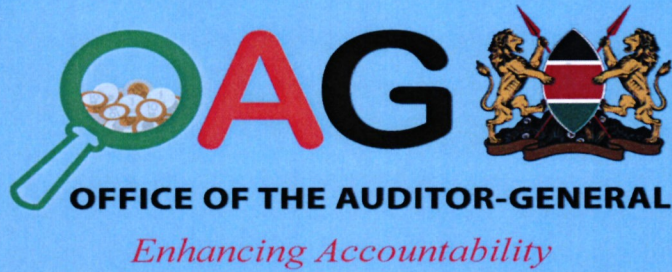


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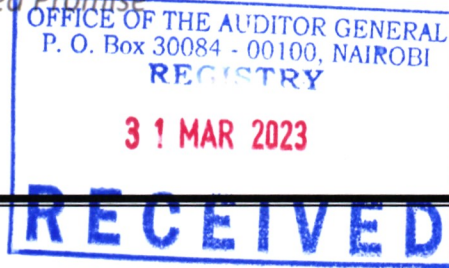
THE TEA BOARD OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2022**



TEA BOARD OF KENYA

Realizing the Tea Promise



THE TEA BOARD OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2022

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

The Tea Board of Kenya
Annual Report and Financial Statements
For the year ended June 30, 2022.



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1. KEY INFORMATION AND MANAGEMENT

(a) Background information

The Tea Board of Kenya (TBK) is state corporation established under Section 3 of Tea Act, 2020. The Tea Act came into effect on 11th January 2021. TBK is one of the State Corporations under the Ministry of Agriculture, Livestock, Fisheries and Cooperatives. TBK took over all functions of the former AFA-Tea Directorate in regulation, development and promotion of the tea industry. Prior to the enactment of the Tea Act, 2020, tea was one of the scheduled crops regulated by the Agriculture and Food Authority (AFA) from 2014 when the Crops Act, 2013 and the Agriculture and Food Authority Act, 2013 were operationalized.

The Tea Board of Kenya is located in Nairobi Kenya and has 2 branch offices one in Mombasa and one in Kericho. The Board is comprised of the following directorates, departments and the Tea Fund;

1. Compliance and Surveillance Directorate;
2. Registration, Licensing and Standards Directorate;
3. Capacity Building, Research and Innovation Directorate;
4. Trade Advisory, Promotion and Marketing Directorate;
5. Corporate Services Directorate;
6. Corporation Secretary/Legal Services Directorate;
7. Internal Audit Directorate;
8. Strategy and Planning Department;
9. Supply Chain Management Department; and
10. Tea Fund

(b) Principal Activities

The mandate of the Board as provided for under the Tea Act 2020 is regulation, development and promotion of the tea industry, and for connected purposes.








1.2 Vision

“To make Kenya Tea the preferred beverage of the world”

1.3 Mission

“To sustainably develop and promote the tea value chain through effective regulation for economic growth and transformation”.

1.4 Core Values

	Integrity;
	Customer focus;
	Commitment;
	Responsiveness;
	Teamwork
	Collaboration.
	Innovation and continuous learning;

1.5 Functions

The following are the functions of the Board as provided for under Tea Act, 2020:

- (1) Develop, promote and regulate the development of the tea industry;
- (2) Co-ordinate the activities of individuals and organizations within the tea industry;
- (3) Facilitate equitable access to the resources, facilities and benefits of the tea industry by all interested parties;
- (4) Make recommendations to the Cabinet Secretary on the formulation of policies, plans and strategies for the regulation of the tea sector;
- (5) Register tea factories, small scale tea growers, medium scale tea growers, large scale tea growers, warehouse operators, tea packers, tea buyers, exporters, importers, tea brokers, management agents, tea auction organizers, commercial tea nurseries, commercial green leaf transporters;
- (6) License manufacturers;
- (7) Promote best practices and standards in the production, processing, marketing, grading of tea;
- (8) Facilitate marketing and distribution of tea through gathering and dissemination of market information and monitoring of the local and global supply demand situation;
- (9) Co-ordinate prioritization of research in tea;
- (10) Regulate the sale, import and exports of tea;
- (11) Develop, implement and coordinate a national tea marketing strategy;
- (12) Prescribe the maximum period and minimum amount for payment of green leaf;
- (13) Promote and advise on strategies for value addition and product diversification;
- (14) Promote demand and consumption of tea locally and internationally;
- (15) Identify market needs and trends and advise the Cabinet Secretary on issues related to national and international tea trade;
- (16) Collaborate with national and international trade bodies on tea related matters;
- (17) Monitor, conduct surveillance and enforce compliance with tea standards, the Act and any regulations made under it;
- (18) Advise the national government on levies, fees and import or export duties on tea;
- (19) Advise the county governments on agricultural cess and fees;
- (20) Oversee the efficient utilization of available Board's funds;
- (21) Undertake capacity building, technology transfer and technical assistance to the counties on matters related to tea; and
- (22) Carry out such other functions as may be assigned to it by the Act, and any written law while respecting the roles of the two levels of governments.

(c) Key Management

The *Tea Board of Kenya* day-to-day management is under the following key organs:

- Board of Directors
- Chief Executive Officer
- Management

(d) Fiduciary Management

The key management personnel who held office for the financial year ended 30 June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Chief Executive Officer	Peris Mudida
2.	Head of Market Development & Trade Advisory Department;	Rosemary Owino
3.	Head of Enforcement and Compliance Department	Samuel Njane
4.	Head of Technical & Advisory Department	Samuel Ogola
5.	Head of Planning and Strategy	Peter Kibiku
6.	Head of Finance Department	Peter Macharia
7.	Head of Audit & Risk Department	Beatrice Githinji
8.	Head of Human Resource & Administration Department	Serah Muchunu
9.	Head of Information and Communications Technology Section	Amos Mulievi
10.	Head of Supply Chain Management Section	Nancy Wambui
11.	Head of Corporate Communication Section.	Enock Matte

(e) Fiduciary Oversight Arrangements

Audit and Risk Committee

The Committee of the Board is responsible for reviewing the systems that have been established at TBK to ensure sound public financial management and internal controls, formulate risk management policies as well as ensure compliance with policies, laws, regulations, procedures, plans and ethics. The Committee's role is to ensure integrity in the Board's financial reports, review financial and statutory reporting obligations, advice on risk identification and

mitigation measures, and check on the effectiveness and robustness of internal control measures.

Human Resource and Finance Committee

The Committee of the Board oversees staff and finance matters of the Board and provide oversight role on matters relating to staff, finance and general management of the Board. Specific roles include oversight in formulation of the strategy and human resource instruments, implementation of staff remuneration, review and setting of performance targets, negotiate with government on performance contract and approve quarterly performance and end-year evaluation reports. Consider and recommend for approval by the Board the operational and administrative policies and procedures; consider progress reports on financial matters; formulation of procurement plans and also recommend for the Board's approval the annual financial budgets for TBK as well as quarterly financial performance reports.

Office of the Auditor General (OAG)

The Office of the Auditor General (OAG) audits and report on the use and management of public resources entrusted with the Board with the aim of providing valuable information on whether the resources have been utilised efficiently and effectively towards realisation of the Boards service delivery objectives.

Parliamentary Committee Activities

The Public Investment Committee is responsible for the examination of the reports issued by the Auditor General on financial statements and affairs of the Board in relation to the management of public resources entrusted with the Board.

Inspectorate of State Corporations (ISC)

The Inspectorate of State Corporations ensures that there is effective management of the Board by advising on all matters affecting effective running of the Board; evaluating actual results of operations and management by the

Board; advising on the administration of performance contracts; periodically reporting to the relevant arms of Government on management practices within the Board; monitoring utilization of moneys appropriated by Parliament; conducting special investigations on any state corporation on behalf of the State Corporations Advisory Committee and the Auditor-General.

(f) TBK Headquarters

P.O. Box 20064-00200
Tea House
Naivasha Road, off Ngong Rd
Nairobi, Kenya

(g) TBK Contacts

Telephone: (254) 722200556/734600944
E-mail: info@teaboard.or.ke
Website: tea.agricultureauthority.go.ke

(h) TBK Bankers

National Bank of Kenya Ltd
Harambee Avenue
P.O. Box 72866-00200
NAIROBI, KENYA

Citibank N.A Kenya
Upperhill Road
P.O Box 30711-00100
NAIROBI, KENYA

Co-operative Bank
Parliament Road
P.O Box 48231-00100
NAIROBI, KENYA


(i) Independent Auditors

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

GPO 00100
Nairobi, Kenya



(j) Principal Legal Adviser
The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

2. THE BOARD OF DIRECTORS

	Directors	Details
1.	 <p>Name: Dr. David Kiarie Mburu Designation: Chairman of the Board Date of Birth: 08th January 1977 Term: Appointed on 17th June, 2022</p>	<p>Dr. Mburu has a wealth of experience in Public Service having held various academic and administrative positions in several universities. His academic research interests are in the areas of sustainable supply chain management, operations management and risk and fraud management.</p> <p>Dr. Mburu holds a PhD, in Supply Chain Management, MSc. Procurement and Logistics and BA, Economics/Sociology.</p>
2.	 <p>Name: Mr. Charles Mwangi Kirigwi Designation: Director, representing Small Scale and Medium Scale Tea Growers-East of Rift Block Date of Birth: 28th February 1972 Term: Appointed on 14th January, 2022</p>	<p>Mr. Kirigwi has vast experience in tea matters having served in different Boards within the tea sub-sector. He has served as a Director at Ikumbi Tea Factory (2007-2013) and a Board Member of Kenya Tea Development Agency (KTDA) between 2009-2012. He has also served in the Board of Management of several schools. He has experience both in the Public and Private Sector having worked with the County Government of Muranga as a Member to the County Assembly and in various capacities in the Banking industry.</p> <p>He is also a tea grower in Murang'a County.</p> <p>Mr. Kirigwi holds a B.Sc. (Information Technology), Muranga University of Technology - 2017 and a Diploma (Banking), Kenya National Examinations Council -1996. He is currently pursuing a Masters Degree</p>

		<p>in Information Technology. He has acquired skills in Corporate Governance and is also a Member of the Computer Society of Kenya.</p>
3.	 <p>Name: Ms. Florence Nkatha Mutembei Designation: Director, representing Small Scale and Medium Scale Tea Growers - East of Rift Block Date of Birth: 04th July 1979 Term: Appointed on 14th January, 2022</p>	<p>Ms. Mutembei has wide experience in Business and also in Co-operatives having worked in Thamani SACCO Ltd. - Chuka at various management levels. She serves in the Board of management of Gianchuru Secondary School. She is the Chairperson of Murang'a University Alumnae and is also a tea grower in Tharaka Nithi County.</p> <p>Ms. Mutembei holds a Bachelor of Business Management (Accounting Option) from Mount Kenya University (2016). She is a Certified Public Accountants Part I and CCP Part II. She has also attended several Corporate Governance courses.</p>
4.	 <p>Name: Ms. Mary Jeruto Indeje Designation: Director, representing Small Scale and Medium Scale Tea Growers-West of Rift Block Date of Birth: 11th September 1970 Term: Appointed on 14th January, 2022</p>	<p>Ms. Mary Indeje has a wealth of experience in the Public Service having served at various Management levels in the County Government occupational health and safety department and in different capacities in several health facilities country-wide. At the County Government, she has served in several Management Committees such as COVID-19 Stakeholder Committee, Technical Committee, and Social Risk Management Committee.</p> <p>She is also a Commissioner at St. Johns Ambulance and a tea grower in Vihiga County.</p> <p>Ms. Mary Indeje is currently pursuing an MSC. in Occupational Health and Safety. She has several qualifications in Nursing such as B.Sc., Diploma, and Certificate.</p>

		<p>She has also been trained in Corporate Governance.</p>
5.	 <p>Name: Mr. Kennedy Mochere Kaburi Designation: Director, representing Small Scale and Medium Scale Tea Growers-West of Rift Block Date of Birth: 24th October 1968 Term: Appointed on 14th January, 2022</p>	<p>Mr. Kaburi has a wide experience in Business especially in Real Estate and property Management. He has also served in the Board of other Public Institutions such as Board of Management of Sunshine Secondary School and Loreto Girls School, respectively.</p> <p>Mr. kaburi is also a tea grower in Nyamira County.</p> <p>Mr. Kaburi holds a Bachelor of Commerce (Accounting & Auditing option) degree.</p> <p>He has also been trained in Corporate Governance.</p>
6.	 <p>Name: Mr. Josephat Gathiru Muhunyu Designation: Alternate to the Principal Secretary, Ministry of Agriculture, Livestock, Fisheries and Co-operatives Date of birth: 1st January, 1963 Term: Appointed on 21st January, 2022</p>	<p>Mr. Muhunyu has vast experience in the Public Service and over 20 years serving in various technical, management and leadership capacities at the Ministry of Agriculture. He is currently the Agriculture Secretary at the Ministry of Agriculture, Livestock, Fisheries and Co-operatives. He has served in several Boards of State Corporations as a representative of the PS, for Agriculture, Livestock, Fisheries and Co-operatives.</p> <p>Mr. Muhunyu holds a Master degree in Agricultural Sciences (Sustainable Rural Development), a Bachelor of Science degree in Agriculture and a Post Graduate Diploma in Education. He has attended strategic leadership development programs and senior management course as well as courses on risk communication on</p>



		<p>biotechnology & biosafety aspects and project management cycle a monitoring & evaluation.</p> <p>Mr. Muhunyu is currently pursuing a PhD in Dry-land Agriculture & Resource Management.</p>
7.	 <p>Name: Mr. Anthony Ndegwa Nderitu Designation: Alternate to the Principal Secretary, National Treasury Date of birth: 6th February, 1977 Term: Appointed on 10th March, 2022</p>	<p>Mr. Nderitu has vast experience in the Public Sector having worked with the National Treasury for over 16 years in Public Finance Management; Government Investment and Public Enterprises operations. He has also worked in the Private Sector (Dairy industry) in Sales Accounting and Internal Controls.</p> <p>He has served in several Boards of the State Corporations as a representative of the PS, National Treasury.</p> <p>Mr. Nderitu holds a Bachelor of Commerce degree Accounting Option and is a Certified Public Accountant of Kenya (CPA-K).</p>
8.	 <p>Name: Mr. Michael Sali Mandu Designation: Alternate to the Principal Secretary, Ministry of Trade Date of birth: 9th October, 1968 Term: Appointed on 13th June, 2022</p>	<p>Mr. Mandu has vast experience in the Public Sector spanning over 30 years out of which 7½ were in the Diplomatic Service. He has served in several Boards of State Corporations as a representative of the PS, for Trade and Enterprise Development. He has also been involved in various export promotion programs as a trade negotiator in trade bilateral engagements and headed the Secretariat that helped midwife the Kenya-UK Economic Partnership Agreement (EPA). He is currently leading the Kenya-UAE EPA negotiations Secretariat.</p> <p>Mr. Mandu holds a Bachelor of Arts degree and a Post Graduate Diploma in Entrepreneurship development.</p>

		He is also trained in Strategic Leadership.
9.	 <p>Name: Ms. Peris Mudida Designation: Ag. Chief Executive Officer/ Corporation Secretary. Date of birth: 30th March, 1972 Term: Appointed on 1st July, 2021</p>	<p>Ms. Mudida has vast experience spanning over 20 years in both the public and private sector. She has over 12 years' experience in the tea industry in various management and leadership positions and is currently serving as the Ag. Chief Executive Officer and Corporation Secretary of the Tea Board of Kenya. Ms. Mudida has been involved in spearheading reforms in the tea industry and formulation and implementation of various regulations for the tea industry and other crops while under the Agriculture and Food Authority. Ms. Mudida is an advocate of the High Court of Kenya and a Certified Public Secretary. She holds a Bachelors of Law Degree (LL.B Hons), a Post Graduate Diploma in Law, a Diploma in Business Management and a Certificate in Supply Chain. She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya. She is currently pursuing a Master Degree in Law at the University of Nairobi. She is trained in corporate governance and has undertaken various leadership development and senior management courses.</p>
10.	Corporation Secretary	Ms. Peris Mudida who is currently serving as the Ag. CEO is also the Corporation Secretary/ Director, Legal Services at the Tea Board of Kenya.

3. MANAGEMENT TEAM

#	Management	Details
1.	 <p>Peris Mudida Director, Legal Services / Ag. Chief Executive Officer Bachelor of Laws Degree (LLB Hons); Certified Public Secretary CPS(K); Post Graduate Diploma in Law; Diploma in Business Management; Certificate in Supply Chain Management; Advocate of the High Court of Kenya; Member Law Society of Kenya (LSK) and Member of the Institute of Certified Public Secretaries of Kenya (IPS).</p>	<p>Responsible for the day-to-day management of the affairs of the Board. Ensuring the achievement of the mandate, objectives and strategy of the Board through formulation of policies, prudent management of resources, including financial and human resources. Implementation of the Board of Directors decisions and enhancing the corporate image of the Board.</p>
2.	 <p>Peter K. Macharia Director, Finance Master of Business Administration – Finance option(ongoing); Bachelor of Arts (Economics); Certified Public Accountant (CPA); Member of the Institute of Certified Public Accountants of Kenya (ICPAK);</p>	<p>Responsible for budget and budgetary control, working capital management, financial reporting, development and implementation of sound accounting and financial management systems.</p>

3.	 <p>Rosemary A. Owino Director, Market Development & Trade Advisory Services Master in Business Administration (Marketing option); Bachelor of Science (Biochemistry option); Chartered Institute of Marketing (CIM) Post Graduate Diploma in Marketing; Member of the Marketing Society of Kenya (MSK)</p>	<p>Responsible for the overall coordination and management of trade advisory, promotion and marketing function in the tea industry.</p>
4.	 <p>Samuel N. Njane Director, Enforcement & Compliance Master of Business Administration (Strategic Management); Bachelor of Science in Agricultural Education and Extension; Diploma in Principles of Modern Management; Diploma in Sales & Marketing; Diploma in Advertising & Public Relations;</p>	<p>Responsible for the overall coordination and management of Compliance, Monitoring and Surveillance function of the Board.</p> <p>He coordinates compliance with the Tea Act 2020, regulations and standards in the production, processing, marketing, grading, storage, collection, transportation and warehousing of tea. His role also includes overseeing the development, implementation and review of policies,</p>

	Member of Kenya Institute of Management (KIM)	strategies, standards, plans and regulations on compliance and surveillance.
5.	 <p>Willy K. Mutai Ag. Director, Technical & Advisory Services Masters in Business Administration (ongoing); Bachelor of Science in Agriculture; Diploma in Human Resource Management; Member of the Kenya Institute of Management (KIM);</p>	Responsible for the overall coordination and management of capacity building, research and innovation function of the Board.
6.	 <p>PETER N. Kibiku Director, Planning and Strategy Master of Business Administration; Bachelor of Science; SPSS; Member of Operations Management Society of Kenya</p>	Responsible for developing, implementing and review of policies and strategies for the organization; performance management; monitoring & evaluation of programmes and activities; and enterprise risk management.

<p>7.</p>	 <p>Beatrice W. Githinji Director, Risk and Internal Audit</p> <p>Master of Business Administration (Finance option); Bachelor of Arts (Economics); Certified Public Accountants (K); Certified Information Systems Auditor (CISA); Member of Institute of Certified Public Accountants of Kenya; Member of Information Systems Audit and Control Association (ISACA); Member of Institute of Internal Auditors (IIAK)</p>	<p>Responsible for providing the Board with independent, objective assurance and consulting services to add value to and improve operations. Also responsible for ensuring that the Board accomplishes its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes</p>
<p>8.</p>	 <p>Amos M. Mulievi Deputy Director, Information, Communication Technology</p> <p>Masters in Information Systems; Post Graduate Diploma in Computer Science; Bachelor of Education (Mathematics); Certified Information Systems Auditor; Member of Information Systems Audit and Control Association (ISACA)</p>	<p>Responsible for providing and promoting the use of information communication technology innovatively in delivery of services towards realization of the Board's mandate.</p>

<p>9.</p>	 <p>Enock Matte Assistant Director, Corporate Communications Master of Arts (ongoing); Bachelor of Arts (Communication option); Member of the Public Relations Society of Kenya (PRSK)</p>	<p>Responsible for managing the Board's strategic communications with a view to enhancing its visibility.</p>
<p>10.</p>	 <p>Serah N. Muchunu Assistant Director, Human Resource & Administration Master of Science - Human Resource Management option (ongoing); Bachelor of Business Administration & Management; Certified Human Resource Professionals (K); CIC International Premier Diploma in Human Resource Management; Advanced Diploma in Business Management; Member of Institute of the Human Resource Management (IHRM)</p>	<p>Responsible for ensuring that the Board has Human Resource capacity that is adequately developed to enable it deliver on the overall mandate of the Board, develop and implement effective human resource policies, procedures and processes.</p>

4. CHAIRMAN'S STATEMENT

The tea sub-sector is one of the key drivers of Kenya's socio-economic development, providing a source of livelihood directly to over 750,000 farmers and indirectly to about 6.5 million Kenyans, representing 13% of the national population. It contributes about 2% of the GDP and 4% of the Agriculture GDP.

The tea subsector is regulated by the Tea Board of Kenya (TBK). The Tea Board of Kenya was re-established in 2022 following the enactment of the Tea Act in 2020. The Tea Act came into effect on 11th January 2021. The Act re-established the Tea Board and the Tea Research Foundation as body corporates

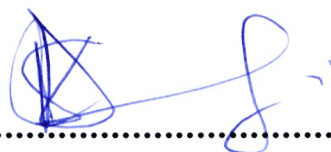
During the year under review, the focus of TBK was on transitioning from the Agriculture and Food authority (AFA) to re-establish the Tea Board of Kenya. The process of setting up the Tea Board of Kenya commenced with the process of the transferring the assets and liabilities relating to tea, transfer of staff, pending legal proceedings and claims back to the Tea Board of Kenya, and renewal of existing licenses in accordance with the transition clauses as provided for under the Tea Act.

TBK in conjunction with the Ministry of Agriculture, Livestock, Fisheries and co-operatives also focused on implementation of reforms envisaged in the Tea Act 2020. Putting in place governance structures and election of Board members for the Tea Board commenced in July 2021. Guidelines for the elections of farmers' and tea trade representatives in the Board were developed and shared. The election of four persons to represent small scale and medium scale tea growers in accordance with Section 7(1)(f) of the Tea Act, 2020 were held on 10th and 11th November 2021. Thereafter the Cabinet Secretary for Agriculture, Livestock, Fisheries and co-operatives gazetted the representatives as Board members on 14th January 2022. The representative of the Principal Secretary for Agriculture, Livestock, Fisheries and Co-operatives was appointed on 21st January 2022 in accordance with Section 7. (1) (b). The Board of TBK was inaugurated on 28th February 2022. The representative of the Principal Secretary National Treasury was appointed on 10th March 2022 in accordance with Section 7(1) (d) of the Tea Act, 2020 while the representative of the Principal Secretary Trade was appointed on 13th June 2022 pursuant to Section 7(1) (c) of the Tea Act, 2020. Through a Gazette Notice. No.7001, the Chairman was appointed by H.E the President on 17th June 2022 in accordance with Section 7(1) (a) of the Tea Act, 2020.

Other reforms undertaken as envisaged in the Tea Act with a view to improving the returns to the tea farmers include reduction of various costs borne by the

tea growers, cushioning the tea growers against price fluctuations, and enhancing governance and operational efficiency along the tea value chain. Following the continued decline of tea prices for the smallholder tea factories to an all-time low of USD 1.89 per Kilogramme in June 2021, the Ministry directed the new management of KTDA Holdings limited to fix a minimum reserve price for smallholder tea factories teas sold at the auction to contain the decline. The minimum reserve price of USD 2.43 per kilo of made tea took into account the cost of production, the quality of tea and a reasonable return to the tea farmer. The Tea Act, 2020 has made provisions for establishment a tea stabilization fund to cushion the growers against the effect of price fluctuations. A taskforce appointed by the Cabinet Secretary on 29th April, 2021 developed a stabilization framework for the tea sub-sector and submitted the report to the Cabinet Secretary.

Though the Board has made substantial progress in the implementation of the Tea Act. Full operationalization of the Tea Act 2020 and Executive Order No. 3 of 2021 has however, been hampered by several *ex-parte* court orders following the filing of several petitions against the implementation of some of the provisions of the Tea Act and the Executive order by several stakeholders such as KTDA small holder tea factories, Kenya Tea Development Agency (KTDA), East Africa Tea Trade Association (EATTA), Kenya Tea Growers Association (KTGA). Amongst the negative impact of these court cases is inadequate funding for the Tea Board of Kenya as the provision on collection of the tea levy to fund TBK and TRI has been challenged. This is likely to impact negatively on the implementation of some of the key reforms such as the operationalization of stabilization fund as well as research and tea marketing and promotion programmes. The Tea Act provides for fifty per centum of the tea levy collected to be applied towards income/price stabilization for tea growers. This allocation may also not be adequate for the full implementation of the income/price stabilization programme. The court cases are also hampering finalization, the development and gazettelement of regulations to effectively operationalize the Tea Act, 2020.



.....
DR. DAVID K. MBURU
CHAIRMAN

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present the Tea Board of Kenya Annual Report and the Financial Statements for the financial year ended June 30, 2022.

The tea sub-sector plays a critical role in supporting realization of Vision 2030 and the Big Four Agenda as well as devolution as the sub-sector's primary production and processing activities are undertaken in the rural areas across the 19 tea growing counties.


During the period under review, the industry registered a record growth in export earnings of 9% to close the year at Kshs. 140 billion up from Kshs. 129 billion in FY 2020/21. Overall, Kenya tea auction prices also recorded better performance by 23% from an average of USD 1.96 per Kg. to USD 2.41.

Improved performance follows the gradual recovery of the global markets from the effect of COVID-19 pandemic that affected the global supply chain in the FY 2020/21. Growth was also driven by promotion activities undertaken by the TBK in collaboration with the tea industry stakeholders in key markets such as Russia, Iran, UAE, Pakistan and Egypt.

Notably, the performance would have been more enhanced as the recovery of the global economy suffered another set-back following the Russia-Ukraine crisis which commenced towards the end of February 2022 which was followed by economic sanctions imposed against Russia by the Western World, consequently disrupting shipments of commodities exported and imported by Russia. The sanctions also made it difficult for Russia to settle financial transactions with exporters and importers of commodities, thus greatly impacting negatively on tea exports to Russia since it is the world second largest importer and Kenya's fifth biggest market of tea by quantity. Consequently, tea exporters to Russia and the CIS markets have not been actively involved in tea buying at the auction.

However, tea production for the period July 2021-June 2022 dipped slightly by 2% from 542.94 Million Kgs recorded during the corresponding period of last year to 534.12 Million Kgs. Lower production was attributed to depressed and erratic rainfall received over some of the tea growing areas of the country during the "long rains" season (March-April-May).

During the period, Tea Board of Kenya continued to regulate, develop and promote the tea industry as mandated under the Tea Act, 2020. The Tea Board of Kenya also worked closely with the Ministry of Agriculture, Livestock, Fisheries and Co-operatives to drive the implementation of reforms envisaged in the Tea Act, 2020 and Executive Order No. 3 of 2021. This ensured better returns to the tea growers, prompt payments and access to inputs at subsidized prices as well as better governance practices within the smallholder tea sub-sector. The minimum reserve price for the smallholder tea sub sector set in July 2021 has resulted in an increase in Auction prices for the smallholder tea growers from an average of USD 2.21 USD/Kg in the FY 2020/2021 to USD USD 2.76 in the FY 2021/2022 translating to a revenue increase of over Kshs. 20 billion. Monthly payments to the smallholder tea growers were also enhanced from Kshs. 17 to between Kshs. 20 and Kshs. 21 per Kg. Payments to tea growers are also being made by the 1st week (by 5th of every month) as opposed to the 3rd week. Interest rates on credit advanced to the smallholder tea growers were reduced to an affordable rate of 8% per annum from the previous rate of 21%. Increase in earnings, timely payments and access to lower interest rates have reduced dependency on expensive borrowings among the smallholder tea growers. Through the National Treasury, Kshs. 1 billion fertilizer subsidy was provided to the smallholder tea growers thus reducing the cost of fertilizer by Kshs. 600 from Kshs. 3,073 to Kshs. 2,473 per 50 Kg bag.


.....
PERIS MUDIDA
Ag. CHIEF EXECUTIVE OFFICER

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

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.

Tea Board of Kenya has six (6) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2017-2022 which has been adopted in from the long-term strategic direction of the Board. These strategic pillars/ themes/ issues are:

1. Revitalizing the performance of the tea sub sector;
2. Enhancing value addition and branding of Kenya tea;
3. Enhancing competitiveness, accountability and transparency along the tea value chain;
4. Enhancing market access of Kenya tea products in the export markets;
5. Strengthening technological and innovation capabilities in the tea sub sector;
6. Sustaining order in the tea sub sector and promoting environmental sustainability.

Tea Board of Kenya develops its annual work plans based on the above six pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Tea Board of Kenya achieved its performance targets set for the FY 2021/2022 period for its six strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/ Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Revitalize the performance of the tea sub sector	To enhance earnings to the tea growers	Increase in tea prices; Reduction in fertilizer prices	Setting of the minimum reserve for tea bought at the auction	i. Increase in tea prices for the smallholder sub-sector from an average of USD 2.21 for FY 2020/21 to 2.76 for FY 2021/22;

					ii. Enhanced export earnings from Ksh 129 billion in the F 2020/21 to Kshs. 140 billion
2. Support realization of the "Big Four" Agenda	To enhance technical capabilities of the Counties to increase tea production for food security and wealth creation	Number of Capacity Building Forums Number of Sensitization Forums	of 1.	Capacity building forums with County and Sub-County Agricultural Officers (SCAOs) and Technical Services Assistants (TESAs) from eighteen (18) Tea growing regions 2. Sensitization and promotion of programs on climate change adaptation and mitigation measures to tea producers 3. Sensitization of County Industrial Crop Officers on soil testing services to guide on appropriate nutrients 4. Sensitization of the value chain players (producers and manufacturers) on the best environmental practices (BEPs)	1. Undertook forums in the East & West of Rift to build the Capacity of County and Sub-County of Agricultural Officers (SCAOs) and Technical Services Assistants (TESAs) from eighteen (18) Tea growing regions 2. Undertook one forum in Meru to Sensitize and promote programs on climate change adaptation and mitigation measures to tea producers 3. Capacity building on soil testing was undertaken during the same forum 4. Best environmental practices BEPs sensitization forums were undertaken in Meru in Q4.
3. Enhance competitiveness, accountability and	Reduced the cost of production at farm gate level	Number of technical consultative meetings held;	of	Developing Good manufacturing practices manual and mechanical tea	Good manufacturing practices manual and mechanical tea harvesting guidelines were developed in

The Tea Board of Kenya
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transpare ncy along the tea value chain		Number of harvesting field guidelines consultative visits conducted Number of stakeholder consultative forums undertaken		consultation with industry players and validated in 2 stakeholders forums
4. Enhance market access of Kenya tea products in the export markets	To enhance Kenya tea exports to Sudan To enhance Kenya tea exports to Russia	Samples of tea analysed in four (4) locations (Port Sudan, Khartoum, KALRO-TRI in Kericho and Mombasa Number of promotional contents disseminated through the social media platform	Analysis of tea samples in the 4 locations. Undertake Business to Business (B2B) Forum & Trade Exhibition Maintain the communication hub through: - (i) Updating the website content with at least 2 articles per month	Analysis of tea was undertaken in four (4) locations (Port Sudan, Khartoum, KALRO-TRI in Kericho and Mombasa. Kenya was given a moratorium on shelf life by Sudanese standards body Communication hub for Kenya tea in Russia established and updated with over 30 articles in the year
5. Strengthening technological and innovation capabilities in the tea sub sector	Establish an incubation centre for training on new manufacturing technologies and product diversification	Incubation centre	1. Establishment of an MOU with Tea Research Institute 2. Procurement of equipment 3. Training of Trainers	MOU with Tea Research Institute developed
6. Sustaining order in the tea sub sector	Enhance compliance with the	Regulations developed	Develop regulations on Payments, Tea Levy, Value Addition, Tea	1. 5 draft tea industry regulations developed

<p>Tea Act, 2020</p> <p>Enhance compliance with the Tea industry Code of practice and standards</p>	<p>Compliance and surveillance visits undertaken</p>	<p>Trading, Elections and Tea General Regulations</p> <p>Undertake 80 and 200 compliance and surveillance visits on factory and traders respectively</p>	<p>2. Over 100 factory inspections and over 200 traders' inspections were undertaken</p>
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7. CORPORATE GOVERNANCE STATEMENT

The role and functions of the Board are stipulated under Section 5 of the Tea Act, 2020, which includes development, promotion and regulation of the tea industry.

Subsequent to the election and gazettment of persons to represent small scale and medium scale tea growers' tea in the Board and the nomination of persons representing the respective Principal Secretaries for Agriculture, Trade and Treasury the Board had the requisite quorum and was inaugurated by the Cabinet Secretary for Agriculture, Livestock, Fisheries and Co-operatives on **28th February 2022**. The Chairman was appointed by H.E the President **on 17th June 2022**.

To operationalize its mandate, the Board constituted the following three (3) Committees;

- i) Technical Committee;
- ii) Human Resource and Finance Committee; and
- iii) Audit and Risk.

The Functions of these Committees is as follows:

1. Technical Committee

The Committee was established pursuant to Sections 10(1) of the Tea Act, 2020 and guidelines provided under the Mwongozo Code of Governance. The Committee advises on strategic planning for the Board and on related technical aspects of the operational performance of the Board; formulation of policies, plans and strategies for the regulation of the tea sub-sector including reviews of the quality of technical work carried out by the Board; considering and recommending for approval by the Board the best practices and standards in the production, processing, marketing, grading, storage, collection, transportation and warehousing of tea; reviewing and advising on the National Tea Marketing Strategy, research and innovation in the tea industry and considering and recommending for approval by the Board licensing and registration of tea value chain players.

2. Human Resource and Finance Committee

The Committee was established pursuant to Sections 10(1) of the Tea Act, 2020 and guidelines provided under the Mwongozo Code of Governance. The Committee oversees human resource and finance matters of the Board and provides an oversight role on matters relating to staff, finance and general management of the Board. Its specific roles include oversight in formulation of the strategy and human resource instruments, implementation of staff remuneration, review and setting of performance targets, negotiating with government on performance contract and approving quarterly performance and end-year evaluation reports. Other roles include considering and recommending for approval by the Board operational and administrative policies and procedures; considering progress reports on financial matters; reviewing of procurement plans and also recommending for the Board's approval the annual financial budgets for TBK as well as quarterly financial performance reports.

3. Audit and Risk Committee

The Committee was established pursuant to Sections 10(1) of the Tea Act, 2020, Section 73(5) of the PFM Act, 2012 and Regulation 175 & 176; and guidelines provided under the Mwongozo Code of Governance.

The Committee reviews the systems that have been put in place by the Board to ensure sound public financial management and internal controls, risk management policies as well as compliance with policies, laws, regulations, procedures, plans and ethics. In particular the Committee reviews the established systems to ensure sound public financial management as well as compliance with policies, laws, regulations, procedures, plans and ethics. It ensures integrity of the financial statements, financial plans and budgets and that the Board's integrity is maintained by establishing and monitoring internal financial controls, transparency, accountability and truthful reporting of financial results in compliance with IPSAS and other laws and government circulars. The committee reviews the final audited accounts before they are presented to the full Board for approval; Initiates special audits/investigations

on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency; and reviews the internal and external audit findings and recommendations and proposes corrective and preventive action where necessary.

4. Board Committee Membership

COMMITTEE		MEMBERS	ROLE
Technical Committee	Board	Mr. Charles Mwangi Kirigwi	Chairperson
		Mr. Kennedy Mochere Kaburi	Member
		Ms. Florence N. Mutembei	Member
		Mr. Josephat Muhunyu	Member
		Mr. Anthony Nderitu	Member
Human Resource and Finance Committee	Board	Ms. Florence N. Mutembei	Chairperson
		Mr. Charles Mwangi Kirigwi	Member
		Ms. Mary Jeruto Indeje	Member
		Mr. Josephat Muhunyu	Member
		Mr. Anthony Nderitu	Member
Audit Board Committee		Mr. Kennedy Mochere Kaburi	Chairperson
		Ms. Mary Jeruto Indeje	Member
		Mr. Charles Mwangi Kirigwi	Member
		Mr. Josephat Muhunyu	Member
		Mr. Anthony Nderitu	Member

During the FY 2021/2022, the Following Committee and Board meetings were held:

MONTH	DATE	MEETINGS
March	29 th March, 2022	Full Board Meeting
April	12 th April, 2022	Human Resource and Finance Committee Meeting
	13 th April, 2022	Technical Committee Meeting
	26 th April, 2022	Audit and Risk Committee Meeting
June	28 th April, 2022	Full Board Meeting
	8 th June, 2022	Human Resource and Finance Committee Meeting
	9 th June, 2022	Technical Committee Meeting
	15 th June, 2022	Audit and Risk Committee Meeting
	16 th June, 2022	Full Board Meeting

There were also three (3) Special Meetings whose Agenda was as follows:

DATE	MEETINGS	Agenda
10th May 2022	Special Technical Committee Meeting	To consider the application for registration of iTea Ltd. as an Auction Organizer.
9th June, 2022	Special Technical Committee Meeting	Presentation by iTea Ltd. on the changes proposed by the Committee on the technical and business proposal to support its application for registration as Auction Organizer
27th June, 2022	Special Full Board Meeting	Preparation of Interview tools for recruitment of the Chief Executive Officer

5. Board Induction and Training

During the Year the Board induction and training was held from 14th to 18th March 2022 in Mombasa, 24th and 25th May 2022 in Kericho and 26th and 27th May 2022 in Kisumu. The training in Mombasa focused on appraising the Board on background of the tea industry, Mwongozo Code of Governance and Good Corporate Governance. It also included a familiarization on tea industry trading practices.

In Kericho, the Board toured the tea industry value chain activities at the Tea Research Foundation and also visited one of the leading tea packers (Kenya Tea Packers Limited) and a smallholder tea factory (Toror Tea Factory Limited). The Board was thereafter taken through the Tea Board of Kenya Human Resources Instruments at a workshop held in Kisumu.

8. MANAGEMENT DISCUSSION AND ANALYSIS

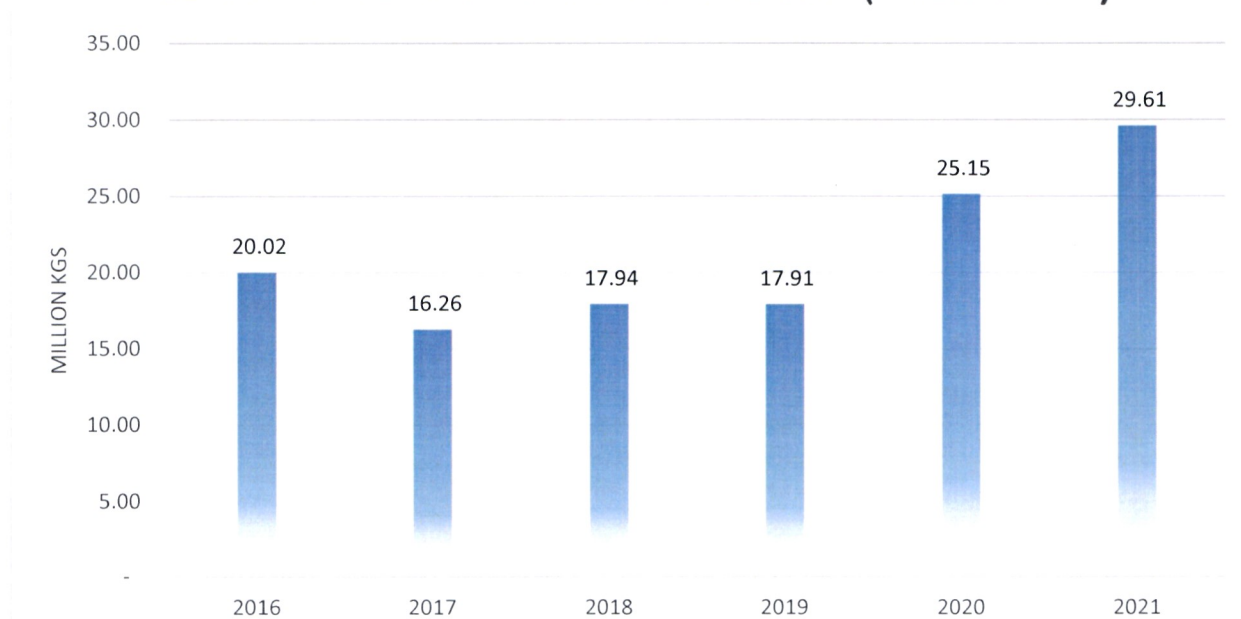
Over the period 2017-2021, management has been implementing programmes, initiatives and activities aimed at boosting agricultural growth and productivity in line with the Government's BiG-4 Agenda, enhancing market access and integration into the global value chain by developing traditional, new, and emerging markets as well as enforcing regulations. Under the BiG-4 Agenda, 13 new tea manufacturing factories with a combined processing capacity of 40 million Kgs were licensed to process CTC, Othodox, Green tea and Other Specialty teas. This resulted in growth of tea produced in Kenya from 439 million Kgs annually to 537 million Kgs. The area under tea also increased from 232 thousand hectares to 249 thousand hectares while productivity has grown from an average of 8000 Kilograms per hectares to about 9000 Kilograms.

	Planted Area (HA)	Green leaf Production (Kgs)	Productivity Per Ha (Kgs)	Made Tea (Kgs)
2017	232,742	1,869,395,391	8,032	439,857,739
2018	234,179	2,095,244,573	8,947	492,998,723
2019	236,359	1,950,125,033	8,251	458,852,949
2020	236,359	2,420,525,772	10,241	569,535,476
2021	249,764	2,285,789,566	9,152	537,832,839

Amongst the key markets, TBK carried out promotional activities in Russia due to its potential for growth. In the financial year 2018-19, the Board crafted a market development strategy for the Russian Market, which was to be implemented in three Phases from the FY 2019-20 up to the FY 2021-22. During the three-year period, promotion activities conducted in Russia included development of a communication hub, generating and disseminating Kenyan tea content to the Russian consumers and distributors of tea in the market to promote demand for Kenyan tea and holding several business and consumer

exhibitions in Russia. Over the period, tea exports volume from Kenya registered a growth of over 70% from 17 million Kgs to 29 million Kgs annually.

KENYA TEA EXPORTS TO RUSSIA (2016-2021)



To Increase market access to other export markets- market linkage forums were held by TBK in collaboration with tea industry stakeholders and the tea buyers in UK, Egypt, Iran, Jordan, China, North America, Pakistan, Nigeria, Ghana and the UAE.

To enforce regulations and standards- quarterly border points surveillance to check on illegal tea imports were conducted along 8 border points (Lunga Lunga, Taveta, Namanga, Loitoktok, Sirare, Isebania, Busia and Malaba) with a view to control influx of teas that do not meet Kenya's tea import requirements. Similarly, to check on Greenleaf weighing falsification malpractices, surveillance was conducted in the tea growing areas in the West and East of Rift.

To enhance Compliance with the Tea Act 2020, 15 Stakeholders forums were held in tea growing areas of Kericho, Bomet, Nyamira, Kisii, Nandi, Vihiga, Trans Nzoia, Kiambu, Murang'a/ Nyeri, Kirinyaga/ Embu counties. The forums were aimed at sensitizing smallholder tea growers on the tea sub-sector reforms. Additionally, Corporate Governance Guidelines/Regulations were developed to guide the management of institutions in the tea industry. Five (5) Regulations

(elections, payments, levy, tea auction and general) necessary to operationalize the Tea Act, 2020 were also developed.

To enhance the organizational internal operational efficiency, an ERP system was put in place, Staff were also equipped with technical and managerial skills through individual and group trainings based on identified skills gaps while rationalization of their terms of service was done with the guidance from State Corporations Advisory Committee. Procurement was also done in accordance with PPDA, 2015 & PPDA Regulations, 2020 and within all the statutory affirmative action thresholds.

The main challenges that faced the tea industry during the period was low and declining prices and delays in payments to the tea farmers; poor governance practices amongst the institutions in the tea value chain; lack of transparency in price discovery and transmission mechanisms at the tea auction; a weak regulatory framework; exploitation of tea farmers by middlemen through Greenleaf hawking variously known as “soko-huru” or “mukohoro” and low levels of value addition and product diversification leading to sub-optimal earnings from tea exports.

During his address to the Nation on 14th January 2020, on the revitalization of the Kenyan economy, H.E the President highlighted these challenges and directed for institution of the necessary policy, institutional and legal reforms in order to enhance returns to tea growers and other value chain players. This pronouncement paved way to the fast-tracking of the reform journey in the tea sub-sector, which commenced in 2018 with the formulation of the Tea Bill, 2018. The Tea Bill was a private members Bill tabled before the Senate by the Senator for Kericho Hon. Aaron Cheruyoit. The Bill was thereafter considered by the Senate and passed with amendments in June 2019 and then committed to the National Assembly. Upon being tabled before the National Assembly, the Bill was amended further to incorporate stakeholders’ inputs and concerns raised by H. E the President during his address to the Nation on the 14th January 2020. The Tea Bill, 2020 was passed by the National Assembly and signed into law on 23rd December 2020 and came into effect on 11th January 2021.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Tea Board of Kenya exists to drive the tea agenda in the country. TBK exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the industry stakeholders first, delivering effective services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability

(i). Sustainability strategy and profile

Despite its relative importance, the Kenya tea subsector has been facing a myriad of challenges ranging from declining international tea prices which has affected farm-level tea prices, poor governance among the industry institutions, declining quality of tea among others. In order to position the tea industry in the priority of the government development agenda, the board and the top management continues to highlight the relative importance of the industry whilst also seeking government's intervention to address the challenges affecting the tea sub-sector. As a result, branding and value addition in tea have been identified as one of the key priority projects under the Kenya Kwanza government agenda for the next five years. TBK has been identified as the key driver on many of these reforms being undertaken by the government in order to revitalise the tea sub-sector.

Consequently, the board and top management have identified the following six (6) strategic pillars to drive the Board and the industry in the medium and long-run: -

1. Revitalizing the performance of the tea sub sector;
2. Enhancing value addition and branding of Kenya tea;
3. Enhancing competitiveness, accountability and transparency along the tea value chain;
4. Enhancing market access of Kenya tea products in the export markets;
5. Strengthening technological and innovation capabilities in the tea sub sector;

6. Sustaining order in the tea sub sector and promoting environmental sustainability.

(ii). Environmental and Corporate Social Responsibility

As an institution at the helm of the industry that sorely rely on good weather, the Board continues to promote environmental sustainability in the industry as one of its key agendas. In the financial year 2021/2022 Tea Board of Kenya through the corporate communications department, undertook corporate social responsibility activities aimed at addressing the effects of climate change on the environment, particularly in tea growing areas. The Board donated Kshs 200,000 to the East African Wild Life Society for tree planting on Friday 27th May 2022 at Kinale Forest, Old Kijabe. The Tree planting initiative is part of the forest challenge rehabilitation program whose aim is to raise funds to rehabilitate at least 600 hectares of the country's key water towers. Kinale forest supports tea farming and farmers around Kambaa, Kagwe and Ndarugu Tea factory catchment.

The Tea Board of Kenya in partnership with Equity Group Foundation and KTDA Foundation also implemented an environment conservation program by planting trees in KTDA factories and tea growing catchment areas. This initiative is key to the Board's objective of supporting environmental sustainability in tea growing communities. On 7th July 2022 TBK mobilized government agencies, the County Government of Trans Nzoia and the surrounding community to distribute 30,000 grevillia seedlings to farmers in Kapsara Tea Factory catchment area.

During the FY 2021-22, the Board in collaboration with Rainforest Alliance, Nyayo Tea Zones, Imenti Tea Factory held a sensitization forum on climate change adaptation, mitigation and best environment conservation practices in commemoration of World Environment Day on Sunday 5th June, 2022 at Kirigara Girls Secondary School in Meru County. During the celebration the Board donated 500 hundred trees seedlings to the school (300 indigenous trees and 200 avocado tree seedlings).



Commemoration of World Environment Day on Sunday 5th June, 2022 at Kirigara Girls Secondary School in Meru County

(iii). Employee welfare

The Human Resource and Administration function supports the achievement of the Board's mandate as provided for in Section 16 of the Tea Act, 2020 by attracting, training and retaining highly qualified, skilled and motivated staff. The Board promotes gender equality as espoused in Article 27 of the Kenya Constitution on equality and freedom from discrimination.

During the year under review, the Board's staff composition comprised of thirty-four (34) Male and twenty-four (24) Female employees, thereby complying with the constitutional requirement on gender. In addition, twelve (12) University graduates were engaged as interns and attaches in various departments to gain on-the-job experience.

In order to enhance staff skills, knowledge and entrenchment of international best practices, the Board facilitated staff to attend various trainings, workshops and conferences. The trainings included trainings in senior management development, strategic leadership, public relations, ISO/IEC 70021, results-based monitoring, among others. In addition, the Board also facilitated staff to undertake Continuous Professional Development (CPD) training programmes geared towards improved service delivery, succession planning, effective management, career progression and ensuring staff remain in good standing within their professional organizations.

On staff welfare TBK and so as to ensure the physical and mental well-being of the employees the Board provided comprehensive medical insurance for its staff members and their dependents. In addition, it equipped the staff with continuous education on mental health and other lifestyle diseases in collaboration with established institutions within the health sector. The Board also developed various Human Resource Instruments which include the Human Resource Policy and Procedures Manual, the organizational structure, staff grading and establishment and career progression guidelines that will guide the procedures to be applied in managing Human Resource at TBK.

(iv). Market place practices-

The Board is committed to good marketing practices like responsible and ethical marketing, responsible competition practice, responsible supply chain and supplier relations, responsible marketing and advertisement and product stewardship. In this regard, the following is efforts made by the Board to promote fair market practices;

a) Responsible Competition practice

Marketing ethics is an area that deals with moral principles behind marketing. Ethics in marketing applies to different spheres such as product, pricing, placed distribution, promotion and advertising.

Tea Board of Kenya has been on the frontline to enhance the visibility of the Kenyan Tea Industry with regard to responsible and ethical marketing. TBK has endeavoured to achieve this by;

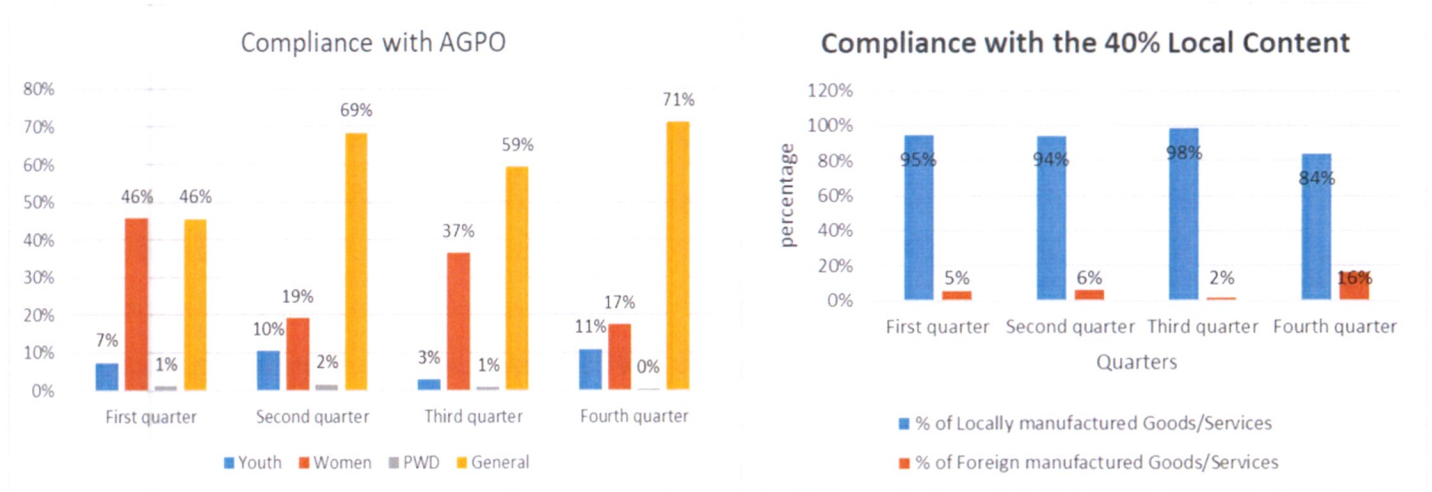
1. Engaging all the tea value chain players to ensure that the tea farmer is well compensated for their investment and therefore happily provides safe products (leaf) for use by the Tea Factories to manufacture high quality and safe products. Areas of inefficiencies within the industry have been identified through in-depth studies by TBK and implementation of the recommendations has been entrenched in legal and administrative tools;

2. Engaging the tea auction organiser to ensure that the price discovery system is transparent through automation of the process;
3. Through regulatory instruments TBK issue licenses and regularly monitors operations of all tea companies to ensure they observe Good Agriculture Practices and Good Manufacturing Practices for enhanced product safety;
4. Engaging the public in tea growing regions by donating tree seedlings, holding tree planting activities and donating 140 computers to public schools to enhance technological skills amongst the learners.

b) Responsible Supply Chain and Supplier Relations

The Board promotes good supplier relations by ensuring fairness in the process of engagement of service/ goods providers, payment within the agreed (reasonable) payment timelines and timeliness in provision of any information required by the suppliers. This is done by strictly implementing the provisions of the Public Procurement and Disposal Act, 2015 & Public Procurement and Disposal Regulations Board in its procurement function.

During the FY 2021-22, the Board sustained its efficient procurement processes in acquisition of goods, works and services. The Board ensured that the Access to Government Procurement Opportunities (AGPO) was maintained above the minimum 30% threshold as prescribed in the PPD Act, 2015 & PPD Regulations, 2020. The Board awarded 34% of its total procurement spend on to the special interest groups (Youth, Women & PWD's) through the AGPO and 89% to local goods and services.



During the FY 2021-22, The Board complied with its service charter of payment of suppliers within one month from the date of submission of the invoice.

c) Responsible Marketing, Advertisement and Product Stewardship

Tea Board of Kenya has endeavoured to promote ethical marketing practices and ensure that tea consumer rights are protected by;

- Enforcing the right to information through proper Labelling of tea packaging. TBK enforces labelling standards as published by Kenya Bureau of Standards
- Enforcing consumers’ right to safety by ensuring that HACCAP and ISO 2200 food safety standards are enforced in all manufacturing and packaging establishments.
- Facilitating consumers’ right to participate in decision making by providing platforms for stakeholder participation in all matters or anticipated changes relating to the effective running of the Tea industry in Kenya.
- Providing for consumers’ right to a healthy environment. Kenyan tea is grown within the brown line prescribed by TBK and TRI. The brown line is within high attitude areas in Kenya. Due to the high attitude Kenyan te is less likely to be attacked by pests and diseases and spraying with pesticide. Kenyan tea is therefore natural with no pesticide residue as it is not spraying.

10. REPORT OF THE DIRECTORS

The Board of Directors hereby submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the TBK's affairs.

i) Principal activities

The principal activities of the Tea Board of Kenya is to develop, regulate and promote the Tea Industry as provided for under the Tea Act, 2022.

ii) Results

The results of the Board for the year ended June 30, 2022 are set out on page 1 and 5 herein.

During the year under review, the Board received a total revenue of Kshs. 375 million from Government grants and internally generated sources. From this revenue, the Board applied Kshs. 506 million in its programmes thus giving a deficit of Kshs. 131 million. In order to bridge this deficit, transfer from reserves of Kshs. 131 million was done to finance implementation of programmes for revitalization of the tea industry.

The Board has a total asset of Kshs. 2.1 billion and total liabilities of Kshs. 75 million thus giving a net asset value of Kshs 2 billion

iii) Directors

The members of the Board of Directors who served during the year are shown on pages ix - xiii. All directors were appointed within the FY 2021-22 and none of the directors retired/ resigned.

iv) Surplus remission

TBK did not make any surplus during the FY 2021-22 and hence there was no remittance to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the Tea Board of Kenya in accordance with Article 229 of the Constitution of Kenya, Section 81 of the Public Financial Management Act, 2012 and Section 69 of the Public Audit Act, 2015.

By Order of the Board

Name PERIS.W.MUDIDA
Corporation Secretary/Secretary to the Board

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, Section 14 of the State Corporations Act and Section 59 of the Tea Act, 2020, requires the Directors to prepare financial statements of the Tea Board of Kenya, which give a true and fair view of the state of affairs of the Tea Board of Kenya at the end of the financial year and the operating results of the Tea board of Kenya for that year. The Directors are also required to ensure that the Tea Board of Kenya keeps proper accounting records which disclose with reasonable accuracy the financial position of the Tea Board of Kenya. The Directors are also responsible for safeguarding the assets of the Tea Board of Kenya.

The Directors responsibility for the preparation and presentation of the Tea Board of Kenya's financial statements, for the financial year ended on June 30, 2022 include:

- (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 TBK;
- (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 Tea Board of Kenya;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Tea Board of Kenya's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act and the Tea

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Act, 2020. The Directors are of the opinion that the Tea Board of Kenya financial statements give a true and fair view of the state of Tea Board of Kenya's transactions during the financial year ended June 30, 2021, and of the Tea Board of Kenya's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Tea Board of Kenya, which have been relied upon in the preparation of the Tea Board of Kenya'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 Tea Board of Kenya will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

TBK's financial statements were approved by the Board on 24th August 2022 and signed on its behalf by:

Signature.....
Name.....
Chairperson of the Board

Signature.....
Name.....
Chief Executive Officer

REPUBLIC OF KENYA



Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE TEA BOARD OF KENYA FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 Tea Board of Kenya set out on pages 1 to 40, which comprise the statement of financial position as at 30 June, 2022,

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of The Tea Board of Kenya as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Tea Act, 2020 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Non-Disclosure of Rental Income

The statement of financial performance reflects nil balance for rental revenue as disclosed in Note 8 to the financial statements. The statement reflects a comparative amount for rental income of Kshs.559,000. However, Management did not explain why no rental income was earned and reported in the year under review yet an amount of Kshs.559,000 was reported in the year ended 30 June, 2021.

In the circumstances, the accuracy and completeness of the nil rental revenue for the year ended 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The Tea Board of Kenya Management in accordance with ISSAI 130 on 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Non-Remittance of Pension

The statement of financial position reflects an amount of Kshs.28,512,000 in respect of employee benefit obligation as disclosed in Note 27 to the financial statements. This was a contributory benefit scheme for all full-time employees. The contributions for the employees and the employer were 10% and 20% respectively. However, although salary payments were made net of employees' pension deductions, the pension deductions had not been remitted to the relevant authorities. Although Management explained that a Board of Trustees had already been appointed and that the process was nearing completion, this was not supported by any verifiable records. This was in contravention of Section 19(4) of the Employment Act, 2007 that provides that an employer who deducts an amount from an employee's remuneration in accordance with Subsection (1)(a), (f), (g) and (h) shall pay the amount so deducted in accordance with the time period and other requirements specified in the law, agreement, court order or arbitration as the case may be.

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

2. Incorrectly Constituted Board

Review of the composition of the Board revealed that as at the time of audit, Board of Directors had eight (8) members. This was contrary to Section 7 of the Tea Act, 2020 which provides that the management of the Board shall vest in a Board of Directors consisting of eleven (11) members.

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

3. Appointment of the Acting Chief Executive Officer

The Chief Executive Officer was appointed in an acting capacity on 01 July, 2021 and the appointment was renewed by the appointing authority four times, with the latest appointment on 12 May, 2022. This resulted in the Officer serving in an acting capacity beyond six (6) months. This was contrary to Section 4.5.6 of the Board's Human Resource Policy and Procedures Manual (May, 2022) which provides that appointment on acting basis is a temporary measure pending the substantive filling of the vacant post by either recruitment or resumption of duty by the substantive holder of the post. The appointment shall normally be limited to a continuous period of 6 months or until the vacant post is filled whichever is the earlier.

In the circumstances, the Management was in breach of the Board's Human Resource Policy and Procedures Manual (May, 2022).

4. Irregular Payment of Special Duty Allowance

The statement of financial performance reflects employee costs of Kshs.120,278,000 and as disclosed in Note 12 to the financial statement. This amount includes salaries and

allowances of Kshs.96,486,000. Review of the payroll and other staff records revealed that one employee had served in acting capacity since 01 April, 2021, and earned special duty allowance of Kshs.220,128 during the year. This was contrary to Section 4.6.4 of the Board's Human Resource Policy and Procedures Manual (May, 2022) that provides that the maximum period for payment of special duty allowance is six (6) consecutive months or until the position is filled, whichever is the earlier. During that period, arrangements should be made to fill the higher post in substantive capacity. Where the position is not filled within this period, the Board or Chief Executive Officer may extend the payment period for a further period not exceeding six (6) months or until the position is substantively filled, whichever is earlier.

In the circumstances, the Management was in breach of the Board's Human Resource Policy and Procedures Manual (May, 2022).

5. Investment in Fixed Deposit Commercial Bank Account

The statement of financial position reflects cash and cash equivalents balance of Kshs.365,168,000 which includes a balance of Kshs.300,000,000 under fixed deposit account that the Board held at Cooperative Bank of Kenya Limited as reflected in Note 18 to the financial statements. This was contrary to The National Treasury Circular No.4/2017 dated 02 May, 2017 directing all state corporations and SAGA's to invest surplus funds in Treasury Bills and or Treasury Bonds directly through the Central Bank of Kenya without intermediaries. Further, the Circular directed that all maturing investments of surplus funds previously held in fixed deposits in commercial banks/financial institutions should not be rolled over but retired and invested in Treasury Bills and or Treasury Bonds.

In the circumstances, the Management was in breach of The National Treasury Circular No.4/2017 dated 02 May, 2017.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Staff Under Establishment

Review of the human resource records revealed that the Board had an approved staff establishment of one hundred (100) staff against fifty-eight (58) staff members in post, resulting in an overall under establishment by forty-two (42). Although the Management explained that it was in the process of sourcing for funds to implement the salary structure, The National Treasury approved a phased-out implementation as proposed by the Board and confirmed availability of funds.

In the circumstances, it was not possible to confirm whether the Board had adequate human resource capacity to facilitate effective achievement of its objectives.

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Board's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Board or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, 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 Board's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Board's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 May, 2023

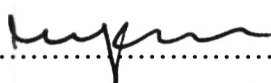
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Revenue from non-exchange transactions			
Transfers from other governments entities	6	300,425	92,555
Licenses and Registration Fees	7	2,783	3,022
		303,208	95,577
Revenue from exchange transactions			
Rental revenue from facilities and equipment	8	-	559
Finance income	9	68,084	65,884
Other income/Miscellaneous	10	3,745	-
Total revenue		375,037	162,019
Expenses			
Use of goods and services	11	333,844	167,754
Employee Costs	12	120,278	-
Board Expenses	13	14,208	-
Depreciation and amortization expense	14	18,671	26,299
Repairs and maintenance	15	4,315	2,548
Contracted Services	16	15,131	2,608
Total expenses		506,447	199,209
Other gains/(losses)			
Gain on sale of assets	17	-	732
Surplus before tax		(131,410)	(36,457)
Remission to National Treasury		-	-
Net Surplus for the year		(131,410)	(36,457)

The notes set out on pages 7 to 38 form an integral part of these Financial Statements.


The Financial Statements set out on pages 1 to 38 were approved by the Board of Directors on 24th August 2022.

Chief Executive Officer


.....
PERIS.W.MUDIWA
.....

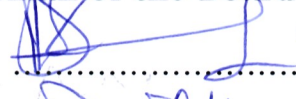
Date 29/3/2023.....

Head of Finance


.....
PETER MWACHARIA
.....
ICPAK No 8969

Date 29/3/23.....

Chairman of the Board


.....
David Kiria
.....


Date 29/3/2023.....

14. STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Assets			
Current Assets			
Cash and cash equivalents	18	365,168	999,536
Receivables from Exchange Transactions	19	11,359	13,791
Receivables from Non-Exchange Transactions	20	111,575	3,326
Total Current Assets		488,103	1,016,654
Non-Current Assets			
Property, plant and equipment	21	993,073	1,009,393
Intangible Assets	22	-	-
Securities and Deposits	23	666,382	211,309
Total Non- Current Assets		1,659,455	1,220,701
Total Assets		2,147,557	2,237,355
Liabilities			
Current Liabilities			
Trade and other payables	24	45,449	20,128
Refundable deposits from customers	25	87	87
Current Provision	26	1,116	-
Employee benefit obligation	27	28,512	13,338
Total Current Liabilities		75,165	33,553
Non-Current Liabilities			
Non-current Provision		-	-
Total Non- Current Liabilities		-	-
Total Liabilities		75,165	33,553
Net assets			
Revaluation Reserve		510,380	510,380
Accumulated surplus		1,322,959	1,454,370
Capital Fund		239,053	239,053
Total Net Assets		2,072,393	2,203,803
Total Net Assets and Liabilities		2,147,557	2,237,355


The Financial Statements set out on pages 1 to 38 were signed on behalf of the Board of Directors by:

Chief Executive Officer


.....
PERIS W. MUBWA

Date 29/3/2023


Head of Finance


.....
PETER MUTHARA

ICPAK No 8969

Date 29/3/23

Chairman of the Board


.....
Dr. David Kariuki

Date 29/3/2023

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022



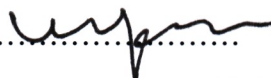
	Revaluation Reserve	General Reserve	Capital Reserve	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
As at July 2020	510,380	1,490,827	239,053	2,240,260
Surplus for the Period	-	(36,457)	-	(36,457)
Return of surplus funds to National Treasury	-	-	-	-
Transfers to/from Accumulated Surplus	-	-	-	-
Capital/ Dev't Grant Utilised During the Year	-	-	-	-
Balance as at 30 June 2021	510,380	1,454,370	239,053	2,203,803
As at July 2021	510,380	1,454,370	239,053	2,203,803
Surplus for the Period	-	(131,410)	-	(131,410)
Transfers to/from Accumulated Surplus	-	-	-	-
Return of surplus funds to National Treasury	-	-	-	-
Balance as at 30 June 2022	510,380	1,322,959	239,053	2,072,393

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2021/2022	2020/2021
		Kshs '000	Kshs '000
Cash Generated from Operations			
Surplus for the Year Before Tax		(131,410)	(36,457)
Adjusted for:			
Depreciation	14	18,671	26,299
Gains from foreign exchange transactions	17	-	(732)
Finance Income	9	(68,084)	(65,884)
Working capital adjustments:			
Increase in Receivables	19&20	(105,817)	(17,118)
Increase in Employee Benefit Obligation	27	15,175	13,338
Increase in Current Provision	26	1,116	-
Increase in Payables	24	25,322	18,547
Net Cash Flows from Operating Activities	28	(245,027)	(62,008)
Cash Flows from Investing Activities			
Purchase of Property, Plant, Equipment	21	(2,352)	(3,202)
Proceeds from Sale of Property, Plant and Equipment		-	421
Gains from foreign exchange transactions	17	-	732
Increase/Decrease in Securities & Deposits	23	(455,073)	(211,309)
Finance Income	9	68,084	65,884
Net Cash Flows used in Investing Activities		(389,341)	(147,474)
Cash Flows from Financing Activities			
Finance Cost		-	-
Net Cash Flows used in Financing Activities		-	-
Net Decrease in Cash and Cash Equivalents		(634,368)	(209,482)
Cash and Cash Equivalents at 1 July		999,536	1,209,018
Cash and Cash Equivalents at 30 June		365,168	999,536

**The Tea Board of Kenya
Annual Report and Financial Statements
For the year ended June 30, 2022.**

The Financial Statements set out on pages 1 to 38 were signed on behalf of the Board of Directors by:

 Dr. David Kiara	 PETER MACHARIA	 PERIS.W. MUDIDA
Board Chairman	Head of Finance ICPAK No 8969	Chief Executive Officer
Date <u>29/3/2023</u>	Date <u>29/3/23</u>	Date <u>29/3/2023</u>

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities	301,390	(965)	300,425	300,425	-	100%
Internally Generated Funds	92,500	-	92,500	74,612	(17,888)	81%
Reserves	-	116,671	116,671	116,671	-	100%
Total revenue	393,890	115,705	509,595	491,708	(17,888)	96%
Expenses						
Employee Costs	114,433	(965)	113,468	120,278	(6,810)	106%
Board Expenses	19,100		19,100	14,208	4,892	74%
Use of goods and services	217,173	116,671	333,844	333,844	-	100%
Contracted Services	16,150		16,150	15,131	1,019	94%
Depreciation and amortization expense	18,743		18,743	18,671	71	100%
Repairs and maintenance	8,291		8,291	4,315	3,976	52%
Total expenses	393,890	115,705	509,595	506,447	3,148	99%
Total Other Gains/(Losses)	-	-	-	-	-	-
Surplus/Deficit	-	-	-	(14,739)	(14,739)	

Budget Notes

A. A reconciliation between deficit as per statements of financial performance and comparison of budget and actual amounts is provided as follows

	Amount in Kshs '000
Deficit as per statements of financial performance	(131,410)
Transfers from Accumulated Surplus as per note 16	116,671
deficit as per statements of comparison of budget	(14,739)

Transfers from Accumulated Surplus for use in special projects as explained in note 16 of the financial statements were authorized by the National Treasury for use in programmes for revitalization of the tea industry.

B. An explanation of differences between actual and budgeted amounts above or under 10% are provided herein below in accordance with IPSAS 24.14; -

1. Internally Generated Income

The total amount received by the Board in the FY 2021-22 is Kshs 74.6 million against a target of Kshs. 92.5 million registering a negative variance of Kshs 17.8 million owing to the transfer of fixed deposits to collateral account for staff mortgage and car loan. There was also a decline in interest rates from fixed deposits during the period.

2. Personnel costs.

In the FY 2021-22, the Board incurred costs of Kshs. 120.2 million against a target of Kshs. 113.4 million registering a negative variance of Kshs 6.8 million owing to transfer of the payroll for temporary staff from the Agriculture and Food Authority to the Tea Board of Kenya.

3. Board Expenses

In the FY 2021-22, the Board incurred Kshs 14.2 million against a target of Kshs. 19.1 million registering a positive variance of Kshs 4.8 million. The Board of Directors were appointed during the 3rd quarter and therefore did not utilise their budget fully.

4. Repairs and Maintenance

In the FY 2021-22, the Board incurred Kshs 4.3 million against a target of Kshs. 8.2 million registering a positive variance of Kshs 3.9 million owing to delays in undertaking repairs in TBK building in Nairobi.

18. NOTES TO THE FINANCIAL STATEMENTS

Summary of Significant Accounting Policies

1. General Information

The Tea Board of Kenya (TBK) is established by and derives its authority and accountability from the Tea Act, 2020. TBK is wholly owned by the Government of Kenya and is domiciled in Kenya. TBK's principal activity is to develop, regulate and promote the tea industry as provided in the Tea Act, 2020.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Board.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Tea Act, 2020 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June, 2022.

The Board did not early-adopt any new or amended standards in the year ended 30 June, 2022 while amendments to IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash-Generating Assets aimed at ensuring consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Asset have no impact in the Board's Financial Statements given the Board's dealings do not ordinarily result in a significant portion of cash generating assets.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

The proposed new amendments to IPSAS 41, 42, 43 and 44 have no significant impact on the Board's financial statements for the year ended 30 June, 2022 given that a significant portion of the Board's revenue for funding its operations emanates from the government through the exchequer. Financial instruments are not projected to form a significant part of the Board's assets in the foreseeable future. The board does not intend to have social benefits in the foreseeable future within the definition of IPSAS 42. The board neither have leases or Non-current Assets Held for Sale and Discontinued Operations.

iii. Early adoption of standards

The Board did not early-adopt any new or amended standards in the year ended 30 June, 2022. The proposed new IPSAS 43 which has an effective date of January 1, 2025 does not have significant impact on the Board's financial statements for the year ended 30 June, 2022 given that the board did not have any rental revenue in the financial year ended 30 June, 2022. The Boards rental income ceased in the financial year ended 30 June, 2021 and is not expected to collect until legal issues related to the facilities generating revenue are resolved. All legal matters have been highlighted in note 34 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Summary of Significant Accounting Policies

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

In a non-exchange transaction, the Board receives value from the public or entities without directly giving approximately equal value in exchange, or gives value to the public or another entity without directly receiving approximately equal value in exchange.

Licences and Registration Fees

TBK recognizes revenues from licensing and registration fees when the event occurs and the asset recognition criteria is met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to TBK and the fair value of the asset can be measured reliably.

Transfers from the Exchequer and other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to TBK and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

ii) Revenue from exchange transactions – IPSAS 9

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

The original budget for FY 2021-2022 for the Tea board of Kenya was approved alongside the budget for the Agriculture and Food Authority. However, in the supplementary budget in January 2022, TBK received its own separate budget from the Agriculture and Food Authority. In addition, the Board obtained a supplementary budget for implementation of Executive Order No. 3 of 2021 on revitalisation of the tea subsector and the Tea Act, 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Board upon receiving the respective approvals in order to conclude the final budget. Accordingly, TBK recorded additional appropriations of 121.2 million on the 2021-2022 budget following the governing body's approval.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is presented in the statement of comparison of budget and actual amounts.

c) Taxes – IAS 12

The Tea Board of Kenya is a State Corporation established under Section 3 of the Tea Act, 2020. The Board is a regulatory State Corporation categorised under Schedule 3 under Public Finance Management Regulations 211(4) and therefore exempt from tax in accordance with Section 219(3) of the Public Finance Management Regulations, 2015. However, the Board is subject to Regulation 219 (2) of the PFM Regulations which requires '*a regulatory authority established by an Act of Parliament and referred to under regulation 211 (4), to remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year*'. However, the Board is registered for PAYE, VAT and Income taxes which it has complied with.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

d) Property, plant and equipment

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

The useful lives of items of property, plant and equipment have been assessed on a straight-line method as follows: -

Asset	Depreciation Method	Depreciation Rate	Useful Life
Land			Leasehold period
Buildings	Straight-line	2.50%	40yrs
Motor Vehicles	Straight-line	25.00%	4yrs
Computers	Straight-line	33.30%	3yrs
Office & Communication Equipment	Straight-line	12.50%	8yrs
Furniture, Fixtures & Fittings	Straight-line	12.50%	8yrs

The depreciable amount of an asset is allocated on a systematic basis over its useful life. The Board assesses at each reporting date whether there is any indication that the Board's expectation about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Board revises the expected useful life and/or residual value accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

The change is accounted for as a change in an accounting estimate. The depreciation charge for each period is recognized in surplus or deficit. Items of property, plant and equipment are derecognized when disposed of or when there are no further economic benefits or service potential expected from the use of the asset. It is the policy of the Board to charge full depreciation on all its non-current assets including intangible assets in the year of purchase and no depreciation in the year of disposal.

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

Amortization is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Asset	Depreciation Method	Depreciation Rate	Useful Life
Intangible Assets	Straight-line	20%	5yrs

f) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

g) Inventories - IPSAS 12

According to IPSAS 12; Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations. However, the Board is a service-based public institution and does not carry significant amount of inventory as it is procured in small quantities and therefore expensed when it is procured.

h) Provisions – IPSAS 19

The Board recognises provisions when:

- i. It has a present obligation (legal or constructive) as a result of a past event,
- ii. It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- iii. A reliable estimate can be made of the amount of the obligation.

The amount of the provision is the best estimate of the expenditure expected to be required to settle the obligation at the reporting date.

Where the Board expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate and are reversed if it is no longer probable that an outflow of economic resources embodying economic benefits or service potential will be required, to settle the obligation. The details of the provisions made in preparing these Financial Statements are disclosed in note 27.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

i) Contingent liabilities

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

j) Nature and purpose of reserves

In accordance with IPSAS 1, where an entity has no share capital, it shall disclose net assets/ equity, either on the face of the statement of financial position or in the notes, showing separately: contributed capital, accumulated surpluses, reserves (including a description of the nature and purpose of each reserve within net assets/ equity; and minority interests. The Board maintains the following reserves for the purposes stated: -

1. **Capital Reserve** – This represents the seed money used by the government for establishment of the defunct Tea Board of Kenya under the Tea Act Cap 343. It is primary reserve that finances major assets of the Board.
2. **Revaluation Reserve** – This is the reserve created from revaluation of Property, Plant and Equipment being the difference between the carrying amount and the fair value of fixed assets in accordance with IPSAS 17. This is necessary for the proper accounting of fixed asset values, under fair value accounting and therefore has been reported separately in financial statements.
3. **General Reserve** – This is created from accumulated surplus of the Board and is used to strengthen the liquid resources of the Board.

k) Changes in accounting policies and estimates

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

1) Employee benefits

Retirement benefit plans

The Board provides for retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an TBK pays fixed contributions into a separate TBK fund, and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Board is in the process of establishing a contributory benefit plan for its staff. Consequently, a monthly provision is made at the rate of 15% representing the Board's contribution for the pension scheme. The details of the monies set aside in these Financial Statements are disclosed in note 28.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

n) Related parties

TBK regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the TBK, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

The Board as a State Corporation under the Ministry of Agriculture, Livestock, Fisheries and Co-operatives operates under the guidance and Direction of the Ministry. The Board of Directors was appointed in the 3rd quarter of the FY 2021-22. However, even though some of the major decisions regarding operations of the Board were subject to the approval by the Ministry, the Board operates with a high degree of autonomy.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

p) Comparative figures

Prior to the commencement of the Tea Act, 2020, financial statements for AFA-Tea Directorate were presented alongside the financials for the Agriculture and Food Authority (AFA). TBK first set of financial statements starts from FY 2021-2022 when the TBK started to operate separately from AFA. Therefore, the comparative figures for AFA- Tea directorate has been provided.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

q) 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, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Significant judgements, estimates and assumptions include;

i. Estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

ii. Useful lives and residual values

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

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

iii. Depreciation and amortisation

The Board's management determines the estimated useful lives and related depreciation charges on the basis of the industry norm and increases the depreciation charge where useful lives are less than previously estimated.

iv. Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. This includes provisions for audit fees, bad debts and legal fees. Additional disclosure of these estimates of provisions is included in Note 27.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

Description	2021-2022 Kshs "000"	2020-2021 Kshs "000"
Unconditional grants		-
Operational grant	300,425	92,555
Other grants	-	-
Total Unconditional Grants	300,425	92,555
Conditional grants		-
Other organizational grants	-	-
Total government grants and subsidies	300,425	92,555

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

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance Kshs "000"	Amount deferred under deferred income Kshs "000"	Amount recognised in capital fund. Kshs "000"	Total transfers 2021/22 Kshs "000"	Prior year 2020/ 21
Ministry of Agriculture/State Department of Crop Development	150,213	-	-	150,213	92,555
Agriculture & Food Authority	150,213			150,213	-
Total	300,425	-	-	300,425	92,555

In the financial year 2021-22, the Board's annual budget was incorporated was part of the budget for the Agriculture and Food Authority (AFA). Consequently, subvention from the State Department of Crop Development for the 1st half of the FY 2021-22 were disbursed through AFA which then remitted to the Board. However, subvention for the 2nd half was directly remitted to the Board.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Licenses and Registration Fees

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Licenses & Registration Fees	2,783	3,022
Total	2,783	3,022

8. Rental Revenue from Facilities and Equipment

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Operating lease revenues	-	559
Others	-	-
Total rentals	-	559

9. Finance Income

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Cash investments and fixed deposits	68,084	65,884
Interest income from Treasury Bills	-	-
Total finance income	68,084	65,884

10. Other/ Miscellaneous Income

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Sponsorship	2,005	-
Others	1,740	-
Total other income	3,745	-

11. Use of Goods and Services

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Capacity Building, Research & Innovation	20,969	8,960
Compliance & Surveillance	34,137	48,306
Registration Licensing, Standards & Quality Control	33,988	4,189
Trade Advisory & Market Development	58,399	37,760

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Use of Goods and Services (Continued)

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Special Project - Implementation of Reforms	114,243	48,141
Corporate Communication	8,410	-
Planning, Strategy & Ent. Risk Man.	3,923	-
Human Resource Costs	21,756	4,137
Audit Expense	4,782	-
Legal Costs	489	-
Office Expenses	8,599	5,682
Vehicle Running Expenses	4,217	4,322
Rent and rates	1,446	82
Utilities	3,336	1,976
Finance Expenses	7,468	2,502
CEO's Office Expenses	990	-
Supply Chain Department	1,511	1,680
Information, Communication & Technology	5,182	17
Total Use of Goods and Services	333,844	167,754

12. Employee Costs

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Salaries and Allowances	96,468	-
Employer contribution to pension schemes	11,014	-
Staff Medical Insurance	12,796	-
Total	120,278	-

13. Board Expenses

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Sitting & Lunch Allowances	2,446	-
Accommodation and Subsistence	5,032	-
Board Members Travel	3,460	-
Board Members Capacity Building & Trainings	1,995	-
Board Members Medical & Insurance	1,275	-
Total	14,208	-

14. Depreciation & Amortization Expense

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Property, plant and equipment	18,671	26,299
Intangible assets	-	-
Total depreciation and amortization	18,671	26,299

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Property	970	503
Plant and Equipment	-	1,439
Automobiles	2,241	52
Computer and Electronic Equipment	593	-
Furniture and Fittings	-	555
Others	511	-
Total repairs and maintenance	4,315	2,548

16. Contracted Services

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Hire of Security	2,390	-
Legal Fees	2,510	-
Local Travelling Expenses/Taxi	4,864	2,608
Audit Fees	1,116	-
Insurance Services	1,791	-
Cleaning Services	2,460	-
Total	15,131	2,608

17. Gain on Sale of Assets

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Property, plant and equipment	-	732
Other assets not capitalised	-	-
Total gain on sale of assets	-	732

18. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Current account	65,168	36,061
On - call deposits	-	-
Fixed deposits account	300,000	963,475
Cash in hand/petty cash	-	-
Total cash and cash equivalents	365,168	999,536

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18b. Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2021-2022 Kshs	2020-2021 Kshs
a) Current account			
Citibank NA - KES	0300026036	15,791	1,552
Citibank NA - USD	0300026063	1,245	109
National Bank of Kenya - Ac 1	01003000544300	12,591	11,281
National Bank of Kenya - Msa	01003007525500	77	70
Co-operative Bank of Kenya	01120007120700	35,464	23,048
Sub- total		65,168	34,400
c) Fixed deposits account			
National Bank of Kenya		-	101,662
Co-operative Bank of Kenya	01132007120772	-	563,475
Co-operative Bank of Kenya	01132007120773	300,000	300,000
Sub- total		300,000	965,137
Grand total		365,168	999,536

19. Receivables from Exchange Transactions

Description	2021-2022 Kshs "000"	2020-2021 Kshs "000"
Prepayments	2,849	605
Other Debtors	8,510	13,186
Total current receivables	11,359	13,791

20. Receivables from Non-Exchange Transactions

Description	2021-2022 Kshs "000"	2020-2021 Kshs "000"
Staff Debtors	1,876	1,404
Staff Advance	67	-
Receivables from Other Govt Agencies-Assets*	1,922	1,922
Receivables from Other Govt Agencies-Mortgage**	107,709	-
Total current receivables	111,575	3,326

* "Receivable from Other Government Agencies – Assets" represents monies owed by AFA for Assets disposed off by AFA on behalf of the Tea Directorate.

** "Receivable from Other Government Agencies – Mortgage" represents monies contributed by the Tea Directorate for the staff mortgage being held by AFA awaiting the separation of the mortgage facility between TBK and AFA.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Land		Buildings		automobiles		Computer & Electronic Equipment		Office and Communication Equipment		Furniture and Fittings		TOTAL
	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	
Cost													
As at 1st July 2020	441,500	625,431	363,000	9,707	15,023	16,393	1,471,055						
Additions	-	-	-	1,349	1,644	208	3,202						
Disposals	-	-	-	(280)	(17)	(124)	(421)						
At 30 June 2021	441,500	625,431	31,600	10,777	16,651	16,478	1,142,436						
Additions	-	-	-	252	83	2,017	2,352						
At 30 June 2022	441,500	625,431	31,600	11,028	16,733	18,495	1,144,788						
Depreciation & Impairment													
As at 1st July 2020		46,652	23,700	9,707	13,413	13,693	107,165						
Elimination on Revaluation/Disposal				(280)	(17)	(124)	(421)						
Depreciation		15,643	7,900	440	1,069	1,248	26,299						
At 30 June 2021	-	62,294	31,600	9,867	14,464	14,817	133,043						
Depreciation		15,636	-	534	1,010	1,491	18,671						
At 30 June 2022	-	77,930	31,600	10,401	15,475	16,309	151,715						
Net Book Values													
At 30 June 2022	441,500	547,501	0	627	1,259	2,186	993,073						
At 30 June 2021	441,500	563,137	-	909	2,186	1,660	1,009,393						

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

Land and buildings were valued by **Ms. Ebony Valuers Limited** independent valuer in 2016 using the fair value (market value) basis of valuation. These amounts were adopted in the AFAs Financial statements for the FY 2017/18.

21 (b) 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:

	Cost	Accumulated Depreciation	NBV
	Kshs "000"	Kshs "000"	Kshs "000"
Land	70,400	-	70,400
Buildings	593,879	(89,233)	504,646
Automobiles	51,689	(51,689)	-
Computer & Electronic Equipment	9,707	(9,707)	-
Office & Communication Equipment	15,023	(13,025)	1,999
Furniture and Fittings	16,393	(13,206)	3,187
Totals	757,092	(176,861)	580,232

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

	Cost	Normal Annual Depreciation charge
Automobiles	51,689	3,048
Total	51,689	3,048

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. Intangible Assets

	2021/2022	2020/2021
	Kshs '000	Kshs '000
COST		
At July 1	4,534	4,534
Software Additions	-	-
At June 30	4,534	4,534
AMORTISATION		
At July 1,	4,534	4,534
Transfer/Adjustments	-	-
Charge for the year	-	-
At June 30	4,534	4,534
NET BOOK VALUE	-	-
At June 30	=	=

Intangible Assets comprises of several systems and software that were acquired separately are initially recognized at cost and then carried at cost less any accumulated amortization and accumulated impairment losses. Whereas some of the systems are still in use, they have a finite useful life and the Board is in the process of transiting to other systems which will be recognized at cost. Intangible Assets includes the following assets that are fully depreciated:

	Cost	Normal Annual Amortisation charge
	Kshs '000	Kshs '000
ePortal and accounting software	4,534	906.8
Total	4,534	906.8

23. Securities & Deposits

Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Staff Mortgage Account - Kenya Commercial Bank	563,475	107,917
Unsecured Personal Loan Account -NBK	52,907	52,072
Staff car loan Account - NBK	50,000	51,320
Total cash and cash equivalents	666,382	211,309

As at June 30, 2022, Kshs. 107.9 million was still being held by AFA under the AFA mortgage scheme and has therefore being reported as a receivable from non-exchange transaction in these financial statements. During the financial year, Kshs. 563.4 million was the amount transferred to the TBK staff mortgage scheme following approval by the National Treasury.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Trade and Other Payables

Description	2021-2022 Kshs "000"	2020-2021 Kshs "000"
Trade payables	45,449	20,128
Other payables	-	-
Total trade and other payables	45,449	20,128

25. Refundable Deposits & Prepayments from Customers

Description	2021-2022 Kshs "000"	2020-2021 Kshs "000"
Customer deposits	87	87
Other deposits	-	-
Payments received in advance	-	-
Total deposits	87	87

26. Current Provisions

Description	Leave provision Kshs "000"	Bonus provision Kshs "000"	Gratuity Provision Kshs "000"	Other provision Kshs "000"	Total Kshs "000"
Balance b/d (1.07.2021)	-	-	-	-	-
Additional Provisions	-	-	-	1,116	1,116
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Transfers from non - current provisions	-	-	-	-	-
Total provisions as at 30.6.2022	-	-	-	1,116	1,116

This entails the provision for audit fees for the period 2021-22.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2021-2022	2020-2021
	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	28,512	28,512	13,338
Total employee benefits obligation	-	-	28,512	28,512	13,338

With effect from July 1, 2021 the Tea Board of Kenya operates a contributory benefit scheme for all full-time employees in accordance with the AFA terms and service of employment. However, the Board is in the process of registering the Scheme with the Retirement Benefits Authority (RBA) which has been approved by the Board of Directors. The contributions for both employees and the employer are 10% and 20% respectively. The amount deducted from staff is usually added to the employer's contribution and the liability recognised in the financial statements as Employee Benefit Obligations. Once the scheme is registered with RBA, the board will procure the services of the administrator, fund managers and the custodian in accordance with the Retirement Benefits Act NO. 3 OF 1997. In this regard, the liability has been carried in the financial statement at present value.

TBK also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. TBKs obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 200 per employee per month. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

Included in this figure is Kshs. 581,330 related acting allowance for the period July 2021 to June 2022 which had not been paid by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. Cash Generated from Operations

	2021/2022	2020/2021
	Kshs '000	Kshs '000
Surplus/ Deficit for the Year Before Tax	(131,410)	(36,457)
Adjusted for:		
Depreciation	18,671	26,299
Gains and Losses on Disposal of Assets/ Foreign Exchange	-	(732)
Finance Income	(68,084)	(65,884)
Working capital adjustments:		
Increase/Decrease in Receivables	(105,817)	(17,118)
Increase/Decrease in Employee Benefit Obligation	15,175	(13,338)
Increase/Decrease in Current Provision	1,116	-
Increase/Decrease in Payables	25,322	45,222
Net Cash Flows from Operating Activities	(245,027)	(62,008)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. Financial Risk Management

The Board's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. TBK's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. TBK does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

i) Credit risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Board. Credit Risk arises from bank balances, receivables and amounts due from related parties. Although this risk is unlikely to occur in the short term, it is mitigated as follows:

- i. Cash and short-term deposits are placed with well-established financial institutions of high quality and credit standing and also approved by the National Treasury;
- ii. Funds are invested in short-term facilities; and
- iii. The Board does not raise receivables in its ordinary course of business.

Credit risk with respect to accounts receivable is limited due to the nature of the Board's business and its reliance on government grant as the main source of funding. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the TBK's management based on prior experience and their assessment of the current economic environment.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Total Amount Kshs '000	Fully Performing Kshs '000	Past Due Kshs '000	Impaired Kshs '000
As at 30 June 2022				
Current portion of receivables from exchange transactions	11,359	11,359	-	-
Receivables from non-exchange transactions	111,575	111,575	-	-
Bank Balances	365,168	365,168	-	-
Total	488,103	488,103	-	-
As at 30 June 2021				
Current portion of receivables from exchange transactions	13,791	13,791	-	-
Receivables from non-exchange transactions	3,326	3,326	-	-
Bank Balances	999,536	999,536	-	-
Total	1,016,654	1,016,654	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and there was no need to provide for an allowance for uncollectible amounts since TBK has considered all amounts to be recoverable. TBK has significant concentration of credit risk on amounts due from AFA amounting to Kshs. 111.5 million. The board of directors sets the TBK's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity Risk Management

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

The table below represents cash flows payable by the Board under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	1-3 months	3-6 months	6-12 months
	Kshs '000	Kshs '000	Kshs '000	Kshs '001
As at 30 June 2022				
Trade and other payables	37,178	889	3,243	4,139
Refundable deposits from customers	-	-	-	87
Current Provision	1,116	-	-	-
Employee benefit obligation	-	-	28,512	-
Total	38,294	889	31,755	4,226
As at 30 June 2021				
Trade and other payables	4,773	7,201	2,300	5,854
Refundable deposits from customers	-	-	-	-
Current Provision	-	-	-	-
Employee benefit obligation	-	-	13,338	-
Total	4,773	7,201	15,638	5,854

iii) Market risk

TBK has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. TBK's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the TBK's exposure to market risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a) Foreign currency risk

TBK has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. TBK manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments. As at reporting date, TBK did not have future commercial transactions and recognised assets and liabilities in currencies other than the local currency.

b) Interest rate risk

Interest rate risk is the risk that TBK's financial condition may be adversely affected as a result of changes in interest rate levels. TBK's interest rate risk arises from bank deposits. This exposes the Board to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Board's deposits. In order to manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity Analysis

TBK analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point (1%) it would result in a decrease/increase in profit of Kshs 680,838 and Kshs. 658,835 in FY 2021/22 and 2020/21 respectively. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs. 3,404,189 and 3,294,175 in FY 2021/22 and 2020/21 respectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the TBK's market assumptions. As at reporting date, TBK did not have any financial instruments measured at fair value.

iv) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs '000	Kshs '000
Revaluation reserve	510,380	510,380
Retained earnings	1,322,959	1,454,370
Capital reserve	239,053	239,053
Total funds	2,072,393	2,203,803
Total borrowings	-	-
Less: cash and bank balances	(365,168)	(999,536)
Net debt/(excess cash and cash equivalents)	1,707,225	1,204,267
Gearing	0%	0%

30. Related Party Disclosures

a. Government of Kenya

The Government of Kenya is the principal shareholder of the Tea Board of Kenya, holding 100% of the TBK's equity interest.

Other related parties include:

- i) The Ministry of Agriculture, Livestock, Fisheries and Cooperatives;
- ii) Agriculture and Food authority by virtue of the historical relationship between former Tea directorate and the Authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021-2022	2020-2021
	Kshs '000	Kshs '000
Transactions with related parties		
a) Grants /Transfers from the Government		
Ministry of Agriculture/State Department of Crop Development	150,212.50	92,555
Agriculture & Food Authority	150,212.50	-
Total	300,425	92,555
b) Expenses incurred on behalf of related party		
Payments of salaries for TBK employees by AFA	-	119,697
Total	-	119,697
c) Receivables from related party		
AFA Collateral for staff Mortgage and car loan	107,709	107,709
Total	107,709	107,709

31. Contingent Liabilities

Court cases

As at reporting date TBK had several court cases emanating from the AFA Tea Directorate which transferred to the Board by virtue of the law. Section 77 of the Tea Act, 2020 provides *All legal proceedings and claims pending in respect of actions and activities to which this Act apply shall be continued or enforced by or against the Board and the Foundation in the same manner as they would have been continued or enforced by or against the Agriculture and Food Authority and the Kenya Agricultural and Livestock Research Organization had this Act not been enacted.*

In this regard, the Board assumed the following pending proceedings and claims of the AFA-Tea directorate the commencement of the Tea Act, 2020, in accordance with section 77 of the Act: -

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021-2022	2020- 2021
	Kshs '000	Kshs '000
Contingent Liabilities		
1		
NAIROBI JR MISC. APPLICATION NO E003 OF 2020		
Kenya Tea Development Holdings Ltd Vs Cs Ministry of Agriculture, Livestock, Fisheries and Cooperatives, AFA And Others	5 million	5 million
2		
MOMBASA PETITION NO 87 OF 2020		
East African Tea Trade Association Vs the Cabinet Secretary MOALFC, AFA And the Hon. Attorney General	2.5 million	2.5 million
3		
NAIROBI PETITION NO E243 OF 2020		
Kenya Tea Development Agency Holdings Limited KTDA Management Services Limited Vs the Cabinet Secretary MOALFC, AFA And the Hon. Attorney General.	3.5 million	3.5 million
4		
NAIROBI ELRC NO E027 OF 2020		
Wilson Mathiu Muthaura Vs the Cabinet Secretary MOALFC, AFA And the Hon. Attorney General.	2.1million	2.1million
5		
CMCC NO 451 OF 2008		
Peter N. Njoroge Vs Tea Board of Kenya.	Attorney General	N/A
6		
NAIROBI HIGH COURT JR MISC APPL NO 768 OF 2008		
R Vs Tea Board Of Kenya Ministry Of Agriculture (Exparte) Kambaa Tea Factory And 47 Others	3 million	3 million
7		
MILIMANI HCCC NO 198 OF 2010		
City Amsco Ltd Vs Tea Board of Kenya And East African Tea Trade Association.	Attorney General	N/A
8		
KERICHO CONSTITUTIONAL PETITION NO.18 OF 2014		
Governor of Kericho county vs Kenya Tea development agency, AFFA & 27 others	6.1 million	6.1 million
9		
MERU JUDICIAL REVIEW NO 2 OF 2018		
Njeru Industries LTD vs AFA	350,000	350,000
10		
NAIROBI E016OF 2021		
Kenya Tea Growers Association versus AG, CS and AFA	Attorney General	N/A
11		
EMBU HIGH COURT PETITION NO. 2 OF 2021		
Mungania Tea Factory Vs Attorney General	3.5 million	N/A

The outcome of the above court cases therefore may result in legal costs or damages awarded against or for the Board.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In the Financial Years 2020-21 and 2021-22, TBK did not make any surplus to remit to the National Treasury in accordance with Section 219 (2) of the Public Financial Management Act regulations.

Surplus Remission		
Description	2021-2022	2020-2021
	Kshs "000"	Kshs "000"
Surplus for the period	(130,829)	(36,457)
Less: Allowable deductions by NT	-	-
90% computation (Included in Statement of Financial performance)	-	-
Surplus Remission Payable	-	-
Payable at the beginning of the year	-	-
Paid during the year	-	-
Payable at end of the year	-	-

There was no surplus to report during the period under review

33. Events after the Reporting Period

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

29 Ultimate and Holding Entity

TBK is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Agriculture, Livestock, Fisheries and cooperatives. Its ultimate parent is the Government of Kenya.

30 Currency

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

19. APPENDICES

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL'S RECOMMENDATIONS

As at the date of this financial report, the Board had no any outstanding audit issue requiring follow.

APPENDIX II: PROJECTS IMPLEMENTED BY TBK

The Board did not have any project in the FY 2021-22 being implemented or funded by development partners and/ or the Government.

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent t/Develo pment/O thers	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized			Total Transfers during the Year
					Capital Fund	Deferred Income	Receivabl es	
AFA	13/08/20 21	Recurrent	75,107,159	75,107,159	0	0	0	75,107,159
AFA	24/11/20 21	Recurrent	67,875,897.20	75,107,159	0	0	0	75,107,159
MOALFC	22/02/20 22	Recurrent	25,035,720	25,035,720	0	0	0	25,035,720
MOALFC	15/03/20 22	Recurrent	25,035,720	25,035,720	0	0	0	25,035,720
MOALFC	31/03/20 22	Recurrent	25,035,720	25,035,720	0	0	0	25,035,720
MOALFC	06/05/20 22	Recurrent	75,107,158	75,107,158	0	0	0	75,107,158
Total			293,197,374	300,428,636	0	0	0	300,428,636

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Appendix V- Inter-Entity Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary Entity]
[Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30 June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 June 2022

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 June 2022		Differences (F)=(D-E)
						Received by [beneficiary Entity] (Kshs) as at 30 June 2021 (E)		
N/A								
Total								

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

Head of Accountants department of beneficiary Entity:

Name Sign Date

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Appendix VI: Reporting of Climate Relevant Expenditures

Name of the Organization
 Telephone Number
 Email Address
 Name of CEO/MD/Head

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

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

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Appendix VII: Disaster Expenditure Reporting Template

Date:

Entity

Period to which this report refers (FY)

Year

Quarter

Name of Reporting Officer

Contact details of the reporting officer:

Column I

Email

Column II

Sub-programme

Column III

Disaster Type

Column IV

Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)

Column V

Expenditure item

Column VI

Amount (Kshs.)

Column VII

Comments

N/A