





*The Jomo Kenyatta Foundation Annual Report and Financial Statements for the year ended 30 June, 2025*



# **THE JOMO KENYATTA FOUNDATION**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2025**

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



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## **1. Acronyms and Glossary of Terms**

IFRS	International Financial Reporting Standards
MD	Managing Director
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
KICD	Kenya Institute of Curriculum Development
MoE	Ministry of Education
GoK	Government of Kenya
BETA	Bottom-Up Economic Transformative Agenda
MTPIV	Medium Term Program (IV)
KPEELP	Kenya Primary Education Equity in Learning Program



**2. KEY ENTITY INFORMATION**

**(a) Background Information**

The Jomo Kenyatta Foundation was established under the Companies Act as a Company Limited by guarantee on 2<sup>nd</sup> March 1966. At cabinet level, the Cabinet Secretary for Ministry of Education is responsible for the general policy and strategic direction of the Foundation. The Foundation is domiciled in Kenya.

**(b) Principal Activities**

The Foundation publishes school textbooks and other educational materials and provides scholarships to the bright and needy students in secondary schools in Kenya.

VISION		CORE VALUES		MISSION	
An educated, empowered and inclusive society				Provision of scholarships, customer-focused publications and printing solutions	
Professionalism	Integrity	Fairness	Innovativeness	Teamwork	Responsiveness
We uphold impeccable professional standards in our work while adhering to ethical principles in service delivery.	We endeavour to be honest and transparent in our dealings with our stakeholders. We will remain accountable to our stakeholders for our actions and decisions.	We are committed to impartiality in dealing with all our stakeholders.	We believe in creativity and continuous improvement of our processes and services /products. Thus, we are open to new ideas and methods that would have a positive impact on our service delivery	We value the diversity in our human capital and endeavor to provide an environment that nurtures integration and synergy.	We endeavour to respond promptly and positively to issues affecting our customers and stakeholders.



**(c) Directors**

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

1. Hon. Mrs. Rose Waruhiu, EBS, OGW - Chairperson
2. Mr. David K. Mwaniki - Managing Director/ Secretary to the Board
3. Mr. Bonface Ngige - Alternate to Principal Secretary, The National Treasury
4. Mrs. Lily Kipasha - Member
5. Mrs. Rael Kigen - Member
6. Mr. John Kamuiru - Member
7. Ms. Hon. Consolata Rop - Member
8. Mr. Augustine N. Muchiri - Member
9. Mr. Peter M. Ringine - Member
10. Ms. Pamba Juma - Member
11. Mr. Barthlomew Lumbasi - Alternate to Principal Secretary, Ministry of Education

**The below were represented in Board by their respective alternate directors as indicated above.**

- 1) Mr. Felix K. Koskei, EGH - Chief of Staff and Head of Public Service
- 2) Dr. Chris K. Kiptoo, CBS - Principal Secretary, The National Treasury
- 3) Dr. Belio R. Kipsang, CBS - Principal Secretary, Ministry of Education- (State Department of Basis Education)

**(d) Corporate Secretary**

Mr. Solomon O. Awino

Company Secretary and Head of Legal Affairs

Advocate of High Court of Kenya, Notary Public ,

Bachelor of Law Degree (LLB),

Certified Public Secretary (CPS-K).



**(e) Registered Office**

Headquarters and Principal Offices  
51 Enterprise Road, Industrial Area  
P. O. Box 30533 – 00100

**NAIROBI.**

**(f) Corporate Headquarters**

The Jomo Kenyatta Foundation  
Headquarters and Principal Offices  
51 Enterprise Road, Industrial Area  
P. O. Box 30533 – 00100

Nairobi, KENYA

**(g) Corporate Contacts**

Telephone: (254) 0723286993

E-mail: [info@jkf.co.ke](mailto:info@jkf.co.ke)

Website: [www.jkf.co.ke](http://www.jkf.co.ke)

**(h) Principal Banker**

Kenya Commercial Bank Limited  
Moi Avenue Branch  
P. O. Box 30081 – 00100

**NAIROBI.**

**(i) Independent Auditors**

The Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P. O. Box 30084 – 00100

**NAIROBI.**

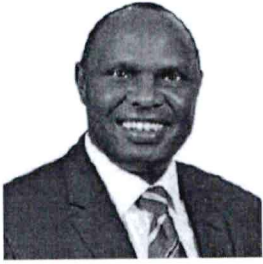


**(j) Principal Legal Advisors**

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




### 3. THE BOARD OF DIRECTORS

SN	Directors	Details
1.	 <p><b>HON. MRS. ROSE WARUHIU, EBS, OGW- Chairperson</b></p>	<p>Hon. Mrs. Rose Waruhiu (Born 1946) was appointed as Chairperson of the Board of Jomo Kenyatta Foundation on 28<sup>th</sup> July 2022.</p> <p>She holds a Postgraduate Certificate in Management of Higher Education from the University of Manchester and a Bachelor of Arts (Economics) degree from Makerere University College. She is also a Fellow at the Institute of Politics, Kennedy School of Government, and Harvard University.</p> <p>In her consultation work she has undertaken assignments in policy formulation and documentation, public management, strategy development, planning and advocacy.</p> <p>Hon. Mrs. Waruhiu has also served as a Member of the Kenyan National Assembly and the East Africa Legislative Assembly. In addition, she has served in different capacities on the boards of Kenya Revenue Authority, Kenya Post Bank, Kenyatta National Hospital, the National Museums of Kenya and as Vice Chair of the Council of the Jomo Kenyatta University of Science and Technology.</p> <p>She has held leadership positions in the Women’s Organizations and Civil Society serving as Chair/Convener of several initiatives and was once elected Chair of the University Women Association and Vice Chair of National Council of Women.</p>
2.	 <p><b>Dr. Chris K. Kiptoo, CBS</b></p>	<p>Dr. Chris Kiptoo, CBS, is the Principal Secretary for the National Treasury and Economic Planning. He serves on the JKF Board in his capacity as the Principal Secretary. He holds a PhD in International Macroeconomics Finance specialization from the University of Nairobi.</p> <p>He has several years’ experience in economic policy analysis particularly on areas related to: International Trade and Finance issues including BoP and exchange rate developments; Monetary policy, real sector and public finance issues; Policy and programme developments originating from multilateral and regional organizations; Interrelations among macroeconomic accounts as well as macroeconomic modelling and forecasting issues.</p> <p>Dr. Kiptoo is an accredited Fellow of the Macroeconomic &amp; Financial Management Institute of Eastern &amp; Southern Africa (MEFMI) in the field of Macroeconomic Management. He is also an Associate of Kenya Chartered Institute of Bankers (A.K.I.B).</p>




<p>3.</p>	 <p><b>Hon. Felix Koskei</b></p>	<p>Hon. Felix Koskei is Chief of Staff and Head of Public Service. Mr. Koskei holds a Master of Business Administration with a specialty in strategic management from the University of Nairobi and a Bachelor of Science degree from the same institution. His specialty in Purchasing and Supplies began in 1999 with a foundation in CIPS and later a Graduate Diploma in CIPS in 2000.</p> <p>Prior to his appointment, he was the Cabinet Secretary, Ministry of Agriculture. He has vast knowledge in procurement issues and has made significant contributions in the development of purchasing and supplies practices in the Country.</p> <p>Hon Koskei has been in the procurement position of several state corporations including; Kenya Anti -Corruption Commission, Kenya Civil Aviation Authority Kenya National Highways Authority, Telkom Kenya Ltd</p>
<p>4.</p>	 <p><b>Amb. (Prof.) Julius K. Bitok, CBS, PhD</b></p>	<p>Amb (Prof) Bitok holds a Doctor of Philosophy (PhD) in Finance from Moi University/Oklahoma State University, a master's degree in Business Administration from the University of Nairobi, and a Bachelor's Degree in Economics from Moi University.</p> <p>Before his current posting, he was the PS for the State Department for Immigration and Citizens Services in the Ministry of Interior and National Administration. He also served as Kenya's High Commissioner to Pakistan and as a scholar in Kenya and the US, specializing in finance, public policy, and governance. He has also worked in the Central Bank of Kenya (CBK), Capital Markets Authority (CMA), and Kenya Civil Aviation Authority (KCAA), among others.</p>
<p>5.</p>	 <p><b>Dr. Belio R. Kipsang (PhD), CBS(Retired)</b></p>	<p>Dr. Belio is a holder of PhD degree in Education (Educational Administration and Planning from The Catholic University of Eastern Africa. He also holds a Master of Arts degree in Economics and a Bachelors (Honors) degree in Education (Business and Economics), both from the University of Nairobi. He was the immediate Chief Executive Officer Coffee Trust fund before his appointment. Previously he worked at the Higher Education Loans Board as the Head of Operations in charge of Lending and Recovery departments. Dr. Kipsang is a trained Certified Fraud Examiner and an Associate member of Association of Certified Fraud Examiners (MCFE-UK) and also a member, Institute of Directors of Kenya.</p> <p>As the Principal Secretary for Basic education, Dr. Belio has been the lead advisor to the Presidential Working Party on Education Reform (PWPER) appointed by the president on 30th September, 2022.</p>





6.	 <b>Lily Kipesha</b>	<p>Ms. Lily Kipesha (Born 1974) is a Corporate and Investment banker with long standing track record in relationship banking and portfolio management. She holds a Master of Business Administration (M.B.A.) from United States International University (USIU), Bachelors of Business Administration (Marketing from Kenya Methodist University and a Diploma in Sales &amp; Marketing from University of Nairobi.</p> <p>She is a Certified Sustainable Development Goals (SDG) champion from Amani Institute. She brings a wide knowledge in the field of sustainability, risk and portfolio management having taken various professional courses in this area including the Moody's Credit Mastery Training.</p>
7.	 <b>Ms. Rael J. Kigen</b>	<p>Ms. Kigen (Born 1961) holds a Master of Business Administration (M.B.A.) Finance Option from Moi University, Bachelors of Commerce (Finance) from University of Nairobi. She has over three decades experience in the banking industry having worked with Kenya Commercial Bank. Rael is respected leader with different roles in organizing and leading community initiatives in the society. She brings a vast knowledge in the field of management and leadership.</p>
8.	 <b>John Maina Kamuiru,</b>	<p>Mr. John Kamuiru (Born 1958) is a highly experienced and accomplished educator with a passion for fostering academic growth and development. He has a solid background in teaching and education leadership having worked with Teacher Service Commission. He has served as both a Primary School Head and Curriculum Support officer.</p> <p>Mr. Maina has attended several trainings on Corporate Governance, Information Technology and School management. He brings a wide knowledge on education matters.</p>

<p>9.</p>	 <p><b>Mrs. Consolata Rop</b></p>	<p>Ms. Rop holds Bachelor of Education Early Childhood and Primary Education from Moi University, Eldoret. She also holds a Certificate in Primary Teachers Education from The Highridge TCC, Nairobi. Currently, she is pursuing Masters in Gender Policy and Development Studies, at the Catholic University of Eastern Africa, Nairobi, Kenya.</p> <p>Ms. Rop has undertaken trainings in Corporate Governance at the Kenya School of Government, Capacity Building at the Centre for Parliamentary Studies and Training, Women in Leadership Conference at Kenya Institute of Management, Mwingo programme by State Corporations Advisory Committee, Effective Audit and Oversight Training at Risk Management Institute of Kenya and Board Leadership &amp; Development Training.</p> <p>She previously served as a Chairperson at Ewaso Nyiro South Development Authority and as a nominated member of Nandi County Assembly where she served as a chair, vice chair and member in different programmes. She also participates in community fundraising service.</p>
<p>10.</p>	 <p><b>Mr. Bonface Ngigi</b></p>	<p>Mr. Ngigi holds a Master's Degree in Project Planning Management from The University of Nairobi and a Bachelor's of Science in Mathematics (Statistics) from The Catholic University of Eastern Africa.</p> <p>He has vast experience in the negotiation of Agreements, Investments, Regional Integration, National Budget preparation, Economic Policy formulation and analysis in areas related to Environment and Natural Resource Governance; Low Carbon, Sustainable Development, Climate Financing, as well as Disaster Risk Financing. He has over 15 years in Planning and Budgeting</p>
<p>11.</p>	 <p><b>Mr. Augustine Ng'ang'a Muchiri</b></p>	<p>Mr. Ng'ang'a Muchiri is an Entrepreneurial expert in corporate, real estate and Agribusiness field among other ventures. He holds a Bachelor of Commerce (B. com Economics) from The University of Nairobi, Advanced Management Certificate from Kenya Utalii College. He is a distinguished leader and a manager who plan successful State and corporate functions. He brings immense managerial and organizational skills from corporate world.</p>






12.	 <b>Ms. Pamba Juma</b>	Ms. Pamba Juma is the Executive Director Kama Si Mama Ningesema a Community Based Organisation empowering women in Leadership. She holds a Diploma in Community Development from Mount Kenya University, Diploma in Early Childhood Development from Kilindini Dicece. She has vast experience in mentorship and counselling programs, strategic planning and monitoring.
13.	 <b>Peter Mutuma Ringine</b>	Mr. Mutuma holds a Bachelor of Commerce Degree from Meru University of Science and Technology in addition to the Diploma and Certificate in administration from the same institution. He has held several leadership's positions in Meru County Assembly. He is renowned Entrepreneur and with vast skills and knowledge in Leadership and coordination.
14.	<b>Mr. Barthlomew Lumbasi</b>	
15.	 <b>Mr. David K. Mwaniki, Managing Director</b>	Mr. David Mwaniki (Born 1968) is the Managing Director and the Secretary to the Board. He holds a Bachelor of Commerce degree (Accounting option) from the University of Nairobi, an MBA from the Management University of Africa, MA in Leadership from Pan African University and ACCA II. He also holds a certificate in Strategic Leadership Development Program from Kenya School of Government and has attended various trainings in Corporate Governance, Project Management and Performance management. He is a full member of Kenya Institute of Management (KIM) and a certified ISO Lead Auditor on ISO 9001:2015 standard. He joined the Foundation in November 1997. He was appointed to the position of Managing Director in October 2021.

#### 4. KEY MANAGEMENT TEAM

		Details
1	 <p><b>Mr. David Mwaniki, Managing Director</b></p> <p>Bachelor of Commerce degree (Accounting option), MBA, MA in Leadership, ACCA II, Certificate in Strategic Leadership Development Program, Corporate Governance, Project Management and Performance management. He is a full member of Kenya Institute of Management (KIM) and a certified ISO Lead Auditor on ISO 9001:2015 standard.</p>	<p>He is responsible for the running of the Foundation affairs to ensure that the mission is achieved and efficiency of the Foundation is realized. He is the secretary to the Board and responsible for spearheading partnerships of the Foundation.</p>
2	 <p><b>John Githiaka, GM, HR &amp; Administration</b></p> <p>Masters of Business Administration (MBA) and Bachelors of Arts (Government &amp; Public Administration). Diploma in Human Resources Management, Strategic Leadership Development Program. Certified ISO 9001:2008 Series, Lead Auditor. Member of The Institute of Human Resources Management and Kenya Institute of Management.</p>	<p>He is in charge of the Human Resources functions and administration of the Foundation.</p>



3	 <p><b>Mr. Fredrick Oyuga, GM, Publishing, Research &amp; Development- Retired May 2025</b></p> <p>Master of Arts in Communication Studies, Bachelor of Education (Science) degree. He has attended several local and international courses in Publishing</p>	<p>He is responsible for development and publishing of books, research and quality assurance.</p>
4	 <p><b>CPA, Sammy Ombuki,</b> <b>GM, Finance &amp; ICT</b></p> <p>Bachelor of Arts Degree (Economics and Mathematics), MBA, Certified Public Accountant (CPA-K), , Certified Public Secretary (CPS-K). He is a member of Certified Public Accountants of Kenya (ICPAK) and Certified ISO Lead Auditor on ISO 9001:2008 standard.</p>	<p>He is in charge of planning, sourcing and managing financial resources to achieve corporate objectives. In addition to providing ICT support services to the Foundation to ensure effective, efficient and secure processing and delivery of information.</p>
5	 <p><b>CPA, Alex Wagacha, GM, Internal Auditor &amp; Risk Management</b></p> <p>Master of Business Administration, B.Ed (Hons) in science, He is a Certified Public Accountant (CPA (K)) and Member of ICPAK and IIA (K).</p>	<p>He is responsible for the internal audit function and risk monitoring</p>



6	 <p><b>Mr. Solomon O. Awino</b> <b>Company Secretary and Head of Legal Affairs</b> Advocate of High Court of Kenya, Notary Public , Bachelor of Law Degree (LLB), Certified Public Secretary (CPS-K).</p>	<p>He is responsible of the Company legal matters and carries out duties of Company Secretary of the JKF</p>
7	 <p><b>Mrs. Stellah Chepkemboi Ruttoh,</b> <b>Programmes Manager – Scholarships</b> Master of Philosophy Education (Kiswahili Education), Bachelor’s Degree in Education Arts (Hons), Certified Professional Mediator, Guidance and Counselling expert</p>	<p>She is responsible for Scholarships and Bursaries administration of the Foundation</p>
8	 <p><b>Mr. Jeremiah Marita Ocharo</b> <b>Manager Supply Chain and Logistics</b> Master of Science in Procurement &amp; Logistics ,Bachelor of Commerce (Hons), CPA Part I, Senior Management Course, Strategic Leadership Development Programme</p>	<p>He is responsible for all procurement process and supply logistics of the Foundation.</p>



## 5. FIDUCIARY MANAGEMENT

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

No.	Designation	Name
1.	Managing Director	Mr. David Mwaniki
2.	Head of Finance	CPA, Sammy Ombuki
3.	Head of Procurement	Mr. Jeremiah Ocharo
4.	Head Human Resource & Administration	Mr. John Githiaka
5.	Head Publishing, Research & Development	Mr. Fredrick Oyuga
6.	Programmes Manager – Scholarships	Mrs. Stellah Chepkemboi Ruttoh
7.	Internal Auditor & Risk Management	CPA, Alex Wagacha



## **6. FIDUCIARY OVERSIGHT ARRANGEMENTS**

There are three (3) committees of Board with oversight arrangements i.e Board Audit Committee, the Board Finance and General Purpose Committee and Board Staff Committee.

### **Board Staff Committee**

The committee is responsible for matters concerning the human capital that includes, consideration of terms and conditions of service, organizational structure, employee remuneration, appointment of employees at management level and above, handling management staff disciplinary cases, preparing the employees in the Foundation for the desired changes in working styles, attitudes and ethics among others.

### **Board Finance and General Purpose**

The Finance Committee plays a vital role in assuring the integrity of the financial statements before they are reviewed and approved by the full Board. It reviews and recommends for approval the quarterly and annual accounts. It also undertakes the monitoring and evaluation of the implementation of strategies, policies, management performance criteria and business plans on a regular basis; ensuring that adequate resources are employed to realise the goals and objectives of the Foundation. It is also charged with the role of considering the Foundation's annual and supplementary budgets and recommending them to the Board for approval. The committee assesses the adequacy and effectiveness of the internal controls and financial management procedures and overall compliance with financial regulations.

### **Board Audit Committee**

The Audit Committee is responsible for continually evaluating the effectiveness of the internal control system and receives reports from the Internal Audit function on a quarterly basis. It reviews aspects relevant to governance, internal control procedures, risk management and internal audit. It also reviews external auditor's reports and management responses. The Internal Audit function reports directly to the full Board through the Audit Committee.



## **7. CHAIRPERSON'S STATEMENT**

As the Foundation concludes another year, I am pleased to present the Annual report which documents the accomplishments and the challenges we faced during the Financial Year 2024/2025.

### **Business Review**

The Foundation continued to carry out its two mandate of publishing and provision of scholarships to bright but needy students. The publishing industry has experienced a good share of uncertainties in the last few years and also became quite competitive. As noted on the Managing Director's report, the Company's financial performance in 2025 drastically reduced from that of prior year. Lack of any Government orders meant that the Public schools segment was largely locked out for Jomo Kenyatta Foundation leaving her to compete with other publishers on the very small private schools market.

### **Financial Highlights**

The Foundation realised a reduced gross revenue of Kshs. 24 million in the year which in turn reduced the bottom line to a loss of Kshs. 167.2 million from a loss of Kshs.303.5 million the previous year.

The year under review represented the 20<sup>th</sup> cycle of operation of performance contract signed between the Board of Directors of The Jomo Kenyatta Foundation and the Government. JKF is looking forward to a GOOD rating once the evaluation is carried out.

### **Corporate Social Responsibility**

The Jomo Kenyatta Foundation subscribes to the principle and practice of responsible corporate citizenship and endeavours to collaborate with like minds in the society. During the year under review, The Foundation donated books valued at Kshs. 0.3 million to various schools and institutions in the country.

### **Partnerships**

Jomo Kenyatta Foundation has continued to collaborate with various Institutions and Forums on various matters. Of worth noting is Jomo Kenyatta Foundation Scholarships Beneficiaries Association (JKFSBA). Though still at the formative stage, JKFSBA is sponsoring some students through our Scholarships programme. Rotaract Club of Nairobi Central has supplied sanitary towels to girls in our scholarship programme, while East Africa Philanthropic Network (EAPN) has continued to offer training and advice on scholarship matters. The Foundation has also embarked on establishing partnerships with both private and public institutions to explore ways of raising funds to enhance and support the scholarship programme to increase the number of beneficiaries.



## **Organization Restructuring**

The Government through MoE has undertaken a wide range of policy and institutional reforms in the recent past with a view to improving performance and enhancing service delivery in the education sector. The Taskforce on Presidential Working Party on Education Reform (PWPER) has recommended the establishment of Kenya Basic Education Bursary and Scholarship Council as a successor to The Jomo Kenyatta Foundation. After successful implementation of a pilot program of 1<sup>st</sup> Cohort of 3,000 students, the Foundation was awarded the second cohort of 11,000 students to administer through the Elimu Scholarship programme. In addition the Foundation has been earmarked for dissolution on the ongoing State Agencies reform which is still in process.

## **Strategic Plan Formulation**

The current Strategic Plan 2019/2023 ended in the year under review and with the proposed material change in the operations and functions of the Foundation we formulated a new Strategic Plan for the next five years which is currently under approval of the Ministry. This will incorporate the new roles as a Council and also align the plans with the new Government “BETA” Priority areas and MTP IV.

## **Acknowledgement**

On behalf of the Board, I would like to thank our customers, suppliers, staff and through the Ministry of Education, other Government agencies like The National Treasury, State Corporation Advisory Committee, Kenya Institute of Curriculum Development and Development Partners specifically the World Bank and Global Partnership for Education for their efforts and advice that enabled the Company to carry out its business for the year under review. My special thanks go to the entire Board of Directors for providing diligent policy guidance and direction for the prudent management of the Company’s affairs. I wish to pay tribute to School Principals and beneficiaries for being patient when the fees delayed due to liquidity hitches as well as the authors of the various publications that comprise the Company’s core products.

I also wish to thank The Jomo Kenyatta Foundation Scholarship Beneficiaries Association (JKFSBA) mentioned above for their support in funding the scholarship programme. Above all, I thank God for seeing us through the year and look forward to a greater future.

Thank you and God bless.

A handwritten signature in cursive script, appearing to read 'Rose Waruhiu'.

**HON. MRS. ROSE WARUHIU, EBS, OGW**

**CHAIRPERSON**



## **8. REPORT OF CHIEF EXECUTIVE OFFICER**

I take this opportunity to report the performance of The Foundation for the twelve months ended 30<sup>th</sup> June 2025.

### **Financial Performance**

In FY 2024/2025, the Foundation realized gross revenue amounting to Kshs. 24.9 million, which was 79% lower than revenue realized in prior year of Kshs.117 million. The development of new titles for the CBC curriculum and the change in the books distribution model has affected our cost of sales, which reduced by 24% from Kshs.118 million to Kshs.111 million. The resultant net effect was a gross loss of Kshs. 73.4 million from a profit of Kshs. 18.6 million in prior year.

Operating income reduced from Kshs. 18 million in previous year to Kshs. 73 million in the year under review whereas operating expenses reduced slightly from Kshs. 420million in the year ended 30 June 2024 to Kshs. 296 million in the current year. The net result of these changes was a loss of Kshs. 167.2 million in the year under review compared to a loss of Kshs. 303.5 million in previous year.

### **Operating Environment**

The Foundation's principal mandate has remained as Advancing education and Alleviation of poverty. These activities are carried out through the core functions of publishing and scholarship provision driven by expansion of the revenue base through research and Development. The book industry being a liberalized market is highly competitive. JKF has endeavored to have and maintain its fair share of the market and look into other income generating activities.

As part of the education sector reforms, the GoK rolled out the Competency Based Curriculum (CBC) in phases, changed to one book per subject policy and reviewed the books distribution model and adopted the direct acquisition from publishers. All these changes and others in the wider public sector posed challenges while at the same time offering opportunities for the Foundation.

The Government of Kenya (GOK) through the Ministry of Education (MoE) has undertaken a wide range of policy and institutional reforms in the recent past with a view to improving performance and enhancing service delivery in the education sector.



The Taskforce on Education Reforms “Presidential Working Party” has recommended for the establishment of Kenya Basic Education Bursary and Scholarship Council which will succeed the Foundation. This has already taken effect and the Foundation was awarded the second cohort of 11,000 students to administer through the Elimu Scholarship programme. This is in line with the government development agenda and priority areas as outlined in the Kenya Vision 2030, Medium Term Plan (MTP III), Government Priority Areas and Sustainable Development Goals (SDGs).

### **Publishing, Research and Development**

In the 2024/2025 Financial Year, the Department continued to deliver on its mandate of publishing other instructional materials for all levels of education in Kenya, including tertiary and general readership. New products for the new Competency-Based Curriculum (CBC) were not rolled out for Grade 8 in the various learning areas as the Foundation scaled down on book publishing to concentrate on Elimu Scholarship Administration. The digital press continued to attract customers though at a lower level in the service jobs sector, thereby boosting revenue.

JKF partners with various e-platforms for e-sales namely Worldreader, e-Kitabu and Snaplify. Minimal growth in revenue was registered on these platforms..

### **The JKF Scholarships Scheme**

In the year, the Foundation was allocated 11,000 beneficiaries for scholarship award under Ministry of Education Elimu Scholarship. The students were selected from 45 Counties and Turkana Refugee Camp and the students are in school. The students are under the Kenya Primary Education Equity in Learning Programme (KPEELP) funded by the World Bank. The Scholarship caters for all basic needs for the learner to complete secondary education.

### **Legal Framework**

In the year under review, the legal department has executed several legal instruments including leases, contracts and agreements. The department also ensured that the Company continued to fully comply with all the legal and statutory requirements while conducting its business operations.



With the new development on Bursaries and Scholarship administration it's expected there will be many changes in the legal frameworks of the Foundation and the department will come in handy to develop new policies and legal structures in collaboration with the Ministry and Attorney General Office.

### **Staff Welfare and Development**

JKF participated in various forum on staff welfare for purposes of motivating staff. This is together with effecting annual salary increments as they fall due. During the year under review, staff were appraised based on 2024-2025 targets set at the beginning of the financial year. However, those who failed to meet the agreed targets were sanctioned as per reviewed JKF Terms and Conditions of Service of 2017.

### **Internal Audit Department.**

The department is an independent review function that reports administratively to the Managing Director and functionally to the Board of Audit Committee. It is mandated to undertake independent internal audits aimed at providing assurance that appropriate institutional policies and procedures and good business practices are followed by the entity. The department is also charged with coordination of Risk Management process and maintenance of the organization's Risk Register. In the year under review, the department carried out various audit assignments as per the approved annual audit plan, made appropriate recommendations and offered the requisite advice for the implementation of the recommended actions. Internal Audit is also a key pillar to the organization's corporate governance process, through evaluation and improvement of risk management, continuous improvement of internal controls, ensuring accountability, monitoring accomplishment of organization strategic goals and maintenance of corporate values. We thank God for a successful year and look forward for better results in the coming years.

May God bless you.

A handwritten signature in black ink, appearing to read 'David K. Mwaniki', written in a cursive style.

**MR. DAVID K. MWANIKI**

**MANAGING DIRECTOR/SECRETARY TO THE BOARD**



## 9. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED

### OBJECTIVES FOR FY 2024/25

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

Jomo Kenyatta Foundation has 5 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2023/2024. These strategic pillars are as follows:

Pillar 1: Scholarships

Pillar 2: Business Development

Pillar 3: Quality products & Services

Pillar 4: Operational Efficiency

Pillar 5: Organizational Capacity

Jomo Kenyatta Foundation develops its annual work plans based on the above five pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Jomo Kenyatta Foundation achieved its performance targets set for the FY 2023/2024 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Scholarships	To increase scholarship beneficiaries from 400 in 2018 to 5000 by 2025	Allocate at least 35% of JKF profit to scholarship fund.	Strengthen fundraising to support increased scholarship beneficiaries	Increased in the number of scholarship beneficiaries from 117 to 14,000 under the Elimu Scholarship
		Provide lunch for scholarship beneficiaries	Engage alumni in fund raising	
Business Development	To increase revenue from Kshs 492 Million p.a in 2018 to Kshs 1.7 billion by 2024	Increased revenue from sale of books.	Diversify markets, target government, and Counties segment.	Revenue achieved in the year Kshs 24.9 million



	To increase customer satisfaction from 74% in 2018 to 85% by 2024	Review sales and credit policies	Review JKF pricing model	Design and implementation of an interactive website
Quality products and services	To publish customer focused educational materials  To provide quality editorial and printing solutions	Attraction and retention of competent authors.  Enhance KICD and other curriculum development agencies approval rating	Publish for the CBC curriculum for various levels including primary, secondary levels  Acquisition of state of the art digital printing press.	Publishing of Grade 7 books under the new curriculum  Royalties worth Kshs 1.2 million provided for in the financial year.
Operational Efficiency	To reduce operational costs to total turnover ratio from 92% in 2019 to 80% by 2024	Implement new business processes, policies and procedures	Train staff on ISO 9001: 2015  An upgraded website with e-learning capacity in place	ISO audits done and certification in place. Leverage on technology JKF uses ERP for operations
Organizational Capacity	To attract and retain productive workforce  To promote good corporate image	Review staff performance management system (PMS) and automate  Business continuity	Enhance staff capacity and development  Develop a business continuity and recovery policy and plan	An updated and automated PMS in place Motivated & productive staff  Policy and plan in place



## **10. CORPORATE GOVERNANCE STATEMENT**

The Jomo Kenyatta Foundation was incorporated under the Companies Act as a company limited by guarantee on 2<sup>nd</sup> March 1966. The principal activity of The Foundation is to advance education and knowledge. The principal stakeholder, The Government of Kenya, provided the initial capital to establish The Foundation and appoints members to the Board to carry out the mandate. The Board of Management implements effective governance through processes and policies intertwined with the core values and ethics as espoused in the Code of Ethics, which was revised, based on the Leadership and Integrity Act, 2012. The Board and Management undertook trainings on corporate governance, induction and strategic planning in the financial year 2023. Corporate governance is a key element contributing to Foundation sustainable business success and is highly regarded at the Foundation.

### **THE BOARD**

The Board of Management is responsible for providing overall leadership through oversight, review and guidance in addition to setting the strategic and policy direction. It is the primary decision-making organ for all policy matters of the Foundation. The Board is endowed with the appropriate mix of skills, knowledge and experience to perform its duties effectively.

The Board continues to offer oversight and review matters related to their duties including the Foundation's strategy, financial performance, corporate governance, ensuring the maintenance of sound internal control system and risk management framework, delegation and monitoring of the authority for expenditure and commitments.

### **Board Composition**

The Board has Nine (8) members; the Chairperson, six independent directors and three directors representing various governmental agencies and the Managing Director. Mrs. Hon. Mrs. Rose Waruhiu (BOD Chairperson) was appointed in July 2022. The Board meets the 30% gender equity threshold for gender equity.



### **Role of the Chairperson and Chief Executive Officer**

The separate roles of the Chairperson and the Chief Executive Officer are clearly defined in the Board Charter, which was approved by the Board. Except for the strategic direction and general policy guidance, the Board has delegated the conduct of the day-to-day business to the Chief Executive Officer.

### **Succession Planning**

The Foundation has an established succession plan geared to ensuring continuation of business operations at all levels of the Board and Management. The terms of the members of the Board of Management are scheduled to end at different times.

### **Board Evaluation and Performance**

The Foundation conducts an annual evaluation to assess its effectiveness in discharging its mandate. The process entails a self-evaluation for each director, evaluation of the Chair to the Board on the overall Board interactions and conduct of business meetings and evaluation of the Chief Executive Officer.

### **Board Meetings and Attendance**

The full Board meets on a quarterly basis and has a formal schedule of matters to be discussed. The directors receive appropriate and timely reports to facilitate informed deliberations and decision-making. The Board promotes an environment of innovative thinking, consultation, cordial relations, information sharing and openness in communication. The Board has an opportunity to meet with all the staff on annual basis in December.

### **Board Committees**

The Board has three standing committees with specific delegated authorities and terms of reference. These are Board Audit Committee, the Board Finance and General Purpose Committee and Board Staff Committee. The Board Committees meets once on quarterly basis. The respective Committee Chairmen present their reports to the full board at the quarterly basis. The details of these committee and memberships are highlighted below.



### **Board Staff Committee**

The committee is responsible for matters concerning the human capital that includes, consideration of terms and conditions of service, organizational structure, employee remuneration, appointment of employees at management level and above, handling management staff disciplinary cases, preparing the employees in the Foundation for the desired changes in working styles, attitudes and ethics among others.

### **Board Finance and General Purpose**

The Finance Committee plays a vital role in assuring the integrity of the financial statements before they are reviewed and approved by the full Board. It reviews and recommends for approval the quarterly and annual accounts. It also undertakes the monitoring and evaluation of the implementation of strategies, policies, management performance criteria and business plans on a regular basis; ensuring that adequate resources are employed to realise the goals and objectives of the Foundation. It is also charged with the role of considering the Foundation's annual and supplementary budgets and recommending them to the Board for approval. The committee assesses the adequacy and effectiveness of the internal controls and financial management procedures and overall compliance with financial regulations.

### **Board Audit Committee**

The Audit Committee is responsible for continually evaluating the effectiveness of the internal control system and receives reports from the Internal Audit function on a quarterly basis. It reviews aspects relevant to governance, internal control procedures, risk management and internal audit. It also reviews external auditor's reports and management responses. The Internal Audit function reports directly to the full Board through the Audit Committee.

### **The Board Term of Service**

The Board members serves for a term of three years and are eligible for re-appointment for one further term. These members were appointed by their nominating institutions and gazetted in the Kenya Gazette by the Cabinet Secretary, MoE for a term of three years. The Principal Secretaries alternates are nominated by their respective Ministries/ Department.



### Directors Participation in Meetings

The table below shows the attendance at meetings during the year ended 30 June 2025:

	Name	Status No. of Meetings	BOD/SPECIAL BOD MEETING	BAC	BSC	FGPC
1	Hon. Mrs. Rose Waruhiu	Chairperson	9	-	-	-
2	Mr. Ambaka J.Kilinga	Retired May 2023	1	-	-	-
3	Mrs. Lilly Kipesa	Director	1	-	-	-
4	Mrs. Rael Kigen	Director	1	-	-	-
5	Mr. John Kamuiru	Director	1	-	-	-
6	Ms. Consolata Rop	Director	10	4	3	3
8	Mr. Bonface Ngige	Alt. Director Treasury	4	3	1	
9	Mr. Peter M. Ringine	Director	10		3	2
10	Ms. Pamba Juma	Director	10	5		3

BOD - Full Board

BAC- Board Audit Committee

BSC-Board Staff Committee

FGPC- Finance and General Purpose

### Staff Remuneration

Staff remuneration is based on the sustained performance by the employees and is subject to the approval of the Board and the Salaries and Remuneration Commission and the budget. Year-end rewards and benefits are commensurate to the overall performance for the Foundation in monetary terms. The Foundation undertakes a comprehensive annual staff appraisal against their pre-agreed targets and objects and this informs the individual performance and contribution to the company performance and achievement of the overall goals.



## **Conflict of Interest**

The directors and employees have a fiduciary duty to make a full and fair disclosure of all matters that could reasonably be expected to impair the objectivity or interfere with the execution of their duties to the Foundation. They are required to absent themselves from discussion or decisions on those matters, unless resolved otherwise by the remaining members of the Board.

## **Directors' Remuneration**

The Foundation pays members of the Board such taxable sitting allowance as may be approved by the Cabinet Secretary for Education, Science and Technology, following guidelines from the State Corporations Advisory Committee and Salaries and Remuneration Commission. The sitting allowance is payable when a member attends meetings of the Board or Committees and when on official duty in and outside the Country. The Chairman of the Board is paid honoraria as approved by the Government on monthly basis. The payment of sitting, travelling and lunch allowance is also based on the approved rates by the Government of Kenya. The Foundation does not grant personal loans or guarantees to directors.

## **Internal Controls**

The Board is committed to establishing and monitoring a risk management framework and to controlling its business and financial activities with a view to maximizing profitable business opportunities and ensuring compliance with legal and regulatory requirements. The Board assesses the effectiveness of the Foundation internal control systems on a quarterly basis.

## **Directors Induction and Development**

Upon appointment, directors are provided with information regarding their roles and responsibilities to various stakeholders, all pertinent information about the Foundation and its operations, as well as information on their statutory obligations particularly in view of the fact that the Foundation is a Government entity. In addition to the induction information provided, opportunity for training in corporate governance as well as emerging trends that have an impact on the business of the Foundation is provided for all directors.



### **Communicating with Stakeholders**

The Board aims to ensure that stakeholders who include the Government, Suppliers, Scholarship Beneficiaries, Authors, Customers, and Development Partners are informed of all material information relating to the Company by communicating to them through:

- Continuous disclosure reporting;
- Its annual reports; and
- Media releases and other publications on the Foundation website.

In addition, the Company provides other information about itself and its governance via its website [www.jkf.co.ke](http://www.jkf.co.ke)

### **Procurement**

Since JKF is a Public Entity under the law, JKF adheres to the Public Procurement and Asset Disposal Act, 2015 together with Regulations under the Act.

### **Going Concern**

The Board confirms that the company has adequate resources to continue in business in the future. Based on this reason, the Board continues to adopt the going concern basis when preparing the financial statements.

A handwritten signature in cursive script, appearing to read 'Rose Waruhiu', is written in dark ink.

**HON. MRS. ROSE WARUHIU, EBS, OGW  
CHAIRPERSON**



## 11. MANAGEMENT DISCUSSION AND ANALYSIS

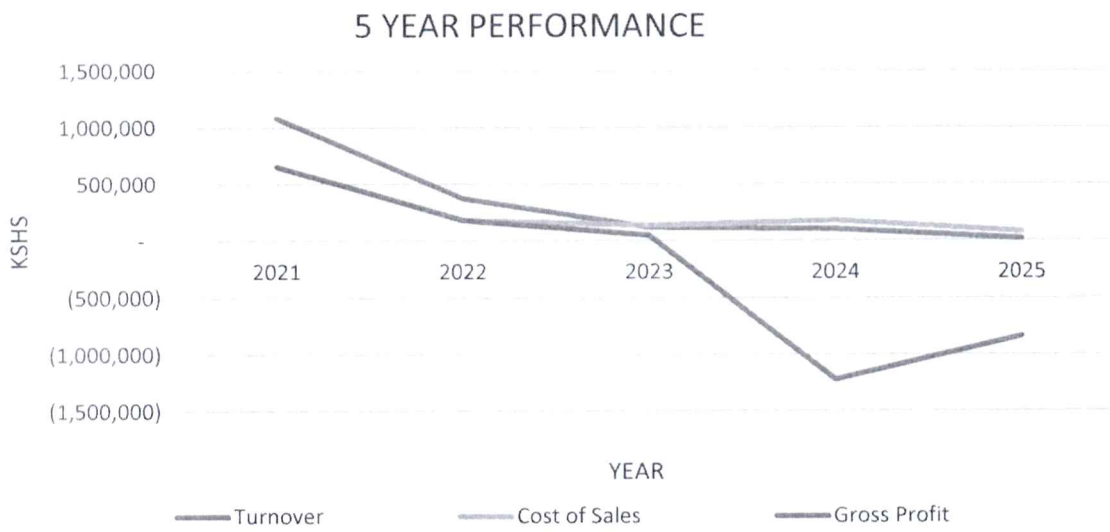
### FINANCIAL HIGHLIGHTS

There has been a decline in revenue in the last two years due to lower sales in Government Sector as JKF was not awarded any repeat order during the year under review and there is also drastic reduction on open market sales as our books have been rendered obsolete due to curriculum framework review. JKF is on transition to the new mandate on Scholarship Administration hence the scaling down of publishing activities. The reduced revenue resulted into a loss as indicated below.

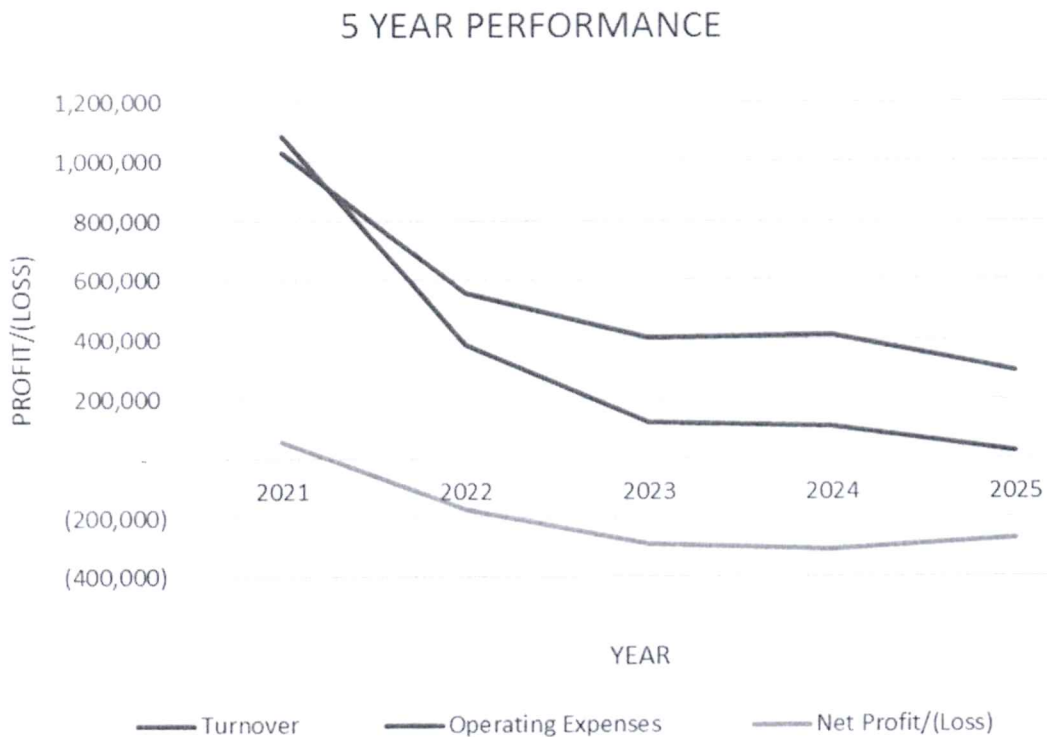
<b>SUMMARY OF PERFORMANCE FOR THE PERIOD ENDED 30 JUNE, 2025</b>					
Year	2025	2024	Change	Change%	Trend
	Kshs.'000'	Kshs.'000'			
Gross Turnover	24,948	116,941	(91,994)	-79%	↓
Recurrent Grants Received	100,000	-	100,000	100%	↓
Operating Expenses	296,128	420,484	(124,355)	-30%	↓
Net Loss	(167,160)	(303,547)	36,387	-11%	↓
Elimu Scholarship Expenses	917,159	1,401,544	110,417	77%	↓

Overall financial performance has been on a steady decline reducing gross revenue from Kshs 117 million in FY 2024 to Kshs.24 million in FY 2025. During the same period, the recurrent expenditure has also steadily reduced though at a lower rate from Kshs.420 million FY 2024 to Kshs.296 million FY 2025. as indicated in the table above.

The five-year Performance from 2021 to 2025 on Gross Revenue, Operating Expenses and Net Profit/ (Loss) are as indicated in the following graphs.



### FIVE-YEAR NET PROFIT PERFORMANCE.





## **SECTION A**

### **The entity's operational and financial performance**

The cumulative revenue for the period ended 30<sup>th</sup> June 2025 was Kshs. 24.9 million compared to the previous year revenue of Kshs. 117 million during the same period. The major factor on this reduction was JKF was not awarded any titles for Government projects greatly affecting the revenues as there were minimal sales made in the open market. Currently the Foundation mostly relies on Government allocation on administration of Elimu Scholarship Programme. The Foundation as a result recorded a cumulative net operating loss of Kshs.167.2 million, compared to the previous year loss of Kshs. 305 million.

The Government allocated Ksh 100 million in year to clear outstanding staff obligations which was insufficient prompting the management to resubmit a supplementary request which was not considered in the year. Also, earlier this year, we received a letter from The Multi-Agency Taskforce on dissolution of State Corporations arising from the Cabinet decision, that JKF is one of the State Corporations earmarked for dissolution. This was to happen as per the circular in this financial year but we are yet to receive any feedback on the progress. JKF is mainly engaged in the administration of Elimu Scholarship programme as we scaled down on book publishing business.

## **SECTION B**

### **Entity's compliance with statutory requirements**

The Company adheres to the Corporate Governance Guidelines issued by the Capital Markets Authority in Kenya to ensure compliance with the principles of Corporate Governance. As a State Corporation, JKF is also governed under the Mwongozo guidelines. In addition, the Company endeavors to fulfil its legal obligations in line with its principal mandate. All statutory deductions are effected and are remitted to the relevant agencies as per the Act and as they fall due. However as at the end of the period the Foundation had not fully complied with remittance of all statutory



obligations due to cashflow challenges being experienced due to low sales revenues and limited allocation from the Government.

## **SECTION C**

### **Key projects and investment decisions the entity is planning/implementing**

The Foundation formulated a draft 2023/2028 strategic plan awaiting Government approval which will act as a guide in growing the revenue streams and align it to government Agenda and the expected revised mandate. The Board of Directors are optimistic that the Company will revert to its growth momentum as the new strategic plan once implemented in the coming financial years.

## **SECTION D**

### **Major risks facing the entity**

Risk management is carried out by the Finance and Audit department under policies approved by the Board of Directors. The Board provides principles for overall risk management

#### **a) Market Risk-Foreign exchange risk**

The company undertakes certain transactions denominated in foreign currencies. Therefore, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed on the basis that the company receives its revenue at exchange rates which would guarantee a similar amount upon translation as would have been received at the date of transaction hence providing a material degree of effective internal hedging. However, where the transactions are denominated in dollars, the payment is received through a dollar account.

#### **b) Credit Risk**

Credit risk arises from cash and cash equivalents as well as trade receivables and balances due from related parties. To reduce the risk, bank balances are held with credible financial institutions and are fully performing. Trade receivables are due from customers with good credit rating where those with large amounts on credit provide bank guarantee on the debt advanced.



### **c) Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash to meet company obligations. The company manages this risk by maintaining adequate cash balances in the bank, continuously monitoring cash projections and actual cash flows while maintaining an overdraft banking facility. In the year under review the Foundation is under pressure to meet its current financial obligation including staff emoluments obligation. In mitigation the Foundation has requested the Government through the MoE for financial aid which is under consideration.

## **SECTION E**

### **Material arrears in statutory/financial obligations**

Due to cashflow challenges the Foundation is in arrears in terms of staff statutory deductions and contributions in addition to other financing obligations owed to other suppliers. The Foundation operates a Staff Provident Fund managed by Kenindia Insurance Company and all the deductions (both employee and employer) are promptly to be remitted on the following month following the month of deduction subject to availability of funds. JKF is in arrears in remitting staff payroll obligations but have requested for a bail out from the Government. Currently, JKF has a loan facility of Ksh 50 million with KCB after the conversion of the approved overdraft facility which is active as of now with a balance of Ksh 39.7 million.

## **SECTION F**

### **The entity's financial probity and serious governance issues**

The Foundation has no financial improbity as at end of the June. There are no adverse issues mentioned by the auditor or any other regulatory body.



## **12. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The Foundation is currently aligning its strategic plan to the MTP III of Vision 2030 which defines its CSR statement.

### **SUSTAINABILITY STRATEGY AND PROFILE.**

The Sustainability Report for FY 2024/2025 is organized to reflect the financial, economic, social and environment achievements that the Foundation has delivered on and to show where our sustainability efforts are now focused in terms of priority.

#### **Budgets.**

The National Treasury prepared and implemented the Medium-Term Expenditure Framework (MTEF) by involving stakeholders in the entire budgetary cycle as provided for in the PFM Act, 2012. The Foundation submits its programme-based budgets reports to the National Treasury through MoE as per the budgetary timelines.

The current approved budget realization over the period are not sufficient to allow the Foundation to undertake all its core activities. Engagements with the MoE & the National Treasury will be sustained to ensure adequate funding for planned activities.

The World Bank programmes through the MOE have been directly committed in conducting scholarship activities.

#### **Financial Reports.**

The Foundation ensured that financial discipline was exercised throughout the period under review. As a State Corporation, the Foundation reports its financial performance to the National Treasury through MoE by submitting quarterly reports in the following month after the stated Quarter. The annual audited financial statements are submitted to Parliament through the Public Investment Committee.

#### **Performance Contract Management.**

The Foundation adheres to the performance contract management as per the government policy through the Ministry of Education (MoE). It reports its performance to the Performance Contracting Department by submitting quarterly reports. The Foundation scored a composite score of 3.6806 in the Performance Contract evaluation of the FY 2023/2024 which is equivalent to score of "Fair". This was conducted online and disseminated through the Report on Evaluation of Performance of Ministries, State Corporations and Tertiary Institutions for FY 2023/2025.

The Foundation attained ISO 9001:2015 certification through the Kenya Bureau of Standards (KEBS) on 8th February 2020. The Quality Management System (QMS) has been maintained through regular internal audits and surveillance audits. Through the implementation of the QMS requirements, the Foundation has achieved enhanced efficiency and effectiveness in its operations and at the same time meeting the customer expectations.



## **ENVIRONMENTAL PERFORMANCE**

The Foundation remains keen on compliance with the Occupational Safety and Health Act 2007. This is achieved through continuous sensitization on safety in addition to initiatives to optimize workplace ergonomics and productivity.

### **Environmental Polices.**

These include compliance to the Occupational Safety and Health Act 2007.

### **Occupational Safety and Health.**

Polices were developed for Prevention and management of accidents and occupational diseases. The Foundation complies with the Workman Compensation Act and ensure the staff members are adequately insured from industrial accidents.

## **EMPLOYEE WELFARE**

The Foundation continues to attract and maintain competent staff through competitive means to enable us to realize our objectives. The employees are remunerated with compensation and benefits as guided by the Salary Remuneration Commission (SRC).

### **Recruitment of Staff members.**

The Foundation complies with the Government Circulars on equal opportunities when conducting recruitment and promotions respectively for various positions in line with the Presidential initiatives on national values.

The Foundation maintains a competitive hiring process, may it be through internal or external advertisement based on the required threshold The Foundation gender ratio is well above the two thirds required by the Constitution of Kenya and other related laws and regulations. The employee management and engagement is undertaken on a quarterly basis.

We undertake sensitization session, to the employees and their families in relation to employee health and wellness stress management, Breast Cancer awareness. Gender mainstreaming, offer free voluntary HIV/AIDS counseling and testing among other programs.

## **MARKET PLACE PRACTICES**

### **i) Responsible competition practice**

The Foundation does its business within the parameters of ethics and values. The Foundation is compliant and has ensured that non-competitive practices are completely eliminated from all its transactions. The Foundation adheres and promotes anticorruption practices, responsible political environment, fair competition and respect for the competitors in the publishing and printing industry.

### **ii) Responsible Supply Chain and supplier relations**



The Foundation being a commercial state corporation and driven by the need to obtain value for money, engages in competitive tendering as per the provisions of the Public Procurement and Disposal Act, 2015 and its attendant regulations of 2022. The suppliers are treated fairly and payments are made based on the aging of the invoice. The contracts for suppliers are honored based on the delivery of the goods and services in question.

iii) Responsible marketing and advertisement

The Foundation being a trading state corporation ascribes to fair, ethical trade and marketing practices. Foundation does not engage in trade and marketing practices that jeopardize the interest of organizations or competitors.

iv) Product Stewardship

Mainly the Foundation publishes and prints education and knowledge materials, which are of high quality and ensure that the consumer rights are safeguarded. The Foundation also offers competitive print solutions to Government and private firm, and individuals.

**CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENTS**

We recognize that we exist to serve our customer's/citizens. We operate in a unique and dynamic business environment, where customers have remained central to organization growth and sustainability. It is therefore critical for the Foundation to direct its communications and engagement programs to effectively address different needs and expectations of the stakeholder.

The book donation has continued to make remarkable and valuable contribution in ensuring access to educational materials and improving quality for the disadvantaged schools in all corners of the Country. Books donated are used to stock the libraries and hence uplifting the reading culture.



### **13. REPORT OF THE DIRECTORS**

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

#### **i) The Principal Activities**

The Principal Activities of Foundation are publishing of school textbooks and other educational materials and providing scholarships to the bright and needy students in secondary schools in Kenya.

#### **ii) Results**

The results for the period ended 30<sup>th</sup> June, 2025 are set out on page 1.  
The net loss for the period is Kshs. 167.2 million (2024: Loss of Kshs.303.5 million).

#### **iii) Appropriation of Profits**

The Foundation is a company limited by guarantee and in accordance with its Memorandum and Articles of Association has set up a scholarship fund to assist in meeting the school fees needs of bright but needy students.

#### **iv) Directors**

The Directors who served during the year are as listed in the Key Entity Information Section of this report Page vii.

#### **v) Auditors**

The Auditor - General is responsible for the statutory audit of the Foundation in accordance with Article 229 of the Constitution of Kenya 2010 and the Public Audit Act 2015

By order of the Board

**MR. DAVID K. MWANIKI**

**MANAGING DIRECTOR/SECRETARY TO THE BOARD**



#### **14. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and the Companies Act 2015, require the Directors to prepare financial statements in respect of the Foundation, which give a true and fair view of the state of affairs at the end of the financial year and the operating results of the Foundation for that year. The Directors are also required to ensure that the Foundation keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Foundation. The Directors are also responsible for safeguarding the assets of the Foundation.

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

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

The Directors accept responsibility for the Foundation's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the Companies Act, 2015 .

The Directors are of the opinion that the Foundation's financial statements give a true and fair view of the state of Foundation's transactions during the financial year ended June 30,



2025, and of the Foundation's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Foundation, which have been relied upon in the preparation of the Foundation's financial statements as well as the adequacy of the systems of internal financial control.

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

### **Approval of the financial statements**

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

A handwritten signature in black ink, appearing to read 'Rose Waruhiu', is positioned to the left of the signature of David Mwaniki.

A handwritten signature in black ink, appearing to read 'David Mwaniki', is positioned to the right of the signature of Rose Waruhiu.

**HON. MRS. ROSE WARUHIU, EBS, OGW  
CHAIRPERSON**

**MR. DAVID MWANIKI  
MANAGING DIRECTOR**

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
Anniversary Towers  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON THE JOMO KENYATTA FOUNDATION FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of The Jomo Kenyatta Foundation set out on pages 1 to 53, which comprise of the statement of financial position as at

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*Report of the Auditor-General on The Jomo Kenyatta Foundation for the year ended 30 June, 2025*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of The Jomo Kenyatta Foundation as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

## **Basis for Qualified Opinion**

### **1.0 Inaccuracies in the Financial Statements**

The financial statements for the year under review contained the following inaccuracies:

#### **1.1 Inaccuracy in the Statement of Cash Flows**

The statement of cash flows reflects decrease in cash flows for the year of Kshs.1,409,000 instead of the re-computed balance of decrease of Kshs.165,458,000, resulting to an unreconciled variance of Kshs.164,049,000.

#### **1.2 Inaccurate Elimu Scholarships Grant**

The statement of profit or loss and other comprehensive income reflects comparative amount for Elimu Scholarships Grant of Kshs.1,401,539,000 as disclosed in Note 4b to the financial statements. However, the audited amount is Kshs.1,401,544,000, resulting to an unreconciled variance of Kshs.5,000. Further, the amount of Kshs.1,401,539,000 varies with the Note 4b comparative amount of Kshs.178,621,000, resulting to an unreconciled variance of Kshs.1,222,918,000.

#### **1.3 Inaccuracies in Cash and Cash Equivalents Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.498,000 as disclosed in Note 17a to the financial statements, out of which Kshs.3,347 is in respect to cash balance in head office account. However, the re-computed head office cash balance is negative Kshs.194,553, resulting to an unreconciled balance of Kshs.197,900.

In the circumstances, the accuracy, completeness of the financial statements could not be confirmed.

## **2.0 Unsupported Adjustment to Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.737,545,000 as disclosed in Note 22 to the financial statements, after adjustment by Kshs.1,844,888,000 from the original balance of Kshs.2,582,433,000. However, the adjustment was not supported by a journal voucher explaining its nature.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.737,545,000 could not be confirmed.

## **3.0 Long Outstanding Receivables**

The statement of financial position reflects Kshs.175,104,000 in respect to trade and other receivables which includes Kshs.45,661,000 relating to trade receivables as disclosed in Note 16 to the financial statements. However, the trade receivables balance includes receivables balance of Kshs.43,910,000 which had been outstanding for more than one (1) year.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.43,910,000 could not be confirmed.

## **4.0 Material Uncertainty Related to Going Concern**

The statement of financial position reflects current assets and liabilities of Kshs.207,435,000 and Kshs.779,073,000 respectively, resulting to negative working capital of Kshs.571,638,000. In addition, the statement of financial performance reflects a net loss of Kshs.167,160,000 and accumulated losses amounting to Kshs.934,388,000 which have resulted in substantial erosion of the net worth of the Foundation.

In the circumstances, a material uncertainty exists that casts doubt on the Foundation's ability to continue as a going concern. Further, the Foundation may be unable to meet its financial obligations as and when they fall due and is therefore technically insolvent.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual on a comparable basis of Kshs.1,673,054,000 and Kshs.967,567,000

respectively, resulting to under collection of Kshs.705,488,000 or 48% of the revenue budget. Similarly, the Foundation spent Kshs.Kshs.1,125,823,000 against a budget of Kshs.1,688,530,000, resulting to an under-expenditure of Kshs.562,707,000 or 33% of the expenditure budget. Further, the Foundation spent a balance of Kshs.1,125,823,000 against actual receipts of Kshs.967,567,000, resulting to over-utilization of Kshs.158,256,000 or 16% of actual receipts.

In the circumstances, the under expenditure and under collection may have affected service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern sections, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

### **Unresolved Prior Year Matters**

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Foundation in 2024/2025 revealed that the following six (6) issues remained unresolved as of 30 June, 2025:

<b>No.</b>	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023-2024	Unconfirmed Long Outstanding Trade and Other Payables
2	2023-2024	Material Uncertainty Related to Going Concern
3	2023-2024	Budgetary Control and Performance
4	2023-2024	Long Outstanding Trade and Other Receivables
5	2023-2024	Failure to Remit Statutory Deductions
6	2023-2024	Unapproved Company Policy Documents and Lack of Strategic Plan

### **Other Information**

The Management is responsible for the Other Information set out on pages v to xli which comprise of Key Entity Information, The Board of Directors, Key Management Team, Chairperson's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of

Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### Conclusion

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

### Basis for Conclusion

#### 1.0 Failure to Remit Statutory Deductions

The statement of profit or loss and other comprehensive income reflects selling and distribution expenses of Kshs.52,097,000 and administrative expenses of Kshs.149,837,000 as disclosed in Notes 7 and 8 respectively, all totalling Kshs.201,934,000. Review of the payroll data and other human resource records revealed that the Foundation had not remitted statutory deductions totalling Kshs.99,442,484 to the relevant authorities as summarized below:

S/No.	Item	Amount (Kshs.)
1	Employee contribution on providence fund	39,380,439
2	National Social Security Fund employee contribution	1,673,329
3	National Health Insurance Fund	126,375
4	Pay As You Earn	58,262,341
	<b>Total</b>	<b>99,442,484</b>

This was contrary to Section 38 of the Tax Procedures Act, 2015, (Revised 2022) which states that, 'a person who fails to pay a tax on or before the due date for the payment of the tax shall be liable for late payment of interest at a rate equal to one percent per month

or part of a month or the amount unpaid for the period commencing on the date the tax was due and ending on the date the tax is paid’.

In the circumstances, the Foundation risks paying penalties and interest on the unremitted amount and Management was in breach of the law.

## **2.0 Long Outstanding Payables**

The statement of financial position reflects Kshs.737,545,000 in respect of trade and other payables as disclosed in Note 22 to the financial statements. Review of the aging analysis revealed that payables balance of Kshs.548,115,904 had been outstanding for a period of more than one (1) year. In addition, included in the balance of Kshs.548,115,904 is Kshs.3,856,206 in respect to unremitted withheld VAT. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that ‘an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates’

In the circumstances, there is risk of loss of public funds through litigations, interests and penalties and Management was in breach of the law.

## **3.0 Non-Compliance with the Climate Change Regulations**

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

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

## **4.0 Failure to Conduct Quarterly Stock Takes**

The statement of financial position reflects Kshs.31,833,000 in respect of inventories as disclosed in Note 15 to the financial statements. However, Management did not provide quarterly and annual stock-taking reports in support of the balance, contrary to Section 162 (2) of the Public Procurement and Asset Disposal Act, 2015 which states that, ‘the head of procurement function shall arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the accounting officer’.

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

## **5.0 Staff Earning Net Pay of Less than One Third of Basic Salaries**

The statement of profit or loss and other comprehensive income reflects cost of sales, selling and distribution expenses and administrative expenses of Kshs.78,559,000, Kshs.52,097,000 and Kshs.149,837,000 as disclosed in Notes 5, 7 and 8 respectively, all totalling Kshs.280,493,000. Included in the amount are staff costs of Kshs.193,082,000. Review of payroll records revealed that six (6) employees were earning less than one-third of their basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which provides that the total amount of all deductions that may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds (2/3) of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

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

## **6.0 Non-Compliance with the Law on Affirmative Action**

Review of the Foundation's human resource records revealed that the Foundation had 90 staff in post out of whom only two staff or 2% are persons living with disability, contrary to Section 13 of Persons with Disabilities Act, 2003 which provides that entities should ensure to secure the reservation of 5% of all casual, emergency and contractual employment positions, in both the public and private sectors, for persons with disabilities.

In the circumstances, Management was in breach of law.

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

## **REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **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 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Foundation, so far as appears from the examination of those records; and,
- iii. The Foundation's financial statements are in agreement with the accounting records and returns.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Foundation'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 liquidate the Foundation or to cease its 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 compliance 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 Foundation's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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

**Nairobi**

**25 November, 2025**



**16. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE YEAR ENDED 30TH JUNE, 2025**

		<b>June 2024- 2025</b>	<b>June 2023- 2024</b>
	<b>Notes</b>	<b>Kshs'000</b>	<b>Kshs'000</b>
<b>Gross Turnover</b>	<b>4</b>	17,561	111,548
Cost of Sales	<b>5</b>	(78,559)	(184,929)
Gross Profit/(Loss)		<b>(60,998)</b>	<b>(73,381)</b>
Recurrent Grants Received	<b>4b</b>	100,000	-
Elimu Scholarship Grant	<b>4b</b>	921,180	1,401,539
<b>Other Incomes</b>			
Interest Income	<b>6a</b>	2,860	-
Other Operating Income	<b>6b</b>	4,527	3,999
Gain on sale of Fixed Assets	<b>6c</b>	-	1,394
<b>Total Revenue</b>		<b>967,568</b>	<b>1,333,551</b>
<b>Operating Expenses</b>			
Selling and Distribution Expenses	<b>7</b>	52,097	72,143
Administrative Expenses	<b>8</b>	149,837	146,796
Other Operating Expenses	<b>9a</b>	6,732	8,716
Elimu Scholarship Expenses	<b>9b</b>	917,159	1,401,544
<b>Total Operating Expenses</b>		<b>1,125,825</b>	<b>1,629,199</b>
Profit from Operations		<b>(158,257)</b>	<b>(295,647)</b>
Finance Costs	<b>10b</b>	8,903	(7,900)
<b>Net Loss</b>		<b>(167,160)</b>	<b>(303,547)</b>



### 17. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2025

ASSETS	Notes	June 2024- 2025 Kshs'000	June 2023-2024 Kshs'000
<b>Non- Current Assets</b>			
Plant, Property & Equipment	13	846,989	870,707
Intangible Assets	14	863	1,751
<b>Total Non -Current Assets</b>		<u><b>847,852</b></u>	<u><b>872,458</b></u>
<b>Current Assets</b>			
Inventories	15	31,833	92,525
Trade and Other Receivables	16	175,104	268,757
Cash and Cash Equivalents	17a	498	54,959
<b>Total Current Assets</b>		<u><b>207,435</b></u>	<u><b>416,242</b></u>
<b>Total Assets</b>		<u><b>1,055,287</b></u>	<u><b>1,288,700</b></u>
<b>EQUITIES AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Capital Reserve	18	4,000	4,000
Revaluation Reserves	19	1,142,604	1,142,604
Retained Earnings	20	(934,388)	(1,008,432)
Scholarship Fund	21	63,998	39,990
<b>Total Capital and Reserves</b>		<u><b>276,214</b></u>	<u><b>178,162</b></u>
<b>Current Liabilities</b>			
Bank Loan	17b	41,528	53,052
Trade and Other Payables	22	737,545	1,057,486
<b>Total Capital and Liabilities</b>		<u><b>779,073</b></u>	<u><b>1,110,538</b></u>
		<u><b>1,055,287</b></u>	<u><b>1,288,700</b></u>

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

MR. DAVID MWANIKI  
MANAGING DIRECTOR  
/SECRETARY

MR. SAMMY OMBUKI  
HEAD OF FINANCE  
ICPAK M/NO: 9012

HON.MRS. ROSE WARUHIU,  
OGW,EBS  
CHAIRPERSON



**18. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2025**

	<b>Capital Reserve</b>	<b>Revaluation Reserve</b>	<b>Retained Earnings</b>	<b>Scholarships Fund</b>	<b>Total</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>	<b>Kshs'000</b>	<b>shs'000</b>	<b>Kshs'000</b>
As at 1st July, 2024	4,000	1,142,604	(1,008,432)	39,998	178,162
Net Profit for the Year			(167,160)	-	(167,160)
Scholarships Appropriation (Note 21)			(24,000)	24,000	-
Scholarships Applied (Note 21)			(265,203)	-	(265,203)
Provision written back (Note 20)	-	-	-	-	-
<b>As at 31 June, 2025</b>	<b>4,000</b>	<b>1,142,604</b>	<b>(934,388)</b>	<b>63,998</b>	<b>276,214</b>
As at 1st July, 2023	4,000	1,143,539	(592,216)	34,418	589,740
Net Profit for the Year			(303,547)	-	(303,547)
Scholarships Appropriation (Note 21)			(24,000)	24,000	-
Scholarships Applied (Note 21)			(88,699)	(18,428)	(107,127)
Provision written back (Note 20)	-	(935)	-	-	(935)
<b>As at 30 June, 2024</b>	<b>4,000</b>	<b>1,142,604</b>	<b>(1,008,432)</b>	<b>39,998</b>	<b>178,162</b>

**Capital Reserves:**

Capital Reserves represent the initial seed money invested in the company on incorporation in 1966.

**Revaluation reserves:**

Land, Buildings, Property Plant & Equipment were re-valued by an independent valuer (Gimco Ltd) in July 2022. Valuations were made on the basis of open market values. Book values have been adjusted in these accounts and revaluation surplus credited to the revaluation reserves

**Retained earnings:**

Retained earnings are undistributed cumulative profits made by the company over the years.

**Scholarship fund:**

Scholarship fund represents the unutilised balance of amount appropriated to the scholarship programme.



**19. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE,  
2025**

Description	Notes	2024-2025	2023-2024
		Kshs'000'	Kshs '000'
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	25	(143,690)	31,041
Interest received		(2,860)	-
<b>Net cash generated from/(used in) operating activities</b>		<b>(146,550)</b>	<b>31,041</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	13a	(299)	-
Proceeds from disposal of property, plant and equipment		-	1,753
<b>Net cash generated from/(used in) investing activities</b>		<b>(299)</b>	<b>1,753</b>
<b>Cash flows from financing activities</b>			
Grants Received from Government		921,180	1,761,547
Scholarship Applied		(917,159)	(1,742,869)
Recurrent Grants from Government		100,000	-
Proceeds from borrowings		50,000	-
Repayment of borrowings		(8,472)	-
<b>Net cash generated from/(used in) financing activities</b>		<b>145,549</b>	<b>18,678</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>(1,409)</b>	<b>51,472</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>1,908</b>	<b>(49,564)</b>
<b>Cash and cash equivalents at end of the year</b>	17	<b>498</b>	<b>1,908</b>



**20. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE PERIOD ENDED 30 JUNE, 2025**

	<b>Original Budget</b>	<b>Adjustment</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Performance Difference</b>	<b>Performance %</b>
	Ksh '000"	Ksh '000"	Ksh '000"	Ksh '000"	Ksh '000"	
Gross Turnover	120,498	0	120,498	17,561	(102,937)	15%
Cost of Sales	(95,484)	0	(95,484)	(78,559)	16,924	82%
Gross Profit	25,014	0	25,014	(60,998)	(86,013)	-244%
Other Income	4,243	0	4,243	7,385	3,142	174%
Government Grant	274,923	0	274,923	100,00	(174,923)	36%
Elimu Scholarship Grant	1,368,874	0	1,368,874	921,180	(455,736)	67%
Operating Profits	1,673,054	0	1,673,054	967,567	(705,488)	52%
Distribution Expenses	74,526	0	74,526	52,097	(22,428)	70%
Administrative Expenses	233,498	0	233,498	149,837	(83,661)	64%
Other operating Expenses	11,632	0	11,632	6,729	(4,903)	58%
Elimu Scholarship Expenses	1,368,874	0	1,368,874	917,159	(451,715)	67%
Total Operating Expenses	1,688,530	0	1,688,530	1,125,823	(562,707)	67%
Profit(loss) from Operations	(15,475)	0	(15,475)	(158,256)	(142,781)	1695%
Finance Costs	3,000	0	3,000	8,903	5,903	297%
Net Profit(loss)	(18,475)	0	(18,475)	(167,160)	(148,684)	1468%

**NB: Itemized material variances of actual performance against the final budget are explained in disclosures contained in Note 31.**



## **21. NOTES TO THE FINANCIAL STATEMENTS**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **1. GENERAL INFORMATION**

The Foundation is established by and derives its authority and accountability from Companies Act as a Company Limited by guarantee, wholly owned by the Government of Kenya and domiciled in Kenya. The entity's principal activity is publishing of educational materials and provision of scholarship to needy secondary students.

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

#### **2. STATEMENT OF COMPLIANCE**

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. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the note on the basis and critical accounting estimates and judgments in applying the accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Foundation.

The financial statements have been prepared in accordance with the PFM Act 2015, the State Corporations Act, Companies Act 2015, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

**i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2024.**

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.  The Company does not issue insurance contracts.	Effective for annual periods beginning on or after 1 <sup>st</sup> January 2023.
IAS 8- Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of ‘accounting estimates’ and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.  Application of this amendments does not affect the Foundation	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their <b>material</b> accounting policy information	The amendments are effective for annual periods beginning on or after January 1, 2023.



Policies (issued in February 2021)	rather than their <b>significant</b> accounting policies.  Application of this amendments does not affect the Foundation	
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	The amendments are effective for annual periods beginning on or after January 1, 2023.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020,	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.



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

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

**iii. Early adoption of standards**

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

### (4) Basis of Preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). They are presented in Kenya Shillings, rounded to the nearest thousand (Kshs'000). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below

#### (a) Revenue Recognition

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

- a. Revenue from Sales of goods and services is recognized upon delivery of goods and customer acceptance of the same products and collectability of the related receivables is reasonably assured. Discounts are recognised at the same time as the revenue to which they relate and are charged to profit and loss account.

As per International Accounting Standards 21 on the Effects of changes in Foreign Exchange Rates, revenue realised in foreign currency is initially recognised in the functional, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of the reporting period, foreign currency monetary items are translated using the closing rate.

- b. Finance income comprises of interest receivable from bank deposits and is recognised in profit or loss on time proportion basis using the effective interest rate method.
- c. Rental income is recognised in the income statement as it accrues using the effective lease/rental agreements
- d. Other income is recognised as it accrues



## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

### (b) Property Plant and Equipment

All property, plant and equipment are initially recorded at cost and subsequently shown at market value, based on valuations by external independent valuer less subsequent depreciation and impairment losses.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve, all other decreases are charged to the statement of comprehensive income.

Depreciation is calculated to write down the cost of each asset, or the re-valued amount over its estimated useful life using the following basis and annual rates.

Asset Category	Method	Rate
Leasehold land	straight-line	lease Period
Buildings	straight line	2%
Motor vehicles	reducing balance	25%
Computers & Intangibles	straight line	25%
Office furniture fittings & equipment	straight line	15%
Printing machine	straight line	12.5%

Leasehold land depreciated over 50 years lease period and free hold land is not depreciated. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining their operating profit. On disposal of re-valued assets, amounts in the revaluation reserve relating to that asset is transferred to the retained earnings.

### (c) Intangible assets

All computer software programmes acquired that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the acquisition of identifiable computer software controlled by the company are recognised as intangible assets.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

Amortisation is calculated using the straight-line method to write down the cost of each licence or item of software to its residual value over its estimated useful life using an annual rate of 25%.

### **(d) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted-average-cost basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

The value of inventories is reviewed annually to determine whole or partial obsolescence due to factors such as curriculum change or slow movement of inventory.

The values of inventories affected by curriculum change are written down to nil and an estimate is made for slow moving inventories. The write down values are charged to the statement of comprehensive income.

### **(e) Taxation**

The Foundation is exempt from income tax on all income through the Income Tax Act (cap.470) Section 13(10) and first schedule part 1. Its profits are applied for the payment of scholarships and /or retained to solidify the financial base.

### **(f) Post-employment benefit obligations**

The company operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by Jubilee Insurance Company Ltd. A defined contribution plan is a plan under which the company pays fixed contributions into a separate fund, and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The company's contributions are charged to the statement of comprehensive income in the year to which they relate.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

The Company and all its employees also contribute to the National Social Security Fund (NSSF), which is a national defined contribution scheme. This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently graduated per employee per month as per the new regulations.

The estimated monetary liability for employees' accrued annual leave and staff gratuity entitlement at the balance sheet date is recognized as an expense accrual.

### **(g) Trade Receivables**

Trade receivables are carried at original invoiced amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year-end. Specific provision for doubtful debts is charged to statement of comprehensive income in the year they are identified. Bad debts are written off against the provision when they are determined to be unrecoverable and authorised for write off.

### **(h) Trade payables**

These amounts represent liabilities for goods and services provided to the Foundation prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition for large suppliers and 30 days for small suppliers

### **(i) Cash and Cash Equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

### **(j) Risk Management**

The Company is exposed to credit risk from account receivables arising from credit granted to customers. A Risk Management Committee has been set up to evaluate customers to be given credit facility. Credit limits are granted to customers depending on their turnover for prior years' sales, thereby ensuring that the company only deals with customers who have trading history with the company.

Additionally, large customers are required to provide bank guarantees to mitigate against default.

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the company's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The company manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

### **(k) Exchange rate differences**

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

### **(l) Budget information**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

### **(m) Rounding and Comparatives**

Amounts in the financial report have been rounded to nearest Shs.1, 000 or where such amount is less than Shs.500 to zero. Where necessary, comparatives information have been restated to consistent with disclosures in the current reporting period.

### **(n) 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**

In the process of applying the accounting policies, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

#### **Key Sources of Estimation Uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year:

#### **a) Equipment and Intangible Assets**

The Foundation reviews the estimated useful lives of property, equipment and intangible assets at end of each reporting period. Critical estimates are made by directors in determining depreciation rates for equipment's. The rates used are set in note 1 above.



## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

### **b) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions is included in the notes i.e. Note 12 on Staff leave pay based on balance of leave days at the end of the year and gratuity provisions based on a third of the basic pay as per the JKF Terms and Conditions, Note 15 on provision for stock obsolescence which calculated based on the estimated years to sell the stock held as per the Finance Standard Operating Procedures and Note 16 on provision for bad and doubtful debts as determined by credit control procedures.

### **c) Contingent Liabilities**

The directors evaluate the status of these exposures on regular basis to assess the probability of the Foundation incurring related liabilities. However, provisions are only made in the financial statements were based on the director's evaluation present obligation has been established.

In the opinion of the directors, there is provision required in these financial statements as the liabilities are expected to crystallize amounting to **Ksh. 113,896,691** relating to active cases current in place.

### **d) Going Concern**

The change in the Government policy in book industry have had a negative effect on the performance in the publishing business resulting into the negative working capital. The Foundation has however gone ahead and requested for government support for funds through the Ministry of Education (MOE) to assist in clearing the pending bills. In addition the Government is in the process of reviewing the mandate of the Foundation to be the provider of last resort of scholarships with funding from the Government. The Presidential working party recommended for the same and the Foundation has been awarded the first cohort of 3,000 thousand students to administer for the next four years. The Foundation is a going concern despite its poor financial position.



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

<b>4. Gross Turnover:</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
Sales of Primary Titles	1,218	37,399
Sales of Sec. Titles	10,236	57,007
Sales of Tertiary Titles	636	2,407
Sales of General Titles	3,026	11,689
Sales of ECDE Titles	2	33
Sales of E- Books	71	3002
Sales of Service Jobs	2,372	11
	-	-
<b>Total Gross Sales</b>	<b>17,561</b>	<b>111,548</b>

Turnover comprises gross amount invoiced for sale of books and printing services

**4b. Grants received from National Government**

Description	Period ended	Comparative Period
	June 2025	
	Kshs'000	Kshs'000
Elimu Grants received from State Department of Basic Education	921,180	178,621
Recurrent Grants from National Government	100,000	-
Capital grants realized (see note below)	-	-
In Kind contributions/ donations	-	-
<b>Total</b>	<b>1,021,180</b>	<b>178,621</b>

The Foundation was awarded the administration role for the Elimu Scholarship program under the World Bank funded KEEPL for the first cohort of 3,000 students and the 2<sup>nd</sup> Cohort of 11,000 students. The Funds received from State Department of Basic Education are to cater for provision of fare, pocket money, fees and award of student kits which were acquired from selected suppliers.



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

	<b>2024-2025</b> <b>Kshs'000</b>	<b>2023-2024</b> <b>Kshs' 000</b>
<b>5. Cost of Sales:</b>		
Cost of Sales Primary Titles	1,738	11,398
Cost of Sales Secondary Titles	4,339	33,395
Cost of Sales Tertiary Titles	126	526
Cost of Sales General Titles	535	1,939
Cost of Sales ECDE Titles	1	8
Cost of Sales Service Job	(270)	1,680
Stock Take Adjustments	(735)	60,496
Cost of Sales Miscellaneous	(20)	-
Stock Obsolescence Provision	23,681	21,939
Production Overheads ( <b>Note 5b</b> )	49,162	53,548
Cost of Sales	<b>78,559</b>	<b>184,929</b>

	<b>2024- 2025</b> <b>Kshs'000</b>	<b>2023- 2024</b> <b>Kshs'000</b>
<b>5. b Production Overheads:</b>		
Staff Salaries	32,047	34,106
Staff House Allowance	7,770	8,331
Staff Medical & Welfare	3,022	2,969
Staff Training	-	-
Provident Fund Contribution	5,702	6,240
Product Development Expenses	-	1,205
Insurance	3	3
Depreciation Plant and Machinery	618	694
	<b>49,162</b>	<b>53,548</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
6. (a) Interest Income		
Interest	2,860	-
	<hr/> <b>2,860</b> <hr/>	<hr/> - <hr/>
6. (b) Other operating Income		
Rental Income	2,250	1,628
Miscellaneous Income	2,277	2,371
	<hr/> <b>4,525</b> <hr/>	<hr/> <b>3,999</b> <hr/>
6. (c) Gain on Sale of Fixed Assets		
Gain on sale of Fixed Assets	-	1,394
	<hr/> - <hr/>	<hr/> <b>1,394</b> <hr/>



## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

	<b>2024-2025</b>	<b>2023-2024</b>
<b>7. Selling and Distribution Expenses:</b>	<b>Kshs' 000</b>	<b>Kshs '000</b>
Salaries & Wages	22,337	23,444
Staff House Allowance	11,555	10,956
Staff Medical & Welfare	3,021	3,702
Provident Fund	2,148	2,296
Vehicle Running Expenses	703	1,492
Staff Travelling & Accommodation	3	7
Discounts Allowed	5,181	18,999
Marketing & Sales Promotion	641	761
Freight & Distribution Expenses	76	107
Electricity & Water	145	159
Postage & Telephone	16	158
Packaging Material	1	223
Depreciation	4,584	5,239
Royalties to Authors	1,282	3,968
Loading Expenses	80	28
Security	324	591
Standard Levy	-	12
	<b>52,097</b>	<b>72,143</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

**8. Administrative Expense:**

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
Salaries & Wages	72,913	70,960
Staff House Allowance	10,704	11,125
Staff Medical & Welfare	18,328	18,762
Provident Fund Contribution	3,532	4,985
Staff Training	628	553
Directors Remuneration	10,173	6,192
Subscriptions	187	385
Printing & Stationery	825	1,570
Postage & Telephone Expenses	3,203	1,365
Legal & Professional Fees	1,179	78
Library Expenses	1	190
Audit Fees	634	634
Vehicle Running Expenses	4,096	4,124
Staff Travelling & Accommodation	902	634
Depreciation	19,706	20,230
Ground Cleaning & Maintenance	2,075	2,175
Bank Charges & Commissions	753	1,055
Provision for Bad Debts	-	1,779
	<b>149,837</b>	<b>146,796</b>



<b>9a. Other operating expenses:</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	
Rent & Rates	945	945
Light & Water	963	1,591
Repairs & Maintenance	818	1,931
Industrial Training Levy	-	38
Insurance	1,304	1,304
Security	1,553	964
Licenses	1,149	1,942
	<b>6,732</b>	<b>8,716</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

### 9b. Elimu Scholarship expenses:

	2024-2025	2023-2024
	Kshs'000	Kshs'000
Elimu Scholarship Selection & Operations	19,667	96,920
Elimu Scholarship Fees	409,343	612,850
Elimu Scholarship Transport	138,843	120,577
Elimu Scholarship Pocket	20,810	13,630
Elimu Scholarship School Kit	266,002	536,903
Elimu Scholarship Capacity Building	1	1,831
Elimu Scholarship Mentorship	60,051	5,428
Elimu Scholarship Monitoring	1,973	11,825
Elimu Scholarship Admin H/O	470	1,582
	<b>917,159</b>	<b>1,401,544</b>

The Foundation was awarded the administration role for the Elimu Scholarship program under the World Bank funded KEEPL for the current 14,000 students. The Foundation has incurred expenses on the selection process in the selected counties, provision of fare, fees, pocket money and award of student kits which are acquired from selected suppliers.



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
<b>10a. Finance Income:</b>		
Foreign Exchange Gain	-	-
<b>10b. Finance Costs</b>		
Bank interest	912	-
Foreign Exchange Loss	3	-
Loan Interest	7,994	7,900
	<b>8,903</b>	<b>7,900</b>
<b>11. Provision Charged to profit and loss</b>		
Bad Debt Provision (Note 8)	-	1,779
Stock Obsolescence Provisions (Note 5)	23,681	21,939
Depreciation Charge (Note 13)	24,020	26,163
Amortisation (Note 14)	888	888
<b>12. Staff Costs:</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
Salaries and other allowances	157,326	158,930
Employer's Contribution to National Social Security schemes	1,189	1,200
Employer's Contribution to pension contributions	11,185	11,785
Leave pay	189	984
Gratuity Provisions	1,183	1,051
Housing Levy	2,181	2,342
	<b>88,411</b>	<b>176,292</b>
<b>Average Number of Employees of the year</b>		
Employees –Permanent	<b>90</b>	<b>94</b>
Employees on Contract	-	-



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

**13(a). Property, Plant & Equipment**

	Land Head office	Buildings Head office	Land Kijabe BDC	Buildings Kijabe BDC	Plant & Machinery	Motor Vehicles	Furniture Fittings & Office Equip.	Computers & Peripherals	Totals
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
<b>Cost or valuation:</b>									
As at July 1, 2024	600,000	200,000	65,000	30,000	22,939	14,950	11,003	16,417	960,309
Additions							28	271	299
Cost of Disposed Assets					-	-	-	-	-
<b>As at June30, 2025</b>	<b>600,000</b>	<b>200,000</b>	<b>65,000</b>	<b>30,000</b>	<b>22,939</b>	<b>14,950</b>	<b>11,031</b>	<b>16,688</b>	<b>960,608</b>
<b>Depreciation:</b>									
As at July 1, 2023	24,000	8,000	4,642	2,142	18,630	6,640	9,805	15,742	89,601
Depreciation on Disposal	-	-	-	-	-	-	-	-	-
Charge for the year	12,000	4,000	2,320	1072	1992	2,007	214	415.20	24,020
Accumulated Dep.as at June 30, 2024	36,000	12,000	6,962	3,214	20,622	8,647	10,019	16,155	113,619
<b>Net Book Value as at June30, 2025</b>	<b>564,000</b>	<b>188,000</b>	<b>58,038</b>	<b>26,786</b>	<b>2,317</b>	<b>6,303</b>	<b>1,012</b>	<b>533</b>	<b>846,989</b>

The figure of depreciation charge for the period of Kshs.24,020 excludes depreciation of intangible assets of Kshs.888 that is reflected in note 14.



## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

### 13(b). Property, Plant & Equipment

	Land Head office	Buildings Head office	Land Kijabe BDC	Buildings Kijabe BDC	Plant & Machinery	Motor Vehicles	Furniture Fittings & Office Equip.	Computers & Peripherals	Totals
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
<b>Cost or valuation:</b>									
As at July 1, 2023	600,000	200,000	65,000	30,000	22,943	17,250	11,200	17,209	963,602
Additions									0
Cost of Disposed Assets					(4)	(2,300)	(186)	(792)	(3,282)
<b>As at June 30, 2024</b>	<b>600,000</b>	<b>200,000</b>	<b>65,000</b>	<b>30,000</b>	<b>22,939</b>	<b>14,950</b>	<b>11,014</b>	<b>16,417</b>	<b>960,320</b>
<b>Depreciation:</b>									
As at July 1, 2023	12,000	4,000	2,321	1,071	16,570	4,538	9,733	16,080	66,313
Depreciation on Disposal					(4)	(1,006)	(186)	(792)	(1,988)
Charge for the year	12,000	4,000	2,321	1,071	2,064	3,108	258	454	25,276
Accumulated Dep.as at June 30, 2024	<b>24,000</b>	<b>8,000</b>	<b>4,642</b>	<b>2,142</b>	<b>18,630</b>	<b>6,640</b>	<b>9,805</b>	<b>15,742</b>	<b>89,601</b>
<b>Net Book Value as at June 30, 2024</b>	<b>576,000</b>	<b>192,000</b>	<b>60,358</b>	<b>27,858</b>	<b>4,309</b>	<b>8,310</b>	<b>1,209</b>	<b>675</b>	<b>870,707</b>

The figure of depreciation charge for the year of Kshs.26,539 excludes depreciation of intangible assets of Kshs.888 that is reflected in note 14. Depreciation on disposal is the amount of accumulated depreciation for the assets that were disposed during the year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

### Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs'000	Kshs'000	Kshs'000
Land Enterprise Road	570,000	103,550	466,450
Buildings Enterprise Road	221,735	40,109	181,626
Land Kijabe Street	60,000	19,715	40,285
Buildings Kijabe Street	33,000	10,843	22,157
Plant And Machinery	22,821	15,693	7,128
Motor Vehicles	38,332	34,153	4,179
Office Equipment, Furniture, And Fittings	11,277	9,676	1,601
Computers And Related Equipment	17,157	15,970	1,187

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

Description	Cost Valuation	Normal Annual Depreciation charge
	Kshs'000	Kshs'000
Plant And Machinery	6,261	783
Computers And Related Equipment	18,928	4,732
Office Equipment, Furniture And Fittings	8,742	1,311
<b>Total</b>	<b>33,931</b>	<b>6,826</b>



**14 Intangible Assets:**

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
<b>Cost:</b>		
As at 1 <sup>st</sup> July	9,146	9,146
Additions during the year	-	-
Revaluation adjustment	-	-
As at 30 <sup>th</sup> June	<u>9,146</u>	<u>9,146</u>
<b>Amortisation:</b>		
As at 1 <sup>st</sup> July	7,395	6,507
Revaluation Adjustment	-	-
Amortisation during the year	888	888
As at 30 <sup>th</sup> June	<u>8,284</u>	<u>7,395</u>
<b>Net Book Value:</b>		
As at 30 <sup>th</sup> June	<u><b>863</b></u>	<u><b>1,751</b></u>

Intangible assets were re-valued by an independent valuer (Gimco Ltd) in July 2022. Valuations were made on the basis of open market values. Book values have been adjusted in these accounts and revaluation surplus credited to the revaluation reserves. The intangible assets comprise of Software purchased by the Foundation for use in its operations

**15. Inventories:**

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
Finished Goods	154,517	154,515
Consumables	740	765
	<u>155,257</u>	<u>155,280</u>
Obsolescence provision	(123,424)	(62,755)
	<u><b>31,834</b></u>	<u><b>92,525</b></u>

Obsolescence provision represents the cost of old edition stock held and determined to be unsalable and a general provision for slow moving stock. Kshs. 23.3 million additional provision was made in the current financial year.



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

<b>16. Trade and other Receivables:</b>	<b>2024-2025</b>	<b>2023-2024</b>
<b>16. a. Trade Receivables</b>	<b>Kshs'000</b>	<b>Kshs'000</b>
Total Trade Receivable	45,661	198,846
Prepayment and Other Receivables		
Deposits and prepayments	1,181	(9,577)
VAT recoverable/(Payable)	123,963	78,699
Staff receivables (16c)	3,318	1,812
Royalties Advances	13,537	13,227
Other receivables	4,120	2,426
<b>Gross Trade and other Receivables</b>	<b>191,780</b>	<b>285,433</b>
Less: Provision for doubtful debts(Trade) (Note 29)	(14,780)	(13,721)
Less: Provision for doubtful debts(Staff and Others) (Note 29)	(1,896)	(2,955)
<b>Total Trade Receivables</b>	<b>175,104</b>	<b>268,757</b>

**Reconciliation of the provision for doubtful debts is as per note 28**

As at 30 June, the ageing analysis of the gross trade receivables was as follows:

	<b>Kshs'000</b>	<b>Kshs'000</b>
Less than 30 days	1,303	9,625
Between 30 and 60 days	126	30,837
Between 61 and 90 days	108	297
Between 91 and 120 days	213	870
Over 120 days	43,910	157,217
<b>Gross Trade Receivables</b>	<b>45,661</b>	<b>198,846</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

<b>16. c Staff Receivables</b>	<b>2025</b>	<b>2024</b>
Gross staff loans and advances	3,318	1,812
Provision for doubtful debts		-
	(1,896)	
<b>Net Staff Receivables</b>	<b>1,422</b>	<b>1,812</b>

<b>17. a Cash and Cash Equivalents</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
Cash at Bank	360	54,780
Cash in Hand	138	179
<b>Cash &amp; Bank Balance</b>	<b>498</b>	<b>54,959</b>
<b>Kijabe Collection Account</b>	-	<b>(450)</b>
<b>Total Cash and Bank Balance</b>	<b>498</b>	<b>54,959</b>

The facility approved by the Board of Directors was a composite of Kshs. 50 million which was termed out as a term loan to be repaid over a period of 60 months. The facility is secured by a charge of Kshs. 50 million on our properties on L.R. No. 209/11277 on Enterprises Road.



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

The make – up of bank balances and short-term deposits is as follows:

		<b>2024-2025</b>	<b>2023-2024</b>
Financial institution	Account number	Kshs	Kshs
a) Kenya Commercial bank			
Head office account	1107087449	3,347	( 53,051,632)
Head office Interbank		265,300	265,300
Kijabe Collection A/c	1107087813	2,943	(449,539)
Scholarship Account	1108964508	3,627	959.54
KPEELP (Elimu Scholarship)	1312154993	886	51,126,080
Dollar Account (\$)	1165350025	2,401	1,888
KPEELP (Elimu Operations )	1331237696	155	-
Cash in hand	Petty Cash	138,303	178,858
	Imprest Control	81,690	3,835,742
<b>Grand Total</b>		<b>498,654</b>	<b>1,907,657</b>

Foreign currencies converted to reporting currency at CBK rate ruling as at 30<sup>th</sup> June 2025

**17 b.** The Foundation had an outstanding loan facility with KCB of Ksh. 41.5 million as at 30<sup>th</sup> June 2025.

**18. Capital Reserve: Kshs. 4 Million**

Initial Grant to set up the Foundation	4,000	4,000
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Capital Reserves represent the initial seed money invested in the company by the Government on incorporation in 1966.



## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

### 19. Revaluation Reserves: Kshs. 1,142,603,534

Property Plant & Equipment were re-valued by an independent valuer, (Gimco Ltd) in July 2022. Valuations were made on the basis of open market values. Book values have been adjusted in these accounts and revaluation surplus credited to the revaluation reserves

	Kshs "000"	Kshs "000"
Opening balance		965,024
Add increase in value		
Land - Enterprise Road	122,150	
Buildings- Enterprise Road	13,939	
Land Kijabe Street	22,315	
Buildings -Kijabe Street	6,523	
Intangible Assets	2,306	
Motor vehicles	10,347	177,580
<b>TOTAL</b>		<b>1,142,604</b>

Leasehold land included above represents two properties, one on Kijabe Street L.R No. 209/4360/18 on 50 years lease effective 1st January 2001 the other one on Enterprise Road LR. No. 209/1127 on a 99-year lease effective 1st May 1997

### 20. Retained Earnings:

Retained earnings are undistributed cumulative profits made by the company over the years shown by the movement below.

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
As at 1 <sup>st</sup> July	(1,008,432)	(592,216)
Profit/(Loss) for the year	(167,160)	(303,547)
Scholarship Utilised	(265,203)	(88,699)
Scholarship Appropriation	(24,000)	(24,000)
As at 31 <sup>st</sup> June	<b>(934,388)</b>	<b>(1,008,432)</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

**21. Scholarship Fund:**

Scholarship fund account represents the unutilised balance of amount appropriated to the scholarship programme.

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
As at 1 <sup>st</sup> July	39,990	34,418
Scholarship Appropriation	24,000	24,000
Scholarship Provision Written Back		-
Scholarship Applied	-	(18,428)
As at 30 <sup>th</sup> June	<u>63,990</u>	<u>39,990</u>

Appropriation is a provision from the retained earnings for projected fees to be paid but the actual fees paid depends on the Foundation available cashflow.

Scholarship Applied represents the actual fees paid to schools in the year from JKF main operations less staff contributions towards the scholarships and income from hire of grounds.

**22. Trade and Other Payables:**

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
Trade Payables	571,294	417,332
Accrued Expense	10,358	6,494
Employees Payables	153,479	117,619
Other Payables	2,415	516,042
	<u>737,545</u>	<u>1,057,486</u>

Other payables include provision for royalties to authors of Kshs. 87.2 million (2023/2024 - Kshs.85.9 million). The provision is calculated as a percentage of sales for titles that are subject to royalty and are payable the following financial year. Also included in other payables are amounts relating to accrued expenses not paid by the end of the year and other provisions as per Note 23.



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

**23. Provisions**

Description	Long Leave	Gratuity	Utilities	Royalties	Books Obsolescence	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Balance at the beginning of the year	2,342	2,703	1,524	85,957	61,755	154,281
Additional provisions	-	1,183	380	1,282	23,382	26,227
Provision utilised	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>2,342</b>	<b>3,886</b>	<b>1,904</b>	<b>87,239</b>	<b>85,137</b>	<b>180,508</b>

Provision for annual leave pay is based on services rendered by full-time employees up to the end of the year, gratuity is provided for The Managing Director who is on contract, Books obsolescence provided to cater for books being faced out by new CBC curriculum.

**24. Related Party Disclosures**

**a) Government of Kenya**

The Government of Kenya is the principal shareholder of the Foundation, holding 100% of the Foundation equity interest and through the Ministry of Education approves the authority for the Foundation to incur long-term debts, which are guaranteed by the Foundation's assets.

There were no other Foundation's transactions involving the Government of Kenya.

**b) Staff Loans**

The company operates a car loan scheme for all employees. The vehicles are registered in joint names of the company and the employees as security for the car loans.

**c) Senior Management Compensation**

Salaries and other benefits	29,476	30,699
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**d) Director's Remuneration**

Honararia	960	960
Other emoluments	9,212	5,232
	<b>10,173</b>	<b>6,192</b>

**25. Notes to the Statement of Cash flows**

Description	Notes	2024-2025 Kshs'000'	2023-2024 Kshs '000'
<b>(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations</b>			
Profit or Loss before tax		(167,160)	(303,547)
Depreciation	<b>13a</b>	24,020	25,275
Amortization	<b>14</b>	888	888
(Gain)/Loss on disposal of Property, Plant And Equipment	<b>6b</b>	-	(1,394)
<b>Operating Profit/(Loss) before Working Capital changes</b>		<b>(142,252)</b>	<b>(278,778)</b>
(Increase)/Decrease in Inventories	<b>15</b>	60,692	86,677
(Increase)/Decrease in Trade and Other Receivables	<b>15</b>	93,653	(22,825)
Increase/(Decrease) in Trade and Other Payables		(155,783)	246,213
Increase/(Decrease) in Retirement Benefit Obligations		-	(246)
<b>Cash Generated from/(used In) operations.</b>		<b>(143,690)</b>	<b>31,041</b>
<b>(b) Analysis of Changes in Loans</b>			
<b>Balance at beginning of the year</b>		<b>0</b>	<b>0</b>
Receipts during the year		50,000	0
Repayments during the year		(8,472)	0
<b>Balance at end of the year</b>		<b>41,528</b>	<b>0</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)****(c) Analysis of Cash and Cash equivalents**

Cash At Bank	17	360	54,780
Cash In Hand	17	138	179
<b>Balance At End Of The Year</b>		<b>498</b>	<b>54,959</b>

**26. FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The company's overall risk management programme focuses on the unpredictability of the industry and seeks to minimise potential adverse effects on its financial performance.

The finance and audit department under policies approved by the Board of Directors carries out risk management. The Board provides principles for overall risk management

**a) Market Risk**

Foreign exchange risk

The company undertakes certain transactions denominated in foreign currencies. Therefore, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed on the basis that the company receives its revenue at exchange rates that would guarantee a similar amount upon translation as would have been received at the date of transaction hence providing a material degree of effective internal hedging.

**b) Credit Risk**

Credit risk arises from cash and cash equivalents as well as trade receivables and balances due from related parties.

All bank balances are held with Kenya Commercial Bank and are fully performing including the overdraft facility in the liquidity risk section part c below. Trade receivables are due from customers with good credit rating.



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*The Jomo Kenyatta Foundation Annual Report and Financial Statements for year ended June 30,***NOTES TO THE FINANCIAL STATEMENTS (CONTD...)****c) Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash to meet company obligations. The company manages this risk by maintaining adequate cash balances in the bank, maintaining banking facilities and by continuously monitoring forecast and actual cash flows.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**d) Capital Risk Management**

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

Description	2024-2025	2023-2024
	Kshs'000	Kshs'000
Revaluation reserve	1,142,604	1,142,604
Retained earnings	(1,038,409)	(1,008,432)
Capital reserve	4,000	4,000
Scholarship Fund Reserve	63,998	39,990
<b>Total funds</b>	<b>172,193</b>	<b>178,162</b>
Total Creditors	816,469	697,517
Add: Bank Loan	41,528	49,063
Net debt	<b>857,997</b>	<b>746,580</b>
Gearing Ratio	498%	419%



## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

### 27. Capital Commitments:

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
Amounts authorised	-	13,170
Less: Amounts incurred	-	-
	<u>-</u>	<u>13,170</u>

The Foundation capital budget for the current year was not approved by the National Treasury for lack of allocation by the Government.

### 28. Incorporation Status:

The Foundation is a company limited by guarantee domiciled in Kenya and incorporated under the Companies Act on 2nd March 1966 and does not have a share capital. The capital reserve represents the initial grant by the Government to set up the Foundation.

### 29. Reconciliation of the provision for doubtful debts

	<b>Trade</b>	<b>Staff</b>	<b>Total</b>
Opening Balance	13,721	2,955	16,676
Increase in Provision	1,059	-	1,059
Decrease in Provision		(1,059)	(1,059)
Closing Balance	<u>14,780</u>	<u>1,896</u>	<u>16,676</u>



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

**30. Contingent Assets and Liabilities**

During the year the Foundation had a contingent liabilities arising from court cases dispute against JKF as stated below

<b>CAUSE OF ACTION</b>	<b>CASE DISPUTE NO. AGAINST JKF</b>	<b>AMOUNT</b>	<b>STATUS</b>
Default in payment for Printing services to JKF.	CMCC No. E 343 of 2023	4,398,339	Active court case.
Default in payment of printing services	HCCOM NO. E306 OF 2025	109,498,352	Active court case
		<b>113,896,691</b>	

**31. Explanations of material differences between budget and the actual amount.**

	<b>Original Budget YTD</b>	<b>Adjustment</b>	<b>Final Budget YTD</b>	<b>Actual on Comparable Basis</b>	<b>Performance %</b>	
	<b>2024/25</b>	<b>2024/25</b>	<b>2024/25</b>	<b>2024/25</b>	<b>2024/25</b>	
<b>Recurrent Revenue</b>	<b>Kshss '000</b>	<b>Kshss '000</b>	<b>Kshss '000</b>	<b>Kshss'000</b>	<b>Kshss'000</b>	
Sales (Goods or Services-Books)	119,298	0	119,298	17,561	15%	1
Elimu Fund Grant	1,368,874	0	1,368,874	921,180	67%	2
Recurrent Grant from National Government	274,923	0	274,923	100,000	36%	
Interest Income	1,200	0	1,200	2,860	238%	3
Investment Income (Rental Income)	3,604	0	3,604	2,250	62%	4
Other Incomes	1,059	0	1,059	2,277	215%	5
<b>TOTAL</b>	<b>1,768,958</b>	<b>0</b>	<b>1,768,958</b>	<b>1,046,128</b>	<b>53%</b>	
<b>Operating Expenses</b>		<b>0</b>				
Depreciation	40,049	0	40,049	24,908	62%	6
Repairs and Maintenance	4,570	0	4,570	818	18%	7
Administrative Expenses	25,913	0	25,913	21,264	82%	8



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

	Original Budget YTD	Adjustment	Final Budget YTD	Actual on Comparable Basis	Performance %	
	2024/25	2024/25	2024/25	2024/25	2024/25	
	Kshss '000	Kshss '000	Kshss '000	Kshss'000	Kshss'000	
Use of Goods and Services (Trainings & Product Development)	7,781	0	7,781	990	13%	9
Elimu Scholarship Expenses	1,368,874	0	1,368,874	917,159	67%	10
Contracted Services (Outsourced Services)	6,575	0	6,575	5,130	78%	11
Insurances and Medical	25,855	0	25,855	25,678	99%	12
Board of Directors Expenses	12,226	0	12,226	10,173	83%	13
Personnel Emoluments	261,617	0	261,617	168,709	64%	14
Cost of Sales (Goods/ Services)	30,974	0	30,974	29,553	95%	15
<b>TOTAL</b>	<b>1,784,434</b>	<b>0</b>	<b>1,784,434</b>	<b>1,204,381</b>	<b>67%</b>	
<b>Other Expenditure/Income</b>						
Finance Charges (Interest on Overdraft & loans)	3,000	0	3,000	8,906	297%	16
<b>TOTAL</b>	<b>3,000</b>	<b>0</b>	<b>3,000</b>	<b>8,906</b>	<b>297%</b>	
<b>Total Expenditure</b>	<b>1,787,434</b>	<b>0</b>	<b>1,787,434</b>	<b>1,213,287</b>	<b>68%</b>	
<b>Profit/(Loss)</b>	<b>(18,475)</b>	<b>0</b>	<b>(18,475)</b>	<b>(167,160)</b>	<b>1468%</b>	

**Explanations**

1. The cumulative sales for the period was Kshs. 17.6 million compared to the budgeted sales of Kshs. 119 million. JKF has experienced drastic drop in sale of books as we scaled down on new publications and the stock already held has been rendered obsolete hence very few orders are realised from open market as learning Institutions opt for books selected by the Government.

**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

2. With Elimu Scholarship program with 14,000 students we had budgeted to undertake some activities like student mentorship, staff capacity building, and programme monitoring where we requested for funds from the MoE. MoE at the close of the year had not disbursed all the funds as requested arising to this variance.
3. We placed a call deposit with KCB for the extra cash held as we awaited verification of deliveries of uniforms and kits which earned the Ksh 2.8 million interest.
4. The variance on rental arose due refurbishment done on vacant units in the Kijabe BDC by new tenants who are yet to recover the full cost incurred.
5. The other income realised were higher than budgeted due to sale of some Kiswahi titles rights which raked in Ksh 1.6 million net. Though we had planned to replace two sales executives' vehicles this did not take effect and JKF expected a gain on disposal of these vehicles and other obsolete assets.
6. The Foundation had planned to acquire a scholarship system which has not been acquired and of which we had factored the depreciation charge in the budget resulting in the variance. Also, due to cashflow challenges other planned capital items acquisition has been shelved apart from acquisition of 3 laptops for the recruited managers reducing the actual depreciation charge.
7. The Foundation had planned to repair and rebrand the new offices at Dennis Pritt which was shelved due to cashflow challenges and pronouncement by Office of President halting some of the activities like building maintenance.
8. Included in the administrative expense is royalties and sales discount expenses which are factors of the sales realised which were lower than budgeted due to reduced sales. Other expenses relating to operations were lower than budgeted or not incurred like sales promotions due to transition uncertainty, cash constraints and liquidity management. The management also ensured the cost are maintained at the minimum for the expenses incurred.
9. Training expenses for the period is lower than budgeted due to shelving of trainings by management due to reduced cashflow as well as preferred virtual meetings. In addition, the cost of manuscript development is at lowest as we scaled down on development of new publications as we embark on scholarship administration.

**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

10. With the two cohorts in place, we had planned to carry out mentorship and monitoring activities on termly basis for the Elimu Scholars but the GoK delayed the release of the funds which had been factored in the budget hence some of the activities were not undertaken and in addition we have not received all funds as budgeted and requested from the MoE hence the variance in Elimu Scholarship expense.
11. The variance on contracted services arose as result of engaging the service provider at lower rates than used in the budget and scaling down on the engaged staff for outsourced services on moving to our new location.
12. The variance in insurance is due to acquiring general insurance services at lower premiums than budgeted and regulating the outpatient medical care visitation to Tier II hospitals as opposed to premium hospitals for all staff. But there have been few cases of inpatient admission requiring the Foundation to undertake some expenses on behalf of staff when the limits are exceeded but these extra expenses will be recovered from staff through payroll.
13. Director's expenses are pro-rated over the whole year and we have incurred less expenses than budgeted as some activities have not been undertaken due to cash constraint in the institution.
14. The variance in personnel emoluments was due to expected review of salaries and allowances by SRC which was shelved as the Government freezed all salary increments reviews in public service though factored in the budget.
15. Cost of sales is directly related to sales realised and since our sales are lower than budgeted this cost is also lower than the budget. The Freight and distribution cost included in the cost of sales in the budget was not incurred as we did not supply any Government order.
16. The finance cost relates to interest charges on utilization of overdraft facility for a period of two months which was later converted into a term loan, so far we have paid Ksh 7.9 million on interest and have a balance of Ksh 41.5 million on principal amount.



**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

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

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

	<b>Issue / Observations from Auditor</b>	<b>Management Action</b>	<b>Status</b>	Timeframe when you expect the issue to be resolved									
1	<p><b>1. 1.0 Unconfirmed Long Outstanding Trade and Other Payables</b></p> <p>The statement of financial position reflects trade and other payables balance of Kshs.1, 057,486,000 as disclosed in Note 22 to the financial statements which includes balances of Ksh 1,036,855,000 or 98% which have been outstanding for over three (3) months. Further, the long outstanding trade and other payables were not supported by detailed age analysis to establish the exact age of each creditor as shown below.</p> <table border="1" data-bbox="192 1129 1005 1358"> <thead> <tr> <th></th> <th>Year</th> <th>Amount (Kshs)</th> </tr> </thead> <tbody> <tr> <td>Trade payable</td> <td></td> <td></td> </tr> <tr> <td>Deposits Liability</td> <td>October,2014</td> <td>62,000</td> </tr> </tbody> </table>		Year	Amount (Kshs)	Trade payable			Deposits Liability	October,2014	62,000	<ul style="list-style-type: none"> <li>• Deposit liability related to rent deposit provided by tenant for occupation of Kijabe Street units and expect to be refunded once the tenant ceases occupation</li> <li>• Provident Fund- Jubilee surrender - relates to amount owned to staff who left the institution through retrenchment we are awaiting provision of administration documents from the beneficiaries since the original owners are now deceased</li> <li>• Grants (Gender Analysis) these are grants provided by the Government to streamline the gender programme the</li> </ul>		
	Year	Amount (Kshs)											
Trade payable													
Deposits Liability	October,2014	62,000											



Issue / Observations from Auditor				Management Action	Status	Timeframe when you expect the issue to be resolved
Provident Fund-Jubilee Surrender	2004-2007		282,435	<p>amounts provided were not fully utilized leaving the balance of Kshs. 4,966.</p> <ul style="list-style-type: none"> <li>• Provision for Audit and Directors fees – These are provision in the Financial statements for the expenses relating to audit fee which has not been settled for the last 3 years due to cash flow challenges. We intend to clear this in this financial year. As for the Directors fees The National Treasury has not yet approved the same for payment.</li> <li>• Provision for accrued leave days – is the provision for the leave days which were outstanding at the end of the year. These have been utilized in the current year.</li> </ul> <p>• GRN stock clearing relates to goods received in our warehouses and the invoices not matched with their respective GRNs. The GRN is analyzed every month</p>		
Grants (Gender) Analysis	2008-2015		4,966			
Provision For Audit & Director's Fees	2020-2023		3,333,621			
Provision for Accrued Leave Days	2022		2,342,425			
Grn Stock Clearing Analysis	Over 120 days		29,363,260			
Other not analyzed	Not Specified		1,001,466,293			
<b>Total</b>			<b>1,036,855,000</b>			



	<b>Issue / Observations from Auditor</b>	<b>Management Action</b>	<b>Status</b>	Timeframe when you expect the issue to be resolved
	In the circumstances, the accuracy, completeness and classification of the trade and other payables balance of Kshs.1,057,486 could not be confirmed	and JKF is aware of the specific suppliers and amounts owed as per attached analysis. The same has been rectified so far as per the attached reconciliation summary. Appendix I <ul style="list-style-type: none"><li>• Included in the balance of Ksh. 1,001,466,293 are the trade and other payables over 3 months as analyzed in Appendix II</li></ul>		



	<b>Issue / Observations from Auditor</b>	<b>Management Action</b>	<b>Status</b>	Timeframe when you expect the issue to be resolved
	<p><b>Emphasis of Matter</b></p> <p><b>.1. Budgetary Control and Performance</b></p> <p>The statement of comparison of budgeted and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.2,039,985,000 and Kshs.1,333,551,000 respectively, resulting to an under-funding of Kshs.706,434,000 or 35% of the budget. Similarly, the Foundation spent an amount of Kshs.1,637,099,000 against actual revenue of Kshs.1,333,551,000 resulting to under-utilization of Kshs.303,548,000 or 28% of the actual revenue.</p> <p>The under-funding and under-utilization of funds affected the planned activities and may have impacted negatively on service delivery to the public.</p> <p><b>2. Material Uncertainty Related to Going Concern</b></p> <p>The statement of financial position reflects current assets and liabilities of Kshs.416,242,000 and Kshs.1,110,538,000 respectively, resulting to negative working capital of Kshs.694,296,000. Further, the Foundation's financial</p>	<p><b>Management Response</b></p> <p>In the year under review, we had factored several titles of the CBC in the budget which we expected to sell in our normal business. However, due to the ongoing Government repositioning of JKF to scholarship mandate. The public school's market which forms 85% of entire book market was lost for JKF. This has had the effect of reducing our revenue compared to the budget</p>		



	<b>Issue / Observations from Auditor</b>	<b>Management Action</b>	<b>Status</b>	<b>Timeframe when you expect the issue to be resolved</b>
	<p>performance reflected a net loss of Kshs.303, 547,000 and accumulated losses amounting to Kshs.1, 008,432,000 which have resulted in substantial erosion of the net worth of the Foundation. The above factors indicate material uncertainty exists that may cast doubt on the Foundation's ability to continue as a going concern. Further, the Foundation may be unable to meet its financial obligations as and when they fall due and may, therefore, be technically insolvent on the basis of the negative working capital position.</p> <p>The Foundation's ability to continue as a going concern is in doubt. My opinion is not modified in respect of this matter</p>	<p><b>Management Response</b></p> <p>The Management concurs with the auditor's observation. However, the Foundation has undertaken various transformative strategies on cost control due to inadequacy of financial resources. With ongoing transition of JKF the MoE is seized of the matter and discussions have been taking place on the funding from the exchequer and bail out together with the ongoing discussion on proposed dissolution. Attached is a chronology of the funds' request. Appendix III</p>		



	<b>Issue / Observations from Auditor</b>	<b>Management Action</b>	<b>Status</b>	<b>Timeframe when you expect the issue to be resolved</b>
	<p><b>Key Audit Matters</b></p> <p><b>Unresolved Prior Year Matters</b></p> <p>In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues or given any explanation for failure to implement the recommendations as at 30 June, 2024</p>	<p><b>Management Response</b></p> <p>JKF established Public Finance Management Standing Committee on resolving all the outstanding audit issues and is currently ongoing. The establishment of the committee has seen significant reduction of issues raised by Auditor on our financial statements as we work towards zero fault audit. We plan to clear all issues for your review in the next audit apart from issues escalated to Office of the President through MoE. Refer to letter Ref: JKF/MD/C/43/VOL XXII/52</p>		



	<b>Issue / Observations from Auditor</b>	<b>Management Action</b>	<b>Status</b>	<b>Timeframe when you expect the issue to be resolved</b>
	<p><b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b></p> <p><b>Basis for Conclusion</b></p> <p><b>1. Long Outstanding Trade and Other Receivables</b></p> <p>The statement of financial position reflects trade and other receivables balance of Kshs.268, 757,000 as disclosed in Note 16 to the financial statements which includes a balance of Ksh 157,217,085 dating back to the financial year 2000/2001. Included in the balance is provision for doubtful debts amounting to Ksh. 13,247,696 whose recoverability could not be confirmed. Further, Note 29 to the financial statements reflects provision for doubtful debts on staff receivable balance of Ksh. 2,955,000 which includes VAT receivable and former staff balances of Ksh 1,107,168 and Kshs. 1,848,412 respectively. Although Management has made a provision for the long outstanding staff debtors and seeking authority from the Board and the National Treasury to write off the outstanding amounts, the balances still remain outstanding.</p>	<p><b>Management response</b></p> <ul style="list-style-type: none"> <li>• The impaired receivables relate to specific trade debtors which have been outstanding for long and are uncollectable due to reasons as per attached proposed write-off report, Appendix V.</li> <li>• As part of attempt to collect, JKF outsourced the collection to an external debt collector in addition to follow up being made by our credit control section. These debts have been discussed severally by the Board for write off and once necessary approval is received a write-off will be effected.</li> <li>• The VAT receivable was net input tax disallowed by KRA which had previously been provided for in the accounts as receivable.</li> <li>• The management is seeking necessary</li> </ul>		



	<b>Issue / Observations from Auditor</b>	<b>Management Action</b>	<b>Status</b>	Timeframe when you expect the issue to be resolved
	In the circumstances, the accuracy, completeness, valuation and recoverability of the trade and other receivables balance of Kshs.268, 757,000 could not be confirmed	approvals for write off since the same in not collectable. The staff debts relates to former staff who left the organization and measures for recovery have been ongoing although no collection headway has been reached and the same are recommended for write-off.		



	<b>Issue / Observations from Auditor</b>	<b>Management Action</b>	<b>Status</b>	Timeframe when you expect the issue to be resolved
3.	<p><b>2.Failure to Remit Statutory Deductions</b></p> <p>The statement of profit or loss and other comprehensive income reflects cost of sales of KSh.184, 929,000 selling and distribution expenses of KShs.72,143,000 and administrative expenses of Ksh.146,796,000 as disclosed in Notes 5, 7 and 8 respectively totaling Kshs. 403,868,000. Included in the amount of Kshs. 403,868,000 are production overheads, selling and distribution expenses and administrative expenses of Kshs. 53,548,000, Kshs. 72,143,000 and Kshs. 146,796,000 respectively, totaling Kshs 272,487,000.</p> <p>Review of the payroll data and other employment records revealed that an amount of Kshs.76,960,901 to be remitted to KRA, NHIF, NSSF and Staff Providence Fund and which has been outstanding for more than one(1) year. This was contrary to Section 38 of the Tax Procedures Act, 2015, (Revised 2022) which states that, '(1) Subject to subsection (2), a person who fails to pay a tax on or before the due date for the payment of the tax shall be liable for late payment interest at a rate equal to one per cent per month or part of a month on the amount unpaid for the</p>	<p><b>Management response</b></p> <p>The NHIF and NSSF are promptly paid by 9<sup>th</sup> of the following month and we have attach the payment receipts for your review. However as at end of the Financial Year ending June 2024 the amount for June 2024 were due in July 2024 hence the outstanding balance. The PAYE and Staff Provident deductions were still outstanding at the end of the year awaiting allocation from the National Treasury. Out of the outstanding balance we have paid Kshs.13, 033,894 to Staff Provident.</p>		



	<b>Issue / Observations from Auditor</b>	<b>Management Action</b>	<b>Status</b>	Timeframe when you expect the issue to be resolved
	<p>period commencing on the date the tax was due and ending on the date the tax is paid’.</p> <p>In the circumstances, Management was in breach of the law.</p> <p>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</p> <p><b>Basis for Conclusion</b></p> <p><b>1. Unapproved Company Policy Documents and Lack of Strategic Plan</b></p> <p>Review of Human Resource policy, Disaster Recovery Plan and Organizational structure, revealed that the documents were in draft form and therefore not approved whereas Strategic Plan submitted for audit had expired. This was contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015 which requires accounting officers to ensure that government entities develop; Risk management strategies, which include fraud prevention mechanisms; and a system of risk management and internal control that builds robust business operations.</p>	<p><b>Management response</b></p> <p>JKF has an existing Human Resource Manual (Terms &amp; Condition of Service) and the other documents are currently under review due to ongoing process of transition to a new mandate. The 2023 -2028 Strategic Plan has already been formulated and awaiting approval from the relevant authorities.</p> <p>We anticipate the bill to be enacted soon to enable finalisation of the policy documents.</p>		



	<b>Issue / Observations from Auditor</b>	<b>Management Action</b>	<b>Status</b>	Timeframe when you expect the issue to be resolved
	<p>Further, the Company's strategic plan lapsed on 30 June 2023 without reformation of a new one.</p> <p>In absence of a strategic plan and approved policy documents the strategic direction of the Foundation and it's recovery in case of unforeseen calamities is uncertain.</p>	<p>Further, JKF is among the entities to be dissolved as per the state agencies reforms currently ongoing and this turns the sequence of events should dissolution materialize.</p>		

**David K. Mwaniki**

**Managing Director**