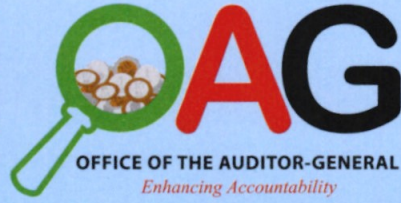


REPUBLIC OF KENYA



REPORT



**THE NATIONAL ASSEMBLY
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DATE: 12 MAR 2026

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Majority Party,
HON. OLIVIA BAAAMP*

**CLERK-AT
THE-TABLE:**

MURGI CHUMU

THE AUDITOR-GENERAL

ON

**AGRICULTURAL DEVELOPMENT
CORPORATION**

**FOR THE YEAR ENDED
30 JUNE, 2025**





OFFICE OF THE AUDITOR GENERAL
P.O. Box 36084 - 00100, NAIROBI
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AGRICULTURAL DEVELOPMENT CORPORATION & ITS SUBSIDIARY

ANNUAL REPORT AND FINANCIAL STATEMENTS

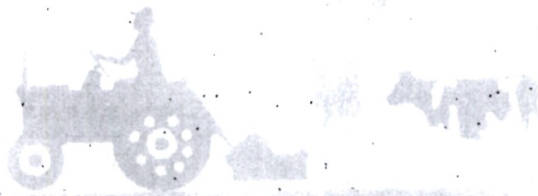
FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

Excellence in Agriculture

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AGRICULTURAL DEVELOPMENT CORPORATION
Annual Report and Financial Statements for the year ended June 30, 2025

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I. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

IPSAS	International Public Sector Accounting Standards
ADC	Agricultural Development Corporation
MD	Managing Director
OAG	Office of the Auditor General
LGC	Livestock Genetic Centre
AIC	Artificial Insemination Centre
KALRO	Kenya Agricultural & Livestock Research Organization
DLS	Diffused Light Store
GLS	Grey Leaf Spot
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
FAW	Fall Army Worm
AFC	Agricultural Finance Corporation
KCB	Kenya Commercial Bank
KSC	Kenya Seed Company
WSC	Western Seed Company
WKS	West Kenya Sugar Company Ltd

2. Key Corporation Information and Management

(a) Background information

The Agricultural Development Corporation is a Government Parastatal, established in 1965 under the Act of Parliament Cap 346; to facilitate the land transfer programme from European settlers to local farmers following the country's independence. However, after successful completion of the land transfer programme, the objective of the Corporation were revised through the Act of Parliament Cap 444 of 1986 to include promotion and execution of Agricultural schemes among other Agricultural services. The Entity is domiciled in Kenya and has branches in Trans-Nzoia County, Nakuru County, Kilifi County, Tana River County, Laikipia County and Garissa County.

(b) Principal Activities

The Corporation principal activity is to develop and promote Agriculture in Kenya which includes:-

- Production of quality seed varieties to the Kenyan farmers.
- Custodian of National Livestock Studs.
- Transfer of agricultural technology from research institution to the Kenyan farmer.
- Support of industries processing agricultural products, being the major producer of agricultural produce.

(c) Key Management

The Agricultural Development Corporation day-to-day management is under the following key organs:

No.	Designation
1.	Managing Director
2.	Technical Division
3.	Corporate Planning and Administration Division
4.	Finance Division
5.	Legal Services Division
6.	Business Development Division
7.	Internal Audit Division

**Agricultural Development Corporation
Annual Report and Financial Statements
For the year ended June 30, 2025**

Key Corporation Information and Management (Cont.)

(d) Fiduciary Management

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

No.	Designation	Name	Date of Appointment
1.	Managing Director	Dr. Wilson Tonui	01 st July 2024
2.	Technical Division	Ms. Judy Oggema	13 th April 2023
3.	Finance Division	Mr. Dominic Busienei	20 th November 2024
4.	Corporate Planning Division	Dr. Winnie Macharia	24 th January 2012
5.	Legal Services Division	Mr. Rodgers Karumpu	17 th May 2021
6.	Business Development Division	Dr. Shadrack Jirma	30 th March 2023
7.	Internal Audit Division	Mr. Gerald Karuga	7 th September 2023

(e) Fiduciary Oversight Arrangements

The Corporation Board of Directors operate through the following committees: -

• **Audit and Risk Committee**

- Charged with responsibility of safeguarding Corporations assets
- Ensures adequate financial systems and controls are in place.
- Ensures that financial statements and reports are in compliance with legal requirements and meet the relevant accounting standards.
- Carry out reviews of internal Audit reports and management decision thereon.

• **Finance, Staff and General Purpose Committee**

- Review the organisational structure and recommends creation/abolition of positions;
- Reviewing and making recommendations to the Board on all matters pertaining to staff remuneration and benefits as well as approving the Corporation's human resource and remuneration policies and strategies. Conducts recruitment of senior management positions from job group C and above
- Review of finance and accounting policies and procedures
- Review and recommend for approval the financial plans and budgets
- Review and recommend resources mobilisation strategies

Key Corporation Information and Management (Cont.)

- **Agriculture, Livestock and Projects Committee**

Covers Agriculture, Livestock and Projects and is charged with responsibilities of formulating of policies and practices related to the Agricultural Practice. The duties shall include:

- Review and recommends crops and livestock policies and procedures
- Review reports on development and implementation of innovative strategies in crops, animal production and breeding
- Review and make recommendations on applications initiated under the public partnership programmes (PPP) which are to be considered by the Board
- Review of initiatives to enhance the agricultural production and promote Agri-business and Agri-tourism opportunities
- Recommend actions, education and marketing initiatives which promote increased public awareness and participation of our customers

- **Lands, Legal Services & Partnership Committee**

Covers land matters within the Corporation, partnerships and investments. The duties shall include:

- Recommends and review legal policies and procedures.
- Monitoring compliance with the constitution, ADC Act Cap 444, all applicable laws and regulations.
- Reviewing and recommending appropriate strategies for establishing partnerships, collaborations and lease arrangements.
- Assuring the Board of Directors that the “risk evaluation for investment decisions” policy is deployed against the Investment Strategy.
- Reviewing and recommending to the Board of Directors proposals for new business development acquisitions, potential investments and dis-investments.
- Ensuring Projects undertaken by the Corporation are viable and properly managed.

Key Corporation Information and Management (Cont.)

Our Mission

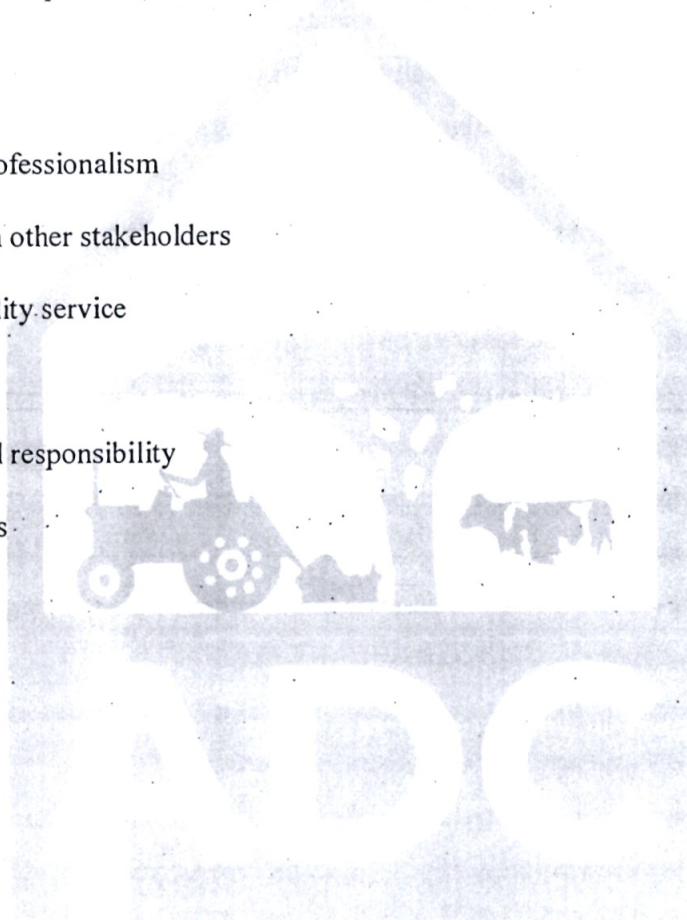
To promote commercially oriented agricultural resource development, enhance food security and expand agricultural undertakings in a sustainable manner.

Our Vision

To achieve global leadership in sustainable Agricultural Resource Development

Core Values

- Integrity and Professionalism
- Partnership with other stakeholders
- Delivery of quality service
- Innovativeness
- Corporate social responsibility
- Customers focus
- Teamwork



Key Corporation Information and Management (Cont.)

(f) Headquarters & Registered Office

P.O. Box 47101- 00100
Development House 10th Floor
Moi Avenue Road
Nairobi, KENYA

(g) Corporation Contacts

Telephone: (254) 20-2250695/185
E-mail: info@adc.go.ke
Website: www.adc.go.ke

(h) Corporation Bankers:

1. **National Bank of Kenya**
Harambee Avenue
P.O. Box 41862-00100
NAIROBI, KENYA
2. **Kenya Commercial Bank**
Moi Avenue
P.O. Box 48400-00100
NAIROBO, KENYA
3. **Consolidated Bank of Kenya**
Harambee Avenue Branch
P.O. Box 34823-00100
NAIROBI, KENYA

**Agricultural Development Corporation
Annual Report and Financial Statements
For the year ended June 30, 2025**

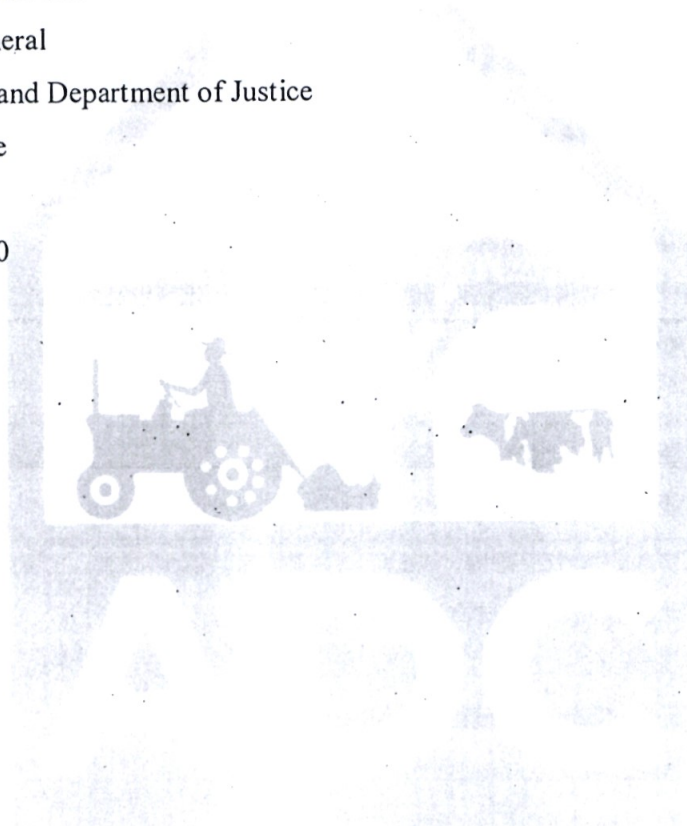
Key Corporation Information and Management (continued)

(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



Ref.	Directors	Details
1.	 <p>Dr. Abdillahi Alawy Chairman of The Board Profession: Agricultural expert Academics: PhD in Agricultural Sciences, with a specialization in international Agricultural Development, Monitoring and Evaluation. Master of Science degree in Agricultural Education, with a focus on International Development and Research methods.</p>	<p>Dr. Abdillahi Alawy is an accomplished professional with a wealth of experience in the Field of agricultural sciences. He holds a PhD in Agricultural Sciences, with a Specialization in international agricultural development, monitoring, and evaluation, as well as a Master of Science degree in Agricultural Education, with a focus on International development and research methods.</p> <p>With over 20 years of experience, Dr. Alawy has established himself as an expert in designing and implementing comprehensive monitoring and evaluation systems for Agricultural projects. His expertise extends to a wide range of areas, including theories of change, log frames, and key performance indicators, all of which are crucial for the Success of international development programs and projects.</p> <p>Dr. Alawy career has been dedicated to enhancing agricultural practices and improving the sustainability and effectiveness of development initiatives. Through his extensive knowledge and skills in monitoring and evaluation, he has contributed significantly to the advancement of agricultural projects on a global scale.</p> <p>With a keen understanding of the importance of gender equality in Agricultural Development, Dr. Alawy has incorporated a gender-focused approach in his work. He recognizes the significance of empowering women farmers and involving them in decision-making processes to achieve sustainable development outcomes.</p> <p>Dr. Alawys accomplishments stem from his ability to seamlessly blend academic knowledge with practical experience.</p>



<p>2.</p>	 <p>Ms. Joyce Muchena</p> <p>Profession: Development Program Manager</p> <p>Academics: Master degree in International Conflict Management.</p>	<p>Ms. Joyce Muchena is a highly experienced senior development program manager and advisor, specializing in inclusive youth-focused initiatives and gender, equity and diversity, with a remarkable career spanning over 20 years in both national and International development. She has established herself as a leading expert in policy and good governance strategies.</p> <p>Ms. Muchena has held prominent positions at renowned organizations such as the Mastercard Foundation, Care International (Kenya), International Rescue Committee (IRC), and Oxfam Novib, among others. In these roles, she has been instrumental in Formulation and development of programs that prioritize social inclusion and inclusive Governance strategies and practices.</p> <p>A recognized thought leader and spokesperson, Ms. Muchena is highly sought after for her expertise in driving policy dialogue in local, national and regional government Institutions. By leveraging her extensive experience, she has successfully influenced the development agenda and implemented impactful programs that address the diverse needs of marginalized communities.</p> <p>Ms. Muchena academic achievements further complement her practical experience. She holds a master degree in International Conflict Management, enabling her to navigate complex socio-political landscapes and effectively manage conflicts that hinder Sustainable development. With a deep commitment to exclusivity and social justice, Ms. Joyce Muchena continues to play a pivotal role in shaping development programs and initiatives.</p>
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<p>3.</p>	 <p>Col (Rtd) Iya Jillo Gababo</p> <p>Profession: Kenya Military Officer.</p> <p>Academics: Masters of Arts degree in International Studies; Bachelors of Arts degree with honours in International Politic and Bachelor of Arts degree in international relations and diplomacy.</p>	<p>Following his retirement from the military, Col Gababo held a managerial position as the Aviation Security Manager at the Kenya Civil Aviation Authority for five years. During this time, he played a crucial role in assisting the state of Kenya in achieving a remarkable mean score of 88.7% in the International Civil Aviation Organization (ICAO), Universal Security Audit Program (USAP).</p> <p>This achievement stands as one of the highest scores on the continent, reflecting Col. Gababo exceptional leadership and expertise in aviation security. Under Col Gababo guidance, the aviation security sector in Kenya became one of the best in Africa. His strategic approach and leadership skills played a significant role in ensuring the implementation of effective security measures within the aviation industry, Contributing to enhanced safety and compliance with international standards.</p> <p>Col. Gababo academic qualifications further reinforce his professional accomplishments. He holds Masters of Arts degree in International Studies, a Bachelor of Arts degree with honours in International Politics and a Bachelor of Arts degree in International Relations and Diplomacy.</p>
<p>4.</p>	 <p>Mr. John Gitari</p> <p>Profession: Information Systems and Technology expert.</p> <p>Academics: Bachelor of Science degree in Information Systems and Technology at Alliant International University, California, USA.</p>	<p>Mr. John Gitari is a dedicated professional specializing in information systems and technology.</p> <p>He completed his Bachelor of Science degree in Information Systems and Technology at Alliant International University in California, USA. As an expert in system support and administration, Mr. Gitari plays a crucial role in providing technical assistance to end-users. He ensures that systems and applications are functioning optimally by offering support and troubleshooting services.</p> <p>Additionally, he is proficient in conducting new installations and upgrades for applications, ensuring that users have access to the latest features and enhancements. Mr. Gitari also excels in providing comprehensive application training to both new and Existing users. His ability to effectively communicate complex technical concepts allows users to confidently navigate and utilize</p>



		<p>applications to their full potential.</p> <p>In addition to his application support responsibilities, Mr. Gitari extends his expertise to general maintenance services for applications. This includes activities such as system updates, data backups, and performance monitoring to maintain the smooth functioning of applications.</p> <p>Furthermore, Mr. Gitari possesses an extensive knowledge of network support, enabling him to assist users with any connectivity or general network-related issues they may encounter.</p> <p>With his well-rounded skill set and dedication to ensuring optimal system functionality, Mr. John Gitari is a valuable asset in the field of informatic systems and technology support.</p>
5.	 <p>Mr. Paul Joseph Musyoka Profession : Agricultural Economist Academics: Degree in Agricultural Economics and currently pursuing MSc in Agricultural and Applied Economics.</p>	<p>Mr. Paul Joseph Musyoka was appointed on 18th November, 2024 as an Alternate Director Ministry of Agriculture.</p> <p>He is an accomplished Agricultural Applied Economist with over 28 years of experience in the public sector. He currently serves as Assistant Director in the State Corporations Unit at the Ministry of Agriculture and Livestock Development, where he oversees the performance, governance and compliance of agricultural state corporations. His expertise spans agricultural policy formulation, project management, gender-responsive extension services and institutor capacity building. He has successfully led rural development initiatives, coordinated donor-funded projects and contributed to key national policies.</p> <p>Mr. Musyoka holds a BSc in Agricultural Economics and is pursuing an MSc in Agricultural and Applied Economics. He also possesses advanced training in human resource planning and strategic leadership.</p>

<p>6.</p>	 <p>Ms. Sophie Sang</p> <p>Profession: Expert in Social & environmental Auditing.</p> <p>Academics: Bachelor of Science degree in Agriculture.</p>	<p>Ms. Sophie Sang is an accomplished professional with a versatile skill set, focusing on social and environmental auditing with over 10 years of experience. She has established herself as an expert in driving strategies for social and economic inclusion as well as developing, implementing, and reviewing Fair-trade standards.</p> <p>Ms. Sang expertise lies in managing certification processes and ensuring compliance with established standards. Her dedication to promoting fair and sustainable practices within various industries has made her a valuable asset in the field. She brings a deep understanding of social and environmental impact, enabling her to assess and improve the sustainability of organizations operations.</p> <p>Throughout her career, Ms. Sang has demonstrated her commitment to continuous learning and professional development. She holds a Bachelor of Science degree in Agriculture and has acquired numerous certifications and completed trainings in auditing, horticultural practices and other related fields. These qualifications enhance her ability to conduct comprehensive audits and provide valuable insights to organizations seeking to improve their social and environmental performance. Ms. Sophie Sang; team-centred approach ensures collaboration and effective communication with stakeholders at all levels. She consistently demonstrates her ability to adapt to diverse environments and work effectively within cross-functional teams.</p>
<p>7.</p>	 <p>Mr. Isaac Maiyo</p> <p>Profession: Senior Public Administrator.</p> <p>Academics: Bachelor's Degree in Public Administration and Political Science.</p>	<p>With a deep understanding of public administration and political science, Mr. Maiyo has Successfully led the North Rift Valley Water Works Development Agency as its Director.</p> <p>In this role, he has played a crucial part in the planning, implementation, and oversight of water works projects in the region. His responsibilities have included ensuring the efficient delivery of clean water to communities, managing the maintenance and expansion of water infrastructure, and collaborating with various stakeholders to address water scarcity challenges.</p> <p>Overall, Mr. Isaac Maiyo brings a wealth of expertise in public administration.</p>

<p>8.</p>	 <p>Mr. Elisha Mwei</p> <p>Profesional: Business Engineer</p> <p>Academics: Diploma in Business Engineering.</p>	<p>Mr. Elisha Mwei is a dedicated professional with a diploma in business engineering with a strong background in business management and engineering principles.</p> <p>He brings a unique perspective to his role as a board member at St. Patrick Waitaluk Secondary School. In addition to his professional pursuits, Mr. Mwei is also an enthusiastic and passionate farmer.</p> <p>He has always had a deep connection and a keen interest in agricultural practices. Mr. Mwei's commitment to agriculture goes beyond his personal endeavours.</p>
<p>9.</p>	 <p>Mr. Tom Atingo</p> <p>Profession: Senior Administrator.</p> <p>Academics: Diploma in Human Resource Management.</p>	<p>Prior to his current position, Mr. Atingo served as the Constituency Office Manager for Larger Emuhaya, where he gained valuable experience in managing administrative tasks, coordinating projects, and engaging with the local community.</p> <p>His exceptional organizational skills and ability to work collaboratively with diverse stakeholders have Contributed to his effectiveness in delivering services and addressing the needs of the constituents. With his background in Human Resource Management, Mr. Atingo possesses a strong understanding of employee relations, recruitment, and personnel management.</p> <p>This knowledge provides him with valuable insight into fostering positive working environments and ensuring the effective utilization of human capital. Mr. Atingo commitment to public service and his desire to make a positive impact on the community make him a valuable asset. He is driven by a genuine dedication to improving the lives of the people he serves and is constantly seeking opportunities for growth and development.</p>

<p>10.</p>	 <p>Mr. Daniel Leshan Seitai Profession: Political Science Academics: Diploma in Political Science</p>	<p>Mr. Daniel Leshan Seitai has over 30years experience in political science having worked in both local government and private sector.</p> <p>He has worked for National Cereals and Produce Board for a span of 11 years as a supervisor and later as a councilor for the former Kilgoris County Council.</p> <p>Mr. Daniel Leshan Seitai holds a certificate in county governance from Jomo Kenyatta University and Diploma in Political Science from Kenyatta University.</p>
<p>11.</p>	 <p>Mr. Bishar Elmi Profession: Ag. Director of Livestock Production in the MOA&LD. Academics: MSc in Agriculture and Rural Development</p>	<p>Mr. Elmi was born on 12th December 1964. He was appointed on 22nd April, 2022 as an Alternate Director.</p> <p>Mr. Bishar Fille Elmi is currently deployed as Ag. Director of Livestock Production in the Ministry of Agriculture, Livestock, Fisheries and Co-operatives.</p> <p>He holds a MSc. in Agriculture and Rural Development from Kenya Methodist University Meru, Bachelor's degree in Natural Resource Management from Egerton University, Diploma in Range Management from Egerton University and a Certificate in Range Management from Animal Health and Industry Training (AHITI Kabete)</p> <p>Mr. Bishar is a Range Ecologist technically and a registered member of Animal Production Society of Kenya.</p>



<p>12.</p>	 <p>Mr. George Kariuki</p> <p>Profession: Acting Head of the Debt Recording & Settlement Department in The National Treasury.</p> <p>Academics: Degree in Computer Science & Statistics.</p>	<p>Mr. Kariuki was born on 1st October 1969. He was appointed on 10th March, 2022 as an Alternate Director.</p> <p>Mr. George Kariuki is currently the acting Head of the Debt Recording & Settlement Department in the National Treasury. Previously he served as the head of the ICT unit in the same Ministry.</p> <p>George has an Information Technology background, having graduated from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya with a degree in Computer Science and Statistics. He is also an accredited Fellow of the macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI).</p> <p>He is a member of ISACA.</p>
<p>13.</p>	 <p>Mr. Hiram Gachugi Wanjohi</p> <p>Profession: Advocate</p> <p>Academic: Bachelor of Law Degree (LLB) and Diploma in Law</p>	<p>Mr. Hiram Gichugi is a Deputy Registrar at the Business Registration Centre. He ensures efficient and effective administration and operation of the service's legislation – Companies Act, Registration of Business Names Act, Limited Liability Partnerships Act.</p> <p>He was the immediate Senior State Counsel at the Attorney General's Office.</p> <p>Mr. Hiram Gichugu holds an LLB from the M... University, Diploma School of Law.</p> <p>He is an active member of the Law Society of Kenya, The East African Law Society, the International Commission of Jurists, and The Commonwealth Lawyers Association.</p> <p>As a practicing lawyer, Mr. Hiram has handled many cases on behalf of the state and has a keen interest in Public Interest Litigation.</p>



<p>14.</p>	 <p>Dr. Wilson Tonui Managing Director</p> <p>Profession: Veterinary Surgeon</p> <p>Academics: Masters of Business Administration, Strategic Management</p>	<p>Dr. Wilson Tonui is a professional in the Agricultural sector with a proven track record and a wealth of experience spanning over 29 years working in various capacities in different ADC farms spread across the country.</p> <p>A Successful leader and a manager with an in-depth knowledge in livestock and crop production.</p> <p>He has previously served as Regional Manager in charge of ADC Kitale, Technical Manager Strategy Investment and Planning, Technical Manager Operations and Livestock. Dr. Wilson holds Master's degree in Business Administration (Strategic Management Option) from St. Paul's university, Bachelor's degree in Veterinary Medicine from University of Nairobi.</p> <p>He also holds other professional courses that include: International Certificate in Dairy Cattle Production from Israel, Strategic Leadership and Management skills, corporate governance, Finance for non-finance managers, Human Resource for non-human resource managers, Performance management and ISO internal quality auditing skills.</p>
<p>15.</p>	 <p>Mr. Rodgers Karumpu</p> <p>Profession: Advocate of the High Court of Kenya</p> <p>Academics: Bachelor of Law (LLB)</p>	<p>Mr. Rodgers is Certified Public Secretary (CPS-K) from the Institute of Certified Public Secretaries of Kenya. He holds a Diploma in Law from Kenya School of Law. He has practiced law as an Advocate of the High Court of Kenya for the last 20 years.</p> <p>Mr. Karumpu has also worked as Head of Legal and Human Resource and later as the Managing Director of Netro Technologies Limited, a Tier 2 telecommunication firm that has a presence in seven countries within Africa, between 2017 and 2021, from where he resigned to join ADC. He is an active member of Law Society of Kenya, The East African Law Society, the International Commission of Jurists and The Commonwealth Lawyers Association. As a practicing lawyer, Mr. Karumpu has handled many cases in basically all fields and</p>



**Agricultural Development Corporation
Annual Report and Financial Statements
For the year ended June 30, 2025**

		has been more inclined on land matters particularly on community land issues which he confirms to be very close to his heart.
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4. Key Management Team

	Management	Designation
1.	 <p>Dr. Wilson Tonui Profession: Veterinery Surgeon Academics: Masters of Business Administration, Strategic Management, Bachelor of Veterinary Medicine Degree</p>	<p>Managing Director MD</p>
2.	 <p>Dr. Winnie Macharia Profession: Doctor of Philosophy in Business Administration, Master of Business Administration, Academics: Bachelor of Education Degree, Higher Diploma in Information Technology.</p>	<p>Head of Corporate Planning & Administration HCPA</p>

3.	 <p>Ms. Judy Oggema</p> <p>Profession: Agricultural Crop Scientist</p> <p>Academics: Masters of Science (Crop Agronomy)</p>	Head of Technical Services TMC
4.	 <p>CPA Dominic Busienei</p> <p>Profession: Certified Public Accountant of Kenya, Certified Credit Professional II and a Member of ICPA-K</p> <p>Academics: Bachelors of Commerce (Accounting)</p>	Head of Finance FA

5.	 <p>Dr. Shadrack Jirma</p> <p>Profession: Doctor of Philosophy Degree in Strategic Management, MBA Degree from Costa Rica</p> <p>Academic: Bachelor of Business Administration from Messiah College, Grantham, USA</p>	Head of Business Development HBD
6.	 <p>CPA Gerald Karuga</p> <p>Profession: Masters Degree, Certified Public Accountant of Kenya and member of ICPA-K</p> <p>Academics: Bachelors of Commerce (Finance)</p>	General Manager - Internal Audit Ag. GM

7.



Mr. Rodgers Karumpu

Profession: Diploma in Law, Certified Public Secretary and a member of ICPS-K

Academics: Bachelor of Law Degree (LLB)

Corporation Secretary &
Head of Legal Services
CS

5. Chairman's Statement



It is my ample privilege to present to you the annual report and financial statements of Agricultural Development Corporation and its subsidiary Lands Ltd for the year ended 30th June 2025.

Business Environment Overview

The year started well in general and we experienced relatively stable and conducive weather conditions in Kitale region with good rains during planting season which contributed to positively to high production of seed maize from 7.4 to 11.3 Million clean kilos which is 96% of the budgeted production.

The Corporation experienced improved production in most of its crop enterprises. However, adverse weather conditions such as flooding in Kiswani and effect of diseases were experienced in other places such as Tana-River, Kilifi, Laikipia and Trans-Nzoia counties where the Corporation exercises beef and dairy animal rearing that resulted in loss of animals and reduced herd size due low restocking. Notwithstanding these drawbacks, the board and management was able to control the adverse effect of weather and diseases by ensuring that enough fodders and pastures are available as well as good control of contagious bovine pleuropneumonia (CBPP) disease.

Financial Performance

The Corporation recorded operational revenues of Ksh 2.104 billion, reflecting an increase from Ksh 1.257 billion in the prior year, although the figure fell short of the targeted of Ksh 2.535 billion by approximately 17%. The reported results show a transition to profitability with a profit before tax in the current year improving substantially from a loss of Ksh 992.7 million in the previous year. The previous year's loss was primarily driven by adjustments related to livestock and plantation crops, where prior asset valuations were found to be overstated.

Governance and Accountability

The Board reiterates its commitment to upholding the highest standards of corporate governance and regulatory compliance. In line with best practices, the Board exercises oversight based on principles of transparency, integrity, and accountability. Continuous improvements in governance structures are embraced to ensure effective stewardship of the Corporation's resources and alignment with shareholder interests.

Operational Initiatives and Future Outlook

ADC continues to advance strategic initiatives such as the Semen Production Centre in Kitale, established in partnership with the Government of Kenya. Operational since 2018, this Centre is the country's second and largest bull station, enhancing access to high-quality genetics for farmers nationwide. The Centre supports sustainable livestock improvement through its 100 bull zero-grazing unit spread across 100 acres.

5. Chairman's Statement (Cont.)

The Semen Production Centre stands as a pioneering facility within Africa, equipped with state-of-the-art technology designed to guarantee the production of superior, traceable genetics that are disease-free and environmentally sustainable. With an annual production capacity of one million straws of semen, the Centre has, since its inception, successfully distributed over one million doses to farmers and stakeholders across Kenya and the region. We gratefully acknowledge the continued support from the Ministry of Agriculture & Livestock Development, whose partnership has been instrumental in the Centre's development and operational success.

Strategic Human Resource Development

The Agricultural Development Corporation's sustained growth and operational excellence rely heavily on the collective efforts of its management and workforce. Recognizing this, the Corporation has made significant investments in human capital development by actively engaging in capacity-building initiatives. These include seminars, professional training, and workshops aimed at equipping staff with up-to-date skills and knowledge.

Furthermore, the Corporation has embraced performance contracting as a critical management tool, reinforcing accountability and driving service delivery in line with the strategic plan for 2023-2027.

Acknowledgement

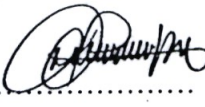
On behalf of the Board of Directors, heartfelt appreciation is extended to the Government of the Republic of Kenya, our customers, business partners, product suppliers, and farming communities for their unwavering support throughout our journey toward operational excellence.

Special thanks are also due to the management team and all staff members of the Corporation. Your dedication, commitment, and passion are the backbone of the organization's achievements and continued growth.

Looking ahead to the year 2025-2026, we are confident in maintaining and strengthening these partnerships to realize mutual benefits and further advance the objectives of the Agricultural Development Corporation.

Dr. Abdillahi Alawy

Chairman of the Board

f
Sign: 

Date: 28/11/2025

6. Report of the Managing Director



It's with great pleasure that I present the Annual Report and Financial Statements of the Agricultural Development Corporation (ADC) for the financial year ended 30th June 2025. During the reporting period, the Corporation achieved notable growth in its crop production activities. This performance was primarily driven by the timely availability of agricultural inputs, continued government support, the adoption of improved farming practices, and favorable climatic conditions. These elements, combined, positively impacted the Corporation's performance, particularly given its reliance on rain-fed agriculture.

Financial Performance Overview

In the financial year ended 30th June 2025, the Corporation recorded a 70% increase in turnover, rising from Kshs 1.257 Billion in FY 2023/2024 to Kshs 2.104 Billion in FY 2024/2025. The significant revenue growth was largely attributed to increase in yields of seed maize from 7.4 million kilos the previous year to 11.4 million kilos and partly attributed to favorable market prices offered by seed merchants, especially for seed maize. Despite prevailing macroeconomic challenges, including increased costs of production inputs such as fuel, machinery spare parts, and agricultural chemicals due to high inflation, the Corporation posted a net operating profit before tax of Kshs 479.7 Million, compared to a net loss of Kshs 354 million in the previous year. Total operating expenditure for the year under review decreased to Kshs 1,624 million, down from Kshs 1,627 million in FY 2023/2024, reflecting enhanced cost management and operational efficiency.

Strategic Plan Implementation

The Corporation continued to implement its 2023–2027 Strategic Plan, now in its second year. The plan outlines key strategic objectives including:

- Revenue growth
- Operational excellence
- Innovation and diversification
- Brand visibility and stakeholder engagement
- Value addition to products and services

The Strategic Plan also underpins the Corporation's budgeting and performance contracting framework.

Technology and Systems Improvement

To enhance operational efficiency and service delivery, the Corporation continued to invest in digital transformation initiatives. While efforts were made to upgrade the existing SERA accounting system, its limitations remain a concern. As a result, the Corporation initiated the procurement process for a more modern Enterprise Resource Planning (ERP) system, with the necessary funding already approved by the National Treasury.

6. Managing Director Statement (Cont.)

Core Mandate and Genetic Advancement

In alignment with its core mandate of supporting national food security, the Corporation prioritized the production of high-quality seed and superior livestock genetics. This includes sustained production of certified seed and high-quality semen for breed improvement.

Through the Livestock Genetic Centre (LGC) and in collaboration with key stakeholders, the Corporation is actively enhancing breeding technologies, with emphasis on the expansion and implementation of Embryo Transfer (ET) technology, which has been present in Kenya for over four decades.

While embryo transfer (ET) technology has existed in Kenya for over four decades, it has yet to make a significant impact on dairy production. The Corporation is actively engaging with the Government of Iran and other key stakeholders to scale up this initiative and realize its full potential in the near future. To support this, the Corporation has made strategic investments aimed at modernizing its operations and improving service delivery. These include the acquisition and upgrading of farm machinery and equipment across its facilities, including Engineering Services (ES), the Feed Mill and Driers, and the Livestock Genetic Centre (LGC). These efforts are targeted at improving efficiency in crop production, livestock feed formulation for beef and dairy units, semen processing, and the modernization of seed potato production processes at ADC Molo in Nakuru County.

Human Capital and Employee Productivity

The Corporation continues to benefit from a skilled and dedicated workforce that has been instrumental in navigating challenges such as climate change, disease outbreaks, and pest control. As of the reporting period, the Corporation's staff establishment comprises over 267 employees. In addition to permanent staff, the Corporation also engages contract-based employees (on regular terms, non-pensionable) and seasonal laborers, whose services are enlisted depending on the agricultural calendar and operational demands.

Corporate Values and Ethics

The Corporation remains committed to upholding ethical standards and good corporate citizenship. ADC continues to operate under a strong value system that prioritizes:

- Integrity and professionalism
- Innovation and strategic partnerships
- Delivery of quality services
- Corporate social responsibility
- Teamwork and accountability

These core values form the foundation of the Corporation's culture and will continue to guide its operations and decision-making processes.

6. Managing Director Statement (Cont.)

Performance Contracting

ADC operates under the Performance Contracting Framework in accordance with the State Corporations Act (Performance Contracting) Regulations, 2004. This framework is designed to enhance efficiency and effectiveness in public sector management. The Corporation's strategic plan is closely aligned with its performance contracts, with objectives cascaded from top leadership to operational units, ensuring clarity, accountability, and measurable outcomes across all levels.

Future Outlook

Looking ahead, the Corporation will focus on the following strategic priorities:

- Expansion of certified seed maize and seed potato production
- Strengthening of seed bean production
- Increased investment in digital infrastructure and ICT
- Enhancement of breeding programs for dairy and beef cattle
- Promotion of high-quality seed grass and semen production

The demand for quality agricultural inputs and livestock genetics is expected to continue growing in line with population growth and rising living standards, both locally and regionally. Kenya's increasing reliance on food imports and growing water scarcity exacerbated by the effects of climate change underline the urgent need for sustainable agricultural productivity.

To meet this demand, the Corporation will intensify its focus on restocking and productivity enhancement in its ranches. Special attention will also be given to the dairy sector through increased milk production and the breeding of in-calf heifers. Furthermore, ADC will strengthen collaboration with the parent Ministry and explore Public Private Partnership (PPP) models to optimize the use of idle land and attract investment across its operational areas.

Acknowledgement

On behalf of the Agricultural Development Corporation, I extend my deepest appreciation to our esteemed customers for their continued loyalty and trust in our products and services. I also recognize the invaluable contributions of our Board of Directors, whose oversight and strategic guidance have propelled us forward. We are equally grateful to the Ministry of Agriculture and Livestock Development, the National Treasury, and other government agencies for their unwavering support. Our sincere thanks go to all our stakeholders and the local communities we serve, we remain privileged to work alongside you.

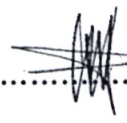
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6. Managing Director Statement (Cont.)

As we move forward, we reaffirm our commitment to delivering quality services and products in a timely and efficient manner, guided by our corporate vision:

"To achieve global leadership in sustainable agricultural resource development."

(
Dr. Wilson Tonui
Managing Director

Sign:..........

Date:.....28/11/2025'.....



Ayrshire dairy at ADC Farm (Home of Ayrshires)



Boran bull at ADC Farm (Home of Borans)



Seed maize field at ADC



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

Strategic Pillars and Performance Overview

The Corporation's Strategic Plan for the period FY 2023–2027 is anchored on six key strategic pillars, each designed to drive sustainable growth and enhance organizational effectiveness. These pillars provide a comprehensive framework for performance monitoring and resource alignment. The strategic pillars are outlined as follows:

- **Pillar 1: Financial Performance:** Enhancing revenue generation, cost efficiency, and financial sustainability.
- **Pillar 2: Customer Focus:** Improving customer satisfaction, service delivery, and stakeholder engagement.
- **Pillar 3: Internal Business Processes:** Streamlining operations, increasing productivity, and strengthening risk management.
- **Pillar 4: Capacity Building and Innovation:** Investing in employee development, technological advancement, and knowledge sharing.
- **Pillar 5: Corporate Governance:** Strengthening institutional accountability, compliance, and ethical leadership.
- **Pillar 6: Environmental Sustainability:** Promoting sustainable farming practices and conservation of natural resources.

The table below presents a summary of the Corporation's performance across the key objectives under each pillar, alongside a brief commentary on the progress and achievements realized during the implementation period under review.

Table 1: Activities Implemented as at 30th June 2025

Strategic Pillars/ Department	Objectives	Outcome	Activities	Achievements
Financial Performance	To build a sustainable financial resource base	Increased Revenues and Funds	Amount of Internally generated revenues	Kshs. 2.104 Billion
			Amount of funds received from the government and public private partnership (PPP)	Nil
			Amounts of credit received from banks and other financial institutions	Nil
			Amount of historical debts reduced	
			Amount set aside for assets replacement	7%

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Strategic Pillars/ Department	Objectives	Outcome	Activities	Achievements
			Percentage of profit to sales/turnover	22.7%
			Revaluation of ADC Land and Buildings	To be done in year 3
Customer Focus	To enhance the corporate image	Enhanced brand image, visibility and stakeholder relations	Increase brand awareness (Brand awareness survey) (%) ¹	To be done in year 3
			Improve Employee perception (Employee perception survey) (%) ²	To be done in year 3
			Improve stakeholder awareness (Stakeholders survey) (%) ³	To be done in Year 3
			Enhanced Customer satisfaction survey (Customer satisfaction survey) (%) ⁴	
Internal Business Processes	To increase production and productivity of all enterprises	Optimal production and Productivity in crop and livestock enterprises	Increase yield per unit area (%)	
			Use of improved and new seed varieties (No)	
			Increase milk yield (Kgs) per cow/day	
			Increase dairy herd size (%)	
			Increase in beef herd size (%)	
	Increase sales and marketing of ADC products and services	Increase sales and market share	Increase in sales (KES Million)	831 M
			Increase demand for our goods and services (%)	
			Increase distribution agents for ADC semen	

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Strategic Pillars/ Department	Objectives	Outcome	Activities	Achievements
			and seed products (Nos)	
	Partnership with other stakeholders	Improve road infrastructure	Length of road upgraded (KMs)	
		Application of innovations and technologies	No. of technologies applications	
Capacity Building and Innovation	Strengthen the Corporations human resource capacity	Efficiency and effectiveness in the quality of service delivery	Reduce skills gap (%) ⁵	
			Improved average of all employees performance evaluation rating (Nos)	
	Re-engineer internal business processes in line with global practices	Automation and Integration of all internal system through development of ICT infrastructure and purchase of an Enterprise Resource Planning System (ERP) & data integration dashboard	Improve data accuracy and reporting (%)	
			Turnaround time (days) ⁶ analyzing	
			Integration of information within departments (%)	
			Integration of information within departments (%)	
Corporate governance	To enhance good corporate governance practices	Adherence to regulatory framework	Board evaluation performance rating (%)	
		Enhanced corporate culture	Development & Implementation of a corporate communication policy (%)	
Environmental Sustainability	Reduce adverse effects of climate change	Increase forest cover	Number of trees planted	186,462

8. Corporate Governance Statement

At the Agricultural Development Corporation (ADC), Corporate Governance is regarded as a critical pillar in the achievement of operational excellence and long-term sustainability. The Corporation remains fully committed to upholding and applying sound corporate governance principles in all its engagements with customers, stakeholders, and partners. ADC's Corporate Governance framework functions as an integrated self-regulating mechanism, designed to ensure statutory compliance, promote a culture of ethical values, and reinforce the highest standards of personal integrity and accountability across all levels of the organization.

We place significant emphasis on maintaining robust governance practices and are dedicated to embedding the highest standards of business integrity, transparency, and professionalism throughout our operations. This is achieved through the adoption of a risk-based approach to internal controls, which includes continuous assessment and regular review of the effectiveness of governance and compliance systems.

The Corporation has developed and operationalized comprehensive Corporate Governance Guideline which clearly define the roles and responsibilities of the Board of Directors and Management, while also outlining their interactions with stakeholders. These guidelines ensure strategic alignment, operational oversight, and the protection of stakeholder interests, in accordance with best practices and regulatory requirements.

ADC will continue to review and strengthen its governance structures to ensure they remain effective, relevant, and responsive to the evolving operational and regulatory environment.

Board of Directors

The Corporation's Board is structured in accordance with recognized principles of good corporate governance, including the separation of roles between the Chairman and the Managing Director. The Chairman provides oversight and leadership to the Board, while the Managing Director is responsible for the day-to-day management and operations of the Corporation.

To ensure effective oversight and strategic direction, the Board is provided with timely and relevant information that enables it to maintain full control over the Corporation's strategic, financial, operational, and compliance matters.

The current composition of the Board reflects a diverse mix of expertise and professional backgrounds:

- One Executive Director (Managing Director)
- Nine Non-Executive Directors, including the Chairman
- Four Alternate Directors representing key government ministries

The Board members bring a wide range of complementary skills and experience in areas such as strategic planning, agricultural production, finance and auditing, engineering, and human resource development. This diversity strengthens the Board's capacity to provide comprehensive oversight and informed guidance.

8. Corporate Governance Statement (Cont)

In fulfilling its mandate, the Board offers strategic leadership, ensures sound governance practices, and provides an independent and objective perspective on the Corporation's management. The Board is committed to upholding the highest standards of ethics, integrity, transparency, and accountability, in alignment with its fiduciary responsibilities and stakeholder expectations.

Board Meetings and Attendance

The Board of Directors meets at least once every quarter, or more frequently as dictated by the business needs of the Corporation. A comprehensive Board work plan and calendar of meetings is prepared at the beginning of each financial year to ensure structured and efficient oversight.

Notices of meetings, along with the agenda and relevant documentation, are circulated to all Directors in good time to facilitate informed deliberation and decision-making.

During the financial year ended 30th June 2025, the Board held a total of six (6) meetings.

No.	Director Name	Designation	No of Meeting Attended	Total Meeting Held	Attendance %
1	Dr. Abdillahi Alawy	Chairman	6	6	100
2	Mr. Daniel L. Seitai	Director	6	6	100
3	Ms. Sophie C. Sang	Director	6	6	100
4	Col. (Rtd) J. Gababo	Director	6	6	100
5	Mr. Tom Atingo	Director	6	6	100
6	Ms. Joyce Kathambi	Director	6	6	100
7	Mr. Isaac Maiyo	Director	6	6	100
8	Mr. Elisha Mwei	Director	6	6	100
9	Mr. John M. Gitari	Director	6	6	100
10	Mr. George Kariuki	Alt. Director	6	6	100
11	Mr. Bishar Fille Elmi	Alt. Director	6	6	100
12	Mr. Paul Musyoka	Alt. Director	6	6	100
13	Mr. Hiram G. Wanjohi	Alt. Director	6	6	100

Board Committees

To support effective governance and enhance oversight over key functional areas, the Corporation has established four standing Board Committees. These committees play a critical role in the implementation of the Corporation's strategic policies and provide focused attention on specialized areas. Each committee meets on a quarterly basis or as business demands and reports its findings and recommendations to the full Board for further discussion and ratification.

i. Audit Committee

The Audit Committee is mandated to provide oversight on matters relating to:

- The integrity of financial reporting

8. Corporate Governance Statement (Cont)

- Internal controls and risk management
- Compliance with laws, regulations, and ethical standards
- Effectiveness of internal and external audit functions
- Safeguarding of the Corporation's assets

The Committee comprises two non-executive directors and four alternate directors representing the ministries. Meetings are held at the Corporation's registered office and are attended by the Head of the Internal Audit Division, who serves as the Secretary to the Committee.

ii) Finance, Staff and General-Purpose Committee

This Committee is responsible for:

- Overseeing the recruitment and appointment of senior management staff
- Reviewing the Corporation's quarterly performance
- Ensuring compliance with Human Resource policies and procedures
- Addressing staff welfare and disciplinary matters
- Monitoring prudent utilization of the Corporation's financial resources

The Committee ensures alignment of HR practices with corporate goals while upholding accountability in resource deployment.

iii) Agriculture, Livestock and Projects Committee

The Agriculture, Livestock and Projects Committee provide strategic guidance on the Corporation's core agricultural operations. Its responsibilities include:

- Formulation and review of policies relating to agricultural production
- Oversight of livestock development programs
- Monitoring the implementation of agricultural and livestock projects
- Supporting innovation and modernization in farming practices

The Committee ensures that all agricultural and livestock activities are aligned with the Corporation's strategic plan and national food security priorities.

iv) Lands, Legal Services & Partnership Committee

The Lands, Legal Services & Partnership Committee is responsible for overseeing the Corporation's legal affairs, land management, and strategic partnerships. Its key roles include:

8. Corporate Governance Statement (Cont.)

- Management and resolution of land-related matters across the Corporation's properties
- Review and oversight of legal compliance, litigation, and regulatory issues
- Evaluation and facilitation of investment opportunities and partnerships, including public private partnerships (PPPs)
- Protection of the Corporation's legal interests in transactions and agreements
- Providing guidance on policy development in land use and stakeholder collaboration

The Committee ensures that the Corporation's land assets are optimally utilized and legally protected, while fostering sustainable partnerships to drive strategic growth.

Board Evaluation

The Board of the Agricultural Development Corporation conducts an annual self-evaluation exercise aimed at enhancing individual and collective performance, ensuring effectiveness in governance, and supporting the Corporation's long-term sustainability.

The evaluation process covers:

- The Board as a whole
- Individual Board members
- All Board Committees
- The Chairman, Managing Director, and Corporation Secretary

In the year under review, the Corporation successfully completed its annual Board evaluation exercise with technical support and oversight from the State Corporations Advisory Committee (SCAC). The insights gained from this process have informed targeted improvements in board effectiveness, leadership development, and alignment with strategic goals.

Directors Remuneration

In accordance with the guidelines for State Corporations, Board members receive allowances and reimbursements for their participation in Board activities. These include:

- Sitting allowance per meeting
- Lunch allowance (in lieu of meals provided)
- Accommodation allowance (where applicable)
- Mileage reimbursement based on distance travelled for official duties

8. Corporate Governance Statement (Cont.)

Board Chairman's Honorarium

The Board Chairman receives a monthly honorarium in accordance with the provisions of the Government circular on remuneration of State Corporation officials. The honorarium is paid as a fixed monthly allowance and is distinct from other allowances and benefits provided to Board members.

Code of Conduct

The Corporation has established a Code of Conduct to guide employees in the ethical conduct of business. All directors, management, and employees are expected to uphold high standards of integrity and ethical behavior in their interactions with colleagues, customers, suppliers, and government entities.

Conflict of Interest

The Board of Directors and management have a duty to avoid conflicts of interest in the course of their duties. Requirements relating to conflict of interest are incorporated into the Code of Conduct and Ethics, as well as in directors' appointment letters. Both the full Board and its committees maintain a standing agenda item for the declaration of interests, where members must disclose any actual, potential, or perceived conflicts. All declared interests are recorded in the minutes, and directors are required to disclose any interest that may conflict with the Corporation's business.

Board Induction, Training, and Development

In July 2024, the Corporation conducted induction and training for its board members. The Board is committed to the ongoing professional development of its directors to enhance their expertise and deepen their understanding of the Corporation's mandate, products, and other critical factors for its growth and success.

Going Concern

The Board of Directors has confirmed that the Corporation possesses sufficient resources to continue its operations for the foreseeable future. Accordingly, the Board affirms the continued use of the going concern basis of accounting in the preparation of the Corporation's financial statements.

Independence of the Board

All members of the Board of Directors are considered independent of management and are not subject to any relationships business or otherwise that could reasonably be perceived to compromise their ability to exercise objective and independent judgment in the discharge of their responsibilities.

8. Corporate Governance Statement (Cont.)

Board Activities and Composition

The Board operates on a structured annual calendar and meets on a quarterly basis to oversee the strategic and financial performance of the Corporation. Directors have full and unrestricted access to the Corporation Secretary and Legal Counsel to ensure effective governance support. As at the reporting date, the Board comprises ten members, nine non-executive directors and one executive director, being the Managing Director.

Name: **Dr. Abdillahi Alawy**

f Sign: 

Date: 28/11/2025

Chairman, Board of Directors



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9. Management Discussion and Analysis

Mission and Vision

The mission of the Agricultural Development Corporation is to promote commercially oriented agricultural resource development, enhance food and nutrition security, and expand agricultural undertakings in a sustainable manner. Its vision is to be a global leader in sustainable agricultural resource development.

SECTION A

The entity's operational and financial performance

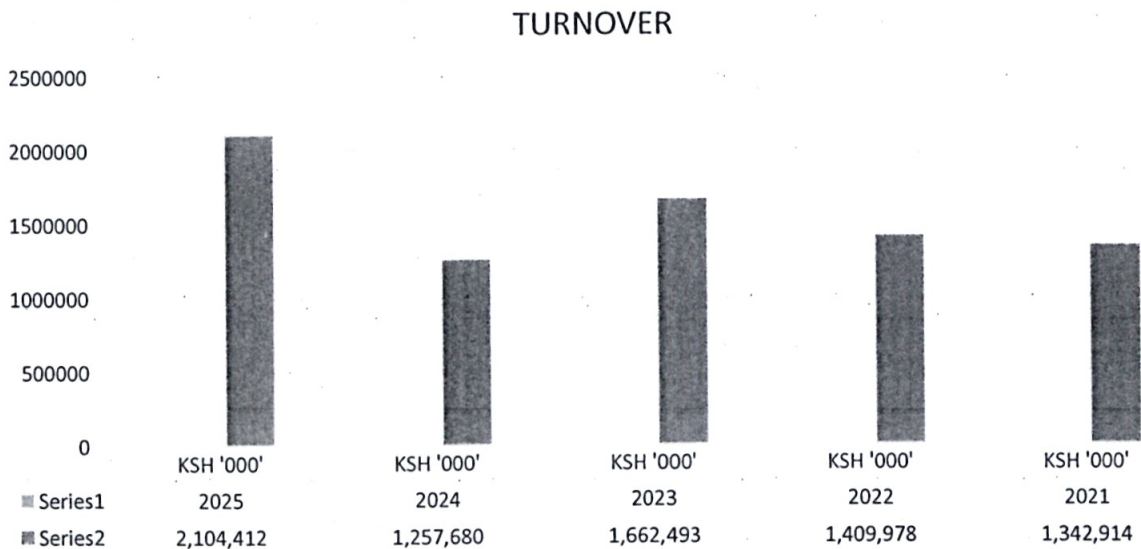
During the reporting period, the Corporation achieved a total turnover of Ksh. 2.104 Billion, representing 83% of the annual target of Ksh 2.535 billion. The shortfall in revenue performance was primarily due to lower-than-expected output from major enterprises such as seed potatoes. Production in this segment was adversely affected by unfavorable weather conditions, particularly excessive rainfall during the short rains season, which significantly impacted yields.

The Corporation's non-current assets and current liabilities position remained unfavorable, although it showed improvement compared to the previous financial year. The Corporation has consistently honored its obligations to settle current liabilities as they fall due, and has also made efforts to reduce historical debt through structured committal agreements with suppliers.

The high debt levels remain a significant challenge and are attributed to historical income instability, largely driven by erratic weather patterns and inadequate investment in mechanization over the years. Additionally, cash flow constraints have hindered the Corporation's ability to fund operations optimally.

Further compounding these challenges are legal liabilities, including judgments on land rates, tax matters, and other litigation many of which stem from historical land disputes or claims arising from work-related incidents involving casual laborers.

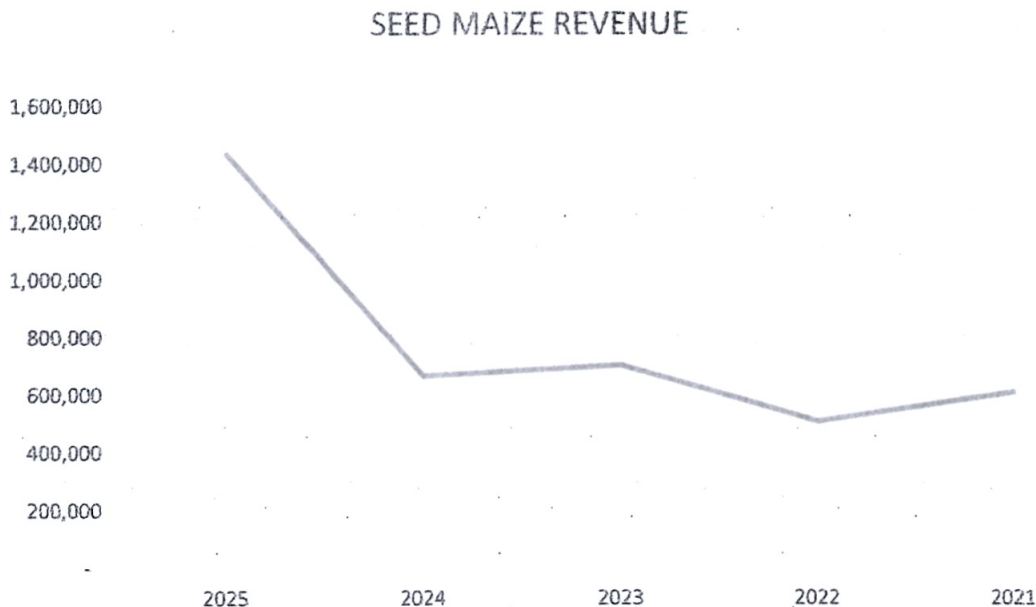
A1. Five years Turnover Performance Trend



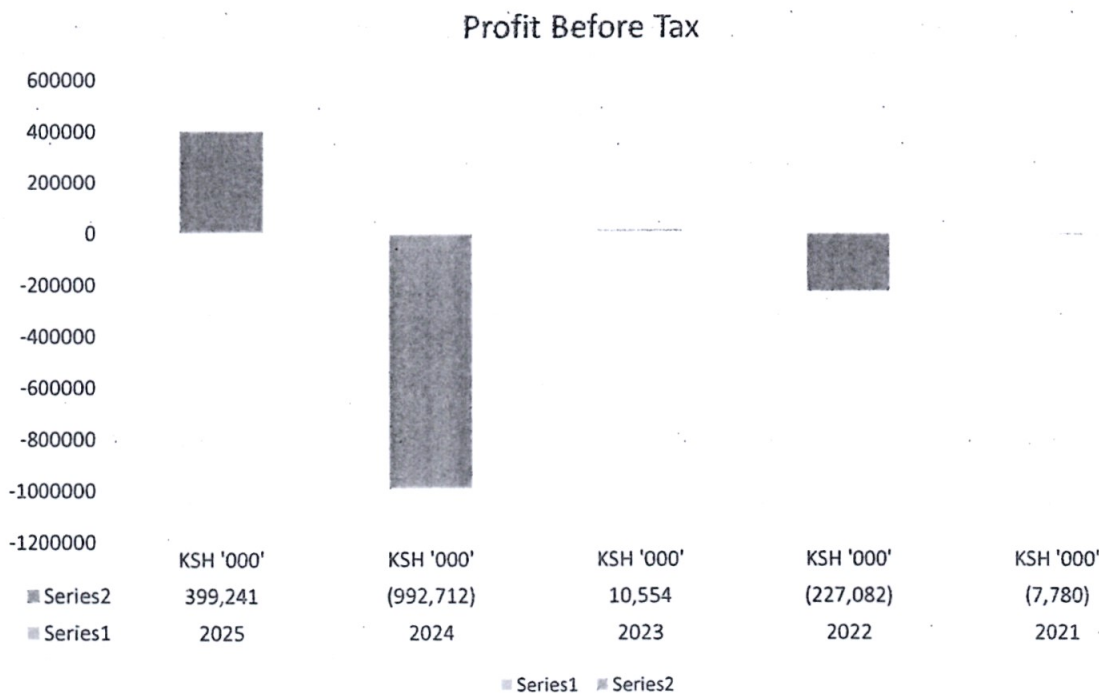
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9. Management Discussion and Analysis (Cont.)

A2. Revenues from seed maize



A3. Profit Before tax



9. Management Discussion and Analysis (Cont.)

SECTION B

Statutory Compliance

The Corporation has remained compliant in the filing of statutory returns as required by law. However, it continues to face challenges in fully settling historical statutory obligations due to cash flow constraints.

As at the reporting date:

- Unpaid statutory deductions amount to KES 31.6 million, and
- Unremitted staff deductions stand at KES 180.3 million.

The Corporation is actively engaging relevant authorities and exploring structured repayment arrangements to address these outstanding obligations, while prioritizing current compliance to avoid further accumulation of liabilities.

SECTION C

Key Projects and Investment Decisions

The Corporation is undertaking and planning several strategic projects aimed at improving productivity, enhancing operational efficiency, and supporting long-term sustainability. These initiatives are aligned with the Corporation's mandate to drive agricultural development and improve food and nutrition security.

Ongoing and Planned Investments:

- **Establishment of a Modern Semen Production Centre**

Aimed at improving the quality and availability of livestock genetics, this facility will support the Corporation's role in national livestock improvement programs.

- **Mechanization of Agricultural Operations**

Investment in modern farm machinery and equipment is underway to enhance efficiency, reduce labor costs, and improve timeliness of agricultural activities.

- **Adoption of Sexed Semen in Livestock Production**

The use of sexed semen will help increase herd productivity by enabling targeted breeding, especially for female calves in dairy farming.

- **Implementation of Diffused Light Stores (DLS) for Potato Storage**

DLS technology will reduce post-harvest losses and improve seed potato quality by providing optimal storage conditions.

- **Modernization of the Feed Mill and Driers Unit**

Upgrading the feed processing infrastructure will ensure consistent production of high-quality

animal feed, supporting the livestock and dairy segments.

- **Establishment of a Seed Processing Unit for Maize and Beans**

This project seeks to boost the Corporation's capacity to process and package its own certified seed maize (KH 600-23A) and seed beans, contributing to national seed security.

- **Modernization of the Dairy Sector**

Installation of automated milking machines and milk coolers will enhance milk hygiene, reduce wastage, and increase productivity in dairy operations.

SECTION D

Major Risks Facing the Corporation

The Corporation faces a range of strategic, financial, operational, and environmental risks that have the potential to impact its performance and sustainability. Key risks currently confronting the Corporation include:

- **Legal Cases and Land-Related Issues**

Ongoing legal proceedings, including historical land disputes, accidents involving laborers, and cases of land invasion and grabbing, pose financial and reputational risks.

- **Adverse Climate Change**

Heavy reliance on rain-fed agricultural practices exposes the Corporation to the impacts of erratic weather patterns, affecting crop yields and production reliability.

- **Lack of Mechanized Equipment**

Insufficient investment in agricultural machinery hampers operational efficiency and scalability of farming activities.

- **Inability to Service Debts Promptly**

Due to constrained cash flow, the Corporation faces challenges in servicing current and historical debts, increasing the risk of penalties and strained supplier relationships.

- **Market Competition**

Competitors offering similar products at lower prices continue to challenge the Corporation's market share and revenue generation, particularly in the seed and livestock markets.

- **Heavy Tax Obligations**

The Corporation faces significant outstanding tax liabilities, which have attracted interest and penalties, further straining its financial position.

9. Management Discussion and Analysis (Cont.)

SECTION E

Material Arrears in Statutory and Financial Obligations

As at the reporting date, the Corporation is facing several material statutory and financial obligations, arising primarily from historical debt accumulation and constrained cash flow. The following arrears remain outstanding:

Obligation	Amount (KES million)	Remarks
Unpaid NSSF Contributions	2.0	Historical Statutory arrears
Pension Contributions	27.1	Interest arrears
Gratuity	77.5	Accrued for current and former staff
Terminal Dues	11.8	Pending staff exit payments
Agdecco Sacco Dues	153.1	Staff savings remittances
Trade Creditors	974.5	Accumulated supplier payments
Pay As You Earn (PAYE)	11.4	Statutory payroll deduction
KCB Loan	195.6	Outstanding loan balance

These obligations reflect legacy financial pressures and highlight the need for structured debt resolution, improved liquidity management, and enhanced operational efficiency. The Corporation continues to engage with creditors and statutory bodies to develop sustainable repayment plans and avoid further accrual of penalties and interest.

SECTION F

Financial Probity and Governance Issues

There have been no reported cases of financial impropriety or serious governance breaches involving the Corporation during the reporting period. Furthermore, no complaints or investigations have been initiated by any government oversight agencies in relation to the Corporation's financial conduct or governance practices.

This reflects the Corporation's continued commitment to upholding ethical standards, transparency, and accountability in all its operations.

10. Environmental and Sustainability Reporting

i) Sustainability Strategy and Profile

As a leading agricultural institution in Kenya, the Agricultural Development Corporation (ADC) plays a pivotal role in advancing the country's agricultural sector. The Corporation's mandate centres on ensuring Kenyan farmers have consistent access to high-quality certified seeds. ADC fulfils this mandate by producing and supplying quality seeds, superior livestock breeding stock (including dairy, beef cattle, and shoats), cattle semen, animal feeds, training programs, and technology transfer from research institutions to farmers.

In alignment with the Government's Bottom-Up Economic Transformation Agenda (BETA), ADC's sustainability initiatives are geared toward achieving national food security and improved nutrition. The Corporation aims to increase the production of key seed crops such as seed maize, seed potatoes, seed beans, and seed grass by adopting modern and precise agricultural production techniques. These inputs are critical for enhancing farmer productivity and profitability. Parallel efforts are underway to improve the availability and quality of livestock breeding stock.

Key achievements and strategies during the reporting period included:

• Introduction of New Seed Crop Varieties

To meet growing market demand, ADC continues to introduce new and improved seed varieties. Notable seed products include:

- a) Maize: 600-23A and the new 500-series varieties, adapted to various altitude zones across Kenya.
- b) Beans: Malkia Variety (KK Red Bean 16), Rosecoco Variety (KK 194), and the new Kalro 33 variety.
- c) Potatoes: Expanded production of seed potatoes suited for similar ecological zones.

High demand for these products necessitates the allocation of additional resources to boost production, profitability, and supply capacity.

• Precision Farming Technologies

ADC is committed to adopting innovative and environmentally sustainable farming technologies. Precision agriculture has been implemented to manage key crop inputs including fertilizer, herbicide, fungicide, insecticide, and seeds on a site-specific basis, thereby reducing waste, increasing efficiency, and preserving environmental quality.

In particular, the Kitale region has seen the successful deployment of drones and light aircraft for field operations. These technologies enhance the management of critical crop diseases such as:

- a) Grey Leaf Spot (GLS)
- b) Fall Army Worm (FAW)
- c) Maize Lethal Necrosis Disease (MLND)

10. Environmental and Sustainability Reporting (Cont)

This approach allows the application of inputs in precise quantities, reducing wastage and nutrient runoff, and significantly lowering costs related to farm inputs, labour, and equipment maintenance.

ADC remains steadfast in its commitment to environmental sustainability, economic viability, and social responsibility through innovation, efficient resource use, and alignment with national development priorities.

- **Conservation Tillage**

ADC continues to adopt minimum tillage as a sustainable land preparation practice. This approach has helped:

- a) Reduce land preparation costs
- b) Mitigate soil erosion
- c) Conserve soil moisture
- d) Stabilize soil temperatures at critical root depths

Field results have been encouraging, with higher yields per hectare recorded under conservation tillage compared to conventional farming methods. This practice aligns with environmental conservation goals while enhancing productivity.

- **Adoption of Sexed Semen in Livestock Breeding**

The Corporation integrated sexed semen technology as a key tool for managing and expanding dairy herds across its farms. To ensure the success of this program, ADC invested in:

- a) Timely heat detection
- b) Estrus synchronization
- c) Enhanced cow nutrition

These efforts led to more effective herd planning and mating strategies, contributing to a 20% annual growth in dairy breeding stock. The use of sexed semen has proven to be a sustainable and cost-effective approach for herd renewal and productivity.

- **Capacity Building and Knowledge Transfer**

To support long-term sustainability, ADC placed significant emphasis on training and capacity building. Key highlights include:

- a) Training of staff and agricultural students on best practices in crop and livestock production.
- b) Strengthening of institutional partnerships, particularly with the Kenya Agricultural and Livestock Research Organization (KALRO).
- c) Joint efforts with KALRO led to the commercialization of hybrid seed maize and seed bean multiplication through the ADC Seed Unit in Kitale.

10. Environmental and Sustainability Reporting (Cont.)

These collaborations have enhanced access to improved seed varieties and modern agricultural techniques.

- **Innovation and Technology Adoption**

In line with its strategic objective to improve operational efficiency through innovation, ADC embraced the following technologies:

- a) **Use of Apical Cuttings for Seed Potato Multiplication:** This method accelerated the production of healthy, certified seed potatoes that meet customer preferences.
- b) **Application of Advanced Propagation Systems:** Techniques such as hydroponics, aeroponics, and greenhouse systems enabled efficient breeder seed production and subsequent basic seed field multiplication.
- c) As a result, ADC significantly increased the supply of certified seed potatoes to farmers, contributing to food security and farm profitability.

Additionally, the Corporation began transitioning from a manual cheque-based payment system to an electronic payment system, streamlining financial operations, reducing delays, and improving accountability.

Through these integrated strategies ranging from conservation agriculture to technological innovation and institutional collaboration, ADC continues to promote environmental sustainability, economic viability, and agricultural transformation in Kenya.

- **Enhancing Dairy Breeding through Advanced Reproductive Technologies**

To address the persistent gap between demand and supply for high quality dairy breeding animals, ADC has continued to invest in advanced breeding technologies. Key accomplishments include:

- a) Successful implementation of Embryo Transfer (ET) programs
- b) Expanded use of sexed semen
- c) Effective oestrus synchronization techniques

These interventions have contributed to a steady increase in livestock breeding capacity, improving herd quality and accelerating genetic progress within ADC farms.

- **Use of Diffused Light Store (DLS) for Seed Potatoes**

To improve seed potato storage and reduce post-harvest losses, ADC established a 100-tonne capacity Diffused Light Store (DLS) in the Nakuru region. This naturally ventilated facility utilizes indirect sunlight to preserve seed potatoes in optimal conditions. The DLS technique has proven effective in:

- a) Minimizing tuber damage
- b) Extending storage duration
- c) Ensuring seed viability at the time of planting

10. Environmental and Sustainability Reporting (Cont.)

This innovation supports year round access to high quality seed potatoes for farmers, further reinforcing food security efforts.

ii) Employee Welfare

The Corporation is guided by its Human Resource Policy and Procedures Manual, which is aligned with prevailing Labor Laws, public service regulations, and national Human Resource Management and Development policies. This manual ensures that all human resource practices promote professionalism, fairness, inclusivity, and employee well-being.

• Fair and Inclusive Human Resource Practices

The HR Manual outlines clear and transparent procedures for:

- a) Recruitment, selection, and appointment based on fair competition and merit
- b) Ensuring representation of Kenya's diverse communities
- c) Providing equal opportunities to all individuals regardless of gender, ethnicity or disability status (PWDs)

These principles ensure that ADC upholds diversity and inclusion across all levels of its workforce.

• Performance Management System (PMS)

The Corporation has established a structured Performance Management System aimed at enhancing both individual and organizational productivity. The system is built upon:

- a) Work planning and target setting
- b) Continuous performance feedback
- c) Annual performance appraisals

The PMS is fully integrated with other HR systems such as: Staff development and training, Career progression and placement, Reward and recognition programs, Corrective and disciplinary measures. This system not only enables the Corporation to assess employee contributions and identify underperformance, but also supports employees in improving their service delivery and achieving their career goals.

• Occupational Safety and Health (OSH)

ADC is committed to maintaining a safe and healthy work environment in line with the Occupational Safety and Health Act, 2007 (OSHA). The Corporation has developed comprehensive safety guidelines and standards to:

- a) Prevent workplace accidents
- b) Minimize exposure to occupational hazards
- c) Promote a culture of safety across all departments

During the reporting period, OSH training programs were conducted to enhance awareness, compliance, and the capacity of employees to manage risks at the workplace effectively.

10. Environmental and Sustainability Reporting (Cont.)

iii) Corporate Social Responsibility (CSR)

Our CSR Approach

The Agricultural Development Corporation (ADC) is committed to being a responsible corporate citizen, guided by ethical principles and a desire to positively impact society. ADC's Corporate Social Responsibility (CSR) efforts aim to contribute to economic development, improve the quality of life of its employees and their families, and support the wellbeing of surrounding communities and society at large.

As part of its core mandate, ADC promotes the production of essential agricultural inputs critical to Kenya's food security and rural livelihoods. These include: Hybrid seed maize, other cereal seeds, Potato and pasture seeds, Pedigree livestock (cattle, sheep and goats), Citrus seedlings, Beekeeping initiatives, Community Engagement and Support

ADC supports community-driven social and development initiatives that empower individuals and groups to pursue sustainable livelihoods. The Corporation's CSR activities are guided by its CSR Policy, which emphasizes needs-based interventions and community participation from the planning to commissioning phases of each initiative.

During the financial year under review, several CSR activities were implemented:

- **Agricultural Support to Communities**

Donation of commercial maize and oranges to the Catholic Church during an agricultural event held at the Show Ground. Supply of coffee and citrus seedlings to the Ministry of Agriculture for distribution to small-scale farmers in Trans Nzoia County, in partnership with the County Government.

- **Support to the Disciplined Forces**

The Corporation donated 150 liters of milk per day to members of the disciplined forces stationed at the Suam Border Post in Trans Nzoia County. This initiative aimed to support national security efforts and foster community partnership with state agencies.

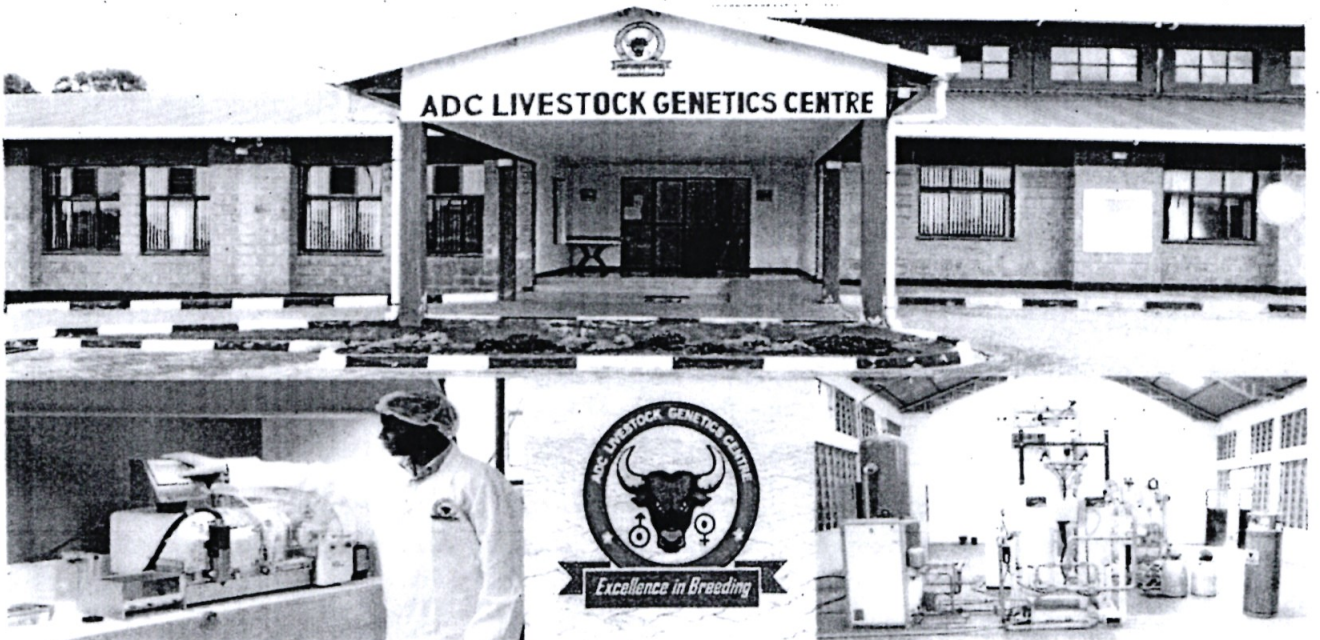
- **Environmental Conservation**

As part of its commitment to environmental stewardship, ADC partnered with both National and County Governments to conduct a tree-planting exercise at ADC Sirikwa Farm in Molo, Nakuru County. This initiative supports: Afforestation and climate resilience, Environmental restoration, Promotion of sustainable farming practices. The tree-planting program is being extended to other ADC units to enhance landscape restoration and carbon sequestration efforts.

Through these CSR initiatives, ADC reinforces its mission of fostering sustainable agricultural development while nurturing inclusive social and environmental progress in the communities it serves.



Boran bulls at ADC Sabwani - Kitale



Semen Production and Liquid Nitrogen Plant at ADC Livestock Genetics Centre - Kitale



Seed Maize Crop ADC Namandala - Kitale

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 30th June 2025, which show the state of affairs of the Agricultural Development Corporation and its subsidiary - Lands Limited.

i) Principal activities

The Corporation principal activities are development of agriculture in Kenya which includes:

- Custodian of national livestock studs.
- Provision of high-quality seeds to the farmers.
- Transfer of technologies from research institution the farmers.
- Support to industries processing agricultural products being the major producer of agricultural produce

ii) Results

The results of the Corporation for the year ended 30th June 2025, are set out in the statement of comprehensive income on page 1.

iii) Directors

The Directors who served during the year and to the date of this report are shown on page x to xix

iv) Auditors

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

By Order of the Board



.....
Rodgers Karumpu
Corporation Secretary

12. Statement of Directors Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, cap 446, requires that, at the end of each financial year, the Accounting Officer shall prepare financial statements in respect of the Corporation and its subsidiary, which give a true and fair view of the state of affairs of the Corporation and its subsidiary at the end of the financial year and the operating results of the Corporation and its subsidiary for that year. The Accounting Officer is also required to ensure that the Corporation and its subsidiary keep proper accounting records which disclose with reasonable accuracy the financial position of the Corporation. Section 81(3) requires the financial statements prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer is responsible for the preparation and presentation of the Corporations financial statements, which give a true and fair view of the state of affairs of the Corporation for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

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


The Accounting Officer accept responsibility for the Corporation financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Corporation financial statements give a true and fair view of the state of Corporation transactions during the financial year ended June 30, 2025, and of the Corporation financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the Corporation financial statements as well as the adequacy of the systems of internal financial controls.

12. Statement of Directors Responsibilities (Cont.)

The Accounting Officer confirms that the Corporation has complied fully with applicable Government Regulations and that the Corporations funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the Corporation financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Corporation financial statements were approved on 21st August, 2025 and signed by:



**Dr. Abdillahi Alawy
Chairman of the Board**



**Dr. Wilson Tonui
Managing Director**



REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON AGRICULTURAL DEVELOPMENT CORPORATION FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Agricultural Development Corporation set out on pages 1 to 60, which comprise of the statement of financial position as at 30 June, 2025, and the statement of statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Agricultural Development Corporation 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 Act of Parliament Cap 444 of 1986 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Statement of Cash Flows

The statement of cash flows reflects payments totalling Kshs.1,503,447,000, while the consolidated statement of financial performance reflects total payment of Kshs1,624,684,000 resulting to a variance of Kshs.121,237,000 which was not explained or reconciled.

In the circumstances, the accuracy and completeness of statement of cash flows could not be confirmed.

2. Property, Plant and Equipment

The consolidated statement of financial position at Note 23(a) reflects property, plant and equipment balance of Kshs.1,199,144,000. However, the following observations were made;

2.1 Parcels of Land with Ownership Dispute

As previously reported, there was an ongoing court case - ELC Petition Number 2 of 2022 where the suit property of 175 acres belonged to Lands Limited. The petitioner alleged to be the lawful proprietor of the parcel of 200 acres land, Grant No. L.R 19981 having acquired it from another owner other than ADC in the year 2021.

Further, there was an ongoing Court case in the Environment and Land Court at Kitale - ELC Petition Number 1 of 2023 for two parcels of land. The petitioner alleged that Lands Limited executed an instrument of transfer in respect to one parcel measuring 300 acres located at Suam Orchard Farm at Kshs.1,238,350,000 and 5355/23 grant numbers and the second parcel of land comprised of two titles situated in Trans-Nzoia County. On 1 December, 1997, Chief Land Registrar duly registered the instrument of title in favour of the petitioner vide presentation book number 1140 of 18 April, 2000.

2.2 Encroached Land at Rumuruti

The Corporation entered into an agreement with a tenant for lease of land in Rumuruti measuring 15,000 acres for fifteen (15) years. The lease was effective from 1 October, 2015 at a lease rent of Kshs.500 per acre per annum. It was noted that the acreage reduced from 15,000 acres to 13,103 acres from 1 October, 2019 as a result

of invasion by illegal grazers. In a correspondence dated 27 February, 2017, surveyors had indicated that 1,897 acres had been lost due to these illegal grazers. Management has not demonstrated concrete efforts to recover this land.

2.3 Land under Sirikwa Valley Farm (SKOV) in Nakuru

Further, 529.25 hectares of land under the SKOV in Nakuru, registered under L.R Certificate No. 9467 was a subject of dispute with persons who had encroached the ADC land, claiming ownership. The disputed parcel remains unvalued and its legal status unresolved as at the time of the audit.

2.4 Failure to Carry out Land Valuation

Review of the Corporation's land register revealed that the corporation owns a total of 748,115.74 hectares of land across the Country. However, the Corporation has not carried out a valuation of these parcels of land to determine their current fair value for financial reporting purposes.

2.5 Failure to Transfer Log Book to ADC

The log book for motor vehicle registration NO.40UN511K Toyota Hilux Double Cabin donated by UNDP in 2007 had not been transferred to the Corporation and the log book was still bearing the name of UNDP. Effectively, ownership of this vehicle remains with UNDP.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.1,199,144,000 could not be confirmed.

3. Inaccuracies in Revenue

The consolidated statement of financial performance reflects total revenue balance of Kshs.2,104,415,000. Revenue analysis and verification of the receipts, cash sales and invoices used by ADC to collect and recognize revenue collection revealed the following anomalies;

3.1 Unreconciled Revenue

Note 3 to the financial statements reflect farming income of Kshs.1,903,927,000. included in this balance, is other farm produce of Kshs.181,195,000 out of which Kshs.20,539,911 related to sugarcane delivered to a local company in western Kenya. However, these amounts were disputed by the sugar company arising from the unclear contract terms which did not stipulate the rates of deductions and other charges.

At the time of audit only Kshs.16,238,202 had been reconciled leaving a total of Kshs.4,301,709 unreconciled.

3.2 Loss of Revenue in ADC Nakuru Region

Note 3 to the financial statements reflects farming income balance of Kshs.1,903,927,000. Included in this amount is sale of commercial maize of Kshs.96,983,0000. Excluded from this amount is an amount of Kshs.904,140 for 301 bags of commercial maize which were issued without following the required process and approval.

3.3 Unauthorized Revenue Expenditure

Review of revenue records at ADC Chorlim, ADC Sabwani, ADC Namandala, ADC Japata, ADC Nai, ADC Suam, ADC Olingatongo, ADC Livestock Genetics Centre revealed that these farms collected revenue and spent at source apart from seed maize revenue which was invoiced at the farms but revenue collected at the Head Office. Further, ADC Sabwani Complex collected a total of Kshs.369,397,183, however, Kshs.39,241,840 was spent at source.

In the circumstances, accuracy and completeness of revenue balance of Kshs.2,104,415,000 could not be confirmed.

4. Failure to Pay for Lease Agreement by National Irrigation Authority

Agricultural Development Corporation entered into a lease agreement with the National Irrigation Authority (NIA) on 7 April, 2014 for 20,000 acres of land at a rate of Kshs.3,000 per acre per year, effective from 1 April, 2013 to 1 April, 2018, under the Grand Food Security Programme (GFSP). The lease, valued at Kshs.300 million over five years, was aimed at supporting the Government's initiative to establish the Galana-Kulalu Model Farm—a key pilot project under the National food security pillar of Vision 2030. However, the following observations were made;

- i. Under the arrangement, ADC was to provide the land, while NIA was responsible for developing the necessary irrigation systems and infrastructure. Once completed, the project was to be handed back to ADC for agricultural production. However, this has not happened by the time of audit exercise.
- ii. NIA paid Kshs.150 million as lease fees to ADC but defaulted on an additional Kshs.150 million. As of November 2025, the irrigation and support infrastructure had been substantially completed and was operational. However, the outstanding lease payment remained unpaid.
- iii. ADC and NIA jointly entered into a Public-Private Partnership (PPP) arrangement with a local company for the Development, Operation, and Management of the 20,000 acre NAFKA Food Security Project—an expansion of the original Galana-Kulalu initiative. Audit review revealed that the PPP process had not yet received formal approval from the Public Private Partnerships Committee as required under Sections 19–22 of the PPP Act, 2021, nor had the final PPP agreement been executed.
- iv. The local company commenced test-run production activities on portions of the farm in 2025, utilizing the existing irrigation infrastructure financed through Government loan

In the circumstances, the recoverability of the receivables from exchange transactions could not be confirmed.

5. Non-Consolidation of Subsidiaries Financial Statements

The consolidated statement of financial position reflects an investment balance of Kshs.467,283,000 as disclosed in Note 24 to the financial statements. The balance represents equity investments in several entities including eight investee companies.

Included in the investments balance of Kshs.467,283,000, are investments in shares held in Chemelil Sugar Company Ltd of Kshs.203,592,000, Muhoroni Sugar Company of Kshs.41,342,000, and Kenya Seed Company Ltd of Kshs.114,014,400 where Agricultural Development Corporation holds 96.22%, 74.17% and 51.83% respectively which is more than half in nominal value of share capital. However, the subsidiaries financial performance and financial position are not consolidated in the Agricultural Development Corporation consolidated financial statement as the holding company. Further, there is no documentary evidence or disclosure notes in the financial statement for the exemption.

In addition, the Corporation holds investments at Chemelil Sugar Company Ltd of Kshs.203,592,000, Muhoroni Sugar Company of Kshs.41,342,000, Kenya Grain Grower's Co-op Union of Kshs.1,123,424, Pyrethrum Board of Kenya of Kshs.35,640,000, Kenya Planters' Co-operative Union of Kshs.24,960,000, and Agro-Chemical and Food Ltd Kshs.16,900,000 respectively all totalling Kshs.323,557,424. However, no dividends have been received for a considerably long time.

In the circumstances, occurrence, accuracy and completeness of investments balance of Kshs.467,283,000 could not be confirmed.

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

Emphasis of Matter

1. Budget Control and performance

The statement of comparison of budget and actual performance reflects approved revenue estimates of Kshs.2,535,284,000 against actual revenue collection of Kshs.2,104,412,000 resulting in under collection of Kshs.430,872,000 or 17% of the budget. Similarly, the statement the total operating expenditure amounted to Kshs.1,624,701,000 against an actual receipts of Kshs.2,104,412,000 representing an underspending of Kshs.479,711,000 or 22% of the actual receipts.

The under collection and under expenditure of revenue may have negatively impacted on the planned activities of the Corporation.

2. Contingent Liabilities

Review of Note 33 to the financial statements revealed that the Corporation disclosed a contingent liability of Kshs.1,925,014,000 which comprise of Kshs.1,412,811,000 from tax assessments issued by the Kenya Revenue Authority in relation to principal tax, penalties and interest and Kshs.512,203,000 relating to pending land rates from previous years. Management explained that following consultations and reviews with KRA, the Corporation had negotiated the tax arrears down to Kshs.336,617,770 which remains under discussion and review with the Authority. However, as at the time of

audit no formal settlement, correspondence or other documentary confirmation of negotiated position was provided for audit verification.

Further, the Corporation disclosed outstanding liabilities for County Governments of Trans Nzoia, Kilifi, Tana River of Kshs.309,127,000, Kshs.196,118,000 and 6,958,000 respectively all amounting to Kshs.512,203,000 relating to accrued land rates and associated penalties. No supporting documentation such as demand notices were presented to confirm the amounts, nor was there formal payment arrangements in place.

In the circumstances, the Corporation faces the risk of high penalties should the negotiation with the tax authority and County Governments not succeed in ADC's favour.

3. Failure to Disclose Material Uncertainty Related to Going Concern

Review of the consolidated statement of financial position revealed that current liabilities balance of Kshs.1,696,290,000 exceeded the current assets balance of Kshs.1,188,748,000, resulting in a negative working capital of Kshs.507,542,000. This position implies that the Corporation was unable to meet its short-term financial obligations from its available current assets.

Further, the financial statements did not disclose this material uncertainty, contrary to the requirements of IPSAS 1, which mandates management to disclose such conditions and the mitigating plans in the notes to the financial statements.

In the circumstances, Management was in breach of IPSAS 1 requirement.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

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

Issue No.	Financial Year	Issue Title
1	2023/2024	Inaccuracies in the loan balance
2	2023/2024	Property plant and equipment
3	2023/2024	Receivables from exchange transactions

Issue No.	Financial Year	Issue Title
4	2023/2024	Unsupported receivables from National Livestock project
5	2023/2024	Investments
6	2023/2024	Unsupported and Long outstanding payables
7	2023/2024	Undisclosed material uncertainty in relation to sustainability of service
8	2023/2024	Budget Control and performance
9	2023/2024	Regularities in Human resource management practices
10	2023/2024	Unaccounted for herbicides
11	2023/2024	Loss of assets -livestock
12	2023/2024	Stalled Projects
13	2023/2024	Lack of Contractual Agreements on Sale of Seed Maize

Other Information

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

In connection with my audit on the Corporation'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 and 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. Irregular Procurement of Motor Vehicles

The consolidated statement of financial position, as disclosed under Note 23(a) reflects property, plant and equipment balance of Kshs.1,199,144,000, of which Kshs.128,918,000 relates to acquisition of motor vehicles. Included in the amount of is Kshs.47,066,900 paid for the supply of five (5) motor vehicles procured from a local dealer. However, review of the procurement process revealed the Corporation procured the vehicles through restricted tendering without amending the procurement plan. In addition, the supplier's letter of acceptance confirming the award was not provided for audit review.

In the circumstances, Management was in breach of law and value for money could not be confirmed.

2. Irregular Procurement of Tractors

The consolidated statement of financial position, as disclosed under Note 23(a) reflects property, plant and equipment balance of Kshs.1,199,144,000 of which Kshs.128,918,000 relates to acquisition of tractors. Included in the amount is Kshs.50,780,000 paid for the supply of ten (10) tractors procured from local dealers. However, review of the procurement process revealed the following anomalies;

- i. The approved procurement plan indicated open tendering, but the Corporation utilized restricted tendering without justifying reasons.
- ii. Termination of initial tender was not reported to public procurement regulatory authority within the prescribe fourteen days as required by section 63(2)(3) of Public Procurement and Disposal Act 2015.
- iii. Delivery was confirmed through a delivery note without a corresponding inspection and acceptance certificate.

In addition, the entity acquired two (2) tractors and a gyro mower procured from a local dealer. However, examination of the procurement documentation revealed the following irregularities;

- i. The approved procurement plan indicated open tendering, but the corporation utilized restricted tendering without justifying reasons.
- ii. The CR12 certificate provided was issued six months prior to the date of the requirement.
- iii. The procurement file lacked evidence of performance security or bank guarantee.

In circumstances, Management was in breach of the law and value for money could not be confirmed.

3. Irregular Procurement of Farm Equipment and Machinery

The consolidated statement of financial position, as disclosed under Note 23(a) reflects property, plant and equipment balance of Kshs.1,199,144,000 of which Kshs.25,424,000 relates to acquisition of farm equipment and machinery that further included amount of Kshs.17,103,446 paid for the supply of eleven (11) farm equipment and machinery procured from a local dealer. However, examination of the

procurement documentation revealed that the procurement plan provided for open tendering but the Corporation proceeded with restricted tendering, later converting to direct procurement without justifying reasons. Further, evaluation committee records indicated that the initial bidders had been disqualified, yet the same firms were subsequently awarded contracts under direct procurement. In addition, delivery confirmation was inadequately documented, relying on a single officer's signature.

In the circumstances, Management was in breach of law and value for money could not be confirmed.

4. Irregular Payment of Medical Insurance

The statement of financial performance and Note 8 to the financial statements reflects a balance of Kshs.633,803,000 for employee costs which includes medical insurance services of Kshs.30,369,439. Review of procurement records relating to tender for the provision of medical insurance services revealed that AAR Insurance was awarded a contract amounting to Kshs.30,369,439 for the renewal of staff medical cover. However, the examination revealed the following procedural anomalies and non-compliance with procurement regulations;

- i. The renewal of the medical cover lacked actuarial evaluation or justification to support the pricing, coverage, and risk assumptions.
- ii. There was no premium certificate submitted to confirm the underwriter's liability and formal acceptance of risk under the renewed policy.
- iii. Documentation confirming the inclusion of 14 newly recruited employees during the year under review was not provided for audit verification. Endorsement letters, acknowledgment notes or policy addenda reflecting their addition to the medical insurance cover were not provided.
- iv. Signed insurance policy or agreement was not provided for audit review.

In the circumstances, Management was in breach of law and the value for money could not be confirmed.

5. Inadequacies in Procurement of General Insurance Cover Contract

The statement of financial performance and Note 7 to the financial statements reflects balance of Kshs.744,824,000 for use of goods and services. Included in this amount was Kshs.2,821,286 for general insurance for a total contract sum Kshs.2,821,286. However, the awarded contract lacked a duly signed service level agreement or insurance policies between the insurers and the Agricultural Development Corporation. These critical documents were also not provided for audit review. Further, the policy commencement date preceded confirmation of full premium payment, contrary to standard insurance practice which requires that cover be activated only upon receipt of premium, in accordance with regulatory expectations and industry norms. In addition, no formal insurance policy documents were availed for audit review.

In the circumstances, regularity and value for money for the expenditure for insurance of Kshs.2,821,286 could not be confirmed.

6. Irregular Procurement of Herbicides

The statement of financial performance reflects use of goods and services balance of Kshs.744,824,000 as disclosed in Note 7 to the financial statements. Included in the balance is Kshs.161,383,000 incurred to procure herbicides. However, examination of procurement records relating to the supply of herbicides revealed that contracts were awarded to a local agrovet and enterprise, each valued at Kshs.2,900,000, resulting in a total of Kshs.5,800,000. This amount exceeded the allowable threshold for the request for quotation procurement method without any justification or approval contrary to Section 54(1) of the Public Procurement and Asset Disposal Act, 2015.

In addition, the evaluation process lacked evidence of competitive pricing analysis, value-for-money assessments, or transparent evaluation criteria, raising concerns as to whether the Corporation obtained the best commercial terms and ensured fairness and equity among suppliers.

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

7. Procurement of Insecticides

The statement of financial performance reflects use of goods and services balance of Kshs.744,824,000 as disclosed in Note 7 to the financial statements. The amount includes purchase of insecticides through a contract valued at Kshs.1,600,000 which was awarded to a supplier and issued under Local purchase order at the Agricultural Development Corporation Kitale regional office without obtaining the mandatory written approval from the Managing Director. This was contrary to Clause 2.1.2 of the Corporations Procurement Policies and Work Instructions, which requires that all approvals shall be exercised by the Managing Director.

In addition, the procurement amount exceeded Kshs.1,000,000 approval threshold but was not approved in writing by the Managing Director, thereby contravening Clause 4.4 on approval limits for purchase orders in the same policy.

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

8. Failure to Commence Climate Change Programmes

Review of activities and programmes for the Corporation revealed that no action plan regarding climate change was put in place. The Corporation did not have a designated unit with sufficient staff and financial resources and did not appoint a senior officer to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions into its sectoral strategies. This was contrary to Section 15(5) of the Climate Change Act, 2016 among others, requiring each State Department and National Government Public entity to integrate the climate change action plan into sectoral strategies, action plans and other implementation projections for the assigned legislative and policy functions.

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

9. Lack of Financial Data Integration with Field Branches

Review of data linkage between ADC head office and branches revealed that the Corporation does not have an IT system or any integrated financial management platform that integrates field data records to the headquarters. The Corporation relies on an outdated Sera Blue System, which only supports basic accounting and financial data entry. Data is manually transferred to the headquarters.

Key operational areas including procurement, payroll, inventory, and asset management are managed manually, outside of any system control environment. This manual setup lacks authorization hierarchies, segregation of duties, data verification, and audit trail functionalities, exposing the organization to operational inefficiencies and financial risks.

Further, it was noted that in the 2023/2024 financial year, Kshs.30 million was allocated for acquisition and implementation of an ERP system, but the project had not commenced as the time of audit. No progress reports, procurement documents, or implementation plans were presented for audit review, contrary to Sections 68(1), 68(2)(a), (b), and 149(1) of the Public Finance Management (PFM) Act, 2012 which requires Accounting Officers to maintain proper financial systems that ensure accurate, complete, and timely recording of all transactions and to safeguard public resources from misuse or loss.

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

10. Irregular Engagement of Casuals.

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects a balance of Kshs.633,803,000 for employee costs which includes Kshs.219,858,000 for wages. Review of the human records at the Kitale office revealed that the contract staff were effected in the muster roll before contracts are formalized. Further, contracts are automatically renewed and staff do not go for the required recess. In such cases, they continue in the same positions using other person's identity card numbers and some of the contract workers are moved into muster roll as they wait contract renewal.

In addition, there was no evidence of termination of contract for those contract staff who left service before lapse of the period. This was contrary to employment procedures and Section 37 (1b) of the Employment Act of 2007.

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

11. Staff Ethnic Imbalance

Review of the human resource records showed that one ethnic community dominant around Kitale comprised 36% of the total in-post staff. Further, the same community ranked the highest at 43% for the recruitment done during the year under review. This was contrary to requirements of section 7(2) of The National Cohesion and Integration Act, 2008 which requires that no public establishment shall have more than one third of its staff from the same ethnic community.

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. Weakness in Revenue Collection System

Review of revenue records and expenditure on ADC Chorlim, ADC Sabwani, ADC Namandala, ADC Japata, ADC Nai, ADC Suam, ADC Oingatongo, ADC Livestock Genetics Centre revealed that ADC uses three methods to record revenue in its systems; cash sale for m-pesa payments, invoice for credit sales and receipt for any other payment method such as bank deposits. These systems are manual and not user friendly.

Further, DC recognizes revenue in its manual records before entering the same manually in the accounting system. Each farm has a stand-alone system which are not integrated in any way with other farms, regional offices or head quarter office. In addition, amounts are paid through bank and Mpesa have to be manually fed into the accounting system.

This was contrary to Regulation 64(1)(a) of PFM Regulations 2015 which provides that an accounting officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all national government revenue and other public moneys relating to their Ministries, departments or agencies.

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

2. Non-Compliance to Retirement Age Guidelines.

Review of the human resource records showed that seven (7) officers who had attained the legal retirement age of 60 years were still on payroll receiving all staff benefits contrary to Section D.21 of the Public Service Human Resource Policies and Procedures which requires that all officers shall retire from the service on attaining the mandatory retirement age of sixty (60) years and sixty five (65) years for persons with disabilities. No sufficient explanation or authorization was provided to explain the continued employment of staff who had attained the mandatory retirement age. Management did not take any action despite this being a prior year audit finding.

In the circumstances, Management was non-compliant with the Public Service Human Resource policies and procedures.

3. Discrimination of Gender in Appointment of Board Members

A review of the Board composition revealed that the Board constituted 13 members, of which only two were female. This contravened Article 27 (8) the Constitution of Kenya, 2010 which provides that in addition to the measures contemplated in clause (6), the state shall take legislative and other measures to implement the principle that not more than two thirds of members of elective or appointive bodies shall be of the same gender.

In the circumstances, Management was in breach of the law

4. Lack of approval from State Corporations Advisory Committee (SCAC) of the Board Work Plan (Almanac)

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects Board expenses balance of Kshs.20,762,000. However, there was no evidence of approval from SCAC of the Board work plan (almanac) contrary to Circular OP/CAB.9/1A dated 11 March, 2020 which requires that State Corporations to submit their annual board meeting schedule (almanac) to the State Corporations Advisory Committee (SCAC) by June 30th of each year, through their parent Ministry. This almanac should be based on the organizational work plan, statutory obligations, and available budget.

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

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

In preparing the financial statements, Management is responsible for assessing the Corporation'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 are responsible for overseeing the Corporation'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

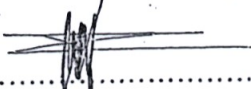
18 December, 2025

Agriculture Development Corporation
Annual Report and Financial Statements
For the year ended June 30, 2025

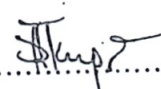
For the Year Ended 30 June 2025

	Notes	2024-2025 KSH '000'	2023-2024 KSH '000'
Revenue from Non-Exchange transactions			
Transfer from other Government Agencies	1	-	15,000
Revenue from exchange transactions			
Rendering of Services	2	27,517	67,334
Farming Income	3	1,903,927	1,071,644
Rental revenue from facilities and equipment	4	69,012	35,007
Investments Income	5	46,721	28,875
Other Income	6	57,240	54,821
		2,104,415	1,257,680
TOTAL REVENUE		2,104,415	1,272,680
Expenses:			
Use of Goods & Services	7	744,824	812,145
Employee costs	8	633,803	591,618
Board Expenses	9	20,762	29,893
Depreciation and amortization expense	10	118,053	91,272
Repairs and maintenance	11	51,798	40,403
Contracted services	12	14,554	18,203
Subscription & Donations	13	535	1,271
Finance costs	14	40,355	42,421
		1,624,684	1,627,226
TOTAL EXPENSES		1,624,684	1,627,226
NET PROFIT / (LOSS)		479,732	(354,547)
Other gains/(losses)			
Gain/(Loss) on changes in Biological Assets	15	(36,435)	(588,964)
Loss due to death of Livestock	16	(44,145)	(49,199)
Gain/(Loss) on foreign exchange transaction	17	110	(3)
Gain/(Loss) on sale of fixed assets	18	-	-
Surplus/ (Deficit) before tax		399,262	(992,712)
Taxation @ 30%	37	-	-
NET SURPLUS/ (DEFICIT)		399,262	(992,712)

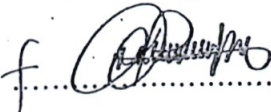
The notes set out on pages 9 to 39 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


.....
Dr. Wilson Tonui
Managing Director

Date: 28/11/2025


.....
Mr. Dominic Busienei
Head of Finance

(ICPAK M/NO. 18117)
Date: 28/11/2025


.....
Dr. Abdillahi Alawy
Chairman of the Board

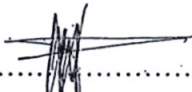
Date: 28/11/2025

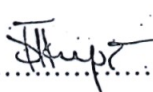
Agricultural Development Corporation
Annual Report and Financial Statements
For the year ended June 30, 2025


Company Director's Report
For the Year Ended 30 June 2025

	Notes	2024-2025 KSH '000'	2023-2024 KSH '000'
Revenue from Non-Exchange transactions			
Transfer from Government Agencies	1	-	15,000
Revenue from exchange transactions			
Rendering of services	2	27,517	67,334
Farming Income	3	1,903,927	1,071,644
Rental revenue from facilities and equipment	4	69,012	35,007
Investments Income	5	46,721	28,875
Other Income	6	56,532	54,376
		2,103,707	1,257,235
TOTAL REVENUE		2,103,707	1,272,235
Expenses			
Use of Goods and Services	7	744,704	811,845
Employee costs	8	631,940	589,415
Board Expenses	9	20,762	29,893
Depreciation and amortization expense	10	118,035	91,249
Repairs and maintenance	11	51,798	40,403
Contracted services	12	14,554	18,203
Donation & Subscription	13	535	1,271
Finance costs	14	40,355	42,421
TOTAL EXPENSES		1,622,683	1,624,701
OPERATING PROFIT/ (LOSS)		481,024	(352,466)
Other gains/(losses)			
Gain/(Loss) on Changes in Biological Assets	15	(36,435)	(588,964)
Loss Due to Death of Livestock	16	(44,145)	(49,199)
Gain/(Loss) on Foreign Exchange Transaction	17	110	(3)
Gain/(Loss) on Sale of Fixed Assets	18	-	-
Surplus/ (Deficit) before tax		400,555	(990,632)
Taxation @ 30%	37	-	-
NET SURPLUS / (DEFICIT)		400,555	(990,632)

The notes set out on pages 9 to 39 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


.....
Dr. Wilson Tonui
Managing Director


.....
Mr. Dominic Busienei
Head of Finance


.....
Dr. Abdillahi Alawy
Chairman of the Board

Date: 28/11/2025

Date: 28/11/2025

Date: 28/11/2025


Agricultural Development Corporation
Annual Report and Financial Statements
For the year ended June 30, 2025

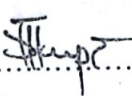
Consolidated Statement of Financial Position

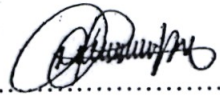
As At 30 June 2025

Assets	Note	2024-2025 KSH '000'	2023-2024 KSH '000'
Current assets			
Cash and cash equivalents	19	460,785	51,904
Current Account with National Livestock Project	20	47,325	43,861
Receivables from exchange transactions	21	460,240	406,624
Inventories	22	220,397	219,119
Total Current Assets		1,188,748	721,508
Non-current assets			
Property, plant and equipment	23(a)	1,199,144	1,191,828
Biological - Work in Progress	23 (d)	32,168	-
Investments	24	467,283	467,283
Biological Assets	25	1,110,977	1,169,015
Total Non-current Assets		2,809,573	2,828,126
Total Assets		3,998,320	3,549,634
Liabilities:			
Current liabilities			
Trade & other payables-exchange transactions	26	1,641,090	1,582,250
Borrowings	28(a)	55,200	55,200
Total Current Liabilities		1,696,290	1,637,450
Non-current liabilities			
Borrowings	28(b)	140,432	132,768
Total Non Current Liabilities		1,836,722	1,770,218
Net assets		2,161,598	1,779,416
Grants	29	3,538,786	3,538,786
Capital Reserves	30	12,775	12,775
Revaluation Reserves	31	447,701	447,701
Accumulated (Deficit)		(1,837,664)	(2,219,846)
		2,161,598	1,779,416
Total Net Assets & Liabilities		3,998,320	3,549,634

The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


.....
Dr. Wilson Tonui
Managing Director


.....
Mr. Dominic Busienei
Head of Finance


.....
Dr. Abdillahi Alawy
Chairman of the Board

Date: 28/11/2025

(ICPAK M/No 18117)
Date: 28/11/2025

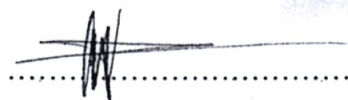
Date: 28/11/2025

**Agricultural Development Corporation
Annual Report and Financial Statements
For the year ended June 30, 2025**

**17. Company Statement of Financial Position
As At 30 June 2025**

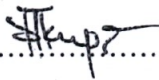
Assets	Note	2024-2025	2023-2024
Current assets		KSH '000'	KSH '000'
Cash and cash equivalents	19	41,903	51,222
Current Account with National Livestock Project.	20	47,325	43,861
Receivables from exchange transactions	21	439,964	386,347
Inventories	22	220,397	219,119
Total Current Assets		749,590	700,549
Non-current assets			
Property, Plant and Equipment	23(b)	715,300	707,968
Biological - Work in Progress	23 (d)	32,168	-
Investments	24	467,283	467,283
Biological Assets	25	1,110,977	1,169,015
Investment in Subsidiary- LANDS Ltd		31,434	31,434
Total Non-Current Assets		2,357,162	2,375,700
Total Assets		3,106,752	3,076,249
Liabilities			
Current liabilities			
Trade & other payables - exchange transactions	26	1,637,634	1,578,914
Borrowings	28(a)	55,200	55,200
		1,692,834	1,634,114
Non-current liabilities			
Current Account With Subsidiary- LANDS Ltd	27	135,411	554,764
Borrowings	28(b)	140,432	132,768
		275,843	687,532
Total liabilities		1,968,677	2,321,646
Net assets		1,138,075	754,603
Grants	29	3,538,786	3,538,786
Accumulated (Deficit)		(2,400,711)	(2,784,184)
Total net assets and liabilities		3,106,752	3,076,249

The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:



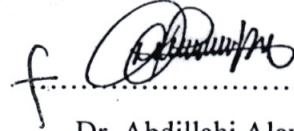
Dr. Wilson Tonui
Managing Director

Date: 28/11/2025



Mr. Dominic Busienei
Head of Finance
(ICPAK M/No 18117)

Date: 28/11/2025



Dr. Abdillahi Alawy
Chairman of the Board

Date: 28/11/2025

**Agricultural Development Corporation
Annual Report and Financial Statements
For the year ended June 30, 2025**

**18. Lands Limited Statement of Financial Position
As At 30 June 2025**

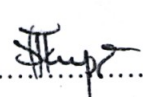
ASSETS	NOTE	2024-2025	2023-2024
		KSH '000'	KSH '000'
Current Assets			
Cash and cash equivalents	19	418,881	682
Receivables from exchange transactions	21	20,276	20,276
		439,158	20,959
Non-current assets			
Property, plant and equipment	23 (e)	483,843	483,861
Current Account with Parent Co.	27	135,411	554,764
		619,254	1,038,625
Total assets		1,058,412	1,059,584
Liabilities			
Current liabilities			
Trade & other payables -exchange transactions	26	3,454	3,334
Total Liabilities		3,334	3,334
Net Assets		1,055,078	1,056,250
Equity			
Authorized and issued fully paid 1,000 Ord. Shares @20		20	20
Grants		55,694	55,694
Capital Reserve	30	12,775	12,775
Revaluation Reserves	31	447,701	447,701
Accumulated surplus/ (Deficit)		538,768	540,059
Total		1,054,958	1,056,250
Total net assets and liabilities		1,058,412	1,059,584

The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:



Dr. Wilson Tonui
Managing Director

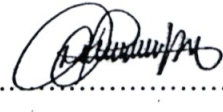
Date: 28/11/2025



Mr. Dominic Busienei
Head of Finance

(ICPAK M/No 18117)

Date: 28/11/2025



Dr. Abdillahi Alawy
Chairman of the Board

Date: 28/11/2025

**Agricultural Development Corporation
Annual Report and Financial Statements
For the year ended June 30, 2025**

**19. Statement of Changes in Net Assets
For the Year Ended 30 June 2025**

	Equity (Grants) Kshs '000	Capital Kshs '000	Revaluation Kshs '000	Profit/ Loss Kshs '000	Total Kshs '000
Balance As At 30th June 2023	3,523,786	12,775	447,701	(1,251,552)	2,732,710
Addition	15,000	-	-	-	15,000
Prior year adjustment	-	-	-	24,418	24,418
Transfers to accumulated surplus/Deficit	-	-	-	(992,712)	(992,712)
Balance As At 30 June 2024	3,538,786	12,775	447,701	(2,219,846)	1,779,416
Addition	-	-	-	-	-
Prior Year Adjustment	-	-	-	(17,081)	(17,081)
Transfers to Accumulated Surplus/(Deficit)	-	-	-	399,262	399,262
Balance As At 30 June 2025	3,538,786	12,775	447,701	(1,837,664)	2,161,597

Agricultural Development Corporation
Annual Report and Financial Statements
For the year ended June 30, 2025

20. Statement of Cash Flows

For the Year Ended 30 June 2025

	Note	2024-2025 KSH '000'	2023-2024 KSH '000'
Cash flows from operating activities			
Receipts:			
Transfer from Government Agencies		-	15,000
Rendering of Services		27,286	29,091
Farming Income		1,902,793	1,021,603
Rental Revenue from Facilities and Equipment		68,455	31,150
Investment Income		46,721	28,875
Other Income		57,240	54,376
Total Receipts		2,102,493	1,180,095
Payments:			
Use of Goods and Services		788,458	543,486
Employee Costs		624,949	543,868
Board Expenses		20,762	29,893
Repair and Maintenance		51,549	32,322
Contracted Services		12,154	18,203
Donation and Subscription		479	1,271
Finance Costs		5,097	12,652
Total Payments		1,503,447	1,181,695
Net cash flows from Operating Activities		599,046	(1,600)
Cash flows from investing activities:			
Purchase of PPE and Intangible Assets		(162,572)	(44,332)
Proceeds from Sale of Assets		-	-
Net cash flows used in investing activities		(162,572)	(44,332)
Cash Flows from financing activities			
Repayment of Borrowings		(27,593)	(19,312)
Net cashflow from financing Activities		(27,593)	(19,312)
Net increase/ (decrease) in cash and cash equivalents		408,881	(65,244)
Cash & cash equivalent at the Beginning		51,904	117,148
Cash & cash equivalent at the end		460,785	51,904

Agricultural Development Corporation
Annual Reports and Financial Statements
For the year ended June 30, 2025.

21. Statement of Comparison of Budget and Actual Amounts
For the Year Ended 30 June 2025

	Original Budget	Adjustments	Final Budget	Actual	Variance	% of Utilization
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	
Revenue						
Rendering of Services	68,527	-	68,527	27,517	41,010	40
Farming Income	2,305,381	-	2,305,381	1,903,924	401,457	83
Rental from facilities	76,000	-	76,000	69,012	6,988	91
Investment Income	64,995	-	64,995	46,721	18,274	72
other incomes	20,380	-	20,380	57,240	(36,860)	281
Total Income	2,535,284	-	2,535,284	2,104,412	430,871	
Expenses						
Use of Goods & Services	893,973	261,698	1,155,671	740,154	415,517	64
Employees Cost	629,345	77,095	706,440	638,472	67,968	90
Board Expenses	21,000	-	21,000	20,762	238	99
Depreciation and Amortization	100,000	-	100,000	118,071	(18,071)	118
Repair and maintenance	25,243	15,149	40,392	51,798	(11,407)	128
Contracted Services	15,502	4,518	20,020	14,554	5,466	73
Subscription & Donation	2,262	-	2,262	535	1,727	24
Finance Costs	28,415	17,739	46,154	40,355	5,799	87
Total expenditure	1,715,741	376,198	2,091,939	1,624,701	467,238	
Surplus for the period	819,543	(376,198)	443,344	479,711	-36,367	
Capital Expenditure	230,394	-	230,394	162,487	67,907	71

Budget Execution by Programmes and Sub-programme for FY 2024/2025

Programme & Sub-Programme	Original Budget	Adjustments	Final budget	Actual on comparable basis	Budget Utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
Crop Development and Management	2,535,283,554	-	2,535,283,554	2,104,274,320	431,009,234
Land and Crops Development	2,535,283,554	-	2,535,283,554	2,104,274,320	431,009,234
TOTAL	2,535,283,554	-	2,535,283,554	2,104,274,320	431,009,234

**Agricultural Development Corporation
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22. Notes to the Financial Statements

1. Corporate Profile

The Agricultural Development Corporation (ADC) is a State Corporation established under Cap 486 of the Laws of Kenya and operates under the authority and accountability of Cap 444 of 1986. The Corporation is wholly owned by the Government of Kenya and is domiciled within the country.

ADC plays a strategic role in the development of Kenya's agricultural sector and is mandated to facilitate agricultural growth, food security, and rural development. Its core activities include:

- Serving as the custodian of the national livestock studs, ensuring the conservation and improvement of Kenya's livestock genetic resources.
- Provision of high-quality certified seeds to farmers across the country to enhance crop productivity and farm incomes.
- Facilitating the transfer of agricultural technologies from research institutions to farmers, thereby bridging the gap between innovation and practical application.
- Supporting agro-based industries through the production of quality agricultural raw materials, positioning itself as a major producer of key agricultural commodities in Kenya.

Through these core functions, ADC continues to contribute significantly to national food security, employment creation, and the agricultural transformation agenda of the Government of 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, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Corporation accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in 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 Corporation and all values are rounded to the nearest thousands (Ksh'000'). The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Agricultural Development Corporation
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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

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Standard	Effective date and impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer</p>

**Agricultural Development Corporation
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Standard	Effective date and impact:
Expenses	provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

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

**Agricultural Development Corporation
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Notes to the financial statements (Cont.)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

Recurrent Grant

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate recurrent expenditure financial support to the Corporation with no future related costs are recognized in the statement of financial performance in the period in which they become receivable.

Development Grant

Government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to capital reserve on completion/ acquisition of the non-current asset.

ii) Revenue from exchange transactions

• Rendering of services

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable. The Corporation has an engineering service unit that deals with repair of equipment's, land preparation, transport and fabrication of farm implements, during the year Ksh 67.2 Million was realized. Where the contract income cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

• Farming Income

Revenue from the sale of farm outputs 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 Corporation.

**Agricultural Development Corporation
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Notes to the financial statements (continued)

Summary of Significant Accounting Policies (Continued)

- **Dividends and other external investments**

Dividends or similar distributions must be recognized when the shareholder's or the Corporation right to receive payments is established. The Corporation receives dividends from Kenya Seed Company where it has a 52.88% shareholding. Further, the Corporation has a joint ownership of the Development House with Agricultural Finance Corporation (AFC) where proceeds on the rented space is shared equally.

- **Rental income**

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

b) Budget Information

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

c) Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Agricultural Development Corporation
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Property, Plant and Equipment (PPE)

Property, plant and equipment are stated initially at cost less accumulated depreciation and any 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 Corporation 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.

Property, plant and equipment are initially recorded at cost. All the property, plant and equipment are stated at historical cost less depreciation. Depreciation has been charged on the book value of fixed assets at the following rates:-

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

Land	Nil
Leased Farms	2.5% p.a
Building	5% p.a.
Fencing and water supply	10% p.a.
Computers & ICT Equipment	33.3% p.a
Furniture and equipment	20% p.a.
Motor vehicles and tractors	25% p.a.
Permanent improvements in subsidiary company	2.5% p.a.
Farm equipment and machinery	20% p.a.
Small tools	50% p.a.
Land reclamation and drainage	20% p.a.

Depreciation is charged on reducing balance method and full depreciation is charged on new assets in the year of purchase and nil in the year of disposal.

e) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Corporation. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the term of the relevant lease.

**Agricultural Development Corporation
Annual Reports and Financial Statements
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 either finite or indefinite.

i) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Corporation determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and condition is accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Corporation.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition is accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method
- ii) Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Corporation.

h) Provisions

Provisions are recognized when the Corporation 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 Corporation 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.

i) Contingents

Contingent liabilities

The Corporation had contingent liability during the period. The details of contingencies are disclosed in the notes to the financial statements. The possibility of an outflow of resources embodying economic benefits or service potential is remote since there is no reliable method to estimate the monetary value of the obligation.

Contingent assets: The Company did not have any contingent asset. However, In case of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company discloser is made in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

**Agricultural Development Corporation
Annual Reports and Financial Statements
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

j) Nature and purpose of reserves

The Corporation creates and maintains reserves in terms of specific requirements. Corporation has got capital reserves from Agricultural settlement fund and revaluation reserves from revaluation of land.

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

The Corporation provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Corporation pays fixed contributions into a separate Company (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. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis.

Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m) Borrowing costs

Borrowing costs; include interest, amortization of discounts or premiums on borrowing, and amortization of ancillary costs incurred in the arrangements of borrowing. The Corporation adopts expense model where borrowing costs are charged to expenses in the period when they are incurred.

n) Related parties

The Corporation 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 Corporation, or vice versa. Members of key management are regarded as related parties and comprise of the Board of directors, Managing Director and senior managers.

**Agricultural Development Corporation
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Service Concession Arrangements

The Corporation analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Corporation recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or other-wise any significant residual interest in the asset at the end of the arrangement.

Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Corporation also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Bank account balances include amounts held at the 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 imprest and advances to authorized staff which were not surrendered or accounted for at the end of the financial year.

q) Trade and other receivables

Trade receivables are carried at their original invoiced amount less an estimate made for bad and doubtful receivables based on a review of all outstanding amounts, on an account by account basis, at the year end. Bad debts are written off in the year in which they are identified as irrecoverable.

r) Trade and other payable

Accounts payable are non-interest bearing financial liabilities and are carried at amortized cost, which is measured at the fair or contractual value of the consideration to be paid in future in respect of goods and services supplied by the suppliers, whether billed to the Corporation or not, less any payments made to the suppliers.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Biological assets

Living plants and animals with probable future economic benefits which are owned and controlled by the corporation are accounted for as biological assets. Harvested products from the Corporation's biological assets and agricultural produce are measured on initial recognition and at each reporting date at their fair value less estimated point of sale costs.

The fair value of the biological assets and agricultural produce that have an active market is determined using the quoted price in the market. The fair value of the biological assets that do not have an active market is determined at the present value of the expected net cash flows discounted at the current market determined pre-tax borrowing rate. The fair value of the Corporation's newly planted crops is estimated by reference to costs incurred on the crops up to the reporting date.

Point of sale costs include commissions to brokers and dealers, levies by regulatory agencies and transfer taxes and duties but exclude transport and other costs necessary to get the assets to the market.

For financial reporting purposes, the Corporation classifies its biological assets as follows:

(i) Consumable biological assets

Consumable biological assets are those that are to be harvested as agricultural produce or to be sold as biological assets. These are seasonal crops grown by the Corporation i.e. maize, wheat, sunflower, pasture and potatoes

(ii) Bearer biological assets

Other biological assets are classified as bearer biological assets.

Gains or losses arising on initial recognition of biological assets and agricultural produce and from changes in fair value less point of sale costs are recognized in the income statement for the year.

t) Comparative figures

Where necessary comparative figures for the previous financial year have been included.

u) 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 30th June 2025.

**Agricultural Development Corporation
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) Financial Risk management

The Corporation operates through borrowing from financial institutions which brings exposure to variety of financial risks including credit risk and effects of changes in debt and interest rates. The Corporation's overall risk management objectives focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its performance.

Risk management is carried out by a select committee under the guidance of the Board under the audit and risk committee. The Committee review the market trends and information available to evaluate the potential exposures. After which it develop strategies of mitigating against market risks. The Board committee provide policies for overall risk management.

i) Market Risk

Market risk is the risk that the fair value of instrument will fluctuate due to change in market valuables such as interest rates and foreign exchange rates. The objective of market risk management policy is to protect and enhance the statement of financial position and income statement by managing and controlling market risk exposure within acceptable parameters and to optimize the funding of business operations and facilitate capital expansion

a) Interest rate risk

Interest rate risks arise from fluctuation in the bank borrowing rate. After the Government introduced capping of base rate charged by banks, this risk has become easy to manage since there is no much fluctuations in the interest rate.

b) Exchange risks

Though the Corporation operates in Kenyan Currency, It's exposed to risks arising from various currency exposures, primarily with respect to Eco-tourism activities in Galana ranch where customers pay in US Dollar and also in remittances of coffee proceeds where the processors remits the revenue in US dollars.

ii) Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of Corporation's short, medium and long term funding and liquidity requirements. The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching profiles for financial assets and Liabilities.

iii) Operational risk

Operational risk is the risk of direct and indirect loss arising from a wide variety of causes associated with the Corporation's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risk such as legal and regulatory requirements and generally acceptable standards of corporate behaviour. The Corporation seeks to ensure that the key operational risk are managed in a timely and effective manner through a framework of policies , procedures and tools to identify, assess, monitor, control and report such risks.

**Agricultural Development Corporation
Annual Reports and Financial Statements
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial Risk Management (Cont)

The Corporation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Corporation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

This responsibility is supported by the development of overall Corporation standards for management of operational risk in the following areas:

- Requirement for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for reconciliation and monitoring of transactions.
- Compliance with regulatory framework.
- Documentation of controls and procedures.
- Training and professional development.
- Development of contingency plans.
- Risk mitigation, including insurance where this is effective.

Operational risk is managed by a programme of regular reviews undertaken by the Internal Audit and the results of the reviews are discussed with the management, with summaries submitted to the Board Audit Committee.

**Agricultural Development Corporation
Annual Reports and Financial Statements
For the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Corporation'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 Corporation based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may Change due to market changes or circumstances arising beyond the control of the Corporation. 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 disposal:

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

**Agricultural Development Corporation
Annual Reports and Financial Statements
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Notes to the Financial Statements (Continued)

1. Transfer from Other Government Entities

Name of the entity sending the grants	Amount recognized to statement of financial performance	Amount differed under differed income	Total Transfers 2024/2025
	Kshs '000'	Kshs '000'	Kshs '000'
MOA & LD	-	-	-
State department for Agriculture	-	-	-
State department of Livestock	-	-	-
Total	-	-	-

The Government, during the year under review, through the Ministry of Agriculture did not allocated any capital grants to the Corporation for the procurement of farm machineries and equipments under mechanization program.

2. Rendering of Services

	Consolidated		Company	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Sale of Animal Feeds	27,517	61,384	27,517	61,384
Contract Income	-	5,950	-	5,950
Total	27,517	67,334	27,517	67,334

3. Farming Income

	Consolidated		Company	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Sale of Commercial Maize	96,983	42,033	96,983	42,033
Sale of Seed Maize	1,434,329	666,198	1,434,329	666,198
Other Farm Produce	181,195	159,032	181,195	159,032
Sale of Steers	40,000	42,843	40,000	42,843
Sales of in-calf Heifer	4,668	10,237	4,668	10,237
Other Livestock	26,919	32,968	26,919	32,968
Sale of Milk	50,228	55,236	50,228	55,236
Sale of Other Animal Products	50,021	54,240	50,021	54,240
Sale of Hay	2,120	4,919	2,120	4,919
Other Farming Income	17,465	0	17,465	0
Grazing Fees	0	3,938	0	3,938
Total	1,903,927	1,071,644	1,903,927	1,071,644

The Corporation's core business is farming, with primary focus on growing seed maize. Seed Maize is sold to companies such as Kenya Seed Co. Ltd, Agri Seed.Co Ltd and Western Seed Co. Ltd generating Kshs.1.43 Billion. Additionally, the Corporation earned Kshs 9.0 Million from it's own seed maize varieties. Other revenues were derived from various crop including citrus, coffee, sugarcane, seed potatoes, seed grass, seed beans etc.

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Notes to the Financial Statements (Continued)

4. Rental revenue from facilities and equipments

	Consolidated		Company	
	2024-2025	2023-2024	2024-2025	2023-2024
	KSH '000'	KSH '000'	KSH '000'	KSH '000'
Operating Leases	54,690	20,024	54,690	20,024
Rent of Property	14,322	14,983	14,322	14,983
Total	69,012	35,007	69,012	35,007

Operating lease income is derived from leasing land for Agricultural activities, Specifically livestock farming in Mutara and Galana. Rental income from property comes from staff housing on the farm.

5. Investment income

	Consolidated		Company	
	2024-2025	2023-2024	2024-2025	2023-2024
	KSH '000'	KSH '000'	KSH '000'	KSH '000'
Development House	46,721	28,875	46,721	28,875
Dividends	-	-	-	-
Total	46,721	28,875	46,721	28,875

6. Other Income

	Consolidated		Company		Lands Ltd	
	2024-2025	2023-2024	2024-2025	2023-2024	2024-2025	2023-2024
	KSH '000'	KSH '000'	KSH '000'	KSH '000'	KSH '000'	KSH '000'
Training Fees (AI center)	7,245	6,176	7,245	6,176	-	-
Eco- Tourism	30,886	32,270	30,886	32,270	-	-
Miscellaneous Income	19,108	16,375	18,400	15,930	708	445
Total	57,240	54,821	56,532	54,376	708	445

The Corporation operates a training centre for A.I technicians, which generates income from training fees. Eco-tourism revenue is earned through conservancies located in ADC Galana (Tana river county) and Mutara (Laikipia County) both managed under (PPP). Additionally income is derived from miscellaneous sources such as the sale of manure, hides and skins etc.

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7. Use of Goods and Services

	Consolidated		Company		Lands Ltd	
	2024-2025	2023-2024	2024-2025	2023-2024	2024-2025	2023-2024
	KSH '000'	KSH '000'	KSH '000'	KSH '000'	KSH '000'	KSH '000'
Advertising, Show , Marketing & Publications	14,592	25,248	14,592	25,248	-	-
Audit fees	1,186	1,186	1,066	1,066	120	120
Electricity & Water	10,931	14,150	10,931	14,150	-	-
Fuel and oil	147,059	136,332	147,059	136,332	-	-
Insurance	665	3,636	665	3,636	-	-
Legal expenses	39,892	37,020	39,892	37,020	-	-
Licenses and Cesses	14,184	5,625	14,184	5,625	-	-
Fertilizer	182,009	199,022	182,009	199,022	-	-
Herbicides, Insecticides, Veterinary & Other Chemical	161,383	143,138	161,383	143,138	-	-
Liquid Nitrogen	1,857	3,115	1,857	3,115	-	-
Feed stuffs & Menerals	28,758	40,976	28,758	40,976	-	-
Packing materials	11,696	13,924	11,696	13,924	-	-
Seed	26,138	38,595	26,138	38,595	-	-
Raw Marterials -Feedmill	34,094	36,726	34,094	36,726	-	-
Postage & Telephone	4,249	4,041	4,249	4,041	-	-
Printing and stationery	5,918	7,974	5,918	7,974	-	-
Land Rent & Rates	-	35,535	-	35,535	-	-
Security costs	1,002	703	1,002	703	-	-
Royalties(Seed)	603	1,681	603	1,681	-	-
Inspection Fees	5,612	6,629	5,612	6,629	-	-
Training Costs- AI Center	1,748	1,787	1,748	1,787	-	-
Professional Fees	116	387	116	387	-	-
Fines and penalties	9	52	9	52	-	-
Transport	23,092	18,473	23,092	18,473	-	-
Research Expenses	212	658	212	658	-	-
Milk To Calves	4,260	2,858	4,260	2,858	-	-
VAT Tax	1,121	1,029	1,121	1,029	-	-
Bank Charges	1,945	2,247	1,945	2,067	-	180
Education & Training	4,669	-	4,669	-	-	-
Others	15,825	29,398	15,825	29,398	-	-
Total	744,824	812,145	744,704	811,845	120	300

The variance in the Use of Goods and Services is mainly attributed to cost efficiencies realized during the period. Specifically, the Corporation benefited from reduced expenditure on critical inputs such as fertilizer following the rollout of the Government subsidized fertilizer program. In addition, the bulk procurement of raw materials such as cotton, wheat bran which is used in the production of animal feeds and other operational inputs enabled the Corporation to achieve lower unit costs through economies of scale. These combined cost saving measures resulted in reduced overall spending compared to previous year.

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8. Employee Costs

	Consolidated		Company		Lands Ltd	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Salaries	132,810	126,305	132,000	125,493	811	812
Wages	219,858	200,935	219,858	200,935	-	-
NSSF	14,591	11,024	14,527	10,987	64	37
Leave Expenses	1,691	1,921	1,682	1,913	9	8
House allowance	56,077	52,049	55,717	51,689	360	360
Commuter allowance	10,358	10,157	10,202	10,001	156	156
Responsibility allowance	10,768	9,176	10,768	9,176	-	-
Gratuities	13,275	14,245	13,146	14,116	129	129
Terminal dues	2,866	5,962	2,866	5,962	-	-
Administrative wages	76,425	69,773	76,425	69,773	-	-
Pension contribution	12,477	11,000	12,415	10,938	62	62
Acting Allowance	425	705	425	705	-	-
Hardship Allowance	1,367	1,670	1,367	1,670	-	-
Duty Allowance	3,755	3,422	3,755	3,422	-	-
Traveling & Subsistence Allowance	30,180	24,140	29,929	23,500	251	640
Medical expenses	30,492	28,084	30,492	28,084	-	-
Free Issues to staff	6,417	3,950	6,417	3,950	-	-
Other Employee related Costs	9,972	17,101	9,951	17,101	21	-
Total	633,803	591,618	631,940	589,415	1,862	2,204

Other employee related costs comprise statutory deductions such as the Affordable Housing Levy and NITA contributions recovered from staff. In addition, it also includes staff-related allowances such as the non-practicing allowance and uniform allowance payable during the period.

9. Board Expenses

	Consolidated		Company		Lands Ltd	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Chairman's Honoraria	960	960	960	960	-	-
Sitting Allowances	3,933	6,742	3,933	6,742	-	-
Medical Insurance	738	396	738	396	-	-
Induction and Training	3,411	2,235	3,411	2,235	-	-
Travel and Accommodation	10,965	18,846	10,965	18,846	-	-
Other Allowances	755	714	755	714	-	-
	20,762	29,893	20,762	29,893	-	-

The variance in Board expenditure is attributed to changes in the approved budget. For the year under review, the Board budget was approved at Kshs 21 million compared to Kshs 30 million in the previous financial year. The reduction in the approved budget for the current year directly accounts for the lower actual expenditure recorded, as spending was aligned to the revised resource allocation.

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10. Depreciation and Amortization expense

	Consolidated		Company		Lands Ltd	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023 - 2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Property, Plant and Equipment	107,031	80,815	107,013	80,792	18	23
Amortization of Sugarcane	11,022	10,457	11,022	10,457	-	0
Total	118,053	91,272	118,035	91,249	18	23

The increase in depreciation expense for the year under review is attributable to the acquisition of new farm machinery during the period, as well as the capitalization of sugarcane fields, which resulted in increased amortization expense. These additions expanded the overall depreciable and amortizable asset base compared to the previous financial year, leading to higher depreciation and amortization charges recognized in the current year.

11. Repairs and maintenance

	Consolidated		Company		Lands Ltd	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Property	6,298	3,977	6,298	3,977	-	-
Machinery & Equipment	25,354	21,674	25,354	21,674	-	-
Vehicles	20,146	14,752	20,146	14,752	-	-
Total	51,798	40,403	51,798	40,403	-	-

The increase in repairs and maintenance expenditure is attributed to the aging nature of the Corporation assets, which required more frequent servicing and maintenance during the year. In addition, the servicing and initial maintenance of the newly acquired farm machinery contributed to the overall increase in repairs and maintenance costs for the period.

12. Contracted services

	Consolidated		Company		Lands Ltd	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Contract Expenses	14,554	18,203	14,554	18,203	-	-
Total	14,554	18,203	14,554	18,203	-	-

Contract Services represent expenditures incurred for outsourcing specific agricultural operations to third-party service providers. These services are essential for enhancing operational efficiency, particularly where specialized equipment or technical expertise is required. During the period, contract services covered key activities such as harrowing, planting, chemical application and other mechanized operations.

These activities were outsourced to minimize time and labor costs. The expenditure reduced compared to the previous year due to the Corporation acquisition of some of its own equipment, which reduced reliance on external service providers.

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13. Subscription and Donations

	Consolidated		Company		Lands Ltd	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Donations	535	1,271	535	1,271	-	-
Total	535	1,271	535	1,271	-	-

14. Finance Costs

	Consolidated		Company		Lands Ltd	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Interest on Loan	40,355	42,421	40,355	42,421	-	-
Total	40,355	42,421	40,355	42,421	-	-

15. Change in Biological Assets

In accordance with International Public Sector Accounting Standards (IPSAS) No. 27, the Corporation recorded a decrease of **Ksh 36.4** million in the value of its biological assets, attributed to changes in fair value adjustments. The decline was primarily driven by the revaluation of special crops in the previous year, particularly forestry plantations consisting of regrowth.

16. Loss due to death of livestock

	Consolidated		Company	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Loss due to death	44,145	49,199	44,145	49,199
Total	44,145	49,199	44,145	49,199

During the year, losses of livestock decreased as the Corporation successfully managed the contagious bovine pleuropneumonia disease (CBPP), which had affected a majority of farms in the prior year.

17. Foreign exchange transactions

	Consolidated		Company	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Gains/(Loss) on foreign exchange	110	(3)	110	(3)
Total	110	(3)	110	(3)

Gains on foreign exchange arose from the receipt of coffee proceeds denominated in U.S. dollars and converted to Kenya shillings.

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18. Gains on sale of fixed assets

	Consolidated		Company	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Gains on sale of Fixed .A	-	-	-	-
Total	-	-	-	-

19. Cash and Cash Equivalents

Description	Consolidated		Company		Lands Ltd	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Current Account	456,363	48,116	37,482	47,434	418,881	682
Savings Account	-	-	-	-	-	-
Others						
Cash in hand	252	375	252	375	-	-
Cash in Transit (CIT)	4,170	3,413	4,170	3,413	-	-
Total	460,785	51,904	41,904	51,222	418,881	682

The increase in cash and cash equivalents compared to the prior year was primarily due to funds received from the seed merchant, reflecting higher production of seeds and other crops during the year, supported by favourable weather conditions and attractive producer prices.

Detailed Analysis of the Cash and Cash Equivalents

		Consolidated		Company		Lands Ltd	
		2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
19. (a) Banks							
a) Current Account	Account no.						
Consolidated Bank	10021200000080	101	98	101	98	-	-
National Bank of Kenya	Various	424,784	36,301	5,903	35,619	418,881	682
Kenya Comm Bank	Various	31,478	11,718	31,478	11,718	-	-
		456,363	48,117	37,482	47,435	418,881	682
19. (b) Others							
Cash in hand		252	375	252	375	-	-
Cash in Transit (CIT)		4,170	3,413	4,170	3,413	-	-
Total		460,785	51,904	41,903	51,223	418,881	682

20. Current account with NLP

In 2006, the Government allocated funds to the Corporation to support the Emergency Livestock Offtake Programme targeting arid and semi-arid regions. The objective of the programme was to mitigate the effects of drought by purchasing livestock from affected communities and ensuring food security and livelihood protection.

During the year under review, the Corporation incurred a total of Kshs 47.3 million to facilitate the project's activities. These expenditures related to **maintenance costs** and the day-to-day operational requirements necessary to sustain the implementation of the programme.

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	2024-2025	2023-2024
	KSH '000'	KSH '000'
NLP Current Account	245,325	241,861
Grants	(198,000)	(198,000)
TOTAL	47,325	43,861

21.(a) Receivables from Exchange Transactions

	Consolidated		Company		Lands Ltd	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Trade Debtors	438,199	428,691	417,908	408,400	20,291	20,291
Specific provision	(127,568)	(127,568)	(127,031)	(127,031)	(537)	(537)
General Provision	(4,909)	(4,909)	(4,909)	(4,909)	-	-
Total Current Receivables	305,721	296,214	285,967	276,460	19,754	19,754
Non-Trade Debtors						
Non-Trade	154,519	110,410	153,997	109,888	522	522
Total	460,240	406,624	439,964	386,348	20,276	20,276

Current trade receivables represent amounts owed by customers to whom the Corporation has supplied goods on credit. Non-trade receivables mainly relate to amounts due from staff for services provided by the Corporation.

(b) Ageing analysis for Receivables

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	53,616	11.60%	48,160	11.80%
Between 1- 2 years	78,360	17.00%	30,220	7.40%
Between 2-3 years	128,240	27.80%	128,220	31.50%
Over 3 years	200,024	43.50%	200,024	49.20%
Total (a+b)	460,240	100%	406,624	100%

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22. Inventories

	2024-2025 KSH '000'	2023-2024 KSH '000'
Building materials	1,426	1,744
Fencing & Water Supplies	8,609	7,896
Fertilizer	21,143	33,818
Feedstuffs & Minerals	2,153	1,125
Herbicides & Insecticides	43,520	47,259
Packing Materials	4,241	4,315
Petroleum Products	5,224	2,398
Machinery & Equipment Spares	8,742	7,830
Vehicles & Tractor Spares	10,780	11,215
Veterinary Products	4,776	3,857
Seeds	5,685	3,391
Sundries	1,426	1,532
Feedmill Finished products	1,469	1,245
Feedmill Raw Materials	7,602	1,285
Stationery	1,871	1,505
Laboratory Chemicals	731	1,472
Bean Seed	3,013	2,939
Embroy Transafer	556	1,971
Semen	62,993	40,980
Harvested Crops	24,755	41,655
Provision for Obsolete stock	(318)	(314)
Total	220,397	219,119

Inventories, classified as current assets, represent the balances of store items held by the Corporation at the end of the financial year.

Detailed Disclosure on Inventories

	FY 2024-2025 KSHS '000'
Opening balance	219,115
Additional Inventory in the year	616,985
Inventory expensed in the year	615,385
Write-downs in the year	(318)
Others specify	-
Closing balance	220,397

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23 (a) Consolidated Property, Plant & Equipment (PPE)

COST	Leased Farms	Farms Managed by ADC	Buildings	Fencing & Water Supply	Farm Equipment	Furniture & Equipment	Motor Vehicles	Small Tools	Land Reclamation	Computer & ICT Equipment	Capital WIP	Totals
	2.5	5	10	20	20	25	50	20	33.3			
Depreciation Rate %	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
Cost												
At 1st July 2023	454	521,513	703,162	94,206	593,848	77,768	657,273	4,673	14,647		35,890	2,703,433
Additions	-	-	-	364	12,952	4,566	-	860	-		217	18,959
Disposal	-	-	-	-	-	-	-	-	-		(1,790)	(1,790)
At 30th June 2024	454	521,513	703,162	94,570	606,800	82,334	657,273	5,533	14,647		34,317	2,720,602
Additions	-	-	-	546	25,424	975	128,918	1,270	-	1,292	1,505	159,930
Disposal	-	-	-	-	-	-	-	-	-	-	(1,038)	(1,038)
Transfer/Adjust.	-	-	-	-	-	(26,354)	-	-	-	26,354	-	-
At 30th June 2025	454	521,513	703,162	95,116	632,224	56,956	786,191	6,803	14,647	27,646	34,783	2,879,493
Depreciation												
At 1st July 2023	240	-	245,455	76,839	496,750	62,553	594,053	4,573	12,040		-	1,492,503
Adjustments	-	-	-	-	-	-	-	-	-		-	-
Disposal	-	-	-	-	-	-	-	-	-		-	-
Charge for the year	6	-	23,712	1,981	26,528	4,819	22,864	505	401		-	80,816
At 30 June 2024	246	-	269,167	78,820	523,278	67,372	616,917	5,078	12,441		-	1,573,319
Transfer/Adjust.	-	-	-	-	-	(18,199)	-	-	-	18,199	-	0
Disposal	-	-	-	-	-	-	-	-	-		-	-
Charge for the year	5	-	22,564	1,838	29,228	2,025	46,580	696	257	3,838	-	107,031
At 30th June, 2025	251	-	291,731	80,658	552,506	51,199	663,497	5,774	12,698	22,037	-	1,680,350
Net book values												
At 30th June 2025	203	521,513	411,431	14,459	79,717	5,757	122,694	1,029	1,949	5,609	34,783	1,199,144
At 30th June 2024	208	521,513	433,995	15,750	83,522	14,962	40,356	455	2,206	-	34,317	1,147,284

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23 (b) Company Property, Plant & Equipment (PPE)

COST	Farms Managed by ADC	Buildings	Fencing & Water Supply	Farm Equipment	Furniture & Equipment	Motor Vehicles	Small Tools	Land Reclamation	Computer & ICT Equipment	Capital WIP	Totals
Depreciation Rate %		5	10	20	20	25	50	20	33.3		
KSHS	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
As At 1st July 2023	37,910	703,162	94,206	593,848	77,768	651,875	4,673	14,647	-	35,890	2,213,979
Additions	-	-	364	12,952	4,566	-	860	-	-	217	18,959
Disposal	-	-	-	-	-	-	-	-	-	(1,790)	(1,790)
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-	-
As At 30th June 2024	37,910	703,162	94,570	606,800	82,334	651,875	5,533	14,647	-	34,317	2,231,147
Additions	-	-	546	25,424	975	128,918	1,270	-	1,292	1,505	159,930
Disposal	-	-	-	-	-	-	-	-	-	-	(1,038)
Transfer/Adjustment	-	-	-	-	(26,354)	-	-	-	26,354	-	-
As At 30th June 2025	37,910	703,162	95,116	632,224	56,956	780,793	6,803	14,647	27,646	34,783	2,390,039
Depreciation	-	245,455	76,839	496,750	62,553	588,723	4,573	12,040	-	-	1,486,932
At 1st July 2023	-	245,455	76,839	496,750	62,553	588,723	4,573	12,040	-	-	1,486,932
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	23,712	1,981	26,528	4,819	22,847	505	401	-	-	80,792
As At 30 June 2024	-	269,167	78,820	523,278	67,372	611,570	5,078	12,441	-	-	1,567,724
Transfer/Adjustment	-	-	-	-	(18,199)	-	-	-	18,199	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-
Charge fo the year	-	22,564	1,838	29,228	2,025	46,567	696	257	3,838	-	107,013
At 30th June, 2025	-	291,731	80,658	552,506	51,199	658,137	5,774	12,698	22,037	-	1,674,737
Net Book Values											
At 30th June 2025	37,910	411,431	14,459	79,717	5,757	122,656	1,029	1,949	5,609	34,783	715,300
At 30th June 2024	37,910	433,995	15,750	83,522	14,962	40,305	455	2,206	-	34,317	663,422

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23 (c). Capital Work In Progress

CWIP stands for Capital Works in Progress. It refers to the costs incurred on incomplete or ongoing capital projects at the reporting date.

Location	Project	2024-2025 KSH '000'	2023-2024 KSH '000'
ADC Lanet	Dairy Unit	140	140
ADC Ndabibi	Store	-	737
ADC Seed Unit	Seed Drier	8,549	8,549
ADC Chorlim	Eco-Housing	426	426
ADC Suam	Dam	21,891	21,891
ADC Namandala	Store	434	434
ADC Olgatongo	Shade	380	380
ADC Sabwani	water system	2,519	1,222
ADC LGC	Dairy Unit	200	417
ADC AIC	Gate	124	
ADC Garissa	Destumping	120	120
Total		34,783	34,316

23 (d) Biological WIP

BWIP stands for Biological Work in Progress, and in the context of Agriculture, particularly Sugarcane farming. It refers to the value of Sugarcane crops that are still growing but not yet mature or ready for harvest.

Location	Project	2024-2025 KSH '000'	2023-2024 KSH '000'
ADC sabwani	Sugarcane Est.	26,800	41,818
ADC Namandala	Sugarcane Est.	3,409	2,726
ADC Olgatongo	Sugarcane Est.	1,959	-
Total		32,168	44,544

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23 (e) Lands Ltd Property, Plant & Equipment (PPE)

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

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24 (a) Investments

NAME	NATURE OF INVESTMENT	NO. OF SHARES	PERCENTAGE OWNERSHIP	MEASUREMENT	2024-2025 KSHS '000'	2023-2024 KSHS '000'
CHEMILIL SUGAR CO. LTD	Ordinary Shares	10,179,581	96%	Cost	203,592	203,592
MUHORONI SUGAR COMPANY	Ordinary Shares	2,067,096	74%	Cost	41,342	41,342
DEVELOPMENT HOUSE PHASE I & II						
Development house- Block 1	Joint venture	Corp. Fund	50%	cost	12,034	12,034
Development house- Block 2	Joint venture	Corp. Fund	50%	cost	32,205	32,205
Capital Development 1 & 2					46,012	46,012
		Total			90,251	90,251
Kenya Grain Growers Co-op Union (KFA)	Ordinary Shares	70,214	1.92%	cost	1,123	1,123
KENYA SEED COMPANY LTD						
Ordinary shares of Kshs. 20 each	Ordinary Shares	465874		cost	9,318	9,318
Ordinary shares of kshs. 20 each	Ordinary Shares	8586		cost	172	172
ordinary shares of Kshs 20 each	Ordinary Shares	600		cost	12	12
Ordinary share of Kshs. 20 each	Ordinary Shares	5225660	51.83%	cost	104,513	104,513
		Total			114,014	114,014
PYRETHRUM BOARD OF KENYA	Ordinary Shares	1782		Cost	36	36
KENYA PLANTERS CO-OP UNION						
Ordinary Share of Kshs. 10 each	Ordinary Shares	1429		cost	11	11
Red Ordinary shares of Kshs. 10 each (Conversion of Stock)	Ordinary Shares	1691		cost	14	14
		Total			25	25
AGRO-CHEMICAL & FOOD CO. LTD						
shares of Kshs. 20 each	Ordinary Shares	157,500		cost	3,150	3,150
shares of Kshs. 20 each	Ordinary Shares	687,500	27%	cost	13,750	13,750
		Total			16,900	16,900
TOTAL COST OF INVESTMENTS		Grand Total			467,283	467,283

24 (b) Movement of Equity Investments

Description	FY 2024-2025
	Kshs '000'
At the beginning of the year	467,283
Purchase of investments in the year	-
Sale of investments during the year	-
Increase /(decrease) in fair value of investments	-
At the end of the year	467,283

The Corporation investments in Chemelil, Agro Chemicals, and Muhoroni are in receivership, while investments in KGGCU, Pyrethrum Board of Kenya, and KPCU have been wound up. The only active investments are in Kenya Seed Company and Development House. These investments are monitored regularly in accordance with relevant accounting standards.

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24 (c) Investment in Financial Assets

The Corporation holds equity investments in various entities which are classified as financial assets. These investments are measured at cost in accordance with IPSAS 41. The carrying amounts and status of these investments are assessed annually to determine any indicators of impairment. Investments in Chemeli, Agro Chemicals and Muhoroni are currently under receivership, while those in KGGCU, Pyrethrum Board of Kenya and KPCU have been wound up. The only active investments are in Kenya Seed Company and Development House.

25. Biological Assets

		2024-2025 KSH '000'	2023-2024 KSH '000'
Beef Cattle		334,497	334,903
Dairy Cattle		114,929	129,545
Sheep		32,299	26,894
Goats		13,391	13,301
Horses		1,410	1,650
Breeding Dogs		471	677
Donkey		30	-
Breeding Bulls		22,475	33,659
Crops		591,476	628,387
TOTAL		1,110,977	1,169,015

The Corporation biological assets comprise dairy, beef and other livestock, as well as crops, all measured at fair value less estimated point of sale costs in accordance with IPSAS 27.

26(a) Trade and other payables from exchange transactions

	Consolidated		Company		Lands Ltd	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
Trade Creditors	974,525	875,181	974,164	874,940	360	240
Non-trade creditors	666,565	707,069	663,470	703,974	3,094	3,094
Total trade and other payables	1,641,090	1,582,250	1,637,634	1,578,914	3,454	3,334

Trade Payables: These are amounts owed by the corporation to suppliers or creditors for goods and services purchased as part of the corporation normal business operations. They arise from day-to-day transactions with vendors and are usually short-term in nature.

Non-Trade Payables (or Staff Debtors): These are amounts owed to the corporation that do not arise from its primary business operations. This can include wages, gratuity, terminal dues to employees or other miscellaneous payables not related to normal supplier transactions.

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26(b) Ageing analysis: Trade & Other Payables

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Under one year	20,205	1.23%	53,099	3.36%
1- 2 years	87,904	5.36%	92,125	5.82%
2-3 years	488,106	29.74%	362,501	22.91%
Over 3 years	1,044,875	63.67%	1,074,525	67.91%
Total	1,641,090	100%	1,582,250	100%

27. Current Account- Lands Ltd

This is a control account that reflects the financial transactions between the Subsidiary Company (Lands Ltd) and Its Parent Company ADC (Agricultural Development Corporation). The amounts that were transacted through the control account during the year was Kshs 419.4 M.

28. Total Borrowings

(a) Current borrowings

KCB TERM IV LOAN
Total

2024-2025	2023-2024
KSH '000'	KSH '000'
55,200	55,200
55,200	55,200

(b) Non-Current Borrowings

KCB TERM IV LOAN
Total

2024-2025	2023-2024
KSH '000'	KSH '000'
140,432	132,768
140,432	132,768

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(c) Borrowings

Description	FY 2024-2025	1 st July 2024
	Kshs '000'	Kshs '000'
a) External borrowings		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-
b) Domestic borrowings		
Balance at beginning of the year	187,968	156,389
Accrued Interest during the year	35,264	31,836
Repayments during the year	(27,600)	(257)
Balance at end of the year	195,632	187,968
Balance at end of the period- domestic and External borrowings c = a+b	195,632	187,968

In 2014 the Corporation restructured its facilities held with KCB by amalgamating them into a term loan payable in 48 months at an interest rate of bank base rate (BBR) plus 2%. The loan was secured by ADC Land parcel LR No. 2993, L.R. No. 5722, L.R. No. 5345/1 and L.R. No. 9078/2.
LR No. 5722, L.R. No. 5345/1 and L.R.No 9078/2.

29. Grants

	2023-2024	2022-2023
	KSH '000'	KSH '000'
Government of Kenya	3,294,499	3,294,499
British Government	67,582	67,582
ASARECCA	898	898
NIA	11,700	11,700
UNDP	139,827	139,827
Grants to ADC	3,514,506	3,514,506
Grants to subsidiary	24,280	24,280
TOTAL	3,538,786	3,538,786

During the reporting period, the Corporation did not receive any budgetary allocation or funding from the Ministry of Agriculture and Livestock Development (State Department for Agriculture).

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30. Capital Reserve

The reserves represent the General Reserve Fund inherited from the Agricultural Settlement Fund in 1976, net of the Government Trust Fund relating to farms acquired from the Agricultural Settlement Trust.

These reserves are classified and reported under Lands Ltd in accordance with the Corporation's accounting policies.

31. Revaluation Reserve

The revaluation reserves represent the surplus arising from the revaluation of two farms, being L.R. Nos. 5337, 5345, 8855/3, 0297, 5345/2, 5345/3, and 8855/R in ADC Ol'ngatongo Farm, and L.R. No. 2043/2 in ADC Sabwa

These reserves are classified under Lands Ltd in accordance with the Corporation's accounting policies.

32. Related Party Transaction

	Consolidate		Company		Lands	
	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'	2024-2025 KSH '000'	2023-2024 KSH '000'
i) Board members						
Honoraria	960	928	960	928		
Sitting Allowances	3,933	5,796	3,933	5,796		
Medical Insurance	738	1,230	738	1,230		
Induction & Training	3,411	1,191	3,411	1,191		
Travel & Accomodation	10,965	14,614	10,965	14,614		
Other Allowances	755	6,933	755	6,933		
	20,762	30,692	20,762	30,693	-	-

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Notes to the Financial Statements (Continued)

33. Contingent Liabilities

	2024-2025 Kshs '000'
Claim by Trans-Nzoia County	309,127
Claim by Kilifi County	196,118
Claim by Tana river County	6,958
Claim by Laikipia County	-
Claim by KRA	1,412,811
	<u>1,925,014</u>

Claims by County Governments

The County Governments of Trans-Nzoia, Tana River, Kilifi, and Laikipia have lodged claims relating to pending land rates from previous years. Following negotiations, the County Government of Laikipia agreed to waive the entire claim upon settlement of the principal amount. The Corporation is considering entering into similar negotiations with the other County Governments to secure waivers on accrued interest and penalties. No provision for these land rates has been recognized in these financial statements.

Claim by KRA

KRA in June 2024, demanded payment of tax arrears that relates to the FY 2014/2015- to 2022/2023. After the assessment, KRA through the domestic tax department, issued a demand of Kshs 1.4 Billion which comprise of principal amount, interest and penalties for unpaid corporation tax, lease and rental income received by the Corporation. After reviewing the tax demand, the Corporation engaged KRA on negotiation to waive the interest and penalties and also to re-do the principal amount demanded. The management position is that KRA will reduce the total amount demanded and will waive the entire penalties charged against the Corporation.

34 (a). Budget Notes:

i) Rendering of Services

Sale of Animal Feeds

- The Corporation generates revenue from the production and sale of animal feeds at the ADC Feedmill and driers. During the year, revenue realized amounted to Kshs. 27 million against an annual target of Kshs. 68 million. The shortfall was mainly attributable to frequent breakdowns of aged machinery and limited availability of raw materials in the market.

ii) Farming Income

Crops enterprise

- The Corporation crop enterprises that comprise of sugarcane, citrus, and potatoes did not meet the projected revenue targets during the year under review.
- Potato production realized a total output of 610 tons, generating Kshs. 18.5 million against an annual target of Kshs. 101 million, representing 18.2% achievement. The underperformance is attributable to inadequate seed for replanting, which led to reduced yields and consequently lower revenue realization. This translated into a revenue shortfall of approximately Kshs. 82.5 million from potato production alone.

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Notes to the Financial Statements (Continued)

34(a). Budget Notes (Cont)

- Continuous husbandry and maintenance of sugarcane fields and citrus orchards were undertaken during the year with the objective of improving productivity and enhancing revenue performance in subsequent financial years.
- Overall, the shortfall in crop revenues significantly reduced the contribution of farming income to the Corporation total operating income, thereby exerting pressure on financing of other operational activities internally.

Livestock and Dairy Income

- **Sale of Semen:** The unit realized actual revenue of Kshs. 50 million against a budgeted target of Kshs. 90 million, translating to 55.6% performance and a shortfall of Kshs. 40 million. Production during the year amounted to 342,005 straws against a target of 350,000 straws.
- **Sale of Livestock:** Revenue amounted to Kshs. 71.6 million against a projection of Kshs. 144.6 million, representing 49.5% achievement and a revenue shortfall of Kshs. 73 million. Management intends to implement restocking measures to strengthen the livestock enterprise and enhance revenue performance in future periods.
- **Sale of Milk:** The enterprise generated Kshs. 50.2 million against a budget of Kshs. 129.5 million, representing 38.8% performance and a shortfall of Kshs. 79.3 million. The low revenue was due to reduced milk production, which was attributed to a disease outbreak in the previous years and reduced number of cows in milk. Management has initiated plans to restock the dairy herd to expand production capacity and improve revenues in subsequent years.

iii) Investment Income

- Investment income during the year amounted to Kshs. 46.7 million, derived solely from Development House rent surplus. The budgeted performance was not fully achieved due to the non-receipt of dividend income from other investments, resulting in attainment of 72% of the annual target. The shortfall in dividend receipts reduced the overall investment income base.

iv) Rental from Facilities

- Income from rent of facilities—comprising go-down rentals and land leases—amounted to Kshs. 69 million during the period ended 30th June 2025, against a target of Kshs. 76 million. This represents 90.8% achievement and a shortfall of Kshs. 7 million. Despite the underperformance, this revenue stream remains a reliable source of non-core income and continues to contribute positively to the Corporation revenue diversification strategy.

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Notes to the Financial Statements (Continued)

34(a). Budget Notes (Cont)

v) Other Income

- Miscellaneous income realized during the year was Kshs. 19 million, mainly attributable to the sale of manure, grazing fees, and survey fees. Training fees generated an additional income of Kshs. 7 million, while eco-tourism contributed Kshs. 30 million. In aggregate, these revenue streams contributed Kshs. 57 million against a budgeted target of Kshs. 20 million, representing 285% achievement and a surplus of Kshs. 37 million. The strong performance of these non-core income streams significantly strengthened the Corporation overall revenue base, providing a critical buffer against shortfalls experienced in crop and livestock enterprises.

vi) Use of Goods and Services

- Expenditure on goods and services, comprising farm inputs and administrative costs, amounted to Kshs. 744 million during the year against a budget of Kshs. 1.15 billion. This represents 64.3% utilization of the approved budget, resulting in savings of approximately Kshs. 410 million. The expenditure level remained within budget, reflecting prudent cost management and operational efficiency in the utilization of farm inputs and administrative resources.

vii) Employee Costs

- Compensation to employees during the year amounted to Kshs. 633 million against an annual projection of Kshs. 706 million. This represents 90.4% of the approved budget and a saving of approximately Kshs. 68 million. The expenditure was therefore within budget, reflecting effective management of the payroll and related staff costs while still meeting the Corporation human resource obligations.

viii) Board Expenses

- Remuneration of Directors during the year amounted to Kshs. 20.7 million against a budgeted allocation of Kshs. 21 million. This represents 98.6% utilization of the budget with a saving of Kshs. 0.3 million. The expenditure remained within the approved limit, in line with prudent financial management practices.

ix) Depreciation

- Depreciation expenses exceeded projections by 118% attributable to additional asset acquisitions undertaken during the year to enhance and facilitate timely operations.

x) Repairs Maintenance

- Repairs and maintenance costs, comprising motor vehicles, tractors, machinery, and building repairs, were higher than projected. The variance is attributable to increased operational activities during the year, which necessitated more frequent and extensive repairs.

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Notes to the Financial Statements (Continued)

xi) Contracted services

- Contracted services, which relate to outsourced support for farm operations, were incurred within the approved budgetary provisions

xii) Finance Cost

- Finance costs comprised interest and penalties on the Kenya Commercial Bank loan facility, together with monthly bank transaction charges incurred during the reporting period.

34(b) Budget Execution by Programmes and Sub-programme for FY 2024/2025

Programme & Sub-Programme	Original Budget	Adjustments	Final budget	Actual on comparable basis	Budget Utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
Crop Development and Management	2,535,283,554	-	2,535,283,554	2,104,274,320	431,009,234
Land and Crops Development	2,535,283,554	-	2,535,283,554	2,104,274,320	431,009,234
TOTAL	2,535,283,554	-	2,535,283,554	2,104,274,320	431,009,234

35. Prior Year Adjustment

In accordance with IAS 8/IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors, a prior year adjustment has been effected to correct the overstatement of pension arrears in previous reporting periods. The adjustment has been applied retrospectively to ensure that the comparative figures are fairly stated.

36. Events After the Reporting Period

Management has evaluated events occurring subsequent to the reporting date and confirms that no material non-adjusting events have been identified that require disclosure in these financial statements.

37. Income Tax Disclosure

a) Tax Status

The Corporation is exempt from income tax in accordance with the legal notice No. 59 of 1986. As a result, no income tax is payable unless the Corporation generates taxable income from non-exempt activities.

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b) Tax Expense / (Credit) for the Year

For the financial year ended 30 June 2025, the Corporation recorded an accounting surplus of Ksh 399.2M. However, the Corporation remains tax-exempt and did not earn taxable income from non-exempt activities. Accordingly, no income tax expense has been recognized in these financial statements.

c) Deferred Tax / Tax Credits

The Corporation has accumulated brought-forward tax losses amounting to Ksh 2,667,207,813, which remain available for offset against any future taxable income, subject to the provisions of the Income Tax Act. No deferred tax asset has been recognized as the Corporation does not expect to utilize the tax losses in the foreseeable period due to its exempt status.

d) Reconciliation of Accounting Surplus to Taxable Surplus

Description	Amount (Ksh)
Accounting surplus for the year	399,262,000
Add: Non-allowable expenses	—
Less: Non-taxable income	—
Less: Brought-forward tax losses	(2,667,207,813)
Taxable income / (loss)	(2,267,945,813)
Income tax @ 30%	Nil

e) Conclusion

Based on the above reconciliation and the Corporation exempt status, no income tax is payable and no tax liability has been included in these financial statements.

38. Notes to the Cash Flow Statement

1. Operating Activities

a) Receipts: These comprise money received during the year from:

- Sale of animal feeds
- Crop and livestock sales
- Leases and eco-tourism activities
- Rent surplus from Development House
- Survey fees, sale of manure and grazing fees.

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Notes to the Financial Statements (Continued)

b) Payments: These comprise money paid out towards:

- Farm inputs
- Board Expenses
- Personnel emoluments
- Other administrative expenses.

2. Investing Activities

During the year, the Corporation paid a total of Ksh 162.6 million for the acquisition of machinery and equipment, motor vehicles, ICT equipment and furniture and fittings.

3. Financing Activities

The Corporation paid Ksh 27.6 million towards the existing credit facility with Kenya Commercial Bank (KCB).

4. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and cash in transit.

5.Reconciliation of Net Change in Cash and Cash Equivalents

The net increase/(decrease) in cash and cash equivalents during the year arises from the net cash flows from operating, investing and financing activities as detailed above. The total cash and cash equivalents at the reporting date amounted to Ksh 460.8 million.

39. Capital Risk Management

The Corporation objectives when managing capital are to safeguard the Corporation ability to continue as a going concern, to ensure sustainable service delivery and to maintain an optimal capital structure to support its operations. The Corporation defines capital as the total equity comprising reserves, accumulated surpluses/deficits and government grants.

DESCRIPTION	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Revaluation Reserve	447,701	447,701
Retained Earnings	(1,837,685)	(2,219,846)
Capital Reserve	12,775	12,775
Grants	3,538,786	3,538,786
Total Funds	2,161,577	1,779,416
Total Borrowings	195,632	187,968
Less: Cash And Bank Balances	460,785	51,670
Net Debt/(Excess Cash And Cash Equivalents)	(265,153)	136,298
Gearing Ratio %	4.89%	4.7

The Corporation manages its capital through continuous monitoring of its financial position, assessment of funding requirements and analysis of both short-term and long-term resource needs. Management ensures that capital is utilized in a manner that supports the Corporation operational objectives and long-term sustainability.

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22. Appendices

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

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

Reference No. on the external audit report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>Failure to disclose material uncertainty in relation to sustainability of services</p> <p>The consolidated statement of financial position reflects current liabilities balance of Kshs.1,495,452,000 which exceeds the current assets balance of Kshs.798,453,000 resulting to a negative working capital of Kshs.796,957,548. Further, the statement of financial performance reflects an operating loss of Kshs.29,612,000 resulting to an increase in accumulated deficit from Kshs.1,239,254,000 as at 30 June, 2022 to Kshs.1,251,552,000 as at 30 June, 2023. The Corporation was therefore, technically insolvent and its continued sustainability of services is dependent upon support from the National Government</p>	<p>Management noted that current liabilities of Kshs 1,495,452,000 exceeded the current assets of Kshs 798,453. Management has put in place mitigation measures by ensuring that the prices of seed maize is negotiated with the seed merchant which in this case is mainly Kenya seed company Ltd in order to comfortable cover the cost of production. The cost of inputs have in the recent past escalated with no corresponding adjustment of producers prices. Other steps taken to mitigate the loses is by reducing</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	and its creditors. In addition, this material uncertainty is not disclosed in the financial statements. In the circumstances, the Corporation ability to continue to sustaining its services could not be confirmed.	post-harvest loses which is caused by lack of dryers and good storage facilities, on this, management has been able to construct stores in most of its farm		
2.	<p>Unsupported receivables from exchange transactions.</p> <p>The consolidated statement of financial position and Note 20 to the financial statements reflects receivables from exchange transactions balance of Kshs.579,567,000. Included in the balance are the Corporation's trade debtors of Kshs.485,360,000 and non-trade debtors of Kshs.130,801,000 whose aging analysis were not provided. In addition, Management has made a provision for doubtful debts totalling Kshs.57,408,000 whose basis was not provided.</p> <p>Further, included in the balance is non-trade debtors of Kshs.130,801,000 out of which Kshs.12,865,307 related to outstanding</p>	<p>The management is carrying out in-depth reconciliations and evaluation of these long outstanding receivables. In the meantime, management has engaged debt collectors to follow up recovery from debtors whose details are available. The provision of Kshs 57,408,000 which is inadequate to cover the uncollectible debts will be enhanced in the coming financial year, since management now has a creditors policy in place that will guide on adequate provisions for bad debts.</p> <p>The Safari advances of Kshs 12,865,307 partly relates to un-reconciled amounts</p>	<p>Partly resolved</p> <p>After the approval of credit policy by the board of directors. Management will now be able to manage its debts by applying the guidelines provided. The safari imprest issue is being sorted by management by recovering un-surrendered imprest from staff salaries who fail to surrender.</p>	30 th June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	safari advances. Management has not provided the details of the safari advances and no explanations was provided as to why they were not surrendered at the closure of the financial year as required by law. In the circumstances, the accuracy and completeness of receivable from the exchange transactions balance of Kshs.559,290,000 could not be confirmed.	in the previous years. Reconciliations of the same is on-going and the un-surrendered imprest amounts from the staff after the reconciliations shall be recovered from their salaries.		
3.	Unsupported prior year adjustments The statement of changes in net assets reflects a prior year adjustment of Kshs.158,334,000. Management has explained that the amount relates to accrued interest charged to the Corporation for the period 2013-2017 for non-remittance of Sacco deductions. However, the amount varies with the amount reflected under the payables balance as accrued interest 2013-2017 of Kshs.149,736,837 resulting to unreconciled	The prior year adjustments are prior period expenses that occurred previously that relates to interest charged by the sacco due to non-payment of member's deductions and were adjusted in the year's financial statement. This was carried out against the accumulated retained earnings.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>variance of Kshs.8,597,163. Further, the expenditure is an unavoidable expenditure and therefore a waste of public funds.</p> <p>In the circumstances, the accuracy and completeness and regularity of the expenditure could not be confirmed.</p>			
4.	<p>Unsupported and long outstanding payables The consolidated statement of financial position and Note 26 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.1,592,655,000. Included in the balance are the Corporation's non-trade creditors amounting to Kshs.893,317,000 out of which payables amounting to Kshs.154,030,000 relates to unpaid wages for casual laborers with Kshs.126,014,000 having been outstanding for more than one year and with some balances dating back to the year 2001. In addition, the balance includes</p>	<p>Management is currently carrying out in-depth reconciliation of all creditors and debtors in order to establish the true position of creditors maintained by the corporation since most are historical that dates back to 1990s.</p> <p>Management is also in the process of circularizing its creditor's in order to come up with updated listing of those exiting creditors with supporting documents.</p>	Not resolved	30 th June 2026

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	<p>outstanding unremitted Pay As You Earn tax of Kshs.24,522,205 which had been outstanding for more than one year. However, the Kenya Revenue Authority- I tax portal reflected a balance of Kshs.34,183,799 resulting in an unreconciled variance of Kshs.9,661,594.</p> <p>Further, trade creditors of Kshs.7,058,579 described as invoice to receive did not have details of the creditors. Moreover, included in the trade and other payables from exchange transactions are payables amounting to Kshs.696,244,000 out of which payables amounting to Kshs.568,099,806 have remained unpaid for more than two hundred and seventy (270) days.</p> <p>In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.1,592,655,000 could not be ascertained.</p>			
	<p>Misstatement of borrowings balances</p>	<p>Kshs 125,139,000 is long term loan facility</p>	<p>Not resolved</p>	<p>30th June 2027</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5	<p>The current portion of borrowings of Kshs.65,291,000, Included in the balance is term loans due to Kenya Commercial Bank (KCB) of Kshs.55,974,000. Review of records revealed that the contractual annual repayment amounting to Kshs.55,200,000 and the reported balance excludes arrears of loan repayments instalments for eight months amounting Kshs.36,800,000.</p> <p>In addition, Note 28(b) reflects non-current portion of borrowings balance of Kshs.125,139,000 out of which Kshs.91,539,000 relates to the KCB loan balance. However, the certificate of loan balance for the KCB loan as at 30 June, 2022 was not provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of the current and non-current borrowing portion of Kshs.65,291,000 and Kshs.125,139,000 could not be confirmed</p>	<p>with KCB while Kshs 65,291,000 is current loan term which was being serviced by the corporation in the year under review. The loan was split into two where the obligation of paying monthly amounts of Kshs 4,600,000 was categorized as current facility while the balance was categorized as long term facility. We concurred with the auditor observations that management needs to clear the outstanding arrears and adhere to the repayment schedule.</p> <p>It true that the management is in arrears of 8 months at the close of the financial year in June 2022 but we are in touch with the bank and the arrears will be cleared once our cash-flow improves. Management has also written to the parent Ministry and National treasury for support in paying off this debt.</p>		

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6	<p>Unsupported Property, Plant and Equipment</p> <p>The consolidated statement of financial position and Note 23(a) to the financial statements reflects property, plant and equipment balance of Kshs.1,420,735,000 which includes value of farms managed by the Corporation amounting to Kshs.37,910,000. Review of land records held by the Corporation revealed the following matters;</p> <p>i)Included in the balance are seven parcels of land whose ownership documents were not in the custody of the Corporation. Review of records revealed that two of the parcels were charged against a bank loan with Kenya Commercial Bank and the loan was in arrears as at the time of audit in January, 2023.</p> <p>ii)In addition, although</p>	<ul style="list-style-type: none"> Title deeds for the listed L.R numbers could not be provided during audit since the title deed of suam orchards was being held at lands settlement office, and others were charged by KCB against the loan facility taken by the corporation and the one for Ndabibi is not yet issued by the lands department. Kenya Commercial Bank loan to the corporation had an outstanding balance of Kshs 36,800,000 which was 8 eight months in arrears as at end of the financial year under review and management has negotiated with the bank on how 	Partly resolved	30 th June 2026

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	<p>Management had indicated that the entity had leased some parcels of land to various organizations, an inventory of all the leased parcels and Board Policy to guide on the lease charges were not provided while the lease agreements and receipts were not supported by lease valuation reports.</p> <p>iii) A parcel of land in Molo sub county has been encroached on by informal settlers although the Corporation has secured ownership documents.</p> <p>iv) As previously reported, the financial statements exclude the value of land measuring about 2,908.42 acres known as Home Farm. The land was allocated to private developers in the year 1994 under unclear circumstances. Although, Management has explained that the matter is still under investigations, the status of the investigations was not provided for audit review.</p> <p>v) The property, plant and equipment balance</p>	<p>to liquidate the loan.</p> <ul style="list-style-type: none"> • The Management is in the process of developing a lease policy to ensure harmony in lease rentals. The lease rate of ksh. 3,000 per acre that is being used by the corporation was informed by a valuation done by the Ministry of Lands, Housing and Urban Development. • The issue of Molo land that has been encroached by informal settlers is being handled by the investigative authorities to ensure that the illegal settlers vacate the place. • In the early 1990s, Home farm was fully allocated to individuals and Companies by the then management. The process leading to this allocation have 		

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	<p>excluded land of undetermined value measuring 319.4 hectares located in Garissa Municipality which Management has explained that was donated. No explanation has been provided for failure to value the land and include it in their books.</p> <p>vi)The financial statements reflects capital work in progress of Kshs.45,306,000. The balance includes Kshs.8,549,000 incurred on construction of seed drier and store project in Kitale that was started in the year 2006 and Kshs.23,681,000 incurred on construction of a dam and store at Suam Orchards Farm also in Kitale. Review of project progress report revealed that the projects had stalled. In the circumstances, the ownership, accuracy and completeness of property, plant and equipment balance of Kshs.1,420,735,000 could not be confirmed.</p>	<p>been under investigation by the Ethics and Anti- corruption commission (EACC) and we await the outcomes of this investigation. In the meantime we continue to occupy and fully utilize the parcel of land.</p> <ul style="list-style-type: none"> This land was donated by the MOALF to ADC at no cost. The Corporation wishes to value all the assets. We have approached the Chief Valuer from Ministry of Lands, Housing and Urban Development for assistance in order to have the exercise done at a manageable cost. The capital work in progress of Ksh 45,306,000 where a balance of Kshs 23,681,000 is in respect of capital work in progress for construction of Dam and store 		

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		<p>at Suam Orchards farm in Kitale and Kshs 8,549,000 is related to cost incurred by seed unit for construction of seed drier and store. We concurred with the observations that both projects had stalled due to lack of funds, but the Suam dam was contracted to Chinese company constructing Suam-Uganda road. The removal of boulders was done and only laying of dam liners and piping is remaining to complete the project.</p>		
7.	<p>Unconfirmed investments The statement of financial position and Note 24 to the financial statements reflects investment balance of Kshs.467,283,000. The investments includes shares held in Chemelil Sugar Company Limited-</p>	<p>Management for a long period of time has not re-evaluated its investments in the above-mentioned companies where some are already in receivership, wounded up or are making loses. We</p>	Not resolved	30 th June 2026

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	<p>Kshs.203,592,000 Development House – Kshs.90,251,000, Muhoroni Sugar Company – Kshs.41,342,000, Kenya Co-operative Creameries – Kshs.4,151,000, Kenya Grain Growers Cooperative Union – Kshs.1,404,000, Kenya Seed Company Limited – Kshs.114,014,000, Pyrethrum Board of Kenya – Kshs.36,000, Kenya Planters Co-op Union – Kshs.31,000 and Agro-Chemical and Food Company Ltd – Kshs.16,900,000 which were acquired between the years 1975 and 1995. Available information confirmed that Muhoroni Sugar Company, Kenya Grain Growers Co-op Union and Kenya Planters Co-op Union with investments totalling Kshs.42,777,000 were either under receivership or liquidation. In addition, Chemelil Sugar Company and Agro-Chemical and Food Company with investments totalling Kshs.220,492,000 have been making losses and have not paid dividend for a long time. In the</p>	<p>concur with the observation that management need to re-look into its investment in this institution for evaluation and also have general provision in the financial statement for the anticipated future. loses from the loss-making institution. Management through the board of directors is in the process of revaluating its investment in most of the loss-making institutions.</p>		

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	<p>circumstances, the investments in these companies may not be fairly stated.</p>			
8	<p>Unsupported receivables on national livestock project. The statement of financial position and Note 21 to the financial statements reflects a balance of Kshs.37,914,000 in respect of the National Livestock Project account that is claimable by the Corporation from the parent Ministry. According to records, the project was started in 2006 when the Government granted the Corporation an amount of Kshs.198,000,000 to purchase livestock under the emergency off-take program in drought stricken arid areas. The amount was to be spent on maintenance and daily running of the</p>	<p>Management has been engaging the Ministry of Agriculture Livestock and Fisheries for an amicable termination of this project and thus possible transfer of the project herd to ADC. The ministry to treat the amounts as grant to the corporation</p>	Not resolved	30 th June 2025

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	<p>project operations. However, the balance of Kshs.37,914,000 was not supported with documentary evidence to confirm that the amount is reimbursable by the State Department of Livestock. In the circumstances, the accuracy and completeness of the receivables on National Livestock Project balance of Kshs.37,913,748 could not be confirmed.</p>			

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 Dr. Wilson Tonui
 Managing Director
 Date: 28/11/2025

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Appendix II: Projects implemented by Agricultural Development Corporation

Projects implemented by Agricultural Development Corporation Funded by the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting/ Yes/No)	Consolidated in these financial statements. (Yes/No)
1. Establishment of semen production centre and embryo transfer (ET).	1165101000	GOK	2015-2018	NIL	NO	YES
2. Enhanced Seed potato production through satellite centre establishment		GOK	2015-2018	NIL	NO	YES
3. Mechanization of Agricultural Projects	1169003600	GOK	2018-2022	NIL	NO	YES

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Appendix III: Status of Projects Completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
Mechanization of Agricultural Development Project	2,500,000,000	630,000,000	25%	-	-	GOK
Establishment of Semen Production Centre and Embryo Transfer	1,000,000,000	916,000,000	92%	-	-	GOK

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development /Others	Total Amount - RES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
						Deferred Income	Receivables	Others - must be specific	
None	None	None	None	None	None	None	None	None	None

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Climate sustainability	The project entails environmental sustainability and climate mitigation through planting of trees.	Environmental sustainability and climate mitigation.	Tree planting and tree nursery establishment	1,398,465	1,398,465	1,398,465	1,398,465	Internally generated	None

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Appendix VII: Disaster Expenditure Reporting Template

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 require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
None	None	None	None	None	None	None

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