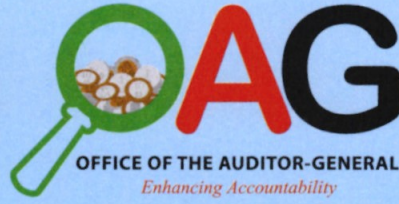


REPUBLIC OF KENYA



**REPORT**

**THE NATIONAL ASSEMBLY  
PAPERS LAID**

**DATE: 02 APR 2026**

**DAY.**

*Thursday*

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

**TABLED  
BY:**

*Deputy Majority Whip  
Hon. Romi Wagg MP*

**CLERK-AT  
THE-TABLE:**

*Halima Ahmed*

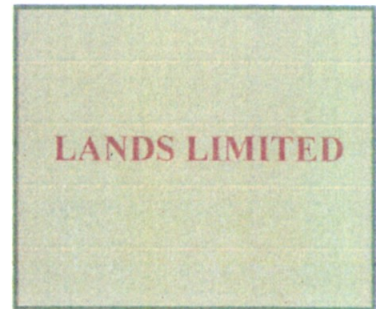
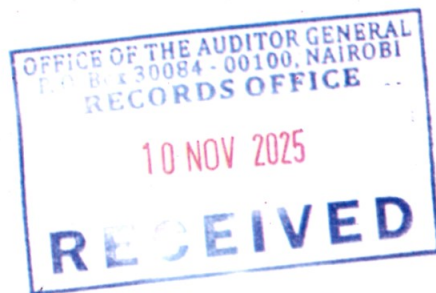
**THE AUDITOR-GENERAL**

**ON**

**LANDS LIMITED**

**FOR THE YEAR ENDED**

**30 JUNE, 2025**



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**LANDS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

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

---

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

*(Indicate actual name of the entity)*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 20xx.**

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**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

<b>Table of Contents</b> .....	<b>Page</b>
1. Acronyms and Definition of Key Terms .....	ii
2. Key Entity Information and Management.....	iii
3. The Board of Directors .....	vi
4. Managing Director and Key Management Team.....	xii
5. Chairman’s Statement.....	xiii
6. Managing Director’s Statement.....	xiv
7. Corporate Governance Statement .....	xv
8. Management Discussion and Analysis .....	xvii
9. Environmental and Sustainability Reporting .....	xix
10. Statement of Management Responsibilities .....	xxi
11. Report of the Independent Auditor for the Lands Limited.....	xxiv
12. Statement of Financial Performance for the Year Ended 30th June 2025.....	1
13. Statement of Financial Position As At 30th June 2025.....	2
14. Statement of Changes In Net Assets for the Year Ended 30th June 2025 .....	3
15. Statement of Cashflows for the Year Ended 30th June 2025.....	4
16. Statement of Comparison of Budget and Actual Amounts .....	5
17. Notes to the Financial Statements.....	6
18. Appendices .....	18

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

### **A: Acronyms and Abbreviations**

MD	Managing Director
NBK	National Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment

**2. Key Entity Information and Management**

**(a) Background information**

The Lands Limited is a wholly owned company by Agricultural Development Corporation which is a state Corporation. It was established in 1957 under the Companies Act Cap 486; to facilitate the land transfer programme from European settlers to locals after independence.

**(b) Principal Activities**

The Company's principal activity was to facilitate the land transfer from European settlers to locals after independence.

**(c) Key Management**

The Lands Limited day-to-day management is under the following key organs:

No.	Designation
1.	Chairman of the Board
2.	Managing Director
3.	Head of Legal Services Division
4.	Ag. Head of Finance Division
5	Lands Ltd Legal Assistant

**(d) Fiduciary Management**

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

No.	Designation	Name	Date of Appointment
1.	Managing Director	<b>Dr. Wilson Tonui</b>	<b>01<sup>st</sup> July 2024</b>
2.	Head of Legal Services	<b>Mr. Rodgers Karumpu</b>	<b>17<sup>th</sup> May 2021</b>
3.	Head of Finance	<b>Mr. Dominic Busienei</b>	<b>20<sup>th</sup> November 2024</b>
4.	Legal Assistant	<b>Mr. Nicholas Ayugi</b>	<b>03<sup>Rd</sup> September 2019</b>

**Key Entity Information and Management**

**(e) Headquarters & Registered Office**

P.O. Box 47101 - 00100  
Development House 10<sup>th</sup> Floor  
Moi Avenue  
Nairobi, KENYA

**(f) Company's Contacts**

Telephone: (254) 20-2250695/185  
E-mail: [info@adc.co.ke](mailto:info@adc.co.ke)  
Website: [www.adc.co.ke](http://www.adc.co.ke)

**(g) Company's Bankers**

National Bank of Kenya  
Harambee Avenue  
P.O. Box 41862 - 00100  
**NAIROBI, KENYA**

**Key Entity Information and Management (continued)**


**(h) Independent Auditor**



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

**(i) Principal Legal Adviser**

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

**3. The Board of Directors**

Ref	Directors	Details
1.	 <p><b>Col (Rtd) Iya Jillo Gababo</b></p> <p><b>Profession:</b> Kenya Military Officer.</p> <p><b>Academics:</b> Masters of Arts degree in International Studies, Bachelors of Arts degree with honours in International Politic and Bachelor of Arts degree in international relations and diplomacy.</p>	<p>Following his retirement from the military, Col Gababo held a managerial position as the Aviation Security Manager at the Kenya Civil Aviation Authority for five years. During this time, he played a crucial role in assisting the state of Kenya in achieving a remarkable mean score of 88.7% in the International Civil Aviation Organization (ICAO), Universal Security Audit Program (USAP).</p> <p>This achievement stands as one of the highest scores on the continent, reflecting Col. Gababo exceptional leadership and expertise in aviation security. Under Col Gababo guidance, the aviation security sector in Kenya became one of the best in Africa. His strategic approach and leadership skills played a significant role in ensuring the implementation of effective security measures within the aviation industry, Contributing to enhanced safety and compliance with international standards.</p> <p>Col. Gababo academic qualifications further reinforce his professional accomplishments. He holds Masters of Arts degree in International Studies, a Bachelor of Arts degree with honours in International Politics and a Bachelor of Arts degree in International Relations and Diplomacy.</p>

<p>2.</p>	 <p><b>Dr. Wilson Tonui</b>  <b>Managing Director</b>  <b>Profession:</b> Veterinary Surgeon  <b>Academics:</b> Master of Business Administration (MBA) , Strategic Management</p>	<p>Dr. Wilson Tonui is a professional in the Agricultural sector with a proven track record and a wealth of experience spanning over 29 years working in various capacities in different ADC farms spread across the country.</p> <p>A Successful leader and a manager with an in-depth knowledge in livestock and crop production.</p> <p>He has previously served as Regional Manager in charge of ADC Kitale, Technical Manager Strategy Investment and Planning, Technical Manager Operations and Livestock. Dr. Wilson holds Master's degree in Business Administration (Strategic Management Option) from St. Paul's university, Bachelor's degree in Veterinary Medicine from University of Nairobi.</p> <p>He also holds other professional courses that include: International Certificate in Dairy Cattle Production from Israel, Strategic Leadership and Management skills, Corporate governance, Finance for non-finance managers, Human Resource for non-human resource managers, Performance management and ISO internal quality auditing skills</p>
<p>3.</p>	 <p><b>Mr. Elisha Mwei</b>  <b>Profesional:</b> Business Engineer  <b>Academics:</b> Diploma in Business Engineering.</p>	<p>Mr. Elisha Mwei is a dedicated professional with a diploma in business engineering with a strong background in business management and engineering principles.</p> <p>He brings a unique perspective to his role as a board member at St. Patrick Waitaluk Secondary School.</p> <p>In addition to his professional pursuits, Mr. Mwei is also an enthusiastic and passionate farmer.</p> <p>He has always had a deep connection and a keen interest in agricultural practices. Mr. Mwei's commitment to agriculture goes beyond his personal endeavours.</p>



**Mr. John Mwaniki Gitari**

**Profession:** Information Systems and Technology expert.

**Academics:** Bachelor of Science degree in Information Systems and Technology at Alliant International University, California, USA.

Mr. John Gitari is a dedicated professional specializing in information systems and technology.

He completed his Bachelor of Science degree in Information Systems and Technology at Alliant International University in California, USA. As an expert in system support and administration, Mr. Gitari plays a crucial role in providing technical assistance to end-users. He ensures that systems and applications are functioning optimally by offering support and troubleshooting services.


Additionally, he is proficient in conducting new installations and upgrades for applications, ensuring that users have access to the latest features and enhancements. Mr. Gitari also excels in providing comprehensive application training to both new and existing users. His ability to effectively communicate complex technical concepts allows users to confidently navigate and utilize applications to their full potential.


In addition to his application support responsibilities, Mr. Gitari extends his expertise to general maintenance services for applications. This includes activities such as system updates, data backups, and performance monitoring to maintain the smooth functioning of applications.

Furthermore, Mr. Gitari possesses an extensive knowledge of network support, enabling him to assist users with any connectivity or general network-related issues they may encounter.



With his well-rounded skill set and dedication to ensuring optimal system functionality, Mr. John Gitari is a valuable asset in the field of information systems and technology support.

<p>5.</p>	 <p><b>Mr. Isaac Maiyo</b>  <b>Profession:</b> Senior Public Administrator.  <b>Academics:</b> Public Administration and Political Science</p>	<p>With a deep understanding of public administration and political science, Mr. Maiyo has Successfully led the North Rift Valley Water Works Development Agency as its Director.</p> <p>In this role, he has played a crucial part in the planning, implementation, and oversight of water works projects in the region. His responsibilities have included ensuring the efficient delivery of clean water to communities, managing the maintenance and expansion of water infrastructure, and collaborating with various stakeholders to address water scarcity challenges.</p> <p>Overall, Mr. Isaac Maiyo brings a wealth of expertise in public administration.</p>
<p>6.</p>	 <p><b>Mr. Tom Atingo</b>  <b>Profession:</b> Senior Administrator  <b>Academics:</b> Diploma in Human Resource Management</p>	<p>Prior to his current position, Mr. Atingo served as the Constituency Office Manager for Larger Emuhaya, where he gained valuable experience in managing administrative tasks, coordinating projects, and engaging with the local community.</p> <p>His exceptional organizational skills and ability to work collaboratively with diverse stakeholders have Contributed to his effectiveness in delivering services and addressing the needs of the constituents. With his background in Human Resource Management, Mr. Atingo possesses a strong understanding of employee relations, recruitment, and personnel management. This knowledge provides him with valuable insights into fostering positive working environments and ensuring the effective utilization of human capital.</p> <p>Mr. Atingo commitment to public service and his desire to make a positive impact on the community make him a valuable asset. He is driven by a genuine dedication to improving the lives of the people he serves and is constantly seeking opportunities for growth and development.</p>


<p>7.</p>	 <p><b>Ms. Joyce Muchena</b></p> <p><b>Profession:</b> Development Program Manager</p> <p><b>Academics:</b> Master degree in International Conflict Management.</p>	<p>Ms. Joyce Muchena is a highly experienced senior development program manager and advisor, specializing in inclusive youth-focused initiatives and gender, equity and diversity, with a remarkable career spanning over 20 years in both national and International development. She has established herself as a leading expert in policy and good governance strategies.</p> <p>Ms. Muchena has held prominent positions at renowned organizations such as the Mastercard Foundation, Care International (Kenya), International Rescue Committee (IRC), and Oxfam Novib, among others. In these roles, she has been instrumental in Formulation and development of programs that prioritize social inclusion and inclusive of Governance strategies and practices.</p> <p>A recognized thought leader and spokesperson, Ms. Muchena is highly sought after for her expertise in driving policy dialogue in local, national and regional government Institutions. By leveraging her extensive experience, she has successfully influenced the development agenda and implemented impactful programs that address the diverse needs of marginalized communities.</p> <p>Ms. Muchena academic achievements further complement her practical experience. She holds a master degree in International Conflict Management, enabling her to navigate complex socio-political landscapes and effectively manage conflicts that hinder Sustainable development. With a deep commitment to exclusivity and social justice, Ms. Joyce Muchena continues to play a pivotal role in shaping development programs and initiatives.</p>
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8.	 <p>Mr. Hiram Gachugi Wanjohi <b>Profession:</b> Advocate <b>Academics:</b> Bachelor of Law Degree (LLB) and Diploma in Law</p>	<p>Mr Hiram Gichugi is a Deputy Registrar at the Business Registration Centre. He ensures efficient and effective administration and operation of the service's legislation – Companies Act, Registration of Business Names Act, Limited Liability Partnerships Act.</p> <p>He was the immediate Senior State Counsel at the Attorney General's Office. Mr Hiram Gichugu holds an LLB from the Moi University, Diploma School of Law.</p> <p>He is an active member of the Law Society of Kenya, The East African Law Society, the International Commission of Jurists, and The Commonwealth Lawyers Association. As a practicing lawyer, Mr. Hiram has handled many cases on behalf of the state and has a keen interest in Public Interest Litigation.</p>
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**4. Key Management Team**

	Management	Details
1.	 <p><b>Dr. Wilson Tonui</b>  <b>Profession:</b> Veterinary Surgeon  <b>Academics:</b> Masters of Business Administration (MBA), Strategic Management</p>	<p>Managing Director  MD</p>
2.	 <p><b>CPA. Dominic Busienei</b>  <b>Profession:</b> Certified Public Accountant (K), Certified Credit Professional II &amp; a member of ICPAK  <b>Academics:</b> Bachelors of Commerce (Accounting)</p>	<p>Head of Finance  FA</p>

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

3.	 <p><b>Mr. Rodgers Karumpu</b> <b>Profession:</b> Advocate of the High Court of Kenya <b>Academics:</b> Bachelors of Law degree (LLB), CPS (K) and Diploma in Law</p>	<p>Corporation Secretary &amp; Head of Legal Services CS</p>
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## 5. Chairman's Statement

I am pleased to present to you the annual financial statement and report for Lands Ltd for the year ended 30th June, 2025.

### Business environment

During the year under review, the operations of Lands Ltd remained dormant. This status reflects the ongoing management and utilization of land parcels by the parent company, the Agricultural Development Corporation (ADC). All land under the ownership of Lands Ltd continues to be fully controlled and utilized by ADC in alignment with the parent company's operational framework. As a result, Lands Ltd did not engage in any independent business activities during the year.

### Corporate Governance

The Board of Directors of ADC, as the parent Company of Lands Ltd, is responsible for the governance of the Company. The board remains committed to upholding the highest standards of corporate governance and business ethics, ensuring full compliance with applicable laws and regulations.

During the year, the Board continued to emphasize:

- Accountability and transparency in decision making
- Adherence to the best practices in corporate governance
- Stewardship of the company's assets in line with its public mandate.

The Board members also recognizes the evolving nature of governance expectations and continues to monitor and improve governance frameworks to reflect industry standards and stakeholders interest.

### Future Outlook

The Board is actively considering winding up the Lands Ltd, given that the company has fulfilled its mandate of facilitating the transfer of land from European settlers to local beneficiaries. Although a portion of land remains unallocated and under the ownership of Lands Ltd, it is currently being fully utilized by the Agricultural Development Corporation, a state owned entity that holds 100% ownership of Lands Ltd.



**Col (Rtd) Jillo Gababo**  
Chairman of the Board

For  
  
.....  
Sign

14.10.2025  
.....  
Date

## **6. Managing Director's Statement**

### **Technology and Automation**

During the year, the company continued to prioritize operational efficiency and process involvement through the adoption of advanced technology and automation. The SERA system remains in use for financial accounts reporting, supporting accurate and timely financial data management. Furthermore, the company successfully digitized its title deed records, ensuring secure and efficient access to land documentation. In line with its long term modernization agenda, the company is in the process of acquiring and implementing an Enterprise Resource Planning (ERP) system to enhance the integration of its operations and improve decision making process.

### **Title Documentation**

The company has undertaken significant steps to ensure that all land parcels under its management, as well as those under the parent entity, Agricultural Development Corporation (ADC), are properly documented with valid title deeds. This initiative reinforces the Company's commitment to land security, transparency and accountability in assets management.

### **Securing of Land Boundaries**

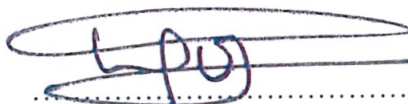
To mitigate risks related to land disputes and encroachment, the company has implemented a boundary security program. This involves the replacement of missing boundary beacons and verification of land demarcations across its holding. The survey section, in collaboration with the legal department, continues to resolve boundary related issues through engagement with neighboring landowners and with assistance of county surveyors and local administrative authorities. These actions are integral to safeguarding the company's land assets.

### **Future plans**

Looking ahead, the Company plans to install permanent perimeter fencing across all its landholdings. This strategic initiative is aimed at protecting the Company's land assets from illegal occupation, encroachment, and unauthorized use. By securing its land portfolio, the Company seeks to preserve the value of its assets and uphold its fiduciary responsibility to its stakeholders.



**Dr. Wilson Tonui**  
Managing Director



.....  
Sign

14.10.2025

.....  
Date

## **7. Corporate Governance Statement**

At Lands Ltd, we recognize that robust Corporate Governance is essential for delivering sustainable long-term value to our shareholders, stakeholders, and business partners. We are firmly committed to applying and maintaining sound governance principles to support the integrity, transparency, and accountability of our operations.

Our Corporate Governance Framework serves as a self-regulating mechanism that establishes clear guidelines for compliance, ethical conduct, and risk management. This framework is central to our efforts to:

- Ensure strict adherence to all applicable statutory, legal, and regulatory obligations;
- Embed a culture of integrity and professionalism across all levels of the organization;
- Promote transparency in financial reporting, disclosure practices, and stakeholder communications;
- Support responsible decision-making at both the management and Board levels.

### **Governance and Risk Management**

Lands Ltd adopts a risk-based approach to governance, integrating internal control systems that are proportionate to the scale and complexity of the Company's activities. These systems are designed to:

- Safeguard the integrity of the Company's financial reporting process;
- Identify, assess, and mitigate financial, operational, compliance, and reputational risks;
- Ensure the accuracy, completeness, and timeliness of all financial disclosures in line with international best practices.

Our internal control environment is subject to regular review and assessment by management, the Board of Directors, and where appropriate, independent external auditors. These evaluations are conducted to ensure controls remain effective, relevant, and aligned with evolving regulatory expectations and market conditions.

### **Board Oversight and Management Accountability**

The Board of Directors provides strategic direction and oversight, ensuring that management operates in the best interests of shareholders and other stakeholders. Specific governance responsibilities include:

- Overseeing the integrity of the Company's financial statements, accounting policies, and internal audit functions;
- Monitoring the effectiveness of the risk management and internal control systems;
- Establishing clear lines of accountability between the Board, executive management, and operational leadership;
- Ensuring proactive engagement with stakeholders through transparent reporting and open communication channels.

**Corporate Governance Statement (Cont.)**

The Company has adopted formal Corporate Governance Guidelines which clearly define the roles and responsibilities of the Board and management, ensuring alignment with stakeholder interests and compliance with regulatory requirements.

**Commitment to Ethical Standards**

At all times, Lands Ltd seeks to operate with the highest standards of ethics, integrity, and corporate responsibility. Our governance practices are designed not only to meet compliance requirements but to foster an organizational culture where ethical conduct is the cornerstone of decision-making.

## **8. Management Discussion and Analysis**

### **Operational and Financial Performance**

For the reporting period, Lands Ltd achieved total revenue equivalent to **35%** of the annual budgeted turnover. This represents a significant shortfall against the forecasted targets for the year.

The Company's revenue model is predominantly transactional in nature, with income derived largely from survey fees levied on customers upon settlement of historical land debt obligations. Given that these revenues are triggered upon customer payments for previously allocated land parcels, the Company's ability to generate consistent income is directly linked to the timing and volume of these collections.

During the year under review, the Company experienced lower-than-anticipated collections from land debtors, primarily due to economic constraints faced by customers and delays in payment settlements. Consequently, this led to revenue underperformance, affecting both operational cash flows and the Company's ability to meet some of its budgeted commitments.

Management continues to monitor this situation closely and is actively pursuing initiatives to improve debtor collection rates, enhance operational efficiency, and explore alternative revenue streams to reduce over-reliance on land debt payments.

### **Compliance with Statutory and Regulatory Requirements**

Lands Ltd has maintained a strong compliance posture throughout the financial year. The Company has fully adhered to all relevant statutory obligations, including but not limited to:

- Timely filing of statutory returns
- Remittance of payroll deductions and other statutory payments, including taxes (paye), pension contributions, and levies, all within the prescribed deadlines

The Board and management remain committed to upholding high standards of regulatory compliance, recognizing the importance of transparent financial reporting and responsible corporate citizenship in safeguarding stakeholder interests and maintaining the Company's reputation.

### **Major Risks**

Lands Ltd operates in an environment subject to various operational, legal, and financial risks. The following key risks were identified as having a material impact on the Company's operations during the period:

- **Litigation Risk – Land Related Legal Disputes**

The Company is currently subject to a number of pending court cases relating to land ownership and allocation disputes. These legal matters present potential financial and operational risks, including the possibility of:

- i) Financial settlements or liabilities if judgments are unfavorable
- ii) Prolonged litigation expenses

### **Management Discussion and Analysis (Cont)**

- iii) Restrictions on the Company's ability to transact or develop contested land parcels
- iv) Reputational damage affecting stakeholder confidence

Management, in consultation with legal counsel, is actively monitoring these cases and has instituted measures to minimize exposure.

- **Encroachment and Invasion of Land Assets**

A persistent risk to the Company's asset base is the invasion and encroachment by squatters on certain parcels of land. Such activities threaten the value of the Company's land holdings, limit the potential for land development, and may necessitate legal action which carry financial implications.

- **Dependence on Parent Company Support**

The Company maintains financial dependence on its parent company, the Agricultural Development Corporation (ADC). This support includes funding assistance and logistical backing for core business activities. While this relationship provides essential operational stability, it also presents a structural risk that could limit Lands Ltd's financial independence and decision-making autonomy. Over-dependence may also expose the Company to cascading risks in the event of financial stress at the parent company level.

### **Risk Mitigation Strategies**

The Board acknowledges these risks and has prioritized the development of strategic interventions aimed at:

- Enhancing debt recovery efforts to stabilize revenue streams
- Protecting and securing the Company's land assets through legal and administrative mechanisms.

## 9. Environmental and Sustainability Reporting

Lands Ltd, recognizes the importance of environmental stewardship and sustainable asset management as integral components of our corporate responsibility framework. The Company remains committed to ensuring that the land under its custody is protected, preserved, and utilized in a manner that promotes long-term sustainability for the benefit of current and future generations.

### i. Sustainability Strategy and Profile

The Company's sustainability strategy is centered on securing land assets, preventing unauthorized occupation, and ensuring responsible land use. During the reporting period, management implemented various measures to safeguard the Company's land portfolio and promote sustainable development.

Key initiatives included:

- **Processing of Title Deeds:**

Lands Ltd has actively pursued the formalization of ownership rights through the processing of title deeds for all parcels under its custodianship. This effort is aimed at protecting the Company's legal claims to land and reducing vulnerabilities to encroachment and land grabbing.

- **Gazettement of Land Parcels:**

The Company has collaborated with relevant government agencies to facilitate the gazettement of all land parcels, further strengthening legal protection and visibility of its land assets within public records.

- **Productive Land Utilization:**

Lands Ltd promotes the productive use of land resources to prevent idle land from becoming a target for illegal settlement or misuse. By aligning land use with agricultural and development initiatives, the Company contributes to food security, employment creation and community development while safeguarding its property.

### ii. Environmental Performance

Despite the proactive policies and measures in place, the Company continues to face significant environmental and social challenges arising from:

- Encroachment by squatters
- Land grabbing and illegal occupation

These challenges have resulted in ongoing litigation, enforcement actions and the financial burden of eviction processes, leading to unbudgeted expenditures and disruptions in operational planning. Lands Ltd acknowledges the environmental and social impact of these conflicts, particularly the implications for land management, biodiversity preservation, and community relations.

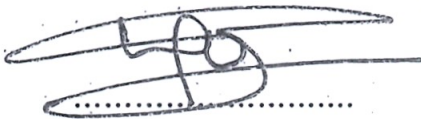
**10. Statement of Management Responsibilities (Cont.)**

The Accounting Officer further confirms:

- The completeness of the accounting records maintained, which were relied upon in the preparation of the financial statements;
- The adequacy of the systems of internal financial controls in place;
- Full compliance with applicable Government Regulations;
- That funds received during the year were used for eligible and intended purposes and were properly accounted for;
- That the financial statements have been prepared in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The Company financial statements were approved on 21/08/2025 2025 and signed by:



**Dr. Wilson Tonui**  
**Managing Director**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON LANDS LIMITED FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Lands Limited set out on pages 1 to 23 which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts

for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

### **Basis for Qualified Opinion**

#### **1. Understatement of Total Expenses- Nil Bank Charges**

The statement of financial performance at Note 4 reflects Nil balance for bank charges. However, ledgers provided reflect bank charges for the period amounting to Kshs.550,769.

In the circumstances, the accuracy and completeness of the total expenses of Kshs.2,000,000 in the statement of financial performance could not be confirmed.

#### **2. Unsupported Related Party Transactions with Parent Company**

The statement of financial position reflects current account with parent Company balance of Kshs.135,411,000 as disclosed in Note 9 to the financial statements, having reduced from the prior year balance of Kshs.554,764,000. However, the difference of Kshs.419,353,000 was spent on the parent entity's expenditure without evidence of Board resolutions, internal memo or parent Company acknowledging receipt of these funds. This is contrary to paragraph 25 of IPSAS 20 which states that related party relationships where control exists shall be disclosed irrespective of whether there has been transaction between the related parties.

In the circumstances, the financial statements were not prepared in accordance with requirements of International Public Sector Accounting Standards.

#### **3. Revaluation Reserves**

The statement of financial position reflects revaluation reserves balance of Kshs.447,701,000 as disclosed in Note 12 to the financial statements. However, no valuation reports prepared by qualified valuers, revaluation schedules nor Board approval for such revaluations were available for audit review. It was therefore clear that Management had not carried out valuation of its assets since inception of the Company. The basis of revaluation reserve of Kshs.447,701,000 was therefore unclear.

In the circumstances, the accuracy of the disclosed revaluation reserve balance of Kshs.447,701,000 could not be confirmed.

#### **4. Unsupported Grant**

The statement of financial position reflects grants balance of Kshs.55,694,000. However, as previously reported, details on source and purpose of the grants that has been appearing in the ledgers since 1994 were not provided. Although Management explained that it relates to long-term financing provided by Government of Kenya to facilitate the initial acquisition of land from European settlers for redistribution to the local population after independence, no documentary evidence to support this fact was provided.

In the circumstances, the accuracy and completeness of the balance of Kshs.55,694,000 in respect of grants received could not be confirmed.

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

#### **Emphasis of Matter**

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

The statement of comparison of budget and actual performance reflects approved revenue estimates of Kshs.2,000,000 against actual revenue collection of Kshs.708,000, resulting in under collection of Kshs.1,292,000 or 65% of the approved budget.

The statement further indicates that actual expenditure amounted to Kshs.2,000,000 against an approved expenditure budget of Kshs.2,683,000, representing under absorption of Kshs.683,000 or 25% below the approved estimates.

In the circumstances, the under collection of revenue and under absorption affected the planned activities and may have impacted negatively on goods and service delivery to the public.

##### **2. Sustainability of Services**

Review of the Memorandum and Article of Association of Land Limited dated 22 July, 1958 revealed that the objective of the Company was as follow;

- i. To advance money on the security of lands, buildings and other real property of every description and tenure in Kenya.
- ii. To purchase or otherwise acquire, hold, manage and work any lands, buildings and other real property of every description and tenure in Kenya.

- iii. To develop the resources of and turn to account the lands and others of the Company and in particular by clearing, draining, irrigating, fencing among others.
- iv. To carry on the business of farming in all its branches.

Review of the operations of Lands Limited revealed that the Company has fulfilled its mandate of facilitating the transfers of Land from European settlers and that the entity operations has remained dormant as all the land is currently being controlled and utilized by Agricultural Development Corporations in line with its functions, a state owed entity that holds 100% shareholding of the Company.

In the circumstances, the Company no longer performs the functions as stipulated in the Memorandum and Article of Association. It is therefore prudent that all assets including lands owned by Company be valued and transferred to the Corporation and Lands Limited be winded up.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Audit Matters**

In the audit report of the prior year, six (6) matters were raised under qualified opinion. Although management had indicated that four (4) out of the six (6) issues had been resolved, no evidence was provided on how they were resolved as at 30 June, 2025 as shown below;

1. Anomalies in the financial statements.
2. Lack of board of survey.
3. Long outstanding receivable from exchange.
4. Unconfirmed land ownership.
5. Unsupported grants.
6. Failure to separate activities of Lands Limited from parent Company.

My opinion is not modified in respect of this matter.

### **Other Information**

The Directors are responsible for the Other Information set out on page iii to xxxvi which comprise of Key Entity Information and Management, the Board of Directors, Management Team, Chairman's Statement, Managing Director's Statement,

Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Failure to Carry out Land Valuation**

The statement of financial position at Note 8(b) reflects property, plant and equipment balance of Kshs.483,843,000. Included in this amount were farms valued at Kshs.483,602,000, comprising 104,891.24 acres. The parcels of land acquired from colonial settlers have never been subjected to valuation since acquisition, contrary to Clause 3.2 of the Agriculture Development Corporation asset register policy which requires that revaluations be conducted after every five (5) years or earlier if considered appropriate by management.

In the circumstances, Management was in breach of its policy.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Conclusion**

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

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on pages xiv to xv is consistent with the financial statements; and
- iii. The Company's financial statements are in agreement with accounting records and returns.

### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International 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 governance.

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

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

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

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

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

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give

an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

19 December, 2025

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

**12. STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

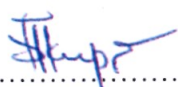
		2024-2025	2023-2024
<b>Revenue from exchange transactions</b>	<b>Notes</b>	<b>KSH '000'</b>	<b>KSH '000'</b>
Miscellaneous Income	1	708	445
<b>Total Revenue</b>		<b>708</b>	<b>445</b>
<b>Expenses</b>			
Employment Costs	2	1,611	1,583
Provision for Audit Fees	3	120	120
Bank Charges	4	-	180
Travelling & Subsistence	5	251	620
Depreciation Expense	8(a)	18	23
<b>Total expenses</b>		<b>2,000</b>	<b>2,526</b>
<b>Net Profit/ (Loss)</b>		<b>(1,292)</b>	<b>(2,081)</b>

The notes set out on pages 6 to 12 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



Dr. Wilson Tonui  
**Managing Director**

Date: 14/10/2025



Mr. Dominic Busienei  
**Ag. Head of Finance**  
 (ICPAK M/NO. 18117)

Date: 14/10/2025



Col (Rtd) Jillo Gababo  
**Chairman of the Board**

Date: 14.10.2025

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

**13. STATEMENT OF FINANCIAL POSITION**

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025

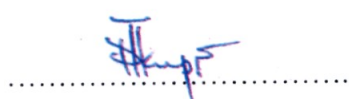
ASSETS:	NOTES	2024-2025 KSH '000'	2023-2024 KSH '000'
<b>Current assets</b>			
Cash and cash equivalents	6	418,881	682
Receivables from exchange transactions	7	20,276	20,276
		<b>439,158</b>	<b>20,958</b>
<b>Non-current assets</b>			
Property, Plant and Equipment	8(b)	483,843	483,861
Current Account with Parent Co.	9	135,411	554,764
		<b>619,254</b>	<b>1,038,625</b>
<b>Total Assets</b>		<b>1,058,412</b>	<b>1,059,583</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade & other payables	10	3,454	3,334
<b>Total Liabilities</b>		<b>3,454</b>	<b>3,334</b>
<b>Net Assets</b>		<b>1,054,958</b>	<b>1,056,249</b>
<b>Represented By:</b>			
Ord. Shares @20		20	20.00
Grants		55,694	55,694.00
Capital Reserves	11	12,775	12,774.50
Revaluation Reserves	12	447,701	447,700.97
Accumulated Surplus/ (Deficit)		538,767	540,059.00
<b>Total</b>		<b>1,054,958</b>	<b>1,056,249</b>
<b>Total net assets and liabilities</b>		<b>1,058,412</b>	<b>1,059,583</b>

The notes set out on pages 6 to 12 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



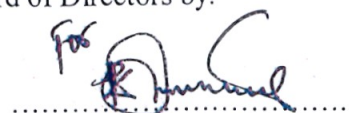
Dr. Wilson Tonui  
**Managing Director**

Date: 14/10/2025



Mr. Dominic Busienei  
**Ag. Head of Finance**  
 (ICPAK M/NO. 18117)

Date: 14/10/2025



Col (Rtd) Jillo Gababo  
**Chairman of the Board**

Date: 14.10.2025

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

**14. STATEMENT OF CHANGES IN NET ASSETS**

FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2025

	Share Capital	Grant Reserves	Capital Reserves	Revaluation Reserve	Profit/ Loss	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
<b>Balance As At 30th June 2023</b>	<b>20</b>	<b>55,694</b>	<b>12,775</b>	<b>447,701</b>	<b>542,140</b>	<b>1,058,330</b>
Surplus/ (Loss) for the year	-	-	-	-	(2,081)	(2,081)
<b>Balance As At 30th June 2024</b>	<b>20</b>	<b>55,694</b>	<b>12,775</b>	<b>447,701</b>	<b>540,059</b>	<b>1,056,249</b>
Transfers to/from accumulated	-	-	-	-	(1,292)	(1,292)
<b>Balance as at 30th June 2025</b>	<b>20</b>	<b>55,694</b>	<b>12,775</b>	<b>447,701</b>	<b>538,767</b>	<b>1,054,957</b>

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

**15. STATEMENT OF CASHFLOWS**

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025

DETAILS	Notes	2024-2025 Kshs '000'	2023-2024 Kshs '000'
<b>Cash Flows from Operating Activities</b>			
<b>Receipts:</b>			
Rendering of Services	1	708	445
<b>Total Receipts</b>		<b>708</b>	<b>445</b>
<b>Payments:</b>			
Employee Cost	2	1611	1,583
Bank Charges	4	-	180
Travelling & Subsistence Allowances	5	251	620
<b>Total Payments</b>		<b>1862</b>	<b>2,383</b>
<b>Net Cashflow from Operating Activities</b>		<b>(1,154)</b>	<b>(1,938)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of PPE		-	-
Purchase of Intangible Assets		-	-
<b>Net Cashflow from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>			
Cash from parent company		419,353	(94,162)
<b>Net Cash flow from Financing Activities</b>		<b>419,353</b>	<b>(94,162)</b>
Net increase /(decrease) in cash & cash equivalent		418,199	(96,100)
Cash & cash equivalent 1st July		682	96,782
<b>Cash &amp; Cash Equivalent At 30 June 2025</b>		<b>418,881</b>	<b>682</b>

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

**16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

Description	Original Budget	Adjustments	Final Budget	Actual	Variance	% of Utilization
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	
Revenue						
Rendering of Services	2,000	-	2,000	708	1,292	35
<b>Total revenue</b>	<b>2,000</b>	<b>-</b>	<b>2,000</b>	<b>708</b>	<b>1,292</b>	<b>35</b>
Expenses						
Employees Cost	1,713	-	1,713	1,611	102	94
Audit Fees	120	-	120	120	0	100
General Expenses	785	-	785	251	534	32
Depreciation	65	-	65	18	47	28
<b>Total expenditure</b>	<b>2,683</b>	<b>-</b>	<b>2,683</b>	<b>2,000</b>	<b>683</b>	<b>75</b>
<b>Surplus/(Loss) for the period</b>	<b>(683)</b>	<b>0</b>	<b>(683)</b>	<b>(1,292)</b>	<b>609</b>	

**Budget Notes:**

**I. Rendering of Services (Revenue)**

The variance in revenue from rendering of services is attributable to survey fees not recognized during the period. This was due to the lack of land allocation, which impacted the Company ability to generate the projected income.

**II. Employee Costs**

The variance in employee costs arose because the planned salary increment were not implemented during the Financial Year.

**III. General Expenses**

The under utilization of general expenses was primarily due to shortfall in revenue from services rendered. This led to constrained cash flow, which in turn limited the Company's capacity to incur the planned expenditure.

**IV. Depreciation**

The depreciation expense was lower than budgeted because the capital items that had been projected for purchase were not acquired, also due to the low cash flow during the Financial Year.

**17. NOTES TO THE FINANCIAL STATEMENTS**

**1. Establishment**

Lands Ltd is a company incorporated under the company's Act Cap 486 and it's fully owned by Agricultural Development Corporation which is a body corporate incorporated in Kenya under Cap 444 of the laws of Kenya and is domicile in Kenya.

**2. Statement of compliance and basis of preparation**

The Company's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the company and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

**Reporting Period**

The reporting period for these financial statements is for the period ended 30<sup>th</sup> June 2025

**Basis of preparation**

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

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

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

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

*ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an MDA.</p>

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by: <ol style="list-style-type: none"> <li data-bbox="512 1547 1461 1688">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li data-bbox="512 1704 1461 1794">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li data-bbox="512 1809 1461 1951">iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol>

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

Standard	Effective date and impact:
	The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1<sup>st</sup> January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an MDA shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1<sup>st</sup> January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1<sup>st</sup> January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

*iii) Early adoption of standards*

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

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

**4. Summary of Significant Accounting Policies**

**(a) Property, Plant and Equipment**

Property, plant and equipment are initially recorded at cost. All the property, plant and equipment are stated at historical cost less depreciation.

Depreciation has been charged on the book value of fixed assets at the following rates:-

Land	Nil
Motor vehicles and tractors	25% p.a.
Leased Farm	2.5% p.a.

**b) 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 require to be replaced at intervals, the company 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 met. 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.

**Contingent Liabilities**

The Company didn't have any contingent liability. However, in case of any contingencies details are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Contingent Assets**

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

**c) Nature and Purpose of Reserves**

The Company creates and maintains reserves in terms of specific requirements. Company to state the reserves maintained and appropriate policies adopted.

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

**d) Changes in Accounting Policies and Estimates**

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

**e) Borrowing Costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**f) Related parties**

The Company 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 Company, or vice versa.

**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances is at National bank of Kenya.

**h) Comparative figures**

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

**i) Significant judgments and sources of estimation uncertainty**

The preparation of the Company 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.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing

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

Circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful Lives and Residual Values**

The useful lives and residual values of the Company's assets are reviewed and assessed periodically to ensure they reflect the most accurate and realistic estimates. This assessment is based on the following key indicators:

- **Asset Condition**

The current physical condition of the asset, determined through expert evaluations conducted by professionals engaged by the Company. These assessments consider wear and tear, maintenance history, and overall functionality.

- **Nature and Technological Adaptability of the Asset**

The inherent characteristics of the asset, including its susceptibility to technological changes, obsolescence, or modifications in processes that may affect its continued use or market value.

- **Nature of Deployment:**

How the asset is utilized in the Company's operations, including its role in current production or service delivery processes.

- **Availability of Replacement Funding**

The Company's ability and plans to secure financial resources for future replacement or upgrades of the asset.

- **Market Conditions:**

Changes in the market environment that may affect the asset's fair value, resale potential, or future utility.

This evaluation process ensures that depreciation and amortization rates applied to the Company's assets are aligned with their actual usage patterns, future economic benefits, and potential for disposal.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

**j) Subsequent Events**

There have been no material non-adjusting events after the financial year-end that would have a significant impact on the financial statements for the year ended 30th June 2025. All events occurring after the reporting date have been considered, and no events requiring disclosure or adjustment were identified.

**k) Statement of Comparison of Budget**

The Company has prepared a Statement of Comparison of Budget and Actual Amounts in accordance with the relevant financial reporting framework. This is to enhance transparency and accountability over financial performance.

All operations of the Company are fully budgeted and financed by the Parent Company, which is Agricultural Development Corporation (ADC). The budget forms the basis for the Company's financial management and resource allocation during the financial year.

**l) Board of Directors**

The Board of Directors of the parent company, Agricultural Development Corporation (ADC), provides oversight over the Lands, Legal Services and Partnerships functions, and concurrently serves as the Board of Directors for Lands Limited, which is a fully owned subsidiary of ADC.

The Board members are remunerated under ADC, as they perform their duties for both ADC and Lands Limited concurrently. Accordingly, no separate remuneration is paid by Lands Limited for their services.

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

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

**1. Miscellaneous Income**

This represents income received by the Company from land allottees as payment of allotment fees. These fees are charged to individuals or entities upon the allocation of land and are recognized as revenue when the right to collect is established.

	2024-2025	2023-2024
DETAILS	Kshs '000'	Kshs '000'
Miscellaneous Income	708	445

**2. Employee costs**

	2024-2025	2023-2024
DETAILS	Kshs '000'	Kshs '000'
Salaries	811	812
NSSF	64	37
Leave Expenses	9	8
House Allowance	360	360
Commuter allowance	156	156
Responsibility allowance	0	-
Pension contribution	62	62
Gratuity	129	129
NITA	1	1
Affordable Housing Levy (AHL)	20	18
<b>Total</b>	<b>1,611</b>	<b>1,583</b>

Employee costs represent all expenses incurred by the Company in relation to its staff during the financial year. These costs include salaries, pension contributions, gratuity and related staff expenses. The comparative figure included travelling and subsistence, which had been classified as part of employee costs but now amended as stand-alone item.

**3. Provision for Audit fees for the Office of the Auditor General**

	2024-2025	2023-2024
DETAILS	Kshs.'000'	Kshs.'000'
Audit fees	120	120

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

**4. Finance Cost for the year 2024-2025**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>DETAILS</b>	<b>Kshs.'000'</b>	<b>Kshs.'000'</b>
Bank Charges	-	180

The bank charges are nil since all the transactional expenses incurred through the subsidiary account relate to the activities of the parent company (ADC).

**5. Travelling & Subsistence**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>DETAILS</b>	<b>Kshs.'000'</b>	<b>Kshs.'000'</b>
Travelling & Subsistence	251	620

Travelling and subsistence allowance had previously been included under employee costs but has now been shown separately to enhance clear presentation and comparability.

**6. Cash and cash equivalents**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>DETAILS</b>	<b>Kshs 000</b>	<b>Kshs 000</b>
National Bank of Kenya	418,881	682

Cash and cash equivalents comprise the Company's most liquid assets and is defined as Cash at the Bank (Current Account)

**7. Receivables from exchange transactions**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>DETAILS</b>	<b>Kshs'000</b>	<b>Kshs'000</b>
Trade Debtors	20,291	20,291
Specific provision	(537)	(537)
<b>Total Trade Debtors</b>	<b>19,754</b>	<b>19,754</b>
Non - Trade	522	522
<b>Total Trade &amp; Non Trade Debtors</b>	<b>20,276</b>	<b>20,276</b>

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

**8 (a) Depreciation Charge**

<b>DETAILS</b>	<b>2024-2025 Kshs'000</b>	<b>2023-2024 Kshs'000</b>
Depreciation	18	23
<b>Total Depreciation</b>	<b>18</b>	<b>23</b>

**8 (b) PROPERTY, PLANT & EQUIPMENT**

	<b>Farms</b>	<b>Leased Farms</b>	<b>Vehicles</b>	<b>Totals</b>
<b>Depreciation Rate (%)</b>		2.5	25	
<b>COST</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>
At 1st July 2024	483,602	454	5,400	489,456
<b>DEPRECIATION</b>				
At 1st July 2023	-	240	5,332	5,572
Charge for the year	-	6	17	23
<b>At 30th June 2024</b>	<b>-</b>	<b>246</b>	<b>5,349</b>	<b>5,595</b>
Charge for the year	-	5	13	18
Disposals	-	-	-	-
<b>At 30th June 2025</b>	<b>-</b>	<b>251</b>	<b>5,362</b>	<b>5,613</b>
<b>NET BOOK VALUE</b>				
<b>As At 30th June 2025</b>	<b>483,602</b>	<b>203</b>	<b>38</b>	<b>483,843</b>
<b>As At 30th June 2024</b>	<b>483,602</b>	<b>208</b>	<b>51</b>	<b>483,861</b>

Property, Plant and Equipment (PPE) comprise tangible assets that are expected to be used over more than one financial period.

**9. Current Account - Lands Ltd**

The Current Account - Lands Ltd is maintained for recording all financial transactions between Lands Limited and its Parent Company, Agricultural Development Corporation (ADC). This account reflects the operational funding and reimbursements provided by ADC, as well as expenditures incurred by Lands Ltd on behalf of the parent entity.

**Purpose of the Account:**

- To facilitate operational funding transfers from Lands Ltd to ADC
- To track settlements and reimbursements between the two entities
- To ensure clear intercompany reconciliation and accountability

All transactions are conducted on an arm's length basis and the balances are settled regularly to maintain financial clarity between the entities.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

**10. Trade and other payables from exchange transactions**

DETAILS	2024-2025 Kshs'000	2023-2024 Kshs'000
Non-trade creditors	3,454	3,334
<b>Total trade and other payables</b>	<b>3,454</b>	<b>3,334</b>

**11. Capital Reserve**

The Capital Reserve comprises the following components:

- The General Reserve Fund transferred from the Agricultural Settlement Fund in **1976**; and
- Amounts net of the Government Trust Fund relating to farms taken over from the Agricultural Settlement Trust.

This reserve represents non-distributable equity and reflects historical capital injections and transfers from government entities related to land and farming assets. The reserve is not available for dividend distribution and is maintained to preserve the Company's capital structure.

**12. Revaluation Reserve**

The Revaluation Reserve represents the revaluation surplus arising from the fair value revaluation of specific land parcels held by the Company. The revaluations were performed in accordance with the Company's accounting policy on property, plant, and equipment under the revaluation model (IPSAS 17 / IAS 16).

**Details of Revalued Properties:**

- **ADC Olngatongo Farm**
  - LR Nos. 5337, 5345, 855/3, 0297, 5345/2, 5345/3, 8855/R
- **ADC Sabwani Farm**
  - LR No. 2043/2

The surplus arising from these revaluations has been recognized directly in equity under Revaluation Reserve, except to the extent that it reverses a previous deficit recognized in profit or loss for the same asset.

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

**Purpose of the Reserve:**

- To record increases in asset values resulting from professional revaluations
- To comply with fair presentation requirements under applicable accounting standards
- The reserve is non-distributable, except in circumstances where the surplus is realized through disposal or de-recognition of the related assets.

**18. Appendices**

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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.	<p><b>Anomalies in the Financial Statements</b></p> <p>A review of the financial statements submitted for audit revealed the following anomalies.</p> <p>i. In the statement of financial position, net assets was not computed as required by the financial reporting template.</p> <p>ii. Reflected in the statement of financial position is current account with Parent Corporation of Kshs 554,764,000 which was fully supported under note 8 of the financial statements.</p> <p>iii. In the statement of cash flows for the year, cash and cash equivalent at the end of Kshs 68,000 and cash from parent company (Agricultural Development Corporation) of negative Kshs 94,164,000 that did not have corresponding notes</p> <p>iv. Note 5 on cash and cash equivalent did not contain the bank account number</p>	<p>Net assets computation has been noted and has been amended as required by the financial reporting template.</p> <p>Note 5 of the financial statement reflects the cash and cash equivalent while note 8 has been amended to indicate the transaction between the subsidiary and the parent company. The bank balance of Kshs 682,000 is the closing amount as at end of June while Kshs 94,164,000 represent the amounts transacted through the control account that links the two companies.</p>	Resolved	
	<p><b>Cash and cash equivalent</b>  <b>Lack of Board of Survey</b></p>	<p>Certificate of bank balance is available</p>		

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	<p>The financial statement reflect cash and cash equivalent of Kshs 682,000 and as disclosed under note 5 to the financial statements. However, Company operated one bank account in a commercial but the board of survey to confirm the cash on hand and bank balance as at the close of the financial year was not provided for audit. This is contrary to circular ref AG.3/88/vol.II(32) dated 25 May 2024 which directed that all accounting officers should appoint a board of survey to examine and verify the cash on hand and the bank balance as the close of business on the last working day 30 June 2024</p>	<p>and was availed during audit. See the attached certificate for confirmation (<b>Annex 1</b>)</p> <p>Lands Ltd does not operate any cash imprest system and thus no certificate of cash balance as at end of June 2024.</p>	Resolved	
3.	<p><b>Unconfirmed Ownership of Land</b></p> <p>The statement of financial position reflects property, plant and equipment a balance of Kshs.483,884,000 as disclosed in Note 7 to the financial statements. As previously reported, Included in the balance are farms belonging to Lands Ltd managed by Agricultural Development</p>	<p>As disclosed under Note 7 of the financial statements, the Farms belonging to Lands Ltd managed by Agricultural Development Corporation are valued at NBV of Kshs 483,602,000 and those leased are valued at NBV of Kshs. 214,000 while vehicles are valued at</p>	Resolved	

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Corporation and leased lands with a net book value of Kshs.483,602,000 and Kshs.220,000, respectively whose valuation report and documents were not provided for verification.</p> <p>In the circumstances, ownership of the Property, Plant and Equipment with net book value of Kshs.483,884,000 could not be confirmed.</p>	<p>Kshs 68,000 all totaling to Kshs 483,884,000.</p> <p>The fixed asset register for Movable assets that belong to Lands Ltd were all availed during audit.</p> <p>Title deeds for lands Ltd were also availed during audit review.</p>		
4.	<p><b>Long Outstanding Receivables from Exchange Transactions</b></p> <p>The statement of financial position reflects receivables from exchange transactions balance of Kshs.20,276,000 and as disclosed in Note 6 to the financial statements. As previously reported, the aging analysis provided revealed that the balance has been outstanding for more than one year and amounts totaling Kshs.14,542,464 owing from twelve (12) debtors had been outstanding for over sixteen (16) years. In addition, the receivables balance includes non-trade debtors amounting to Kshs.522,000 out of which, an amount of Kshs.315,117 described as loss of cash</p>	<p><b>Long outstanding receivables</b></p> <p>The long outstanding receivables are amounts owed by land allottees who were given allotment letters but they have not cleared the required allotment fees. The Corporation has not been able to demand these debts for reason that the management is in the process of reviewing the rates in view of escalated value of the land over the years. The management is in the process of seeking board approval to write off the long outstanding amounts of Kshs 315,117 which is reflected as loss of cash and stores.</p>	On-going	30 <sup>th</sup> June 2025

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

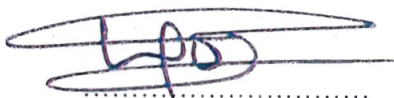
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>and stores has been long outstanding.</p> <p>In the circumstances, the recoverability of the receivables from exchange transactions balance of Kshs 20,276,000 is doubtful and the accuracy and fair statement of the balance could not be confirmed.</p>			
5.	<p><b>Unsupported Grant</b></p> <p>The statement of financial position reflects grants reserves balance of Kshs.55,694,000. However, as previously reported, details on source and purpose of the grants that has been appearing in the ledgers since 1994 were not provided.</p> <p>In the circumstances the accuracy and completeness of the balance of Kshs.55,694,000 in respect of grants received could not be confirmed.</p>	<p><b>Grant balance of Kshs. 55,694,000.</b></p> <p>These amount relates to money provided by the Government of Kenya to facilitate the initial acquisition of Land from the white settlers for re distribution to the local population after independence.</p>		
6	<p><b>Long outstanding Payables</b></p> <p>The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs 3,094,000 and as disclosed in Note 9 to the financial statements.</p>	<p>We concur with the Auditor Generals observation.</p> <p>The Company has not been generating enough revenue from its operations and has mainly relied on the</p>	On-going	30 <sup>th</sup> June 2026

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>As previously reported, Included in the balance are accrued audit fees of Kshs 3,040,000 that have been outstanding since 1995. No explanation was provided on why the company has not paid audit fees for over 28 years.</p> <p>In the circumstances, Management control over liabilities were not effective.</p>	<p>parent Company ADC for support. The Management is considering liquidating this company and transferring the parcels of land to ADC to avoid further accumulation of this debt. Nonetheless, the management remains committed to ensuring this debt is settled as the process of dissolving the subsidiary is still underway.</p>		
7	<p><b>Failure to Separate Activities of Lands Limited from the Parent Company</b></p> <p>The statement of financial position reflects cash and cash equivalent balance of Kshs. 96,783,000 as disclosed in Note 5 to the financial statements. As previously reported, the cashbook for the National Bank account revealed that the recorded transactions were for the parent company – Agricultural Development Corporation and not Lands Ltd.</p> <p>Management has not provided any explanation why Lands limited operated as directorate of ADC instead of a separate subsidiary.</p>	<ul style="list-style-type: none"> <li>• <b>Cash &amp; Cash equivalent</b></li> </ul> <p>The cash and cash equivalent reflected in the financial statements of Kshs.96,783,000 held at National Bank of Kenya was revenues received by Lands Ltd on behalf of ADC. This relates to payment of transactions that belonged to ADC but at the same time, the ADC as parent company, facilitated payment of salaries, allowances and other staff benefits on behalf of Lands Ltd which stands at Kshs 1.5 Million as stated in the statement of financial performance.</p>	Resolved	

**LANDS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances the accuracy and ownership of the cash and cash equivalent balance of Kshs.96,783,000 and transactions in the account could not be confirmed	<ul style="list-style-type: none"> <li>• Lands Ltd as a subsidiary</li> </ul> <p>Lands Ltd is a subsidiary of ADC with full control of its activities. Ownership of cash and cash equivalent balance held by Lands Ltd at end of the financial year belonged to ADC.</p>		



**Dr. Wilson Tonui**

Managing Director

Date: 14/10/2025

