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REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA DAIRY BOARD

FOR THE YEAR ENDED  
30 JUNE, 2025



**KENYA DAIRY BOARD**



"Quality milk for health and wealth"



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**KENYA DAIRY BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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

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## 1. Acronyms and Definition of Key Terms

### A. Acronyms

ADA	Alcohol and Drug Abuse
AIE	Authority to Incur Expenditure
AU-IBAR	African Union – Interafrican Bureau for Animal Resources
BETA	Bottom-up Transformative Agenda
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CIF	Cost, Insurance and Freight
COMESA	Common Market for Eastern and Southern Africa
CPA	Certified Public Accountant
CSR	Corporate Social Responsibility
DDA	Dairy Development Authority, Uganda
DG	Director General
EAC	East African Community
EBS	Elder of the Order of the Burning Spear
ERP	Enterprise Resource Planning
FAO	Food and Agriculture Organisation
FY	Financial Year
GoK	Government of Kenya
GHC	Green House Gas
ICPAK	Institute of Certified Public Accountants of Kenya
IDF	International Dairy Federation
IFAC	International Federation of
ILRI	International Livestock Research Institute
IPSAS	International Public Sector Accounting Standards
KAM	Kenya Association of Manufacturers
KCB	Kenya Commercial Bank
KDB	Kenya Dairy Board
KENAS	Kenya Accreditation Service
KEPSA	Kenya Private Sector Alliance
KNAC	Kenya National Assurance Company
KRA	Key Result Area
KSHS	Kenya Shillings
KUSCO	Kenya Union of Savings and Credit Co-operatives
MBA	Master of Business Administration
MSMEs	Micro, Small and Medium Sized Enterprises
NDDB	National Dairy Development Board, India
NSSF	National Social Security Fund
NT	National Treasury and Economic Planning
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OGW	Order of the Grand Warrior
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PWDs	Persons with Disabilities
SAGAs	Semi-Autonomous Government Agencies
SCAC	State Corporation Advisory Committee
UHT	Ultra Heat Treated
USAID	United States Agency for International Development

### B: Definition of Key Terms

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

**Comparative Year** - Means the prior period.

## 2. Key Entity Information and Management

### (a) Background information

The Board was established in 1958 through an Act of Parliament, The Dairy Industry Act, Cap 336. The Board is domiciled in Kenya.

### (b) Principal Activities

The mandate of the Board is to Regulate, Promote and Develop the Dairy Industry in Kenya.

### (c) Key Management

The Board's day to day Management is under the following:

No.	Designation	Name
1.	Managing Director	Margaret Rugut Kibogy *
2.	Ag. Managing Director	Dr. William K. Maritim **
3.	Director, Corporate Services	Peter Mutua
4.	Finance Manager	Edward Nyoike
5.	Manager - Internal Audit	Erastus Mutiso
6.	Manager, Supply Chain Management.	Dorothy Owino
*	Retired in May 2025	** Appointed in May 2025

### (d) Fiduciary Management

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

No.	Designation	Name
1.	Managing Director	Margaret Rugut Kibogy *
2.	Ag. Managing Director	Dr. William K. Maritim **
3.	Director, Corporate Services	Peter Mutua
4.	Finance Manager	Edward Nyoike
5.	Manager - Internal Audit	Erastus Mutiso
6.	Manager, Supply Chain Management.	Dorothy Owino
*	Retired in May 2025	** Appointed in May 2025

### (e) Fiduciary Oversight Arrangement

#### Audit Committee of the Board

Mercy Mbogo

Dr. Joshua Chepchieng\*

Brig.(Rtd) Joseph Mburu

Josephine Omanwa

Dr. Abraham Rugut

Bernard Kang'ethe Njorah\*\*

\* Retired 24 October 2024

\*\* Retired 11 April 2025

#### Finance and Planning Committee of the Board

Mike Koros

Dr. Joshua Chepchieng\*

Bernard Kang'ethe Njorah\*\*\*

Kenneth Lomaibong

Fatuma Abdi Haji

Joan Otiang\*\*

Eunice Kigen \*\*\*\*

\* Retired 24 October 2024

\*\* Appointed 24 October 2024

\*\*\* Retired 11 April 2025

\*\*\*\* Appointed 11 April 2025

**Kenya Dairy Board**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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

**Technical, Licensing and Marketing Committee of the Board**

Bishop Dr. Gabriel Pulei  
Dr. Abraham Rugut  
Beth Mbutia  
Brig. (Rtd) Joseph Mburu  
Fatuma Haji  
Joan Otiang

**Human Resource and Administration Committee of the Board**

Josephine Omanwa  
Mike Koros  
Bishop Dr. Gabriel Pulei  
Beth Mbutia  
Kenneth Lomaibong

**(f) Kenya Dairy Board Headquarters**

New Loresho Estate, Off Waiyaki Way - Upper Kabete  
P.O. Box 30406 GPO 00100  
Nairobi, Kenya

**(g) Contacts**

Telephone: (020) 310559, 341302, 0733 521438, 0722 573432  
E-mail: [info@kdb.co.ke](mailto:info@kdb.co.ke)  
Website: [www.kdb.co.ke](http://www.kdb.co.ke)

**(h) Bankers**

KCB Bank Kenya Limited  
Milimani Branch, NSSF Building  
P.O. Box 69695  
Tom Mboya 00400  
Nairobi, Kenya.

Co-operative Bank of Kenya Limited  
Upper Hill Branch, KUSCO Centre, Kilimanjaro Road  
P.O. Box 48231  
City Square 00200  
Nairobi, Kenya

National Bank of Kenya Limited  
Harambee Avenue Branch  
P.O. Box 72866 00200  
Nairobi, Kenya

**(i) Independent Auditor**

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

**(j) Principal Legal Adviser**

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

### 3. The Board of Directors



Genesio Mugo  
Chairman

Genesio Njagi Mugo was born in 1970 and appointed as Non-Executive Chairman of the Board on 10 February 2023. A certified Master Negotiator by Strathmore Business School, he brings over 26 years of experience in business and petroleum trading, having worked with multinationals such as Caltex Kenya Limited and Kenya Shell Limited, where he held key roles in international petroleum trading and exports, stakeholder and government relations, as well as supply and trading operations. He has held several leadership and governance roles including Chairperson of the Shippers Council of East Africa, Board Member of the Hazardous-waste Producer Responsibility Organization of Kenya, Chairperson of the Energy Sector Board at Kenya Association of Manufacturers among others. Academically, he holds a BSC in Tourism from Moi University, an MBA in Social Entrepreneurship and Sustainability from Tangaza University College and is currently pursuing an MBA in Marketing at Kenyatta University and a PhD in Social Transformation.



Margaret Kibogy, OGW  
CEO/Board Secretary

Margaret Kibogy was born in 1971 and appointed in May 2016 as the Managing Director, Kenya Dairy Board and retired in May 2025. Ms. Kibogy brought on board experience in Business Growth, Management and Marketing having served in the Banking Industry in various capacities. She is highly skilled in Negotiation, Business Planning, Analytical Skills, Risk Management, and Customer Service. She holds Master of Business Administration (MBA), Marketing from University of Nairobi.



Dr. William Maritim  
Ag. CEO/Board Secretary

Dr. William Maritim was born in 1968 and has served the Board as the Director Regulatory Services since the year 2002. He was appointed as the Acting Managing Director in May 2025. He holds a Bachelor of Veterinary Medicine degree and Masters of Science degree in Veterinary Epidemiology and Economics both from University of Nairobi. Has attended Senior Management Course, Strategic Leadership Development Programme and Transformative Leadership course from Kenya School of Government. He is a member of Kenya Veterinary Association and registered with Kenya Veterinary Board. He has over 27 years' work experience in public service as Veterinary and Food Safety Officer. Former Chairperson, FAO/WHO Codex Committee for Africa (CCAFRICA) Region.



Brig. (Rtd.) Joseph Mburu

Brig. (Rtd.) Joseph Mburu, EBS was born in 1964 and joined the Board as an independent Director on 10 February 2023. He is a retired Senior Military Officer with vast experience in personnel matters, public finance management and public procurement as evidenced by various appointments in the Kenya Defence Forces and Ministry of Defence. He is the current chairman of Kenya Defence Forces Pay and Allowances Review Board as has previously served as the Managing Director, the Defence Forces Medical Insurance Scheme, Chief of Personnel, Kenya Airforce and Base Finance Officer, Laikipia Air Base. He has undergone extensive training both locally and internationally and he is a holder of Bachelor Degree in Business Management of East African University as well as Bachelor and Masters of Arts Degrees in International Studies and Diplomacy both from Washington International University.



Mercy Mbogo

Mercy Mbogo was born in 1989 and joined the Board as a Non-Executive Director on 10 February 2023. She is the current Chair to the Audit Committee of the Board. She brings over thirteen years of experience in animal husbandry, production, management, sales and marketing. She has previously worked with Farmers Choice Company Limited as a Pig Unit Manager, Kenbrid Farms Limited and Field Officer and currently working with Bidco Africa Limited as a Sales and Technical Lead in Nairobi Region. She holds Diploma in Animal Production from Bukura Agricultural College.

**The Board of Directors (continued)**



Fatuma Hajji

Fatuma Hajji was born in 1976 and joined the Board as an independent Director on 10 February 2023. She brings in wealth of experience in business development, management, trade development, project management as well as human resource management. She is a holder of Bachelor's Degree in Business Administration (Human Resource Management option of East African University. She has previously served as a Loans Officer, Woman Concern - Garissa, Garissa Township constituency Roads Committee member, Committee member - Garissa Township CDF and a Nominated Member, County Assembly of Garissa.



Mike Koros

Mike Koros was born in 1978 and joined the Board as a Non-Executive Director on 10 February 2023. He is the current Chairman to the Finance and Planning Committee of the Board. He is a holder of Bachelor of Education (Arts) from Maseno University and currently pursuing a Master's Degree Course at Kabianga University. He is currently a Senior Administrative Officer at the University of Kabianga in charge of Senate Secretariat and a community leader who spearheaded the revival of Kabianga Co-operative Society leading to the revolution of Dairy farming in Kericho County. He is also serving as the Chairman, Kabianga Farmers Co-operative Society Limited.



CPA. Eunice Kigen

CPA. Eunice Kigen was born in 1973 and joined the Board as alternate Board Member to the Principal Secretary National Treasury and Economic Planning in April 2025. She holds a Bachelor of Commerce Degree (Accounting Option) from the University of Nairobi and an Executive Masters of Business Administration from the Jomo Kenyatta University of Science and Technology. She is also a Certified Public Accountant CPA (K). Eunice has wide experience in Public Sector Financial Management, having worked in the Government in senior positions in that field for over the past 20 years. Currently, she is the Director of Budget at the National Treasury.



Dr. Joshua Chepchieng, HSC

Dr. Joshua Chepchieng was born in 1964 and joined the Board as alternate Director to the Principal Secretary, State Department for Livestock Development - Ministry of Agriculture and Livestock Development in August 2021 till his retirement in October 2024. He is an Administrator and a Leader with over 25 years of experience in public administration, where he has served as District Commissioner in numerous stations and served in various administration roles in a number of Ministries. Dr. Joshua is currently the Director in charge of Administration, State Department for Livestock under the Ministry of Agriculture and Livestock Development. He is a holder of a Doctorate Degree in Project Planning and Management, Master of Arts in Project Planning and Management (MAPPM) and Bachelor of Arts (B.A. Hons) all from the University of Nairobi. He is a member of Kenya Association of Public Administration and Management (KAPAM).



Kenneth P. Lomaibong

Mr. Kenneth Lomaibong was born in 1961 and joined the Board as an independent Director on 13 July 2022. He is currently serving as the chairman of Lelan Highland Dairy Limited. He is also a member of West Pokot county Budget and economy, Northern Corridor Peace and Conflict Resolution Forum and serves as Board member for a number of Schools.



Gabriel Pulei

Gabriel Lerionka Pulei was born in 1977 and joined the Board as Non-Executive Director on 10 February 2023. He is the current Chairman to the Technical, Licensing and Marketing Committee of the Board. He is an expert in counselling, education, mentorship, engaging the community in missionary work and community outreach as well as formulating strategies for long-term operational goals. He has previously served as Chairman of the Board of Management, Olkejuado High School and member of the Committee, National Government Constituency Development Fund. He is a holder a Diploma in Christian Ministry from Thapnet International School of Ministry and Bachelor of Arts in Bible and Theology of Pan African Christian University.

**The Board of Directors (continued)**



Beth Mbuthia

Beth Mbuthia was born in 1990 and joined the Board as an independent Director on 10 February 2023. She is a professional with over 10 years of progressive experience in dairy farming, community development, project management and conflict resolution. She has held various positions in the Church and community where she is currently serving as a Board member, Mianzini Primary School and Secretary to Presbyterian Church of East Africa (PCEA), Rafiki Church in Turi Pariah, Elburgon Presbytery.



Dr. Abraham Rugut

Dr. Abraham Rugut was born in 1952 and joined the Board as an independent Director on 10 February 2023. He is a trained teacher by profession and a holder of an Honorary Doctorate Degree in Leadership (Honoris Causa) from University of America. He has served in various capacities in the education sector including Head Teacher to Kimogoch Primary School and Head Teacher Kamoiywo Preparatory and Boarding School. He is the founder and current Chairman to Nandi Dairy Co-operative Union and Kabiyet Dairies Cooperative Society Limited.



Josephine Omanwa, HSC

Josephine Omanwa was born in 1972 and joined the Board as a Non-Executive Director on 10 February 2023. She is the current chair to Human Resource and Administration Committee of the Board. She is an accomplished professional with over 15 years of experience in administration and operations management. She is highly skilled in directing teams in delivering exceptional service and advancement of top-level objectives. She is the current National Chair, Kenya Booksellers and Stationers Association and an astute entrepreneur. She is the founder Nyamira County Widows Association and also served in the Board of Management for Gesiaga Secondary School and Nyachururu Secondary School.



Bernard Njorah

Bernard was born in 1991 and served in the Board as an Alternate Director to the Principal Secretary, National Treasury and Economic Planning till his retirement on 11 April 2025. He is a Senior Economist at the National Treasury, Directorate of Budget, Fiscal and Economic Affairs where he works mostly on formulation and analysis of policies, advisories, frameworks and legislations on Public Finance Management matters and Intergovernmental Fiscal Relations issues. Specifically, this relates to the specific contributions to the Budget Policy Statement and development of County Allocation of Revenue Bills (Division of Revenue Bill, County Allocation of Revenue Bill, and the County Governments Additional Allocations Bills), and cash Disbursement Schedules. He holds a Master's Degree in Economics from the University of Nairobi, a first-class honours Bachelor's Degree in Economics and Statistics from the same University, and a Project Development Certification from the International Sept Program at the Leipzig University, Germany. He is currently pursuing his Doctor of Philosophy (PhD) in Economics at the University of Nairobi.



Otiang Mary Joan

Otiang Mary Joan was born in 1971 and joined the Board as alternate Director to the Principal Secretary, State Department for Livestock Development – Ministry of Agriculture and Livestock Development in October 2024. She is a Livestock Production specialist with over 25 years in the industry, having served in various livestock value chain sections. She is currently Assistant Director, Livestock Production (ADLP) in the State Department for Livestock where she is in-charge of Dairy Development Section. She is a holder of Bachelor of Science in Animal Production from Egerton University and Master of Science in Entrepreneurship from Jomo Kenyatta University of Agriculture and Technology (JKUAT). She is a member of the Animal Production Society of Kenya (APSK) where she has also served as the National Treasurer.

#### 4. Key Management Team



Margaret Kibogy, OGW  
Managing Director

Margaret Rugut Kibogy was appointed in May 2016 as the Managing Director and retired in May 2025. Ms. Kibogy brought on board experience in Business Growth, Management and Marketing having served in the Banking Industry in various capacities. She is highly skilled in Negotiation, Business Planning, Analytical Skills, Risk Management, and Customer Service. She holds Master of Business Administration (MBA), Marketing from University of Nairobi. She has also attended the Strategic Leadership Development Programme at Kenya School of Government.



Dr. William Maritim  
Ag. Managing Director

Dr. Kimutai holds a Bachelor of Veterinary Medicine degree and Masters of Science degree in Veterinary Epidemiology and Economics both from University of Nairobi. Has attended Senior Management Course, Strategic Leadership Development Programme and Transformative Leadership course from Kenya School of Government. He is a member of Kenya Veterinary Association and registered with Kenya Veterinary Board. He has over 27 years' work experience in public service as Veterinary and Food Safety Officer. Former Chairperson, FAO/WHO Codex Committee for Africa (CCAFRICA) Region.



Peter Mutua  
Director, Corporate Services

Peter Mutua holds Bachelor of Arts graduate from the University of Nairobi, Mr. Mutua has undergone extensive professional training in the fields of human resource, administration, quality management systems and corporate governance. He has also attended Senior Management Course and Strategic Leadership Development Programme from Kenya School of Government. He has over 20 years' experience in the area of human resources and administration gained both in the public and private sectors.



CPA. Edward Nyoike  
Finance Manager

CPA. Edward Nyoike holds Bachelor of Agribusiness Management (Egerton University), Master of Business Administration (MBA) - Operations Management from University of Nairobi, Certified Public Accountant, CPA (K) and Certified Internal Auditor (CIA). Has attended Senior Management Course and Strategic Leadership Development Programme from Kenya School of Government. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Internal Auditors, Kenya Chapter. He has over 15 years' experience in management, audit, finance, tax and accounting fields.



Erastus Mutiso  
Manager - Internal Audit

Erastus Mutiso holds Bachelor of Commerce in Finance from University of South Africa (UNISA), Certified Fraud Examiner (CFE), Certified Forensic Investigation Professional (CFIP), Forensic and Investigative Auditor (F&IA) and Certified Internal Auditor (CIA). Has attended Senior Management Course (SMC) and Strategic Leadership Development Programme (SLDP) from Kenya School of Government. He is a member of the Association of Certified Fraud Examiners (ACFE), Institute of Certified Forensic Investigation Professional (IICFIP) and Institute of Internal Auditors, (IIA) Kenya Chapter.



Dorothy Owino  
Manager, Supply Chain Management.

Dorothy Owino holds a Bachelor of Education Degree and a Post Graduate Diploma in Procurement and Supply from Kenyatta University. She has attended Senior Management Course and Strategic Leadership Development Programme from Kenya School of Government. She is a member of Kenya Institute of Supplies Management (KISM) and The Chartered Institute Procurement and Supply (CIPS).

## **5. Chairman's Statement**

The Kenyan dairy industry is a key pillar of the agricultural sector that continues to attract interest and investments across the chain. With an estimated production of 5.3 billion litres of milk annually from a dairy herd of approximately 5.1 million, Kenya is among the largest producers of milk in Africa. The industry provides a livelihood to over 2 million smallholder households and directly employs approximately 750,000 people, and 500,000 indirectly. It contributes approximately 4%, 14%, and 44% to Kenya's national, agriculture, and livestock GDPs respectively. As a Board, we are honoured to have played an important role in achieving these milestones.

The Government is keen to unlock the potential in the dairy industry to enhance productivity and socio-economic development of stakeholders. The Bottom-Up Economic Transformation Agenda (BETA) seeks to increase production, enhance processing, and expand export markets for dairy produce. On milk production, the objective is to double milk production to 10 billion litres per year and thereby increase incomes to smallholder farmers while contributing to national food security. To improve access to quality fodder and feed for improved productivity, several initiatives have been implemented by the Government including availing land for agricultural activities such as fodder production, supporting domestic production of raw materials for animal feeds processing, and reducing duty on imported yellow maize for animal feeds processing.

In 2024/2025, the Board continued to implement its Strategic Plan (2023–2027) that is aligned to BETA. The Plan seeks to enhance competitiveness, sustainability, and resilience of the dairy industry through targeted interventions in dairy production, value addition, market access and compliance. The Plan underlines the commitment of the Board to transform the industry into a beacon of economic prosperity and social development for the benefit of the stakeholders and the country at large. Review of the Dairy Industry Act Cap 336 took another step forward with finalization and submission of the Draft Bill to the Ministry of Agriculture and Livestock Development for review and approval by the Cabinet.

In July 2024, the Board officially opened its state-of-the-art headquarters in Upper Kabete, Nairobi, marking a new era of enhanced institutional capacity to deliver service to stakeholders. The launch was graced by Hon. Jonathan Mueke, Principal Secretary, State Department for Livestock Development. This facility complements the Board's National Dairy Regulatory Laboratory, which is ISO 17025 accredited and equipped to offer quality, reliable and dedicated testing services for milk and milk products. During the period, the Board developed a Residual Monitoring Plan for raw milk, a major intervention to ensure that milk and milk products are routinely monitored for potential chemical residues such as veterinary drugs. This will enhance official controls and promote access of milk and milk products in the domestic and international markets.

To support the Government's agenda on minimum guaranteed producer prices, the Board reviewed and recommended gazettment of improved minimum milk producer prices by the Ministry of Agriculture and Livestock Development. These recommendations were informed by a study conducted to assess the cost and profitability of milk production in Kenya. On average, the average market payout price for milk in 2024/2025 was above KSh. 49 per litre, comparing favourably with the global average prices of between KSh 39 to KSh 78 per litre. To safeguard our markets and consumers from illegal dairy imports, the Board continued to collaborate with the relevant Government agencies to conduct surveillance and enforcements. This approach led to significant reduction of illegal milk and milk products in the market.

Production in a market economy is heavily influenced by consumption. In this regard, the Board continued to promote consumption and market access of Kenyan milk and milk products. Our school milk program is one such initiative. In partnership with Tetra Pak East Africa, the Board hosted a delegation from one of Morocco's largest dairy processors for a benchmarking visit to Munyaka Primary School in Uasin Gishu County. The objective was to learn from Kenya's model of delivering safe, nutritious milk to school-going children, particularly in ECDs. In collaboration with the 'Feed One, End Hunger' initiative, championed by the First Lady, H.E. Mama Rachel Ruto, a one-year pilot school milk program was launched across six counties namely Migori, Nakuru, Baringo, Makeni, West Pokot, and Kilifi. The program aims to provide learners with milk twice a week to enhance nutrition and school attendance and performance. Over 7,000 learners will benefit from this pilot. The Board is committed to work with the Office of the First Lady to upscale the program across all 47 counties.

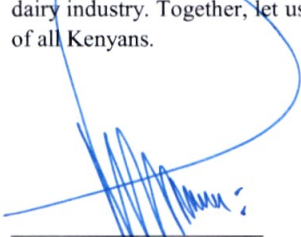
Sustainability of the dairy industry is a growing concern. The industry faces environmental challenges related to greenhouse gas emissions, water usage, and water and land degradation. It is estimated that over 90% of Kenyan land is degraded, seriously threatening agriculture including dairy. The Government, under the leadership of His Excellency the President, Dr. Hon. William Ruto, is mitigating this challenge by among others targeting to plant 15 billion trees to increase the tree cover from 12% to 30% by the year 2032. To support this initiative, the Board in 2024/2025 planted 47,200 trees in different parts of the country including Elgeyo Marakwet, Uasin Gishu, Makeni, West Pokot, Nyamira, and Kilifi counties.

**Kenya Dairy Board**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**Chairman's Statement... continued**

The achievements by the Board and the industry in 2024/2025 could not have been possible without the firm and unwavering support of the dairy stakeholders. I therefore wish to sincerely thank the National Government through the Ministry of Agriculture and Livestock Development, County Governments, regulatory agencies in the dairy industry, primary producers, dairy business operators, development partners, service providers and our Board of Directors, management and staff for their contributions to the growth of our dairy industry. Together, let us continue working towards a vibrant, sustainable, and globally competitive dairy sector for the benefit of all Kenyans.



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**Genesis Mugo**  
Chairman of the Board

Nairobi, Kenya

## **6. Report of the Managing Director**

I am honoured to highlight the performance of the dairy industry and the Board in 2024/2025. This was an exceptional and significant period for the industry, marked by substantial growth in milk deliveries to the formal milk market, stable producer prices and higher values of milk deliveries to the formal milk market. Milk deliveries increased by 12 percent to 987 million litres in 2024/2025 from 882 million litres in 2023/24. The value of the increased to Kshs. 47.5 billion from Kshs. 41.7 billion over the same period. The average payout price over the period was stable at Kshs. 49.24 per litre of milk.

Kenya Dairy Board is a regulatory agency established by the Dairy Industry Act Cap 336 of the laws of Kenya to improve and control the dairy industry and its products. Established in 1958, the role of the Board has evolved to address changing government policies and industry priorities. This includes adapting to market liberalization, initiated in the early 1990s, that led to increased private sector participation and investments in milk processing and marketing. The functions of the Board, that includes to organise, regulate and develop the efficient production, marketing, distribution and supply of quality and safe dairy produce is well aligned to the growth and stability of the dairy industry in Kenya. This role facilitates smooth flow of milk across the supply chain, from the farm to the consumer. We have a wide branch network of 27 offices across Kenya that serve as points of contact with dairy farmers, dairy business operators, consumers and other stakeholders, providing services, information, and support related to the dairy industry and our mandate.

Our annual operations and service delivery are guided by Government's policies and priorities, our legal mandate, Strategic Plan (2023-2027), performance contract obligations and industry trends among others. The activities undertaken by the Board in 2024/2025 were broadly on issuance of 4,995 regulatory permits to dairy business operators; 16,901 routine inspections of milk handling premises; 88,062 tests conducted on dairy produce to assess compliance with the relevant standards; training of 10,699 stakeholders on dairy productivity and compliance; and generally, implementation and enforcement of the Dairy Industry Act Cap 336. Performance in these areas improved significantly compared to the same period last year. The regulatory permits issued by the Board are crucial for dairy enterprises to operate legally, safely, and responsibly. It signifies compliance with established standards, protects public health and safety, and fosters trust among stakeholders. The routine inspections conducted by the Board are crucial for maintaining compliance of dairy business operators, protecting consumers and promoting accountability to stakeholders. The tests undertaken by the Board on dairy produce are crucial for official controls and assurance to stakeholders on the quality and safety of dairy produce. Our laboratory is accredited to the ISO 17025 standard demonstrating our credibility to deliver accurate and reliable milk testing services. I therefore call upon the stakeholders to make use of this facility to test their products for compliance, develop new products, build capacity of their staff and undertake research to the dairy industry.

Recognizing the importance of Quality Management Systems (QMS) in improving quality of services and products, standardizing processes and building consumer confidence, the Board initiated the process of accreditation to the ISO 17065 standard. The international standard specifies requirements for bodies certifying products, processes, and services. It ensures that these bodies operate competently, consistently, and impartially, which is vital for maintaining trust in the certification process. This accreditation will complement our current regulatory processes and facilitate the establishment and implementation of a Kenya Dairy Certification Scheme in the future.

The Government's BETA dairy goals of doubling production, growing the formal milk to 50% and exporting one billion litres per annum require extensive capacity building of stakeholders. The areas of capacity building include equipping individuals and organizations with the knowledge, skills, and resources required to effectively participate and contribute to the growth of the dairy industry. In this regard, the Board organized seven national field days in different parts of the country to showcase appropriate dairy technologies and share relevant information with stakeholders. We partnered with stakeholders to organize a major dairy exhibition in Nairobi that showcased the latest cutting-edge technologies and innovations in milk production, bulking, processing and packaging among others.

The Board continued to coordinate the implementation of the Kenya Dairy Sustainability Roadmap. This is an industry driven a 10-year plan (2023-2033) to transform the dairy industry to be more sustainable, competitive, and low-carbon footing. It envisions a significant increase in milk production, enhanced farmer livelihoods, and reduced environmental impact, aligning with global climate commitments. A baseline survey was undertaken by the Board to establish the status of key productivity and sustainability indicators. To promote adoption of green energy by stakeholders, the Board partnered with Prompt Innovations of India to pilot 10 solar powered milk coolers. These coolers instantly chill milk at source using solar power thereby reducing spoilage.

**Report of the Managing Director... continued**

In financial year 2024/2025, the Board continued to enhance its financial strategy to ensure generation of adequate resources to meet the medium to long-term organizational objectives. The major sources of revenue were levies and fees collected from industry. These grew by 13% to Kshs. 704.28 million from Kshs. 623 million realised in the year ended 30 June 2024. By exercising prudent financial management, in line with Government's policies and directives, the Board successfully financed its operations and fiduciary obligations to Government and suppliers of goods and services. In collaboration with the International Livestock Research Institute (ILRI), a five-year program to transform informal milk traders in three counties was successfully designed, funded and launched. Through the program, the Board will access resources to digitalize the laboratory processes and capacity build informal milk traders among other interventions.

Despite several challenges such as a large informal milk market, low productivity, limited value addition and high costs of production, the dairy industry in Kenya has bright prospects for growth and sustainability. Research shows that global demand for milk and milk products is increasing driven by expanding populations and higher incomes, particularly in Africa and Asia. As a regulatory agency in the dairy industry, we affirm our commitment to work with all stakeholders to enhance the growth, competitiveness and sustainability of the Kenyan dairy industry.



**Dr. William Maritim**  
Ag. Managing Director.

Nairobi, Kenya

**7. Statement of Performance against Predetermined Objectives for the Financial Year 2024 - 2025**

Kenya Dairy Board has put into focus five strategic issues and objectives within the current Strategic Plan for the period 2023-2027. These strategic issues are as follows:

- **Strategic issue I:** Quality and Safety of dairy produce.
- **Strategic issue II:** Production and productivity of the dairy industry.
- **Strategic issue III:** Domestic and international markets access for Kenya’s dairy produce.
- **Strategic Issue IV:** Climate change and resilience of dairy enterprises.
- **Strategic Issue V:** Service delivery.

The Board develops its annual work plans based on the above five strategic issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Board achieved its performance targets set for the Financial Year 2024-2025 period for its 5 strategic issues, as indicated in the table below:

<b>Strategic Key Result Area</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Strategic Issue I:</b> Quality and Safety of Dairy Produce.	Create an enabling policy and regulatory environment for the dairy industry	Dairy industry Act Reviewed	Review the Dairy Industry Act Cap 336	The Draft Dairy Industry Bill 2024 was submitted to the State Department for Livestock Development in 2024/2025.
		No. of enforcement areas addressed	Develop and disseminate SOP’s for enforcement of the Dairy Industry Regulations.	Five Standard Operating Procedures on compliance and enforcement were developed and disseminated to field offices for implementation
		No. of standards developed or reviewed	Develop standards for dairy produce	Collaborated with stakeholders to revise or harmonize five EAC standards (dairy desserts, lactose free milk, flavoured milk, yoghurt and fermented milk) and 22 African standards for assorted dairy products.
		No. of advisories	Advise Government on gazettement of minimum milk producer prices	Study conducted and Ministry of Agriculture and Livestock Development advised on recommended minimum producer prices for gazettement
	Enforce quality and safety requirements of dairy produce.	No. of tests conducted	Conduct risk-based surveillance on the quality and safety of marketed dairy produce.	91,506 tests conducted on samples of milk and milk products across the value chain. Non-compliances addressed through institution of corrective and preventive actions
		No. of enforcements programs conducted	Enforcement of the Dairy Industry Act and Regulations	7 joint programs implemented across the country for surveillance and enforcement of compliance with quality and safety requirements for dairy produce

**Kenya Dairy Board**  
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**Statement of Performance against Predetermined Objectives for the Financial Year 2024 - 2025 ... Continued**

Strategic Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
Strategic Issue I: Quality and Safety of Dairy Produce.	Enforce quality and safety requirements of dairy produce.	No. of inspections conducted	Undertake risk-based inspections quarterly	16,901 risk-based inspections conducted on dairy business operators across the country to evaluate compliance with food quality and safety requirements. Regulatory permits were issued to 4,995 dairy businesses operators. The permits are required to operate dairy enterprises such as processing units (processors, mini dairies and cottage industries), cooling plants, milk bars, and milk dispensers
		No. of validations undertaken	Conduct bi annual validation of milk intakes by DBO's.	Bi-annual and routine validation of milk intakes and quality data conducted for all dairy business operators
		No. of surveillances conducted	Undertake border and market surveillance to monitor imports of dairy produce	Surveillances conducted in Nairobi, Marsabit, Turkana, West Pokot, Kitui, Garissa, Kisumu, Siaya, Bungoma, Busia Mombasa and Tana River counties to monitor and control illegal importation of milk and milk products.
	Enhance consumer awareness and education on dairy produce quality and safety	Strategy implemented	Develop and implement a consumer education and awareness strategy	Strategy developed and implemented through seven (7) national field days in Muranga, Uasin Gishu, Embu, West Pokot, Bungoma and Meru. Consumers and stakeholders sensitized through road shows in 13 Counties, while the ASK Shows were held in Eldoret and Embu. Two media advertisements were done and promotional content disseminated through the Board's digital platforms (Facebook, X, TikTok, Instagram and YouTube)

## Statement of Performance against Predetermined Objectives for the Financial Year 2024 - 2025 ... Continued

Strategic Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
<b>Strategic Issue II:</b> Production and productivity of the dairy industry.	Support the dairy industry to achieve 20% annual growth in production and value addition.	No. trained	Train dairy farmers and DBOs for increased productivity	10,699 farmers and dairy business operators across the country trained to enhance compliance and productivity.
		No. of Linkage forums organized	Link dairy farmers with suppliers of planting materials for fodder and pasture	Service providers including on fodder and feeds in the key milk producing counties were identified for dissemination and advisory to stakeholders.  Board organized and participated in 6 national and 18 regional field days.
		No. of model dairy farms identified	Identify model dairy farms for capacity building of dairy farmers	Model farms were used to sensitize dairy farmers on good animal husbandry practices to improve productivity.
<b>Strategic Issue II:</b> Production and productivity of the dairy industry.	Support the dairy industry to achieve 20% annual growth in production and value addition.	No. of operators sensitized	Sensitize DBOs on areas for value addition	The processing capacity for milk and milk products nationally established and updated;  80 stakeholders sponsored to participate in an international dairy exhibition to among others learn on milk processing and value addition technologies;  Over 60 processors and mini dairies sensitized on a bag-in-a-box milk packaging technology.
		No. of DBOs sensitized	Sensitize DBOs on co-processing of milk and milk products	Three investors sensitized on requirements and procedures for co-processing, and linked to processing facilities for manufacturing of long-life branded milk

**Kenya Dairy Board**  
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**Statement of Performance against Predetermined Objectives for the Financial Year 2024 - 2025 (Continued)**

<b>Strategic Key Result Area</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Strategic Issue II:</b> Production and productivity of the dairy industry.	Support the dairy industry to achieve 20% annual growth in production and value addition.	No. of linkage forums organized	Link DBOs with suppliers of milk processing and value addition technologies	<p>Collaborated to organize an international dairy exhibition that attracted over 3,000 participants and over 85 exhibitors in various fields across the value chain;</p> <p>Small-scale processing technologies were disseminated in six field days organized by the Board;</p> <p>Five workshops on value addition and product certification held.</p>
<b>Strategic issue III:</b> Domestic and international markets access for Kenya's dairy produce.	Facilitate the dairy industry to grow exports by 200 million litres annually	No of NTBs Resolved	Contribute to resolution of NTB's in exports markets for Kenyan dairy produce	Collaborated with stakeholders and participated in 6 meetings, at bi-lateral, regional and continental levels, to resolve NTBs and harmonize standards for dairy produce. During the year, 37.6 million kilograms of milk and milk products were exported mainly in the EAC market. This was approximately 118.8 million litres in liquid milk equivalents. Growth of exports was among others curtailed by non-tariff barriers in the regional market
		No. of advisories	Advise Government on measures to manage the costs of milk production and processing	National study on cost and profitability of milk production completed to inform on minimum producer price of milk. Advisory issued to the Ministry of Agriculture and Livestock Department recommended minimum producer price for gazettelement.

Statement of Performance against Predetermined Objectives for the Financial Year 2024 - 2025 (Continued)

Strategic Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
<b>Strategic issue III:</b> Domestic and international markets access for Kenya's dairy produce.	Facilitate the dairy industry to grow exports by 200 million litres annually	No. of DBOs sensitized	Capacity build DBOs on dairy export strategies	National dairy export growth and promotion strategy developed to guide interventions to drive exports.
		No. of promotions done	Promote exports of Kenyan dairy produce	Exporters guided on export procedures and requirements. Permits issued on a timely basis to export 37.6 million kilograms of dairy produce. Participated in four bi-lateral and regional meetings to resolve barriers affecting exports of dairy produce.
		No. of markets covered	Conduct market intelligence on export markets and disseminate findings to DBOs	Dairy production and marketing trends analysed globally and two countries in the region (Tanzania and Uganda) to inform on development of export growth strategies. Participated in International Dairy Federation (IDF) regional conference to showcase advancements and review challenges and opportunities in African Dairy sector.
		No. of counties sensitized	Sensitize counties on implementation of school milk programs	Partnered with the First Lady's "Feed One, End Hunger" program, and with the support of stakeholders, launched and piloted school-based milk programs in six Counties. The school milk program will benefit approximately 7,015 pupils over a one-year period.
		No. of promotions conducted	Promote consumption of high value dairy products	Conducted through retail outlets and stakeholders' forums targeting increased consumption of cheese, yoghurt, butter and other high value dairy products

Statement of Performance against Predetermined Objectives for the Financial Year 2024 - 2025 (Continued)

Strategic Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
Strategic Issue IV: Climate change and Resilience of Dairy Enterprises.	Promote climate smart agriculture in the dairy industry to achieve net zero.	No. of measures implemented	Advise Government on measures to manage the retail cost of milk and milk products	Study conducted to evaluate the size and drivers of informal milk marketing. Affordability was found to be the main driving force for informal preference. Other factors were convenience, perceived quality and freshness.
		No. of sensitizations conducted	Sensitize stakeholders on the Dairy Industry Sustainability Framework 2023 -2033	Baseline survey was conducted on implementation of the roadmap, targeting thirty-six (36) milk processors. Sensitizations were conducted alongside the exercise.
		No. of awards implemented	Implement Dairy Quality Awards to promote good performance and practices	Milk processing companies sensitized to participate in the EAC Regional Quality Awards competition, an annual event implemented by the EAC Secretariate and the East African Business Council
		No. of sensitization forums	Sensitize stakeholders on green gas energy sources and recycling	Partnered with a technology company from India to pilot solar powered milk coolers in ten sites. The coolers are designed for small to medium scale dairy business operators.  In collaboration with Sure Chill, a local solution provider, over 80 stakeholders were sensitized on solar powered fridges for farm and off-farm cooling of milk
		No. sensitized	Sensitize stakeholders on climate smart agriculture	Four farmer exchange visits were organized to expose participants to good milk production practices including fodder production, conservation and management of waste and farm effluent

## Statement of Performance against Predetermined Objectives for the Financial Year 2024 - 2025 (Continued)

Strategic Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
Strategic Issue IV: Climate change and Resilience of Dairy Enterprises.	Promote climate smart agriculture in the dairy industry to achieve net zero.	No. of researches conducted	Undertake relevant surveys, studies and benchmarking and disseminate findings	Two research studies on cost of milk production and size of the informal milk market completed and disseminated.
		No. of technologies	Identify appropriate and scalable technologies and innovations	Two technologies on small to medium scale cooling of milk identified and disseminated to stakeholders. Collaborated with stakeholders to organize an international dairy exhibition, where cutting edge technology on milk production, processing and packaging was exhibited
Strategic Issue V: Service delivery.	Enhance institutional capacity to provide quality and efficient services to the dairy industry stakeholders.	No. of staff recruited	Maintain optimal staff levels with requisite competence	No staff recruited during the financial year.
		No. of staff trained	Conduct training and Development of staff	126 staff trained
		Annual performance report	Implement staff performance management system	Performance targets cascaded and mid and end term reviews conducted
		No. of schemes implemented	Enhance staff welfare scheme	Staff medical scheme enhanced.
Strategic Issue V: Service delivery.	Enhance institutional capacity to provide quality and efficient services to the dairy industry stakeholders.	Survey report and recommendations implemented	Carry out employee satisfaction survey and implement recommendations of the survey	Employee satisfaction survey conducted and recommendations for improvement documented. Level of satisfaction stood at 69%.
		Refurbishment and relocation of offices	Provide and maintain office working space	Three branch offices refurbished with landscaping done at Narok Branch and one new office opened at Malaba border post.
		Procurement of furniture, protective clothing, lab reagents and other working tools	Provide adequate working tools and equipment	Furniture procured for the head office, Meru and Narok branches.

**Kenya Dairy Board**  
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**Statement of Performance against Predetermined Objectives for the Financial Year 2024 - 2025 (Continued)**

Strategic Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
Strategic Issue V: Service delivery.	Enhance institutional capacity to provide quality and efficient services to the dairy industry stakeholders.	Assets insured; security service provider procured; CCTV installed.	Provide necessary measures to safeguard the Board's assets.	Board's assets insured; security service provider procured and engaged;
		Mobile client service application rolled out	Acquire and implement ICT systems to improve service delivery	Mobile application for inspection of DBOs integrated into the ERP system and rolled out.
		Laboratory accredited to ISO 17025 standard	Acquire laboratory accreditation and maintenance.	National Dairy Regulatory Laboratory was accredited by KENAS to the ISO 17025 standard.
	Increase internally generated revenue by 9%per annum	Revenue collected	Commercialization of laboratory services	Business plan awaiting approval by the Board and implementation of commercialization plan.
		Revenue collected	Data validation and reconciliation to optimise levy collection	The Board achieved a 13% growth in A in A from Kshs. 623 million to Kshs. 704.28 Million.
		Funding received from stakeholders and development partners	Establish partnerships and collaborations	Joint partnership with ILRI under the More Milk program to stream informal milk marketing is on-going with total disbursement of Kshs. 24.24 million received during the year.
	Enhance corporate governance and image	Policy reviewed and implemented	Review and implement Bribery and corruption prevention policy	Policy reviewed, implemented and monitored quarterly. Reports made to Ethics and Anti- Corruption Commission (EACC) bi-annually.
		Annual Presidential Report	Implement National cohesion and values commitments	The Annual Presidential Report 2024/2025 was prepared and forwarded to the National Cohesion and Integration Commissionerate
		Survey report	Conduct consumer satisfaction survey	Customer satisfaction survey conducted and reported at 91.7 % customer satisfaction level.

Table 1: Performance of the Board against set targets in 2024-2025

## **8. Corporate Governance Statement**

### **1.0 Introduction**

Corporate governance, defined as “the system used to lead and control a business”, is largely built into the requirements concerning Boards of Directors. The Board of Directors and Management of Kenya Dairy Board believe that corporate governance initiatives should be a constant process in which the principles of good corporate governance are continuously evaluated with due consideration to current legislation, practice and recommendations. Such evaluation includes a review of the Board’s core mandate, business procedures, goals, organisation, capital structure, stakeholder relations, risks and the control systems.

### **2.0 The Board of Directors**

The Board of Directors is the body of appointed by the Government to jointly oversee the activities of the organization. The Board provides strategic direction, exercise control and remain accountable through effective leadership, enterprise, integrity and good judgment. It is diverse in its composition, independent but flexible, pragmatic, objective and focused on balanced and sustainable performance of the organization.

Upon joining, the Board members receive a detailed induction which provides an overview of the Board, including regulatory changes, the composition of the Board of Directors, the roles and responsibilities of the Directors and most importantly, the key issues affecting the Board. The Board ensures that all the Directors undergo regular training and education to enable them to fulfil their responsibilities as well as keep abreast with emerging trends in the dairy industry. During the year under review, various Directors undertook different capacity-building initiatives, ranging from leadership, corporate governance, regulatory compliance, and strategy, through both physical and virtual trainings in line with the identified training needs analysis for the individual Directors. In addition, the Board and its committees receive regular briefings on various issues that directly impact the operations of the Board. The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a Director.

### **2.1 Board Composition**

The appointing authority ensures that the Board composition complies with requirements in the Constitution of Kenya and any applicable legislation. Members act independently and each Board member understands the broad outline of the organization’s policies. Each of the Board members is in good standing professionally and has sufficient expertise to perform his or her role as a Board member; and at least one member is a financial expert, meaning that he or she has expertise in financial management and accounting.

### **2.2 Independence of Board Members**

All Board members, including those nominated to represent special interests, recognize that they owe their duties to the organization and not their respective entities or special groups.

### **2.3 Term Limits and succession planning**

Board members hold office for a period not exceeding three (3) years, and are eligible for reappointment for one more term not exceeding three (3) years. The renewal of a Board Member’s tenure for a second is subject to an acceptable evaluation as determined during Board evaluations. The appointing authority ensures staggering of Board appointments so that the respective expiry dates of the members terms fall at different time to ensure proper succession planning and continuity of the Board affairs.

### **2.4 Chairperson of the Board**

The Chairperson of the Board is primarily responsible for the activities of the Board and its committees. The role of the Chairperson includes approving the agenda for board meetings, chairing the meetings and ensuring that a record of proceedings of all Board activities are kept. The Chairperson also acts as the spokesperson for the Board.

### **2.5 Chief Executive Officer**

The Managing Director/Chief Executive Officer (CEO) is an ex-officio Board member with no voting rights. The CEO and the Board plays separate and distinct roles but work together to achieve organizational goals. The Board is responsible for appointing the CEO, through a competitive process, and for removing them. The CEO is responsible for overseeing the execution of the Board’s directions and policies to ensure desirable outcomes. The CEO therefore serves as the link between the Board and the Management.

### **2.6 Relationship between Board and Management**

The Board and Management executes their mandate in an environment of mutual trust and respect having regard to the principles of good governance. In this regard, the Board provides clear and distinct lines of responsibility and accountability, and maintain effective channels of communication.

**Corporate Governance Statement (continued)**

**3.0 The Board Charter**

The Board of Directors Charter (the “Charter”) defines the Board’s roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Board members with an opportunity to think creatively and critically about how their strategic and operational plans align with the organization’s strategic direction and expectations, with respect to governance.

The Charter was adopted by the Board, acting in accordance with *Mwongozo, Code of Governance for State Corporations* (‘the Code’), and is complementary to the requirements regarding the Board and Board members contained in applicable Kenyan laws and regulations. In particular, the principles and policies contained in the Charter are in addition to and are not intended to change or interpret any statute, law or regulation.

**4.0 Ethics and Conduct**

Kenya Dairy Board has adopted high standards and applies strict rules of conduct, based on the best corporate practices. The Board of Directors have signed the Board’s Code of Conduct and Ethics in line with Public Officers’ Code of Conduct and Ethics, which embrace the following principles:

- To observe high standards of ethical and moral behaviour.
- Act in the best interests of the organization.
- Remunerate and promote fairness and responsibility.
- Recognize the legitimate interests of all stakeholders
- Ensure that the organization acts as a good corporate citizen.

**5.0 Board Performance and Evaluation**

Board members undertake an annual evaluation of performance which is conducted by the State Corporation Advisory Committee (SCAC).The Board of Directors are paid sitting allowances, travelling and or mileage allowances as well as subsistence and accommodation after the attendance of the Board meetings. In addition, the Chairperson to the Board receives a monthly honoraria. The payment of the Board allowances, honoraria to the chairperson and other expenses are in line with the established Government of Kenya guidelines. The total expenditure in Board allowances and related expenses for the last two financial years are as summarised below;

<b>Board members expenses</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Mileage, accommodation, lunch and sitting allowances	23,082,831	24,396,585
Chairperson’s monthly allowance	1,044,000	1,035,480
Directors’ Medical insurance	785,167	1,290,738
<b>Total</b>	<b>24,911,998</b>	<b>26,722,803</b>

**6.0 The Committees of the Board**

To effectively discharge its mandate, the Board has established committees with specific terms of reference. The Board appoints into committees, members with requisite skills and competence to discharge allocated responsibilities. In the event that a committee lacks specific skills within its membership, the Board may, with the approval of the oversight body, co-opt skilled non-Board members to serve on the committee, provided that the chair of a committee shall not be a co-opted member or the Chairperson of the Board. The Board may, from time to time, rotate Board members between the committees.

The Board remains collectively responsible for the decisions and actions taken by any committee. A committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board.

The Chairperson of each committee, in consultation with the Board, determines the frequency of committee meetings as is necessary to fulfil the Committee’s functions. The Chairperson of each committee, in consultation with management, will develop the committee’s agenda. The Board will however determine the procedure and process within which committees may take independent professional advice at the organization’s expense.

The committees promptly reports to the Board any actions taken for ratification and any major developments that they become aware of. The Board shall, as set out in the terms of reference of the respective committees, receive a report of the committee’s findings and actions. The Board has established the following standing committees;

**Corporate Governance Statement (continued)**

- Audit Committee
- Finance & Planning Committee
- Technical, Licensing and Marketing Committee
- Human Resources & Administration Committee

The Board may establish any other ad hoc committees to handle any special business. The Terms of Reference of the committees of the Board has been developed by the Board.

**7.0 Board Responsibilities**

The basic responsibility of the Board members is to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the organization and its stakeholders. In discharging that obligation, the members are entitled to rely on the honesty and integrity of the organization’s management, staff and its external professional advisors and auditors.

**7.1 Responsibilities of Individual Board Members**

Each Board member exercises the highest degree of care, skill and diligence in discharging their duties, acts honestly at all times and in the best interest of the organization and not for any other purpose.

**7.2 Principles of Public Service**

The Board, in performing its functions, is guided by the principles of Public Service as provided in Chapter Thirteen of the Constitution of Kenya, which include:

- High standards of professional ethics as well as efficient, effective and economic use of resources
- Responsive, prompt, effective, impartial and equitable provision of services;
- Involvement of stakeholders in policy making and accountability for administrative acts;
- Transparent and timely provision to the public of accurate information;
- Fair competition and merit as the basis of appointments and promotions as well as representation.

**8.0 Board and Committees Meetings**

**8.1 Full Board meetings**

Board meetings are held at least four (4) times a year, and not more than 4 months elapse between the date of one meeting and the date of the next meeting. A schedule of dates of the meetings is agreed upon by the Board members and set out in the Board work plan. Notices of the location and the timing of meetings are issued prior to the meetings. The quorum for a Board meeting is two-thirds of the (2/3) members where the total Board membership is eight to nine and four where the total membership is seven and below. The Board held four full board meetings in the financial year 2024-2025. The attendance of the Board members during the four full Board meetings held in the year was as follows;

<b>Board Member</b>	<b>Designation</b>	<b>No. eligible of meetings</b>	<b>Meetings attended</b>	<b>Overall % attendance</b>
Genesio Mugo	Chairman of the Board	7	7	100%
Margaret Kibogy *	Managing Director	7	6	86%
Dr. William Maritim**	Ag. Managing Director	0	0	0%
Kenneth Lomaibong	Independent Director	7	7	100%
Dr. Joshua Chepchieng***	Alternate Director	2	2	100%
Mike Koros	Independent Director	7	7	100%
Brig. (Rtd.) Joseph Mburu	Independent Director	7	7	100%
Dr. Abraham Rugut	Independent Director	7	7	100%
Mercy Mbogo	Independent Director	7	7	100%
Fatuma Haji	Independent Director	7	7	100%
Gabriel Pulei	Independent Director	7	7	100%
Josephine Omanwa	Independent Director	7	7	100%
Beth Mbuthia	Independent Director	7	7	100%
Benard Kangethe ****	Alternate Director	6	6	100%
Otiang Mary Joan ****	Alternate Director	5	4	80%
CPA. Eunice Kigen *****	Alternate Director	1	0	0%

\* Retired in May 2025

\*\* Appointed in May 2025

\*\*\* Retired in October 2024

\*\*\*\* Appointed in October 2024

\*\*\*\*\* Retired in April 2025

\*\*\*\*\* Appointed in April 2025

**Corporate Governance Statement (continued)**

**8.2 Audit Committee**

The Audit Committee consists of four non-executive Directors and reports to the Board after every committee meeting. The chairperson is an independent non-Executive Director. The Audit Committee held four meetings during the year and the attendance for the meetings was as follows;

<b>Board Committee Member</b>	<b>Designation</b>	<b>No. eligible of meetings</b>	<b>Meetings attended</b>	<b>Overall % attendance</b>
Mercy Mbogo	Chairperson	1	1	100%
Dr. Joshua Chepchieng	Member	1	1	100%
Mike Koros	Member	3	3	100%
Brig. (Rtd.) Joseph Mburu	Member	1	1	100%
Dr. Abraham Rugut	Member	1	1	100%
Kenneth Lomaibong	Member	4	3	75%
Gabriel Pulei	Member	3	3	100%
Josephine Omanwa	Member	1	1	100%
Beth Mbuthia	Member	3	3	100%
Benard Kangethe	Member	1	1	100%
Joan Otiang	Member	3	2	67%

**8.3 Human Resource and Administration Committee**

The Committee is constituted in line with section 5 of the Dairy Industry Act Cap 336 to review Board papers touching on Human Resources, Administration, Procurement, Security, Governance, Assets management and Legal issues and make recommendations to the full Board for adoption, provide input to the determination of the organization’s mission, vision and core values, make recommendations to the Board for the enhancement of the Board’s public image and engagement with stakeholders through effective communication.

The Human Resources and Administration Committee held four meetings during the year. The attendance during the Committee meetings was as follows;

<b>Board Committee Member</b>	<b>Designation</b>	<b>No. eligible of meetings</b>	<b>Meetings attended</b>	<b>Overall % attendance</b>
Josephine Omanwa	Chairperson	1	1	100%
Mike Koros	Member	1	1	100%
Dr. Abraham Rugut	Member	3	3	100%
Mercy Mbogo	Member	3	3	100%
Fatuma Haji	Member	3	3	100%
Gabriel Pulei	Member	4	4	100%
Kenneth Lomaibong	Member	4	4	100%
Beth Mbuthia	Member	1	1	100%

**8.4 Finance & Planning Committee**

This Committee reviews Board papers touching on budgets and financial resource allocations and capital investments as well as financial reporting and makes recommendations to the full Board for adoption or approval. The Committee held five meetings during the year. The attendance during the meetings was as follows;

<b>Board Committee Member</b>	<b>Designation</b>	<b>No. eligible of meetings</b>	<b>Meetings attended</b>	<b>Overall % attendance</b>
Mike Koros	Chairman	1	1	100%
Dr. Joshua Chepchieng	Member	2	2	100%
Kenneth Lomaibong	Member	1	1	100%
Brig.(Rtd.) Joseph Mburu	Member	4	4	100%
Fatuma Haji	Member	5	5	100%
Josephine Omanwa	Member	4	4	100%
Joan Otiang	Member	2	2	100%
Benard Kangethe	Member	5	5	100%

**Corporate Governance Statement (continued)**

**8.5 Technical, Licensing and Marketing Committee**

The Technical Licensing and Marketing Committee reviews Board papers touching on Technical, Licensing and marketing, and make a recommendation to the Full Board for adoption. The Committee held four meetings during the year and the attendance was as follows;

<b>Board Committee Member</b>	<b>Designation</b>	<b>No. eligible of meetings</b>	<b>Meetings attended</b>	<b>Overall % attendance</b>
Gabriel Pulei	Chairman	1	1	100%
Brig. (Rtd.) Joseph Mburu	Member	4	4	100%
Dr. Abraham Rugut	Member	4	4	100%
Mercy Mbogo	Member	3	3	100%
Fatuma Haji	Member	1	1	100%
Josephine Omanwa	Member	3	3	100%
Beth Mbutia	Member	4	4	100%
Joan Otiang	Member	1	1	100%

**9.0 Internal Controls and Risk Management**

The Board of Directors and Management have the overall responsibility for risk management and sound systems of internal controls. KB's risk management and internal control procedures are intended to effectively identify, manage or eliminate the risks at both strategic and operational levels. The Board of Directors approves the risk management strategies, the overall risk management framework and policies laid down by Management. The Audit Committee of the Board of Directors performs regular assessment of the Board's risk management and internal control systems.

**9.1 Control environment**

Responsibility for maintaining effective internal controls systems rests with the management. The management has designed and implemented controls considered necessary and effective. These policies are incorporated into the internal control processes, which encompasses a clearly defined organisational structure specifying roles and responsibilities. On the basis of this structure, manuals have been prepared describing the key business processes, duties and responsibilities, approvals and applicable policies. Regular checks are made to ensure adherence.

**9.2 Risk management**

Effective risk management is fundamental to the success of KDB. The Board has implemented a risk management framework which identifies the risks that the Corporation must control and assigns duties within a systematic approach. The Board has a strong, disciplined risk management culture where risk management is a responsibility shared by all staff. Risk management is also embedded in all operational areas to ensure quality and safety of dairy produce, more so through risk-based inspections and risk-based sampling of quality tests. KDB applies the three levels of defence which provides a simple and effective way to enhance communication on risk management and control by clarifying essential roles and duties. It provides a fresh look at all operations, helping to assure the continuous success in risk management initiatives. Accordingly, the duties are distributed across multiple operational functions as detailed below:

First level	Functions that own and manage risks	Operational functions where risks are created and analysed. Risk management activities are performed at this level by individuals who take risk and manage the same at activity level. Information Technology function is responsible for ensuring effective controls against technology risk, system risk, security risk and implementation risk.
Second level	Functions that oversee risks	Generally, the risk management activities performed by middle management or functions devoted to risk reviews fall in this category. The second line of defence Head of Departments and Sections who monitors risk management in each Departments and or Section and ultimately the Managing Director who is responsible for the overall risk profile of the Board.
Third level	Functions that provide independent assurance	The third line of defence is that of internal and external Auditors. Internal Audit evaluates the adequacy of overall risk management framework and reports independently to the Board Audit Committee.

## 9. Management Discussion and Analysis

### A. Performance of the Dairy Industry

#### 1.0 Introduction

This section focuses on dairy industry performance and operational and financial performance of the Board for over the years. It reviews the Board's performance on core mandate, key ongoing projects and investment decisions, compliance with statutory requirements, major risks facing the organisation, and material arrears in statutory and other financial obligations.

#### 2.0 Dairy industry performance

##### 2.1. Global dairy industry

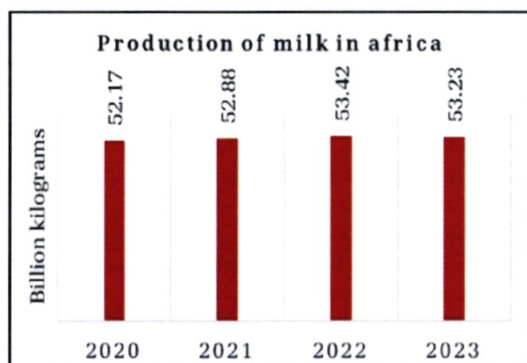
Global milk production is forecasted to increase to 992.7 million tonnes in 2025, a 1.0 percent growth from 2024 (FAO, 2025). According to the source, this growth will be driven by increased production in Asia, mainly due to continued herd expansion and gradual productivity gains in Bangladesh, India and Pakistan. Production in Europe and Oceania is expected to remain stable, while a decline is anticipated in Africa. The global trends in milk production and trade are summarized in the table below;

Production and trade	2023	2024 (estimates)	2025 (forecasts)
Quantity produced (million tonnes)	968.7	982.5	992.7
Traded quantity (liquid milk equivalent)	85.9	86.2	85.5
Trade share of production (%)	8.9	8.8	8.6

Source: FAO (2025)

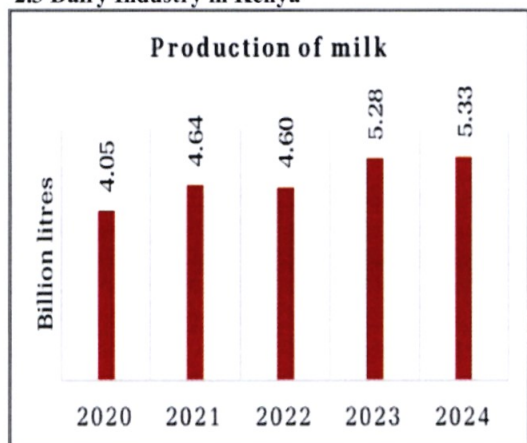
Global dairy trade, in liquid milk equivalent, is projected to decline by 0.8 percent in 2025 mainly due to lower demand in Africa, Latin America, Caribbean and the Near East. International dairy prices, as monitored by the FAO dairy price index, increased steadily between July 2024 and June 2025, mainly due to higher prices for butter, whole milk powder and cheese (FAO, 2025). The global demand for milk and milk products is increasing due to population growth and higher incomes, particularly in Asia and Africa.

##### 2.2 Dairy industry in Africa



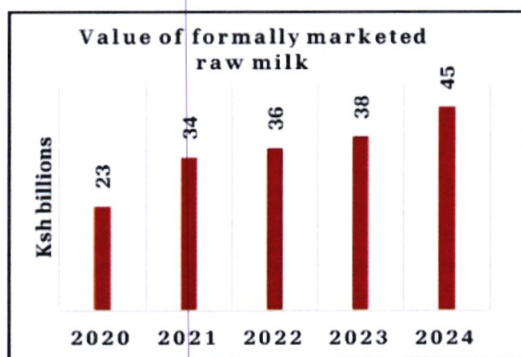
The dairy industry in Africa is a significant contributor to agricultural economies, particularly in Eastern and Southern Africa. Milk and milk products play a crucial role in the diets of many African communities, particularly in pastoral and agro-pastoral areas. While the industry is characterized by a mix of smallholder and commercial farms, smallholder farmers play a crucial role in milk production. Key challenges include low productivity, limited access to markets, and inadequate infrastructure. According to FAO (2025), Africa produced 53.2 billion litres of milk, approximately 5% of global production. The major milk producing countries in Africa include Kenya, Egypt, Ethiopia, South Africa, Uganda, Sudan, South Sudan, and Algeria.

##### 2.3 Dairy Industry in Kenya



The dairy industry is one of the agricultural sub-sectors targeted for transformation under the Government's Bottom Up Economic Transformation Agenda (BETA). The goals are to double production of milk to 10 billion litres, grow the formal milk market to 50% and export 1 billion litres of milk per year. Milk production in 2024 was estimated at 5.3 billion litres (Economic survey, 2025). Production is mainly done by smallholder dairy farmers, with a dairy herd size of between 4 to 8. The average total cost of producing a litre of milk is estimated at Kshs 36.2 per litre across all production systems. Zero grazers have higher cost of production at Kshs 39.5 per litre, while open grazers have a lower cost at Kshs 24.5 per litre (KDB, 2024). A study conducted by KDB to assess the size of the informal milk market in 2024 estimated the proportion of milk sold by producers through the informal channels and formal channels at 40.3% and 59.7% respectively.

Management Discussion and Analysis (continued)



The formal milk intakes grew in 2024 by 12%, from 811 million litres to 910 million litres (KDB, 2025). The growth was attributed to enforcement of regulations, favourable weather, attractive and stable producer prices, and new investments in milk bulking and processing. The value of raw milk marketed formally in 2024 grew to Kshs. 44.7 billion from Kshs 38.2 billion in 2023, a growth of 25%. The formal milk market is made up of several categories of dairy business operators including processors, mini dairies, cottage industries and cooling plants. In 2024/2025, the Board issued 4,995 regulatory permits to milk bars (3,954); cooling plants (515); milk dispensers (199); mini dairies (182); importers (82); processors (57) and exporters (6).

Some of the challenges in the industry include low productivity per cow, high cost of production, and a relatively large informal milk marketing channel. The industry has opportunities for growth and innovation particularly in increasing production and value addition.

**B. Overview of the Board Operations**

The mandate of the Board is to provide for the improvement and control of the dairy industry and its products (Dairy Industry Act Cap 336). The functions include organizing, regulating and developing efficient production, marketing, distribution and supply of dairy produce; improving the quality of dairy produce; securing reasonable and stable prices to producers of dairy produce; and promoting market research in relation to dairy produce. Performance on the core mandate in 2024/2025 is summarized below;

**3.1 Review of the Dairy Industry Act Cap 336**

The Draft Dairy Industry Bill 2025 was finalized and presented to the Principal Secretary, State Department for Livestock Development, for review and submission to the Cabinet for approval.

**3.2 Compliance Reporting**

A risk-based compliance monitoring and reporting framework for dairy produce was developed, disseminated, and implemented. This approach will ensure systematic identification, evaluation, and prioritization of compliance risks in the dairy industry to effectively allocate resources and ensure adherence to regulations, and standards. It will focus on areas with the highest potential impact, optimizing the effectiveness of compliance efforts.

**3.3 Surveillance on quality and safety of dairy produce**

A total of 91,506 tests were conducted on samples of dairy produce to assess compliance with the relevant standards. These included 88,062 tests (mainly platform and rapid tests) and 3,444 tests (elaborate and confirmatory tests). Non-compliances were addressed for correction. Feed samples were analysed to establish potential sources of aflatoxin M1 contamination. The number of tests conducted on quality and safety of dairy produce over the last five years are as follows;

Financial Year	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
No. of tests (Branches)	37,845	47,875	55,789	60,223	88,062
No. of tests (Laboratory)	-	4,753	13,512	8,347	3,444
Total tests	37,845	47,880	69,301	68,570	91,506
Target	45,000	50,000	60,000	70,000	80,000
<b>Percentage achieved</b>	<b>84.10%</b>	<b>95.80%</b>	<b>115.50%</b>	<b>98.00%</b>	<b>114.40%</b>

**3.4 Premise inspections**

The Board conducts routine inspections of dairy business operators to assess compliance with quality and safety requirements for dairy produce. A total of 16,901 inspections were conducted against a target of 12,768 inspections. Non-complying DBOs were notified and directed to implement preventive and/or corrective actions. Number of inspections conducted during the year are as follows;

Financial Year	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
No of inspections conducted	3,778	4,298	6,125	6,130	16,901
No. of inspections targeted	4,000	4,000	4,800	5,500	12,768
<b>Percentage achieved</b>	<b>94.50%</b>	<b>107.50%</b>	<b>127.60%</b>	<b>111.50%</b>	<b>132.40%</b>

**Management Discussion and Analysis (continued)**

**3.5 Issuance of regulatory permits**

The Board issues regulatory permits dairy business operators who comply with the Dairy Industry Act Cap 336. These permits are required to operate various categories of dairy businesses such as a milk processor, mini dairy, cottage industry, milk bar, milk dispenser, and import and export of dairy produce. In financial year 2024/2025, the Board issued 4,995 regulatory permits, which included renewals (3,347) and new clients (1,648). the number of Regulatory Permits issued over the last five years are as follows;

Financial Year	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Number of Permits Issued	987	1,291	1,274	2,450	4,995
Target	1,000	1,200	1,000	1,500	3,192
Percentage achieved	98.70%	107.60%	127.40%	163.30%	156.50%

The number of permits issued per category in the financial year 2024/2025 were as follows;

Category of DBO	Renewals	New	Totals
Milk Bars	2,558	1,396	3,954
Cooling Plant Below 5000 LPD*	306	84	390
Dairy Produce Dispenser	138	61	199
Mini Dairies	133	49	182
Cooling Plant Over 5,000 LPD*	104	21	125
Regulatory Permit Importer	60	22	82
Processors Over 20,000 LPD*	24	6	30
Processors Below 20,000 LPD*	21	6	27
Regulatory Permit Exporter	3	3	6
<b>Total</b>	<b>3,347</b>	<b>1,648</b>	<b>4,995</b>

\* LPD - Litres Per Day

**3.6 Quarterly enforcement programs**

Seven joint enforcement programs were conducted in all branches. The target was to conduct four joint programs, one every quarter. The enforcements focused on surveillance, inspections, sampling and testing of dairy produce, and generally to ensure compliance with the Dairy Industry Act Cap 336. The program resulted to 167 prosecutions and disposal of 14,786 litres of non-conforming dairy produce.

**3.7 Surveillance on illegal imports**

Surveillance on illegal dairy imports was conducted in Nairobi, Mombasa, Kitui, Garissa, Kisumu, Bungoma, Turkana, West Pokot, Siaya and Busia Counties. There were no major cases of illegal products found in the market.

**3.8 Guaranteed minimum producer prices**

The Dairy Industry Act Cap 336 mandates the Board to develop mechanisms to secure reasonable and stable prices for milk producers. This is operationalized by the Dairy Industry (Pricing of Dairy Produce) Regulations 2021, which provide for periodic review and gazettement of minimum producers' prices for milk. Within the financial period, the Board reviewed the cost and profitability of milk production in the country and recommended revised minimum producer prices for gazettement by the Ministry of Agriculture and Livestock Development.

**3.9 Formalization of informal milk traders**

The Board and the International Livestock Research Institute (ILRI) launched and started implementing the 'MoreMILK2' program, a four-year initiative funded by Bill & Melinda Gates Foundation and the UK Foreign Commonwealth and Development Office. The overall objective of the program is to transform informal milk traders in Uasin Gishu, Nakuru and Nyandarua counties through capacity building, and thereby improve quality and safety of dairy produce

**3.10 Accreditation of the National Dairy Regulatory Laboratory**

The National Dairy Regulatory Laboratory, accredited in 2024 to the ISO/IEC 17025: 2017 Standard for a period of four years, underwent annual surveillance by Kenya National Accreditation Service (KENAS) to verify conformance with the standard. This was demonstrated and the accreditation status maintained for the next one year.

**Management Discussion and Analysis (continued)**

**3.11 Laboratory’s participation in Proficiency**

The Board enrolled in the 19th Round of the EAC Proficiency Testing Scheme. The results were satisfactory for chemistry and microbial analysis underlying competence and reliability of the laboratory in milk testing. Participation in these schemes is critical to maintaining the lab’s ISO 17025 certification.

**3.12 Development of Residual Monitoring Plan**

A residual monitoring plan (RMP) is a risk-based approach to ensure the safety and quality of food, particularly animal products, by monitoring for the presence of harmful chemical residues such as pesticides, veterinary drugs, or heavy metals to safeguard consumers’ health and facilitate trade. During the year, the Board developed a RMP whose scope covers raw milk handled by processors, mini dairies, and dairy cooperatives.

**3.13 Dairy Industry Certification Scheme (DICS)**

A certification scheme is a structured system designed to formally recognize and validate that a product, service, process, or even an organization meets specific standards or requirements. ISO 17065, an internationally recognized standard, provides a framework for certification bodies to assess and certify products, processes, and services. It ensures these bodies operate with competence, consistency, and impartiality, thereby enhancing trust in the certification process. During the period, the Board initiated the process of accreditation to the ISO 17065 standard by training staff and developing certification documents for a Dairy Industry Certification Scheme. The scheme seeks to certify dairy processes such as cooling and processing milk to enhance quality and safety of dairy produce.

**3.14 Training of stakeholders**

The Board’s training programmes aim at enhancing the capacity of stakeholders to comply with the Dairy Industry Act Cap 336 and improve production and supply of dairy produce. During the period, 10,669 stakeholders were trained through various forums such as workshops, field days, trade fairs and exhibitions, and agricultural shows. Partnerships and collaborations enabled the Board to enhance outreach and train more stakeholders during the period. The number of stakeholders trained in the last four years are as follows;

<b>Financial year</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2024/2025</b>
No of stakeholders trained	2,909	5,073	8,736	10,699
Target	1,000	2,000	3,000	4,000
Percent achieved	191%	204%	191%	167%

**3.15 Development of standards**

The Board collaborates with the Kenya National Bureau of Standards and other stakeholders to develop and review standards for dairy produce. During the period, development or review of several standards was initiated or completed. These included national, regional and continental standards. The number of standards initiated, under review or completed in 2024/2025 were 28. Most of these were African standards covering different categories of dairy produce. Development of standards, driven by the African Organization of Standardization (ARSO), seek to harmonize and unify specifications for dairy produce across Africa to facilitate trade under the African Continental Free Trade Area (AfCFTA). The number of standards developed over the last four years are as follows;

<b>Financial year</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2024/2025</b>
No. of standards initiated, under review or completed	4	16	25	28
Target	6	6	8	10
Percent achieved	33%	167%	213%	180%

**3.16 Market research**

The Board completed and disseminated a study to assess the size of the informal milk market in Kenya. The study, that covered 21 counties, estimated the proportion of milk sold by producers through the informal and formal channels at 40.3% and 59.7% respectively. The study pinpointed that consumers’ preference for informal milk marketing channels is primarily driven by affordability, convenience and perceived freshness and quality.

**3.17 Dairy trade facilitation**

The Board collaborates with the State Department of Trade and other stakeholders to identify and resolve trade barriers affecting exports of dairy produce. In this regard, the Board participated in four bilateral and regional meetings organized by the Department to resolve Non-Tariff Barriers affecting exports of dairy produce to United Republic of Tanzania and Zambia. While there was progress, the issues remained unresolved.

**Management Discussion and Analysis (continued)**

The Board developed a National Dairy Export Growth and Promotion Strategy whose objective is to increase the volume and value of dairy exports, thereby boosting the national economy and improving the livelihoods of those involved in the dairy value chain. This strategy seeks to enhance production, value addition, competitiveness, and compliance of dairy produce, while expanding market access of high-quality dairy products in the regional and international markets. The Board continued to sensitize and issue export permits to facilitate access to the export markets of Kenyan dairy produce.

**3.18 Consumer awareness, education and milk consumption promotion**



The Board organised and carried out several consumer awareness, education and milk consumption campaigns to promote consumption of dairy produce and strengthen regulatory compliance by dairy business operators. Increased per capita consumption of milk, is key to the growth of the dairy industry and for nutritional wellbeing of consumers. Milk and milk products are valuable sources of nutrition, providing both macro- and micronutrients essential for human health.

These campaigns were implemented through national field days in Muranga, Uasin Gishu, Embu, West Pokot, Bungoma and Meru; road shows in Uasin Gishu, Bungoma, Voi, Makeni, Kajiado, Nyandarua, Murang'a, Trans Nzoia, West Pokot, Bomet, Kericho, Kisii, and Narok counties; and ASK Shows in Eldoret and Embu. Media articles and a documentary were developed and disseminated through the mainstream media and the Board's social media platforms.

**3.19 School milk promotion**



The school milk program is an initiative to nurture a milk drinking culture in pupils and students. It promotes food and nutritional security for students by providing essential nutrients thereby minimizing malnutrition and other diseases. The program promotes school attendance, enrolment, retention and overall student performance.

During the period, the Board partnered with the "Feed One, End Hunger" program, an initiative by the First Lady, Her Excellency Mama Rachel Ruto, to pilot a school feeding program in 6 counties and thereafter upscale nationally. In addition, the project seeks to promote school and home kitchen gardens to enhance the Government's drive for universal school feeding. The school feeding programme, to be piloted for one year, was launched in Migori, Nakuru, Baringo, Makeni, Kilifi and West Pokot counties. Provision of milk to identified schools will be supported by Devyani Food Processors, Brookside Dairies Limited, Meru Central Dairy Co-operative Union Limited, Musty Distribution Limited, and Ravine Dairy Limited. Pupils will receive milk twice a week. The program will benefit 7,515 pupils.

**Management Discussion and Analysis (continued)**

**C. Financial Performance**

**i) Revenue performance**

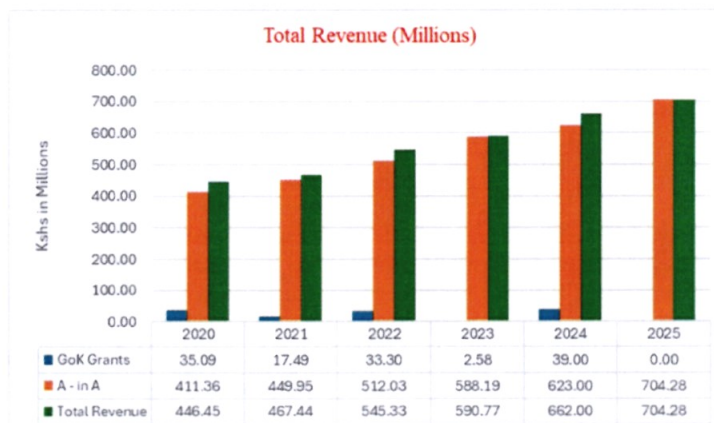
The Board funds its operations through the internally generated revenue mainly levies, license fees, grants from the parent Ministry of Agriculture and Livestock Development as well as revenue mobilized from the development partners. In the year ended 30 June 2025, the Board did not receive any funding in terms of Recurrent Grants from the Government of Kenya. No funds were received in terms of Development Grants towards financing the ongoing construction and equipping of the National Dairy Laboratory Complex Project. However, the Board received Kshs. 24.24 million from ILRI out of which Kshs. 3.71 million has been recognised as revenue.

In total, the Board recorded total revenue of Kshs. 704.28 million which is made up of Kshs. 700.57 million generated from the A in A and Kshs. 3.71 million from the ILRI grant as recognized in the statement of the financial performance.

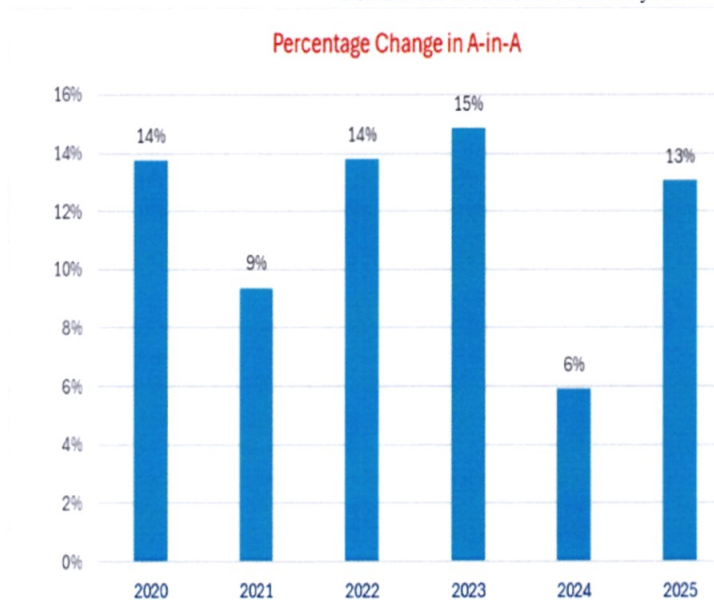
The Board posted a 13% increase in internally generated revenue. The Board collected a total of Kshs. 704.28 million as compared to Kshs. 623 million realized in the year ended 30 June 2024. The positive outlook was maintained by the gazetting of the Dairy Industry Regulations, 2021 which introduced a percentage-based charge on consumer safety levy thus cushioning the Board from revenue fluctuations on reduction of intakes due to drought. The Board also continued to benefit from the introduction of a consumer safety levy on milk imported from EAC member countries and well as formalisation of businesses from informal milk marketing.

**Revenue from main income streams**

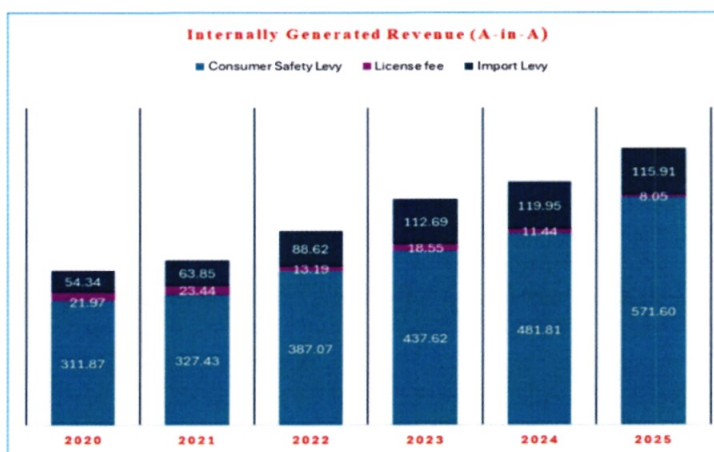
In the year under review, the Board received Kshs. 571.60 million in consumer safety levy as compared to the equivalent Kshs. 481.81 million received in the previous year from the same source. However, revenue generated from permits decreased from Kshs. 11.44 million realised in the year ended 30 June 2024 to Kshs. 8.05 million. The revenue generated from the import decreased from Kshs. 119.95 million recorded in the previous financial year to Kshs. 115.91 million. The decrease was as a result of continued surveillance, enforcement and consistent farm gate prices which promoted production and increased intakes in the formal sector.



Board's total revenue for the last 5 years

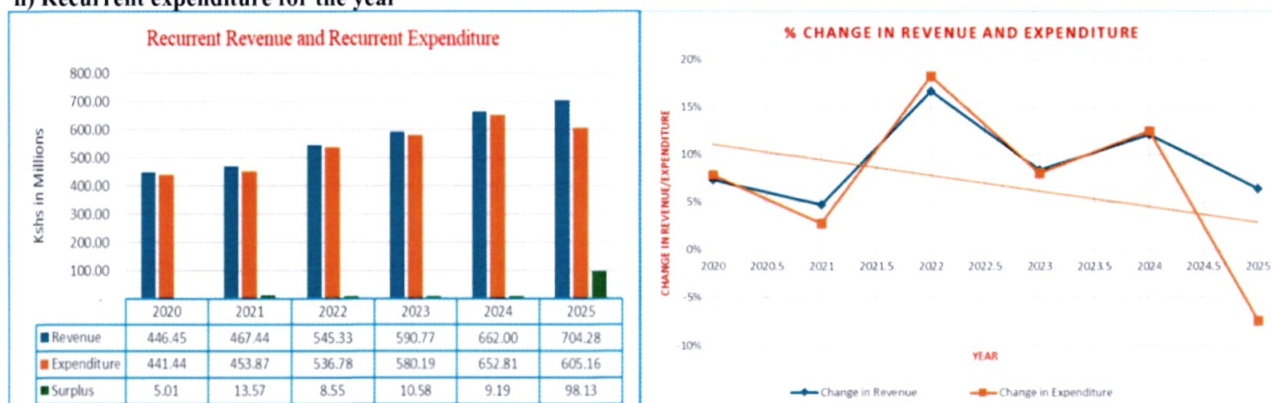


Percentage Change in A in A in the last 5 Years



Management Discussion and Analysis (continued)

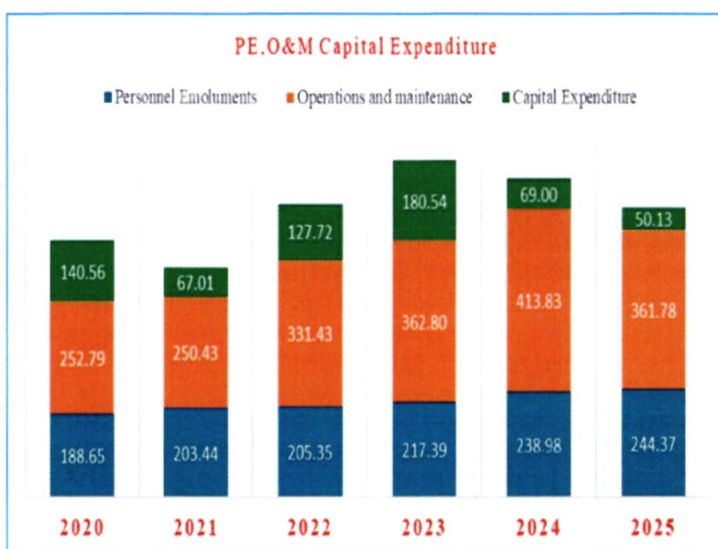
ii) Recurrent expenditure for the year



The total recurrent revenue for the Board in the year ended 30 June 2025 was Kshs. 704.28 million as compared to Kshs. 662 million recorded in the previous financial year. The increase in total revenue is attributable to the good weather and improved performance in the collection of internally generated revenue. The recurrent expenditure during the year under review was Kshs. 605.16 million as compared to Kshs. 652.81 million recorded in the year ended June 2024. This resulted to a surplus of Kshs. 98.13 million (after the receivables impairment loss of Kshs. 992,441) as compared to a surplus of Kshs. 9.19 million posted in the year ended June 2024. In addition, the Board realised a 7% reduction in expenditure with a 6% positive change in total revenue.

iii) Expenditure by Category

The total expenditure for the year under review was Kshs. 656.28 million where Kshs. 244.37 million was spent on Personnel emoluments, Kshs. 361.78 million on operations and maintenance while a total of Kshs. 50.13 million was invested in capital development. Though with the approval for additional budget, the expenditure during the year was adversely affected by requirement to all State Corporations to rationalize their budget to not more than 70% of the approved Financial Year 2023/2024 budget.



The above is a reduction from the total expenditure for the year ended 30 June 2024 of Kshs. 721.81 million where Kshs. 238.98 million was spent on Personnel emoluments, Kshs. 413.83 million on operations and maintenance while a total of Kshs. 69 million was invested in capital development.

iii) Material arrears in Statutory and financial obligations

The Board does not have any arrears in statutory or financial obligations. The Board’s approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Board’s reputation. The Board ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

iv) Key projects and investment decisions the Board is implementing

The Board continued with the construction of the National Dairy Laboratory Complex, with Phase II completed, handed over, furnished and fully occupied. This phase serves as the Administration Block, providing improved work space and environment for enhanced productivity. Similarly, the National Dairy Regulatory Laboratory received the coveted ISO 17025 during the year. The services provided by the laboratory include testing of milk and milk products for regulatory surveillance and on samples submitted by customers, consumers and other stakeholders. The laboratory plays an important role in consumer protection and trade facilitation in the domestic and export markets. The project is fully funded by Government.

**Management Discussion and Analysis (continued)**

Milestones in the construction of the complex include completion of the perimeter wall and gate house, and installation of electric fence and civil works in the financial year ended 30 June 2020; and construction completion and equipping of the National Dairy Laboratory Block in the financial year ended 30 June 2021. This was followed by the Phase II which entailed the erection and completion of the Administration Block which was completed in the year ended June 2024 and the implementation of 100 KVA Solar system which was under construction as at the end of the financial year.

**D. Major Risks Facing the Board**

The Board did not face major legal, operational or revenue risks during the financial period ending 30 June 2025. Production and supply of milk to the formal market was high and stable, which was conducive for revenue collection to sustain the budgeted operations of the Board. Revision of the Dairy Industry Act Cap 336, which is on course, will enhance regulation, development and promotion of the dairy industry. Implementation of the Kenya Dairy Sustainability Roadmap (2023 – 2033), will contribute to increased sustainability of the dairy industry. Globally, the dairy industry is a major source of greenhouse gas emissions. This calls for concerted efforts across the globe to mitigate the challenge and make the industry sustainable.

**E. Compliance with Statutory Requirements**

The Board discharged all the relevant statutory requirements such as policies, laws, and Government directives during the period under review. These include those on public procurement, income tax, SHA, NSSF, housing levy, employment, performance contracting, data protection, strategic planning and public expenditure. The Board adhered to the relevant statutory requirements while implementing the Dairy Industry Act Cap 336.

## 10. Environmental and Sustainability Reporting

### 1.0 Sustainability strategy and profile

The Board has a comprehensive sustainability strategy focused on enhancing the competitiveness, sustainability, and resilience of the dairy industry. This strategy is articulated in the five-year Strategic Plan (2023-2027) and the Dairy Industry Sustainability Roadmap (2023 – 2033). The Strategic Plan identifies climate change and resilience of dairy enterprises as one of the strategic issues to be addressed to ensure these enterprises are profitable and are responsive and adaptive to the environment. The Sustainability Roadmap is a 10-year plan aimed at transforming the Kenyan dairy sector to be more sustainable, competitive, and low-carbon. It focuses on increasing milk production, improving farmer incomes, and enhancing the environmental sustainability of the industry. The roadmap envisions doubling milk production, increasing exports, and improving the livelihoods of small-scale dairy farmers.

### 2.0 Environmental performance

dairy industry in Kenya is an important activity that contributes approximately 4%, 12% and 44% to the national, agricultural and livestock GDPs respectively. It provides livelihood to an estimated 2 million smallholder The householders and employs 750,000 people directly and 500,000 indirectly. Globally, the dairy industry faces significant sustainability challenges, including greenhouse gas emissions, water usage, land degradation, and animal welfare concerns. These challenges are not alien to the Kenyan dairy industry, which largely depends on favourable weather for optimum production. It is therefore critical that appropriate interventions are implemented to avert negative impact on dairy production and the environment .



In line with the Board’s Strategic Plan and Dairy Industry Sustainability Roadmap, several activities were undertaken in 2024/2025 to conserve the environment. The Board plated over 47,200 trees across the country including Kaptagat Forest in Elgeyo Marakwet County (4000); Kithyululu Comprehensive School Makueni, Ulilnzi Market and Kaiti Greening Champions in Makueni County (15,000); Tarakwo Dairies in Uasin Gishu County (5,000); various schools in Nyamira County (3,200); West Pokot County (10,000) and Ganze constituency, Kilifi County (10,000). The Board partnered with Prompt Solutions of India to pilot 10 solar coolers in Uasin Gishu, Trans Nzoia and Bungoma Counties. The solar milk coolers, a technology from India, instantly chill milk at low cost. They have a chilling capacity of between 100 to 500 litres per batch and therefore designed for use at the farm or small milk collection centres. Over 80 stakeholders were also sensitized to solar powered fridges that can be used at the household level to chill milk. A baseline survey was conducted to establish implementation status of the Kenya Dairy Sustainability Roadmap (2023 – 2033).

The roadmap was developed with the support of Kenya Investment Mechanism, a project of USAID Kenya. The vision of the roadmap is to create “a prosperous and environmentally sustainable dairy industry”. It is anchored on four pillars, namely, prosperity, people, planet, and principles of governance. The goals are to produce sufficient milk to meet domestic demand and export in a competitive way; supply quality, safe and affordable milk while providing decent livelihoods for dairy actors; lower the environmental footprint of the dairy industry to support the country in meeting its Nationally Determined Contributions (NDC) target; and establish a properly governed and highly inclusive dairy industry. The baseline survey targeted milk processors handling at least twenty thousand litres of milk per day. The survey revealed that 70% of the processors regularly conduct energy audits while 65% monitor utilization of energy per kilogram of milk handled.



All the sampled processors were reported to have waste disposal systems. recycle packaging materials, treat solid effluent, and dispose of waste to licensed NEMA recyclers. The study revealed there is a progressive increase in the number of female milk suppliers in a field that is traditionally reserved for males. Participation of the youth in dairy activities was reported to be increasing. A majority of the processors were reported to provide extension services to build farmers' technical knowledge and capacity to increase productivity and production of quality and safe milk. Within the period, the Board commenced the installation of a 100 KVA solar power system. The solar system will help the Board to reduce electricity bills, lower carbon emissions and ensure uninterrupted supply of power.

**Environmental and Sustainability Reporting (continued)**

**3.0 Employee welfare**

Employee welfare is a critical component of Human Resource in any organization. The Board in 2024/2025 initiated a review of its Human Resource (HR) instruments to align with Public Service requirements and organizational needs. This is due for completion in the first quarter of 2025/2026. On staffing, the Board continued to comply with the one third gender parity rule as required by the constitution. Out of 153 employees, 64 are female (42%) and 89 are male (58%). We have 3 employees (2 male and 1 female) living with disability, representing 2% of the total workforce. This is below the recommended 5%; however, this will be addressed in future recruitments. The Board provided 13 internships and 80 attachments during the period. Programs implemented to enhance staff welfare included provision of comprehensive medical cover and personal protective equipment to compliance and laboratory staff; implementation of Occupational Safety and Health (OSHA) measures; capacity building by training of 125 staff; refurbishment of four branch offices, that is Nairobi West, Athi River, Meru and Narok; and provision of office furniture and working tools. Performance targets were timely negotiated and cascaded to all staff, with mid-term and end-year evaluation conducted.



The staff trainings covered the following areas;

<b>Training attendance</b>	<b>No. Staff</b>
1. Advanced Management Programme	1
2. Food systems on food safety and food loss	1
3. Climate change and sustainability development	1
4. Circular Economy	1
5. Public prosecution and court room skills	7
6. Food Safety in the Dairy Sector	3
7. Board Audit Committee Master Class	1
8. Financial Planning, Budgeting and Management planning	2
9. International Public Sector Accounting Standards Accrual Workshop	2
10. Economics Capacity Building Workshop	2
11. Women in Human Resource Conference	1
12. Legal Requirements in Records Management	1
13. Corporate Governance and Leadership Conference for Administrative Professionals	1
14. National Dairy Development Board Conference	3
15. Electronic Government Procurement	1
16. Senior Management Course	6
17. Record Management Standards	1
18. Sustainable Food System: Resource Efficiency, Food Loss and Food waste course	1
19. ICT Authority Connected Africa Summit training	1
20. Introduction to Organisational Change Management Learning	1
21. Transformational Leadership	1
22. Workplace Planning Succession Management training	1
23. Assessing Health, Environmental and Life Cycle Impacts	1
24. Academic programmes at PHD, Master, Bachelors and Professional courses	12
25. Sensitization of the Service Charter and Resolution of Complaints	59
26. Training on the roll-out of an end-to-end electronic GP System for the Government of Kenya	13
27. Organisational Change Management	1
<b>Total</b>	<b>126</b>

**Environmental and Sustainability Reporting (continued)**

**4.0 Market place practices**

**4.1 Responsible competition practices**

In Kenya, responsible competition practices are oversighted by the Competition Authority of Kenya (CAK), established under the Competition Act, 2010. The CAK's role is to prevent anti-competitive practices, regulate market dominance, and protect consumers. The Board partners with this agency to among others conduct market surveillance, including on imported dairy produce. With many registered dairy business operators, the Board has established mechanisms to ensure a level playing field between the different operators, while protecting the rights of consumers to access quality and safe milk and milk products. These mechanisms include registration and issuance of permits to dairy business operators and standard requirements relating to milk sales contracts, minimum guaranteed producer prices, traceability of dairy produce, and dairy produce safety among others.

**4.2 Responsible supply chain and supplier relations**

The Board complies with the Public Procurement and Asset Disposal Act , which outlines procedures for efficient public procurement and asset disposal by public entities, ensuring transparency, accountability, and cost-effectiveness. The Board ensures that procurement opportunities are open and awarded fairly and competitively. Key strategies employed to enhance relationships with suppliers include pre-qualifications, effective communication, regular supplier audits, and timely payments. The Board reserves 30% of the procurement opportunities to youth, women and persons with disabilities as per government guidelines. This target was achieved in 2024/2025.

**4.3 Product stewardship**

The Board regulates and promotes the Kenyan dairy industry, focusing on ensuring the safety and quality of milk and milk products. While the Board does not directly produce or sell products, it registers and issues operating permits to dairy business operators, develops standards, and facilitates trade to ensure the availability of safe and high-quality products. The services provided by the Board are articulated in our Citizen Service Delivery Charter which among others outlines the requirements and timelines for service provision. By regulating the dairy industry, and playing a part in developing product standards, we ensure that milk and milk products comply and are safe for consumption.

## **11. Report of the Directors**

The Directors submit their report together with Audited Financial Statements for the year ended 30 June 2025 which show the state of the Board's affairs.

### **Principal activities**

The principal activities of the Board are to organise, regulate and develop the efficient production, marketing, distribution and supply of dairy produce.

### **Results**

The results of the Board for the year ended 30 June 2025 are set out on Page 1.

### **Directors**

The members of the Board of Directors who served during the year are shown on Pages v to vii.

### **Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management (National Government) Regulations, Regulatory Entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the financial statements after the end of each financial year. In the year ended 30 June 2025, Kenya Dairy Board reported a surplus of Kshs. 98,126,469 and has made a provision of Kshs. 78,151,286 (FY2024 - Kshs. 8,273,228) as surplus remission to Consolidated fund.

### **Auditors**

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

By Order of the Board



**Dr. William Maritim**

Ag. Secretary to the Board  
Nairobi, Kenya

Date: 01/12/2025

**Kenya Dairy Board**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**12. Statement of Directors' Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and the Dairy Industry Act, Cap 336 of the Laws of Kenya requires the Directors to prepare financial statements in respect of the Board, which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of the Board for that year. The Directors are also required to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the Board. The Directors are also responsible for safeguarding the assets of the Board.

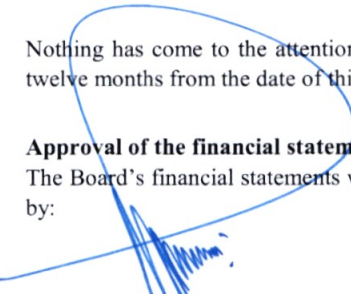
The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on 30 June 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board; (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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Dairy Industry Act, Cap 336. The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended 30 June 2025, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.


Nothing has come to the attention of the Directors to indicate that the Board 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 Board's financial statements were approved by Board of Directors on <sup>28<sup>th</sup></sup> August 2025, and signed on behalf of the Board by:

  
\_\_\_\_\_  
**Genesio Mugo**  
Chairman of the Board  
Nairobi, Kenya

Date: 01/12/25

  
\_\_\_\_\_  
**Dr. William Maritim**  
Ag. Managing Director  
Nairobi, Kenya

Date: 01/12/2025

# 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 DAIRY BOARD FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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**

#### **Opinion**

I have audited the accompanying financial statements of Kenya Dairy Board set out on pages 1 to 29 which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the

Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Dairy Board as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards ( Accrual Basis) and comply with the Dairy Industry Act, Cap 336 of the laws of Kenya and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Dairy Board 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 opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.636,494,350 and Kshs.704,279,381 respectively, resulting to over - funding of Kshs.67,785,031, or 11% of the budget. Similarly, the Board spent Kshs.655,292,186 against the actual receipts of Kshs.704,279,381, resulting to under - utilization of Kshs.48,987,195 or 7% of the actual receipts.

The under – utilization affected the implementation of planned activities and may have impacted negatively on service delivery to the public.

#### **2. Long Outstanding Legal Cases**

The Statement of Financial Performance and Note 11 to the financial statements reflects Use of goods and services amount of Kshs.31,691,110. Included in this amount is Professional and legal costs of Kshs.3,663,732. Verification of legal documents revealed the Board had two (2) ongoing court cases dating back between eleven (11) and twenty-two (22) years respectively with no judgement issued.

In the circumstances, the Board will continue to be vulnerable to risks relating to the cases.

My opinion is not modified in respect of these matters.

## **Key Audit Matters**

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

## **Other Matter**

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

Review of the progress on follow up on prior year auditor's recommendations reveal that three (3) issues were raised under Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during the audit of the Board as at 30 June, 2025 revealed that, review of Board's Performance Against Predetermined Objectives remained unresolved.

## **Other Information**

The Directors are responsible for the Other Information set out on page iii to xxxviii which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Board'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. Failure to Present Financial Statement of Staff Car Loan Scheme**

The statement of financial position and Note 21 to the financial statement reflect Other Receivables and Prepayment balance of Kshs.19,007,713. Included in this amount is current receivables of Staff Car Loan Scheme amount of Kshs.8,427,872. However, Management did not present the financial statement of the Staff Car Loan Scheme. This was contrary to the Salaries and Remuneration Commission circular No. SRC/Adm/Cir/1/13 Vol III (128) which requires entities to manage the scheme internally and have the same subjected to annual audit.

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

### **2. Non-Compliance with Fiscal Responsibility Principle on Development Expenditure**

The statement of Comparison of Budget and Actual Amounts reflects total capital budget of Kshs.9,000,000 out of a total revenue of Kshs.636,494,350 translating into Development budget of 1.4% of the total revenue which is materially below the statutory minimum of 30% as required by Section 51(2) of Public Finance Management Act,2012.

In the circumstances, Management was in breach of the law

### **3. Long Outstanding Unclaimed Deposits**

The statement of financial position and Note 21 to the financial statement reflects Other Receivables and Prepayments balance of Kshs.19,007,713. included in this amount is Deposits of Kshs.4,829,541 which include unclaimed deposit of Kshs.2,211,808 in respect to rented office spaces at Social Security House. The Kenya Dairy Board relocated to the National Dairy Laboratory Complex in New Loresho Estate, off Waiyaki Way, Upper Kabete, three years ago, yet the deposit remains unrecovered.

In the circumstances, recoverability of the rent deposit could not be confirmed

### **4. Long Outstanding Receivable from Non-Exchange Transaction**

The statement of Financial Position and Note 20(a) to the financial statement reflects receivables from non-Exchange transaction balance of KShs.106,380,489. included in this amount is provision for bad and doubtful debts and Levies, Fines and Penalties of Kshs.(53,992,719) and Kshs.160,373,208 respectively. Review of supporting documents revealed that Kshs.139,208,522 was due from New Kenya Co-operative Creameries (NKCC) out of which Kshs.46,416,787 has been provided for as bad and doubtful debts leaving a net principal outstanding amount of Kshs.92,791,735.

In the circumstances, recoverability of long outstanding receivables could not be confirmed.

## **5. Non-Compliance with the Public Procurement Capacity Building Levy Order**

Management did not provide evidence to confirm that the Board complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which provides that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. This is in addition to adherence to the Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20<sup>th</sup> day of the subsequent month and also file monthly returns.

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

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

## **REPORT ON 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. Failure to Integrate Laboratory Operations into Organization's ERP System**

Physical observation of the laboratory procedures and processes of Kenya Dairy Board revealed that Kenya Dairy Board has not integrated its laboratory operations into its existing Enterprise Resource Planning (ERP) System as its operations are manual right from the reception of samples for analysis, processing of samples and relaying of the results, thereby compromising the audit trail of laboratory outputs as way of control measure.

In the circumstances, the laboratory lacks the automation, traceability, and real-time data integrity that an ERP would provide.

## **2. Employees Being Paid Less Than One Third of the Basic Salary**

Statement of financial performance and Note 12 to the financial statement reflect employee cost amounting to Kshs.244,365,073. Audit of the entity's payroll for the year under review revealed that Fifty-Eight (58) staff members were being paid a net salary of less than a 1/3 of their basic pay.

In the circumstances, effectiveness of internal controls on payroll processing could not be confirmed

## **3. Failure to Submit the boards workplan (ALMANAC) for approval by the State Corporation Advisory Committee (SCAC)**

The statement of financial performance and Note 13 to the financial statement reflects Board expenses of Kshs.24,911,998. Review of documents related to board operations revealed that the board work plan (Almanac) for the year was not submitted to the State Corporations Advisory Committee (SCAC) for approval.

In the circumstances, Management was in breach of the law

## **4. Failure to Rotate Board Committee Sub Members Twelve Months Service**

The statement of financial performance and Note 13 to the financial statement reflects Board expenses amount of Kshs.24,911,998. Review of documents including the annual reports, board minutes and prior year financial information revealed that the Board had established four sub committees; Finance and planning committee, Human Resources and Administration Committee, Technical Licensing and Marketing Committee and Audit Committee with distinct committee members. However, the board committee members were not rotated during the year under audit as required by National Treasury Circular No.OP/CAB.9/1A of 11 March ,2020.

In the circumstances, Management was in breach of National Treasury Circular.

## **5. Under Staffing of the Entity**

The statement of financial performance and Note 12 to the financial statements reflect employee costs amount of Kshs.244,365,073. Review of the human resource records revealed that the Board had a staff establishment of two hundred and fifty-three (253) staff against one hundred and fifty- five (155) staff members in post thus resulting in an overall under establishment of ninety-eight (98) personnel. In addition, there were no substantive staff in the critical positions of Director-Standards and Enterprise Development, Principal Officer -Standards and Enterprise Development Officer, Director Internal Audit, Manager Corporation Secretary and Senior Security Officer and as such the entity lacks on critical leadership to help deliver on its mandate.

In the circumstances, the Board's Institutional capacity to deliver on its mandate is impaired.

## **6. Lack of a Corporation Secretary for Kenya Dairy Board**

The statement of financial performance and Note 13 to the financial statements reflect Board members expenses amount of Kshs.24,911,998. Review of board meeting minutes for the year under review revealed that the board did not have a secretary as Corporation Secretary, who should have been secretary to the board, has not been appointed and the role remains vacant.

The lack of a corporation secretary undermines the duties and responsibilities in guiding the Board as well as handling institutional and legal matters exposing the Institution to litigations.

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.

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

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

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

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**

**17 December, 2025**

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

	Notes	2024-2025 Kshs	2023-2024 Kshs
<b>Revenue from non-exchange transactions</b>			
Levies, fines and penalties	6	691,447,545	606,727,936
Licenses and permits	7	8,046,000	11,442,000
Transfers from the Government and other recurrent grants	8	3,707,472	39,000,000
		<b>703,201,017</b>	<b>657,169,936</b>
<b>Revenue from exchange transactions</b>			
Interest income	9	1,017,993	3,092,595
Other income	10	60,371	1,739,830
		<b>1,078,364</b>	<b>4,832,425</b>
<b>Total revenue</b>		<b>704,279,381</b>	<b>662,002,361</b>
<b>Expenses</b>			
Use of goods and services	11	31,691,110	32,673,175
Employee costs	12	244,365,073	238,976,447
Board members expenses	13	24,911,998	24,939,524
Depreciation and amortisation expense	14	39,356,726	45,111,223
Repairs and maintenance	15	15,277,968	14,562,551
General and operating expenses	16	249,554,986	296,275,462
<b>Total expenses</b>		<b>605,157,861</b>	<b>652,538,382</b>
<b>Other gains / (losses)</b>			
(Loss) / gain on sale of assets	17	(2,610)	-
Provision for bad and doubtful debts	18	(992,441)	(271,504)
<b>Surplus for the year</b>		<b>98,126,469</b>	<b>9,192,475</b>
Remission to National Treasury and Economic Planning	35	(78,151,286)	(8,273,228)
<b>Net surplus for the year</b>		<b>19,975,183</b>	<b>919,247</b>

The notes set out on pages 6 to 26 form an integral part of these Financial Statements. The Financial Statements set out on Pages 1 to 26 were signed on behalf of the Board of Directors by:



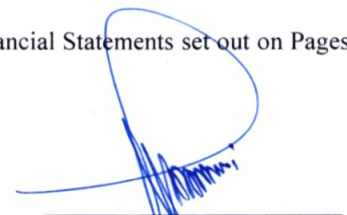
**Dr. William Maritim**  
Ag. Managing Director

Date: 01/12/2025



**CPA. Edward Nyoike**  
Finance Manager  
ICPAK Member No. 5668

Date: 01/12/2025



**Genesio Mugo**  
Chairman of the Board

Date: 01/12/2025


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

Assets	Notes	2024-2025 Kshs	2023-2024 Kshs
<b>Current assets</b>			
Cash and cash equivalents	19	150,855,160	43,515,744
Receivables from non-exchange transactions	20 (a)	106,380,489	65,027,201
Other receivables and prepayments	21	19,007,713	20,286,582
		<u>276,243,362</u>	<u>128,829,527</u>
<b>Non current assets</b>			
Property, plant and equipment	24(a)	544,020,669	541,200,803
Intangible assets	22	3,322,550	4,983,825
Leases	23	152,928,030	155,114,899
Long term receivables from non-exchange transactions	25	66,831,629	71,401,675
		<u>767,102,878</u>	<u>772,701,202</u>
<b>Total assets</b>		<b><u>1,043,346,240</u></b>	<b><u>901,530,729</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Gratuity provision	26	-	3,693,340
Trade and other payables from non-exchange transactions	27	155,889,313	84,233,387
Current provisions	28	8,845,047	5,045,862
Refundable deposits	29	64,440,060	24,532,720
		<u>229,174,420</u>	<u>117,505,309</u>
<b>Non current liabilities</b>			
Gratuity provision	26	-	-
Deferred Income	33	510,791,838	490,258,170
		<u>510,791,838</u>	<u>490,258,170</u>
<b>Net assets</b>			
Revaluation reserves	30	152,928,030	155,114,899
Accumulated surplus	31	70,570,333	59,626,908
Capital funds	32	79,881,619	79,025,443
		<u>303,379,982</u>	<u>293,767,250</u>
<b>Total net assets and liabilities</b>		<b><u>1,043,346,240</u></b>	<b><u>901,530,729</u></b>

The notes set out on pages 6 to 26 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 26 were signed on behalf of the Board of Directors by:

  
**Dr. William Maritim**  
 Ag. Managing Director

Date: 01/12/2025

  
**CPA Edward Nyoike**  
 Finance Manager  
 ICPAK Member No. 5668

Date: 01/12/2025

  
**Genesio Mugo**  
 Chairman of the Board

Date: 01/12/2025

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

Year ended 30 June 2024	Notes	Revaluation reserve Kshs	Accumulated surplus Kshs	Capital Funds Kshs	Total Kshs
<b>At 1 July 2023</b>		157,301,768	56,520,792	77,698,691	291,521,251
Surplus for the year	31	-	919,247	-	919,247
Interest earned from staff car loans scheme	32	-	-	1,326,752	1,326,752
Transfer of amortisation to accumulated surplus	31	(2,186,869)	2,186,869	-	-
<b>At 30 June 2024</b>		<b>155,114,899</b>	<b>59,626,908</b>	<b>79,025,443</b>	<b>293,767,250</b>

Year ended 30 June 2025	Notes	Revaluation reserve Kshs	Accumulated surplus Kshs	Capital Funds Kshs	Total Kshs
<b>At 1 July 2024</b>		155,114,899	59,626,908	79,025,443	293,767,250
Surplus for the year	31	-	19,975,183	-	19,975,183
Interest earned from staff car loans scheme	32	-	-	856,176	856,176
Transfer of amortisation to accumulated surplus	31	(2,186,869)	2,186,869	-	-
Prior year understatement on depreciation	31	-	(11,291,707)	-	(11,291,707)
Prior year adjustment	31	-	73,080	-	73,080
<b>At 30 June 2025</b>		<b>152,928,030</b>	<b>70,570,333</b>	<b>79,881,619</b>	<b>303,379,982</b>

The notes set out on pages 6 to 26 form an integral part of these Financial Statements.

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

		<b>2024-2025</b>	<b>Restated 2023-2024</b>
<b>Cash flows from operating activities</b>	<b>Notes</b>		
<b>Receipts</b>		<b>Kshs</b>	<b>Kshs</b>
Levies, fines and penalties	36 (c)	689,134,156	557,788,747
Licenses and permits	36 (c)	7,921,000	11,342,000
Transfers from the Government and other recurrent grants	36 (c)	24,241,140	39,000,000
Other income	36 (c)	60,371	1,739,830
<b>Total receipts</b>		<b><u>721,356,667</u></b>	<b><u>609,870,577</u></b>
<b>Payments</b>			
Use of goods and services	36 (c)	32,739,620	32,918,079
Employee costs	36 (c)	248,218,434	240,444,828
Board members expenses	36 (c)	24,911,998	24,939,524
Repairs and maintenance	36 (c)	5,037,641	16,209,332
General and operating expenses	36 (c)	260,564,647	302,515,300
Surplus remitted to National Treasury and Economic Planning	35	7,280,039	10,516,573
<b>Total payments</b>		<b><u>578,752,379</u></b>	<b><u>627,543,636</u></b>
<b>Net cash flows from/(used in) operating activities</b>		<b><u>142,604,288</u></b>	<b><u>(17,673,059)</u></b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	36 (d)	(41,943,831)	(133,486,291)
Advances issued to staff during the year	21	(2,196,938)	(1,652,910)
Advances recovered from staff during the year	21	1,800,245	1,711,045
Interest income	9	1,017,993	3,092,595
<b>Net cash flow used in investing activities</b>		<b><u>(41,322,531)</u></b>	<b><u>(130,335,561)</u></b>
<b>Cash flow from financing activities</b>			
Car loans issued during the year	25 (b)	(5,700,000)	(14,190,000)
Car loans repayments during the year	25 (b)	10,901,483	9,430,707
Interest credited on staff car loan	32	856,176	1,326,752
<b>Net cash flows generated from/(used in) financing activities</b>		<b><u>6,057,659</u></b>	<b><u>(3,432,541)</u></b>
<b>Net increase /(decrease) in cash and cash equivalents</b>		<b>107,339,416</b>	<b>(151,441,161)</b>
Cash and cash equivalents at 1 July	19	<u>43,515,744</u>	<u>194,956,905</u>
<b>Cash and cash equivalents at 30 June</b>	19	<b><u>150,855,160</u></b>	<b><u>43,515,744</u></b>

The notes set out on pages 6 to 26 form an integral part of these Financial Statements.

**18. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025**

	Original Budget	Adjustment	Final Budget	Actual	Performance
	2024-2025	2024-2025	2024-2025	Performance	difference
	Kshs	Kshs	Kshs	2024-2025	2024-2025
				Kshs	Kshs
<b>Revenue</b>					
Levies, fines and penalties - Note (a)	597,800,000	12,400,000	610,200,000	691,447,545	81,247,545
Licenses and permits - Note (b)	13,000,000	200,000	13,200,000	8,046,000	(5,154,000)
Transfers from GoK and other grants-Note (c)	-	12,494,350	12,494,350	3,707,472	(8,786,878)
Interest and other income	1,200,000	(600,000)	600,000	1,078,364	478,364
<b>Total revenue</b>	<b>612,000,000</b>	<b>24,494,350</b>	<b>636,494,350</b>	<b>704,279,381</b>	<b>67,785,031</b>
<b>Expenses</b>					
Use of goods and services	29,614,000	2,100,000	31,714,000	31,691,110	22,890
Employee costs	243,900,000	12,396,000	256,296,000	244,365,073	11,930,927
Board members expenses- Note (d)	14,214,000	8,300,000	22,514,000	24,911,998	(2,397,998)
Depreciation and amortisation expense	25,769,000	14,677,000	40,446,000	39,356,726	1,089,274
Repairs and maintenance	10,600,000	4,800,000	15,400,000	15,277,968	122,032
General and operating expenses	108,020,000	133,674,350	241,694,350	249,554,986	(7,860,636)
<b>Total expenditure</b>	<b>432,117,000</b>	<b>175,947,350</b>	<b>608,064,350</b>	<b>605,157,861</b>	<b>2,906,489</b>
<b>Surplus for the year - Note (e)</b>	<b>179,883,000</b>	<b>(151,453,000)</b>	<b>28,430,000</b>	<b>99,121,520</b>	<b>70,691,520</b>
<b>Capital Expenditure - Note (f)</b>	<b>50,000,000</b>	<b>(41,000,000)</b>	<b>9,000,000</b>	<b>50,134,325</b>	<b>(41,134,325)</b>

The National Treasury through the Circular No. 2/2024 dated 27 March 2024 required all State Corporations to rationalize their budget to not more than 70% of the approved Financial Year 2023/2024 budget. The Board received the initial approval which included Kshs. 386,833,000 in Recurrent Budget which was 62.66% of the Financial Year 2023-2024 budget and Kshs. 50,000,000 on capital Budget. However, given the impact of the rationalisation, the Board appealed to the National Treasury for Budget enhancement resulting to the approval of Kshs. 636,494,350 on revenue while the recurrent expenditure was approved to Kshs. 608,064,350 and Kshs. 9,000,000 on capital expenditure.

**Notes**

**a) Levies, fines and penalties** - The Board achieved 113% the annual budgeted revenue thus exceeding the target for the year by Kshs. 81.25 million (13.3%) as a result of continuous surveillance, favourable weather and the good farm gate prices.

**b) Licenses and permits** - The Board achieved Kshs. 8.05 million out of a target of Kshs. 13.20 Million given the reduced number of Dairy Business Operators seeking permit as importers with increase in local production.

**c) Transfers from Government and other recurrent grants** - During the year, the Board received Kshs. 24.24 Million from the International Livestock Research Institute to finance the ongoing MoreMILK2 Project. As at 30 June 2025, the Board had utilised Kshs. 3.71 Million hence the amount recognised as revenue during the year.

**d) Board members expenses** - The total expenditure under this category was Kshs. 2.40 million (10.65%) above budget due to the extra meeting held during the year as well as the extra training sessions which the Board members were required to attend.

**e) Surplus for the year** - In overall, the Board realised a surplus of Kshs. 99.12 million as a result of surpassed collection on internally generated revenue and unabsorbed expenditure of Kshs. 2,906,489.

<b>f) Reconciliation of surplus as per the Statement of Comparison of Budget and Actual Amounts and net surplus as per the Statement of Financial Performance.</b>	<b>Final Budget</b>	<b>Final Budget</b>
	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Surplus as per statement of comparison of Budget and actual amounts	99,121,520	9,463,979
Provision for bad and doubtful debts	(992,441)	(271,504)
Provision for Remission to National Treasury and Economic Planning	(78,151,286)	(8,273,228)
<b>Net surplus as per Statement of Financial Performance</b>	<b>19,977,793</b>	<b>919,247</b>

<b>f) Reconciliation of actual capital expenditure and the Budget for the year.</b>	<b>Final Budget</b>	<b>Final Budget</b>
	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Variance as per the statement of comparison of Budget and actual amounts	(41,134,325)	(44,149,448)
Amount financed through prior year budgetary allocations	45,333,345	47,921,169
<b>The variance between the Budget for the year and actual expenditure</b>	<b>4,199,020</b>	<b>3,771,721</b>

The total capital expenditure during the year was Kshs. 50,134,325 of which Kshs. 45,333,345 was in relation to the ongoing while the balance of Kshs. 4,800,980 was financed through the budgetary provision for the year.

## 19. Notes to the Financial Statements

### 1. General information

Kenya Dairy Board is established by and derives its authority and accountability from The Dairy Industry Act Cap 336. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to regulate, promote and develop Dairy Industry in Kenya.

### 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 and impaired assets at their estimated recoverable amounts. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Board. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and the Dairy Industry Act, Cap 336, 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 2025.

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 2025.

Standard	Effective date and impact
IPSAS 43: Leases	<p><b>Applicable 1st January 2025</b></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 cashflows 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> <p><i>These changes have been assessed and the Board's leased assets will be impacted upon application of this standard. The Board is in the process of assigning the standard for implementation.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1st January 2025</b></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> <p><i>The management has assessed the impacts of IPSAS 44 and at the moment, the changes have no effect on the operations of the Institution. Where the Board identifies assets for sale in future, they shall be classified separately from Property, Plant and Equipment (PPE) in the year such decision is made.</i></p>

Notes to the Financial Statements

Standard	Effective date and impact
IPSAS 45 - Property Plant and Equipment	<p><b>Applicable 1st January 2025</b></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 for example valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>The Board does not hold unique assets with cultural, environmental, historical, or artistic significance that are preserved for future generations due to their special value. Similarly, the Board does not hold infrastructure assets hence the changes have no effect on the operations of the Board.</i></p>
IPSAS 46: Measurement	<p><b>Applicable: 1st January 2025:</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i) Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii) Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii) Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>These changes have been assessed and have no effect on the operations of the Board.</i></p>
IPSAS 47- Revenue	<p><b>Applicable 1st January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The Management has assessed the impacts of IPSAS 47 and is of the opinion that the changes will not have effects on the operations of the Board since necessary disclosures about the nature, amount, timings and uncertainty of revenue and related cash flows have been made.</i></p>
IPSAS 48 - Transfer expenses	<p><b>Applicable 1st January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>These changes have been assessed and have no effect on the operations of the Board.</i></p>
IPSAS 49 - Retirement Benefit Plans	<p><b>Applicable 1st January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants.</p>

Notes to the Financial Statements

<p><b>IPSAS 49 - Retirement Benefit Plans (continued)</b></p>	<p><b>Applicable 1st January 2026</b></p> <p>The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>The management has assessed the impacts of IPSAS 49 on Retirement Benefits Plans as insignificant since the Board operates a segregated defined contributions Retirement Benefits Scheme.</i></p>
<p><b>IPSAS 50 - Exploration For &amp; Evaluation of Mineral Resources</b></p>	<p><b>Applicable 1st January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <p>(i) Limited improvements to existing accounting practices for exploration and evaluation expenditures.</p> <p>(ii) Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>(iii) Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized</p> <p><i>These changes have been assessed and have no effect on the operations of the Board.</i></p>

**(iii) Early adoption of Standards**

The Board did not early - adopt any new or amended Standards in the financial year ended 30 June 2025.

**4. Summary of significant accounting policies**

**a) Revenue recognition**

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

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

**Import levy**

Import levy was payable by any person who imports milk or any other Dairy produce at a rate of 10% of gross cost, insurance and freight (landed value) of the milk or dairy produce.

**Penalties**

Penalties are charge to any person who fails to remit the cess levies to the Board. As required by law. Penalty on levies is charged at a rate of 25% for the first of month in which the cess remain unpaid and 12% compound interest for each subsequent month.

**Licenses and permit fees**

Licensing fees is paid by licensed trader on annual basis, while permit is paid by Dairy transporters and importers. Licenses and permit fees are accounted for on accrual basis.

**Transfers from Government and other 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 Board and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Notes to the Financial Statements

**ii) Revenue from exchange transactions**

**Sale of tenders and publications**

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

**Interest income**

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

**b) Budget information**

The original budget for financial year 2024-2025 was approved by The National Treasury and Economic Planning in June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Board upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Board recorded additional appropriations to Kshs. 608,064,350 in recurrent expenditure and a downward review to Kshs. 9,000,000 in capital expenditure in the 2024-2025 budget following approval by The National Treasury and Economic Planning.

The Board's budget is prepared on same basis to the actual income and expenditure as disclosed in the financial statements with additional items relating to depreciation and amortisation expense. The budget and the financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget and it is presented in the statement of comparison of budget and actual amounts for the year.

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 expenditure for the year has been presented on Page 5 of these financial statements.

**c) Taxation**

No tax provision has been made in these financial statements since the income of Kenya Dairy Board is exempt from taxation under the First Schedule, Part 1 of the Income Tax Act.

**d) Property, plant and equipment**

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

	Rate (%)
Motor vehicles	25.00%
Office and laboratory equipment	12.50%
Furniture and fittings	12.50%
Computers and accessories	33.33%

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of financial performance. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to accumulated surplus.

**e) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Board. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Board also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

## Notes to the Financial Statements

### Summary of significant accounting policies (Continued)

An asset held under a finance lease is amortised over the useful life of the asset. However, if there is no reasonable certainty that the Board will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Board. Operating lease payments are recognized as a operating expense in the Statement of Financial Performance over the lease term.

#### f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as finite and amortisation is calculated using the straight-line method to allocate their cost or revalued amounts less their residual values over their estimated useful lives at a rate of 33.33%.

#### g) Research and Development costs

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

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

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

#### h) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Board does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### a) Financial assets

##### Classification of financial assets

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

## Notes to the Financial Statements

### Summary of significant accounting policies (Continued)

#### Subsequent measurement

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

#### Amortized cost

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

#### Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

#### Receivables

Receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

#### Fair value through surplus or deficit

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

#### Impairment

The Board assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Board recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Notes 20 and 21.

### b) Financial liabilities

#### Classification

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

#### i) Provisions

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

#### j) Contingent liabilities

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

## Notes to the Financial Statements

### Summary of significant accounting policies (Continued)

#### k) Contingent assets

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

#### l) Nature and purpose of reserves

The Board creates and maintains reserves in terms of accumulated surplus, revaluation reserves and capital funds.

#### m) Changes in accounting policies and estimates

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

#### n) Employee benefits

##### Retirement benefit plans

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

#### o) Foreign currency transactions

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

#### p) Related parties

The Board regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Board, or vice versa. Members of key management are regarded as related parties and comprise the Directors, the Managing Director and Senior Managers. Other related parties include the State Department for Livestock Development and the New Kenya Cooperative Creameries Limited.

#### q) Cash and cash equivalents

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

#### r) Comparative figures

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

#### s) 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 30 June 2025.

Notes to the Financial Statements

Summary of significant accounting policies (Continued)

5. Significant judgements and sources of estimation uncertainty

The preparation of the Board'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.

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 Board based its assumptions and estimates on parameters available when the 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 Board. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Notes 20 and 21 for provisions on doubtful debts and Notes 26 and 28 for provisions on payables.

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. The Board maintains provision for bad and doubtful debts, gratuity provision, accrued leave provision and provision for audit fee. Provision for bad and doubtful debts are made when a receivable or the debtor is experiencing significant financial difficulty, in case of default or delinquency in interest and penalties payments and the probability that the debtor will enter bankruptcy or other financial reorganization.

6. Levies, fines and penalties	2024-2025	2023-2024
	Kshs	Kshs
Consumer Safety Levy	571,603,093	481,813,353
Import levy	115,908,470	119,947,253
Penalties	3,935,982	4,967,330
	<u>691,447,545</u>	<u>606,727,936</u>
7. Licenses and permits	2024-2025	2023-2024
	Kshs	Kshs
Licenses and permits application fees	196,000	204,000
Movement permits	6,400,000	9,882,000
Premise licenses	1,450,000	1,356,000
	<u>8,046,000</u>	<u>11,442,000</u>
8. Transfers from the Government and other recurrent grants	2024-2025	2023-2024
(a) Unconditional grants	Kshs	Kshs
Operational grants from Government of Kenya	-	39,000,000
	<u>-</u>	<u>39,000,000</u>
Conditional grants		
Grants from International Livestock Research Institute (ILRI)	3,707,472	-
	<u>3,707,472</u>	<u>-</u>
Total transfers from the Government and others	<u>3,707,472</u>	<u>39,000,000</u>

Notes to the Financial Statements

(b) Amount recognised to statement of financial performance	2024-2025 Kshs	2023-2024 Kshs
Recurrent transfers from State Department for Livestock Development	-	39,000,000
Other organisational grants	3,707,472	-
	<b>3,707,472</b>	<b>39,000,000</b>

<b>(c) Transfers from Ministries, Departments and Agencies</b>					
Name of the Entity sending the Grants	Amount recognised to statement of Financial Performance Kshs	Amount deferred under Deferred Income Kshs	Amount recognised in the Capital Fund Kshs	Total Transfers 2024-2025 Kshs	Prior year 2023-2024 Kshs
State Department for Livestock Development	-	-	-	-	9,750,000
State Department for Livestock Development	-	-	-	-	9,750,000
State Department for Livestock Development	-	-	-	-	9,750,000
State Department for Livestock Development	-	-	-	-	9,750,000
<b>Total</b>	-	-	-	-	<b>39,000,000</b>

9. Interest income	2024-2025 Kshs	2023-2024 Kshs
Interest on bank deposits	1,017,993	3,092,595
	<b>1,017,993</b>	<b>3,092,595</b>

10. Other income	2024-2025 Kshs	2023-2024 Kshs
Miscellaneous income	60,371	1,739,830
	<b>60,371</b>	<b>1,739,830</b>

11. Use of Goods and Services	2024-2025 Kshs	2023-2024 Kshs
Printing and stationery expenses	4,671,915	4,894,210
Electricity and water expenses	3,988,194	6,052,180
Postage and courier expenses	1,018,406	1,097,222
Bank service charges	466,246	1,001,430
Professional and legal fees	3,663,732	1,265,265
Audit fees	754,000	754,000
Telephone and internet services	8,449,699	9,254,694
Uniform and clothing expenses	517,400	1,179,160
Contracted security and cleaning services	8,161,518	7,175,014
	<b>31,691,110</b>	<b>32,673,175</b>

12. Employees costs	2024-2025 Kshs	2023-2024 Kshs
Personnel basic salaries	120,263,485	117,493,170
Gratuity and pension contribution	28,580,139	25,550,359
House allowances	39,551,962	39,452,350
Transport and commuter allowance	21,427,000	21,346,000
Acting and responsibility allowances	607,374	797,899
Entertainment allowance	9,072,000	9,120,000
Extraneous allowance	10,915,000	10,648,000
Relocation and leave allowance	10,587,804	11,872,790
Employer contribution to Housing Levy	3,360,309	2,695,879
	<b>244,365,073</b>	<b>238,976,447</b>

The Board makes defined contribution to a Pension Scheme administered by Kenindia Assurance Limited and the National Social Security Fund (NSSF). The contributions to the Pension Scheme are at a rate of 10% of basic salary by employees and employer 20% while obligation under the NSSF is limited to specific contributions as legislated from time to time. The Board also provides for gratuity to contracted staff at a rate of 31% of the basic salary payable at the end of the contract period. The contributions and provision made during the year were as follows;

Notes to the Financial Statements

12. Employees costs... continued

<b>Gratuity and pension contribution</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
NSSF Employer contributions	5,283,449	2,935,682
Employer pension contributions	21,696,480	20,817,917
Gratuity provision for contracted staff	1,600,210	1,796,760
	<b>28,580,139</b>	<b>25,550,359</b>

13. Board members expenses

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Mileage allowances	6,364,031	4,687,585
Travel and accommodation allowances	9,282,800	9,878,045
Lunch allowance	536,000	664,000
Sitting allowances	6,900,000	7,840,000
Chairperson's monthly allowance	1,044,000	1,044,000
Directors' Medical insurance	785,167	825,894
	<b>24,911,998</b>	<b>24,939,524</b>

14. Depreciation and amortisation expenses

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Depreciation of plant, property and equipment	35,508,582	37,909,145
Amortisation of intangible assets	1,661,275	5,015,209
Amortisation of operating leases	2,186,869	2,186,869
	<b>39,356,726</b>	<b>45,111,223</b>

15. Repairs and maintenance

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Maintenance of plant and equipment	2,619,291	3,747,984
Maintenance of Offices	4,851,332	5,021,426
Information technology services	7,807,345	5,793,141
	<b>15,277,968</b>	<b>14,562,551</b>

16. General and Operating expenses

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Training expenses	8,869,937	19,653,604
Staff medical insurance expenses	23,307,242	24,749,919
Motor vehicle and general insurance	5,200,671	4,414,269
Staff welfare	11,912,932	27,888,334
Advertising and publicity	3,885,226	4,442,683
Rent and rates	7,860,847	7,154,540
Donations and environmental conservation	2,186,723	5,128,055
Motor vehicle running expenses	21,502,710	22,466,717
Show expenses	1,715,903	7,737,959
Travel and accommodation expenses	42,495,641	44,949,676
Laboratory expenses	10,191,027	12,202,801
Control of informal milk marketing and consumer education	51,809,844	54,758,251
Conference, exhibitions and training of stakeholders	15,859,729	32,458,614
Marketing and Benchmarking	3,188,510	4,729,550
Promotion of milk consumption	24,600,126	1,618,070
Product value addition	1,525,143	2,993,496
Organisation of stakeholders	1,970,278	4,826,160
Research and Dairy development	5,294,129	3,960,961
Policy and strengthening of regulatory framework	6,178,368	10,141,803
	<b>249,554,986</b>	<b>296,275,462</b>

17. Gain on sale of Assets

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
(Loss) / gain on disposal of property, plant and equipment	(2,610)	-

Notes to the Financial Statements

<b>18. Provision for bad and doubtful debts</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Provision for bad and doubtful debts	992,441	271,504

<b>19. Cash and cash equivalents</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Current accounts	144,449,728	28,538,053
On-call deposits	5,546,690	5,549,406
Other balances	858,742	9,428,285
	<b>150,855,160</b>	<b>43,515,744</b>

19. Cash and cash equivalents

**Detailed analysis of the cash and cash equivalents**

Financial Institution	Account Number	2024-2025 Kshs	2023-2024 Kshs
<b>(a) Current accounts</b>			
Co-operative Bank of Kenya Limited	01136010006600	46,608,867	1,980,481
KCB Bank Kenya Limited	1103250906	73,407,348	26,362,979
National Bank of Kenya Limited	01003002830700	24,433,513	194,593
<b>Sub-total</b>		<b>144,449,728</b>	<b>28,538,053</b>
<b>(b) On - call deposits</b>			
KCB Bank Kenya Limited	1102653993	5,546,690	5,549,406
<b>(c) Other balances</b>			
E-Citizen Pesa Flow Account		858,742	9,428,285
<b>Sub-total</b>		<b>858,742</b>	<b>9,428,285</b>
<b>Total cash and cash equivalents</b>		<b>150,855,160</b>	<b>43,515,744</b>

<b>20. (a) Receivables from non - exchange transactions</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Receivables from non-exchange transactions comprises of the following:-		
Levies, fines and penalties receivable	160,373,208	118,027,479
Provision for bad and doubtful debts	(53,992,719)	(53,000,278)
	<b>106,380,489</b>	<b>65,027,201</b>

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

Duration	2024-2025 Kshs	% of the total	2023-2024 Kshs	% of the total
Less than 1 year	48,138,136	30%	43,104,306	37%
Between 1-2 years	38,792,154	24%	21,922,895	19%
Over 3 years	73,442,918	46%	53,000,278	45%
<b>Total</b>	<b>160,373,208</b>	<b>100%</b>	<b>118,027,479</b>	<b>100%</b>

**(c) Reconciliation for Impairment Allowance on Receivables from non-exchange transactions**

<b>Provision for bad and doubtful debts</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
At the beginning of the year	53,000,278	52,728,774
Additional provisions during the year	992,441	554,299
Recovered during the year	-	(282,795)
<b>At the end of the year</b>	<b>53,992,719</b>	<b>53,000,278</b>

<b>21. Other receivables and prepayments</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Staff Car Loan Scheme - Current portion	8,427,872	9,059,309
Deposits	4,829,541	4,829,541
Staff salary advances	2,229,483	1,932,547
Ex- Staff receivables	400,782	400,782
Provision for bad and doubtful debts	(400,782)	(400,782)
Prepayments	3,520,817	4,465,185
	<b>19,007,713</b>	<b>20,286,582</b>

Provision for bad and doubtful debts has been made for ex-staff receivables who owes the Board but have since left the service.

Notes to the Financial Statements

<b>22. Intangible assets</b>	<b>2024-2025</b>	<b>2023-2024</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>
At 1 July	42,007,538	42,007,538
Additions during the year	-	-
At 30 June	<u>42,007,538</u>	<u>42,007,538</u>
<b>Amortisation</b>		
At 1 July	37,023,713	32,008,504
Charge for the year	1,661,275	5,015,209
At 30 June	<u>38,684,988</u>	<u>37,023,713</u>
<b>Net book value</b>		
At 30 June	<u><u>3,322,550</u></u>	<u><u>4,983,825</u></u>

Intangible Assets consist of computer software licences costs and website development costs. They are amortised on the straight-line method to write them off over their expected useful life at the rate of 33.33% per annum.

<b>23. Leases</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance brought forward	216,500,000	216,500,000
At 30 June	<u>216,500,000</u>	<u>216,500,000</u>
<b>Amortisation</b>		
At 1 July	61,385,101	59,198,232
Charge for the year	2,186,869	2,186,869
At 30 June	<u>63,571,970</u>	<u>61,385,101</u>
<b>Net book value</b>		
At 30 June	<u><u>152,928,030</u></u>	<u><u>155,114,899</u></u>

Leases relate to Land L.R. No. 21707 in Kabete Area, Nairobi County valued at Kshs. 215,000,000 and Plot No. 205 situated in Narok Town valued at Kshs. 1,500,000. The two parcels of land were revalued to Kshs. 216,500,000 by Chief Government Valuer, Ministry of Lands, Housing and Urban Development in the reports dated February 2015.

The lease for Kabete land runs for a period of 99 years from 1 April 1996 while the lease for Narok Plot runs for a period of 99 years from 1 April 2022. The value for both properties is amortised with effect from 1 April 1996 and 1 April 2022 respectively over 99 years being the period for the two leases.

**24 (a) Property, plant and equipment**

<b>Year ended 30 June 2024</b>	<b>Capital Work in progress</b>	<b>Motor vehicles</b>	<b>Furniture and fitting</b>	<b>Computers and accessories</b>	<b>Office and lab equipment</b>	<b>Total assets</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
As at 1 July 2023	390,895,366	138,303,290	25,352,822	71,445,383	122,703,319	<b>748,700,180</b>
Additions during the year	47,921,169	-	11,132,269	7,917,392	7,738,618	<b>74,709,448</b>
Prior year adjustment	(5,675,177)	-	-	-	-	<b>(5,675,177)</b>
As at 30 June 2024	<u>433,141,358</u>	<u>138,303,290</u>	<u>36,485,091</u>	<u>79,362,775</u>	<u>130,441,937</u>	<u><b>817,734,451</b></u>
<b>Depreciation and impairment</b>						
As at 1 July 2023	-	113,222,316	18,509,462	60,527,635	46,365,090	<b>238,624,503</b>
Additions during the year	-	10,908,063	3,006,493	8,496,332	15,498,257	<b>37,909,145</b>
As at 30 June 2024	<u>-</u>	<u>124,130,379</u>	<u>21,515,955</u>	<u>69,023,967</u>	<u>61,863,347</u>	<u><b>276,533,648</b></u>
<b>Net Book Value</b>						
As at 30 June 2024	<u><u>433,141,358</u></u>	<u><u>14,172,911</u></u>	<u><u>14,969,136</u></u>	<u><u>10,338,808</u></u>	<u><u>68,578,590</u></u>	<u><u>541,200,803</u></u>

Notes to the Financial Statements

24 (a) Property, plant and equipment... continued

<u>Year ended 30 June 2025</u>	<u>Capital Work in progress</u>	<u>Motor vehicles</u>	<u>Furniture and fitting</u>	<u>Computers and accessories</u>	<u>Office and lab equipment</u>	<u>Total assets</u>
<u>Cost</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
As at 1 July 2024	433,141,358	138,303,290	36,485,091	79,362,775	130,441,937	817,734,451
Additions during the year	30,584,146	-	2,100,715	1,894,111	15,555,353	50,134,325
Reclassified during the year	(17,195,034)	-	-	5,388,379	11,806,655	-
Prior year adjustment	-	-	-	-	(584,640)	(584,640)
Disposals during the year	-	-	(1,713,893)	(26,980,351)	(4,464,412)	(33,158,656)
<b>As at 30 June 2025</b>	<b>446,530,470</b>	<b>138,303,290</b>	<b>36,871,913</b>	<b>59,664,914</b>	<b>152,754,893</b>	<b>834,125,480</b>
<b>Depreciation and impairment</b>						
As at 1 July 2024	-	124,130,379	21,515,955	69,023,967	61,863,347	276,533,648
Charge for the year	-	8,909,262	2,810,831	6,586,496	17,201,993	35,508,582
Prior years understatement	-	-	-	5,388,379	5,903,328	11,291,707
Prior year adjustment	-	-	-	-	(73,080)	(73,080)
Disposals during the year	-	-	(1,711,283)	(26,980,351)	(4,464,412)	(33,156,046)
<b>As at 30 June 2025</b>	<b>-</b>	<b>133,039,641</b>	<b>22,615,503</b>	<b>54,018,491</b>	<b>80,431,176</b>	<b>290,104,811</b>
<b>Net Book Value</b>						
<b>As at 30 June 2025</b>	<b>446,530,470</b>	<b>5,263,649</b>	<b>14,256,410</b>	<b>5,646,423</b>	<b>72,323,717</b>	<b>544,020,669</b>

Capital work in progress refers to the ongoing development of the National Dairy Laboratory Complex at Upper Kabete, Nairobi. Prior year adjustment under the Office and Laboratory Equipment relates to the reversal of Kshs. 584,640 on overstatement on specific assets and the related depreciation of Kshs. 73,080 charged in the year ended 30 June 2024.

(b) Property, plant and equipment

If the property, plant and equipment were stated on the historical cost basis the amounts would be as follows;

<u>Property, plant and equipment</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net Book Value</u>
	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
Capital work in progress	446,530,470	-	446,530,470
Motor vehicles	138,303,290	133,039,641	5,263,649
Furniture and fittings	36,871,913	22,615,503	14,256,410
Computers and accessories	59,664,914	54,018,491	5,646,423
Office and laboratory equipment	152,754,893	80,431,176	72,323,717
<b>Total</b>	<b>834,125,480</b>	<b>290,104,811</b>	<b>544,020,669</b>

Property, plant and equipment includes the following assets that are fully depreciated;

<u>Property, plant and equipment</u>	<u>Cost or valuation</u>	<u>Normal annual depreciation</u>
	<u>Kshs</u>	<u>Kshs</u>
Motor vehicles	102,666,240	-
Furniture and fittings	13,489,709	-
Computers and accessories	38,175,671	-
Office and laboratory equipment	2,841,047	-
<b>Total</b>	<b>157,172,667</b>	<b>-</b>

25. (a) Long term receivables from non-exchange transactions

	<u>2024-2025</u>	<u>2023-2024</u>
	<u>Kshs</u>	<u>Kshs</u>
Staff Car Loan Scheme - Non current portion	14,796,494	19,366,540
Staff Housing Mortgage Scheme	52,035,135	52,035,135
	<b>66,831,629</b>	<b>71,401,675</b>

Notes to the Financial Statements

25. (b) Movement in Staff Car Loan Scheme

Staff Car Loan balances	2024-2025 Kshs	2023-2024 Kshs
At the beginning of the year	28,425,849	23,666,556
Car loans advanced during the year	5,700,000	14,190,000
Car loans recoveries during the year	(10,901,483)	(9,430,707)
<b>At the end of the year</b>	<b>23,224,366</b>	<b>28,425,849</b>
Staff Car Loan Scheme - Current portion	8,427,872	9,059,309
Staff Car Loan Scheme - Non current portion	14,796,494	19,366,540
<b>Total</b>	<b>23,224,366</b>	<b>28,425,849</b>

26. Gratuity provision

	2024-2025 Kshs	2023-2024 Kshs
Balance at 1 July	3,693,340	1,970,922
Provision for the year	1,600,210	1,796,760
Payment during the year	(5,293,550)	(74,342)
Balance at 30 June	-	<b>3,693,340</b>

Gratuity provision are payable as follows;

	2024-2025 Kshs	2023-2024 Kshs
Within one year	-	3,693,340
Payable after one year	-	-
	-	<b>3,693,340</b>

27. Trade and other payables from non-exchange transactions

	2024-2025 Kshs	2023-2024 Kshs
Payables from non exchange transactions	66,732,614	61,784,548
Payroll liabilities	10,228,140	10,127,886
Withheld Taxes	777,273	4,909,987
Remission to National Treasury & Economic Planning	78,151,286	7,280,039
Refundable deductions on Car loans and advances	-	130,927
	<b>155,889,313</b>	<b>84,233,387</b>

Ageing analysis for Payables from non exchange transactions

Duration	2024-2025 Kshs	% of the total	2023-2024 Kshs	% of the total
Less than 1 year	60,763,864	91%	40,446,749	65%
Between 1-2 years	5,787,050	9%	12,275,918	20%
Over 3 years	181,700	0%	9,061,881	15%
<b>Total</b>	<b>66,732,614</b>	<b>100%</b>	<b>61,784,548</b>	<b>100%</b>

28. Current provisions

	2024-2025 Kshs	2023-2024 Kshs
Leave provision	5,451,047	4,291,862
Audit fees	754,000	754,000
Court Award	2,640,000	-
	<b>8,845,047</b>	<b>5,045,862</b>

The movement of provision during the year was as follows;

	Leave Kshs	Audit fees Kshs	Court Award Kshs	Total Kshs
Balance at the beginning of the year	4,291,862	754,000	-	5,045,862
Payment during the year	-	(754,000)	-	(754,000)
Transfer from Payables	-	-	2,640,000	2,640,000
Additional provision during the year	1,159,185	754,000	-	1,913,185
<b>Balance at the end of the year</b>	<b>5,451,047</b>	<b>754,000</b>	<b>2,640,000</b>	<b>8,845,047</b>

Notes to the Financial Statements

29. Refundable deposits	2024-2025	2023-2024
	Kshs	Kshs
Payments received in advance	64,440,060	24,532,720
	<b>64,440,060</b>	<b>24,532,720</b>

**Ageing analysis for Refundable deposits**

Duration	2024-2025	% of the total	2023-2024	% of the total
	Kshs		Kshs	
Less than 1 year	64,440,060	100%	22,226,024	91%
Between 1-2 years	-	0%	2,306,696	9%
Over 3 years	-	0%	-	0%
<b>Total</b>	<b>64,440,060</b>	<b>100%</b>	<b>24,532,720</b>	<b>100%</b>

30. Revaluation reserves	2024-2025	2023-2024
	Kshs	Kshs
At start of year	155,114,899	157,301,768
Transfer of excess depreciation on revaluation	(2,186,869)	(2,186,869)
	<b>152,928,030</b>	<b>155,114,899</b>

Revaluation reserve is as a result of valuation of land received from the Government of Kenya as grant. The two parcels of land were revalued to Kshs. 216,500,000 by Chief Government Valuer, Ministry of Lands, Housing and Urban Development in the reports dated February 2015.

31. Accumulated surplus	2024-2025	2023-2024
	Kshs	Kshs
This comprises of accumulated surplus over the years.		
At start of the year	59,626,908	56,520,792
Prior year adjustment	73,080	-
Prior year understatement on depreciation	(11,291,707)	-
Surplus for the year	19,975,183	919,247
Transfer of amortisation from revaluation reserves to accumulated surplus	2,186,869	2,186,869
	<b>70,570,333</b>	<b>59,626,908</b>

Prior year adjustment relates to the reversal of Kshs. 584,640 on overstatement on specific assets under Office and Laboratory equipment and the related depreciation of Kshs. 73,080 charged in the year ended 30 June 2024.

32. Capital Funds	2024-2025	2023-2024
	Kshs	Kshs
Staff Car Loan Scheme	27,846,484	26,990,308
Staff Housing Mortgage Scheme	52,035,135	52,035,135
	<b>79,881,619</b>	<b>79,025,443</b>

The Capital Funds movement during the year was as follows;	Staff Housing	Staff Car	Total
	Mortgage	Loan Scheme	Kshs
	Kshs	Kshs	
Balance brought forward	52,035,135	26,990,308	79,025,443
Interest earned during the year	-	856,176	856,176
<b>Balance carried forward</b>	<b>52,035,135</b>	<b>27,846,484</b>	<b>79,881,619</b>

33. Deferred Income	2024-2025	2023-2024
	Kshs	Kshs
National Government	490,258,170	490,258,170
International Funders	20,533,668	-
	<b>510,791,838</b>	<b>490,258,170</b>

Notes to the Financial Statements

33. Deferred Income

The deferred income movement during the year was as follows;	National Government Kshs	International Funders Kshs	Total Kshs
Balance brought forward	490,258,170	-	490,258,170
Received during the year	-	24,241,140	24,241,140
Recognised in the statement of financial performance	-	(3,707,472)	(3,707,472)
<b>Balance carried forward</b>	<b>490,258,170</b>	<b>20,533,668</b>	<b>510,791,838</b>

34. Employee Benefit Obligations

Description	Defined Contribution Plan Kshs	Post-employment benefits Kshs	Other Benefits Kshs	2024-2025 Kshs	2023-2024 Kshs
Current Benefit Obligation - NSSF	1,145,320	-	-	1,145,320	691,212
Current Benefit Obligation - Defined Benefits	2,724,848	-	-	2,724,848	2,655,679
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total Employee Benefits Obligation</b>	<b>3,870,168</b>	<b>-</b>	<b>-</b>	<b>3,870,168</b>	<b>3,346,891</b>

The Board contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Board's obligation under the scheme is limited to specific contributions as legislated from time to time. Other than NSSF, the Board has a defined contribution scheme operated by Kenindia Assurance Limited. Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

35. Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into the Consolidated Fund, ninety per centum of its surplus funds reported in the financial statements after the end of each financial year. In line with this legal requirement, the Board has made a provision to remit Kshs. 78,151,286 (Financial Year 2024: Kshs. 8,273,228) to the National Treasury and Economic Planning.

The surplus Remission has been computed as follows;	2024-2025 Kshs	2023-2024 Kshs
Surplus for the period	98,126,469	9,192,475
Less: Prior year understatement on depreciation	(11,291,707)	-
<b>Adjusted surplus for the year</b>	<b>86,834,762</b>	<b>9,192,475</b>
<b>90% computation (Included in Statement of Financial Performance)</b>	<b>78,151,286</b>	<b>8,273,228</b>

Surplus payable to the National Treasury	2024-2025 Kshs	2023-2024 Kshs
Payable at the beginning of the year	7,280,039	9,523,384
Provision for the year	78,151,286	8,273,228
Paid during the year	(7,280,039)	(10,516,573)
<b>Payable at the end of the year</b>	<b>78,151,286</b>	<b>7,280,039</b>

36. (a) Restatement of the year 2023-2024 comparatives on the Statement of Cash flows

During the year ended 30 June 2025, the Board changed the format of presentation of the Statement of Cash flows from Indirect Method to Direct Method. The comparative figures for the financial year ended 30 June 2024 on the Statement of Cash flows have been restated or reconfigured to conform to the required changes in presentation. However, the adoption of the direct method of presentation did not have an effect on the cash and cash equivalent as at the end of the financial year.

Notes to the Financial Statements

(b) Cash generated from operations	2024-2025	2023-2024
	Kshs	Kshs
Surplus from operating activities	19,975,183	919,247
Add back: Depreciation	35,508,582	37,909,145
Amortisation of intangible assets	1,661,275	5,015,209
Amortisation of finance leases	2,186,869	2,186,869
Loss on disposal of non current assets	2,610	-
Interest income	(1,017,993)	(3,092,595)
	<u>58,316,526</u>	<u>42,937,875</u>
Adjustment for changes in working capital		
Increase in receivables from non-exchange transactions	(40,705,856)	(42,418,618)
Increase in other receivables and prepayments	1,278,869	(248,719)
Increase in trade and other payables from non-exchange transactions	71,655,926	(24,381,558)
Increase in provisions	105,845	2,621,328
Decrease in refundable deposits	39,907,340	(6,349,067)
Increase in deferred income	20,533,668	-
	<u>92,775,792</u>	<u>(70,776,634)</u>
<b>Net cash flow generated from /(used in) operating activities</b>	<u><b>151,092,318</b></u>	<u><b>(27,838,759)</b></u>

(c) Reconciliation between Statement of Cashflows and the Statement of Financial Performance

Revenue and expenditure	Net payables/ Receivables brought forward Kshs	Carrying amount in the Statement of financial performance Kshs	Net payables/ Receivables/ prepayments carried forward Kshs	2024-2025 Kshs Balance per Statement of cash flows Kshs	2023-2024 Kshs Balance per Statement of cash flows Kshs
<b>Revenue from non-exchange transactions</b>					
Levies, fines and penalties	93,244,759	691,447,545	95,558,148	689,134,156	557,788,747
Licenses and permits	250,000	8,046,000	375,000	7,921,000	11,342,000
Government and other recurrent grants	-	3,707,472	20,533,668	24,241,140	39,000,000
	<b>93,494,759</b>	<b>703,201,017</b>	<b>116,466,816</b>	<b>721,296,296</b>	<b>608,130,747</b>
<b>Revenue from exchange transactions</b>					
Other income	-	60,371	-	60,371	1,739,830
	-	<b>60,371</b>	-	<b>60,371</b>	<b>1,739,830</b>
<b>Total revenue</b>	<b>93,494,759</b>	<b>703,261,388</b>	<b>116,466,816</b>	<b>721,356,667</b>	<b>609,870,577</b>
<b>Expenses</b>					
Use of goods and services	7,960,482	31,691,110	6,911,972	32,739,620	32,918,079
Employee costs	12,922,316	244,365,073	9,068,955	248,218,434	240,444,828
Board members expenses	-	24,911,998	-	24,911,998	24,939,524
Repairs and maintenance	4,943,707	15,277,968	15,184,034	5,037,641	16,209,332
General and operating expenses	24,202,105	249,554,986	13,192,444	260,564,647	302,515,300
Surplus remitted to National Treasury	7,280,039	78,151,286	78,151,286	7,280,039	10,516,573
<b>Total expenses</b>	<b>57,308,649</b>	<b>643,952,421</b>	<b>122,508,691</b>	<b>578,752,379</b>	<b>627,543,636</b>

(d) Reconciliation between Statement of Cashflows and the Statement of Financial Position

Addition on the Property, Plant and Equipment during the year	Payables brought forward Kshs	Carrying amount in the Statement of financial performance Kshs	Payables carried forward Kshs	2024-2025 Kshs Balance per Statement of cash flows Kshs	2023-2024 Kshs Balance per Statement of cash flows Kshs
Additions during the year (Note 24)	(24,952,605)	50,134,325	(33,143,099)	41,943,831	133,486,291

Notes to the Financial Statements

**37. Financial Risk Management**

The Board's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Board's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Board does not hedge any risks and has in place policies to ensure that timely recovery of debts. The Board's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The Board has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with set limits. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Board's management based on prior experience and their assessment of the current economic environment.

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

Financial assets	Total amount	Fully Performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2025</b>				
Receivables from non-exchange transactions	160,373,208	106,380,489	53,992,719	53,992,719
Other receivables and prepayments	19,408,495	19,007,713	400,782	400,782
Cash and cash equivalents	150,855,160	150,855,160	-	-
<b>Total</b>	<b>330,636,863</b>	<b>276,243,362</b>	<b>54,393,501</b>	<b>54,393,501</b>
<b>At 30 June 2024</b>				
Receivables from non-exchange transactions	118,027,479	65,027,201	53,000,278	53,000,278
Other receivables and prepayments	20,687,364	20,286,582	400,782	400,782
Cash and cash equivalents	43,515,744	43,515,744	-	-
<b>Total</b>	<b>182,230,587</b>	<b>128,829,527</b>	<b>53,401,060</b>	<b>53,401,060</b>

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 Board has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Board has a significant concentration of credit risk on amounts due from New Kenya Co-operative Creameries Limited considering that the entity is wholly owned by the Government as well as Lari Dairy Alliance and Countryside Dairy Limited which are under receivership.

The Board of Directors sets the Board's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

The table below represents cash flows payable by the Board under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the Financial Statements

37. Financial risk management.... continued

Payables	Less than 1 month	Between 1-3 months	Over 5 months	Total
At 30 June 2025	Kshs	Kshs	Kshs	Kshs
Trade and other payables	155,889,313	-	-	155,889,313
Gratuity provision	-	-	-	-
Current provisions	8,845,047	-	-	8,845,047
Deferred Income	-	20,533,668	490,258,170	510,791,838
Refundable deposits	64,440,060	-	-	64,440,060
<b>Total</b>	<b>229,174,420</b>	<b>20,533,668</b>	<b>490,258,170</b>	<b>739,966,258</b>

Payables	Less than 1 month	Between 1-3 months	Over 5 months	Total
At 30 June 2024	Kshs	Kshs	Kshs	Kshs
Trade and other payables	84,233,387	-	-	84,233,387
Gratuity provision	-	-	3,693,340	3,693,340
Current provisions	5,045,862	-	-	5,045,862
Deferred Income	-	-	490,258,170	490,258,170
Refundable deposits	24,532,720	-	-	24,532,720
<b>Total</b>	<b>113,811,969</b>	<b>-</b>	<b>493,951,510</b>	<b>607,763,479</b>

(iii) Market risk

Kenya Dairy Board has put in place an internal audit function to assist it in assessing the risk faced by the Board 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 Board'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 Committee.

The Board's Finance & Accounting Department is responsible for the development of detailed risk management policies (subject to review and approval by Board of Directors) and for the day to day implementation of those policies.

There has been no change to the Board's exposure to market risks or the manner in which it manages and measures the risk.

(a) Foreign currency risk

The Board has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Board 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. However, the Board did not have any outstanding invoice denominated in foreign currency as at 30 June 2025.

(b) Interest rate risk

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

*Management of interest rate risk*

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

*Sensitivity analysis*

The Board analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on surplus or deficit of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Notes to the Financial Statements

37. Financial risk management.... continued

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates decrease by one percentage point would cause a decrease in the surplus from Kshs. 98,126,469 to Kshs. 97,937,952. A rate decrease of 5% would result in a decrease in the surplus from Kshs. 98,126,469 to Kshs. 97,108,476

**Capital risk management**

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

	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserves	152,928,030	155,114,899
Accumulated surplus	70,570,333	59,626,908
Capital funds	79,881,619	79,025,443
Deferred Income	510,791,838	490,258,170
<b>Total funds</b>	<b>814,171,820</b>	<b>784,025,420</b>
Less: Cash and bank balances	(150,855,160)	(43,515,744)
<b>Net Shareholder equity</b>	<b>663,316,660</b>	<b>740,509,676</b>
<b>Gearing</b>	<b>81.5%</b>	<b>94.4%</b>

38. Related Party Balances

**Nature of related party relationship**

Entities and other parties related to Kenya Dairy Board 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. Similarly, the Government of Kenya is the principal shareholder of the Board, holding 100% of the Board's equity interest.

- i) Ministry of Agriculture & Livestock Development
- ii) New Kenya Co-operative Creameries Limited
- iii) Board of Directors
- iv) Key Management

<b>(a) Related party transactions</b>	<b>2024-2025</b>	<b>2023-2024</b>
	Kshs	Kshs
Revenue received from New Kenya Co-operative Creameries Limited	42,464,065	41,601,839
Car loans and advances granted to Key management	912,000	5,931,545
<b>(b) Grants from Government</b>		
Grants received from Government of Kenya	-	39,000,000
<b>(c) Key management compensation</b>	<b>2024-2025</b>	<b>2023-2024</b>
	Kshs	Kshs
Allowances paid to Board Members	24,911,998	24,939,524
Compensation to Managing Director	12,083,850	7,976,590
Compensation to Key management	25,717,913	25,282,188
<b>(d) Due from related parties</b>	<b>2024-2025</b>	<b>2023-2024</b>
	Kshs	Kshs
Due from New Kenya Co-operative Creameries Limited	139,208,522	97,094,707
Car loans and advances due from Key management	6,034,197	9,744,554
Staff Housing Mortgage Loans due from Key management	18,455,920	17,954,163

**Notes to the Financial Statements**

<b>39. Contingent liabilities</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Court case No. HCCC No. 763 of 2003 - Dairycom (K) Limited	-	2,640,000
Meru ELRC. No. 5 Eunice Nyaga Vs Kenya Dairy Board	-	785,153
CMCC No. 992 of 2014 Thika: Esther Mumbi Kamunu Vs Aganyo Evans and 2 others	-	-
	<u>-</u>	<u>3,425,153</u>

**HCCC No. 763 of 2003 - Dairycom (K) Limited Vs Kenya Dairy Board and Kenya Bureau of Standards** seeking compensation for lost business following confiscation of imported Butter. The case was determined in a ruling dated 24 February 2020 in favour of Dairycom (K) Limited. The Board has provided Kshs. 2,640,000 under the Provisions for the year to cater for the Court award, hence the same is not disclosed as a contingent liability as at 30 June 2025.

**CMCC No. 992 of 2014 Thika: Esther Mumbi Kamunu Vs Aganyo Evans and 2 others (Kenya Dairy Board):** Esther Mumbi Kamunu is claiming compensation for injuries sustained in a road accident which involved a vehicle which was previously owned by a Kenya Dairy Board staff. The Board was enjoined in the case since it had procured the fleet insurance cover under which the car was insured prior to the disposal and the new owner may not have obtained a new insurance policy for the vehicle.

**b) Outstanding Insurance Claim**

During the financial year ended 30 June 2025, the Board lost a Motor vehicle KCH 701Q through political unrest in Olkalau, Nyandarua. The total cost of the asset was Kshs. 3,495,000 and a net book value was nil as at 30 June 2025. The Board lodged a claim with the Insurance Company and the cost of the motor vehicle and related accumulated depreciation is still included in the element of Property, Plant and Equipment.

**40. Capital commitments**

<b>(a) Authorised Capital Commitments</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>i) Authorised for:</b> Supply, Installation, Testing and Commissioning of 100KVA Grid tied Solar Installation Works	-	20,000,000
<b>ii) Authorised for:</b> Drilling and equipping of one ( 1 No.) Borehole at Upper Kabete, Nairobi	5,000,000	5,000,000
<b>iii) Authorised for:</b> Erection of Security Watch Tower and Landscaping	3,000,000	-
	<u>8,000,000</u>	<u>25,000,000</u>

<b>(b) Authorised and Contracted Capital Commitments</b>	<b>2024-2025</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>i) Authorised and contracted for:</b> Supply, Installation, Configuration, Testing and Commissioning of an Enterprise Resource Planning (ERP) Solution	-	4,983,824
<b>ii) Authorised and contracted for:</b> Proposed erection and completion of Kenya Dairy Board Administration Block and Associated Works at Upper Kabete, Nairobi	13,982,959	-
<b>iii) Authorised and contracted for:</b> Supply, Installation, Testing and Commissioning of 100KVA Grid tied Solar Installation Works	4,551,500	-
<b>iv) Authorised and contracted for:</b> Proposed erection and completion of National Dairy Laboratory at Upper Kabete, Nairobi.	10,869,126	-
	<u>29,403,585</u>	<u>4,983,824</u>

**41. Program for Results (PforR) Disclosure**

The Board was not implementing any Programs for Results (PforR) during the year ended 30 June 2025.

**42. Events after the reporting period**

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

**43. Ultimate Holding Entity**

The Board is a State Corporation established by The Dairy Industry Act Cap 336, under the Ministry of Agriculture & Livestock Development. Its ultimate parent is the Government of Kenya.

**44. Currency**

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

20. Appendix I: 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	Timeframe
Long Outstanding Payables	The statement of financial position as disclosed in Note 27 to the financial statements reflects trade and other payables from non-exchange transactions of Kshs. 84,233,387. The balance includes Kshs. 61,784,548 being payables from non-exchange transactions. Examination of the documents provided for audit revealed that a total of Kshs. 21,337,799 has been outstanding for more than one year. Consequently, these payments did not form a first charge as required by Regulation 42(1) of the Public Finance Management (National Government) Regulations, 2015. In the circumstances, the board may have future cashflow problems and litigation costs due to non-payments of obligations as they fall due. In the circumstance, the Board was in breach of the law.	Kenya Dairy Board strives to meet all its obligations as and when they fall due. The Board had a positive Working Capital as at 30th June 2024 and hence was in a position of meeting all the financial obligations without seeking additional budgetary allocation from the Government.  Subsequent to 30th June 2024, the Board had already settled over Kshs. 11 million out of the aforementioned Kshs. 21,337,799 on payables which were outstanding for more than one year. Other amounts due to specific Creditors were still outstanding for various reasons and the Board has continued to maintain adequate cashflow to settle the payables when they fall due	Resolved	N/A
Long Outstanding Receivables from Non-Exchange Transaction	The statement of financial position and Note 20 to the financial statement reflects receivables from non-exchange transactions balance of Kshs. 65,027,201. Scrutiny of the supporting documents and ledgers however revealed that the total receivables from non-exchange transaction was Kshs.118,027,479 before provision for bad debts. Out of this balance a total of Kshs.74,923,173 had been outstanding for more than one (1) year with a balance of Kshs. 53,000,278 due from New Kenya Cooperative Creameries (NKCC) and other dairy business operators outstanding for more than three years.	As at the end of the year, the total amount due from New Kenya Cooperative Creameries (NKCC) was Kshs. 97,094,707 out of which Kshs. 50,677,920.00 relates to principal levies payables while Kshs. 46,416,787 in in relation to penalties and interest for delayed payment charges in line with the provisions of the Dairy Industry Act Cap 336. The Board had provided for impairment of the Kshs. 46,416,787 which relates to penalties and interest.	Subsequent to the end of the Financial Year, the New Kenya Cooperative Creameries (NKCC) has issued a payment plan for the outstanding amount.	30-Mar-26

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

Reference No. on the External Audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
Long Outstanding Receivables from Non-Exchange Transaction	This balance due from the dairy business operators has since been provided for as bad and doubtful debt. In the circumstance, the recoverability of the long outstanding receivables could not be confirmed.	The Board has continued to follow up on the outstanding debt and has escalated the matter to the National Treasury and Economic Planning as well as to the current Cabinet Secretary, Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development		
Outstanding Deposits	The statement of financial position and Note 21 to the financial statements reflects other receivables and prepayments of Kshs. 20,155,655. The balance includes deposits, staff salary advances and ex-staff receivables of Kshs. 4,829,541, Kshs.1,832,791 and Kshs. 400,742 respectively, review of which revealed that Kenya Dairy Board had rented out office spaces at Social Security House, Block A L.R No. 209/13920 on the basement II floor, 10 and 11 Floors and paid deposit of Kshs. 2,211,808 being part of the total deposits of Kshs. 4,829,541. The Board has since relocated the offices to National Dairy Laboratory Complex in Loresho Estate, Upper Kabete. However the deposit has remained receivable two years later. In the circumstances, failure to recover amounts deposited with suppliers reflects lack of prudence in management of Board's assets. In addition, the recoverability of the rent deposit could not be confirmed.	The Board is still pursuing the refund of the deposit amounting to Kshs. 2,211,807.75 from the National Social Security Fund. As at the time of relocation, the Board had settled all obligations relating to quarterly rent charges as provided in the Lease agreement. Hence, the amount is refundable in full.	The Management is still following up on the refund of the Deposit with NSSF.	31-Dec-25
Review of the Board Performance against Predetermined objectives	During the year under the audit, the Board has five Strategic pillars towards achieving its overall objectives.	In the first year of the Strategic Plan, the Board achieved a 15% growth in internally generated revenue. This reduced to 6% per the audit observation in the Financial year ended 30 June 2024.	Resolved	N/A

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

Reference No. on the External Audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
Review of the Board Performance against Predetermined objectives... (continued)	These strategic pillars were captured under the statement of performance against the predetermined objectives. Review of this statement in view of the annual work plan and the strategic plan 2023-2027 however revealed that the Board's objective as captured under Strategic Issue No. V was to increase the internally generated revenue by 9% annually. However, the Board was only able to do so by 6% from Kshs. 587.3 million to Kshs. 623 million leading to a short fall of 3%	In the year ended 30 June 2025, the Board's collections from the internally generated revenue increased to 11%, translating to an average 11 % over the last three years, hence the Board has achieved the objective in line with the Strategic Plan.		
	In addition, during the year under audit, the Board had envisaged the enhancement of the Institutional Capacity through the completion of the Phase II of the National Dairy Laboratory Complex and a total of Kshs. 70,000,000 was allocated in the work plan and captured in the Strategic Plan. This was however not achieved.	The Kshs. 70 million allocation was based on the projections agreed upon during the formulation of the Medium Term Expenditure Framework (MTEF). The amount was intended to finance the Phase II of the National Dairy Laboratory Complex and specifically the erection and completion of the Administration Block. The allocated amount was later revised to Nil in the supplementary estimates and hence the Board did to receive the funding from the Exchequer. However, the Board proceeded to finance the project using the internally generated revenue and the Administration Block completed and current in use.	Resolved	N/A
	In the circumstance, the objective of the Board was not met and it may impact negatively of service delivery.			



**Dr. William Maritim**  
Ag. Managing Director

Date: 01/12/2025

Appendix II: Projects implemented by the Board

**Projects**

Projects implemented by the Board funded by the Government.

Project Title	Project No.	Donor	Period/ Duration	Donor Commitment	Separated reporting as per the agreement	Consolidated in the financial statements
Construction of National Dairy Laboratory Complex	1162103300	N/A	10 Years	N/A	No	Yes

**Status of Project completion**

During the year, the Board continued with the development of the National Dairy Laboratory Complex at Upper Kabete, Nairobi. This project is funded by Government Grants.

Project	Total Project Cost Kshs	Total Expended to Date Kshs	% completion to date	Budget Kshs	Actual Kshs	Sources of funds
Construction of National Dairy Laboratory Complex	857,000,000	614,681,591	71.7%	625,258,170	614,681,591	GoK

The ongoing project had received a total funding of Kshs. 490,258,170 as at the 30 June 2025. However the completion rate as at the close of the year was 71.7% with total expenditure of Kshs. 614,681,591. The Boundary wall, Gate House and Electric fence, civil works as well as erection and completion of the Laboratory wing were completed and handed over in the previous years. Similarly, the Board has continued to equip the Laboratories and are fully in use and accredited. Similarly, the Administration Block was completed as per the plan and the Board has since relocated from NSSF Building to the new Head Quarters in Upper Kabete. As at the end of the financial year, the Board was in the processing of erecting and commissioning of a 100 KVA Solar system that will increase the reliance on green energy.

Appendix III: Inter Entity Transfers

ENTITY NAME: KENYA DAIRY BAORD

Breakdown of Transfers from the State Department for Livestock Development

(a) Recurrent Grants	Bank statement	Amount (Kshs)	Financial year to which the amount relate
State Department for Livestock Development	N/A	-	2024/2025
<b>Total</b>		<b>-</b>	

(b) Development Grants	Bank statement	Amount (Kshs)	Financial year to which the amount relate
State Department for Livestock Development	N/A	-	2024/2025
<b>Total</b>		<b>-</b>	

The Board did not receive any transfer from the Ministry of Agriculture & Livestock Development (State Department for Livestock Development) during the year.



Finance Manager  
Kenya Dairy Board

Appendix IV: Recording of Transfers from other Government Entities

Name of MDA/ Transferring the funds	Donor	Date Received as per Bank Statements	Nature: Recurrent or Development	Total Amount (Kshs)	Where recognised		Total Transfer during the year (Kshs)
					Statement of Financial performance (Kshs)	Deferred income (Kshs)	
State Department for Livestock		N/A	N/ A	-	-	-	-
<b>Total</b>				-	-	-	-

The Board did not receive any transfer from the Ministry of Agriculture & Livestock Development (State Department for Livestock Development) during the year.

**Appendix V: Climate Relevant Expenditures**

Name of the Organisation: Kenya Dairy Board  
Telephone Number: 0722 573 432  
Email address: info@kdb.co.ke  
Name of Ag. CEO/MD: Dr. William Maritim

<b>Project Name</b>	<b>Project Description</b>	<b>Project Objectives</b>	<b>Project Activities</b>	<b>Expenditure Kshs</b>	<b>Source of Funds</b>	<b>Implementing Partners</b>
N/A	N/A	N/A	N/A	N/A	N/A	N/A
				-		

Appendix VI: Disaster Expenditure Reporting

Date: 28 August 2025						
Entity: Kenya Dairy Board						
Period to which report refers (FY): Year ended 30 June 2025						
Name of Reporting Officer: Edward Nyoike						
Contacts of Reporting Officer:		Email: <a href="mailto:nyoike.edward@kdb.co.ke">nyoike.edward@kdb.co.ke</a>		Telephone: 0704 390943		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-Programme	Disaster Type	Category of disaster related activity that requires expenditure	Expenditure item	Amount Kshs	Comments
Livestock Resources and Market Development Support Services	Kenya Dairy Board	N/A	N/A	N/A	N/A	N/A