

REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

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**THE AUDITOR-GENERAL**

**ON**

**COFFEE CHERRY ADVANCE  
REVOLVING FUND**

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



OFFICE OF THE AUDITOR GENERAL  
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## **COFFEE CHERRY ADVANCE REVOLVING FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2025**

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



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## 1. Acronyms and Definition of Key Terms

### A: Acronyms

CCARF	Coffee Cherry Advance Revolving Fund
MD	Managing Director
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of The Auditor General
OSHA	Occupational Safety and Health Act Of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporation
MSME's	Micro, Small and Medium Enterprises
SDC and MSME	State Department for Cooperatives and Micro, Small and Medium Enterprises
NKPCU	New Kenya Planters Cooperative Union
COK	Constitution of Kenya

### B: Definition of Key Terms

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

**Comparative Year-** Means the prior period that is FY 2023/24



## **2. Key Entity Information and Management**

### **(a) Background information**

The Coffee Cherry Advance Revolving Fund (CCARF) is established pursuant to PFM Act, 2012, under regulation 3 of the PFM (Coffee Cherry Advance Revolving Fund) Regulations 2020 on 12th March 2020, as a National Government Public Fund. The fund is domiciled under New Kenya Planters Cooperative Union (New KPCU) Plc, a state corporation under the Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME's) Development (MOC & MSME Development).

The Coffee Cherry Advance Revolving Fund (CCARF) stands as a pivotal Government initiative designed to inject crucial financial liquidity into Kenya's coffee sub-sector. The Fund aims to address long-standing challenges faced by smallholder coffee farmers, particularly the protracted waiting periods for coffee sales proceeds. By providing immediate first payments for delivered coffee cherry, the CCARF seeks to enhance farmers' financial stability, incentivize improved agricultural practices, and ultimately boost national coffee production. The Fund's evolving financial allocations and the significant increase in advance payment rates underscore a deepening Governmental commitment to revitalizing this economically vital sector. While demonstrating considerable success in farmer outreach and financial empowerment, CCARF's full potential is contingent upon addressing operational rigidities.

### **(b) Principal Activities**

Provide affordable, sustainable and accessible coffee cherry advance to small holder coffee farmers and small holder coffee estate farmers

### **(c) Key Management**

The Coffee Cherry Advance Revolving Fund's day-to-day management is under the following key organs:

- i) Board of Directors
- ii) Managing Director
- iii) Management



Coffee Cherry Advance Revolving Fund (CCARF)

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

No.	Designation	Name
1)	Board of Directors	<b>Board Members</b>
2)	Managing Director	Mr. Timothy Mirugi
3)	Head of Legal/ Corporation Secretary	Mr. Victor Akanga
4)	Director Finance &Accounts	CPA Ednah Oyori
5)	Director Supply Chain Management	Mr. Peter Mwangi
6)	Deputy Director Internal Audit	Mr. Albert Maingi
7)	Deputy Director Extension	Mr. Kelvin Muhia
8)	Deputy Director Human Resource	Mr. Peter Nyakoi
9)	Deputy Director Administration	Ms. Linet Linguli

#### (d) 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
10)	Managing Director	Mr. Timothy Mirugi
11)	Head of Legal/ Corporation Secretary	Mr. Victor Akanga
12)	Director Finance &Accounts	CPA Ednah Oyori
13)	Director Supply Chain Management	Mr. Peter Mwangi
14)	Deputy Director Internal Audit	Mr. Albert Maingi
15)	Deputy Director Extension	Mr. Kelvin Muhia
16)	Deputy Director Human Resource	Mr. Peter Nyakoi
17)	Deputy Director Administration	Ms. Linet Linguli

#### (e) Fiduciary Oversight Arrangements

- i. Audit and Risk Committee -Board of Directors select Audit and Risk committee which reviews the controls, risk management and governance processes.
- ii. Finance committee- Board of Directors finance select committee



- iii. Technical and Commercial Committee – Board of Directors Technical and Commercial Committee
- iv. Special Funds Parliamentary Oversight Committees – Parliamentary Oversight Committee on Agriculture.

**f. Entity Headquarters**

Wakulima House,  
Haile Selassie Avenue,  
P.O. Box 59638 – 00200,  
Nairobi, Kenya.

**Entity Bankers**

Co-operative Bank of Kenya  
Haile Selassie Avenue,  
P.O. Box 48231-00100,  
**Nairobi, Kenya**

**g. Entity Contacts**

Telephone :( 254) 20-2001401  
E-mail: [info@newkpcuplc.go.ke](mailto:info@newkpcuplc.go.ke)  
Website: [www.newkpcuplc.go.ke](http://www.newkpcuplc.go.ke)

**i. Independent Auditor**

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

**h. Entity Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**Nairobi, Kenya**

**j. Principal Legal Adviser**

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



### 3. The Board of Directors



**Mr. Daniel K. Chemno**

Chairman

---

**Mr. Daniel K. Chemno** was born on 18<sup>th</sup> January 1965. He was appointed on the 10<sup>th</sup> of February 2023. He is the chairman of New Kenya Planters Co-operative Union Board of Directors. Daniel Chemno holds an MBA in management from ALIAS Philippines, a BBA in Management from Baraton University. He worked as the Deputy Governor in Uasin Gishu County for two terms, 2013 – 2022.

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**Esther Nyambura Kariuki**

Independent Director

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**Esther Nyambura Kariuki** was born 15<sup>th</sup> September 1981. She was appointed on 13<sup>th</sup> of May 2022. She holds a Bachelor of Arts Communications and Sociology Degree from the University of Nairobi. She is also currently pursuing a qualification as a Certified Financial and Investment Analyst from KASNEB and a master's degree in Gender & Development Studies. She is currently the Head, Agribusiness, Co-operative Bank of Kenya. She is the Chair of the Technical / Commercial Committee and is a member of the Audit & Risk Committee. She is an independent Director.

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**Charles Mutwiri Rintaugu**

Independent Director

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**Charles Mutwiri Rintaugu** was born on 3<sup>rd</sup> March 1959. He was appointed on 13<sup>th</sup> of May 2022. He is a member of the Technical / Commercial Committee as well as the HR, Compliance & Governance Committee. He is an Estate Farmer and owns Mukarimu Estate. He is an independent Director.



**Gloria Wamalwa Gummerus**

Independent Director

---

**Gloria Wamalwa Gummerus** was born on 01<sup>st</sup> April 1971. She was appointed on 13<sup>th</sup> of May 2022. She is a member of the Technical / Commercial Committee and the Audit & Risk Committee.

She is a Estate Farmer and is the CEO of Sakami Coffee Ltd. She is also a Founder Member of Women in Coffee Kenya Chapter. She is a skilled coffee cupper and roaster. She is an independent Director.



**Thomas Masila**

Independent Director

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**Thomas Masila** was born on 20<sup>th</sup> August 1976. He was appointed on 13<sup>th</sup> May 2022. He is the Chair of the Audit & Risk Committee and a member of the HR, Compliance & Governance Committee. He has a master's degree in project planning and management from the University of Nairobi, Bachelor of Education Degree in Art, Accounting and Economics from the University of Nairobi and Diploma in Co-operative Management from Kabete Campus.

He is an Estate Coffee Farmer and proprietor of Mbandi Estate.

He is an independent Director

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**Angelica Gatiiria Gitonga**

Independent Director

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**Angelica Gatiiria Gitonga (MSC, BCOM, CHRP-K, MIHRM, AIMIS, CPT, PhD, STUDENT)** was born on 14<sup>th</sup> February 1973. She was appointed on 7<sup>th</sup> of September 2023. She holds a Master of Science, Human Resources Management from Kenyatta University, Bachelor of commerce in Human Resource Management and is a Certified Human Resource Professional and Practitioner – Certificate No. 13821 and a Certified Professional Trainer. She is currently a lecturer at KCA University and College of Human Resource Management and a Director and Honorary secretary of Bibilia SACCO Ltd. She is the Chair of the HR, Compliance



Coffee Cherry Advance Revolving Fund (CCARF)

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and Governance Committee. She is an independent Director



**Eric Cherop Koima**  
Independent Director

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**Eric Cherop Koima** was born on 21<sup>st</sup> July 1967. He was appointed on 7<sup>th</sup> September 2023. He holds a Diploma in Education management and a Diploma in special needs education.

He is an independent Director

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**Benson Njoroge Ndungu**  
Independent Director

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**Benson Njoroge Ndungu** was born on 5<sup>th</sup> April 1970. He was appointed on 13<sup>th</sup> September 2023. He was appointed on He is an Agronomist with a Bachelor of Science in Agriculture from the University of Nairobi. He is currently a Member of the Board of Kagwe Tea Factory Company Ltd. He is also a Consultant and Trainer in Agribusiness, Farm Management and Agronomy. He is the Chairperson of the Finance, Strategy and Resource Mobilization Committee. He is an independent Director.

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**Joyce Nkirote Kinuu**

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**Joyce Nkirote Kinuu** is an Alternate member to PS, Ministry of Cooperatives and MSMEs. She is Head of the Legal Unit, State Department for Co-operatives. She is a member of all the Board Committees. She holds Bachelor of Social and Legal Sciences (BSL) Bachelor of Law (LLB) from University of Pune under. Master of Law from University of Nairobi and Post Graduate Diploma in Law from the Kenya School of Law. She worked as a State Counsel at Office of the Attorney General and Department of Justice, Department of Advocates Complaints Commission [2011-2018] her duties included providing legal advice on complaints of professional

misconduct against advocates; providing researched legal opinions; analyzing and investigating complaints of professional misconduct against advocates; subjecting complaints of professional misconduct against advocates to Alternative Dispute Resolution (ADR) mechanism; prosecution of complaints of professional misconduct against advocates at the Advocates Disciplinary Tribunal; organizing and conducting stakeholders workshops, public sensitization and legal aid clinic programs in the counties.



She is an alternate Director from the office of the Attorney General.

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#### **Mr. Festus Marangu**

**Mr. Festus Marangu**, Deputy Inspector – General, Inspectorate of State Corporations **an alternate representing the Inspector General of State Corporations.** Festus Marangu was born in 1964 and holds a MSc in Governance and Leadership, MPhil in International Humanitarian Law, Bachelor of Arts in Communication and Community Development.



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#### **Mr. Moses Irungu Kibugi**

**Mr. Moses Irungu Kibugi is an alternate member of The National Treasury.** He is a Principal Finance Officer at the National Treasury. Moses was born in 1978. MBA in Forensic accounting and auditing from Moi University,  
Bachelor Philosophy in Applied Statistics  
Higher Diploma in applied statistics.



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#### **Mr. Timothy M. Mirugi**

**Mr. Timothy M. Mirugi is the Fund administrator** and was appointed on the 3<sup>rd</sup> of January 2023. He holds Masters in Business Administration, Strategic Management - Kenyatta University: 2014 to 2019  
Bachelor of International Business Administration Makerere University Business School: 2003 to 2006.  
St. Paul's Mbale College Uganda-Uganda Advanced Certificate of Education: 2001 to 2002  
Customer Service training at Horizons Ltd

Import Export training course in China.



Coffee Cherry Advance Revolving Fund (CCARF)

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



### **Suleiman Wandati**

**Mr. Suleiman Wandati is the Company Secretary.**

Bachelor of Law(LLB)

Post Graduate Diploma from the Kenya school of law

Certified Professional Mediation

Certified Public Secretary from Kasneb (Ongoing)

Member of the Kenya Association of Cooperatives



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### **CS Victor Akanga**

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**CS Victor Akanga is the Company Secretary/ Head of Legal Services**

In charge of legal and board matters in the New KPCU  
Advocate of the High Court of Kenya and member of the Law Society of Kenya.

He is a Certified Secretary and Member of the Institute of Certified Secretaries (K)

CS Victor Holds a master's in strategic management from the

University of Nairobi.

He is Specialized in Corporate Law and Governance and, Risk and Contract Management.

#### 4. Key Management Team

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1.



**Mr. Timothy M. Mirugi**

Fund Administrator /Managing Director

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Responsible for the day-to-day operations of the fund.  
MBA (Strategic management), Bachelor of international  
Business Administration

2.



**CS Victor Akanga**

Company Secretary/ Head of Legal Services

---

Responsible for legal and board matters.  
Advocate of the High Court of Kenya and member of the  
Law Society of Kenya.  
Certified Secretary and Member of the Institute of Certified  
Secretaries (K)  
Holds a master's in strategic management from the  
University of Nairobi.  
Specialized in Corporate Law and Governance and, Risk and  
Contract Management.

3.



**M/s Angeline W. Ndambuki**

Head of Production

---

Bachelor of Business Administration - Human Resource  
Management. Higher Diploma in Human Resource  
Management. Diploma in Computer Studies. Diploma in  
Business Administration. Certificate - Balanced Scorecard  
Training, Counselling Certificate

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4.



**M/s Gladys N. Mwangi**

Head of Accounts

B. Com, CPA(K)

5.



**CPA Ednah Oyori**

Director Finance & Accounts

Msc Finance, B.A Economics , CPA(K)

Responsible for budgeting, budgetary control, financial management and reporting.

6.



**M/s Juneva K. Mugambi**

Head of Supply Chain Management.

Bachelors of Purchasing and Supplies Management

Diploma Purchasing and Supplies

7.



**Mr. Stephen Mbenda**

**Head of Human Resource**

Higher Diploma in Human Resource Management from the Institute of Human Resource Management-(IHRM)

8.



**CHRP Peter Nyakoi**

Deputy Director Human Resource Management

Responsible for human resource matters.

Doctor of Business Administration (DBA)- (USIU-A)

Ongoing

Msc Management and Organizational Development - USIU-A

Bachelor's degree in human resource management - Moi University.

Certified Human Resource Professional – Kenya (CHRP-K),

A member - Institute of Human Resource Management

(IHRM) with a valid HR Practising Licence.

Higher National Diploma in Human Resource Management

Diploma in Personnel Management

Certificate in Counselling from IHRM

9.



**M/s Glory Kamungi**

Head of Administration

Masters of Art in Project Planning and Management

Bachelor of Education (Arts)

10.



**Ms. Linet Linguli**

Deputy Director Administration

Responsible for Asset Management, Security, Transport and General Administration.

MBA - University of Nairobi

Bachelor of Education (Arts)-Kenyatta University

Diploma in Human Resource Management- Kenya Institute of Management

11.



**Mr. Suleiman Wandati**

Company Secretary/Head of Legal Affairs

Bachelor of Law(LLB)

Post Graduate Diploma from the Kenya school of law

Certified Professional Mediation

Certified Public Secretary from Kasneb (Ongoing)

Member of the Kenya Association of Cooperatives

12.



**Viscount Amiani**

Head of ICT

Bachelor of Science (Computer Engineering)

Microsoft Systems Administrator

Member of Computer Society of Kenya

13.



**Simon Njuguna**

Acting Head of ICT

Responsible for ICT matters.

Bsc. Computer Technology

Certified Ethical Hacker.

14.



**Godfrey Kirimi**

Head of Internal Audit

Bachelor of Business Administration

CPA (K)

Certified Forensic Fraud Examiner (CFFE) – Level 1

Member ICPAK

15.



**CPA Albert Maingi**

Deputy Director Internal Audit

Responsible for financial and systems audit, assurance and risk advisory services

Masters of Business Administration, BAM, CPA (K), CISA, IAQA

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16.



**Muhia K Murigi**

Deputy Director Agriculture Extension under Production department

Responsible for agriculture extension services

BSc. Agribusiness Management & Trade

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Coffee Cherry Advance Revolving Fund (CCARF)

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



## 5. Chairman's Statement

It is my pleasure to present the CCARF Annual Report and Financial Statements for the Period ended 30th June 2025.

New KPCU is given the mandate to manage and administer the fund to coffee farmers as per the Public Finance Management Act (Coffee Cherry Advance Revolving Fund) Regulations 2020.

The Board remains dedicated to championing the Coffee Cherry Advance Revolving fund and safeguard the long-term viability of the fund.

The fund operates on a revolving model, meaning that the advance repayment from the beneficiaries ensures continuous availability of funds for future disbursements. Beyond financial provision, CCARF aims to achieve multiple positive outcomes, including stabilizing income for small scale farmers, fostering improvements in coffee quality, and ensuring a consistent supply of coffee cherries.

During the Financial Year 2024/25 CCARF disbursed **Kes. 4,808,003,825** and recovered Kes **4,716,849,927**. The fund has also disbursed the advances to 579,197 beneficiaries across 26 counties coffee growing counties since inception.

CCARF has engaged in farmers sensitization which led to an increased uptake of the fund upto **29,629** beneficiaries covering **21** coffee counties during the financial year under review. The fund and its beneficiaries operate within a challenging environment marked by significant price volatility in global coffee markets and escalating impacts of climate change which pose direct threats to coffee production. These external pressures underscores the critical and proactive nature of the Board's advocacy role, making a clear and strong statement of commitment even more vital.

### **Gratitude and Commitment**

We extend our profound gratitude to government and various stakeholders for their invaluable support in strengthening the fund. This fund has been a game-changer for small scale coffee farmers across the county, significantly improving their livelihoods and boosting the sector's overall production.

**Daniel K. Chemno, MBS**  
**Chairman**  
**Coffee Cherry Advance Revolving Fund**

## 6. Report of the Fund Administrator



It gives me a great pleasure to present the annual statement for coffee Cherry Revolving Fund for the financial year 2024/2025. The PFM (Coffee Cherry Advance Revolving Fund) Regulations No.29 of 2020 established CCARF under the New KPCU, with a core mandate to provide timely, affordable and accessible financial advances to smallholder coffee growers. The initiative directly aligns with broader "Bottom-Up Economic Transformation Agenda" demonstrating a strategic government effort to restore the sector's prominence.

The Coffee Cherry Advance stands as a cornerstone of the country's commitment to revitalizing the coffee sector, a vital economic pillar. Significant progress has been made since the fund's inception, the fund has been enhanced to 6.264 billion a substantial increase designed to expand its reach to farmers affiliated to registered cooperative societies and small scale estate farmers. A notable achievement has been the increase in the per-kilo payout from Kshs. 20 to upto Kshs. 40 and Kshs 200 per kilo of parchment for coffee estate providing immediate and substantial financial relief to the hard working coffee farmers.

The fund operates at modest administrative cost thus making it affordable, this ensures that the farmer's hard-earned money stays with them. New KPCU has worked closely with government ministries and agencies to ensure the fund is enhanced to meet the growing demand. NKPCU has witnessed a significant increase in the number of farmers accessing the fund and also new coffee bushes being planted in non-traditional coffee regions. This is a clear indicator that the fund is rekindling hope and making coffee farming a lucrative venture once again.

### Financial Performance

Sound financial management practices have enabled us to achieve a positive financial performance. Total recurrent income for the FY 2024/2025 reached KES 3 Billion, growing capital fund to a tune of Kshs 6 Billion over the period.

### Looking Ahead

As we look ahead to the financial year 2025/2026, we remain confident in our ability to build upon our strong foundation of Providing affordable, sustainable and accessible coffee cherry advance to small holder coffee farmers affiliated to cooperatives and small holder coffee estate farmers under collaborative framework that propel our success and impact. With the unwavering support of our stakeholders and the dedication of our NKPCU community, we are poised to achieve even greater heights.



**Mr. Timothy Mirugi, EBS  
Fund Administrator  
Coffee Cherry Advance Revolving Fund**



Coffee Cherry Advance Revolving Fund (CCARF)

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

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

Since inception, Coffee Cherry Advance Revolving Fund has continued to implement its mandate of provision of affordable and sustainable advance on coffee cherry delivered to FCS's by small holder coffee growers and 40% valuation on parchment delivered to coffee marketers by small holder coffee estates.

Since July 2020, CCARF has disbursed Kshs. 10.1 billion up to 30<sup>th</sup> June 2025. This has improved rural household incomes in coffee-growing areas with farmers receiving up to Kshs. 80 per kg of coffee cherry delivered to FCS's and 40% valuation on coffee parchment delivered to coffee marketers by small holder coffee estates.

In 2020, the Government allocated Kshs 3 billion and an additional Kshs 500 million out of the approved Kshs 4 billion in 2023 and 3 billion during the year under audit for the Coffee Cherry Advance Revolving Fund. Since then, Kshs 10.1 billion has been disbursed, and 240,507 coffee farmers have benefited. The fund has improved access to affordable credit and has narrowed the waiting period between delivery of coffee cherry and payment for coffee sold proceeds.

The mandates of CCARF are as defined in the PFM Act 2012, and enabling (CCARF) regulations and entails:

- (i) Increasing access to sustainable credit advance to small holder coffee farmers and small holder estate farmers.
- (ii) Improvement of rural farmers' livelihood through access to credit.
- (iii) Implement the coffee cherry advance revolving fund sensitization, awareness and accessibility.

**CCARF** has three strategic objectives within the current Strategic Plan for the FY 2021/2022- FY 2027/2028. These strategic objectives are as follows:

Objective 1: Increase access to sustainable credit advance to small holder coffee farmers.

Objective 2: Improve rural livelihoods through Administering the Coffee Cherry Advance Revolving Fund.

Objective 3: Implement the coffee cherry advance revolving fund sensitization, awareness and accessibility.

CCARF develops its annual work plans based on the above *three* objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. *New KPCU Plc* achieved its performance targets set for the FY 2024-2025 period for its strategic objectives, as indicated in the diagram below:

Strategic Pillar/Theme /Issues	Objective	Key Performance Indicators	Activities	Achievements
Objectives 1:	Increase access to sustainable credit advance to small holder coffee farmers	Number of Farmers benefitted from the CCARF	Reaching out to small holder coffee farmers to increase beneficiaries	240,873
Objectives 2:	Improve rural livelihoods through Administering the Coffee Cherry Advance Revolving Fund	Fund disbursed	Funds applied & disbursed	10.1B
Objective 3	Implement the coffee cherry advance revolving fund sensitization, awareness and accessibility.	Number of counties benefitting from CCARF	Sensitization programs carried out across the 33 coffee growing counties	29

## **8. Corporate Governance Statement**

### **Board Meetings**

The Board executes its functions through Board meetings. During the financial year, five Board meetings were conducted.

### **Succession Plan**

The Board was appointed for a period of 3 years by the Cabinet Secretary MOC & MSME's whereas the Chairman was appointed by the President for a term of 3 years. When the term of each Board member comes to an end, the appointing authority is notified for fresh appointments.

### **Board Charter**

The company has a Board charter which defines the roles, responsibilities, functions and structures of the Board in a way that supports and guides the carrying out of its strategic oversight function. Further, the Charter provides the Board with an opportunity to think creatively and critically on their strategic and operational plans aligned with the company's strategic direction and expectations.

### **Appointment and Removal of Directors**

The Board of Directors was appointed in May 2022. Subsequently, members were taken through an induction program to empower them in the discharge of their oversight role. A variation in the constitution of the Board was carried out through the discharge of the chair who was appointed in June 2022 through a subsequent appointment of the current Chairperson on 6<sup>th</sup> February 2023.

### **Roles and functions of the Board**

The primary responsibility of the Board is to provide overall strategic direction and oversight to the company in pursuit of its mandate. In furtherance of its responsibilities, the Board discharges the following functions:

- a) Determine the company's vision, purpose and core values.
- b) Review, evaluate and approve, on regular basis the strategic objectives of the Company.
- c) Review, evaluate and approve the Company's budget and financial forecasts.
- d) Review, evaluate and approve major resource allocations and capital investments.
- e) Ensure that the procurement process is cost-effective and delivers value for money.
- f) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the Company's operations and performance.
- g) Ensure that effective process and systems of risk management and internal controls are in place.
- h) Adopt, implement and monitor compliance with the Company's Code of Conduct and Ethics.

## **Coffee Cherry Advance Revolving Fund**

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

- i) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya.
- j) Review periodically the Company's strategic objectives and policies relating to sustainability and social responsibility/investments.
- k) Protect the rights of shareholders and optimize shareholder value.
- l) Enhance the Company's public image and ensure engagement with stakeholders through effective communication.
- m) Monitor compliance with the Constitution, all applicable laws, regulations, Company policies and SOPs; and

Review, monitor and evaluate to ensure that the Company is effectively and consistently delivering on its mandate

#### **Board induction, training and development**

The Board was taken through an induction course at the Kenya School of Government in Mombasa in August 2022 while the Audit & Risk Board Committee was inducted in October 2022.

#### **Board evaluation**

The State Corporations Advisory Committee evaluated the Board on the 21<sup>st</sup> of August 2023.

#### **Conflict of Interest**

Board members declared and registered conflict of interest in all Board and Committee meetings during the current financial year.

#### **Board Remuneration**

Members of the Board of Directors are rewarded for their services in accordance with the prevailing legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration includes sitting allowance, daily subsistence allowance, and mileage. The Chairman of the Board is entitled to honorarium as stipulated in the prevailing guidelines from relevant authority

#### **Ethics and conduct**

In line with Section 3 of the Leadership and Integrity Act No. 19 of 2012 of the Laws of Kenya, the Board of Directors respects the values, principles and the requirements of the COK, including:

- i. The national values and principles provided under Article 10 of the COK.
- ii. The rights and fundamental freedoms provided for under Chapter Four of the COK.
- iii. The responsibilities of leadership are provided under Article 73 of the COK.
- iv. The principles governing the conduct of State officers provided under Article 75 of the COK.
- v. The educational, ethical and moral requirements in accordance with Article 99 (1) (b) and 193 (1)(b) of the COK.

## **Coffee Cherry Advance Revolving Fund**

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

- vi. In the case of County Governments, the objectives of devolution provided for under Article 174 of the COK; and
- vii. The values and principles of Public Service as provided under Article 232 of the COK.

#### **Governance Audit**

The Board of Directors complies with a governance audit which includes the following parameters among others.

- a) Leadership and strategic management.
- b) Transparency and Disclosure.
- c) Compliance with Laws and Regulations.
- d) Communication with stakeholders.
- e) Board of independence and governance.
- f) Board systems and procedures.
- g) Consistent shareholder and stakeholders' value enhancement; and
- h) Corporate social responsibility and investment

## 9. Management Discussion and Analysis

This report provides an overview of the Coffee Cherry Advance Revolving Fund (CCARF) performance for the period ending 30th June 2025 to June 2025. It highlights fund disbursement, performance contract, key activities, loan recovery.

### A. Fund Disbursement

During the year under review, CCARF has continued to provide financial advances to coffee farmers to enhance productivity and ensure timely payments.:

The table below shows cherry advance beneficiaries per county

No	County	No. of Beneficiaries
1	Baringo County	77
2	Embu County	4,769
3	Kiambu County	325
4	Kirinyaga County	5,221
5	Kisii County	14
6	Machakos County	1,935
7	Meru County	338
8	Murang'a County	2,258
9	Nandi County	2,002
10	Nyeri County	1,272
11	Transzoia County	115
12	Tharaka Nithi County	476
13	Nakuru County	225
14	Kericho County	1,052
15	Uasin Gishu County	12
16	Migori County	2,424
17	Nyamira County	2,813
18	Elgeyo Marakwet County	1
19	Kakamega County	1
20	Bungoma County	4,299
	<b>TOTAL</b>	<b>29,629</b>

### B. Entity's key projects

During the financial year, the Coffee Cherry Advance Revolving Fund carried out sensitization forums with coffee farmers in various counties, including Kericho and Narok. The initiative focused on creating awareness of the affordability and accessibility of cherry advances, with the objective of boosting coffee production and improving the economic wellbeing of farmers

**Coffee Cherry Advance Revolving Fund**  
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**C. Coffee Cherry Revolving Fund Annual Performance**

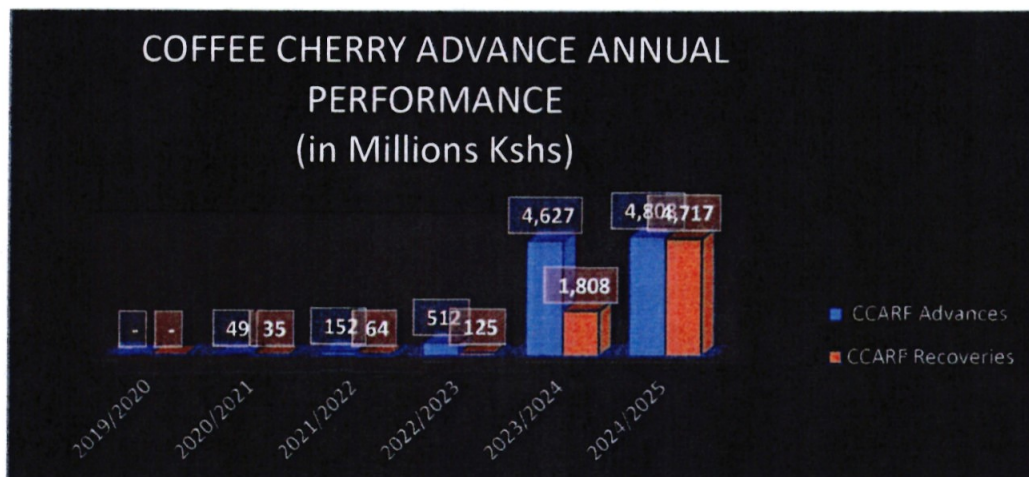
Coffee Cherry Advance Revolving Fund annual performance since inception are as shown in the table below/.

<b>CCARF ADVANCE/CCARF RECOVERIES</b>		
<b>PERIOD</b>	<b>CCARF ADVANCE</b>	<b>CCARF RECOVERIES</b>
2019/2020	-	-
2020/2021	48,681,878	35,281,663
2021/2022	152,317,404	64,321,086
2022/2023	512,171,226	125,327,005
2023/2024	4,627,293,939	1,808,021,708
2024/2025	4,808,003,825	4,716,849,927
<b>TOTALS</b>	<b>10,148,468,273</b>	<b>6,749,801,389</b>

## Coffee Cherry Advance Revolving Fund

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

### Graphical presentation of the cherry advance performance



#### D. Compliance with statutory requirements

CCARF is cognizant of the fact that compliance is a continuous process. To this effect it has put measures in place to ensure that it maintains the required threshold of compliance in adherence to the best corporate Governance principles. Consequently, CCARF has complied with all statutory requirements in regard to coffee Cherry revolving Fund.

#### E. Major risks facing Coffee Cherry Advance Revolving Fund:

##### Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises from bank balances, trade receivables and amounts due from related parties. The Council's management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

##### Interest rate risk

Interest rate risk arises from investments in short-term deposits and Government securities. Council invested in Government securities, that is, 91 days Treasury Bills. No risk has crystalized.

##### Price risk

CCARF does not hold investments that would be subject to price risk; hence this risk is not relevant

##### Liquidity risk

Liquidity risk is the risk that the CCARF will not be able to meet its financial obligations when they fall due. The CCARF's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of damaging reputation. CCARF ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

#### F. Material arrears in statutory/financial obligations

During the year ending June 30th of FY 2024/2025 CCARF has complied with statutory requirements. Where CCARF has not remitted statutory deductions to the agencies, provisions for payables have been made as per the accounting policies and the International Public Sector Accounting Standards board

## **10. Environmental and Sustainability Reporting**

CCARF exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the coffee farmers first, delivering relevant goods and services and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

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

CCARF empowers small and medium-scale coffee farmers, by making a significant contribution in achieving the following sustainable development goals: -

- End extreme poverty in all forms by 2030.
- End hunger, achieve food security, improve nutrition and promote sustainable agriculture.
- Promote sustainably, inclusiveness and economic growth, full and productive employment and decent work for all.

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

CCARF is a player in the coffee industry and is therefore affected by the dynamics in the external market which include: -

- Growth in demand for coffee as a preferred beverage.
- Competition from other coffee-producing countries.
- Global dynamics e.g., conflicts in Ukraine and Russia affecting trade and price of inputs.
- Demand for climate-smart agriculture.
- Global inflation reduces the purchasing power of the coffee consumers and cost of production.
- Changing consumer trends require high standards of certifications, traceability and specialty coffee.
- Other East African coffee producing countries have more than doubled their production leading to loss of market share of Kenyan coffee globally.
- Lack of a collaborated effort with other coffee producing countries in Africa in production and marketing of coffee at the global market.
- Intra Africa coffee trading between producing and consuming countries in Africa
- Growing domestic coffee consumption.
- Increased engagement of women and youth participation in coffee value chain.
- Weakening of Kenya Shilling against the dollar which is the trading currency.
- Poor implementation of the new coffee regulations ie Crops (Coffee) (General) Regulations, 2019 and The Capital Markets (Coffee Exchange) Regulations, 2020.
- Lack of synergized approach between National and County governments within the coffee sector

**iii) Employee welfare**

The New KPCU Plc is a state corporation guided by the public service human resource manual and the specific New KPCU Plc's human resource manual, career guidelines, salary structure and its strategic plan. Qualification, key competences, experience, gender mainstreaming and consideration of peoples with disability are key factors in staff placements.

From time-to-time training need analysis are carried out and follow up to address the training gap will be done. Compensation for overtime and leave not taken commutation are ways of ensuring staffs remain committed. Healthy and safety status are closely monitored through check lists to ensure compliance to required standards.

**iv) Market place practices-**

New KPCU Plc is in a very competitive field of operations and has to be sensitive to the plight of the other stakeholders. The organization procures operation licenses and conducts business as guided by the code established in the industry. The New KPCU Plc outline its efforts to:

**a) Responsible competition practice.**

New KPCU Plc's core values are traceability, transparency & accountability, teamwork, farmer centric and professionalism. This explains how the organization ensures responsible competition practices. To turn around the farmers fortune in coffee sector, integrity and anti-corruption campaign is embraced where inter agencies relations and responsible political involvement, fair competition and respect for competitors are paramount.

**b) Responsible supply chain and supplier relations**

To ensure value for money and effective delivery of goods and services New KPCU Plc encourages competitive tendering processes and due diligence in award of contracts. There is a policy of zero pending bill's goal where we ensure minimal bills are pending in every year, not more than 1% of the funds allocated shall be pending. For all goods and services delivered, payments are made promptly and hence the lack of pending bills at the end of the financial year.

**c) Responsible marketing and advertisement**

Coffee industry has its code of operations which controls the coffee handling and management practices in the entire coffee value chain. Any tendency in contrary shall attract penalty or cancellation of licenses. Fair competition is

**Coffee Cherry Advance Revolving Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

ensured through the code of conduct and diverse licensing along the coffee value chain.

**d) Product stewardship**

Coffee grades and quality have to be preserved from the farm, primary processing, milling, handling and storage. Any mistake shall lead to very poor quality and huge losses. In this regard, highly specialised handling materials are used and all handling conducted in controlled environment. Specified moisture content levels have to be maintained.

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

New KPCU Plc mills coffee from coffee estates and from the coffee factory cooperative societies. In this regard corporate social responsibility is employed in order to empower the customers embrace the right seedlings through establishment of coffee nurseries, support in establishment of coffee drying beds and application of the right farm inputs through demonstration plots.

**Coffee Cherry Advance Revolving Fund**

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

**11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the coffee cherry revolving fund affairs.

**i) Principal activities**

Provide affordable, sustainable and accessible coffee cherry advance to small holder coffee farmers and small holder coffee estate farmers

**ii) Results**

The results of the Entity for the year ended June 30, 2025, are set out on page 1 to 32

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page vii to xi. During the period four directors retired/ resigned.

**iv) Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into the Consolidated Fund, ninety per cent of its surplus funds reported in the audited financial statements after the end of each financial year. CCARF did not remit surplus in the financial year since it's not under category 3

**v) Auditors**

The Auditor-General is responsible for the statutory audit of CCARF in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act to carry out the audit of the Coffee Cherry Revolving Fund for the period ended June 30, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



**CS Victor Akanga**

**Corporation Secretary/Secretary to the Board**

## **12. Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and (Coffee Cherry Advance Revolving Fund (CCARF) PFM regulations March 2020) require the Directors to prepare financial statements in respect of that CCARF, which give a true and fair view of the state of affairs of the CCARF at the end of the financial year ended 30<sup>th</sup> June 2025 and the operating results of the CCARF for that year. The Directors are also required to ensure that CCARF keeps proper accounting records which disclose with reasonable accuracy the financial position of the CCARF. The Directors are also responsible for safeguarding the assets of the CCARF.

The Directors are responsible for the preparation and presentation of the CCARF financial statements, which give a true and fair view of the state of affairs of the CCARF for and as at the end of the financial year ended on 30<sup>th</sup> June 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 CCARF; (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 CCARF; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the CCARF financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the CCARF PFM regulation. The Directors are of the opinion that the CCARF financial statements give a true and fair view of the state of CCARF transactions during the financial year ended 30<sup>th</sup> June 2025, and of the CCARF financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the CCARF, which have been relied upon in the preparation of the CCARF financial statements as well as the adequacy of the systems of internal financial control.

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

**Coffee Cherry Advance Revolving Fund**

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

**Approval of the financial statements**

The CCARF financial statements were approved by the Board on 28<sup>th</sup> August 2025 and signed on its behalf by:



**Daniel K. Chemno, MBS**  
Chairman of the Board



**Timothy M. Mirugi, EBS**  
Fund Administrator

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON COFFEE CHERRY ADVANCE REVOLVING FUND 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 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, the risk management environment and the 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 Coffee Cherry Advance Revolving Fund set out on pages 1 to 36, which comprise of the statement of financial

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Coffee Cherry Advance Revolving Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (Coffee Cherry Advance Revolving Fund) Regulations, 2020.

### **Basis for Qualified Opinion**

#### **Long Outstanding Receivables from Non-Exchange Transactions**

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.1,715,187,818 as disclosed in Note 15 to the financial statements. However, included in the balance is Kshs.215,187,818 which has been outstanding for more than three (3) years. Further, the balance includes Kshs.81,072,482 paid by the Fund on behalf of the liquidator which have been outstanding for more than three (3) years. Management did not provide explanation for the delays in recovery or actions being taken to recover the long overdue amounts. In addition, no provisions for bad and doubtful debts have been made despite its doubtful nature.

In the circumstances, the accuracy and recoverability of the trade receivables balance of Kshs.215,187,818 could not be confirmed.

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

### **Emphasis of Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual on comparable basis of Kshs.6,771,193,548 and Kshs.5,275,433,663 respectively resulting in an under-funding of Kshs.1,495,759,885 or 22% of the budget.

In the circumstances, the under-funding affected the planned activities of the Fund and may have impacted negatively on service delivery to the public.

## **2. Delay in Exchequer Releases**

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.1,715,187,818 as disclosed in Note 15 to the financial statements which includes exchequer releases amount of Kshs.1,500,000,000 received in July 2025. However, the amount related to approved receipts budget for the year under review.

In the circumstances, the delay in receipt of exchequer releases affected the planned activities of the Fund and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

### **Other Information**

The Management are responsible for the Other Information set out on page iv to xxxii, which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, 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 Coffee Cherry Advance Revolving Fund 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 and 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, I confirm that, nothing 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**

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 are in compliance, 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 Fund'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 are

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**02 December, 2025**


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


	Notes	2024 -2025	2023 -2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	-	-
		-	-
<b>Revenue from exchange transactions</b>			
Finance income	7	-	72,074,987
Other income	8	144,240,115	138,818,818
<b>Sub-Total</b>		<b>144,240,115</b>	<b>210,893,805</b>
<b>Expenses</b>			
Use of goods and services	9	155,336,566	211,840,584
Employee costs	10	1,914,802	-
Depreciation and amortization expense	11	6,250,000	-
Repairs and maintenance	12	11,605,468	-
<b>Total expenses</b>		<b>175,106,835</b>	<b>211,840,584</b>
<b>Surplus/ (deficit) before tax</b>		<b>(30,866,720)</b>	<b>(946,779)</b>
Taxation		-	-
<b>Surplus/(deficit) for the period/year</b>		<b>(30,866,720)</b>	<b>(946,779)</b>
Coffee cherry advance revolving fund		-	-
<b>Net Surplus for the year</b>		<b>(30,866,720)</b>	<b>(946,779)</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling Entity		-	-
		<b>(30,866,720)</b>	<b>(946,779)</b>

The notes set out on pages 8 to 32 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

  
**Timothy M. Mirugi, EBS**  
Managing Director

Date: 11/11/2025

  
**CPA Ednah Oyori**  
Director Finance  
Accounts  
ICPAK M/No:11607  
Date: 11/11/2025

  
**Daniel K. Chemno, MBS**  
& Chairman of the Board

Date: 11/11/2025

**15. Statement of Financial Position as at 30 June 2025**

	Notes	2024 -2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	13	1,472,274,860	133,029,781
Receivables from Exchange Transactions	14	3,398,666,884	3,307,512,986
Receivables from Non-Exchange Transactions	15	1,715,187,818	215,187,818
Prepayment	16	26,249,999	-
<b>Total Current Assets</b>		<b>6,612,379,561</b>	<b>3,655,730,584</b>
Non-Current Assets			
Intangible Assets	17	43,750,000	-
Total Non- Current Assets		<b>43,750,000</b>	-
<b>Total Assets (A)</b>		<b>6,656,129,561</b>	<b>3,655,730,584</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	18	5,802,734	24,537,037
<b>Total Current Liabilities</b>		<b>5,802,734</b>	<b>24,537,037</b>
Non-Current Liabilities			
Borrowings		-	-
Total Non- Current Liabilities		-	-
<b>Total Liabilities (B)</b>		<b>5,802,734</b>	<b>24,537,037</b>
<b>Net Assets (A-B)</b>		<b>6,650,326,827</b>	<b>3,631,193,547</b>
<b>Represented by:</b>			
Accumulated Surplus		342,482,306	367,099,027
Capital Fund GOK grant		6,264,094,521	3,264,094,521
Capital fund Assets		43,750,000	-
<b>Net Assets</b>		<b>6,650,326,827</b>	<b>3,631,193,548</b>

Coffee Cherry Advance Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2025.

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



**Timothy M. Mirugi**

**Managing Director**

**Date:** 11/11/2025



**CPA Ednah Oyori**

**Director Finance &  
Accounts**

**ICPAK M/No:11607**

**Date:** 11/11/2025



**Daniel K. Chemno**

**Chairman of the Board**

**Date:** 11/11/2025

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

Description	Retained earnings	Capital fund	Capital/ Development Grants/ Fund	Total
	Kshs		Kshs	Kshs
<b>As at July 1, 2023</b>	<b>368,045,806</b>	-	<b>2,764,094,521</b>	<b>3,132,140,327</b>
Surplus/ deficit for the year	(946,779)		-	(946,779)
Capital/development grants received during the year	-		500,000,000	500,000,000
Transfer of depreciation/amortization from capital fund to retained earnings	-		-	-
<b>As at June 30, 2024</b>	<b>367,099,027</b>	-	<b>3,264,094,521</b>	<b>3,631,193,548</b>
<b>As at July 1, 2024</b>	<b>367,099,027</b>	-	<b>3,264,094,521</b>	<b>3,631,193,548</b>
<b>Surplus/ (deficit) for the year</b>	<b>(30,866,720)</b>		<b>-</b>	<b>(30,866,720)</b>
Capital/development grants received during the year			3,000,000,000	<b>3,000,000,000</b>
Transfer of depreciation/amortization from capital fund to retained earnings	-			-
Accumulated depreciation	6,250,000	(6,250,000)	-	-
Asset replacement fund	-		-	-
Purchase of Assets		50,000,000	-	<b>50,000,000</b>
<b>As at June 30, 2025</b>	<b>342,482,306</b>	<b>43,750,000</b>	<b>6,264,094,521</b>	<b>6,650,326,827</b>

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

		2024 -2025	2023-2024
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities		1,500,000,000	-
Finance income		-	72,074,987
Other income		144,240,115	138,818,818
<b>Total receipts</b>		<b>1,644,240,115</b>	<b>210,893,805</b>
<b>Payments</b>			
Use of goods and services		154,336,566	211,840,584
Employee costs		1,914,802	-
Board Expenses		-	-
Repairs and maintenance		5,802,734	-
Contracted services		-	-
Grants and subsidies		-	-
<b>Total payments</b>		<b>162,054,102</b>	<b>211,840,584</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>1,482,186,013</b>	<b>(946,779)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets		(26,249,999)	-
Proceeds from sale of PPE		-	-
Purchase of investments (CCARF Disbursed)		(4,808,003,825)	(4,627,293,939)
Sale of investments (CCARF Recoveries)		4,707,412,890	1,808,021,708
CMA Collateral Refund		-	160,050,000
Operational grants to NKPCU		-	(9,187,500)
Transfer of grants from CCARF to New KPCU		(16,100,000)	16,100,000
<b>Net cash flows from/(used in) investing activities</b>		<b>(142,940,935)</b>	<b>(2,652,309,731)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from issue of shares		-	500,000,000
<b>Net cash flows from financing Activities</b>		<b>-</b>	<b>500,000,000</b>

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<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>1,339,245,078</b>	<b>(2,153,256,510)</b>
Cash and cash equivalents at 1 July	13	133,029,782	2,286,286,292
<b>Cash and cash equivalents at 30 June</b>	13	<b>1,472,274,860</b>	<b>133,029,782</b>

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	-	<b>3,631,193,548</b>	<b>3,631,193,548</b>	-	
<b>Receipts</b>						
Transfers from Other Governments entities	3,000,000,000	-	3,000,000,000	1,500,000,000	1,500,000,000	50%
Other Income	140,000,000	-	140,000,000	144,240,115	(4,240,115)	103%
<b>Total Receipts</b>	<b>3,140,000,000</b>	-	<b>6,771,193,548</b>	<b>5,275,433,663</b>	<b>1,495,759,885</b>	
<b>payments</b>						
Use of Goods and Services	90,600,000	-	90,600,000	155,336,566	(64,736,566)	171%
Employee costs	1,900,000	-	1,900,000	1,914,802	(14,802)	101%
Depreciation and amortization	9,500,000	-	9,500,000	6,250,000	3,250,000	66%
Cherry advance	3,000,000,000	-	3,000,000,000	4,808,003,825	(1,808,003,825)	160%
Repairs and Maintenance	11,000,000	-	11,000,000	11,605,468	(605,468)	106%
<b>Total Payments</b>	<b>3,113,000,000</b>	-	<b>3,113,000,000</b>	<b>4,983,110,661</b>	<b>(1,870,110,661)</b>	
<b>Capital Expenditure Payments</b>	<b>27,000,000</b>	-	<b>27,000,000</b>	<b>26,249,999</b>	<b>750,001</b>	97%
<b>Grand Total</b>	<b>3,140,000,000</b>		<b>3,140,000,000</b>	<b>5,009,360,660</b>	<b>(1,869,360,660)</b>	
<b>Surplus</b>	-	-	<b>3,631,193,548</b>	<b>266,073,003</b>	<b>3,365,120,545</b>	



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## **19. Notes to the Financial Statements**

### **1. General Information**

The Coffee Cherry Advance Revolving Fund (CCARF) is established by and derives authority and accountability from the Public Finance Management (Coffee Cherry Advance Revolving Fund) Regulations, 2020. The CCARF is wholly owned by the Government of Kenya and is domiciled in New Kenya Planters Cooperative Union. The CCARF principal activity is to provide affordable, sustainable and accessible cherry advance to smallholder coffee growers and small holder coffee estates.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the CCARF accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the CCARF. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### **3. Adoption of New and Revised Standards**

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

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

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

Standard	Effective date and impact:
<p>IPSAS 43: Leases</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The CCARF did not have any leases as at end of the financial year 30th June, 2025</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The Coffee Cherry Revolving Fund did not have any non-current assets held for sale and discontinued operations as of 30th June, 2025</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p>Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. The CCARF did not have heritage and infrastructure assets operations as at 30th June, 2025</p>
<p>IPSAS 46: Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by:</p>



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	<ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.  The CCARF did not early adopt IPSAS 46 Measurement the current operational value</p>
<p>IPSAS 47: Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. These amendments had no impact on CCARF's annual financial statements.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. The CCARF did not have transfer expenses as at 30th June 2024</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. CCARF did not have defined contribution scheme during FY 2024/25</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> </ul>



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	<p>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>iii. Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p>These amendments had no impact on CCARF’s annual financial statements.</p>
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**ii. Early adoption of standards**

The Coffee Cherry Revolving Fund did not early-adopt any new or amended standards in the year 2024/2025

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

The *CCARF* recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour



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hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the *CCARF*.

**b) Budget information**

The original budget for the FY 2024/25 was approved by the National Assembly in June 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 to conclude the final budget. Accordingly, the Entity did not receive additional appropriations for the FY 2024/25 budget.

The *CCARF*'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 cash flows has been presented under page 6 of these financial statements.



**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *CCARF* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

CCARF does not have any investment property

**e) Property, plant and equipment**

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



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exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The estimated assets useful lives and rates used are as shown below:

Asset Description	Estimated useful life in years	Rate % of appportionment
Leasehold Land	Infinity	-
Buildings	40	2.5%
Plant & Machinery	8	12.5%
Motor Vehicles	8	12.5%
Furniture, Fittings & Office Equipment	8	12.5%
Computers	3.33	33.3%
Computer Software	8	12.5%

**f) Leases**

Finance leases are leases that transfer substantially all risks and benefits incidental to ownership of the leased item to the CCARF. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The CCARF also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the CCARF will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

CCARF did not have any leases in the FY 2024/2025.

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.



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Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Biological Assets**

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

CCARF did not have any biological assets in the FY 2024/2025.

**i) Research and development costs**

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

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

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

CCARF did not have Research and development costs in the FY 2024/2025



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**a) Financial assets**

**Classification of financial assets**

The CCARF classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of



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principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables 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.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**b) Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**j) Inventories**

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated



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costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *CCARF*.

**k) Provisions**

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

**l) Contingent liabilities**

The *CCARF* does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**m) Contingent assets**

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

**n) Nature and purpose of reserves**

The *CCARF* creates and maintains reserves in terms of specific requirements. *CCARF* maintains the following reserves:

**Capital Fund Assets**

This constitutes the cumulative amounts disbursed to *CCARF* over the years for development expenditure. The funds were spent on purchase of assets.



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**Capital Fund GOK grant**

This constitutes the cumulative grants disbursed to CCARF over the years for coffee cherry revolving fund.

**Accumulated Surplus**

This constitutes the cumulative amounts of surpluses realized over the years.

**o) Changes in accounting policies and estimates**

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

**p) Employee benefits**

**Retirement benefit plans**

The CCARF intent to provide retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Fund (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. CCARF does not have a established retirement benefit scheme for staff.

**q) Foreign currency transactions**

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



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monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**r) Related parties**

The *CCARF* regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise the Board of directors, Managing director and Members of *CCARF* Management.

**Service concession arrangements**

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

**s) Cash and cash equivalents**

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

**t) Comparative figures**

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

**u) Subsequent events**

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

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

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

### **Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

### **Useful lives and residual value**

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

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



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**6. Transfers from Other Government entities**

Description	2024-2025	2024-2025
	KShs	KShs
<b>Unconditional Grants</b>		
Operational Grants	3,000,000,000	500,000,000
<b>Total Government Grants and Subsidies</b>	<b>3,000,000,000</b>	<b>500,000,000</b>

The operational grant is classified as recurrent grants and is used to facilitate advances to coffee farmers under Coffee Cherry Advance Revolving Fund.

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

Name of The Entity Sending the grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2024-2025	Total grant 2023-2024
	KShs	KShs	KShs	KShs	KShs
SDC and MSME		-	3,000,000,000	3,000,000,000	500,000,000
<b>Total</b>		-	<b>3,000,000,000</b>	<b>3,000,000,000</b>	<b>500,000,000</b>

**7. Finance Income**

Description	2024-2025	2023-2024
	Kshs	Kshs
Cash investments and fixed deposits	-	72,074,987
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	-	<b>72,074,987</b>

**8. Other Income**

Description	2024-2025	2023-2024
	Kshs	Kshs
3% Administration fees	144,240,115	138,818,818
<b>Total Other income</b>	<b>144,240,115</b>	<b>138,818,818</b>

**9. Use of Goods and Services**

Description	2024-2025	2023-2024
	Kshs	Kshs
3% CCARF Admin Fees to Operations	108,683,483	30,092,971
CCARF Farmers Facilitation	5,460,800	-
Flight Charges	114,800	-
Fuel and oil	-	491,379
Legal Expenses	21,003,000	-
Printing and Stationery	5,948,280	-
Travel, Subsistence & Other Allowances	4,425,367	121,029,053
Bank charges	8,700,835	13,977,402
Other General Expenses	1,000,000	46,249,779
<b>Total of use of Goods and Services</b>	<b>155,336,566</b>	<b>211,840,584</b>

**10. Employee Costs**

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries and wages	1,914,802	-
<b>Employee costs</b>	<b>1,914,802</b>	-

**11. Depreciation and Amortization Expense**

Description	2024-2025	2023-2024
	Kshs	Kshs
Intangible assets	6,250,000	-
<b>Total depreciation and amortization</b>	<b>6,250,000</b>	-



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**12. Repairs and Maintenance**

Description	2024-2025	2023-2024
	Kshs	Kshs
Software Maintenance	11,605,468	-
<b>Total Repairs and Maintenance</b>	<b>11,605,468</b>	<b>-</b>

**13. Cash and Cash Equivalents**

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	1,472,274,860	133,029,781
Savings Account	-	-
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Others (Specify)	-	-
<b>Total Cash and Cash Equivalents</b>	<b>1,472,274,860</b>	<b>133,029,781</b>

**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
<b>a) Current Account</b>			
Co-operative Bank of Kenya	01120959180001	1,430,467,436	133,029,781
Co-operative Bank of Kenya	01100976801001	41,807,424	-
<b>Sub- Total</b>		<b>1,472,274,860</b>	<b>133,029,781</b>
<b>Grand Total</b>		<b>1,472,274,860</b>	<b>133,029,781</b>

**14. Receivables from Exchange Transactions**

**(a) Receivables from Exchange Transactions (Current)**

Description	2024-2025	2023-2024
	Kshs	Kshs
Receivables		
Estates & FCS	3,398,666,884	3,307,512,986
<b>Total Current Receivables</b>	<b>3,398,666,884</b>	<b>3,307,512,986</b>

**(b) Ageing analysis for Receivables from exchange transactions**

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	2,933,980,120	86.3%	3,307,512,986	100%
Between 1- 2 years	464,686,764	13.7%	-	
Between 2-3 years	-	-	-	
Over 3 years			-	
<b>Total (a+b)</b>	<b>3,398,666,884</b>	<b>100%</b>	<b>3,307,512,986</b>	<b>100%</b>

**(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions**

Impairment allowance/ provision	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	3,307,512,986	488,240,754
Additional provisions during the year	4,808,003,825	4,627,293,939
Recovered during the year	(4,716,849,927)	(1,808,021,708)
Written off during the year	-	-
<b>At the end of the year</b>	<b>3,398,666,884</b>	<b>3,307,512,986</b>

**15. Receivables from Non-Exchange Transactions**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property tax debtors	-	-
Levies, fines, and penalties	-	-
Licenses, fees and permits	-	-
Other debtors (non-exchange transactions)	1,715,187,818	215,187,818
Less: impairment allowance	-	-
<b>Total receivables from non-exchange transactions</b>	<b>1,715,187,818</b>	<b>215,187,818</b>



## Coffee Cherry Advance Revolving Fund

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Ageing Analysis- Receivables from non- exchange transactions	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	1,500,000,000	87%	-	0%
Between 1-2 years	-	0%	215,187,818	100%
Over 3 years	215,187,818	13%	-	0%
<b>Total</b>	<b>1,715,187,818</b>	<b>100%</b>	<b>215,187,818</b>	<b>100%</b>

### Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	215,187,818	215,187,818
Additional provisions during the year	1,500,000,000	-
Recovered during the year	-	-
Written off during the year	-	-
<b>At the end of the year</b>	<b>1,715,187,818</b>	<b>215,187,818</b>

### 16. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Purchase of Motor Vehicle	26,249,999	-
<b>At end of the year</b>	<b>26,249,999</b>	<b>-</b>

### 17. Intangible Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Cost</b>		
<b>At the beginning of the year</b>	-	-
Additions	50,000,000	-
<b>At end of the year</b>	<b>50,000,000</b>	<b>-</b>



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Additions–internal development	-	-
<b>At end of the year</b>	<b>50,000,000</b>	-
<b>Amortization and impairment</b>		
<b>At the beginning of the year</b>	-	-
Amortization	6,250,000	-
<b>At end of the year</b>	-	-
Impairment loss	-	-
<b>At end of the year</b>	6,250,000	-
<b>NBV</b>	<b>43,750,000</b>	-

**18. Trade and Other Payables**

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade payables	5,802,734	24,537,037
Employee payables	-	-
Other payables	-	-
<b>Total trade and other payables</b>	<b>5,802,734</b>	<b>24,537,037</b>

**Ageing analysis Trade and other payables**

Description	2024-2025	% of the total	2023-2024	% of the total
Under one year	5,802,734	100%	16,100,000	66%
1-2 years	-	0%	8,437,037	34%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
<b>Total (tie to above total)</b>	<b>5,802,734</b>	<b>100%</b>	<b>24,537,037</b>	<b>100%</b>

**Financial Risk Management**

CCARF's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. CCARF's overall risk management programme focuses on the 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 Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. CCARF's financial risk management objectives and policies are detailed below:



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**i) Credit risk**

CCARF 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 CCARF's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Receivables from exchange transactions	3,398,666,884	3,398,666,884	-	-
Receivables from non-exchange transactions	1,715,187,818	1,715,187,818	-	-
Bank balances	1,472,274,860	1,472,274,860	-	-
<b>Total</b>	<b>6,586,129,562</b>	<b>6,586,129,562</b>	-	-
<b>As at 30 June 2024</b>				
Receivables from exchange transactions	3,307,512,986	3,307,512,986	-	-
Receivables from non-exchange transactions	215,187,818	215,187,818	-	-
Bank balances	133,029,781	133,029,781	-	-
<b>Total</b>	<b>3,655,730,584</b>	<b>3,655,730,584</b>	-	-

Coffee farmers under the fully performing category refund the advances as upon the sale of their coffee held and marketed by New KPCU for which CCARF is incorporated and domiciled. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

### Financial Risk Management

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 CCARF has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. CCARF's has significant concentration of credit risk on amounts due from coffee farmers. The board of directors sets the CCARF'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 Entity 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 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 <sup>th</sup> June 2025				
Trade payables	5,802,734	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>5,802,734</b>	<b>-</b>	<b>-</b>	<b>-</b>
As at 30 <sup>th</sup> June 2024				
Trade payables	24,537,037	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>24,537,037</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### iii) Market risk



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The *CCARF* has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the *CCARF*'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 *CCARF*'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 *CCARF*'s exposure to market risks or the way it manages and measures the risk.

### **a) Foreign currency risk**

*CCARF* 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. *CCARF* manages foreign exchange risk from future commercial transactions and recognizes assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

### **b) Interest rate risk**

Interest rate risk is the risk that *CCARF*'s financial condition may be adversely affected because of changes in interest rate levels. The *CCARF*'s interest rate risk arises from bank deposits. This exposes the *CCARF* to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the *CCARF*'s deposits.

### **Management of interest rate risk**

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

### **iv) Capital Risk Management**

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



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Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	316,232,307	367,099,027
Capital Reserve	6,264,094,521	3,264,094,521
<b>Total Funds</b>	<b>6,580,326,828</b>	<b>3,631,193,548</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	(1,472,274,860)	(133,029,781)
Net Debt/(Excess Cash And Cash Equivalents)	-	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

## 19. Related Party Disclosures

### Nature of related party relationships

Entities and other parties related to the CCARF's include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

### Government of Kenya

The Government of Kenya is the principal shareholder of the CCARF, holding 100% of the CCARF's equity interest. 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) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Rent income from govt. Agencies	-	-
Water sales to govt. Agencies	-	-
Others (specify) e.g. interest and bank charges	-	-
<b>Total</b>	-	-
<b>b) purchases from related parties</b>		



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Description	2024-2025	2023-2024
	Kshs	Kshs
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	-	-
Others (specify)		
<b>Total</b>	-	-
<b>Grants /transfers from the government</b>		
Grants from national govt	3,000,000,000	500,000,000
Grants from county government	-	-
Donations in kind	50,000,000	-
<b>Total</b>	<b>3,050,000,000</b>	<b>500,000,000</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total		
<b>d) Key management compensation</b>		
Directors' emoluments	-	-
Compensation to key management	-	-
<b>Total</b>	-	-

**20. Events after the Reporting Period**

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

**21. Ultimate And Holding Entity**

The CCARF is a State Corporation/ or State Corporation under the Ministry of Co-operatives and Micro, Small and Medium Enterprises. Its ultimate parent is the Government of Kenya.

**22. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

## 20. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Long Outstanding Receivables from Non-Exchange Transactions	The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.215,187,818 as disclosed in Note 31 to the financial statements. However, the balance has been outstanding for more than two (2) years. Further, the balance includes Kshs.18,400,660 and Kshs.7,944,113 for farmers' coffee auction in 2019 and terminal dues of former Managing Director respectively both totalling Kshs.26,344,773 paid by the Fund on behalf of the liquidator which have been outstanding for more than two (2) years. The Management did not provide explanation for the delays in	The delays of the recovery were occasioned by uncompleted Liquidation process which is still undergoing. Upon completion of the liquidation process, all the amounts paid on behalf of the liquidator will be recovered. The balance of the receivables which relate to inter account transfers will be recovered from the receivables owed to NKPCU from coffee buyers.	Not Resolved	The matter will be resolved upon completion of the liquidation process.



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>recovery or actions being taken to recover the long overdue amounts. In addition, no provisions for bad and doubtful debts have been made despite its doubtful nature. In the circumstances, the accuracy and recoverability of the trade receivables balance of Kshs. 215,187,818 could not be confirmed.</p>			
<p>Unsupported Grant from Contingency Fund</p>	<p>The statement of changes in net assets reflects capital grant from Gok of Kshs.500,000,000 withdrawn from the contingency fund created under Article 223 of the Constitution of Kenya. However, the fund requests, justification and approval of emergency and unforeseen situations justifying requests for the funding from the Contingencies were not provided for audit. In addition, the details of application of the Funds after the receipt was not provided for audit.</p>	<p>Due to the increased uptake of Coffee Cherry Advance Revolving Fund during the year under audit, the Fund had no money as funds which had been disbursed to farmers had not been recovered at this point of request. The Funds of KSHS 500,000,000 received was disbursed to the farmers upon their application which forms part of CCARF disbursed of Kshs 4,627,293,939 during the year under audit.</p>	<p>Resolved</p>	<p>2024-2025</p>




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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, the validity and the application of Kshs.500,000,000 received from Contingency Fund could not be confirmed			
Unconfirmed Transfers from State Department	<p>Note 6(b) to the financial statements reflect transfers from Ministries, Departments and Agencies (MDAs) of Kshs.500,000,000 from State Department for Cooperatives. However, the financial statements of State Department for Cooperatives reflect no amount transferred to Coffee Cherry Advance Revolving Fund (CCARF).</p> <p>In the circumstances, the accuracy and completeness of transfers from State Department for Cooperatives of Kshs.500,000,000 could not be confirmed.</p>	<p>Due to the increased uptake of Coffee Cherry Advance Revolving Fund during the year under audit, the Fund had no money as funds which had been disbursed to farmers had not been recovered at this point of request.</p> <p>The Funds of KSHS 500,000,000 received was disbursed to the farmers upon their application which forms part of CCARF disbursed of Kshs 4,627,293,939 during the year under audit.</p>	Resolved	2024-2025
Budgetary Control and Performance	The statement of comparison of budget and actual amounts reflects a final revenue budget and actual on comparable basis of	When the Coffee Cherry Advance Revolving Fund started, the uptake by the farmers was slow. However, with coffee sensitization programs and farm inputs subsidy has led to	Resolved	2024-2025



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs.2,180,000,000 and Kshs. 4,838,187,744 respectively resulting in an over-collection of Kshs.2,658,187,744 or 122% of the budget. In the circumstances, the over-collection of revenue is an indication of under-budgeting on revenue streams of the Fund.</p>	<p>increase in production of coffee and increased uptake of the Fund by the farmers. This has significantly increased the actual revenue against the budget which was unforeseen. The introduction of Direct Settlement System in Coffee Sector has made the recoveries of the CCARF smooth as all the payments of coffee are settled under the system. This led to more recoveries than expected.</p>		
Unresolved Prior Year Matters	<p>In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in use of Public Resources. However, the Management had not resolved the issues or given any explanation for failure to implement the recommendations.</p>	<p>The management responded to all prior audit matters raised by the Auditor General on CCARF Financial Statements and Reports and the responses submitted to the Auditor General. The Management has resolved the matters which is pending for confirmation by the Auditor General.</p>	Resolved	2024-2025

  
 .....  
**Fund Administrator**  
**Timothy M. Mirugi, EBS**  
 11/11/2025



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**Appendix II: Projects implemented by** Coffee Cherry Advance Revolving Fund  
 Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

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

**Status of Projects completion**

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds



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**Appendix III: 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 - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
SDC and MSME	13.11.2024	Recurrent	750,000,000						750,000,000
SDC and MSME	08.05.2025	Recurrent	750,000,000						750,000,000
SDC and MSME	07.07.2025	Recurrent	750,000,000						750,000,000
SDC and MSME	07.07.2025	Recurrent	735,000,000						735,000,000
SDC and MSME	07.07.2025	Recurrent	15,000,000						15,000,000
<b>Total</b>			<b>3,000,000,000</b>	-	-	-	-	-	<b>3,000,000,000</b>

NB: SDC and MSME refers to the State Department for Cooperatives and Micro, Small and Medium Enterprise



**Coffee Cherry Advance Revolving Fund**  
**Annual Reports and Financial Statements for the year ended June 30, 2025.**

**Appendix IV- Inter-Entity Confirmation Letter**

**Name of Transferring entity: State Department of Co-operatives**

**Name of Beneficiary entity: Coffee Cherry Advance Revolving Fund**

Confirmation of amounts received by Coffee Cherry Advance Revolving Fund as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
RCPT0812	13.11.2024	750,000,000	-	750,000,000	
RCPT4280	08.05.2025	750,000,000	-	750,000,000	
S33971402250707	07.07.2025	750,000,000	-	750,000,000	
S33971402250707	07.07.2025	735,000,000	-	735,000,000	
S33971402250707	07.07.2025	15,000,000	-	15,000,000	
<b>Total</b>		<b>3,000,000,000</b>	-	<b>3,000,000,000</b>	

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

**Head of Accounts Department - Disbursing Entity:**  
 Name EDNAH K. OYOR Sign [Signature] Date 11/11/2025

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



**Coffee Cherry Advance Revolving Fund**  
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**Appendix V: Reporting of Climate Relevant Expenditures**

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



**Coffee Cherry Advance Revolving Fund**  
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**Appendix VI: Reporting on Disaster Management Expenditure**

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