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ON

KENYA ANIMAL GENETIC RESOURCES CENTRE

FOR THE YEAR ENDED
30 JUNE, 2025

NATIONAL ASSEMBLY
PAPERS LAID
DATE: 08 APR 2026 DAY. wed
TABLED BY: Hon. Samuel Chepkwago
CLERK-AT THE-TABLE: Mado Akoo



KENYA ANIMAL GENETIC RESOURCES CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

Kenya Animal Genetic Resources Centre
Annual Report and Financial Statements
for the year ended June 30, 2025.

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1. Acronyms and Definition of Key Terms

A: Acronyms

CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CRA	Commission for Revenue Allocation
GAC	Genetic Advisory Committee
HRAC	Human Resource Advisory Committee
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KAGRC	Kenya Animal Genetic Resources Centre
MALD	Ministry of Agriculture & Livestock Development
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SDLD	State Department for Livestock Development
WB	World Bank

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The Kenya Animal Genetic Resources Centre (KAGRC) formally, CAIS was established in 1946 through a Gazette Notice No. 557 as a semen production and distribution Centre. The Centre was given full autonomy as a State Corporation, through a Gazette Notice No. L.N. 110 of 5th September 2011. The mandate of the Centre includes production, preservation, distribution and conservation of animal genetic material as well as rearing of breeding sires for provision of high quality disease free semen to meet National demand for livestock farmers and for export. KAGRC is situated 15 km from Nairobi City Centre (West of the Nairobi City), and has its Headquarters in Lower Kabete in Nairobi and has land capacity of about 358 Acres, 105 bulls in the stud, three administration blocks, a laboratory, reticulated water system, electrical installations, and other infrastructure. It has branches in Sotik (Bomet County), Kutus (Kirinyaga County), Chuka (Tharaka Nithi County) and Eldoret (Uasin Gishu County).

The Centre has four directorates, namely Research and Technical Services, Extension Services, Corporate Services and Strategy & Planning, with three stand-alone departments namely Legal Services, Internal Audit and Supply Chain Management. All these are under the leadership of the Managing Director.

The Centre works in close collaboration with other breeding organizations such as Kenya Stud Book, Dairy Recording Services of Kenya and Livestock Recording Centre, Research Organizations, Universities, Community Based Organizations (CBOs) and individual farmers. Together, we implement the Contract Mating Program through which breeding sires are recruited to the Centre for semen production and Progeny Testing Programme (PTP). The PTP provides a basis against which the estimated breeding value of the bulls at the Centre is calculated.

Five (5) dairy breeds are kept at the Centre's Lower Kabete farm, namely Friesian, Ayrshire, Jersey and Guernsey and 2 beef breeds of bovine species namely Boran and Sahiwal, a dual-purpose breed and Magic 50 that is a composite bull. Four goat breeds are kept at the Centre's Ndomba Sub Centre, namely Anglonubian, Toggenburg, Saanen, Galla and Alpine

(b) Principal Activities

KAGRC's Vision

“A world class producer of Superior Animal Genetic Resources”

KAGRC's Mission

“To produce, distribute and conserve high quality animal germplasm as well as provide related services through cutting-edge technology to contribute to optimal national livestock productivity for socioeconomic development.”

KAGRC's Core Values

To achieve the above vision and mission, the Centre is guided by the following core values:

- **Professionalism;** Observe professionalism in service delivery.
- **Customer focused;** consistently offer effective and efficient services to all our internal and external customers.
- **Accountability;** be accountable to the stakeholders in the provision of services.
- **Team-work;** Build a strong and dedicated team to provide the best services.
- **Meritocracy;** Ensure that all its priorities and decisions are based on merit.
- **Integrity;** Uphold integrity as a core component of our corporate culture.

KAGRC's Strategic Objectives

The strategic plan identifies six (6) key strategic objectives which will be pursued during the five years namely: -

1. To enhance capacity for quality germplasm production;
2. To improve preservation and conservation capacity;
3. To promote adoption of technologies in animal breeding products.
4. To promote product development and diversification in animal genetic resources.;
5. To increase market share for KAGRC products and services;
6. To increase efficiency and effectiveness in service delivery.

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KAGRC's Mandate

The Centre's principal activity is the production and distribution of bull and buck semen. The other mandates as stated in the legal notice 110 of September 2011 include the following;

1. Establish a national livestock resources gene bank for conservation of livestock tissues, DNA, semen and embryos of all livestock and emerging livestock species for posterity in Kenya.
2. Conserve for posterity and avail livestock tissues, DNA, semen and embryos of all livestock and emerging livestock species in Kenya for both research and Breeding
3. Engage in strategic semen production
4. Serve as a reference laboratory for certification, testing of semen, embryos and related livestock productive materials for purpose of import and export
5. Either alone or in collaboration with other institutions, provide information on the suitability and effectiveness of animal breeding products
6. Either alone or in collaboration with other institutions, develop and produce chemicals and laboratory products for use in the production of semen.
7. Provide training in animal resource conservation procedures, semen, in-vitro and in-vivo embryo production and transfer and related technology transfer.

(c) Key Management

The Kenya Animal Genetic Resources Centre's day-to-day management is under the following key organs:

	Designation	Name
1.	Board of Directors	Dr. Nuh Nassir Abdi Mr John Karuru Mwangi Mr Elijah Nguyo Mr George Obala Mr. Pius Yattani Wario Dr Samuel Mbuku Mr Robert Gatonga Dr Allan Azegele Ms. Christine Diana Nanjala
2.	Managing Director	Dr. Benadatte Misoi
3.	Head of Corporate Services	CPA Faith Aciita
4.	Head of Research & Technical Services	Dr Paul Egesa

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	Designation	Name
5.	Head of Extension Services	Dr. Roselyne Wambugu
6.	Head of Strategy & Planning	Mr. David Sang

(d) Fiduciary Management

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

No.	Designation	Name
1.	Managing Director	Dr Benadatte J. Misoï
2.	Head of Research & Technical Services	Dr Paul Egesa
3.	Head of Corporate Services	CPA Faith Aciita
4.	Head of Extension Services	Dr Rosellyne Wambugu
5.	Head of Strategy & Planning	Mr David Sang
6.	Manager, Human Resource & Administration	Ms. Silvia Itembe Otunga
7.	Head of Legal Services	Ms. Jessica Nyamwaya
8.	Manager Breeding & Bull Health	Dr Daniel Mwangi
9.	Centre Manager, Goat A.I. Station	Dr. James Mbuchu
10.	Principal Marketing Officer	Dr. Paul Juma
11.	Head of Supply Chain Management	Ms Naomi Jeptoo
12.	Head of Internal Audit	CPA Michael Wanyama

(e) Fiduciary Oversight Arrangements

The Board of Directors meets on quarterly basis to monitor the implementation of the Centre's planned strategies, review them in conjunction with its financial and budgetary performance and approve issues of strategic nature. Specific reviews are also undertaken on operational issues and future planning.

BOARD COMMITTEES

The Board has constituted committees which meet regularly namely Audit Committee, Finance, Human Resource, Strategy & Planning (FHRS&P) Committee and the Research, Technical, Sales & Marketing Committee. The terms of reference for each committee are well set by the board.

(i) Audit Committee

The Committee comprises of at least 3 non-executive members of the Board who are independent of the day-to-day management of the Company's operations. The Head of Internal Audit is the secretary to the committee.

The Committee's responsibilities include:

- a) Considers the appropriateness of the Center's accounting policies and procedures.
- b) Monitors and assess the role and effectiveness of the internal audit function.
- c) Deals with matters relating to appointment, remuneration and resignation or dismissal of the head of internal audit.

(ii) Finance, Human Resource, Strategy & Planning (FHRS&P) Committee

The Committee comprises of at least 3 members of the Board who are independent of the day-to-day management of the Centre's operations.

The main responsibilities of the committee are;

- a) Review and approve the Centre's budget
- b) Reviews and monitors the integrity of the Centre's annual and interim financial statements
- c) Set and monitor performance contracts for the Centre
- d) Matters relating to appointment, remuneration and resignation or dismissal of staff.

(iii) Research, Technical, Sales & Marketing Committee

The Committee comprises of at least 3 non-executive members of the Board who are independent of the day-to-day management of the Centre's operations.

The main responsibilities of the committee are;

- a) Advising the board on all technical issues affecting the Centre

- b) Providing policy direction of Genomic Advisory Committee, laboratory processes and quality control.
- c) Deals with policy direction of research on emerging technologies and best practices,
- d) Matters relating to sales and marketing of the Centre's products and services

(f) Entity Headquarters

Kapenguria Road, Off Lower Kabete Road

P.o Box 23070 - 00604

Lower Kabete

(g) Entity Contacts

P.o Box 23070 - 00604

Lower Kabete

Telephone: 020-2064018, 4181325/6 DL: 020-2064027,

Cell Phone: 0728899767/0737540670

E-mail: info@kagrc.go.ke

Website: www.kagrc.go.ke

(h) Entity Bankers

1. ABSA Bank Kenya PLC

Sarit Centre Premier Branch

P.O. Box 14403 - 00800

Westlands

2. Kenya Commercial Bank PLC

Sarit Centre Branch

P.O. Box

Westlands

(i) Independent Auditor

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 - 00100

GPO - Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice



Harambee Avenue

P.O. Box 40112




City Square 00200

Nairobi, Kenya



3. The Board of Directors

	Directors	Details
1.	 <p data-bbox="233 931 576 999">Hon. Dr. Nuh Nassir Abdi Board Chairman</p>	<p data-bbox="770 439 1519 701">Hon. Dr. Nuh Nassir Abdi is a distinguished professional with a wealth of experience in governance, public finance, and veterinary medicine. A graduate of the University of Nairobi with a Bachelor of Veterinary Medicine (BVM), Dr. Nuh has built an impressive career spanning leadership, consultancy, and public service.</p> <p data-bbox="770 734 1519 1077">He has served in various capacities, including as a Member of Parliament for Bura Constituency and Speaker of the Tana River County Assembly. Dr. Nuh has been instrumental in driving policy and governance initiatives, notably as the Chairperson of the County Assemblies Forum and a consultant for prominent programs like AHADI and DAI/DDP, where he provided expert insights on governance and public finance.</p> <p data-bbox="770 1111 1519 1178">He is a multilingual professional fluent in English, Kiswahili, and Somali</p>
2.	 <p data-bbox="233 1659 568 1688">Mr. John Karuru Mwangi</p>	<p data-bbox="770 1211 1519 1570">Born 6th February 1969, Mr. Karuru is an independent director. Director John is a highly experienced entrepreneur in the agricultural and veterinary industry. He is a trained Animal Health practitioner and has further enriched his expertise through AI training and business management. With over 30 years of dedicated service, he specializes in providing professional extension services, dispensing statutory regulated animal health drugs, and overseeing the distribution and marketing of superior Kenyan genetics and products.</p>



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<p>3.</p>	 <p>Mr. Elijah Karitu Nguyo BSc (UoN), Med (Moi)</p>	<p>Elijah Karitu Nguyo is an independent director of the board and is an accomplished education professional with extensive experience in teaching, education management, and public service. Holding a BSc in Botany and Zoology from the University of Nairobi, a Postgraduate Diploma in Education from Kenyatta University, and a Master's in Education from Moi University, he has dedicated his career to fostering learning and development.</p> <p>Elijah has also served as a County Executive Committee Member, demonstrating strong leadership and a commitment to community service.</p>
<p>4.</p>	 <p>Mr. George A. O. Oballa</p>	<p>Mr. Oballa is an independent director of the board. Born on 26th February 1969, director George holds a Bachelor of Commerce Degree in Business Administration/Marketing Option (Second Class Honour – Upper Divisions) from the University of Nairobi. George has a wealth of experience, having worked in various fields but mainly in the petroleum sector at Caltex Oil (K) Ltd, Agip Kenya Ltd, Shell Kenya Ltd, Oryx Oil Co Ltd (Tz). He is currently the lead consultant for Seydou Resources Ltd.</p>
<p>5.</p>	 <p>Mr. Pius Yattani Wario</p>	<p>Mr. Wario, a career educationist, is an independent director and has wealth of experience in Governance, Leadership & Management, Oversight & Representation Community Development, Conflict Resolution and Strategic Planning having served as a teacher in various schools in Marsabit County rising to the level of head teacher. He has served as a Member of County Assembly (MCA) in Marsabit County Assembly and as board member of Marsabit Teachers SACCO Ltd and Street Families, Rehabilitation and Trust Fund (SFRTF), Nairobi. He is currently an Independent Consultant Private Professional Mediation</p>

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6.	 <p data-bbox="225 689 568 728">Dr. Samuel Mbuku, PhD</p>	<p data-bbox="762 219 1508 772">Dr. Samuel M. Mbuku is the Director of the Dairy Research Institute, of the Kenya Agricultural and Livestock Research Organization (KALRO). He is an animal scientist with over 17 years of experience in designing and implementing livestock genetic improvement programs—especially for locally adapted breeds and populations. Dr. Mbuku has been actively involved in the development of policies, legal frameworks, and regulatory reforms in the livestock sector. He has co-published widely and received several grants for research in animal production. He holds an MSc in Breeding and Genetics and a PhD in Animal Science (Animal Breeding and Genetics) from Egerton University, Kenya.</p>
7.	 <p data-bbox="225 1391 539 1429">Mr. Robert W. Gatonga</p>	<p data-bbox="762 828 1508 1344">Mr. Robert Wanyondu Gatonga is a representative of the Principal Secretary of The National Treasury to the board. Born 13th February 1979, Mr. Gatonga is currently a Resource Mobilization Officer at the National Treasury. He has previously worked with the State Department of Statistics and Planning as a District Development officer. He is currently charged with mobilizing domestic and external resources for financing national and county budgetary requirements and undertake bilateral and multilateral negotiations relating to grants and loans. He has vast experience in formulation of development plans and financial budgets. He is also an ICT expert especially in software and database management systems.</p>

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<p>8.</p>	 <p>Dr. Azegele Allan Embodoka, BVM, MSc, OGW</p>	<p>Dr. Azegele is currently the Director of Veterinary Services in the Directorate of Veterinary Services within the State Department for Livestock Development of the Ministry of Agriculture and Livestock Development. Born on 31st August 1968, Dr Azegele has a Bachelor of Veterinary Medicine degree and a Master of Science in Veterinary Public Health, both from the University of Nairobi.</p> <p>He has been recognized for his 29 years distinguished service to the nation by being awarded the Order of the Grand Warrior (OGW) of Kenya in 2018.</p>
<p>9.</p>	 <p>Dr. Benadatte J. Misoi, BVM (UoN), MBA.(Moi University)</p>	<p>Dr. Benadatte J. Misoi is the Managing Director responsible for the day to day operations of the Centre. She holds a Bachelor of Veterinary Medicine from University of Nairobi and a Master of Business Administration from Moi University. She is in charge of day to day running of the Centre's activities and is the Secretary to the Board. She has served as the Livestock Country Coordinator for Cross World Africa for 14 years and is a former Chief Officer Livestock, Nandi County.</p>

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Board Committees



The directors who served in the committees were as follows:

Name of the Committee	Members
Finance, Strategy, Planning and Human Resource	<ol style="list-style-type: none"> 1. Mr. Petkey Miriti - Chairperson (Retired) 2. Mr. Robert Gatonga 3. John Karuru 4. Mr. Elijah Nguyo 5. Christine Nanjala
Research & Technical Services Committee	<ol style="list-style-type: none"> 1. Mr. John Karuru Mwangi - Chairperson 2. Dr. Samwel Mbuku 3. Petkey Miriti 4. George Oballa 5. Dr. Allan Azegelle 6. Ms. Christine Nanjala
Audit Committee	<ol style="list-style-type: none"> 1. Mr. George Oballa - Chairperson 2. Mr. Robert Gatonga 3. Dr. Samwel Mbuku 4. Mr. Elijah Nguyo 5. Ms. Christine Nanjala




4. Key Management Team

	Management	Details
1.	 <p>Dr. Benadatte J. Misoi, BVM (UoN), MBA.(Moi University)</p>	<p>Dr. Misoi is the Managing Director. She is responsible for the implementation of Centre's objectives and strategies for the realization of its goals. She is also responsible for the day to day running of the Centre's activities and is the Secretary to the Board.</p>
2.	 <p>Dr. Paul Egesa BVM (UoN)</p>	<p>Dr. Egesa is the Director Research & Technical Services. His duties involve coordinating the design and management of current and upcoming breeding technologies, semen production and quality control</p>
3.	 <p>CPA. Faith K. Aciita CPA(K), B.Com (Fin) (SPU), MBA Strategic Management</p>	<p>CPA Faith is the Director, Corporate Services. She's responsible for advising management on policies and strategies that relate to Finance & Accounts, human resource & administration to ensure optimal utilization and management of organization's resources.</p>



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	(JKUAT)	
4.	 <p>Dr. Rosellyne Wambugu, OGW BVM (UoN), MVEE (UoN)</p>	<p>Dr. Wambugu is the Director, Extension Services. She is responsible for marketing KAGRC products & services, corporate communication & branding and extension services.</p>
5.	 <p>Mr. David Kiptanui Sang Bachelor of Philosophy in Applied Biology (TUK), MBA (Strat Mgt) Kirinyaga University</p>	<p>Mr. Sang is the Head of the Directorate of Strategy and Planning. He is responsible for Strategic planning, performance management, ICT and quality assurance in the Centre.</p>

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<p>6.</p>	 <p>CHRP. Silvia Itembe Otunga BBM (HRM) Moi University, MBA (UoN), CHRP</p>	<p>CHRP. Silvia is responsible for providing strategic policy direction in all matters Human Resource Management and administration; formulating, implementing and reviewing HR policies and strategies. She's also in charge of staff recruitment, selection, induction & placement, training and ensuring an effective employee industrial relations and communication process.</p>
<p>7.</p>	 <p>Dr. James Mbuchu BVM (UoN), MSc</p>	<p>Dr. Mbuchu is the Goat AI Centre Manager, in Kirinyaga. She is in charge of the day to day management of the Centre</p>
<p>8.</p>	 <p>CPA Michael Oduor Wanyama B.Com, CPA(K), CISA</p>	<p>CPA. Michael is the Head of Internal Audit. He is responsible for reviewing the internal control systems, verifying operations and activities on the utilization of Centre's resources, preparation of audit reports and follow up on the implementation of audit recommendations.</p>

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<p>9.</p>	 <p>Ms. Naomi Jeptoo Bachelor of Purchasing & Supply Management, MSc. Procurement & Logistics. (JKUAT)</p>	<p>Naomi is in responsible for implementing efficient and effective systems for the acquisition of goods and services, preparation of annual procurement plans, issuance of goods as well as disposal of assets.</p>
<p>10.</p>	 <p>Jesca Mosorori Nyamwaya LL.M (UoN), LL.B (UoN), CS</p>	<p>Ms. Jesca is responsible for provision of advice on legal matters, providing board secretarial services, reviewing all regulatory framework for the Centre, representing the Centre in court matters. She also drafts and reviews all legal documents, ensures legal audit compliance and oversees implementation of the Mwongozo Code.</p>

5. Chairman's Statement



Ladies and Gentlemen; it is my pleasure and honour to present to you, the Annual Report and Financial Statements of the Kenya Animal Genetic Resources Centre (“KAGRC” or the “Centre”) for the Financial Year ended 30th June 2025, on behalf of the KAGRC Board of Directors. The year presented quite a number of opportunities for the Centre to cement its position as the leading producer of superior animal genetics, despite the challenges in the sector. As a Board, we took the challenges in our stride and offered policy direction.

These results cover the period during which we continued implementing the new economic model, the Bottom-up Economic Transformation Agenda (BETA). As a government entity performing a national mandate, we continue anchoring our strategies and policies to the economic model to ensure success of the dairy value chain. It is also during this period that we continued consolidating gains made from the various policy directions of the government that are ultimately expected to trickle down to the common mwananchi, the farmer, who is the final consumer of our products.

During the FY 2024/2025, the Board launched a new Strategic Plan 2023 – 2027 that has four Key Result Areas (KRAs) namely; Quality germplasm production, preservation and conservation; Research and innovation in germplasm production; Market sustainability and expansion; and Institutional capacity development. These KRAs are anchored on six (6) strategic objectives namely:

- i. To enhance capacity for quality germplasm production;
- ii. To improve preservation and conservation capacity;
- iii. To promote adoption of technologies in animal breeding products.
- iv. To promote product development and diversification in animal genetic resources.;
- v. To increase market share for KAGRC products and services;
- vi. To increase efficiency and effectiveness in service delivery.

In terms of semen production, the Centre produced 633,651 straws of bull semen and 23,452 straws of buck semen, even though this is sub-optimal and we are confident to hit our target of 1.1 million straws of bull semen and 100,000 straws of buck semen in the next financial year year. I am happy to report that construction of our ultra-modern Embryo Transfer facility at Kabete is on course and we are confident we will start operations before June 2026. This project signifies our commitment to diversity in provision of high quality genetic material for social economic development. To increase our capacity for germplasm production, preservation and conservation, we recruited an additional 10 bulls.

To ensure services are taken nearer to the people, KAGRC has devolved its functions by opening satellite Centres in Ndomba, Eldoret, Chuka and Sotik to function as distribution Centers for KAGRC products and services. We are optimistic that funds allowing, we will put up liquid

nitrogen distribution and production centres in Mariakani and Kakamega, in the near future. In the year under review, the Centre entered into partnerships and signed MOUs with several county governments for the supply of semen, liquid nitrogen, artificial insemination equipment and offer refresher training on safe handling of semen and liquid nitrogen. We also recruited five additional agents in potential areas where there were no agents as a way to expand our market share and increase our financial base.

The draft KAGRC bill which is expected to consolidate the Centre's legal status is at an advanced stage. Plans to acquire title deeds for the centre's parcels of land are at an advanced stage, and we are hopeful to complete the process before June 2026. A number of operational policies were drafted by the management and approved by the Board, to ensure efficiency and effectiveness in our operations.

Ladies and gentlemen, in order to expand market share of KAGRC products and strengthen our financial base, several proposals and concept notes were developed to source for funds. Additionally, plans for new product lines are being considered in order to ensure diversity of revenue streams.

Despite the achievement highlighted above, the Centre had some challenges during the year that included; in adequate financial resources to carry out all projected activities, low staffing levels and the freeze on employment by the government and lack of land titles for lands currently occupied by KAGRC and whose titles have not been transferred to KAGRC. The Centre is poised for greater achievements despite the challenges above. In line with our strategic plan 2023 – 2027, KAGRC will leverage on its gains to continue increasing market share through spreading to other area of the country to market its good and services.

The organization will diversify to offer genetics in other animal species e.g. poultry, pigs, camels etc in line with its mandate. KAGRC will also strengthen research in collaboration with other research institutions to improve on its breeding technologies and extension services. Conservation, particularly cryo-conservation is a very important aspect of KAGRC mandate. KAGRC will seek to engage other stakeholders to start ground work in this critical area with a view to starting off with a few species and later expanding to other animal species.

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All the above outlined activities will require huge resources that may not be available at once, but the organization will continue to engage with the government and other stakeholders to mobilize resources in order to finance its operations and meet its objectives. It is also critical to note that all of KAGRC's functions are aligned to the government's BETA model in the livestock value chain.

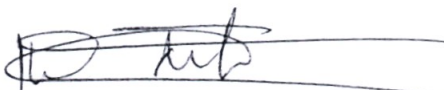


I am grateful to the management and staff for their dedication in

service delivery and as the Chair I assure them of my Board's commitment to walk this journey with them to achieve set targets. I am equally grateful to the government for the support in ensuring we serve the farmers as per our commitment in the contract between the government and ourselves. I wish to also express my sincere gratitude to my fellow Board members for the teamwork and support in FY 2024/25. Let us keep the team spirit in the new FY 2025/2026. It is my prayer that this year will be even better.

God Bless KAGRC. God Bless Kenya.

Thank You All

Signed.....

Dr. Nuh Nassir Abdi

Chairman – KAGRC Board of Directors.

Date..... 08/12/2025.....

6. Report of the Chief Executive Officer



The Kenya Animal Genetic Resources Centre (KAGRC) set out in its FY 2024/2025 plan to consolidate the gains attained in previous years since its inception in 2011 and also transform itself into a more efficient and effective State Corporation as envisioned in its strategic plan 2023 - 2027. The Centre focused on four objectives as stipulated in the strategic plan 2023/2027 namely;

Increase capacity for germplasm production, preservation and conservation

From the planned activities for FY 2024/2025, the Centre produced 633,651 straws of bull semen and 23,452 doses of goat semen against a target of 0.9 million and 75,000 respectively. Ten bulls were recruited against an annual target of twelve. 231,144 litres of liquid nitrogen were produced against an annual target of 240,000 litres. 77, 484 litres of liquid nitrogen were distributed against a target of 80,000 litres.



The construction Phase I of embryo transfer laboratory and animal holding area is ongoing at 70% completion level. KAGRC also lobbied for, and received, additional funding for one new liquid nitrogen plant that is now operational. It is expected to increase liquid nitrogen production capacity and enable the Centre meet

customer needs. The Centre increased its strategic semen reserve from 504,436 straws to 660,569 straws, thus achieving its target for the year.

Strengthen Research and Innovation in Germplasm Production

Low funding and inadequate staffing levels in critical areas continue to hinder KAGRC's ability to realize its mandate in the area of research. There is need to prioritize KAGRC's research agenda; improve knowledge management and learning systems; enhance collaboration and partnership with relevant stakeholders in undertaking actual research; as well as validating existing technologies and development of new products/innovations. This will go a long way in ensuring that there's continued improvement of existing germplasm products in line with its mandate and objectives as outlined in its strategic plan 2023-2027.

Market Sustainability and Expansion

KAGRC was able to consolidate its market share by distributing 564,486 straws of bull conventional semen, 5,873 sexed semen and 1,308 doses of goat semen. The annual target was not met due mainly to low uptake of KAGRC products and services by agents and counties, competition from the bull and imported products. In addition, KAGRC lobbied and attracted development funding from the government to a tune of Ksh 255 million to procure a new liquid nitrogen plant and complete Phase I of the Goat AI Centre. The Centre was officially commissioned by H.E the President in April 2025.

To position KAGRC strategically, six new products distribution agents were recruited and MOUs signed with three counties. The Centre also developed one business plan for the Goat A.I Centre and 4 proposals and concept notes. To increase visibility, we participated in thirteen ASK shows and farmer field days.

In order to leverage on technology, KAGRC hosted nineteen webinars and organized online promotional campaigns and also activated its online customer care desk.

Institution Capacity Development

KAGRC has well selected breeding sires with 80% in semen production. The Centre has two (2) operational liquid nitrogen plants in Kabete, and Sotik to ensure sufficient liquid nitrogen supply for production, preservation and conservation. To ensure consistent and sustainable supply of breeding sires, the Centre works with established contract farms. The Centre has invested in skilled and experienced human resource. It has also put in place resource mobilization strategies to facilitate its mandated operations.

To maintain optimal operations, the Centre will enhance infrastructural capacity for semen production and storage; hire additional skilled staff; increase office space and staff houses; acquire

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more land for fodder production; replace aging workforce as well as secure land title deeds. A key step has been taken towards digitalization of the Centre's processes and we are hopeful of procuring a robust Enterprise Resource Planner (ERP) by end of the financial year 2025/26. This will improve efficiency, enhance internal controls, ensure real time data reporting and effectively integrate with government procurement and financial digital systems.

KAGRC has devolved its functions to offer products and services at its satellite centres in Ndongba, Eldoret, Chuka and Sotik and farmers are now able to get products and services more efficiently. In addition, KAGRC maintained collaborations with 35 county governments and 85 agents for the purpose of distribution of its products. Six (6) new agents were recruited and fifty farmers' field days held to educate farmers. All this was achieved with assistance from the National Government and improvement in sales of KAGRC products and services. I am extremely grateful for the government support.

Signed. Benadatte J. Misoi Date 8/12/2025

Dr. Benadatte J. Misoi

Managing Director

**Kenya Animal Genetic Resources Centre
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11. Report of the Directors

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

i) Principal activities

The principal activities of the Centre are to produce produce, distribute and conserve high quality animal germplasm as well as provide related services through cutting-edge technology to contribute to optimal national livestock productivity for socioeconomic development.

ii) Results

The results of the Entity for the year ended June 30, 2025, are set out on pages 1 to 8

iii) Directors

The members of the Board of Directors who served during the year are shown on page vii.

iv) Auditors

The Office of the Auditor-General is responsible for the statutory audit of the Centre in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Centre's financial statements for year ended 30th June 2025 were audited by the Office of the Auditor General.

By Order of the Board



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Dr. Benadatte J. Misoi,

Managing Director/Secretary to the Board

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

In the year under review, the centre visited Jabali Children's home in Eldoret and gave them gifts and necessities to show love to those children. Going forward, the centre will continue participating in such more activities that help transform lives within its surrounding. The Centre also gives priority to locals whenever employment opportunities arise, based on merit.

Kenya Animal Genetic Resources Centre 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 customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

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The Centre created awareness on drug and substance abuse to staff, and undertook HIV/AIDS sensitization, testing and counselling. The Centre also has a comprehensive medical cover that includes health talks to our staff, as well as arranging and planning for a team building once a year to ensure that all staff interact with those in Sub-centres, play together as well as bond with a purpose of having a one theme to keep staff and management going in order to attain our mandate. The Centre has continually facilitated staff to undergo Continuous Professional Development (CPD) to help improve their skills and careers. Annual staff performance appraisals are undertaken to improve productivity with best employees being rewarded on merit. The Centre ensures compliance with the Occupational Safety and Health Act of 2007, (OSHA).

iv. Market place practices-

Diversity in our workforce and supply base helps foster the kind of innovation, sensitivity and vitality that enables us to effectively deliver our services. We embrace diversity across all levels of our collaborations and act on any feedback that improves our service delivery. During the financial year under review, the Centre recognized the need to act responsibly and constructively as a member of the surrounding communities.

The Centre appreciates the need to act responsibly within the industry. There is in place a corruption prevention committee that among other things helps control unethical behaviour among staff. So far, no member of staff has been dismissed on the basis of any vice. Internal control mechanisms are in place to ensure compliance of all corruption prevention advisories.

The Centre strives to maintain good business practices by treating its suppliers responsibly through honouring of contracts as and when they fall due. To fulfil the government's Access to Government Procurement Opportunities pledge, the Centre has committed in its Performance Contract to ensure Women, Youth and Persons With Disabilities get their share of procurement opportunities by committing 30% of all its procurement budget to AGPO group.

We continually embrace ethical business practices that guarantee product and service quality to our customers through memoranda and contracts signed with our business partners. Our quality control department conducts quality assurance checks every year. One such exercise was undertaken in the year under review and customers given results.

Centre in the company of the Deputy President. The AI Centre is fully funded by the National Government.

Construction of the Embryo Transfer Laboratory is ongoing and completion is projected in the FY 2025/26. Once complete, the laboratory will play a pivotal role in the livestock breeding sector.

10. Environmental and Sustainability Reporting

i. Sustainability strategy and profile

The Centre recognises that the institution's social, environmental and ethical conduct has an impact on its reputation and sustainability. The Centre's relationship with its stakeholders is guided by its commitment to integrity, professionalism and inclusiveness. Accordingly, we are committed to ensuring that each person and entity collaborating with the Centre is treated with dignity and respect, and is given an opportunity to contribute to the Centre's success. We strive to maintain a productive and open dialogue with all parties who may have an interest in our activities. We conduct regular customer satisfaction surveys, monitor suppliers and customers' performance and actively encourage feedback from our employees using a variety of methods including employee satisfaction survey.

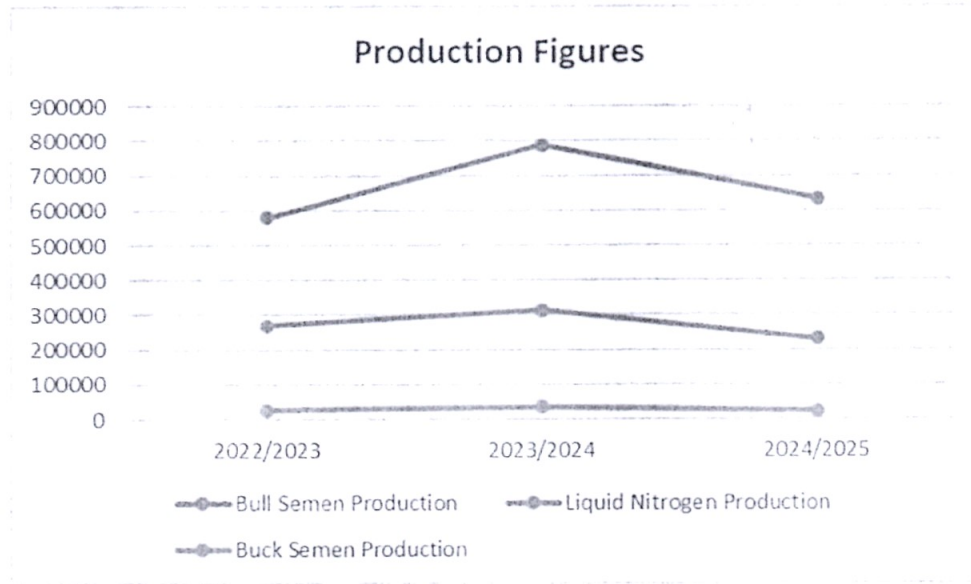
ii. Environmental performance

The Centre has in place an Environment, Health and Safety Committee whose main mandate is to develop and constantly review the Centre's environment sustainability policy and also advise the management on matters relating to the impact of the Centre's operations on the environment. During the year under review, the Centre planted 10,000 trees to help conserve the environment. An incinerator has been put up in the Centre to handle waste disposal in line with best practices.

iii. Employee welfare

The Centre has robust human resource policies and manuals that guide its engagement with staff, right from recruitment to separation taking into consideration gender, regional, socio-cultural diversity. In due course, the instruments will be reviewed to conform with the changing work dynamics. The centre has continuously engaged with National Council for Persons With Disability to accommodate PWDSs in different departments in our Centre.

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We intend to upscale our sales by leveraging on information technology through use of social media, establishment of a reward system for our agents, continuous engagement with our stakeholders, and training of AI providers and acquisition of distribution vans. The Centre is also targeting to save on the cost of procuring hay through expansion of own hay fields in Ngong, Ahiti Ndomba and Kabete farms respectively. This is expected to have a spill over effect in the next financial years.

2023 – 2027 Strategic Plan

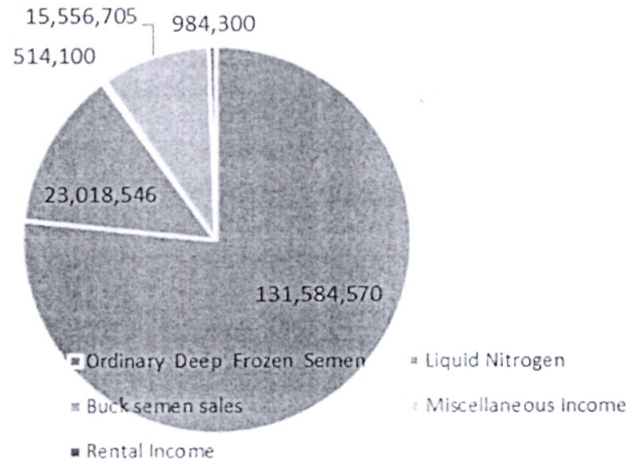
The centre launched its 2023-27 Strategic plan in August 2024 that had four Key Result Areas, namely;

1. Quality germplasm production, preservation and conservation;
2. Research and innovation in germplasm production;
3. Market sustainability and expansion; and
4. Institutional capacity development.

Resources have been committed to ensure all these are achieved while anchored on six strategic objectives.

The highlight of the financial year was in April 2025, when the Centre hosted His Excellency the President, Dr William Ruto during the commissioning of the Kirinyaga Goat Artificial Insemination

Income Sources



The development grant received was Ksh 170 million for purchase of a new liquid nitrogen plant and Ksh 30 million for the Dairy Goat Centre in Kirinyaga.

Total recurrent expenditure in the same period amounted to Ksh 453. million, with the greatest component being staff costs at Ksh 195 million (43%) and administration costs Ksh 169.7 (37.4%). The Centre incurred several development costs, mainly a liquid nitrogen plant, some buildings, and computers and laptops. The assets added will go a long way in ensuring sustained operations in the Centre.

The Centre produced 633,651 doses of bull semen against a target of 900,000, whereas 23,452 doses of buck semen were produced against a target of 35,000. Bull semen availed to the farming community was 564,486 against a target of 585,900, 1,308 doses of buck semen were availed against a target of 1,075. The Centre also availed 77,484 litres of liquid nitrogen against a target of 320,000 litres.

Production Figures

	2022/2023	2023/2024	2024/2025
Bull Semen	579,223	787,439	633,651
Liquid Nitrogen	269,044	313,652	231,144
Buck Semen	27,289	35,053	23,452

9. Management Discussion and Analysis

The Centre's operations are carried out within an established framework of processes, procedures, systems and in line with the strategic plan. Projects and activities are linked to the budgeting cycle and annual performance contracts. The Centre keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The statements have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the International Public Sector Accounting Standards (IPSAS), the Public Financial Management Act and Treasury circulars released from time to time.

This requirement entails compliance with, and enforcement of the Constitution. The Centre has implemented elements of the Constitution that are relevant to KAGRC's mandate, especially on food security. In addition, the Centre has conformed to all laws and regulations and circulars related to KAGRC. This includes Public Procurement and Disposal Act, regulations and rules - this entails development and adherence to the procurement plan, submitting the plan to PPRA by 31st August and quarterly procurement plan implementation reports to the Authority in the format provided. Remittance of Statutory Deductions which include, repayment of Higher Education Loans Board dues by beneficiary employees, Statutory Taxes, NHIF, NSSF, PAYE, NITA is always prompt.

Conduct of Business Operations, Performance

In the year under review, internally generated revenue amounted to Ksh 172 million against a target of Ksh 338.4 million. Out of this, Ksh 131 (77%) is from sale of semen, whereas liquid nitrogen contributed Ksh 23 (13%) million. The rest (10%) was from sale of liquid nitrogen containers & artificial insemination equipment plus rental income. The revenue has grown steadily from Ksh 157 million in FY 2023/2024 and Ksh 142 million in the year 2022/2023. The management will strive to maintain the steady growth to help the Centre actualise its objectives.

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The board maintains a conflict of interest register that is always filled by the members, with no conflict declared in FY 2024/25. The responsibility on government agencies is to promote high standards of integrity, governance, and demonstrate leadership through documented policies and procedures, and according to their own knowledge, skills and expertise identify and address unacceptable practices. This involves actions by both the organization and individuals. The Centre ensures strict adherence to the code of ethics and other internal policies and procedures without deviation. The Centre has set out an ethical culture and values at the organization level, and implements those values through policies, procedures and codes of practice.

The heads of departments are required to demonstrate those values through leadership, to positively reinforce the values and also to ensure compliance with, and enforcement of, the values. KAGRC staffs are conscious at all times of the need to uphold the highest standards of conduct in their dealings with the public, which includes acting with integrity and avoiding conflicts of interest.

The Board has full responsibility for the establishment and oversight of the centre's risk management frameworks. Risk management policies are established to identify risks, as well as measure the extend of risk, analyse them and finally set mitigation mechanisms to reduce occurrence. This is achieved through in-house risk review enhanced by both internal and external audits.

The board is satisfied that the Centre has to the best of its knowledge complied with all the relevant laws and regulations, conducted its affairs in accordance with law in particular the State Corporation Act and the Legal Notice No.110. Further disclosures on compliance are set out in the statement of the board of director's responsibilities and notes to the financial statements.

8. Corporate Governance Statement

At the Centre, we are committed to the highest level of corporate governance which is critical to our business philosophy and to maintaining stakeholders trust. Our corporate governance policy functions as an inbuilt self-regulating mechanism, which provides the framework to monitor and ensure statutory compliance, foster a culture that values and rewards the highest level of ethical standards and personal integrity. The Centre strives to ensure that the Board, management and staff act with integrity, honesty, accountability and professionalism at all times.

During the year under review, the Board welcomed a new Chair Dr. Nuh Nassir Abdi, following the exit of Prof. James Wabacha, after end of his term of office. The board also bid farewell to directors John Gethi and Petkey Miriti and welcomed new directors Elijah Nguyo and Pius Wario. We wish the outgoing directors well in their new roles in the society. The Board's operations are guided by a service charter that is reviewed from time to time in line with changing dynamics, with input from relevant agencies.

The board comprises of representatives of various interest groups who contribute expertise and judgement, based on their professional qualifications and business expertise. The Board reflects a diversity of background and experience. The Board is comprised of four independent members and three representatives of the Director General, Kenya Agricultural & Livestock Research Organization (KALRO), the Principal Secretaries, Ministry of Agriculture & Livestock Development and The National Treasury.

The board is principally charged with providing strategic direction to the organization, exercise control and remain accountable to the principal shareholder, who is the Government of Kenya. This was achieved by planning and strategizing goals and objectives for the short and long-term good of the Centre and putting mechanisms in place to monitor progress against the set objectives.

Newly appointed board members always undergo an induction program. In the 2024/25 FY, new board members attended an induction organized by the Institute of Certified Secretaries in Naivasha that helped them gain more knowledge of what is expected of them in the board. This sharpened their skills, thus improving performance and contribution in their role in the organization.

All board members undertake an evaluation at the end of every financial year with guidance from the State Corporations Advisory Commission (SCAC). Results from these evaluations inform areas of improvement and training in the subsequent financial year. The board's remuneration is as guided by the State Corporations Advisory Committee.

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		No of proposals and concept notes developed	Strengthen Resource mobilization	4 proposals and concept notes developed
		No. of field days and ASK shows participated.	Participate in field days, ASK shows and exhibitions	Thirteen ASK shows and farmer field days attended and exhibited.
		No. of documentaries developed	Develop documentaries on KAGRC products and services	Nineteen webinars and online promotional campaigns organised.
		Interactive customer care desk in place	Set up an interactive online customer care desk	Online customer care desk activated.
KRA 4: Institutional capacity development.	To increase efficiency and effectiveness	Staff skills gap analysis undertaken	Undertake staff skills gap analysis	Skills gap analysis undertaken and report approved by the Board
		No. of staff recruited	Recruit relevant staff	Twelve new employees were recruited during the year.
		No. of staff trained	Train staff in line with TNA report	Staff were trained in line with the training plan for the year.
		Work place productivity improvement strategy developed	Develop work place productivity improvement strategy	Work place productivity improvement strategy in place
		No. of Acts of Parliament	Anchor KAGRC in an Act of Parliament to give it legal status.	KAGRC Bill in draft form before parliament(anchored in the Livestock Bill)
		No of Title Deeds	Acquire Title Deeds.	KAGRC lands Title deed being followed up

The above is in line with the Centre's 2024/2025 Performance Contract.

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Key Result Area	Strategic Objective	Key Performance Indicators	Activities	Achievements
KRA 1 Quality germplasm production, preservation and conservation	To enhance capacity for quality germplasm production.	% level of completion	Construction of embryo production and transfer laboratory	The embryo transfer laboratory is at 70% completion level.
		No. of bulls and bucks recruited and maintained	Recruit breeding animals	Ten breeding bulls and ten bucks recruited. 109 breeding bulls and 48 breeding bucks maintained.
		No of doses of bull & buck semen produced	Germplasm production	633,651 doses of conventional bull produced, 9,920 doses of sexed semen distributed and 23,452 doses of buck semen produced.
		No of litres of liquid nitrogen produced	Acquisition and installation of liquid nitrogen plant	231,144 litres of liquid nitrogen produced
		No. of doses of strategic semen reserved	Enhance germplasm conservation capacity	660,569 doses of strategic semen reserved
KRA 2: Research and innovation in germplasm production	To promote adoption of technologies in animal breeding products	No. of priority areas identified for research and processes documented	Identify priority areas for research	Two business processes re-engineered.
KRA 3: Market sustainability and expansion	To increase market share for KAGRC products and services	No. of product distribution agents appointed.	Identification and appointment of appropriate distributors locally and internationally.	Six new products distribution agents were recruited.
		No. of MOUs signed with County governments.	Develop MOUs on germplasm supply with counties	Three counties signed MOUs with KAGRC.
		Business plan developed	Develop business plan for KAGRC products and services	One business plan for goat AI developed.

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

Section 81 sub-section 2 (f) of the Public Finance Management (PFM) Act 2012, requires the Accounting Officer to include in the financial statements; a statement of the Centre's performance against predetermined objectives.

KAGRC has four Key Result Areas (KRA) and Strategic Objectives within the Strategic Plan for the FY 2023 - 2027. These KRAs are as follows:

1. Quality germplasm production, preservation and conservation;
2. Research and innovation in germplasm production;
3. Market sustainability and expansion; and
4. Institutional capacity development.

KAGRC developed its annual work plans based on the above five key result areas. The assessment of the Centre's performance against its annual work plan is done on a quarterly basis. The achievements of the performance targets set for the FY 2024/2025 as indicated in the table below:

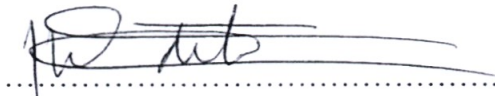
TABLE 1: ANALYSIS OF ACHIEVEMENT OF PERFORMANCE TARGETS FOR THE FINANCIAL YEAR 2024/2025

**Kenya Animal Genetic Resources Centre
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Nothing has come to the attention of the Directors to indicate that the Centre will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Kenya Animal Genetic Resources Centre's financial statements were approved by the Board on 28th August 2025 and signed on its behalf by:



Dr. Nuh Nassir Abdi
Chairman of the Board

Date... 08/12/2025



Dr. Benadatte J. Misoi,
Managing Director

Date... 8/12/2025

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 (3) of the State Corporations Act, require the Directors to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Directors are also responsible for safeguarding the assets of the entity.

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

The Directors accept responsibility for the Centre'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, and the State Corporations Act Cap 446. The Directors are of the opinion that the Centre's financial statements give a true and fair view of the state of Centre's transactions during the financial year ended June 30, 2025, and of the Centre's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Centre, which have been relied upon in the preparation of the Centre's financial statements as well as the adequacy of the systems of internal financial control.

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA ANIMAL GENETIC RESOURCES CENTRE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Animal Genetic Resources Centre set out on pages 1 to 30, 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.

Basis for Qualified Opinion

1. Rental Revenue

The statement of financial performance reflects rental revenue from facilities and equipment of Kshs.984,300 as disclosed in Note 8 to the financial statements. The Centre owns several houses which had been rented out to staff at an average rent of Kshs.1,500 per month. However, the Centre Management does not maintain a house register indicating the number of houses, rent charged and current occupancy.

In addition, the following anomalies were noted:

- i. Not all tenancy agreements between tenants and the Centre Management were in place. In addition, the tenancy agreements which were provided for audit review were incomplete since they lacked information on monthly rent charged, tenancy period and the Landlord's signature.
- ii. The valuation report for the houses by the Ministry of Lands and Physical Planning dated 29 September, 2021 revealed that the Centre had sixty-six (66) houses with varying market rent out of which, two (2) houses had been recommended for demolition to create space for re-development. However, the demolition had not been done as at the time of audit in November, 2025 resulting to loss of rental income.
- iii. The valuation report indicates that some of the houses are fitted with asbestos roof thus posing a health hazard to the occupants.

In the circumstances, the accuracy and completeness of revenue from facilities and equipment of Kshs.984,300 could not be confirmed.

2. Lack of Ownership Documents

The statement of financial position and as disclosed in Note 23 to the financial statements reflect property, plant and equipment balance of Kshs.749,092,523 which excludes seven (7) parcels of land of unknown value, measuring a total of 168.442 ha. However, ownership documents were not provided for audit review.

In the circumstances, the ownership of property, plant and equipment could not be confirmed

3. Failure to Value Biological Assets

The statement of financial position reflects biological assets balance of Kshs.15,100,131 as disclosed in Note 24 to the financial statements. However, the biological assets had not been valued. In addition, Management did not include the value of trees owned by the Centre.

In the circumstances, the accuracy and valuation of the biological assets balance of Kshs.15,100,131 could not be confirmed.

4. Unsupported Refundable Deposits from Customers

The statement of financial position and as disclosed in Note 27 to the financial statements reflect refundable deposits from customers' of Kshs.13,889,920. However, the deposit account bank statement was not provided for audit review.

In the circumstances, the accuracy and completeness of refundable deposits from customers amounting to Kshs.13,889,920 could not be confirmed.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted final receipts of Kshs.593,440,000 and actual receipts on comparable basis of Kshs.433,956,882 resulting to under funding of Kshs.159,483,118 or approximately 27% of the final budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the Public.

2. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables of Kshs.261,505,563 as disclosed in Note 25 to the financial statements. Included in the balance are trade payables and payments received in advance amounting to Kshs.3,865,523 and Kshs.8,114,139 respectively which had been outstanding for more than one (1) year.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge

My opinion is not modified in respect of these matters

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved some of the issues or given any explanation for failure to resolve them as at 30 June, 2025 as shown below;

Summary of Issues

1. Lack of Ownership Documents for Property, Plant and Equipment
2. Unsupported Refundable Deposits from Customers
3. Failure to Maintain an Update Assets Register
4. Outstanding Trade and Other Payables
5. Long Outstanding Receivable from Exchange Transactions
6. Non-Functional Nitrogen Production Plant
7. Construction of Laboratory Block Including Animal Holding Area
8. Procurement of Mobile Embryo Transfer Laboratory
9. Unauthorized Bank Accounts
10. Lack of Risk Management Strategy

Other Information

The Directors are responsible for the Other Information set out on pages v to xl which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on

Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregularities in Management of Imprest

Review of the cash book and payment vouchers revealed the following issues on management of imprest;

- i. Management issue imprest as an expenditure instead of a prepayment contrary to Regulation 91(1) of the Public Finance Management (National Government) Regulations, 2015 which states that an imprest means a form of cash advance or a float which the Accounting Officer may authorize to be issued to officers who in the course of duty are required to make payments which cannot conveniently be made through the cash office of a Government entity or bank account.
- ii. The entity paid quarter per diem to employees and Board members who had been facilitated from other quarters. This was contrary to Circular No.OP/CAB.308/018 dated 02 October, 2023 which stopped the payment of quarter per diem.
- iii. Management does not maintain an imprest register contrary to Regulation 93(4)(c) of the Public Finance Management (National Government) Regulations, 2015 which states that before issuing temporary imprests under Paragraph (2), the Accounting Officer shall ensure that the applicant imprest has been recorded in the imprest register including the amount applied for.

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

2. Compensation for Employees

2.1 Irregular Payment of House Allowance

Analysis of the payroll records revealed that ninety-nine (99) staff were paid house allowances of Kshs.2,351,400 while the house allowances approved for the equivalent job groups by Salaries and Remuneration Commission (SRC) was Kshs.1,274,400 resulting in unexplained variance of Kshs.1,077,000. Further, eighty (80) employees were earning allowances exceeding 40% of their gross pay which was contrary to the SRC guidelines on Allowances Policy Guideline for the Public Service of October, 2021 that capped allowances for public servants at 40% of their gross monthly pay.

In the circumstances, Management was in breach of the SRC guidelines.

2.2 Non-Compliance with the Laws on Affirmative Action

Review of human resource records revealed that the entity had a staff establishment of one hundred and fifty-two (152) out of which none were Persons Living with Disabilities. This was contrary to Section B. 23 (2) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that the Government shall implement

the principle that at least five (5) percent of all appointments shall be for persons with disabilities.

In addition, out of one hundred and fifty-two (152), only forty-two (42) employees were female representing approximately 28% of the total workforce. This was contrary to Section B.22 (2) of the Human Resource Policies and Procedures Manual for the Public Service, 2016, which states that the Government will endeavour to have a gender balanced Civil Service by ensuring that not more than two thirds (2/3) of positions in its establishment are filled by either gender.

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

3. Project Implementations

3.1 Irregular Award

During the year under review, the Kenya Animal Genetic Resources Centre initiated procurement processes through request for quotation method for various construction-related works. Upon evaluation, three (3) contracts were awarded to three firms at a total contract sum of Kshs.13,970,973. However, review of the bid documents submitted revealed that the same technical personnel, were listed in the bid submissions of all three firms, with identical résumés and academic certificates attached as part of the technical proposals, an indication that the firms were owned by the same people.

In the circumstances, value for money of Kshs.13,970,973 spent on the projects could not be confirmed.

3.2 Construction of Laboratory Block at Lower Kabete

Management entered into a contract through direct procurement method with a Company on 30 August, 2022 for the construction of laboratory block including animal holding area at Kenya Animal Genetic Resources Centre - Lower Kabete (Phase 1) at the original contract sum of Kshs.51,944,301 with a contract period of fifty-two (52) weeks commencing on 17 October, 2022 with an expected completion date of 15 January, 2024. Subsequently, an amendment to the scope of works was made giving rise to additional contract sum of Kshs.12,981,432 representing an approximate 25% increase. However, it was noted that the contract was varied before lapse of twelve (12) months period contrary to Section 139(3) of the Public Procurement and Asset Disposal Act, 2015 which states that no contract price shall be varied upwards within twelve (12) months from the date of the signing of the contract. As at the time of audit, payment certificates amounting to Kshs.49,976,428 had been processed.

In February, 2025, the Contractor requested and was granted a two-month extension by the Board. However, an amended contract agreement which includes the amended scope of works was not provided audit review.

In the circumstances, value for Kshs.49,976,428 spent on the project could not be confirmed.

3.3 Supply, Installation and Commissioning of Liquid Nitrogen Plant

During the year under review, Management entered into a contract dated 21 June, 2024 with a Company for the supply, installation and commissioning of a Liquid Nitrogen Plant, at a contract sum of Kshs.154,210,600. The procurement was conducted through the direct procurement method which had been reported to Public Procurement Regulatory Authority (PPRA). Review of procurement records revealed that invitation, opening and evaluation of the tender were conducted on 7th, 12th and 13th June, 2024 respectively.

A pre-inspection and due diligence exercise was conducted in November, 2024 at the Stirling Cryogenics manufacturing facility in the Netherlands. The Inspection Committee confirmed that the specifications were met and recommended that the supplier proceed as per the contract terms.

However, the following issues were noted during the audit review:

- i. There was no documentary evidence provided to demonstrate that the Stirling Liquid Nitrogen Plant was available only from a specific supplier with exclusive rights or that no reasonable alternatives existed in the market
- ii. The supplier's past performance and capacity was not adequately substantiated as the highest previous contract executed by the supplier was valued at Kshs.2,620,000 which was significantly lower than the current award.
- iii. The past projects performed by the Company mostly involved supply of laboratory equipment, calibration services and temperature monitoring systems and none was comparable in complexity or scope to the supply and installation of a Liquid Nitrogen Plant.
- iv. Documentation was not provided to confirm that the supplier had previously handled projects involving procurement, installation and commissioning of industrial plant equipment or facilities of a similar magnitude.
- v. As at the time of audit, the plant had been delivered to the site in May, 2025 pending installation and commissioning.

In the circumstances, value for money could not be confirmed.

3.4 Failure to Economically Utilize Entity Assets

Field visit conducted in July, 2025 to various KAGRC centers revealed that the Nitrogen production plant located at the Sotik Centre had ceased operations since 4 June, 2025. Interviews with on-site staff indicated that the suspension of operations was due to disconnection of electricity supply by Kenya Power, arising from unpaid electricity bills amounting to approximately Kshs.2.5 million. However, review of production and sales reports revealed that in the months leading up to the disconnection, the Centre had generated significant revenue from the sale of Liquid Nitrogen and semen, with the value of sales exceeding the amount owed for electricity. Further, the Nitrogen plant at Eldoret center was not operational, reportedly due to high costs of repairs and maintenance and lack of spare parts.

Field visit to Kirinyaga Goat A.I Centre in July, 2025 revealed that the nitrogen production plant broke down in September, 2023 and had not been repaired since then. This had affected production of liquid nitrogen and storage of buck semen.

In the circumstances, value for money from the unutilized assets could not be confirmed.

3.5 Failure to Prepare and Submit Quarterly Financial Statements

During the year under review, Management did not prepare and submit quarterly reports to The National Treasury contrary to Section 83(1) and (2) of the Public Finance Management Act, 2012 which requires an Accounting Officer for a National Government entity to prepare a report for each quarter of the financial year in respect of the entity and not later than fifteen (15) days after the end of each quarter and submit the quarterly reports to The National Treasury.

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

4. Unauthorized Opening of Bank Accounts

The Centre had three (3) bank accounts at ABSA Bank which had been opened without prior approval from The National Treasury. In a memo referenced KAGRC/11/11/Vol III/259 dated 12 March, 2024, Management wrote to The National Treasury through their Parent Ministry seeking authority to continue operating the three (3) accounts. As at 30 June, 2025 the authority to continue operating the bank accounts had not been granted.

In addition, one of the bank accounts with a balance of Kshs.8,322 had been used to receive funds for East Africa Agricultural Productivity Project which had been completed in financial year 2015/2016. During the year under review the account attracted bank charges of Kshs.39,600.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Staff Under-Establishment

During the year under review, human resource records provided for audit, revealed that the Centre had a staff establishment of one hundred and seventy-one (171) against one hundred and fifty-two (152) staff members in post thus resulting in an overall under establishment of nineteen (19). Further, it was noted that there were no substantive staff in the critical positions of Director Corporate Services, Director Extension services, Director of Strategy and Planning, Corporate Secretary and Director Research and Technical Services and as such the entity lacks critical leadership to help deliver on its mandate. In addition, the internal audit function revealed that the Centre's Career Guideline establishes four (4) grades of internal auditors while staff members in post were two (2) thus resulting in an overall under establishment of two (2) personnel.

In the circumstances, the effectiveness of service delivery to the public could not be confirmed

2. Failure of the Centre to Submit Reports to The Cabinet Secretary

During the year under review, review of reports and discussions with the Centre Management revealed that the Centre Management did not submit reports on the operations of the Centre to the Cabinet Secretary. This was contrary to Paragraph 16(1) of the Kenya Animal Genetic Resources Centre Order Number 110 of 2011, which mandates the Centre Management to prepare and submit reports of the operations of the Centre within three (3) months after the end of each financial year.

In the circumstances, the Centre Management did not comply with Kenya Animal Genetic Resources Centre Order.

3. Internal Audit Operations

3.1 Lack of an Internal Audit Software

Audit review revealed that the internal audit processes were not automated. Automation ensures that the Function conforms to international professional practices framework in terms of documentation of internal audit methodologies, documentation of laws and regulations with which internal auditors are required to comply with and adhere in addition to the standards.

3.2 Failure to Conduct Self-Assessment by the Audit Committee

Review of internal audit documents and discussions with the internal audit function staff revealed that the Audit Committee had not conducted the annual self-assessment contrary to Section 4.8.1 (a) of Gazette Notice No.2691 on Audit committee guidelines for national government regulation which requires the Committee to assess its performance and achievements against its mandate, roles, duties and responsibilities that should be captured in the calendar of activities on an annual basis.

3.3 Lack of Plan on Implementation of Internal Audit Recommendations

Review of internal audit documents and discussions with the internal audit function staff revealed that Management provides responses to audit reports during audit committee meetings. However, the internal audit did not have a formal action plan to implement the recommendations contained in those reports.

4. Lack of a Disaster Recovery Plan

The Resource Centre did not have Disaster Recovery and Business Continuity Plans required for identifying, preventing and mitigating against disasters and ensuring that its operations are not interrupted. Further, Management did not perform formal risk assessments.

In the circumstances, Management's preparedness towards responding to risks could not be confirmed.

5. Irregular Constituted Genetics Advisory Committee

The statement of financial performance reflects administration expenses of Kshs.170,078,943 which, as disclosed in Note 9 to the financial statements include bull recruitment and maintenance expenditure amounting to Kshs.12,884,543. Included in the amount is Kshs.100,250 paid as allowances to the Genetics Advisory Committee. However, the fifteen (15) member Committee established to oversee the identification, recruitment and evaluation of breeding animals for bovine and caprine category was not anchored on any enabling Act or legal framework.

In the circumstances, the regularity of the Genetics Advisory Committee could not be confirmed.

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

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

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 Centre'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 Centre'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

Kenya Animal Genetic Resources Centre
Annual Report and Financial Statements
for the year ended June 30, 2025.

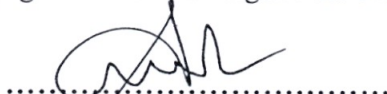
14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	30 th June 2025	30 th June 2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	255,000,000	449,750,000
		255,000,000	449,750,000
Revenue from exchange transactions			
Sale of goods	7	162,415,878	172,362,984
Rental revenue from facilities and equipment	8	984,300	938,800
Other income	9	15,556,705	14,898,644
Total		178,956,883	188,200,428
Total revenue		433,956,883	637,950,428
Expenses			
Administration Expenses	10	170,078,944	223,064,484
Employee costs	11	196,041,582	173,855,278
Board Expenses	12	11,265,820	11,731,049
Depreciation and amortization expense	13	62,101,443	48,186,417
Repairs and maintenance	14	9,543,127	36,482,684
Contracted services	15	4,796,678	5,764,820
Total Expenses		453,827,594	499,084,732
Surplus/ (deficit) before tax		(19,870,711)	138,865,697
Taxation			-
Surplus/(deficit) for the period/year		(19,870,711)	138,865,697
Net Surplus for the year		(19,870,711)	138,865,697

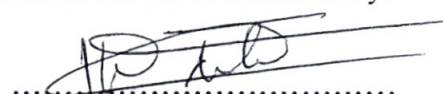
The notes set out on pages 10 to 40 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


.....

Dr. Benadatte J. Misoi
Managing Director


.....

CPA Silas W. Osundwa
Head of Finance
ICPAK M/No:9601


.....

Dr. Nuh Nassir Abdi,
Chairman of the Board


Kenya Animal Genetic Resources Centre
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for the year ended June 30, 2025.

15. Statement of Financial Position as at 30 June 2025

	Notes	30 th June 2025	30 th June 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	20	125,382,848	109,864,504
Receivables from Exchange Transactions	21	65,895,912	66,232,616
Inventories	22	546,970,900	533,411,800
Total Current Assets		738,249,660	709,508,920
Non-Current Assets			
Property, Plant and Equipment	23	749,092,523	560,634,711
Biological Assets	24	15,100,131	14,642,231
Total Non- Current Assets		764,192,654	637,177,141
Total Assets (A)		1,502,442,314	1,346,686,061
Liabilities			
Current Liabilities			
Trade and Other Payables	25	261,505,563	102,388,774
Refundable Deposits from Customers	27	13,889,920	13,789,920
Taxation		-	-
Total Current Liabilities		275,395,483	116,178,694
Non-Current Liabilities			
Borrowings		-	-
Total Liabilities (B)		275,395,483	116,178,694
Net Assets (A-B)		1,227,046,831	1,230,507,368
Represented by:			
Capital Reserves	16	185,872,025	185,872,025
Revenue Reserves	16	1,022,266,306	1,025,726,843
Donations	16	18,908,500	18,908,500
Net Assets/Equity		1,227,046,831	1,230,507,368

Kenya Animal Genetic Resources Centre
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The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:



Dr. Benadatte Misoi
Accounting Officer

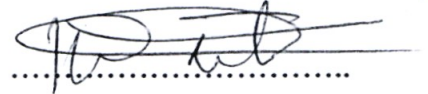
Date: 8/12/2025



CPA Silas Osundwa
Head of Finance

ICPAK M/No:9601

Date: 8/12/25



Dr. Nuh Nassir Abdi,
Chairman of the Board

Date: 08/12/2025

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

Description	Ordinary Share Capital	Revenue Reserve	Development Grants	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	185,872,025	886,861,146	18,908,500	1,091,641,671
Surplus		138,865,697		138,865,697
As at June 30, 2024	185,872,025	1,025,726,843	18,908,500	1,230,507,368
As at June 30, 2024	185,872,025	1,025,726,843	18,908,500	1,230,507,368
Prior Period Adjustment		16,410,174		16,410,174
Surplus/(Deficit)		(19,870,711)		(19,870,711)
As at June 30, 2025	185,872,025	1,022,266,306	18,908,500	1,227,046,831

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

	Notes	30 th June, 2025	30 th June, 2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		255,000,000	449,750,000
Sale of goods		162,415,878	172,363,984
Rental revenue from facilities and equipment		984,300	938,800
Other income		15,556,705	14,898,644
Total receipts		433,956,883	637,950,428
Payments			
Administration Expenses		170,078,944	223,064,484
Employee costs		196,041,582	173,855,278
Board Expenses		11,265,820	11,731,049
Repairs and maintenance		9,543,127	36,482,684
Contracted services		4,796,678	5,764,820
Depreciation and amortization expense		62,101,444	48,186,417
Total payments		453,827,595	499,084,732
Net cash flows from/(used in) operating activities		(19,870,712)	138,865,697
Net Cash flows from Operating activities		(19,870,712)	138,865,697
Cash flows from investing activities			
Purchase of PPE and Intangible assets	23	(188,659,057)	(72,377,534)
Proceeds from sale of PPE			-
Purchase of investments (Biological Assets)		(857,900)	(1,349,000)
Sale of Biological Assets		400,000	753,000
Net cash flows from/(used in) investing activities		(189,116,957)	(72,973,534)
Net increase/(decrease) in cash & Cash equivalents		15,518,342	67,586,677
Cash and cash equivalents as at 1st July 2024	29	109,864,507	42,277,830
Cash and cash equivalents at 30 June 2025	29	125,382,849	109,864,507

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

	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	
	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue				
Transfers from Other Governments entities	255,000,000	255,000,000	-	100%
Sale of Goods	338,440,000	134,650,083	159,483,117.4	33%
Total Income	593,440,000	433,956,882	159,483,117.40	73%
Expenses				
Administration Expenses	190,880,000	170,078,944	20,801,056	89%
Employee costs	180,560,000	196,041,582	(15,481,580.65)	(109%)
Board Expenses	12,000,000	11,265,820	734,180	94%
Repairs and Maintenance	5,000,000	9,543,127	(4,543,127)	191%
Contracted Services – Security & Consultancy	5,000,000	4,796,678	203,322	96%
Depreciation		62,101,443	(62,101,443)	
Total Expenditure	393,440,000	453,827,591.69	(60,387,591.69)	
Surplus (Deficit) for the period	-	(19,870,709)		
Capital Expenditure	200,000,000	189,516,957		

Notes

- i) The unrealised revenue target is due to intermittent power disruptions and breakdown of the Liquid Nitrogen plant which resulted in the Centre's inability to sell its products adequately.
- ii) The reduction in administration expenses was due to austerity measures by scaling down on non-essential expenditures.
- iii) Employee costs went up due to recruitment of staff as Permanent & Pensionable in July 2024 and payment of gratuity.
- iv) Increase in Repairs and Maintenance went up due to the preparation of the Goat AI Centre for commissioning in April by HE the President
- v) Depreciation increased due to procurement of additional assets like the Liquid Nitrogen Plant.

19. Notes to the Financial Statements

1. General Information

Kenya Animal Genetic Resources Centre is established by and derives its authority and accountability from Legal notice number 110 of 5th September 2011. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is harvesting and preservation of Animal Genetic materials.

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

3. Adoption of New and Revised Standards

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 1st 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 Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p>
IPSAS 45-Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>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</p>

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Standard	Effective date and impact:
	infrastructure assets.
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Centre recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

The Centre did not have any interest income in the year ended 30th June 2025.

Dividends

The Centre neither declared nor received any dividends in the year ended 30th June 2025.

Rental income

Rental income earned from employees occupying KAGRC houses has been declared accordingly.

b) Budget information

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

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Taxes

Current income tax

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

Deferred tax

The deferred tax of Kshs 213,638 relates to 2018/2019 Income Company that had not been paid.

Sales tax

The Centre does not pay sales tax.

d) Investment property

The Centre has no investment property.

e) Property, plant and equipment

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

Depreciation Rates:

Item	Depreciation Rate (%)
Plant and Equipment	12.5
Buildings	2
Farm Machinery	12.5
Motor Vehicles, Including Motorcycles	25
Computers And Related Equipment	33.3
Furniture, And Fittings	12.5
Loose Tools	33.3

f) Leases

The Centre has no operating or financing leases.

g) Intangible assets

No intangible assets were declared.

h) Biological Assets

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

i) Research and development costs

No research & Development costs were incurred in 2024/2025 FY.

j) Financial instruments

The Centre did not hold any financial instruments as at 30th June 2025.

k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

l) Provisions

The Centre did not provide for any obligation in the year under review.

m) Social Benefits

The Centre does not maintain a Social benefits scheme.

n) Contingent liabilities

The Centre did not recognize any contingent liability in the year under review.

o) Contingent assets

The Centre did not recognize a contingent asset in the year under review.

p) Nature and purpose of reserves

KAGRC has created and maintains only revenue and capital reserves as disclosed in the statement of financial position.

q) Changes in accounting policies and estimates

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

r) Employee benefits

Retirement benefit plans

KAGRC maintains a defined contribution pension scheme retirement benefits for its employees under the Britam Insurance pension umbrella with employees contributing 5% of their basic pay and the Centre double the amount. The contributions to fund obligations for the payment of pension are made monthly.

s) Foreign currency transactions

No reporting was done in foreign currencies.

t) Borrowing costs

No borrowings were undertaken in the year under review.

u) Related parties

KAGRC 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 it or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

v) Service concession arrangements

There were no service concession arrangements entered into between the Centre and third parties.

w) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank as at 30th June 2025. Bank account balances include amounts held at ABSA Bank Kenya PLC and Kenya Commercial bank PLC at the end of the financial year.

x) Comparative figures

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

y) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

- i. The condition of the asset based on the assessment of experts employed by the Entity.
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii. The nature of the processes in which the asset is deployed.
- iv. Availability of funding to replace the asset.
- v. Changes in the market in relation to the asset.

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Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. 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.

6. Transfers from Other Government entities

Description	30 th June 2025	30 th June 2024
	KShs	KShs
Unconditional Grants		
Operational Grant	55,000,000	128,000,000
Development grants	200,000,000	321,750,000
Other Grants		-
Total Unconditional Grants	255,000,000	449,750,000
Conditional Grants amortised/ transferred to revenue		
Other Organizational Grants (specify)	-	-
Total Government Grants And Subsidies	255,000,000	449,750,000

The grants were for:

- i. Recurrent expenditure – Ksh 55 million
- ii. Liquid Nitrogen Plant – Ksh 170 million
- iii. Goat AI Centre – Ksh 30 million

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

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers as at 30 th June 2025	Total transfers as at 30 th June 2024
	KShs	KShs	KShs	KShs	KShs
Ministry of Agriculture Livestock and Fisheries	255,000,000	-	-	255,000,000	449,750,000
Total	255,000,000	-	-	255,000,000	449,750,000

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7. Sale of Goods

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Sale of goods		
Sale of Deep – Frozen Semen	131,584,570	103,205,250
Sale of Liquid Nitrogen	23,018,546	37,022,450
Sale of Buck Semen	514,100	976,680
Other - Production Income	7,298,662	31,158,604
Total revenue from the sale of goods	162,415,878	172,362,984

These are sales of bull and buck semen and liquid nitrogen to counties, agents and non-agents.

8. Rental Revenue from Facilities and Equipment

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Staff Houses	984,300	938,800
Total Rentals	984,300	938,800

This is revenue from centre houses occupied by members of staff.

9. Other Income

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Liquid Nitrogen Containers	8,820,600	5,056,700
Artificial Insemination Equipment	5,648,890	7,836,905
Miscellaneous Income e. g disposal of bulls, fees	1,087,215	2,005,039
Total Other income	15,556,705	14,898,644

10. Administration Expenses

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Electricity and Water	15,165,385	40,102,237
Telephone and Postage	5,626,063	5,654,733
Travelling and Subsistence	36,803,118	48,317,952
Printing, Stationery and Computer Expenses	4,017,178	9,061,664

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Description	30 th June 2025	30 th June 2024
	Kshs.	Kshs
Training and ISO	3,654,364	3,057,294
Uniforms and Protective Clothing	1,767,050	1,916,510
Bank Charges	3,141,485	889,026
Provision for Bad Debts	(136,637)	406,547
Subscriptions	97,890	94,830
Catering Services	3,267,764	3,680,415
Motor Vehicle Insurance	3,861,701	1,737,627
Transport Operating Expense	9,286,735	12,660,259
Motor Vehicle Servicing	1,421,187	3,912,260
Miscellaneous & Other Charges	683,910	1,875,483
Audit Fees	1,160,000	1,160,000
Bull Recruitment and Maintenance	12,884,543	21,997,956
Marketing and Advertisement	8,820,906	27,392,659
Imported Semen, Liquid Nitrogen, LN2 Containers & A. I. Equipment	58,556,302	39,147,034
Total general expenses	170,078,943	223,064,484

11. Employee Costs

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Salaries and wages	156,978,820	140,805,654
Employer contribution to health insurance schemes	19,740,404	17,348,053
Employer contribution to pension schemes	19,322,358	15,701,571
Employee costs	196,041,582	173,855,278

12. Board Expenses

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Chairman/Directors' Honoraria	720,000	960,000
Sitting Allowances, Travel, Accommodation and Others	10,545,820	10,771,049
Total	11,265,820	11,731,049

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13. Depreciation and Amortization Expense

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Depreciation Expense	62,101,444	47,624,309
Total depreciation Expense	62,101,444	47,624,309

14. Repairs and Maintenance

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Equipment and Machinery	9,543,127	36,482,684
Total Repairs and Maintenance	9,543,127	36,482,684

The repairs and maintenance were less in 2023/24 because more had been accomplished the previous year.

15. Contracted Services

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Security Services	4,796,678	5,162,800
Consultancy Services		602,020
Total Contracted Services	4,796,678	5,764,820

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

Description	Ordinary Share Capital	Revenue Reserve	Development Grants	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	185,872,025	886,861,146	18,908,500	1,091,641,671
Surplus		138,865,697		138,865,697
As at June 30, 2024	185,872,025	1,025,726,843	18,908,500	1,230,507,368
As at June 30, 2024	185,872,025	1,025,726,843	18,908,500	1,230,507,368
Prior Period Adjustment		16,410,174		16,410,174
Surplus/(Deficit)		(19,870,711)		(19,870,711)
As at June 30, 2025	185,872,025	1,022,266,306	18,908,500	1,227,046,831

17. Finance Costs

No finance costs were incurred in 2024/2025 FY

18. Gain on Sale of Assets

There was no gain on sale of assets.

19. Taxation – Miscellaneous under Administration Expenses

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Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Current income tax charge	-	-
Tax charged on rental income		308,009
Tax charged on interest income		-
Deferred tax: [2018/2019]		213,638
Original and reversal of temporary differences		-
Income tax expense reported in the statement of financial performance		521,647

Notes to the Financial Statements (Continued)

20. Cash and Cash Equivalents

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Current Account	125,382,039	109,863,564
Others- Cash on Hand	810	940
Total Cash And Cash Equivalents	125,382,849	109,864,504

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	30 th June 2025	30 th June 2024
		Kshs	Kshs
a) Current Account			
ABSA Bank PLC	0731056080	1,123	44,323
ABSA Bank PLC	0731082901	1,132,713	4,076,070
ABSA Bank PLC	0731082928	880,821	105,743,171
KCB PLC	1331803026	123,367,381	
Sub- Total		125,382,039	109,863,564
b) Others (Specify)			
Cash in Hand		810	940
Sub- Total			
Grand Total		125,382,849	109,864,504

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21. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Receivables		
KAGRC Agents and Other Customers	62,497,833	63,864,204
Other Exchange Debtors Provision for doubtful debts@10%	6,249,783	6,386,420
Total Current Receivables	56,248,050	57,477,784
Staff Debtors	191,557	396,816
E-Citizen	1,223,390	
Other exchange debtors-medical cover	8,232,914	8,358,017
Total current receivables	65,895,912	66,232,616

Receivables from agents and other customers is from the goods and services supplied to them in 2024/25 FY. Staff debtors comprise salary advances to staff whereas medical cover is for staff for the period July to December 2024 paid in January 2025.

(b) Ageing analysis for Receivables from exchange transactions

Description	30 th June 2025		30 th June 2024	
	Kshs		Kshs	
	30 th June 2025	% of the total	30 th June 2024	% of the total
Less than 1 year	54,974,175	88%	54,970,588	86%
Between 1- 2 years	7,523,658	12%	8,893,616	16%
Total (a+b)	62,497,633	100%	63,864,204	100%

22. Inventories

Description	30 th June 2025	30 th June 2024
	Kshs	Kshs
Freisian	71,902,400	95,481,600
Guernsey	37,660,200	34,656,600
Boran	4,356,600	4,479,600
Jersey	55,128,600	53,407,400
Ayrshire	315,754,000	302,141,400
Sahiwal	2,382,600	2,410,000
Charolais	6,688,200	6,711,400

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Simmental	3,541,000	3,602,000
Hereford	2,584,000	2,584,000
Magic - 50	1,833,400	246,600
Brown Swiss	3,200	1,600
Imported Sexed Semen	30,493,500	21,784,000
Buck Semen	14,643,200	5,905,600
Total inventories at the lower of cost and net realizable value	546,970,900	533,411,800

23. Property, Plant and Equipment

	Buildings	Plant & Equipment	Farm Machinery	Motor Vehicles	Computers	Loose Tools	Furniture & Fittings	Work In progress	TOTAL
COST VALUATION									
Balance as at 1 st July, 2024	385,950,173	517,685,202	17,132,953	109,536,117	62,309,480	3,491,279	6,554,187	61,900,199	1,164,559,590
Additions	22,632,560	162,717,347	180,500	-	2,144,910	665,740	318,000		188,659,057
Disposals	-	-	-	-	-	-	-		-
Balance as at 30th June, 2025	408,582,733	680,402,548	17,313,453	109,536,117	64,454,390	4,157,019	6,872,187	61,900,199	1,353,218,647
ACCUMULATED DEPRECIATION									
Balance as at 1 st July, 2024	39,986,682	360,085,727	9,846,135	76,929,292	50,958,279	2,694,814	1,523,751		542,024,680
Charge for the Year	7,371,921	40,039,603	933,415	8,151,706	4,453,717	482,528	668,555		62,101,444
Balance as at 30th June, 2025	47,358,603	400,125,330	10,779,550	85,080,998	55,411,998	3,177,342	2,192,306		604,126,124
NET BOOK VALUE									
As at 31 st June, 2024	345,963,491	157,599,475	7,286,818	32,606,825	11,351,201	796,465	5,030,436	61,900,199	622,534,910
As at 30th June, 2025	361,224,130	280,250,219	6,533,903	24,455,119	9,042,394	979,677	4,679,882	61,900,199	749,092,523

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24. BIOLOGICAL ASSETS MOVEMENT SCHEDULE

	AYRSHI RE KShs	FREISI AN KShs	GUERNS EY KShs	JERSE Y KShs	BORA N KShs	TEST MATI NG	MAKITOS HA KShs	SAHIW AL KShs	BUCKS KShs	TOTAL KShs
Balance as at 1 st July, 2024	3,305,060	5,038,161	217,000	417,010	2,465,000	555,000	430,000	280,000	1,935,000	14,642,231
Additions		857,900								857,900
Disposals	(120,000)	(230,000)		(50,000)						(400,000)
Balance as at 30th June, 2025	3,305,060	5,896,061	217,000	417,010	2,465,000	555,000	430,000	280,000	1,935,000	15,100,131

Land is not included due to lack of ownership documents whereas plant & equipment, buildings, farm machinery, motor vehicles (including motorcycles), computers & related equipment, office equipment, furniture & fittings and loose tools are reported at cost price less accumulated depreciation.

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Valuation

Land is not included due to lack of ownership documents whereas plant & equipment, buildings, farm machinery, motor vehicles (including motorcycles), computers & related equipment, office equipment, furniture & fittings and loose tools are reported at cost price less accumulated depreciation.

24 (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:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Plant and Equipment	680,402,549	400,125,330	280,277,219
Buildings	408,582,733	47,358,603	361,224,130
Farm Machinery	17,313,453	10,779,550	6,533,903
Motor Vehicles, Including Motorcycles	109,536,117	85,080,998	24,455,119
Computers And Related Equipment	64,454,390	55,411,996	9,042,394
Furniture, And Fittings	6,872,187	2,192,306	4,679,882
Loose Tools	4,157,019	3,177,342	979,677
Total	1,291,318,448	604,126,124	687,192,324

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Notes to the Financial Statements (Continued)

25. Trade and Other Payables

Description	30 th June 2025		30 th June 2024	
	Kshs		Kshs	
Trade payables	202,500,521		55,428,554	
Payments received in advance	45,161,753		33,812,204	
Employee payables – Contract Staff Pension	13,843,289		13,148,016	
Other payables				
Total trade and other payables	261,505,563		102,388,774	
Ageing analysis: (Trade and other payables)	30th June 2025	% of the Total	30th June 2024	% of the Total
Under one year	251,045,341	96%	79,101,482	77%
1-2 years	10,460,222	4%	23,287,292	23%
Total (tie to above total)	261,505,563	100%	102,388,774	

26. Refundable Deposits and Prepayments from Customers

Description	30 th June 2025		30 th June 2024	
	Kshs		Kshs	
Customer deposits b/f	13,789,920		13,689,920	
Prepayments	100,000		100,000	
Other deposits			-	
Total deposits	13,889,920		13,789,920	
Ageing analysis: (Refundable deposits)	30th June 2025	% of the Total	30th June 2024	% of the Total
Under one year	100,000	1%	990,000	7.23
1-2 years	990,000	7%	400,000	2.92
2-3 years	400,000	4%	200,000	1.46
Over 3 years	12,299,920	88%	12,099,920	88.39
Total	13,889,920	100%	13,689,920	100

27. Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Centre has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the Centre's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

i) Market risk

KAGRC 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 Centre's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

ii) Market risk

The *Entity* 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. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and

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approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Centre has transactional currency exposures arising from its procurement of some of the consumables and equipment done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The centre 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.

KAGRC had no foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period. Thus, no sensitivity analysis was conducted.

b) Interest rate risk

KAGRC had no interest rate risk exposure arising mainly from interest rate movements on its deposits.

iv) Capital Risk Management

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

Description	2024/2025	2023/2024
	Kshs	Kshs
EAAPP Donation	18,908,500	18,908,500
Retained Earnings	1,022,266,306	1,014,409,831
Capital Reserve	185,872,025	185,872,025
Total Funds	1,227,046,831	1,219,190,356
Less: Cash and Bank Balances	125,382,849	109,864,504
Net Debt/(Excess Cash And Cash Equivalents)		-
Gearing		0%

28. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of KAGRC, holding 100% of its equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

The entity is related to:

- i) The National Government;
- ii) Ministry of Agriculture and Livestock Development
- iii) The National Treasury;
- iv) The general public;
- v) Livestock Producers;
- vi) Key management;
- vii) Board of directors;

29. Capital Commitments

There were no capital commitments as at 30th June 2025

30. Events after the Reporting Period

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

31. Ultimate and Holding Entity

The Entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Agriculture and Livestock Development. Its ultimate parent is the Government of Kenya.

32. Currency

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

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33. Appendices

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

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/AWS/AUD/KAGRC/2023-2024(24)	Lack of land ownership documents	The Matters are being addressed	Ongoing	June 2026
	Inaccuracies of Cash and cash equivalents		Resolved	
	Unsupported Refundable Deposits from Customers		Ongoing	June 2026
	Outstanding Trade and Other payables		Ongoing	June 2026
	Long outstanding Receivables		Ongoing	June 2026

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for the implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to the National Treasury.



Managing Director /Chief Executive Officer

Date: 8/12/2025

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Appendix II: Projects implemented by Kenya Animal Genetic Resources Centre

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project Title	Project Number	Donor	Period	Donor Commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Establishment of liquid nitrogen plants and Dairy goat A.I Centre to enhance capacity germplasm production	N/A	None	2024/25	None	No	Yes
Establishment of Embryo Transfer (ET) and Semen Sexing Centre	N/A	None	2024/25	None	No	Yes

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Appendix III: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development /Others	Total Amount - KES	Statement of Financial Performance	Total Transfers during the Year
Ministry of Agriculture, Livestock & Fisheries					
	03.09.2024	Recurrent	4,583,333.30		
	03.09.2024	Recurrent	4,583,333.30		
	25.09.2024	Recurrent	4,583,333.30		
	05.11.2024	Recurrent	4,583,333.30		
	04.12.2024	Recurrent	4,583,333.30		
	14.01.2025	Recurrent	4,583,333.30		
	24.01.2025	Recurrent	13,750,000.00		
	12.05.2025	Recurrent	13,750,000.00		
	TOTAL		55,000,000		
	08.07.2024	Development	170,000,000.00		
	18.11.2024	Development	15,000,000.00		
	27.03.2025	Development	15,000,000.00		
	Sub - Total		200,000,000.00		
Grand Total			255,000,000.00		

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Appendix IV- Inter-Entity Confirmation Letter

Name of Transferring entity: State Department for Livestock Development

Name of Beneficiary entity: Kenya Animal Genetic Resources Centre

Confirmation of amounts received by Kenya Animal Genetic Resources Centre as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	08.07.2024		170,000,000.00	170,000,000.00	
	03.09.2024	4,583,333.30		4,583,333.30	
	03.09.2024	4,583,333.30		4,583,333.30	
	25.09.2024	4,583,333.30		4,583,333.30	
	05.11.2024	4,583,333.30		4,583,333.30	
	18.11.2024		15,000,000.00	15,000,000.00	
	04.12.2024	4,583,333.30		4,583,333.30	
	14.01.2025	4,583,333.30		4,583,333.30	
	24.01.2025	13,750,000		13,750,000	
	27.03.2025		15,000,000.00	15,000,000.00	
	12.05.2025	13,750,000.00		13,750,000.00	
Total		55,000,000.00	200,000,000.00	255,000,000.00	

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

Head of Accounts Department – State Department for Livestock Development

Name Sign Date

Head of Accounts Department – Kenya Animal Genetic Resources Centre

Name: Silas W. Osundwa Sign  Date: 8/2/25