at end of the year</b>       | <b>(1,829,766,929)</b> | <b>(1,067,685,483)</b> |

**34. Lease Liability**

| Description                          | 2024/2025         | 2023/2024         |
|--------------------------------------|-------------------|-------------------|
|                                      | KShs              | KShs              |
| <b>At the start of the year</b>      | <b>22,921,483</b> | <b>16,188,739</b> |
| Discount interest on Lease Liability | 10,736,440        | 9,781,457         |
| Paid during the year                 | (3,240,930)       | (3,048,713)       |
| <b>At end of the year</b>            | <b>30,416,994</b> | <b>22,921,483</b> |

**Kenya National Trading Corporation Ltd**  
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**Notes to the Financial Statement (Continued)**

| Details                  | 2024/2025         | 2023/2024        |
|--------------------------|-------------------|------------------|
|                          | Kshs              | Kshs             |
| <b>Maturity Analysis</b> |                   |                  |
| Year 1                   | -                 | -                |
| Year 2                   | -                 | -                |
| Year 3                   | -                 | -                |
| Year 4                   | -                 | -                |
| Year 5                   | 2,310,193         | 2,789,842        |
| On Wards                 | 8,426,247         | 6,991,615        |
|                          | <u>10,736,440</u> | <u>9,781,457</u> |
| Less: Unearned Interest  | (68,247)          | (101,548)        |
|                          | <u>10,668,193</u> | <u>9,679,909</u> |
| Analysed As:             |                   |                  |
| Non-Current              | 7,743,339         | 6,540,527        |
| Current                  | 2,993,102         | 3,240,930        |

**35. Rice Revolving Fund**

| Description                        | 2024/2025          | 2023/2024          |
|------------------------------------|--------------------|--------------------|
|                                    | Kshs               | Kshs               |
| National Government                | 660,000,000        | 660,000,000        |
| International Funders              | -                  | -                  |
| Public Contributions and Donations | -                  | -                  |
| Other (specify)                    | -                  | -                  |
| <b>Total Deferred Income</b>       | <b>660,000,000</b> | <b>660,000,000</b> |

**36. Rent lease deposits**

| Description             | 2024/2025           | 2023/2024           |
|-------------------------|---------------------|---------------------|
|                         | KShs                | KShs                |
| Rent lease deposits b/f | (15,878,629)        | (14,435,919)        |
| Deposits by tenants     | (1,402,750)         | (1,442,710)         |
| Refunds paid to Tenants | -                   | -                   |
| Rent lease deposits c/f | <b>(17,281,379)</b> | <b>(15,878,629)</b> |

**Kenya National Trading Corporation Ltd**  
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**Notes to the Financial Statement (Continued)**

**37. Deferred Income**

| Description                        | 2024/2025         | 2023/2024         |
|------------------------------------|-------------------|-------------------|
|                                    | Kshs              | Kshs              |
| National Government                | 65,625,501        | 22,200,000        |
| International Funders              | -                 | -                 |
| Public Contributions and Donations | -                 | -                 |
| Other (specify)                    | -                 | -                 |
| <b>Total Deferred Income</b>       | <b>65,625,501</b> | <b>22,200,000</b> |

The deferred income movement is as follows:

| Description                   | National government | International funders | Public contributions and donations |
|-------------------------------|---------------------|-----------------------|------------------------------------|
|                               | Kshs                | Kshs                  | Kshs                               |
| Balance Brought Forward       | 64,760,193          | -                     | -                                  |
| Additions                     | 1,500,000,000       | -                     | -                                  |
| Transfer to Retained Earnings | (1,500,000,000)     | -                     | -                                  |
| Transfer to Capital Fund      | (3,619,879)         |                       |                                    |
| Transfers To Income Statement | -                   | -                     | -                                  |
| Prepayment                    | 4,485,187           | -                     | -                                  |
| Balance Carried Forward       | <b>65,625,501</b>   | -                     | -                                  |

The Ksh 1,500,000,000 recurrent grant received was not recognized in the profit and loss account as it was a deferred income used to settle payables for Purma Holdings for the prior year. It was therefore transferred to retained earnings as a prior year adjustment.

Ksh 3,619,879 is in reference to payments in relation to the grant utilization during the financial year

**38. Trade and Other Payables**

| Description                | 2024/2025            | 2023/2024            |
|----------------------------|----------------------|----------------------|
|                            | Kshs                 | Kshs                 |
| Trade payables             | 459,445,295          | 1,900,987,396        |
| Accrued expenses           | 519,300,020          | 284,150,138          |
| Retention/ Contract monies | 0                    | 0                    |
| Deposits                   | 0                    | 0                    |
| Employee payables          | 15,139,820           | 20,666,972           |
| Other payables             | 136,607,601          | 92,758,205           |
| <b>Total</b>               | <b>1,130,492,736</b> | <b>2,298,562,711</b> |

**Kenya National Trading Corporation Ltd**  
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**Notes to the Financial Statement (Continued)**

**Aging Analysis for Trade and other Payables**

|                | <b>2024/2025</b>     | <b>% of the total</b> | <b>2023/2024</b>     | <b>% of the total</b> |
|----------------|----------------------|-----------------------|----------------------|-----------------------|
| Under one year | 197,126,212          | 17.44%                | 178,975,339          | 7.79%                 |
| 1-2 years      | 321,996,376          | 28.48%                | 284,150,138          | 12.36%                |
| 2-3 years      | 73,124,417           | 6.47%                 | 1,828,589,003        | 79.55%                |
| Over 3 years   | 538,245,732          | 47.61%                | 6,848,231            | 0.30%                 |
| <b>Total</b>   | <b>1,130,492,736</b> |                       | <b>2,298,562,712</b> |                       |

**39. Retirement Benefit Obligations**

| <b>Description</b>                        | <b>Defined benefit plan</b> | <b>Post-employment medical benefits</b> | <b>Other Benefits</b> | <b>2024/2025</b> | <b>2023/2024</b> |
|---|-----------------------------|---|-----------------------|------------------|------------------|
|   | <b>Kshs</b>                 | <b>Kshs</b>                             | <b>Kshs</b>           | <b>Kshs</b>      | <b>Kshs</b>      |
| Current benefit obligation                | -                           | -                                       | -                     | -                | -                |
| Non-current benefit obligation            | -                           | -                                       | -                     | -                | -                |
| <b>Total employee benefits obligation</b> | <b>-</b>                    | <b>-</b>                                | <b>-</b>              | <b>-</b>         | <b>-</b>         |

**Recognition of Retirement Benefit Asset/ Liability**

a) Amounts recognised under other gains/ losses in the statement of Comprehensive Income

| <b>Description</b>  | <b>2024/2025</b> | <b>2023/2024</b> |
|---|------------------|------------------|
|   | <b>Kshs</b>      | <b>Kshs</b>      |
| The Return On Defined Plan assets                                       | -                | -                |
| Actuarial Gains/ Losses arising from changes in demographic assumptions | -                | -                |
| Actuarial Gains/ Losses arising from changes in financial assumptions   | -                | -                |
| Actuarial Gains and Losses arising from experience adjustments          | -                | -                |
| Others ( <i>Specify</i> )   | -                | -                |
| Adjustments for restrictions on the Defined Benefit asset               | -                | -                |
| <b>Re-measurement of the Net Defined Benefit Liability (Asset)</b>      | <b>-</b>         | <b>-</b>         |

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

**b) Amounts recognised in the Statement of Financial Position**

| Description   | 2024/2025 | 2023/2024 |
|---|-----------|-----------|
|   | Kshs      | Kshs      |
| Present value of Defined Benefit Obligations(A)                       | -         | -         |
| Fair Value of Plan Assets(B)  | -         | -         |
| Funded Status(=A-B)   | -         | -         |
| Restrictions on Asset recognized                                      | -         | -         |
| Others  | -         | -         |
| <b>Net Asset or Liability arising from Defined Benefit Obligation</b> | -         | -         |

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,160 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by ICEA Lion Pension Fund.

**40. Provisions**

| Description                                     | Long service leave | Bonus Provision | Gratuity provisions | Other Provisions   | Total              |
|---|--------------------|-----------------|---------------------|--------------------|--------------------|
|   | Kshs               | Kshs            | Kshs                | Kshs               | Kshs               |
| Balance at the beginning of the year            | 8,152,898          | -               | -                   | 309,190,697        | 317,343,595        |
| Additional provisions                           | 6,495,063          | -               | -                   | (166,623,534)      | (160,128,471)      |
| Provision utilised                              | (12,100,740)       | -               | -                   | -                  | (12,100,740)       |
| Change due to discount and time value for money | -                  | -               | -                   | -                  | -                  |
| Less: current portion                           | -                  | -               | -                   | -                  | -                  |
| <b>Balance at the end of the year</b>           | <b>2,547,221</b>   | <b>-</b>        | <b>-</b>            | <b>142,567,163</b> | <b>145,114,384</b> |

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

**41. Dividends Payable**

The balance of dividends payable relates to unclaimed dividends, payable to different shareholders.

The balances are analysed in annual amount below.

| Description                         | 2024/2025 | 2023/2024 |
|-------------------------------------|-----------|-----------|
|                                     | Kshs      | Kshs      |
| At the beginning of the year        | -         | -         |
| Additional declared during the year | -         | -         |
| Paid during the year                | -         | -         |
| Balance at end of the year          | -         | -         |
| <b>Ageing analysis:</b>             | -         | -         |
| Under one year                      | -         | -         |
| 1-2 years                           | -         | -         |
| 2-3 years                           | -         | -         |
| Over 3 years                        | -         | -         |
| <b>Total</b>                        | -         | -         |

**42. Notes to the Statement of Cash Flows**

| Description  | 2024/2025         | 2023/2024            |
|--|-------------------|----------------------|
|  | Kshs              |                      |
| <b>(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations</b> |                   |                      |
| Profit or Loss before tax  | (4,161,002,431)   | (5,440,651,437)      |
| Depreciation   | 50,731,839        | 41,716,541           |
| Amortisation   | 3,240,930         | 3,048,713            |
| (Gain)/Loss on disposal of Property, Plant and Equipment   | -                 | -                    |
| Interest Paid  | 257,890,816       | 265,468,823          |
| Gratuity   | 3,094,697         |                      |
| Increase/(Decrease) in Current Lease Liabilities   | (247,828)         | 325,091              |
| Interest on Lease Liabilities  | 68,247            |                      |
| (Increase)/Decrease in Inventories   | 2,729,819,597     | 6,304,810,557        |
| (Increase)/Decrease in Trade and Other Receivables   | 4,235,076,563     | (3,211,523,311)      |
| Increase/(Decrease) in Trade and Other Payables  | (1,168,069,975)   | (8,226,505,088)      |
| Provisions for the Year  | (184,329,951)     | 1,795,991,493        |
| Cash Generated from/(used In) operations   | 1,766,272,504     | (8,467,318,619)      |
| <b>(b) Analysis of Cash and Cash equivalents</b>   |                   |                      |
| Short Term Deposits  |                   |                      |
| Cash At Bank   | 15,590,827        | 1,758,440,105        |
| Cash In Hand   | 484,184           | 361,837              |
| <b>Balance At End Of The Year</b>  | <b>16,075,010</b> | <b>1,758,801,942</b> |

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

| Description                             | 2024/2025   | 2023/2024   |
|---|-------------|-------------|
|   | Kshs        | Kshs        |
| <b>(d) Analysis of interest paid</b>    |             |             |
| Interest on Loans                       | 1,669,600   | 265,468,823 |
| Interest on Bank Overdraft              | 256,221,216 |             |
| Interest on Lease Liabilities           | 33,301      | 101,548     |
| Interest on Loans Capitalised           |             |             |
| Balance at Beginning of the year        |             |             |
| Balance at end of the year (Note 35(B)) | 257,924,117 |             |
| Interest paid                           |             |             |
|   |             |             |
| <b>(e) Analysis of Dividend paid</b>    |             |             |
|   |             |             |
| Balance at beginning of the year        | -           |             |
| 20xx Dividends paid                     | -           |             |
| 20xx Dividends paid                     | -           |             |
| 20xx Interim Dividends paid             | -           |             |
| Balance at end of the year              | -           |             |
|   |             |             |
| Dividend paid                           | -           |             |
|   |             |             |

**43. Related Party Disclosures**

**Government of Kenya**

The Government of Kenya is the principal shareholder of the Kenya National Trading Corporation LTD, holding 100% of the Corporation equity interest through Kenya Development Corporation.

The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) State Department of Trade
- ii) Kenya Development Corporation
- iii) Key management
- iv) Board of directors

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

**Transactions with related parties**

| Description   | 2024/2025     | 2023/2024  |
|---|---------------|------------|
|   | Kshs          | Kshs       |
| <b>a) Sales to related parties</b>                      |               |            |
| Sales of electricity to govt agencies                   | -             | -          |
| Rent income from govt. agencies                         | -             | -          |
| Water sales to govt. agencies                           | -             | -          |
| Interest income from govt commercial banks              | -             | -          |
| Interest income from bills and bonds                    | -             | -          |
| Others ( <i>specify</i> )                               | -             | -          |
| <b>Total</b>  | -             | -          |
| <b>b) Purchases from related parties</b>                |               |            |
| Purchases of electricity from KPLC                      | -             | -          |
| Purchase of water from govt service providers           | -             | -          |
| Rent expenses paid to govt agencies                     | -             | -          |
| Training and conference fees paid to govt. Agencies     | -             | -          |
| Bank charges paid to govt commercial banks              | -             | -          |
| Interest expense to investments by other govt. Entities | -             | -          |
| Others ( <i>specify</i> )                               | -             | -          |
| <b>Total</b>  | -             | -          |
| <b>c) Grants from the government</b>                    |               |            |
| Grants from national govt                               | 1,500,000,000 | 22,000,000 |
| Grants from county government                           | -             | -          |
| Donations in kind                                       | -             | -          |
| <b>Total</b>  | -             | -          |
| <b>d) Expenses incurred on behalf of related party</b>  |               |            |
| Payments of salaries and wages for xxx employees        | -             | -          |
| Payments for goods and services for xxx                 | -             | -          |
| <b>Total</b>  | -             | -          |
| <b>e) Key management compensation</b>                   |               |            |
| Directors' emoluments                                   | -             | -          |
| Compensation to key management                          | -             | -          |
| <b>Total</b>  | -             | -          |

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

**44. Capital Commitments**

Capital commitments at the year- end for which no provision has been made in these financial statements are:

| Description                                | 2024/2025 | 2023/2024 |
|--|-----------|-----------|
|  | Kshs      | Kshs      |
| Amounts authorised and Contracted for      | -         | -         |
| Amounts authorized but Not Contracted for  | -         | -         |
| Less: Amounts included in Work In Progress | -         | -         |
|  | -         | -         |

**45. Contingent Assets and Liabilities**

**Contingent Assets**

| Description                                      | 2024/2025 | 2023/2024      |
|--|-----------|----------------|
|  | Kshs      | Kshs           |
| <b>Contingent assets</b>                         |           |                |
| Insurance reimbursements                         | -         | -              |
| Assets arising from determination of court cases | -         | 517,928        |
| Reimbursable indemnities and guarantees          | -         | -              |
| Receivables from other government entities       | -         | -              |
| Others ( <i>specify</i> )                        | -         | -              |
| <b>Total</b>                                     | -         | <b>517,928</b> |

**Contingent Liabilities**

| Description  | 2024/2025 | 2023/2024 |
|--|-----------|-----------|
|  | Kshs      | Kshs      |
| <b>Contingent Liabilities</b>                                | -         | -         |
| Court case Xxx against ( <i>The Entity</i> )                 | -         | -         |
| Bank guarantees in favour of subsidiary                      | -         | -         |
| Contingent liabilities arising from contracts including PPPs | -         | -         |
| Others ( <i>Specify</i> )                                    | -         | -         |
| <b>Total</b>   | -         | -         |

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

**46. Financial Risk Management**

The entity'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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| <b>Description</b>                          | <b>Total amount<br/>Kshs</b> | <b>Fully<br/>performing<br/>Kshs</b> | <b>Past due<br/>Kshs</b> | <b>Impaired<br/>Kshs</b> |
|---|------------------------------|--------------------------------------|--------------------------|--------------------------|
| <b>At 30 June 2024</b>                      |                              |                                      |                          |                          |
| Receivables from non- exchange transactions | 5,083,302,025                | 4,000,980,828                        | 11,423,653               | 1,070,897,544            |
| Cash & Cash Equivalents                     | 1,758,801,942                | 1,758,801,942                        | -                        | -                        |
| <b>Total</b>                                | <b>6,842,103,966</b>         | <b>5,759,782,769</b>                 | <b>11,423,653</b>        | <b>1,070,897,544</b>     |
| <b>At 30 June 2025</b>                      |                              |                                      |                          |                          |
| Receivables from non- exchange transactions | 848,225,462                  | 644,802,608                          | 11,768,662               | 191,654,192              |
| Bank balances                               | 16,075,010                   | 16,075,010                           | -                        | -                        |
| <b>Total</b>                                | <b>864,300,472</b>           | <b>660,877,618</b>                   | <b>11,768,662</b>        | <b>191,654,192</b>       |

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

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 the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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 entity’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 entity 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.

| Description                   | Less than 1 year     | Between 1-3 years  | Over 3 years       | Total                |
|-------------------------------|----------------------|--------------------|--------------------|----------------------|
|                               | Kshs                 | Kshs               | Kshs               | Kshs                 |
| <b>At 30 June 2024</b>        |                      |                    |                    |                      |
| Trade payables                | 2,298,562,711        | -                  | -                  | 2,298,562,711        |
| Current portion of borrowings | 7,627,077,534        | -                  | -                  | 7,627,077,534        |
| Employee benefit obligation   | -                    | -                  | -                  | 0                    |
| <b>Total</b>                  | <b>9,925,640,244</b> | <b>-</b>           | <b>-</b>           | <b>9,925,640,244</b> |
| <b>At 30 June 2025</b>        |                      |                    |                    |                      |
| Trade payables                | 197,126,212          | 395,120,793        | 538,245,732        | 1,130,492,736        |
| Current portion of borrowings | 6,846,140,258        | -                  | -                  | 6,846,140,258        |
| Employee benefit obligation   | -                    | -                  | -                  | -                    |
| <b>Total</b>                  | <b>7,043,266,470</b> | <b>395,120,793</b> | <b>538,245,732</b> | <b>7,976,632,995</b> |

**(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.

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

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 entity 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 entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| Description                            | In Kshs | Other currencies | Total |
|--|---------|------------------|-------|
|  | Kshs    | Kshs             | Kshs  |
| <b>At 30 June 2025</b>                 |         |                  |       |
| <b>Financial assets</b>                |         |                  |       |
| Investments                            | -       | -                | -     |
| Cash                                   | -       | -                | -     |
| Debtors                                | -       | -                | -     |
| <b>Financial liabilities</b>           |         |                  |       |
| Trade and other payables               | -       | -                | -     |
| Borrowings                             | -       | -                | -     |
| Net foreign currency asset/(liability) | -       | -                | -     |

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

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

| Description                            | In Kshs | Other Currencies | Total |
|--|---------|------------------|-------|
|  | Kshs    | Kshs             | Kshs  |
| <b>At 30 June 2025</b>                 |         |                  |       |
| <b>Financial Assets</b>                |         |                  |       |
| Investments                            | -       | -                | -     |
| Cash                                   | -       | -                | -     |
| Debtors                                | -       | -                | -     |
| <b>Financial Liabilities</b>           |         |                  |       |
| Trade and Other Payables               | -       | -                | -     |
| Borrowings                             | -       | -                | -     |
| Net Foreign Currency Asset/(Liability) | -       | -                | -     |

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.

| Details     | Change in currency rate | Effect on Profit before tax | Effect on equity |
|-------------|-------------------------|-----------------------------|------------------|
|             | Kshs                    | Kshs                        | Kshs             |
| <b>2025</b> |                         |                             |                  |
| Euro        | 10%                     | -                           | -                |
| USD         | 10%                     | -                           | -                |
| <b>2025</b> |                         |                             |                  |
| Euro        | 10%                     | -                           | -                |
| USD         | 10%                     | -                           | -                |

**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 interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

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

**i) Management of interest rate risk**

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

**ii) Sensitivity analysis**

The entity 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.

**iii) Fair value of financial assets and liabilities**

**a) *Financial instruments measured at fair value***

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions.

These two types of inputs have created the following fair value hierarchy:

- i)** Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii)** Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- iii)** Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

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

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

| <b>At 30 June 2024</b>       | <b>Level 1 Kshs</b>     | <b>Level 2 Kshs</b> | <b>Level 3 Kshs</b> | <b>Total Kshs</b>       |
|------------------------------|-------------------------|---------------------|---------------------|-------------------------|
| <b>Financial assets</b>      |                         |                     |                     |                         |
| Quoted equity investments    | -                       | -                   | -                   | -                       |
| <b>Non- financial assets</b> |                         |                     |                     |                         |
| Investment property          | -                       | -                   | -                   | -                       |
| Land and buildings           | <b>3,504,337,460</b>    | -                   | -                   | <b>3,504,337,460</b>    |
|                              | <b>3,504,337,460</b>    | -                   | -                   | <b>3,504,337,460</b>    |
| <b>At 30 June 2025</b>       |                         |                     |                     |                         |
| <b>Financial assets</b>      | -                       | -                   | -                   | -                       |
| Quoted equity investments    | -                       | -                   | -                   | -                       |
| <b>Non- financial assets</b> |                         |                     |                     |                         |
| Investment property          | -                       | -                   | -                   | -                       |
| Land and buildings           | <b>3,508,580,000.00</b> | -                   | -                   | <b>3,508,580,000.00</b> |
|                              | <b>3,508,580,000.00</b> | -                   | -                   | <b>3,508,580,000.00</b> |

There were no transfers between levels 1, 2 and 3 during the year.

***Financial instruments not measured at fair value***

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

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

| <b>Description</b>                                 | <b>2024/2025</b>       | <b>2023/2024</b>       | <b>2022/2023</b>     | <b>2021/2022</b>     |
|--|------------------------|------------------------|----------------------|----------------------|
|  | <b>Kshs</b>            | <b>Kshs</b>            | <b>Kshs</b>          | <b>Kshs</b>          |
| Revaluation reserve                                | 3,595,623,539          | 3,595,623,539          | 3,621,785,654        | 2,810,642,777        |
| Retained earnings                                  | (6,733,800,209)        | (5,634,633,060)        | (168,850,111)        | (241,697,571)        |
| Share Capital                                      | 32,000,000             | 32,000,000             | 32,000,000           | 32,000,000           |
| <b>Total funds</b>                                 | <b>(3,106,176,671)</b> | <b>(2,007,009,521)</b> | <b>3,484,935,543</b> | <b>2,600,945,206</b> |
| Total borrowings                                   | 7,756,937,585          | 11,842,590,582         | 2,946,615,242        | 1,686,722            |
| Less: cash and bank balances                       | (16,075,010)           | (1,765,851,118)        | (3,018,559,203)      | (209,214,041)        |
| <b>Net debt/(excess cash and cash equivalents)</b> | <b>7,740,862,575</b>   | <b>10,076,739,464</b>  | <b>(71,943,961)</b>  | <b>(207,527,319)</b> |
| <b>Gearing</b>                                     | <b>(3)</b>             | <b>(25)</b>            | <b>-2464%</b>        | <b>-2464%</b>        |

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

**47. Incorporation**

Kenya National trading corporation Ltd is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

**48. Events after the Reporting Period**

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

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**22. Appendices**

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

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

| Observation on the external audit Report | Issue / Observations from Auditor   | Management comments  | Status:                 | Timeframe |
|--|---|--|-------------------------|-----------|
| Inaccuracies in the Financial Statements | <p>The statement of profit/loss and other comprehensive income reflects a profit/loss after taxation of Kshs.(3,855,867,950), while the statement of changes in equity reflects a profit of Kshs.(3,878,067,950), resulting in a variance of Kshs.22,200,000.</p> <p>The statement of financial position reflects a Nil balance for deferred tax liability, whereas Note 34 reflects a balance of Kshs. (1,327,265,541).<br/> The movement schedule balance in Note 34 reports Kshs. (1,067,685,483), resulting in a variance of Kshs.259,580,058.<br/> Note 34 reports provisions for liabilities and charges of Kshs.210,003,985, but there was no plausible explanation or basis for the stated provision.</p> <p>The statement of comparison of budget and actual amounts reflects total income budget of Kshs.2,690,564,800 and total expenditure budget of Kshs.1,968,758,800. The itemized budget document shows income and expenditure budgets as</p> | <p>The variance of Ksh 22,200,000 has been presented under Capital /develops grants/fund in the statement of changes in equity.</p> <p>A negative balance in the deferred tax represents deferred tax asset not a liability.<br/> Deferred tax of Ksh (1,327,265,541) is the net deferred tax asset for the year, Ksh 259,580,058 is the deferred liability brought forward from the previous year. The deferred tax asset amount carried forward is therefore Ksh. (1,067,685,483)<br/> Management has provided the supporting schedules<br/> The itemized budget for 2023/2024 has been amended to align with the annual approved budget for 2023/2024</p> | Awaiting Closure by OAG |           |

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| <b>Observation on the external audit Report</b> | <b>Issue / Observations from Auditor</b>   | <b>Management comments</b>   | <b>Status:</b>          | <b>Timeframe</b> |
|---|--|--|-------------------------|------------------|
|   | Kshs.3,150,730,000 and Kshs.1,579,287,000, resulting in a variance of Kshs.460,165,200 and Kshs.389,471,000, respectively.   |  |                         |                  |
| Variance in the Trial Balance                   | The trial balance provided reflects debit balance of Kshs.2,731,574,812 and Nil credit balance, therefore it was not balanced. Further, the trial balance omitted some components and sub-components in the financial statements.  | The adjusted trial balance has been availed as per Annex 10  | Awaiting Closure by OAG |                  |
| Restated Amounts                                | Examination of the financial statements revealed various amounts in the statements of profit or loss and other comprehensive income, financial position and cash flows were restated after the audit of the financial statements for the year 2022/2023. The restated amounts differ with those certified as per previous year's audited financial statements resulting to either overstatement or understatement. Further, the justification or explanation for the movement from certified to restated amounts was not disclosed in the Notes to the financial statements. | Management has provided the justification and the support schedule for the restated figures for 2022/2023 financial statement as per Annex 11, 11 (a), 12 & 13 | Awaiting Closure by OAG |                  |
| Unreconciled Bank and Cash Balances             | The statement of financial position reflects bank and cash balances of Kshs.1,758,801,942 as disclosed in Note 28. Review of cash book and bank statement for account number 0701788990 revealed credits of Kshs.4,005,120 described as E-citizen settlement. The explanation provided indicated these credits were from sales paid using Government pay bill no. 222222. The cash book lacked a breakdown showing the payees, and no reconciliation was done with the sales from the depots.  | The breakdown indicating the payees for the E-Citizen Settlements has been provided as per Annex 16  | Awaiting Closure by OAG |                  |
| Long-Outstanding Trade and other Receivables    | The statement of financial position reflects trade and other receivables of Kshs.5,083,302,025 as disclosed in Note 25. Included in this balance are receivables of  | Government debtors (Ksh 41,914,659)<br>The delay in collection of government debtors is due to delay in release of exchequer funding by The                    | Awaiting Closure by OAG |                  |

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| Observation on the external audit Report | Issue / Observations from Auditor  | Management comments   | Status:                 | Timeframe |
|--|--|---|-------------------------|-----------|
|  | <p>Kshs.178,751,415 that have been outstanding for more than one year.<br/>                     The balance includes a provision for bad and doubtful debts of Kshs.267,542,212, an increase of Kshs.174,256,258 from the previous year's amount of Kshs.93,285,954. No policy exists on provision for bad debts.</p>  | <p>National treasury to respective government institutions</p> <p>Rice debtors (Ksh 25,456,174) The delay in collection of rice debtors is due to delay in release of exchequer funding by The National treasury to respective government institutions.</p> <p>Private Debtors (Ksh 25,060,826) These are old debts incurred in early 1990s which the management has fully provided for in the financial statements.</p> <p>Furthermore, a debt policy was developed and approved by the board in 7th May 2025, with the aim of strengthening the Corporation's credit risk management framework and improving the oversight and recovery of receivables.</p> |                         |           |
| Unsupported Selling Price                | <p>The statement of profit or loss and other comprehensive income reflects sales of Kshs.12,198,063,661 as disclosed in Note 6.<br/>                     Examination of sales revealed the sale of 2,682,427 kgs of rice, 2,712 jerricans of KNTC oil, and 1,032,630 jerricans of imported oil to various customers. No document was provided to show the approved selling price for these quantities.</p> | <p>Management has availed the selling price review memos for audit purposes as per Annex 17.</p>  | Awaiting Closure by OAG |           |

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| <b>Observation on the external audit Report</b> | <b>Issue / Observations from Auditor</b>  | <b>Management comments</b>  | <b>Status:</b>          | <b>Timeframe</b> |
|---|---|---|-------------------------|------------------|
| Unconfirmed Cost of Sales                       | <p>The statement of profit or loss and other comprehensive income reflects a cost of sales balance of Kshs.15,070,442,668 as disclosed in Note 7. Recomputing the cost of sales results in a balance of Kshs.7,446,264,451, leading to an overstatement of Kshs.7,624,178,217. This overstatement also resulted in an understatement of the gross profit by the same margin.</p>  | <p>The understatement of the cost of sales is attributable to the methodology applied by the Corporation’s ERP system, which generates cost of sales using system-driven item-level costing and inventory movement tracking arriving at Kshs.15,070,442,668. This approach is different from the conventional manual method that derives cost of sales from reconciling opening inventory, purchases, and closing inventory used in the recomputation arriving at Ksh 7,446,264,451. Management has budgeted for the acquisition of a new ERP system in the 2025/2026 financial year to address these gaps and strengthen the accuracy and auditability of inventory and cost of sales reporting.</p> | Awaiting Closure by OAG |                  |
| Property plant and Equity                       | <p>The statement of financial position reflects property, plant, and equipment of Kshs.3,589,875,671, including land valued at Kshs.2,518,537,460 as disclosed in Note 19. Land without Ownership Documents: The land value includes five parcels located in Nairobi, Naivasha, Nanyuki, Nyahururu, and Kapsabet, but no ownership documents were provided. There is an unresolved dispute regarding land ownership in Bungoma and Nakuru Counties. Unsupported Diminution of Land Value: A provision of Kshs.520,000,000 was made for loss in respect of land on</p> | <p>The ownership documents have been provided as per the below:<br/>           1) Naivasha – Annex 18 (a)<br/>           2) Nanyuki – Annex 18 (b)<br/>           3) Nyahururu – Annex 18 (c)<br/>           4) Nairobi - Annex 18 (d) – For Nanyuki Road Land Parcel (Nairobi Central 2)<br/>           The title for Yarrow Road Land Parcel is held by KCB Bank as the property was used as security for a short-term loan facility for importation of essential</p>   | Awaiting Closure by OAG |                  |

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| Observation on the external audit Report | Issue / Observations from Auditor  | Management comments   | Status: | Timeframe |
|--|--|---|---------|-----------|
|  | <p>Loita Street and in Nakuru County. No documentation was provided regarding the current status of investigations into the loss, and approval for the provision by the Board of Directors and The National Treasury was not provided. The revalued land balance omitted a plot in Nakuru with a carrying value of Kshs.32,928,000, with no justification for its provision.</p> | <p>commodities. The Corporation will retrieve the title once the short-term loan obligations have been settled. The plot of Loita Street was allocated to the Corporation, by the Commissioner of lands in 1985, but was irregularly surrendered back to the Commissioner in 1991 and subsequently reallocated and transferred to a 3rd party. The Corporation has reported the matter to the Director of Criminal Investigations and the Anti-Corruption Commission and continues to liaise with the Ministry of Lands to secure confirmation of ownership and recover the original title. Refer to Annex 3.</p> <p>For the Kapsabet Property, the Corporation is currently pursuing the matter through the High Court in Kapsabet following an ownership dispute. A judgment is expected in December, after which the Corporation will take the necessary steps to secure the title deed upon conclusion of the legal process. Nakuru Land Parcel LR 6/42 Plot 158 was allotted back to KNTC via judgement issued by the high court of Nakuru on 8th May 2025 as per Annex 1 (a) &amp; (b). The Bungoma Parcel has an ongoing court case as the property was grabbed by the municipal council of Bungoma in the</p> |         |           |

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| Observation on the external audit Report              | Issue / Observations from Auditor   | Management comments  | Status:                 | Timeframe |
|---|---|--|-------------------------|-----------|
|   |   | <p>early 90s. The Certificate of Lease has been provided as per Annex 18 (e).</p> <p>In line with IPSAS 21 on impairment of non-cash-generating assets, Management considered it prudent to recognize the Ksh 520,000,000 provision for the potential loss in asset value pending the conclusion of investigations by the relevant government agencies. The provision was therefore necessary to ensure that the financial statements present a fair and realistic view of the Corporation's asset position, based on the information and risks known at the reporting date.</p> |                         |           |
| Unsupported and Irregular Foreign Travel Expenditure: | <p>The statement of profit or loss reflects administration costs of Kshs.772,622,841, which includes transportation, travel, and subsistence costs of Kshs.48,700,966. Of this amount, Kshs.4,112,507 was for foreign travel costs and subsistence allowances.</p> <p>Included in this is Kshs.2,004,869 related to expenses incurred on behalf of the State Department for Trade. Approvals and justification for the expenses incurred on behalf of the State Department for Trade were not provided for audit. The payment vouchers lacked relevant supporting documents like boarding passes and copies of passports.</p> | <p>The expense was erroneously posted in the system twice through invoice number 10819, however the same has been reversed through purchase credit memo number 490 of Ksh 933,160. The administrative has been reduced by Ksh 933,160. Management has provided the support documents to Support Ksh 933,160 for audit purposes as per Annex 19 (a) &amp; 19 (b).</p>   | Awaiting Closure by OAG |           |
| Material Uncertainty Related to Going Concern         | <p>The statement of profit or loss reflects a loss of Kshs.3,855,867,950, increasing retained earnings from a negative balance of Kshs.158,743,780 (30 June 2023) to a negative balance of Kshs.4,036,811,730 (30 June 2024).</p>   | <p>The reported losses and the negative working capital position are primarily attributable to the outstanding KCB debt obligation, which is currently classified in</p>   | Awaiting Closure by OAG |           |

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| <b>Observation on the external audit Report</b> | <b>Issue / Observations from Auditor</b>   | <b>Management comments</b>   | <b>Status:</b> | <b>Timeframe</b> |
|---|--|--|----------------|------------------|
|   | <p>The Corporation's current liabilities (Kshs.14,098,250,838) exceed current assets (Kshs.10,882,619,080), resulting in a negative working capital of Kshs.3,215,631,751, or a liquidity ratio of 7:9, indicating an inability to meet short-term obligations.</p> <p>Management did not adequately disclose the material uncertainty in the financial statements or the measures taken to mitigate the issue.<br/> This raises significant doubts on the Corporation's ability to continue as a going concern.</p> | <p>the bank's records as a short-term non-performing loan. This facility continues to attract high interest charges, thereby exerting significant pressure on the Corporation's liquidity during the period under review. Discussions on the restructuring of this facility with KCB are ongoing, and the Corporation remains committed to achieving a mutually beneficial resolution.</p> <p>Further, the Corporation is seeking goodwill from the government in getting approvals from the Cabinet &amp; National Treasury to undertake importation of essential commodities as part of the food security and trade stabilization mandate. The corporation is also seeking approvals from relevant ministries in facilitating special food program projects for relief food &amp; partnerships with the developers of affordable housing projects to improve on its cashflow position. The proceeds from these strategic programs will be applied to offset the KCB debt and strengthen working capital.<br/> Management believes that KNTC will continue to operate as a going concern for the foreseeable future with the expected government goodwill in supporting the Corporation's mandate</p> |                |                  |

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| Observation on the external audit Report | Issue / Observations from Auditor   | Management comments   | Status:                 | Timeframe |
|--|---|---|-------------------------|-----------|
|  |   | A disclosure has been made in the financial statements under the Corporate Governance Statement.  |                         |           |
| Emphasis of Matter                       | Trade and Other Payables: The statement of financial position reflects trade and other payables of Kshs.2,298,562,711, including trade payables of Kshs.1,900,987,396. An analysis revealed that Kshs.1,585,459,347 worth of payables for goods, services, and works have been outstanding for over 120 days. As of September 2024, Kshs.1,248,222,818 owed to one supplier had not been settled, with the Corporation engaging an arbitrator to resolve the matter. The reason for arbitration was not provided. Failure to settle the outstanding payables may lead to additional costs like interest and litigation. | In FY 2024/2025, the trade payables significantly reduced to Kshs. 459,445,29 from Kshs. 1,900,987,396 reported in FY 2023/2024. This reduction is mainly attributable to the settlement of outstanding amounts owed to suppliers relating to the importation of essential commodities.<br>Management prioritized the clearance of overdue obligations, and as a result, a substantial portion of the payables that had been outstanding for over 120 days were settled within the year. Therefore, management has taken deliberate steps to address and reduce long-outstanding balances.<br>The outstanding payable owed to Purma Holdings attracted extra interests costs and was partially paid in the FY 2024/2025 when the corporation received a recurrent grant of Ksh 1,500,000,000 as per Annex 20. | Awaiting Closure by OAG |           |
|  | Budgetary Control and Performance: The statement of comparison of budget and actual amounts shows a final income budget of Kshs.2,690,564,800 and actual income of Kshs. (2,741,324,660), resulting in an under-performance variance of Kshs.5,431,889,460 (202% of the   | Management is working on fund mobilization to increase the Corporation revenue through private government partnerships and government to government partnerships.   | Awaiting Closure by OAG |           |

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| <b>Observation on the external audit Report</b>                                       | <b>Issue / Observations from Auditor</b>   | <b>Management comments</b>   | <b>Status:</b>          | <b>Timeframe</b> |
|---|--|--|-------------------------|------------------|
|   | budget). The Corporation spent Kshs.1,114,543,291 against actual receipts of Kshs. (2,741,324,660), leading to an over-utilization of Kshs.3,855,867,951 (141% of receipts). The under-funding impacted planned activities and may have negatively affected service delivery to the public.  | Further, the Corporation is seeking goodwill from the government in getting approvals from the Cabinet & National Treasury to undertake importation of essential commodities as part of the food security and trade stabilization mandate. The corporation is also seeking approvals from relevant ministries in facilitating special food program projects for relief food & partnerships with the developers of affordable housing projects to improve on its cashflow position. The proceeds from these strategic programs will be applied to offset the KCB debt and strengthen working capital. |                         |                  |
| Identification, Collection, and Accounting for Revenue                                | Unsettled Credit Notes:<br>The Corporation engaged suppliers to raise credit notes for USD 7 per jerrican of cooking oil and USD 80 per metric tonne of rice. However, two suppliers have not settled credit notes worth Kshs.1,669,431,042. Failure to settle these credit notes may result in loss of revenue.   | Management continues to actively engage the concerned suppliers to ensure full settlement of the outstanding credit notes. Further, one of the suppliers, Multi Commerce, has already remitted USD 2,000,000 in July 2025 and an additional USD 2,000,000 in November 2025.  | Awaiting Closure by OAG |                  |
| Prescription on Board and Chief Executive Officers' Terms of Service and Entitlements | The statement of profit or loss and other comprehensive income shows administrative costs totalling Kshs.772,622,840, including directors' emoluments of Kshs.39,454,948. The audit uncovered several issues:<br>Unapproved Board Meetings: Forty (40) board meetings were held, exceeding the approved maximum of thirty (30), with six (6) meetings lacking minutes. This contravenes the Office of the President's Circular | Management had sought approval from the Office of the Cabinet Secretary before conducting special board meetings that were out of the approved almanac for FY 2023/2024 as per Annex 22, 22 (a) to (k)<br><br>Management provided the minutes for the stated audit meetings  | Awaiting Closure by OAG |                  |

**Kenya National Trading Corporation Ltd**  
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| Observation on the external audit Report            | Issue / Observations from Auditor   | Management comments   | Status:  | Timeframe |
|---|---|---|--|-----------|
|   | <p>(OP/CAB.9/1A), which restricts meetings to six (6) per year.</p> <p>Composition of Board Committees: One director served on all four board committees, and another served on both the Finance and Strategy Committee and the Audit Committee. The circular restricts members to two committees and prohibits dual membership in Finance and Audit Committees. Additionally, the Finance and Strategy Committee, and Audit Committee had five (5) members instead of the required four (4).</p> <p>Unapproved Board Expenses: Board expenses for the year were Kshs.39,454,948, exceeding the approved budget of Kshs.29,999,000, with no approval from the Cabinet Secretary for The National Treasury to exceed the budget. This violated the provisions of the circular.</p> <p>Irregular Payment of Allowances: Kshs.2,028,478 in board allowances were paid irregularly, including double mileage allowances to some members and missing attendance registers for training. The regularity of these allowances could not be confirmed.</p> | <p>Management notes the composition of its committees is irregular and shall advise the board to reconstitute its committees as per the Circular No. OP/CAB.9/1A issued by the Office of the President dated 11 March, 2020 on composition of board committees.</p> <p>The board had approved the reallocation of the approved budget since the budget appropriated for board activities was insufficient as per Annex 23. The board therefore approved the reallocation of KSH 16,911,000/= from administration expenses to board budget.</p> <p>Management has provided the minutes of the board meetings that necessitated the payment of the allowances as per Annex 24 (a) to (c).</p> | <p>Awaiting Closure by OAG</p> <p>Awaiting Closure by OAG</p> <p>Awaiting Closure by OAG</p> |           |
| Weakness in Inventory Control and Stores Management | The statement of financial position reflects an inventory balance of Kshs.2,972,829,631 as disclosed in Note 24 of the financial statements. However, Kshs.40,669,684 related to impaired stocks for damaged inventory was excluded from this balance. A review of the stock sheets provided for audit revealed that some inventory items in  | The stock damages arose primarily from historical challenges including overstocking, inadequate packaging standards and suboptimal handling practices, as noted. These issues have  | Awaiting Closure by OAG  |           |

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| Observation on the external audit Report | Issue / Observations from Auditor  | Management comments  | Status: | Timeframe |
|--|--|--|---------|-----------|
|  | various depots were damaged due to overstocking, poor packaging, and handling. | <p>since been addressed through the implementation of a strengthened warehousing and inventory control policy as per Annex 8.</p> <p>The Corporation will initiate disposal of the remaining damaged stock under the Electronic Government Procurement (E-GP) system after its onboarding.</p> |         |           |



.....  
**Lucy M. Anangwe**  
**Accounting Officer**

Date 04/12/25  
 .....

**Appendix II: Projects implemented by The Kenya National Trading Corporation**

**Projects**

| <b>Project title</b>       | <b>Project Number</b> | <b>Donor</b> | <b>Period/duration</b> | <b>Donor commitment</b> | <b>Separate donor reporting required as per the donor agreement (Yes/No)</b> | <b>Consolidated in these financial statements (Yes/No)</b> |
|----------------------------|-----------------------|--------------|------------------------|-------------------------|--|--|
| 1. Warehouse Refurbishment | 11741101101           | GoK          | 2020/2028              | 1.17 Billion            | No   | Yes  |

**Status of Projects completion**

|    | <b>Project</b>          | <b>Total project Cost</b> | <b>Total expended to date</b> | <b>Completion % to date</b> | <b>Budget</b> | <b>Actual</b> | <b>Sources of funds</b> |
|----|-------------------------|---------------------------|-------------------------------|-----------------------------|---------------|---------------|-------------------------|
| 1. | Warehouse Refurbishment | 1.17 Billion              | 209.7 Million                 | 17.92%                      | 600 Million   | -             | GoK                     |

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**Appendix IV: Transfers From Other Government Entities**

| Name of the MDA/Donor Transferring the funds | Date received as per bank statement | Nature: Recurrent/Development/Others | Total Amount - Kshs  | Statement of Financial Performance | Where Recorded/Recognized |                 |             |                           | Total Transfers during the Year |
|--|-------------------------------------|--------------------------------------|----------------------|------------------------------------|---------------------------|-----------------|-------------|---------------------------|---------------------------------|
|  |                                     |                                      |                      |                                    | Capital Fund              | Deferred Income | Receivables | Others - must be specific |                                 |
| Ministry of Trade and Industry               | 09/05/2025                          | Recurrent                            | 1,500,000,000        | 1,500,000,000                      | -                         | -               | -           | -                         | 1,500,000,000                   |
| <b>Total</b>                                 |                                     |                                      | <b>1,500,000,000</b> | <b>1,500,000,000</b>               | -                         | -               | -           | -                         | <b>1,500,000,000</b>            |

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**Appendix V- Inter-Entity Confirmation Letter**

**Name of Transferring entity:** State Department for Trade  
**Name of Beneficiary entity:** Kenya National Trading Corporation Ltd

| Confirmation of amounts received by Kenya National Trading Corporation as at 30 <sup>th</sup> June 2025 |                |                      |                 |                      |         |
|---|----------------|----------------------|-----------------|----------------------|---------|
| Reference Number  | Date Disbursed | Recurrent (A)        | Development (B) | Total (C)=(A+B)      | Remarks |
| MITI/SDT/ACCT2/8/VOL.II (66)  | 09/05/2025     | 1,500,000,000        | -               | 1,500,000,000        |         |
| <b>Total</b>  |                | <b>1,500,000,000</b> | -               | <b>1,500,000,000</b> |         |

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

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**  
 Name Michael Mungao Sign  Date 04.12/2025

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**Appendix VI: Reporting of Climate Relevant Expenditures**

Kenya National Trading Corporation Ltd  
 Telephone Number: (020) 2430824 Fax: (020) 556331  
 Email Address: kntc@kntc.co.ke  
 Lucy M. Anangwe

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

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

**Appendix VII: Reporting Disaster Management Expenditure**

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