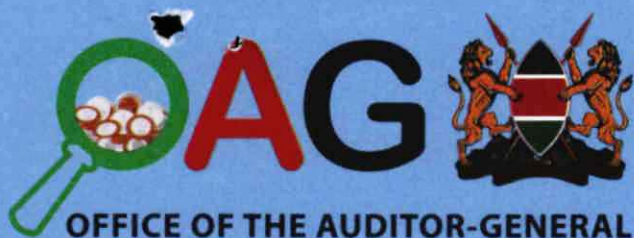



REPUBLIC OF KENYA



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## REPORT

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**THE AUDITOR-GENERAL**

ON

**KENYA MEAT COMMISSION**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

OFFICE OF THE AUDITOR GENERAL  
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KENYA MEAT COMMISSION

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KENYA MEAT COMMISSION

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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Prepared in accordance with the International Financial Reporting Standards (IFRS)

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## 1. Acronyms and Glossary of Terms

<b>IFRS</b>	<i>International Financial Reporting Standards</i>
<b>MC</b>	<i>Managing Commissioner</i>
<b>NT</b>	<i>National Treasury</i>
<b>PFMA</b>	<i>Public Finance Management Act.</i>
<b>PSASB</b>	<i>Public Sector Accounting Standards Board</i>
<b>CPF</b>	<i>County Pension Fund</i>
<b>C.O.S</b>	<i>Cost of Sales</i>
<b>B.E.T.A</b>	<i>Bottom up Economic Transformation Agenda</i>
<b>MT</b>	<i>Metric Tones</i>
<b>MTP</b>	<i>Medium Term Plans</i>
<b>ISO</b>	<i>International Standard Organization</i>
<b>SDG</b>	<i>Sustainable Development Goals</i>
<b>SPS</b>	<i>Sustainable Power Solutions</i>
<b>ERP</b>	<i>Enterprise Resource Planning</i>
<b>CSR</b>	<i>Corporate Social Responsibility</i>
<b>IAS</b>	<i>International Accounting Standards</i>
<b>CBK</b>	<i>Central Bank of Kenya</i>
<b>FVTPL</b>	<i>Fair Value Through Profit or Loss</i>
<b>NSSF</b>	<i>National Social Security Funds</i>
<b>MTI</b>	<i>Medical Training Institute</i>
<b>FY</b>	<i>Financial Year</i>
<b>KRA</b>	<i>Key Result Area</i>
<b>KPI</b>	<i>Key Performance Indicator</i>
<b>RTD</b>	<i>Retired</i>
<b>SC</b>	<i>State Corporations</i>

## 2. Key Commission Information

### a) Background information

The Kenya Meat Commission was established by the Kenya Meat Commission Act Cap 363 of Parliament on 1950. The Kenya Meat Commission is represented by the Cabinet Secretary for Ministry of Defence who is responsible for the general policy and strategic direction of the Kenya Meat Commission at the cabinet level. The Commission is domiciled in Kenya and has its main factory at Athi River, a branch in Mombasa and a Depot at Landhies Road, Nairobi.

### b) Principal Activities

The principal activity of the Kenya Meat Commission is to: -

- i.** Procure quality livestock.
- ii.** Process and pack high quality meat and meat products.
- iii.** Market & sell meat and meat products.
- iv.** Research and development of new products.
- v.** Purchase of livestock as last resort and participation in drought mitigation programmes principal.

### c) Commissioners

The Commissioners who served the Commission during the year were as follows:

1.	Lt. Gen (Rtd) Joseph Kasaon	Chairman	16/10/2019
2.	Brig (Rtd) Dr. Charles Otiato	Commissioner	20/11/2020
3.	Brig (Rtd) George Esekun Ejalan	Commissioner	20/11/2020
4.	Brig (Rtd) Philip Laibon Lepakio	Commissioner	20/11/2020
5.	Brig (Rtd) Joseph Benjamin Mutuku Mweu	Commissioner	20/11/2020
6.	Dr. Patricia M. Kingori - Mugendi	Commissioner	20/11/2020
7.	M/s Mary Mulili	Commissioner	20/11/2020
8.	Mr. Patrick Ngicuru -Rep, PS, Min. of Agriculture	Commissioner	11/11/2019
9.	Mr. Francis Kariuki – Rep PS, Min. of Finance	Commissioner	14/10/2015
10.	Mr. Joseph Mutuma – Rep PS, Min. of Defence	Commissioner	27/11/2023
11.	Mr. Victor Momanyi –Rep Ins SC	Commissioner	02/01/2019
12.	Brig. James N. Githaga	Rtd Managing Commissioner	01/04/2021
13.	Maj Gen Jattani Kampare Gula	Managing Commissioner	02/05/2024

**Key Commission Information (Continued)**

**d) Corporate Secretary**

Anthony Omondi Ademba  
P.O. Box 2-00204  
Nairobi, Kenya

**e) Registered Office**

Kenya Meat Commission  
Athi River, Mavoko  
P.O. Box 2-00204  
Athi River  
Off Mombasa Road

**f) Corporate Headquarters**

P.O. Box 2-00204  
Kenya Meat Commission  
Athi River, Mavoko  
Off Mombasa Road

**g) Corporate Contacts**

Telephone (020) 2424051/ 045 6626041/2/4  
E-mail. info@kenyameat.co.ke  
Website. www.kenyameat.co.ke

**h) Corporate Bankers**

1. Co-operative Bank of Kenya  
Athi River
2. Kenya Commercial Bank  
Kitengela Branch





**i) Independent Auditors**

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

**j) Principal Legal Advisers**

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 Commissioners



SN	Directors	Details
1.	 Lt. Gen (Rtd) Joseph Kasaon Master's Degree	<b>Date of Birth:</b> 10.01.1959 <b>Qualifications:</b> Master's Degree <b>Board Status:</b> Chair of the Board of Commissioners
2.	 Brig (Rtd) Dr. Charles Otiato Doctorate	<b>Date of Birth:</b> 12.06.1959 <b>Qualifications:</b> Doctorate <b>Board Status:</b> Independent Board Member
3.	 Brig (Rtd) George Esekun Ejalan Bachelor's Degree	<b>Date of Birth:</b> 23.09.1962 <b>Qualifications:</b> Bachelor's Degree <b>Board Status:</b> Independent Board Member
4.	 Brig (Rtd) Philip Laibon Lepakio Master's Degree	<b>Date of Birth:</b> 01.01.1959 <b>Qualifications:</b> Master's Degree <b>Board Status:</b> Independent Board Member and chair of the finance and strategy committee

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5.	 Brig (Rtd) Joseph Benjamin Mutuku Mweu Bachelor's Degree	<p><b>Date of Birth:</b> 23.01.1954  <b>Qualifications:</b> Bachelor's Degree  <b>Board Status:</b> Independent Board Member and chair human resource and administration committee</p>
6.	 Dr. Patricia M. Kingori – Mugendi Master's Degree	<p><b>Date of Birth:</b> 11.09.1968  <b>Qualifications:</b> MBA, CIM, KIM, MSK  <b>Board Status:</b> Independent Board Member and Chair production, operations and marketing committee  <b>Work Experience:</b> She has vast experience in business development and marketing</p>
7.	 M/s Mary Mulili Master's Degree	<p><b>Date of Birth:</b> 11.09.1978  <b>Qualifications:</b> MBA (Finance)  <b>Board Status:</b> Independent Board Member and chair audit committee  <b>Work Experience:</b> She has held various executive and senior roles in commercial banks</p>
8.	 Mr. Patrick Ngicuru Master's Degree	<p><b>Date of Birth:</b> 23.04.1964  <b>Qualifications:</b> Master's Degree  <b>Board Status:</b> Independent Board Member and Representative to the Principal Secretary -Department of Livestock, Ministry of Agriculture</p>







Kenya Meat Commission  
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9.	 <p>Mr. Francis Kariuki Master's Degree</p>	<p><b>Date of Birth:</b> 01.09.1968  <b>Qualifications:</b> Master's Degree  <b>Board Status:</b> Independent Board Member and Representative to the Principal Secretary -The National Treasury</p>
10.	 <p>Mr. Joseph Mutuma Master's Degree</p>	<p><b>Date of Birth:</b> 09.04.1972  <b>Qualifications:</b> Master's Degree  <b>Board Status:</b> Independent Board Member and Representative to the Principal Secretary -Ministry of Defence</p>
11.	 <p>Mr. Victor Momanyi Master's Degree</p>	<p><b>Date of Birth:</b> 21.09.1967  <b>Qualifications:</b> Master's Degree  <b>Board Status:</b> Independent Board Member and Representative to Inspector General- Inspectorate of State Corporations</p>
12.	 <p>Brig. James N. Githaga BA, Post graduate diploma</p>	<p><b>Date of Birth:</b> 22.08.1964  <b>Qualifications:</b> BA, Post graduate diploma  <b>Board Status:</b> Rtd Managing Commissioner</p>

13.	 <p>Maj Gen Jattani Kampare Gula Bachelor's Degree</p>	<p><b>Date of Birth:</b> 21.10.1972 <b>Qualifications:</b> Bachelor's Degree <b>Board Status:</b> Managing Commissioner</p>
14.	 <p>Anthony Omondi Ademba LLB(Nbi), Dip (Ksl), CS</p>	<p><b>Date of Birth:</b> 16.09.1976 <b>Qualifications:</b> Bachelor's Degree <b>Board Status:</b> Company Secretary Member of ICS</p>

**4. Key Management Team**

 <p>Maj Gen Jattani Kampare Gula          Managing Commissioner          BSc, Dip</p>	 <p>Brig. Clement K Nyakundi          Chief Operations Officer          BSc Mil, BSc Mech Eng, MA Intl Strategy</p>
 <p>Lt Col Kinuthia          General Manager, Commercial Services.          BSc Mil, MSc Econ &amp; Fin, CPA(K)</p>	 <p>Mr. Anthony Ademba          Head, Legal Affairs &amp; Company Secretary          LLB(Nbi), Dip (Ksl), CS</p>
 <p>CHRP Dinah Nyaga          Manager, HR &amp; Administration.          CHRP, MBA, BCOM</p>	 <p>Mr. Brian Okeyo          Ag. ICT Manager</p>
 <p>Ms. Joan Ndanyu          Manager, Supply Chain          MSc, BBM, Dip, CPSP</p>	 <p>Mr. Festus Mutulu          Manager, Internal Audit          MSc, BCOM, CPA(K)</p>

 <p>Ms. Lydia Mandila Sales &amp; Marketing MBA, BBA</p>	 <p>Dr. Cyril Cheruiyot Manager, Livestock MSc</p>
 <p>Ms. Gaudencia Liambila Manager, Production MBA, BSc</p>	 <p>CPA Robert Mrima Manager, Finance and Accounts MBA, BCOM, CPA(K)</p>
 <p>Ms. Sarah Chepkoech Manager, Quality Assurance BSc, Food Science</p>	 <p>Mr. Martin Mono Manager, Plant Engineering MBA, BSc</p>

## 5. Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Commissioner	Maj Gen Jattani Kampare Gula
2.	Chief Operations Officer	Brig.Clement K Nyakundi
3.	Manager, Finance and Accounts	CPA Robert Mrima
4.	General Manager, Commercial Services	Lt Col·Kinuthia Samuel
5.	Manager, Production	Ms. Gaudencia Liambila
6.	Manager Human Resource and Administration	Ms. Dinah Kathambi Nyaga
7.	Manager, Quality Assurance	Ms. Sarah Chepkoech
8.	Manager, Plant Engineering	Mr. Martin Mono
9.	Manager, Sales & Marketing	Ms. Lydia Mandila
10.	Manager, Livestock	Dr. Cyril Cheruiyot
11.	Manager, Internal Audit	Mr. Festus Mutulu
12.	Manager, Supply Chain	Ms. Joan Ndanyu
13	Head, Legal Affairs & Company Secretary	Mr. Anthony Ademba
14	Ag. Manager, ICT	Mr. Brian Okeyo

## 6. Fiduciary Oversight Arrangements

To carry out its mandate the Commission is run by a Board of Commissioners who discharge their duties through the following board committees which were established by the board in its special Full Board meeting held on September 5<sup>th</sup>, 2023;

- a. Production, Operations and Marketing Committee
- b. Finance and Strategy Committee
- c. Audit, Risk and Compliance Committee
- d. Human Resource and Administration Committee

### *Production, Operations and Marketing Committee*

The operations and strategy committee is responsible for the production operation of the Commission and delivery of its core mandate. Its mandate is:

- i. Development, review and implementation of the Commission's Strategic Plan;
- ii. Alignment of strategy to the national development goals and sector performance standards;

- iii. Development and/or review and implementation of the Commission's sustainability strategies;
- iv. The performance contracting process;
- v. Oversee performance and identify areas of improvement in:
  - a) Production of Meat and Meat Products
  - b) Production of value-added products;
  - c) Research and development of new products;
  - d) Production operations of the Commission.
- vi. Undertake any other business as directed by the Board or relevant to the mandate of the Committee.

The membership of the committee during the year under review was as follows;

- 1. Dr. Patricia M. Kingori - Chairperson
- 2. Brig (Rtd) George Esekon Ejalan
- 3. Dr. Obadiah Nyaga – DVS
- 4. Brig. James Githaga
- 5. Mr. Victor Momanyi

#### ***Finance and Strategy Committee***

The Finance and Strategy Committee is responsible for the Finance and procurement functions of the Commission. The terms of Reference include;

- i. Preparation and implementation of the Commission's annual budget
- ii. Preparation and submission of the Commission's financial statements within timelines as stipulated by law and Government policies
- iii. Preparation, monitoring and presentation of internal Commission's documents including, but not limited to:
  - a. Cash flow statements
  - b. Creditors & debtors reports
  - c. Quarterly Profit & Loss statements
  - d. Financial statements on product performance
- iv. Address any other Finance related matter incidental thereof.
- v. Preparation of the Commission's procurement plans, its alignment with approved budget and implementation;

vi. Maintaining of the Commission's assets inventory and disposal of assets and other administration matters as may arise from time to time;

The members who served on this committee during the year under review were;

1. Brig (Rtd) Philip Laibon Lepakio – Chairman
2. Brig (Rtd) Dr. Charles Otiato
3. Mr. Patrick Ngicuru
4. Mr. Francis Kariuki
5. Brig. James Githaga
6. Mr. Victor Momanyi

***Audit, Risk and Compliance Committee***

Audit Risk, and Compliance Committee is responsible for monitoring and reviewing the effectiveness of internal controls and business risk system of the Commission. The terms of Reference include;

- i. Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- ii. Provide an independent review of the Commission's reporting functions to ensure the integrity of financial reports.
- iii. Monitor the effectiveness of the Commission's performance management and performance information.
- iv. Provide strong and effective oversight of the Commission's internal audit function.
- v. Provide effective liaison and facilitate communication between management and external audit.
- vi. Provide oversight of the implementation of accepted audit recommendations.
- vii. Ensure that Commission effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

The members who served on this committee during the year are as follows;

1. M/s Mary Mulili - Chairperson
2. Brig. (Rtd) George Esekun Ejalan
3. Mr. Victor Momanyi

*Human Resource and Administration Committee*

The terms of reference are as hereunder:

- i. Review and implementation of the Commission's organizational structure and enabling Human Resource instruments;
- ii. Address any arising Human Resource matters incidental thereof.
- iii. Development, review and implementation of the Commission's monitoring and evaluation framework;
- iv. Develop, review and implement corporate branding programmes;
- v. Review of the Corporate ICT & Communication policy and oversight its implementation;
- vi. Review and implementation of the Commission's service delivery charter;
- vii. Provide oversight on the Commission's legal operations;

The members who served on this committee during the year are as follows;

1. Brig (Rtd) Joseph Benjamin Mutuku Mweu - Chairman
2. Brig (Rtd) Dr. Charles Otiato
3. Mr. Patrick Ngicuru
4. Brig. James Githaga
5. Mr. Victor Momanyi

### 7. Chairman's Statement

The Commission's mandate is to consistently purchase quality livestock, process efficiently into high quality meat and meat products and develop sustainable market while ensuring prudent financial management for financial sustainability and profitability.

KMC is biggest abattoir in the country with huge potential to serve both local and international markets. It is against this background that the government of Kenya has identified it as a project under Economic pillar of Vision 2030. Equally, it sits well under the Bottom-Up Economic Transformation Agenda (BETA) where we not only provide platform for farmers to offload their stock but also involved in enterprise as meat processor.

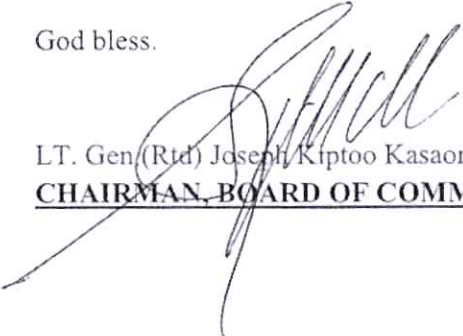
The Commission dwindled in its performance in sales revenue during FY 2023/2024 as compared to FY 2022/2023 due to prolonged drought that adversely affected supply of livestock for eight (8) months from September 2023 to April 2024. In the financial year 2023/2024, revenue from sale of meat and meat products stood at **Ksh. 1,709,798,352** compared to **Ksh. 2,782,236,329** realised in the year 2022/2023 recording a decline of **39%**. The performance is against a tough economic environment where inflation and other macroeconomic factors have eroded the purchasing power of both retail and corporate consumers thus subdued demand for products.

The Commission's manufacturing infrastructure is aged and outdated. This presents high maintenance costs for the Commission. The meat industry is getting more competitive by the day and price sensitive as well. Players need to be cost-conscious to survive. Consequently, the Commission would appreciate reinstatement of exchequer support particularly for the modernisation of the factory. A proposal has since been presented to The National Treasury for consideration.

Furthermore, the Commission has ambitious growth targets as captured in the strategic plan 2023/24 to 2027/28 which seeks to steer the commission as a self-sustaining meat processor. Plans to gain entry into the export market are at an advanced stage with a number of certifications to key markets having been attained.

I take this opportunity to thank all stakeholders including but not limited to our Customers, the Government of Kenya represented by the Ministry of Finance, Ministry of Defence, Ministry of Agriculture and Livestock Development, and other stake-holders. I wish to thank my fellow Board of Commissioners and Management team for their support during the year.

God bless.

  
LT. Gen/(Rtd) Joseph Kiptoo Kasaon  
**CHAIRMAN, BOARD OF COMMISSIONERS**

## 8. Report of the Managing Commissioner

The Commission's mandate is to consistently purchase quality livestock, process efficiently into high quality meat and meat product and develop sustainable market while ensuring prudent financial management for financial sustainability and profitability.

It is largest abattoir in the country with capacity to serve both local and international markets effectively offering thousands of jobs both directly and indirectly.

The Commission is aligned to the Economic pillar of Vision 2030 as well as the Bottom-Up Economic Transformation Agenda (BETA) where we not only provide platform for farmers to offload their stock but also involved in enterprise as meat processor.

The performance of the Commission is tabulated below and comparison made to the prior year.

Product description	Achievement 2023/2024		Achievement 2022/2023	
	No.	MT	No.	MT
Large stock slaughtered	26,223	3,282	51,775	5,748
Shoats	11,879	144	20,692	256
Corned Beef	308,552	93	935,520	280
Hides	25,768	493	51,775	1,017
Value Added products	-	99	-	1,081
Animal feeds	2,636	151	15,133	757

In the financial year 2023/2024, sale of meat and meat products stood at **Ksh. 1,709,798,352** compared to **Ksh. 2,782,236,329** realised in the year 2022/2023 recording a decline of **39%**. The decline was as a result of prolonged drought that affected supply of livestock and quality of meat in high end markets, tough economic environment where inflation and other macroeconomic factors have eroded the purchasing power of both retail and corporate consumers thus subdued demand for products. The Commission realised **Ksh. 55,456,326** from rental income during the year compared to the previous year of **Ksh. 51,571,227**. It is worth noting that rent income increased by **6%** due to matching payable rates to the market.

### Contingent liabilities

Total contingent liability stands at **Kshs. 222,964,632** pending court cases continue to impact on the Commission negatively due to huge awards especially on wrongful termination of staff.

### **Strategy**

The Commission has a five-year strategic plan 2023/24 to 2027/28 that aims at making KMC a self-sustaining entity. We are confident that the new strategic plan will assure stronger revenue growth and improved profits in future. The ultimate goal is to ensure the Commission plays its role in economic development by being the main anchor for livestock farmers in Kenya, and guaranteeing livelihoods of Kenyans by providing quality meat products. We have so far re-established the Commission as a strategic national agency for socio economic development. Demand for meat and meat products continues to grow and the quality of supply has improved in the last decade due to investments and expansion of the meat sector. The Commission will take advantage of this demand to grow its fortunes in future.

I want to assure all our stakeholders that the Commission has a bright future and will endeavour to fulfil its mandate and contribute to economic well-being of livestock farmers in Kenya. The Commission is in the right track of regaining its position as a market leader in meat industry not only in Kenya but regionally.

### **Sustainability and Stake Holders Management**

KMC recognizes the importance of continuous key stakeholders' engagement. Frequent meetings with livestock farmers have increased confidence and constant supply of raw materials. Cordial relationships with County governments under which livestock function falls remains critical to improvement of livestock husbandry in major raw material catchment areas. Focus on quality control measures in line with the Commission's mantra 'A cut above the best!' will be the benchmark for market penetration and sustainability of KMC drive to regain its position as a market leader in meat industry. The Commission commits to carry on its operations in an environmentally friendly manner through reduction of harmful effluents which were previously contaminating the environment.

### **Future Outlook**

The future looks bright for the Commission. The Commission is shifting its focus from relying on Government institutions as its main market to commercial customers and export business to improve on its cash flow. The Commission acquired **ISO 9001:2015** (Quality Management System) Certification in preparation to venture into export markets. We are confident that these plans will benefit more livestock farmers in the country and strengthen the Commission financial status through revenue growth and improved profits.

Thank you.



**Maj General Jattani K Gula**  
**Managing Commissioner.**

**9. Statement of Performance against Predetermined Objectives for FY 2023/24**

The Commission has four objectives within its Strategic Plan for the FY 2023/2024 – 2027/2028.

These strategic objectives are as follows:

- a. Optimize resource utilization and efficiency.
- b. Provide sustainable market for livestock farmers.
- c. Increased utilization of installed slaughter and processing capacity.
- d. Improve market access for KMC products.

The above objectives can be measured in the following Key Result Areas (KRAs)

- KRA 1: Strengthened institutional capacity for KMC.
- KRA 2: Efficient production capacity
- KRA 3: Increased Market access and trade
- KRA 4: Providing a sustainable market for livestock farmers.

The Commission develops its annual work plans based on the above strategic objectives. Assessment of the Commission’s performance against its annual work plan is done on a quarterly basis through the performance contracting targets progress reports. The Commission performance targets as set out for the FY 2023/2024 period for its four strategic objectives are as indicated in the diagram below:

<b>KRA 1: Strengthened Institutional capacity for KMC</b>			
<b>Key output</b>	<b>KPI</b>	<b>Planned Targets</b>	<b>Achievements</b>
		<b>2023/24</b>	<b>2023/24</b>
Develop staff capacity based on business growth	Recruit staff deficit from the authorized establishment Structure	193	6
	Trained staff	104	104
Improve office	Office chairs, workstations and cabinets	5	4

facilities and transport based on allocated budget.	Refrigerated Vehicles (10)		
	Staff bus (1)		
	Double cabin (2)		
	Staff van (3)		
	Water bowser (1)		
	Forklift (1)	1	1
	Dumper truck (1)		
Improve ICT infrastructure based on allocated budget.	40 computers, 25 laptops and 10 printers procured	40, 25 & 10 respectively	5, 2 & 3 respectively
	ICT Infrastructure maintained	1	1

**KRA 2: Increased efficiency in utilization of installed capacity**

Key output	KPI	Planned targets	Achievements
		2023/24	2023/24
Increase utilization of installed production capacity	No. of metric tonnes of cattle carcasses slaughtered	5,782	3,282
	No. of metric tonnes of cattle goats and sheep slaughtered	434	143.5
	No. of metric tonnes of canned corned beef produced reports	220	92.9
	No. of Metric tonnes of Value-added products	360	98.86

<b>KRA 3: Increase product market access and trade</b>			
<b>Key output</b>	<b>KPI</b>	<b>Planned targets</b>	<b>Achievements</b>
		<b>2023/24</b>	<b>2023/24</b>
Venture into export market	Obtain and sustain QMS Certification	100%	100%
	Sustain food safety management system certification	100%	100%
	Attain Ksh sales target 1.0 B	27.5	-
Improve market penetration	Strategy for market developed	100%	100%
	Overall target of Kshs 18.26B sales attained.	4.944B	1.709B
	Drive sales through 10 marketing campaigns and promotions	4	4
	Increased market penetration	1	1
	No. and metric tonnes of Value-added products		

<b>KRA 4: Providing a sustainable market for livestock farmers</b>			
<b>Key output</b>	<b>KPI</b>	<b>Planned Targets</b>	<b>Achievements</b>
		<b>2023/24</b>	<b>2023/24</b>
Improve availability of quality livestock	Quality cattle procured	73,750	22,263
	Quality shoats procured	50,771	8,890
Conduct outreach for livestock in key source markets	Improved quality of livestock procured	4	4
Conduct livestock market surveys	Competitive prices established	4	4

Establish and maintain collaboration with key actors in the beef value chain	Established collaboration in the beef value chain	3	4
Timely payment of farmers	Payment of farmers deliveries based on agreed terms within 30 days	100%	80%
Contract livestock farmers to enhance supplier base	Number and right quality livestock supplied to meet market	30	34

### **Statement of Strategic Intent by the Board**

In carrying out our duties, we intend to put all our efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030, keeping in mind the specific priorities of the Commission. We will also pay special attention to implementation of **MTP IV** and Bottom up Economic Transformation Agenda (**BETA**) for realisation on Government National goals. Bearing in mind the imperative of inclusivity, we will implement the following Strategic Intentions during the Financial Year:

- (i) Ensure that KMC move the country towards achieving the BETA Agenda on food and nutrition security, manufacturing and Agro processing by increasing the production of meat and meat products i.e canned corned beef, animal feeds, hides and skin to local tanneries, and development of feedlot.
- (ii) Improve market access for livestock farmers and trade strategies for meat and meat products
- (iii) Increase the production capacity from the previous 4,000 livestock per month to 6,000 per month to satisfy the assured market of fresh meat and corned beef to security agencies, and other non-security customers currently requiring an average of 2 tons of meat per day
- (iv) Increase the factory operating capacity from previous 20% to 40 %.

### **Core Mandate**

KMC's priority programmes/ projects ("Vision 2030 Flagship Projects, Post COVID-19 Recovery Strategies and Plans and Other Programmes/ Projects) aligned to SDGs, Agenda 2063 and SPS

In line with its' Mandate, the Commission will contribute to SDGs on no poverty and zero hunger. In regard to Sector Performance Standards the Commission will implement activities geared towards sustainability of Livestock Subsector as an Enterprise as well as provide high quality hides & skins used as raw materials in the Leather Industry.

### **Livestock Procured**

In the FY 2023/24 the Commission procured 38,102 livestock, 26,223 large stock and 11,879 shoats against the target of 72,000 large stock. Under achievement of the above target was occasioned by prolonged drought that affected supply for eight (8) months.

**Kenya Meat Commission  
Annual Report and Financial Statements for the year ended June 30, 2024**

**10. Corporate Governance Statement**

**Board Meetings**

The Board held meetings regularly during the FY 2023/2024, at least one every quarter in accordance with statutory requirements and one special meeting as need arose. The attendance for the meeting was as follows: -

**Full Board Meetings**

DATE	Lt. Gen (Rtd) J. Kasoon	Brig (Rtd) Dr. C. Otato	Brig. (Rtd) G. Ejalan	Brig. (Rtd) P. Lepakio	Brig. (Rtd) JB Mwen	Dr. P.M. Kingori	Mary Muthi	Brig. James Githaga	Patrick Ngeurru	Francis Karuki	Obadiah Nyaga	Victor Momanyi	Joseph Mutuma
03/08/2023	✓	✓			✓	✓	✓	✓	✓	✓	✓		
05/09/2023	✓	✓			✓	✓	✓	✓	✓		✓	✓	
14/09/2023	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
13/10/2023	✓	✓		✓		✓	✓	✓	✓	✓		✓	
09/11/2023	✓	✓		✓		✓	✓	✓	✓		✓	✓	
31/01/2024	✓	✓		✓	✓	✓		✓	✓	✓		✓	✓
30/04/2024	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓	✓

## Committee Meetings

DATE	Lt. Gen (Rtd) J. Kasaon	Brig (Rtd) Dr. C. Otiato	Brig. (Rtd) G. Ejalan	Brig. (Rtd) P. Lepakio	Brig. (Rtd) JB Mweu	Dr. P.M. Kingori	Mary Mulili	C.K. Muhia	Patrick Ngicuru	Francis Kariuki	Obadiah Nyaga	Victor Momanyi	Brig. J.N Githaga	Maj Gen J K Gula
17/07/2023		✓		✓									✓	
18/07/2023			✓		✓				✓				✓	
18/07/2023				✓		✓							✓	
20/07/2023					✓		✓		✓	✓				
06/09/2023						✓	✓			✓	✓		✓	
07/09/2023		✓		✓					✓	✓		✓	✓	
11/10/2023						✓	✓			✓				
12/10/2023						✓	✓			✓			✓	
23/10/2023			✓				✓			✓		✓		
24/10/2023		✓			✓				✓				✓	
25/10/2023			✓			✓					✓		✓	
27/10/2023		✓		✓					✓	✓			✓	
18/01/2024		✓			✓				✓				✓	
18/01/2024			✓				✓			✓		✓		
19/01/2024		✓		✓					✓	✓			✓	
25/01/2024			✓			✓							✓	
21/03/2024		✓			✓				✓					
04/04/2024		✓			✓				✓				✓	
17/04/2024		✓						✓	✓	✓		✓		
17/04/2024			✓	✓			✓			✓		✓		
18/04/2024			✓			✓						✓	✓	
19/04/2024		✓			✓				✓			✓	✓	
07/05/2024		✓			✓				✓			✓		
16/05/2024		✓			✓				✓			✓		
31/05/2024			✓	✓			✓		✓	✓		✓		✓
05/06/2024		✓	✓	✓			✓		✓	✓		✓		✓
05/06/2024		✓		✓				✓	✓	✓		✓		✓
12/06/2024		✓			✓				✓					✓

### **Succession Plan**

Under Mwongozo Code of Governance, the appointing authority is required to ensure the tenures of the Commission members are staggered to ensure a phased transition. The members, the chairman and the Managing Commissioner have different dates of appointment.

### **Board Charter**

The Board has developed and put in place a Board Charter. The Charter has defined the roles, responsibilities and functions of the Board, the Chairman and the committees of the Board to ensure there is clear separation of roles as required under good corporate governance.

### **Appointment and Removal of Commissioners**

Appointment and removal of the Commissioners are made in line with legal and statutory requirements i.e. the constitution of Kenya, 2010, Kenya Meat Commission Act and the state Corporations Act. The appointment takes into consideration the mix of skills and competencies required for the achievement of commission's long-term goals.

### **Induction and Training**

The new members are taken through a full and formal induction training organized by the State Corporation Advisory Committee (SCAC) as required by Mwongozo to ensure they are provided with knowledge and materials to enable them add value.

### **Commissioners' Performance**

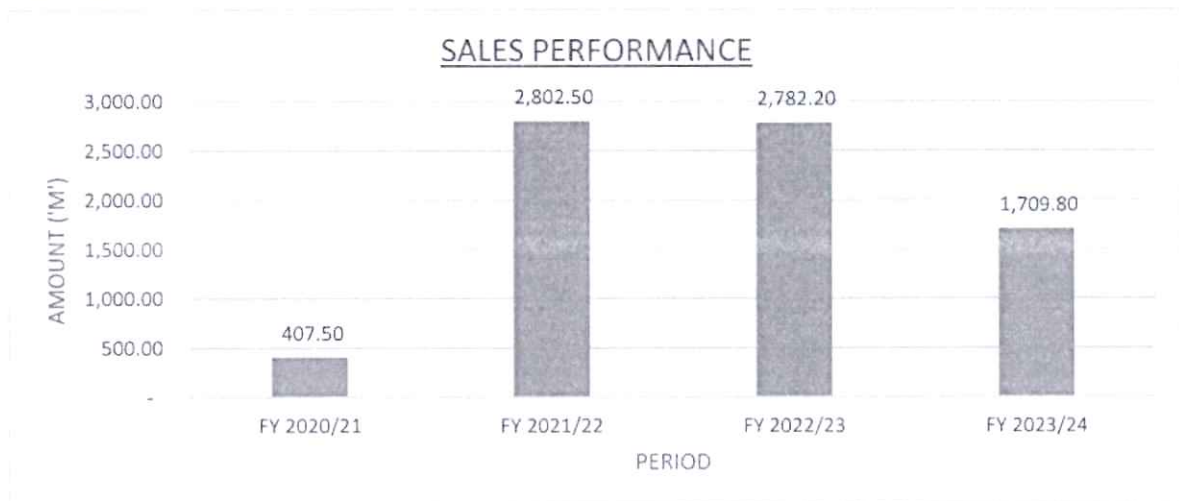
As required by Mwongozo the performance of the Commission was evaluated covering the Commission as a whole, its committees, individual members, the Chairperson, the Managing Commissioner which was presided over by SCAC.

### **Conflict of Interest**

The Commissioners declares and signs on the register of attendance if they have any conflict on the agenda items to discuss in every meeting. The State Corporation Advisory Committee (SCAC) is required to undertake the Governance Audit in compliance with Mwongozo Code of Governance.

## 11. Management Discussion and Analysis

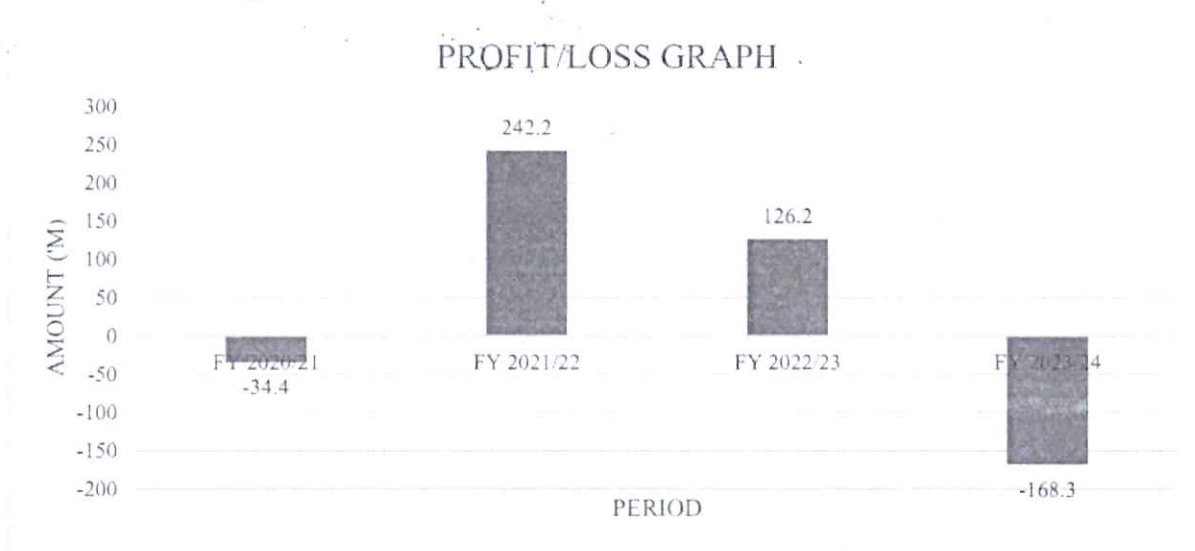
The Commission has achieved major milestones in regard to prudent financial management, accountability and compliance to the law. All the expenses were within the approved budget for the Financial year 2023/2024. The Commission realised Sales of **Ksh. 1,709,798,352** which is **63%** of its' budgeted income in the year under review, this is a reduction from the previous FY 2022/23 where the Commission realised sales of **Ksh. 2,782,236,329** which was **68%** of budgeted income for that FY. The low performance was characterized by prolonged drought that affected supply of quality livestock leading to low yields. The graph below shows the sales performance for the last four years.



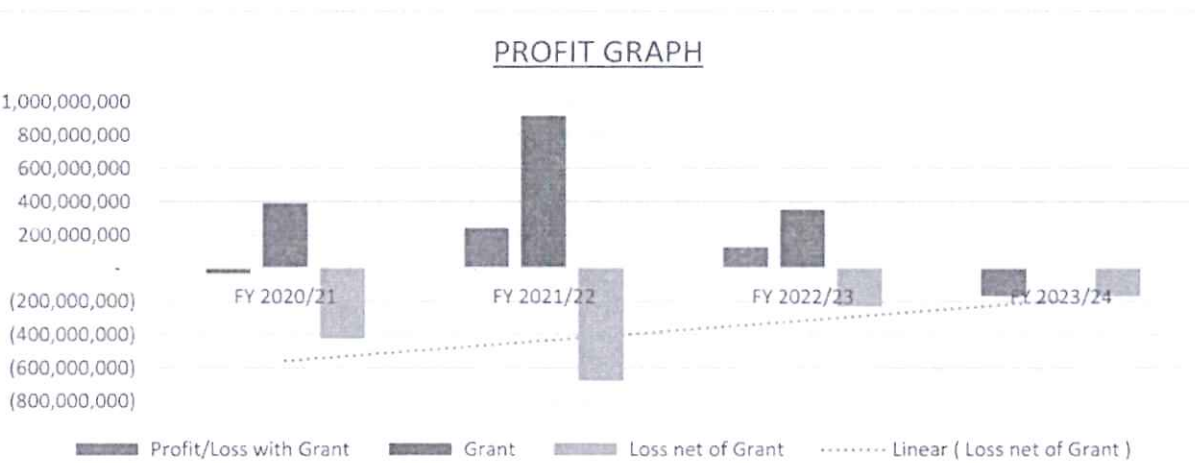
**Financial Performance.**

During the year under review, the Commission realised a net loss of **Ksh. 168,279,947** which is a better performance as compared to the previous FY 2022/23 where the Commission made a profit of **Ksh. 126,179,315** with exchequer support of **Ksh. 357M**.

The following is a graphical presentation of the performance for the last four years since it was put under the new management.



On comparable basis, the graph below shows the performance **with** and **without** exchequer support and the grants received for the last four years.



From the above graph, the **trendline** indicates that the Commission has improved on its performance over the last four years.

Kenya Meat Commission  
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**Grants Table**

PERIOD	Profit/Loss	Grant	Profit/loss net of Grant
FY 2020/21	(34,398,020)	391,358,057	(425,756,077)
FY 2021/22	242,193,283	920,000,000	(677,806,717)
FY 2022/23	126,179,315	357,000,000	(230,820,685)
FY 2023/24	(168,279,947)	-	(168,279,947)

**Compliance with Budgets**

The commission continues to comply and spend within the budget without exceptions. This is achieved by ensuring that all the heads of departments fully understand the departmental budgets which must be followed before procurement. During the year under review all the expenditure was within budget while a number of goods/services were not procured due to cash flow related challenges

**Pending Bills**

The commissions' unpaid bills stood at **Ksh. 327.2 Million** as at the close of the financial year. This was composed of the livestock farmers, statutory deductions and general suppliers. The commission will continue settling the debts after verification since some of them date back to 2013.

**Purchase of Livestock**

The Commission continued to implement the livestock policy aimed at ensuring that livestock are purchased from all counties across the country. A livestock procurement committee holds regular meetings to ensure that the laid down procedures of livestock procurement are followed. This has ensured that there is fair distribution of purchases of cattle especially from the arid and semi-arid areas.

## **12. Environmental and Sustainability Reporting**

Kenya Meat Commission ensures that in the process of conducting business and in its operations, it protects the environment by complying with the applicable environmental laws and regulations.

### **i. Sustainability strategy and profile**

Kenya Meat Commission has an environmental management system and policy to ensure that the operational practices conserves and protects the environment. To achieve environmental sustainability, the Commission services and maintains its equipment that is the boiler, vehicles and generators to make sure that the gas emissions from the equipment comply with the air quality regulations.

### **ii. Environmental performance**

The commission planted seven thousand three hundred and ten (7,310) trees in the financial year 2023-2024 to protect the environment.

Kenya Meat Commission reduces the wastes produced during its operations by processing inedible meat products to animal feed, processing blood to blood meal and utilizing cow droppings as manure.

### **iii. Employee welfare**

This is guided by the Board's Human Resource Manual which takes cognizance of the Constitution of Kenya 2010, Labour Laws, relevant legal status and the Public Service Commission Human Resource policies and procedures manual, 2016. The manual embodies the general conditions and terms outlining the obligations and rights of the Board as an employer and those of its staff.

Recruitment is well captured in the policy thus leaving no room for ambiguity and provides clarity on this key aspect. Our Employee welfare policy takes into an account the gender ratio and the Board abides by it during the recruitment process to ensure full compliance challenges notwithstanding.

Further, the policy gives clear guidelines on promotions and career growth of staff. The Commission strives to expeditiously fill vacancies by promotion of suitable employees. Consideration of promotions is in accordance with the provisions of the career guidelines

developed for each cadre. Employees who have experience, qualifications and proven merit are first given priority.

On staff performance appraisals system, it is predicated upon principle of work planning, setting of agreed performance targets, feedback and reporting. This process is linked to other human resource systems and processes including employee development, career guidelines, placement, rewards and sanctions.

In relation to the safety and health, the Commission has a policy whose main objective is to reduce the number of work-related accidents and diseases and equitably provide compensation and rehabilitation to those injured at work or who contract occupational diseases within the Commission.

**iv. Market place practices-**

**a. Responsible competition practice.**

The Commission is committed to contributing to sustainable development through responsible business practices and competition. The Commission complies with all relevant laws regarding fair competition in the Kenya.

**b. Responsible supply chain and supplier relations**

The Commission maintains good business practices with its internal stakeholders being the respective departments and the external stakeholders that are the suppliers through;

**(1) Proper maintenance of records**

We ensure that we have proper documentation from the suppliers on their capability and ensure that they have all the Mandatory documents as required.

**(2) Regular meetings**

We have regular meetings to provide the organization with a regular forum on core values, allowing suppliers to realign principles and give perspective on business practices. In these meetings we discuss the following:

- (i) Coordination of supply schedules.
- (ii) Ways to reduce overall costs through timing of orders/contracts.

- (iii) Update them on strategic changes or new products early on - this helps them adapt to meet those changes.
- (iv) Use a purchase order system to control and monitor the buying of goods and services from suppliers - this facilitates internal financial controls and prevents specification misunderstandings at the supplier's end.
- (v) Pay bills promptly. Delayed payments could lead to a strain in our relationship with the supplier and could lead to less favourable terms in future.

**(3) Service level agreements**

Service level agreements (SLAs) are agreements or contracts with suppliers that define the service they must provide and the level of service to be delivered, and which also set out responsibilities and priorities.

**c. Responsible marketing and advertisement**

The Commission recognizes the importance of marketing and advertising communication to inform our target clients about our products and services. The Commission is committed to meeting the highest standards for responsible marketing and advertising in all its messages disseminated through any medium. The Commission ensures its messages are not vulgar, insulting, or demeaning. When placing an advertisement, the Commission ensures that the messages are suitable, audience-appropriate, and relevant for the brand. We ensure that the messages are legal, decent, truthful, complete, accurate, properly substantiated, and not misleading. We also ensure that the messages respect human dignity and are non-discriminatory regarding ethnic origin, disability, or religion. This commitment is drawn from its code of conduct, core values, service charter, and policies that guide its operations.

Through continuous training, the Commission ensures its employees fully understand the laws and regulations governing marketing and advertising, including internal policies and best practices. We do this not just because it is required by law but because it is the right thing to do.

**d. Product stewardship**

The management of the Commission is committed to achieving total customer satisfaction through the procurement of livestock and process efficiently into high quality meat and meat products and develop sustainable market while ensuring prudent financial management for financial stability both locally and across the border. The Commission achieved **ISO 9001:2015** certification during the year and the management is committed to ensuring implementation and maintenance of its quality management systems (QMS based on **ISO 9001:2015**) standard as well as meeting regulatory and statutory requirements.

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

During the year 2022-2023 the Commission engaged in several CSR activities with the aim of promoting its existence in the society. Below are some of the activities the commission engaged in during the financial period 2023/24.

**Affordable housing-** Rehabilitating houses for KMC staff, renting to public servants and locals at the fairest of price rates in the market

Free medical camp for KMC employees and residents of Mavoko and environs.

In collaboration with the area chief (Athi River) and members of Athi River nyumba kumi KMC Planted 7,310 trees within KMC Athi River factory

### 13. Report of the Commissioners

The Commissioners submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of affairs of the Commission.

#### i) Principal activities

The principal activities of the Commission are the production and marketing of quality meat and meat products both for local market and export

#### ii) Results

The results of the Commission for the year ended June 30, 2024 are set out on page 1. Below is summary of the profit or loss made during the year.

	2023/2024	2022/2023
	Ksh.	Ksh.
<b>Profit/(Loss) for the Period</b>	<b>(168,279,947)</b>	<b>126,179,315</b>

#### iii) Dividends

The Board of Commissioners do not recommend payments of dividend to the national treasury

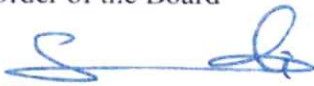
#### iv) Commissioners

The members of the Board of Commissioners who served during the year are shown on page V. During the year, the Managing Commissioner, Brig James N. Githaga retired on 1<sup>st</sup> May 2024 and Maj Gen Jattani Kampare Gula was appointed vide a gazette notice with effect from 2<sup>nd</sup> May 2024.

#### v) Auditors

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

By Order of the Board



.....  
**Anthony Omondi Ademba**  
**Corporate Secretary/Secretary to the Board**  
Date. 27/09/2024

#### **14. Statement of Commissioners' Responsibilities**

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

The Commissioners are responsible for the preparation and presentation of the Commissions financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Commission (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Commissioners accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Commissioners are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2024, and of the Commissions' financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commissions' financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Commissioners to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

#### **Approval of the financial statements**

The financial statements were approved by the Board of Commissioners on 27/09/  
2024 and signed on its behalf by:

  
Lt. Gen (Rtd) Joseph K Kasaon  
**Chairman**

  
Maj Gen Jattani Kampare Gula  
**Managing Commissioner**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KENYA MEAT COMMISSION FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kenya Meat Commission set out on pages 1 to 49, which comprise of the statement of financial position as at

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*Report of the Auditor-General on Kenya Meat Commission for the year ended 30 June, 2024*

30 June, 2024, and the statement of profit or loss and other comprehensive income, statement changes in equity, statement of cash flows, 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 the Kenya Meat Commission as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards and comply with the Public Finance Management Act, 2012 and the Kenya Meat Commission Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Cash and Bank Balances**

The statement of financial position reflects a balance of Kshs.39,876,154 in respect of bank and cash balances which, as disclosed in Note 18 to the financial statements, includes amounts of Kshs.80,794 and Kshs.500 held in an Mpesa account and a local bank account respectively. However, as reported in the previous year, bank statements and certificates of bank balances for the bank account were not provided for audit. Similarly, supporting documents for the Mpesa balance of Kshs.80,794 were not provided for audit. Although, Management requested for authority to close dormant bank accounts in July, 2024, the authority had not been granted by the time of the audit in December, 2024.

In the circumstances, the accuracy and completeness of the bank and cash balances of Kshs.39,876,154 could not be confirmed.

#### **2. Inaccurate Non-Current Liabilities Balance**

The statement of financial position reflects a balance of Kshs.365,091,089 under non-current liabilities (borrowings). However, as reported in the previous year, records maintained by The National Treasury reflects an outstanding loan balance of Kshs.977,332,146 comprised of Kshs.940,241,100 and Kshs.37,091,046 in respect of outstanding loan principal and interest respectively. The resultant difference of Kshs.612,241,057 between the two sets of records was not explained.

Further, available information indicates that The National Treasury had in April, 2022 appointed a team to verify the Government loans to the Kenya Meat Commission (KMC). Following verification of the loans, KMC was instructed by The National Treasury to recognise in its books a total loan amount of Kshs.1,667,125,232 as 30 June, 2021. KMC was also instructed to continue accruing interest and provide a repayment plan for settling the debt of Kshs.1,667,125,232 owed to The National Treasury. However, Management

has to date not recognised the loan amount of Kshs.1,667,125,232 in its books or provided a repayment plan as required.

In the circumstances, the accuracy of the non-current liabilities balance of Kshs.365,091,089 as at 30 June, 2024 could not be confirmed.

### **3. Lack of Land Ownership Documents**

The statement of financial position reflects a balance of Kshs.17,524,897,854 in respect of property, plant and equipment which, as disclosed in Note 15 to the financial statements, includes a balance of Kshs.15,021,500,000 relating to freehold land. Although, Management carried out a revaluation of the Commission's properties in May 2024, review of the revaluation reports and other records revealed that a parcel of Land in Kwale County valued at Kshs.616,000,000 did not have a title deed. Further, the property at the Sheep and Goat Ranch valued at Kshs.8,012,000,000 had been encroached by informal settlers who have developed temporary and permanent structures. As at the time of the audit in December, 2024, there were active court cases on the ownership of the land.

In addition, the valuation report from the Ministry of Land, Public Works, Housing and Urban Development indicated that the parcels of land in Mombasa and Kwale Counties have an encumbrance of Kshs.160,000,000. However, the outstanding loan of Kshs.160,000,000 from a local commercial bank had been paid by The National Treasury and title deeds surrendered to The National Treasury. Further, the valuation report indicated that leases for plots two (2) plots issued in 1966 for 37 years have since expired while records at the Commission indicated that the leases were extended for 50 years from 2011, raising doubt on the accuracy and reliability of the valuation carried out by the Ministry.

In the circumstances, the accuracy and fair value of the property, plant and equipment balance of Kshs.17,524,897,854 as at 30 June, 2024 could not be confirmed.

### **4. Long Outstanding Receivables**

The statement of financial position reflects a balance of Kshs.692,283,557 under trade and other receivables which, as disclosed in Note 17 to the financial statements, includes trade receivables amounting to Kshs.604,458,849, out of which Kshs.539,638,100 is owed by various Government agencies and which have been outstanding for over 90 days. Further, Note17(b) reflects rental receivables balance of Kshs.16,875,951 out of which Kshs.15,749,495 was due from active tenants and Kshs.1,126,455 due from inactive tenants. An amount of Kshs.13,270,000 owed by one tenant occupying the Commission house in River side Estate have been accruing for some time and the tenant is still in occupation of the house. No evidence was provided to efforts made by the Commission to recover the debts.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.692,283,557 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Meat Commission 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**

#### **Financial Performance**

The statement of profit or loss and other comprehensive income reflects a sales turnover of Kshs.1,709,798,352 compared to a turnover of Kshs.2,782,236,329 reported in 2022/2023 financial year resulting to a decline of Kshs.1,072,437,977 in sales. Similarly, the Commission made an operating loss before tax of Kshs.365,632,021 compared to an operating profit before tax of Kshs.180,256,164 reported in 2022/2023 financial year.

Management attributed the decline in sales to climate change which caused prolonged drought affecting the quality and availability of the cattle, change of payment period from 72 hours to 30 days and delayed payment by the Government institutions supplied with meat.

In the circumstances, the profitability of the Kenya Meat Commission is dependent on government support in the short term.

#### **Key Audit Matters**

Key audit matters are those matters which, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter 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 Information**

The Management is responsible for the other information set out on page iii to xxxiv which comprise of Key Commission Information, The Board of Commissioners, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Managing Commissioner, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Commissioners, and Statement of Commissioners' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kenya Meat Commission statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit

or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

### **Conclusion**

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

#### **1. Long Outstanding Payables**

The statement of financial position reflects a balance of Kshs.327,188,905 in respect of trade and other payables which, as disclosed in Note 23 to the financial statements, include an amount of Kshs.19,529,536 relating to trade payables outstanding for more than one (1) year. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in approved budget estimates.

In the circumstances, Management was in breach of the law and there is risk loss of public funds through litigations, interests and penalties.

#### **2. Non-Compliance with One-Third of Basic Salary Rule**

During the year under review, seventy-nine (79) employees received a net salary less than one-third ( $\frac{1}{3}$ ) of their basic salary. This was contrary to Section 19(3) of the Employment Act, 2007 which states that all deductions made by an employer from the wages or salaries of his employees at any one time shall not exceed two thirds of such wages or salaries.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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

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

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

In preparing the financial statements, Management is responsible for assessing the Commission'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 the 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Commissioners is responsible for overseeing the Commission'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 for 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 also 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**

**30 December, 2024**

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**16. Statement of Profit/Loss & Other Comprehensive Income for year ended 30<sup>th</sup> June 2024.**

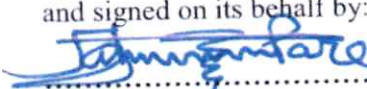
<b>Description</b>	<b>Note</b>	<b>2023/2024</b>	<b>2022/2023</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>REVENUES</b>			
Sales/Turnover	6	1,709,798,352	2,782,236,329
Cost of Sales	7	1,687,539,990	2,249,648,649
<b>GROSS PROFIT/(LOSS)</b>		<b>22,258,363</b>	<b>532,587,681</b>
<b>OTHER OPERATING INCOMES</b>			
Grants from National Government (O&M)	8	-	357,000,000
Grants from National Government (Offtake)	8	-	350,000,000
Other Income	9	365,354,330	694,740,033
<b>TOTAL OTHER OPERATING INCOMES</b>		<b>365,354,330</b>	<b>1,401,740,033</b>
<b>OPERATING EXPENSES</b>			
Administration Costs	11	739,380,661	895,534,772
Selling and Distribution Costs	12	6,562,231	3,303,509
Offtake Costs		-	848,074,619
<b>Total Operating Costs</b>		<b>745,942,892</b>	<b>1,746,912,901</b>
<b>OPERATING PROFIT</b>		<b>(358,330,199)</b>	<b>187,414,813</b>
Finance Costs	13	7,301,822	7,158,649
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>(365,632,021)</b>	<b>180,256,164</b>
<b>INCOME TAX EXPENSE/ (CREDIT)</b>	14	<b>(197,352,074)</b>	<b>54,076,849</b>
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>(168,279,947)</b>	<b>126,179,315</b>


**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

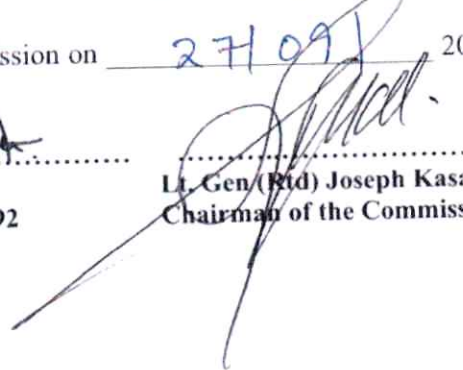
**17. Statement of Financial Position as at 30 June 2024**

Description	Note	2023/2024 Kshs	2022/2023 Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	15	17,524,897,854	1,962,633,385
<b>Total Non-Current Assets</b>		<b>17,524,897,854</b>	<b>1,962,633,385</b>
<b>Current Assets</b>			
Inventories	16	71,780,358	76,149,689
Consumables	16b	55,532,725	112,438,925
Trade and other receivables	17	692,283,557	1,038,479,243
Bank and cash balances	18	39,876,154	131,427,693
<b>Total -Current Assets</b>		<b>859,472,794</b>	<b>1,358,495,550</b>
<b>TOTAL ASSETS</b>		<b>18,384,370,648</b>	<b>3,321,128,935</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Capital Reserves		1,241,650,346	1,241,650,346
Revaluation reserve		16,982,069,938	1,419,776,484
Retained earnings		(645,957,917)	(477,677,970)
<b>Total Capital and Reserves</b>		<b>17,577,762,367</b>	<b>2,183,748,860</b>
<b>Non-Current Liabilities</b>			
Borrowings	22	365,091,089	357,932,440
<b>Total Non-Current Liabilities</b>		<b>365,091,089</b>	<b>357,932,440</b>
<b>Current Liabilities</b>			
Short Term Borrowings	22b	170,000,000	208,000,000
Trade and other payables	23	327,188,905	305,794,867
Prov. For Gratuity	24	23,196,181	16,588,517
Prov. For Leave Pay	24	7,096,741	894,482
Provision for Income Tax	24	89,090,975	173,810,845
Tax Payable/ (Saving)		(197,352,074)	54,076,849
Provision for Contingent Liabilities	24	22,296,463	20,282,074
<b>Total Current Liabilities</b>		<b>441,517,192</b>	<b>779,447,635</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,384,370,648</b>	<b>3,321,128,935</b>

The financial statements were approved by the Commission on 27/09/2024 and signed on its behalf by:

  
Maj Gen Jattani K Gula  
Managing Commissioner

  
CPA Robert Mrima  
Manager, F&A Reg 7392

  
Lt. Gen (Rtd) Joseph Kasaon  
Chairman of the Commission

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**18. Statement of Changes in Equity for the year ended 30 June 2024**

Description	Capital Reserve	Revaluation reserve	Retained earnings	Total
	Kshs	Kshs	Kshs	Kshs
<b>At July 1, 2022</b>	934,150,346	1,419,776,484	(603,857,285)	1,750,069,545
Profit for the Year	-	-	126,179,315	126,179,315
Capital/Development grants received during the year	307,500,000	-	-	307,500,000
<b>At June 30, 2023</b>	1,241,650,346	1,419,776,484	(477,677,970)	2,183,748,860
<b>At July 1, 2023</b>	1,241,650,346	1,419,776,484	(477,677,970)	2,183,748,860
Loss for the Year	-	-	(168,279,947)	(168,279,947)
Revaluation during the year	-	15,562,293,454	-	15,562,293,454
Capital/Development grants received during the year	-	-	-	-
<b>At June 30, 2023</b>	1,241,650,346	1,419,776,484	(477,677,970)	2,183,748,860
<b>At June 30, 2024</b>	1,241,650,346	16,982,069,938	(645,957,917)	17,577,762,367

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**19. Statement of Cash Flows for the year ended 30 June 2024**

Description	Note	2023/2024 Kshs	2022/2023 Kshs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from/(used in) operations	26	(15,553,542)	26,975,861
<b>Net cash generated from/(used in) operating activities</b>		<b><u>(15,553,542)</u></b>	<b><u>26,975,861</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	26	(37,997,997)	(1,016,019,362)
<b>Net cash generated from/(used in) investing activities</b>		<b><u>(37,997,997)</u></b>	<b><u>(1,016,019,362)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Refund of Grant to the government	26	(38,000,000)	1,102,500,000
<b>Net cash generated from/(used in) financing activities</b>		<b><u>(38,000,000)</u></b>	<b><u>1,102,500,000</u></b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b><u>(91,551,539)</u></b>	<b><u>113,456,499</u></b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		131,427,693	17,971,194
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>39,876,154</b>	<b>131,427,693</b>

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**20. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2024**

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% of utilization
	a	Kshs	b	Kshs	c = a + b	Kshs	d	Kshs	E = c - d	d/c%	
<b>Revenue</b>											
Internally Generated Revenue		4,744,488,000	(1,929,905,724)		2,814,582,276	1,765,254,678		1,049,327,598		63%	
Other Incomes		-	-		-	309,898,005		(309,898,005)			
<b>Total revenue</b>		<b>4,744,488,000</b>	<b>(1,929,905,724)</b>		<b>2,814,582,276</b>	<b>2,075,152,682</b>		<b>739,429,594</b>		<b>74%</b>	
<b>RECURRENT BUDGET</b>											
Personnel Emoluments		305,969,712	592,890		306,562,602	285,972,349		20,590,253		93%	
Insurance		42,171,700	8,117,318		50,289,018	45,562,912		4,726,106		91%	
Utilities		128,540,000	(29,271,275)		99,268,725	92,526,728		6,741,997		93%	
Communication		360,000	2,771,642		3,131,642	2,422,140		709,502		77%	
Rent & Rates		13,594,244	(5,198,634)		8,395,610	5,304,087		3,091,522		63%	
Contracted Professionals		10,000,000	-		10,000,000	9,188,378		811,622		92%	
Board Expenses		21,994,000	(12,184,816)		9,809,184	8,230,920		1,578,264		84%	
Fuel & Oils		79,560,000	(40,472,206)		39,087,794	37,908,208		1,179,586		97%	
Repairs & Maintenance		146,124,152	(109,915,783)		36,208,369	33,629,613		2,578,756		93%	
Production Costs		3,698,755,625	(1,591,103,347)		2,107,652,278	1,577,779,170		529,873,108		75%	
Office Supplies & Hospitality		162,135,500	(143,049,961)		19,085,539	19,067,226		18,313		100%	
Travel and Subsistence		12,260,000	3,397,522		15,657,522	15,644,744		12,778		100%	
Advertising, Publicity & Staff Welfare		28,380,000	(18,484,649)		9,895,351	8,842,653		1,052,698		89%	
Training & Subscriptions		12,641,600	(5,948,721)		6,692,879	6,346,965		345,914		95%	
Loose Tools		8,423,107	(7,955,371)		467,736	326,074		141,662		70%	
Quality Assurance		6,480,500	(428,006)		6,052,494	5,896,176		156,318		97%	
Licenses and Permits		12,230,760	3,691,729		15,922,489	2,000,790		13,921,699		13%	
Fees		43,312,000	(22,395,025)		20,916,975	14,441,926		6,475,049		69%	
Finance Costs		1,155,100	7,101,969		8,257,069	7,301,822		955,247		88%	
Depreciation		-	-		-	243,198,179					
Decrease in Inventory		-	-		-	4,369,331					
Increase in Provisions		-	-		-	14,824,313					
<b>Total O&amp;M</b>		<b>4,734,088,000</b>	<b>(1,960,734,724)</b>		<b>2,773,353,276</b>	<b>2,440,784,703</b>		<b>594,960,395</b>		<b>88%</b>	
Capital Expenditure		477,400,000	(436,171,000)		41,229,000	37,997,997		3,231,003		92%	

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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- The unrealized revenues by 37% was as a result of prolonged drought that affected supply of livestock and quality of meat in high end markets, tough economic environment where inflation and other macroeconomic factors eroded the purchasing power of both retail and corporate consumers thus subdued demand for products.
- The under absorption by over 10% of budget was occasioned by unrealized revenues.

## **21. Notes to the Financial Statements**

### **1. General Information**

Kenya Meat Commission is established by and derives its authority and accountability from Kenya Meat Commission Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to process and sell quality meat and meat products as well as provide ready market for Livestock.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

### **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 Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kenya Meat Commission, and all values are rounded off to the nearest Kenya shillings. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to the Financial Statements (Continued)**

**3. Application of New and Revised International Financial Reporting Standards (IFRS)**

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

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

The Commissioners have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

**Notes to the Financial Statements (Continued)**

**Application of New and Revised International Financial Reporting Standards (IFRS)**

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

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

The Commissioners do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

- iii. *Early adoption of standards*

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

Notes to the Financial Statements (Continued)

**4. Summary of Accounting Policies**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

**a) Revenue recognition**

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

- i) Revenue from the sale of goods and services** is recognized in the year in which the Commission delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government** are recognized in the year in which the Commission actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognized as it accrues.

**Notes to the Financial Statements (Continued)**

**Summary of Accounting Policies**

**b) In-kind contributions**

In-kind contributions are donations that are made to the Commission in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Commission includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

**Notes to the Financial Statements (Continued)**

**Summary of Accounting Policies**

**d) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by Kenya Meat Commission Finance Policy on assets depreciation are:

Freehold Land	Nil
Buildings and civil works	2.5 %
Plant and machinery	12.5%
Motor vehicles, including motor cycles	25%
Computers and related equipment	30%
Office equipment, furniture and fittings	12.5%

A full year's depreciation charge is recognised in the year of asset purchase and none in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**e) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**f) Amortisation and impairment of intangible assets**

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**g) Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

**h) Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

**i) Fixed interest investments (bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. These bonds are measured at amortized cost/ at fair value through profit or loss (FVTPL).

**j) Quoted investments**

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value through profit or loss (FVTPL).

**k) Unquoted investments**

Unquoted investments are measured at fair value through profit or loss (FVTPL).

**l) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**m) Trade and other receivables**

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

**Notes to the Financial Statements (Continued)**

**Summary of Accounting Policies**

**n) Taxation**

**i) Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**o) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**p) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period.

**r) Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

**s) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

**t) Retirement benefit obligations**

The entity operates a defined contribution scheme for all full-time employees from November 1, 2022. The scheme is administered by CPF and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 7.5% of basic salary per employee per month with the Commission topping up with 15% of the basic salary for every employees contribution.

**u) Provision for staff leave pay**

Employees' entitlements to annual leave are recognised as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

**v) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Notes to the Financial Statements (Continued)**

**Summary of Accounting Policies**

**w) Budget information**

The original budget for FY 2023/2024 was approved by the National Assembly on 26 June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded no additional appropriations for FY 2023/2024 budget but the Commission revised its budget downwards following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

**x) Service concession arrangements**

The Entity 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 Entity 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 otherwise – 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 Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**y) Comparative figures**

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

**z) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Entity's financial statements in conformity with IFRS 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.

**a) Estimates and assumptions**

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

**b) 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 Entity
- 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 assets

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**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 24.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Some of the provisions determined by management are as below

<b>Description</b>	<b>Amount</b>
Provision for Bad debts	5%
Provision for Contingent Liabilities	10%
Provision for Leave Pay - Amount payable at the end of the FY	
Provision for Gratuity – Amount accrued at the end of the FY	
Provision for Tax – Amount of tax liabilities on the KRA ledger at the end of the FY including penalties and interest	

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**Notes to the Financial Statements (Continues)**

**6. Revenue from contract with customers**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Fresh Cuts	1,369,711,095	1,960,810,437
Canned Corned Beef	113,031,635	405,445,261
Value Added Products	60,012,747	413,389,267
1/5 Quarter Offals & By -Products	177,842,902	2,591,365
Other Products	4,249,272	-
VAT on Sales	(15,049,299)	-
<b>Total</b>	<b>1,709,798,352</b>	<b>2,782,236,329</b>

The decline in sales was largely attributable to the climate change causing prolonged dry season which affected the quality and availability of cattle.

**7. Cost of Sales**

<b>Description</b>		<b>2023/2024</b>	<b>2022/2023</b>
	<b>Notes</b>	<b>Kshs</b>	<b>Kshs</b>
Opening stock (Meat & Meat Products)		62,288,319	43,934,249
Add Cost of Production	7(a)(vi))	1,697,032,029	2,268,002,719
Less Closing Stock		(71,780,358)	(62,288,319)
<b>Cost of Sales</b>		<b>1,687,539,990</b>	<b>2,249,648,649</b>
<b>7(a) STATEMENT OF MANUFACTURING</b>		<b>2023/2024</b>	<b>2022/2023</b>
	<b>Notes</b>	<b>Kshs</b>	<b>Kshs</b>
Opening stock (livestock)		13,861,370	19,462,500
Add purchase of raw materials		1,410,771,701	2,045,450,537
<b>i)</b>		<b>1,424,633,071</b>	<b>2,064,913,037</b>
Less Closing stock (Livestock)		-	(13,861,370)
<b>ii)</b>		<b>1,424,633,071</b>	<b>2,051,051,667</b>
Direct Materials - Packaging		65,087,557	70,978,525
Direct labour - Casuals		928,600	1,093,200
<b>iii) Prime Cost</b>		<b>1,490,649,228</b>	<b>2,123,123,392</b>
<b>Factory overhead expenses</b>			
General overheads	7(b)	97,807,148	120,877,618
Power & Fuel overhead	7(b)	108,575,653	103,471,151
<b>iv Sub-total</b>		<b>206,382,801</b>	<b>224,348,768</b>
<b>v. (iii&amp;iv)</b>		<b>1,697,032,029</b>	<b>2,347,472,161</b>
Less Offtake productions costs		-	(79,469,442)
<b>vi) Cost of production</b>		<b>1,697,032,029</b>	<b>2,268,002,719</b>

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<b>7(b) Productions Costs</b>			
		<b>2023/2024</b>	<b>2022/2023</b>
<b>Direct Costs</b>		<b>Kshs</b>	<b>Kshs</b>
Livestock purchases		1,410,771,701	2,045,450,537
Direct Wages		928,600	1,093,200
Packaging Materials		65,087,557	70,978,525
<b>sub-total - Direct costs</b>		<b>1,476,787,858</b>	<b>2,117,522,262</b>
<b>Indirect Costs - General Overheads</b>			
Chemicals Purchased		580,100	194,350
Processing Materials		23,995,379	7,858,544
Water Expense		18,732,391	37,839,650
Equipment Repairs & Maintenance		11,956,120	18,444,692
Quality Assurance & Vet Expenses		10,320,404	13,254,575
General Parts Expenses		16,728,956	30,915,260
General Factory Expenses		-	3,202,727
Protective Clothing		5,133,700	1,895,728
Cleaning and Detergents		6,212,426	3,629,058
Fumigation & Pest Control		660,895	111,203
Clearing, forwarding & freight		809,578	1,596,434
Animal Feeds & Drugs		463,474	215,414
Production Loose tools		2,213,724	1,719,982
<b>sub-total - General overheads</b>		<b>97,807,148</b>	<b>120,877,618</b>
<b>Indirect costs - Power &amp; fuel overhead</b>			
Oils & Lubricants		26,489,121	57,216,446
Gases		14,593,455	9,929,102
Electricity		67,493,077	36,325,603
<b>Sub-total</b>		<b>108,575,653</b>	<b>103,471,151</b>

**Kenya Meat Commission**  
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**Notes to the Financial Statements (Continued)**

**8. Grants from National Government**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Recurrent grants received	-	357,000,000
Capital grants realized	-	307,500,000
Commercial Offtake	-	350,000,000
<b>Total</b>	<b>-</b>	<b>1,014,500,000</b>

**9. Other Incomes**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Ksh</b>	<b>Ksh</b>
<b>Business</b>		
Deferred Income from Prev. year	-	500,000,000
Other gains (Note 10)	205,171,196	8,459,453
Decrease in Provisions	101,861,342	126,154,711.07
Miscellaneous Income	2,816,867	6,518,525
<b>Sub-total</b>	<b>309,849,405</b>	<b>641,132,689</b>
<b>Rental</b>		
Penalties Received	48,600	2,036,118
Rental income	55,456,326	51,571,227
<b>Sub-total</b>	<b>55,504,926</b>	<b>53,607,345</b>
<b>TOTAL</b>	<b>365,354,330</b>	<b>694,740,033</b>

**10. Other Gains and Losses**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Gain on sale of fixed assets	-	8,459,453
Depreciation Impairment	205,171,196	-
Unrealized foreign exchange gains/(losses)	-	-
<b>Total</b>	<b>205,171,196</b>	<b>8,459,453</b>

**Kenya Meat Commission**  
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**Notes to the Financial Statements (Continued)**

**11. Administration Costs**

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Staff costs	275,784,437	281,730,353
Commissioners' emoluments	8,230,920	3,918,607
Bank charges	4,437,908	985,623
Increase in Provision of Doubtful debts	-	3,903,732
Increase in Provision for Tax	-	17,093,886
Increase in Provision for Leave Pay	6,202,260	-
Increase in Prov. For Gratuity	6,607,664	-
Increase in Prov. For Contingent Liabilities	2,014,389	20,282,074
Auditors' remuneration - current year fees	900,000	900,000
Dues and Subscriptions	839,240	6,010,496
Postage and Delivery	392,850	15,330
Staff welfare	2,378,572	1,768,995
Books and Publications	341,640	210,800
Staff Training	6,346,965	709,240
Land and Rates	1,694,272	12,434,018
Internet Services	2,321,668	2,340,763
Housing Repairs & Maintenance	1,036,100	7,161,398
MV repairs	4,128,767	1,261,588
Business Licenses and Permits	2,000,790	58,800
Security Expenses	6,032,928	3,292,105
Sanitation & Sewerage	2,558,809	2,335,000
Legal Fees	9,104,018	20,103,581
Medical Expenses	3,224,625	206,420
Office Expenses & Hospitality	2,495,778	1,220,650
Stationery	11,765,041	6,650,147
Travelling & accommodation	16,675,648	18,910,470
Electricity expense - General	1,420,782	12,298,348
Telephone Expenses	2,080,500	2,234,074
Motor Vehicle Fuel	33,779,442	31,093,999
Computer Expenses	4,941,041	3,805,197
Insurance Expenses	45,562,912	50,710,834
General Repairs & Renovations	18,749,742	52,968,471
Final Dues & Staff Gratuity	4,467,509	186,613,459
Cleaning Services	3,155,450	-
Fines & Penalties	-	3,121,245
Tax Paid	-	7,363,413
Rent	3,609,815	3,618,707
Garbage Collection	900,000	904,500
Depreciation	243,198,179	127,298,448
<b>Total</b>	<b>739,380,661</b>	<b>895,534,772</b>

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Notes to the Financial Statements (Continued)

11(a) Staff Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries and allowances	275,784,437	281,730,353
Wages of temporary employees	-	-
<b>Total</b>	<b>275,784,437</b>	<b>281,730,353</b>
<b>The average number of employees at the end of the year was:</b>		
Permanent employees – management	-	-
Permanent employees – unionisable	171	186
Temporary and contracted employees	194	220
Seconded	21	20
<b>Total</b>	<b>386</b>	<b>426</b>

12. Selling and Distribution Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Advertising and promotional expenses	5,477,646	1,986,117
Transport & Freight	98,150	748,962
Free Sample	967,035	547,430
Tender Documentation	19,400	21,000
<b>Total</b>	<b>6,562,231</b>	<b>3,303,509</b>

13. Finance Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest expense on loans	7,301,822	7,158,649
Interest expense on bank overdrafts	-	-
<b>Total Interest Payable</b>	<b>7,301,822</b>	<b>7,158,649</b>

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Notes to the Financial Statements (Continued)

14. Income Tax Expense/(Credit)

Description	2023/2024		2022/2023	
	Rental	Business	Rental	Business
	Kshs	Kshs	Kshs	Kshs
Profit before taxation/Income	55,504,926	(365,632,021)	53,607,345	126,648,819
<b>Add</b>				
<b>Non-allowable deductions</b>				
Depreciation	-	243,198,179	49,484	127,298,448
Increase in Prov. For bad debts	107,671	-	-	3,854,248
Expenses apportioned to rent Income (14a)	-	10,879,197	-	-
Increase in Provisions	-	14,824,313	-	37,375,960
Expenses apportioned to recurrent AIE	-	-	-	357,000,000
<b>Sub-total</b>	<b>107,671</b>	<b>268,901,689</b>	<b>49,484</b>	<b>525,528,656</b>
<b>Less</b>				
<b>Non taxable incomes/other allowable deductions</b>				
Government Grant	-	-	-	357,000,000
Rental Income (taxed separately)	-	55,504,926	-	53,607,345
Less Allowable deductions - WTA	-	243,198,179	-	127,298,448
Decrease in Provisions	-	84,719,870	-	126,154,711
Apportioned Admin Expenses	10,879,197	-	-	-
Impaired Depreciation	-	205,171,196	-	-
Decrease in Prov. For bad debts	-	17,249,143	-	-
	<b>10,879,197</b>	<b>605,843,313</b>	<b>-</b>	<b>664,060,504</b>
<b>Adjusted Taxable income/(Loss)</b>	<b>44,733,399</b>	<b>(702,573,645)</b>	<b>53,656,829</b>	<b>(11,883,028)</b>
Tax Expense/(Saving)	13,420,020	(210,772,093)	16,097,049	(3,564,908)
<b>Income Tax Expense/(Saving)-combined</b>	<b>(197,352,074)</b>		<b>12,532,140</b>	
<b>Less Previous Year Losses b/f</b>				
2021/2022	-	-	-	304,506,049
	-	-	-	<b>304,506,049</b>
<b>Adjusted taxable profit</b>	<b>-</b>	<b>-</b>	<b>53,656,829</b>	<b>(316,389,077)</b>
<b>Tax Payable/(Refund)</b>	<b>-</b>	<b>-</b>	<b>16,097,049</b>	<b>(94,916,723)</b>

Kenya Meat Commission

Annual Report and Financial Statements for the year ended June 30, 2024

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14 a) Apportionment of shared expenses between business and rental income

Description	AMOUNT	BUSINESS	RENTAL
	Kshs	Kshs	Kshs
<b>Income</b>	1,765,303,278	1,709,798,352	55,504,926
Ratio	100%	97%	3%
Item	Amount	Business	Rental
Water Expenses	18,777,868	18,187,451.92	590,417
Telephone & Mobile	2,080,500	2,015,084.61	65,415
Housing Repairs & Maintenance	1,036,100	-	1,036,100
Salaries & Wages	275,784,437	267,113,182.07	8,671,255
Legal fees	7,354,019	7,122,792.83	231,226
Stationery	5,077,822	4,918,164.53	159,658
Sanitation and Sewerage	2,558,809	2,478,354.55	80,454
Electricity Admin	1,420,782	1,376,109.63	44,672
<b>Total</b>	<b>314,090,338</b>	<b>303,211,140</b>	<b>10,879,197</b>

Notes to the Financial Statements (Continued)  
 15. Property, Plant and Equipment

Description	2022/2023							2023/2024											
	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Furniture, Fixtures, Equipment	Computer and accessories	Softwares	Capital Work in Progress	Total	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Furniture, Fixtures, Equipment	Computer and accessories	Softwares	Capital Work in Progress	Total	
COST OR VALUATION			12.5%	25.0%	12.5%	30.0%	20.0%												
At July 1, 2022	381,200,000	1,418,101,853	968,151,383	206,743,781	101,241,547	26,235,234	26,424,000	93,787,202	3,221,885,000	381,200,000	1,418,101,853	968,151,383	206,743,781	101,241,547	26,235,234	26,424,000	93,787,202	3,221,885,000	
Additions	-	-	147,668,872	20,740,333	288,480	5,765,583	-	-	174,463,267	-	-	147,668,872	20,740,333	288,480	5,765,583	-	-	174,463,267	
Transfers	-	-	93,787,202	-	-	-	-	(93,787,202)	0	-	-	93,787,202	-	-	-	-	-	0	
Disposals	-	-	-	(27,118,334)	-	-	-	-	(27,118,334)	-	-	-	(27,118,334)	-	-	-	-	(27,118,334)	
At June 30, 2023	381,200,000	1,418,101,853	1,209,607,457	200,365,780	101,530,027	32,000,817	26,424,000	3,369,229,934	3,369,229,934	381,200,000	1,418,101,853	1,209,607,457	200,365,780	101,530,027	32,000,817	26,424,000	3,369,229,934	3,369,229,934	
WTA																			
At July 1, 2022	-	485,626,486	586,616,069	123,764,816	68,827,649	20,628,227	9,512,640	1,294,975,887	1,294,975,887	-	485,626,486	586,616,069	123,764,816	68,827,649	20,628,227	9,512,640	1,294,975,887	1,294,975,887	
Charge for the year	-	23,311,884	77,873,923	15,230,794	4,087,797	3,411,777	3,382,272	127,298,448	127,298,448	-	23,311,884	77,873,923	15,230,794	4,087,797	3,411,777	3,382,272	127,298,448	127,298,448	
Impairment loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Eliminated on disposal	-	-	(15,677,787)	-	-	-	-	(15,677,787)	(15,677,787)	-	-	(15,677,787)	-	-	-	-	-	(15,677,787)	
At June 30, 2023	-	508,938,370	664,489,993	123,317,823	72,915,446	24,040,004	12,894,912	1,406,596,548	1,406,596,548	-	508,938,370	664,489,993	123,317,823	72,915,446	24,040,004	12,894,912	1,406,596,548	1,406,596,548	
Charge for the year	-	30,131,785	165,148,738	30,862,500	7,569,541	6,779,798	2,705,818	243,198,179	243,198,179	-	30,131,785	165,148,738	30,862,500	7,569,541	6,779,798	2,705,818	243,198,179	243,198,179	
Impairment	-	-	(78,597,953)	(71,067,823)	(36,516,941)	(18,988,479)	-	(205,171,196)	(205,171,196)	-	-	(78,597,953)	(71,067,823)	(36,516,941)	(18,988,479)	-	(205,171,196)	(205,171,196)	
Eliminated on disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
At June 30, 2023	-	539,070,155	751,040,778	83,112,500	43,968,047	11,831,323	15,600,730	1,444,623,531	1,444,623,531	-	539,070,155	751,040,778	83,112,500	43,968,047	11,831,323	15,600,730	1,444,623,531	1,444,623,531	
NET BOOK VALUE																			
At July 1 2023	381,200,000	909,163,483	545,117,464	77,047,957	28,614,581	7,960,813	13,529,088	1,962,633,385	1,962,633,385	381,200,000	909,163,483	545,117,464	77,047,957	28,614,581	7,960,813	13,529,088	1,962,633,385	1,962,633,385	
At June 30, 2024	15,021,500,000	1,175,139,601	1,156,041,164	92,587,500	52,986,790	15,819,528	10,823,270	17,524,978,54	17,524,978,54	15,021,500,000	1,175,139,601	1,156,041,164	92,587,500	52,986,790	15,819,528	10,823,270	17,524,978,54	17,524,978,54	

**Notes To The Financial Statements (Continued)**

**Valuation**

Land and buildings were valued by National Land Commission independent valuers on market value basis of valuation. These amounts were adopted on 13/10/2023.

**Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

<b>Description</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	381,200,000	-	381,200,000
Buildings	1,418,101,853	531,667,457	886,434,396
Plant And Machinery	1,230,516,599	735,243,319	495,273,280
Motor Vehicles, Including Motorcycles	200,365,780	142,579,812	57,785,968
Computers And Related Equipment	44,073,167	30,049,953	14,023,214
Office Equipment, Furniture, And Fittings	103,136,776	76,693,112	26,443,664
<b>Total</b>	<b>3,377,394,174</b>	<b>1,516,233,653</b>	<b>1,861,160,521</b>

**Kenya Meat Commission**  
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**Notes To The Financial Statements (Continued)**

**16. Inventories**

Description	2023/24	2022/23
	Kshs	Kshs
Raw materials	-	13,861,370
Finished goods	71,780,358	62,288,319
<b>Total</b>	<b>71,780,358</b>	<b>76,149,689</b>

**16 a) Other Current Assets (Consumables)**

Description	2023/24	2022/23
	Kshs	Kshs
Engineering stores	24,566,259	43,682,054
Stationery and general stores	30,966,466	68,756,871
<b>Total</b>	<b>55,532,725</b>	<b>112,438,925</b>

**Kenya Meat Commission**

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**Notes to the Financial Statements (Continued)**

**17. Trade and Other Receivables**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade Receivables (Note 17 (a))	604,458,849	901,969,617
Deposits and prepayments	21,674,052	33,890,325
Staff imprest	5,125,728	14,266,519
Staff receivables (Note 17 (c))	2,283,817	1,434,473
Rental Receivable (note 17(b))	16,875,951	13,986,409
DOD Refund	72,931,900	72,931,900
<b>Gross Trade and Other Receivables</b>	<b>723,350,297</b>	<b>1,038,479,243</b>
Provision for Bad and Doubtful Receivable	(31,066,740)	-
<b>Net Trade and Other Receivables</b>	<b>692,283,557</b>	<b>1,038,479,243</b>

**17 (a) Trade Receivables**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Gross Trade Receivables	604,458,849	949,441,702
Provision for Doubtful Receivables	(30,222,942)	(47,472,085)
<b>Net Trade Receivables</b>	<b>574,235,907</b>	<b>901,969,617</b>
<b>Ageing analysis of gross Trade Receivables</b>		
Less than 30 Days	8,946,917	7,508,764
Between 30 and 60 Days	796,168	(66,699,540)
Between 61 and 90 Days	2,274,280	(11,645,277)
Over 90 Days	592,441,485	1,020,277,755
<b>Total</b>	<b>604,458,849</b>	<b>949,441,702</b>

**17 (b) Rental Receivables**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Gross Rental Receivables	16,875,951	14,722,536
Provision for Doubtful Receivables	(843,798)	(736,127)
<b>Net Rental Receivables</b>	<b>16,032,153</b>	<b>13,986,409</b>
<b>Ageing analysis of gross Rental Receivables</b>		
Less than 30 Days	1,073,816	2,474,715
Between 30 and 60 Days	257,532	(610,660)
Between 61 and 90 Days	392,971	842,110
Over 90 Days	15,151,632	12,016,371
<b>Total</b>	<b>16,875,951</b>	<b>14,722,536</b>

Kenya Meat Commission  
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Notes to the Financial Statements (Continued)

17 (c) Staff Receivables

Description	2023/2024	2022/2023
	Kshs	Kshs
Gross staff loans and advances	2,283,817	1,434,473
Less: Provision for impairment loss	-	-
<b>TOTAL</b>	<b>2,283,817</b>	<b>1,434,473</b>
Less: Amounts due within one year	2,283,817	1,434,473
Amounts due after one year	-	-

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Notes To The Financial Statements (Continued)

18. Bank and Cash Balances

Description	2023/2024	2022/2023
	Kshs	Kshs
Cash at bank	39,382,570	131,153,205
Cash in hand	493,584	274,488
<b>Total</b>	<b>39,876,154</b>	<b>131,427,693</b>

Detailed analysis of the cash and cash equivalents

Description		2023/2024	2022/2023
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	113443684	5,617,696	6,355,823
<b>Co-operative bank of Kenya</b>			
Operations account	USD 02120065670800	15,504	27,051
Working capital account	Ksh 01120065670801	9,997,668	111,937,611
Rental account	Ksh 01120065670802	13,717,477	1,765,393
Mombasa account	Ksh 01120065670804	932,455	4,915,576
Rehabilitation account	Ksh 01120065670805	55,138	59,458
Guarantee account		6,000,000	6,000,000
First community bank		-	11,000
National bank		500	500
E-Citizen		2,965,339	-
<b>Sub- total cash at bank</b>		<b>39,301,776</b>	<b>131,072,411</b>
<b>Cash in Hand</b>			
Athi-River -General		374,110	243,882
Mombasa		89,621	24,124
Ladhies		29,853	6,482
<b>Sub- total cash in hand</b>		<b>493,584</b>	<b>274,488</b>
<b>Mpesa</b>			
Vansales	117398	80,794	80,794
<b>Sub- total mpesa</b>		<b>80,794</b>	<b>80,794</b>
<b>Grand total</b>		<b>39,876,154</b>	<b>131,427,693</b>

**Notes To The Financial Statements (Continued)**

**19. Revaluation Reserve**

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

**20. Fair Value Adjustment Reserve**

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

**21. Retained Earnings**

The retained earnings represent amounts available for distribution to the Commission's shareholders. Undistributed retained earnings are utilised to finance the Commission's business activities.

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024**

**Notes to the Financial Statements (Continued)**

**22. Borrowings**

<b>Description</b>	<b>2023/2024 Kshs</b>	<b>2022/2023 Kshs</b>
<b>a) Domestic borrowings</b>		
Balance at beginning of the year	357,932,440	350,965,253
Domestic borrowings during the year	-	-
Repayments during the year	-	-
Interest Capitalized during the period	7,158,649	6,967,187
<b>Balance at end of the year</b>	<b>365,091,089</b>	<b>357,932,440</b>

**22 (b) Advances from Parent Ministry**

<b>Description</b>	<b>2023/2024 Kshs</b>	<b>2022/2023 Kshs</b>
Balance at the beginning	208,000,000	120,000,000
Advancement during the period (MoD)	-	50,000,000
Over-payment of Grant (SDL)	-	38,000,000
Refund during the period Excess Grant to (SDL)	(38,000,000)	-
<b>Total</b>	<b>170,000,000</b>	<b>208,000,000</b>

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**Notes to the Financial Statements (Continued)**

**23. Trade and Other Payables**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade payables	292,588,054	245,245,210
Accrued Interest expenses	7,301,822	7,158,649
Vat Account	-	35,295,412
Other Accrued Expenses	22,014,776	13,098,010
Deposits & Prepayments	5,284,254	5,944,377
<b>Total</b>	<b>327,188,905</b>	<b>305,794,867</b>

**Aging Analysis for Trade and other Payables**

<b>Description</b>	<b>2023/2024</b>	<b>% of the total</b>	<b>2022/2023</b>	<b>% of the total</b>
	<b>Kshs</b>		<b>Kshs</b>	
Under one year	307,659,369	94%	287,212,121.99	94%
Over 1 years	19,529,536	6%	19,529,535.98	6%
<b>Total</b>	<b>327,188,905</b>	<b>100%</b>	<b>305,938,040.29</b>	<b>100%</b>

**Kenya Meat Commission**  
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**Notes to the Financial Statements (Continued)**

**24. Provisions**

Description	Long service leave	Contingent Liab. Provision	Gratuity provisions	Provisions for Tax	Total
	26a	26b	26c	26d	
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	894,482	20,282,074	16,588,517	173,810,845	211,575,918
Additional provisions/Change	6,202,260	2,014,389	7,207,664	-	15,424,312
Provision utilised		-	(600,000)	(84,719,870)	(85,319,870)
Change due to discount and time value for money	-	-		-	-
Balance at the end of the year	<b>7,096,741</b>	<b>22,296,463</b>	<b>23,196,181</b>	<b>89,090,975</b>	<b>141,680,360</b>

**25. Retirement Benefit Obligations**

The Commission contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Commission's obligation under the scheme is limited to specific contributions legislated from time to time. Other than NSSF the entity also has a defined contribution scheme operated by CPF Pension Fund. Employees contribute 7.5% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

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**Notes to the Financial Statements (Continued)**

**26. Notes to the Statement of Cash Flows**

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations</b>		
Operating profit/(loss) before tax	(365,632,021)	126,179,315
Depreciation	243,198,179	127,298,448
Net Movement in Provisions	(69,895,558)	(88,778,750)
Impairment of Acc. Depreciation	(205,171,196)	-
Less Gain on Disposal	-	8,459,453
Interest Capitalized	7,158,649	7,158,649
Interest Charge	7,301,822	-
Operating profit/(loss) before working capital changes	<b>(387,512,598)</b>	<b>180,317,114</b>
(Increase)/decrease in inventories	4,369,331	21,408,335
(Increase)/decrease in trade and other receivables	346,195,686	661,277,057
Increase/(decrease) in trade and other payables	21,394,038	(423,652,100)
Increase/(decrease) in retirement benefit obligations	-	(116,492,807)
Prepayments	-	(49,591,317)
Taxes Paid	-	(7,363,413)
<b>Net Cash generated from/(used in) operations</b>	<b>(15,553,542)</b>	<b>26,975,861</b>
<b>(b) Cash Generated/Used in Investing Activities</b>		
Impairment of Deferred Income	-	(500,000,000)
Proceeds from Disposal of Assets	-	6,518,525
Offtake Programme	-	(348,074,619)
Purchase of Fixed assets	(37,997,997)	(174,463,267)
<b>Net Cash Generated/Used in Investing Activities</b>	<b>(37,997,997)</b>	<b>(1,016,019,362)</b>
<b>(c). Cash Generated/Used in Financing Activities</b>		
Grants from GOK	-	1,014,500,000
Loans/Advances Repayment to Parent Ministry	(38,000,000)	88,000,000
<b>Net Cash Generated/Used in Financing Activities</b>	<b>(38,000,000)</b>	<b>1,102,500,000</b>
<b>NET CASH GENERATED/(USED DURING THE FY)</b>	<b>(91,551,539)</b>	<b>113,456,499</b>
<b>(d) Analysis of cash and cash equivalents</b>		
Cash Balance as at the beginning	131,427,693	17,971,194
Balance at end of the year	<b>39,876,154</b>	<b>131,427,693</b>

**Kenya Meat Commission**  
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**27. Related Party Disclosures**

Kenya Meat Commission is fully owned by the Government of Kenya.

**Transactions with related parties**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>a) Grants from the government</b>		
Grants from national govt	-	1,014,500,000
<b>Total</b>	<b>-</b>	<b>1,014,500,000</b>
<b>b) Key management compensation</b>		
Commissioners' emoluments	8,230,920	3,918,607
Compensation to key management	32,034,736	49,864,317
<b>Total</b>	<b>40,265,656</b>	<b>53,782,924</b>

**28. Contingent Liabilities**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
a. Employment & Labour Relations matters	43,373,032	43,229,141
b. Breach of Contract Matters	107,591,600	107,591,600
c. Land Matters	72,000,000	52,000,000
<b>Total</b>	<b>222,964,632</b>	<b>202,820,741</b>
Provision recognized (10%)	<b>22,296,463</b>	<b>20,282,074</b>

A Provision of 10% has been recognized in the financial statements in FY 2023-24

**Notes To The Financial Statements (Continued)**

**29. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Receivables from exchange transactions	949,441,702	841,781,497	107,660,205	-
Receivables from non-exchange transactions	14,722,536	12,562,536	14,722,536	-
Bank balances	131,427,693	131,427,693	-	-
<b>Total</b>	<b>1,095,591,932</b>	<b>985,771,727</b>	<b>122,382,741</b>	<b>-</b>
<b>At 30 June 2024</b>				
Receivables from exchange transactions	621,334,800	512,548,140	108,786,660	-
Receivables from non-exchange transactions	2,283,817	2,283,817	-	-
Bank balances	39,876,154	39,876,154	-	-
<b>Total</b>	<b>663,494,771</b>	<b>554,708,111</b>	<b>108,786,660</b>	<b>-</b>

**Notes to the Financial Statements (Continued)**

*Credit Risk (Continued)*

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

**Notes to the Financial Statements (Continued)**

**ii) Liquidity risk management**

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

**iii) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**Notes to the Financial Statements (Continued)**

**iv) Capital Risk Management**

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

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation reserve	16,982,069,938	1,419,776,484
Retained earnings	(645,957,917)	(477,677,970)
Capital reserve	1,241,650,346	934,150,346
Development grants	-	307,500,000
<b>Total funds</b>	<b>17,577,762,367</b>	<b>2,183,748,860</b>
Total borrowings	535,091,089	565,932,440
Less: cash and bank balances	39,876,154	131,427,693
<b>Net debt/(excess cash and cash equivalents)</b>	<b>495,214,935</b>	<b>434,504,747</b>
<b>Gearing (%)</b>	<b>3%</b>	<b>20%</b>

**30. Incorporation**

Kenya Meat Commission is incorporated in Kenya under an Act of Parliament and is domiciled in Kenya.

**31. Events after the Reporting Period**

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

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**22. Appendices**

**Appendix 1: Implementation Status Of Auditor-General prior year recommendations**

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

<b>KENYA MEAT COMMISSION FINANCIAL STATEMENT FOR FY 2022/23</b>				
<b>Ref No.</b>	<b>Issue / Observations from Auditor</b>	<b>Management Comments</b>	<b>Status:</b>	<b>Timeframe:</b>
			<i>(Resolved / Not Resolved)</i>	<i>(When to be Resolved)</i>
1.	<b>Unsupported Cash and Bank Balances:</b> Bank statement and certificate for accounts in First Community Bank - Operations and National Bank whose balances were Kshs.11,000 and Kshs.500 respectively were not provided for the audit as well as supporting document for Mpesa balance of Kshs.80,794.	The Board resolved to close the said account and management sought authority to close the dormant accounts vide letter ref KMC/MC/371(A) 2023-2024 to the Ministry of Defence and expecting feedback. In addition, it has requested certificate of balance for all closed Mpesa till from Safaricom PLC vide letter ref KMC/MC/08(A)2024-2025..... <b>Annex A</b>	<i>Not resolved</i>	<i>30-09-2024</i>
2.	<b>Failure to Revalue Property Plant and Equipment</b> with a balance of Kshs. 1,962,633,385 as at 30 <sup>th</sup> June 2023 contrary to paragraph 31 of International Accounting Standards (IAS) 16.	The Commission revalued all its asset during FY 2023/24 and the new values were incorporated in the Financial statement for the year ended 30 <sup>th</sup> June 2024..... <b>Annex B</b>	<i>Resolved</i>	<i>23-05-2024</i>
3.	<b>Inaccurate Non –Current Liabilities Balance:</b> Variance between reported loan balance of Kshs.357, 932,440 and balance of Kshs.940, 241,100 reported in books of The National Treasury resulting to unexplained balance of Kshs. 619,399,706.In addition, management had not recognized the	The Commission was issued with a letter ref <b>TNT/ZZ/239/01(5)</b> dated 10 February 2023 on the subject, from the National Treasury. The Management responded on the subject vide letter ref KMC/MC/641(581)2022/2023	<i>Not resolved</i>	<i>30-09-2024</i>

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024**

	loan amounting to Kshs.1, 667,125,232 in its books, accrued interest and provided a repayment plan as instructed by the National Treasury.	dated 15 March 2023 as guided by the Board and the Cabinet letter ref OP.CAB.58/4A/Vol.VII dated 21 April 2005 on the subject Cabinet Memorandum Revival of KMC which directed all outstanding GOK loans be assumed by GOK and be capitalized to enhance the value of KMC. Further the board in a meeting held on 13 <sup>th</sup> August 2024 resolved that management to seek for appointment with the Principal Secretary, Ministry of Defence to deliberate on write off of Commission's historical loans and thereafter escalate to Principal Secretary, The National Treasury..... <b>Annex C</b>		
4.	<b>Irregular Variation of Contract:</b> Electronic fuel cards credit limit of Ksh.2, 000,000 and a bank guarantee of Ksh.4,000,000 was varied to Kshs.3,000,000 and Kshs.6,000,000 respectively. The variation in the contract was 50% of the original terms, contrary to section 139(d) of Public Procurement And Disposal Act, 2015 which provides cumulative variations of contract should not exceed 25% of the original contract price.	Management noted the non-compliance with the Act and commits to adhere with the provisions of the Act by ensuring that all subsequent variations in contract would be within the set threshold of 25%.	Resolved	30 June 2024
5.	<b>Un Resolved Prior Year Matters:</b> The management did not provide explanation for failure to resolve the issues	Management had provided an explanation in Appendix A to the financial statement for FY2022-23..... <b>Annex D</b>	Resolved	30 <sup>th</sup> June 2023

Kenya Meat Commission

Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024

SUMMARY OF ACTION TAKEN ON PRIOR YEAR MATTERS WHICH WERE PENDING AS AT 30 JUNE 2023

KENYA MEAT COMMISSION FINANCIAL STATEMENT FOR FY 2021/22				
Ref No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			<i>(Resolved / Not Resolved)</i>	<i>(Put a date when you expect the issue to be resolved)</i>
FY 2021/2022 para (5.2)	<b>Failure to value Fully Depreciated Assets:</b> Management did not provide an explanation on why the Commission had not revalued or reviewed the depreciation methods for fully depreciated motor vehicles/cycles with cost value of Kshs.71,505,998 and were still in use & generating revenue in conformity with paragraph 31 and 61 of the international standards of accounting (IAS) 16.	The Commission revalued all its asset during FY 2023/24 and the new values were incorporated in the Financial statement for the year ended 30 <sup>th</sup> June 2024	Resolved	31-Dec-23
FY 2021/2022 para 10	<b>Non -Implementation of the enterprise resource planning (ERP) System:</b> The Commission acquired an ERP system at a cost of Kshs.26, 424,000 in April 2021.The ERP system generated inaccurate reports, system data was not cleaned up and fixed assets module was not implemented despite the system having been commissioned over a year ago and the vendor fully paid without having fully satisfied their contractual obligations.	Technical system audit and ERP system re-engineering was undertaken by the ICT Authority during FY 2023/2024. Further, system ledgers Clean-up had not been concluded as planned, due to ERP system breakdown on 8 <sup>th</sup> April 2024.The board was concerned with the recurring issue of ERP systems which has adversely affected the	Not Resolved	30-Sept-24

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024**

		operations of the Commission and directed Management to conclude clean-up of general ledgers with immediate effect by resolving challenges facing the Enterprise Resource Planning(ERP) systems or upgrade to an efficient and effective ERP systems due to challenges faced in the current systems since inception in the FY 2020/21 upto 8 <sup>th</sup> April 2024 when the system broke down		
FY 2020/2021 para 4	<b>Unconfirmed Bank and Cashbook Balances.</b> Variance between reported financial statement balance and cashbook balance for rental, working capital and Mombasa account. First Community Bank Operations and National Bank whose balances of Kshs.11,000 and Kshs.500 respectively are not supported with certificate of bank balance or bank statements as at 30 June 2021.	The Board resolved to close the said account and management sought authority to close the dormant accounts vide letter ref KMC/MC/371(A) 2023-2024 to the Ministry of Defence and expecting feedback.	Not Resolved	30-Sept 2024
FY 2020/2021 para 5	<b>Property, plant and equipment.</b> No supporting document for work in progress brought forward to show how it was dealt with in the FY 2020/2021; management has not explained why the commission has not revalued or reviewed the depreciation methods of the assets in	The Commission revalued all its asset during FY 2023/24 and the new values were incorporated in the Financial statement for the year ended 30 <sup>th</sup> June 2024	Resolved	31-Dec-23

**Kenya Meat Commission**

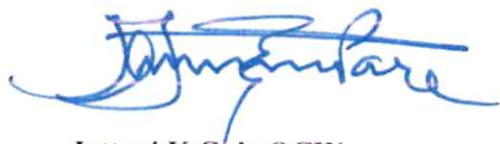
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024**

	conformity with para 31& 61 of IAS 16 since the asset were still in use and generating revenue.			
FY 2020/2021 para 8.1	<b>Un Resolved Prior Year Matter (FY2020-2021)</b> <b>Lack of asset register:</b> As reported in previous years, the balances could not be verified due to absence of the fixed asset register and detailed analysis of the balance.	The Commission is tagging the assets and thereafter conclude the development of the Asset Register.	In progress	30 Sept 2024
FY 2020/2021 para 8.2	<b>Ownership documents for land-</b> The commission had not obtained or received back the 13 original title deeds from the national bank despite the loans having been settled	Management through letter ref KMC/MC/652(612)2022/2023 dated 25 April 2023 requested The National Treasury to release its nine (9) title deeds following communication from National Bank of Kenya vide letter ref NBK/SDU/KMC/2023 dated 3 April 2023 on the subject release of KMC title deeds. Further follow up was done on 4 <sup>th</sup> August 2023 vide letter ref KMC/MC/001(A)2023/25 and Letter ref KMC/MC/183(A)2023/24 dated 12 January 2024. The board resolved that letter ref NBK/SDU/KMC/2023 acknowledged by the treasury would suffice for the title.	Resolved	31 Dec-23

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024**

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**Jattani K Gula OGW**

Major General

The Managing Commissioner

Kenya Meat Commission

Kenya Meat Commission

Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024

REQUISITION FOR CLOSURE OF DORMANT ACCOUNTS AND MPESA  
BALANCE CERTIFICATE ANNEX A



# Kenya Meat Commission

Athi River Factory  
P.O. Box 2-00204  
Tel: 045-26041/3/4  
Telefax: 045-26520  
www.kenyameatcommission.co.ke  
email: info@kenyameat.co.ke

Ladies Rf. Depot  
P.O. Box 30414-00100 GPO  
NAIROBI  
Tel: 020 2013426/31  
www.kenyameatcommission.co.ke  
email: info@kenyameat.co.ke

Kibaraani Branch  
P.O. Box 87080-80100 GPO  
MOMBASA  
Tel: 020 3542623  
Web: www.kenyameat.co.ke  
Email: info@kenyameat.co.ke

KMC/MC/371(A)2023-2024

MR. PATRICK MARIRU CBS,  
Principal Secretary  
Ministry of Defence  
Ulinzi House, Lenana Road  
P.O. Box 40668  
Nairobi

09 July, 2024

Dear Sir,

## CLOSURE OF DORMANT BANK ACCOUNTS

The above subject matter refers.

Kenya Meat Commission uses the banking platform to transact on daily operations. The commission currently has 6 active bank accounts and 2 dormant accounts.

In reference to the board resolution held on 17<sup>th</sup> November, 2021 at Kenya Meat Commission Headquarter in Athi River, it was resolved that the 2 dormant accounts to be closed which are:

1. 0999241801 -First community Bank Eastleigh branch
2. 01023061210300 -National Bank Harambee Avenue

The commission hereby requests your kind office to liaise with the National Treasury for purposes of closure of the above accounts. Attached is a draft copy for your consideration.

Jattani K Gula OGW  
Major General  
Managing Commissioner

Kenya Meat Commission  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024



# Kenya Meat Commission

Athi River Factory  
P O Box 2 -00204  
Tel: 045-260413/4  
Telefax: 045-26520  
www.kenyameatcommission.co.ke  
email:info@kenyameat.co.ke

Ladhies Rr Depot  
P.O. Box 30414-00100 GPO  
NAIROBI  
Tel:020 2013426/31  
www.kenyameatcommission.co.ke  
email:info@kenyameat.co.ke

Kibarani Branch  
P.O.Box 87080-80100 GPO  
MOMBASA  
Tel:020 3542623  
Website:www.kenyameat.co.ke  
Email:info@kenyameat.co.ke

KMC/MC/08(A)2024-2025

07 August, 2024

The Branch Manager  
Safaricom PLC  
Kitengela branch  
Kajiado.

Dear Sir/Madam,

REF: CERTIFICATE OF BALANCES

We kindly request for certificate of balances for the pay-bill numbers operated by the Commission indicating the account balances as at 30<sup>th</sup> June 2024 for the underlisted accounts.

- |           |                                     |
|-----------|-------------------------------------|
| 1. 117396 | Minishop                            |
| 2. 117397 | Kenyatta National Hospital Vansales |
| 3. 117398 | Van sales                           |
| 4. 117415 | Van sales Landhies                  |
| 5. 117416 | Van sales                           |
| 6. 117417 | Van sales                           |

Regards,

Robert Mrima  
Manager, Finance &Account  
Approved signatory

Brig.Clement K Nyakundi  
Chief Operation Officer  
Approved signatory

Maj Gen Jattani Kampare Gula  
Managing Commissioner  
Approved signatory

ASSET VALUATION REPORT EXTRACT

ANNEX B



MINISTRY OF LANDS, PUBLIC WORKS, HOUSING & URBAN  
DEVELOPMENT

State Department for Housing and Urban Development

6<sup>th</sup> Floor,  
Ardhi House  
1<sup>st</sup> Ngong Avenue  
Email: [ps@housingandurban.go.ke](mailto:ps@housingandurban.go.ke)

OFFICE OF THE PRINCIPAL SECRETARY  
P.O. Box 30119-00100  
Tel: 254 (0) 20 2734886  
NAIROBI

REF: MLPWHUD/HUD/L/1/16/KMC (4)

23<sup>rd</sup> May, 2024

Managing Commissioner  
Kenya Meat Commission  
P.O Box 2 : 00204  
Athi - River Factory  
**ATHI RIVER**

**RE: INVENTORY AND VALUATION OF KENYA MEAT COMMISSION  
ASSETS**

The subject matter refers.

Reference is made to you letter Ref No: KMC/MC/390(330)2020/22 dated 3<sup>rd</sup> January, 2022 and our letter Ref No: MTIHUD/HUD/1/16(6) dated 7<sup>th</sup> December, 2022.

We undertook a joint exercise to update, prepare and cost Kenya Meat Commission (KMC) assets for the following categories.

1. Furniture and fittings
2. Office equipment
3. ICT
4. Plant and machinery
5. Motor vehicles.

The total cost is Kshs. 1,493,207,318. Forwarded herewith is the finalized report.

*Pa*  
Hirany M. Kahiyo, OGW  
FOR: PRINCIPAL SECRETARY  
Encl:

c.c Hon. Alice Wahome  
Cabinet Secretary  
Ministry of Lands, Public Works, Housing and  
Urban Development  
NAIROBI

QS. Said Athman, EES  
Housing Secretary  
State Department for Housing and Urban Development  
NAIROBI

*MC Sir  
FYI Sir.  
4/04/06/24*

KENYA MEAT COMMISSION ASSET ASSESSMENT		
VALUATION SUMMARY PER STATION		
S/No.	Description	AMOUNT
1	Athi River Factory	1,147,781,467.80
2	Athi River One Stop Shop	3,112,575.00
3	Kibarani Factory	189,863,000.00
4	Landhies Road	26,307,925.00
5	Makupa One Stop Shop	2,692,350.00
6	Motor Vehicle	123,450,000.00
	<b>TOTAL</b>	<b>1,493,207,317.80</b>

Kenya Meat Commission  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024



MINISTRY OF LANDS, PUBLIC WORKS, HOUSING AND URBAN  
DEVELOPMENT

Telegrams: "MINLANDS", Nairobi  
Telephone: Nairobi 718050

When replying please quote

ARDHI HOUSE  
1<sup>st</sup> NGONG AVENUE  
OFF NGONG ROAD  
P. O. Box 30450  
NAIROBI

Our Ref.: VAL/1598/2023/05

24<sup>th</sup> October 2023

Managing Commissioner,  
Kenya Meat Commission,  
Athi River Factory,  
P.O. Box 2 - 00204,  
Athi River - Kenya.

Dear Sir,

RE: VALUATION OF KENYA MEAT COMMISSION LAND

We refer to your letter Ref. KMC/MC/651(611)2022/2023 dated 25<sup>th</sup> April 2023 and our letter Ref.: VAL/1598/2023/04 dated 8<sup>th</sup> September 2023 on the above-referenced matter. We have completed the valuation process, here below are the values returned for each property:

PROPERTY	LOCATION	MARKET VALUE
LR NO 10281	KMC Athiriver Main Factory	4,600,000,000.00
LR NO 330/481	Kunde Road - Nairobi	151,300,000.00
LR NO 209/253/4	Ladies Road Depot	635,000,000.00
LR NO 337/186	Athi River - Residential	975,000,000.00
LR NO 337/187	Athi River - Residential	312,000,000.00
LR NO 337/192	Athi River - Residential	380,000,000.00
LR NO 4275/40	Riverside Drive - Nairobi	236,000,000.00
LR NO 10029	Sheep and Goat Ranch	8,012,000,000.00
LR NO 2787/444	Nanyuki	42,000,000.00

leg 1  
note &  
issue in

Age custody 2. Hasten the machinery/eqpt valuation to enable us get true value of KMC.

*[Handwritten signature]*


26/10/23

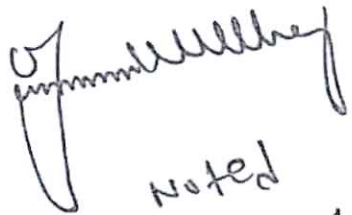
*[Handwritten signature]*  
24/10/23

Kenya Meat Commission  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024

LR NOS 510 and 511/V/MN	Kibarani Factory - Mombasa	673,000,000.00
Mombasa/Block 1/258	Shimanzi - Mombasa	100,000,000.00
LR NO 7641/7	Mackinon - Kwale County	616,000,000.00
TOTAL		16,732,300,000.00

We herewith enclose the valuation reports for your reference.

 24/10/23  
JACINTA MUTUA  
DIRECTOR LAND VALUATION

  
Noted  
26/10/23

Kenya Meat Commission  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024

GOVERNMENT LOAN

ANNEX C

98 R



Athi River Factory  
P.O. Box2 - 00204  
ATHI RIVER  
Tel. 045 6626041/3/4  
Fax. 045 6626520

Landhies Rd. Depot  
P.O. Box 30414 - 00100 GPO  
NAIROBI  
Tel. 020 2013426/31  
Fax. 020 2013426

Kibarani Branch  
P.O. Box 87080 - 80100 GPO  
MOMBASA  
Tel. 020 3542623  
Fax. 020 3542623

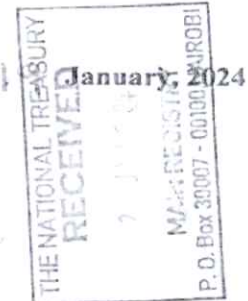
Kenya Meat Commission

Website: [www.kmcc.org](http://www.kmcc.org)  
Email: [info@kmcc.org](mailto:info@kmcc.org)

KMC/MC/191(A)2023/24

The Principal Secretary  
The National Treasury  
PO Box 30007-00100  
Nairobi

Dear Sir/Madam,



**KMC GOVERNMENTS LOAN STATUS**

1. Public Accounts Committee (PAC) on a sitting held on 10<sup>th</sup> November 2021 advised KMC to engage The National Treasury and Planning to reconcile the disputed loan amount of **Kshs.940,241,040**. Subsequently, The Principal Secretary, National Treasury appointed a team of auditors vide letter ref **NT/IAG/SA/CONF/3(26)** dated 12 April 2022 to carry out audit on the subject. The audit was conducted and report issued on 20 September 2022 and copy shared to the Commission vide letter ref **NT/IAG/SA/CONF/3(23)** dated 14 October 2022.
2. Among other findings, the auditors established loans amounting to **Kshs.940,241,040** comprised of loans recorded in both KMC and Treasury amounting to **Kshs.295,832,840** (Table 2 of the report page.19) & **Kshs.300,000,000** (for drought mitigation) and loans amounting to **Kshs.344,408,200** (Table 2 of the report page.20) which was recognized by The National Treasury but not the commission.
3. The National Treasury & Economic Planning letter ref **TNT/ZZ/239/01/ (5)** dated 10 February 2023 required the commission to respond on the matters raised on the report by 15 march 2023 which the commission responded via letter ref

*A cut above the rest*

Kenya Meat Commission

Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024

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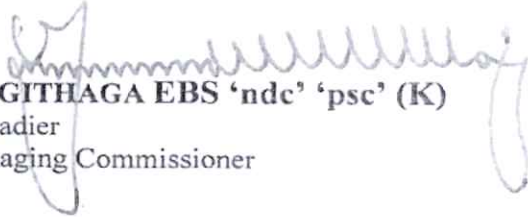
Athi River Factory  
P.O. Box2 – 00204  
ATHI RIVER  
Tel. 045 6626041/3/4  
Fax. 045 6626520

Landhies Rd. Depot  
P.O. Box 30414 – 00100 GPO  
NAIROBI  
Tel. 020 2013426/31  
Fax. 020 2013426

Kibarani Branch  
P.O. Box 87080 – 80100 GPO  
MOMBASA  
Tel. 020 3542623  
Fax. 020 3542623

**KMC/MC/641(581)2022/2023.**In the response the Commission noted that the Cabinet letter ref **OP.CA.58/4A/VOL.VII** dated 21 April 2005 directed among other directive that the outstanding debt to GOK and Mitsubishi assumed by government to be capitalized into equity to enhance KMC value hence presumed that all pre-receivership loans were taken over.

4. Kindly consider

  
**J N GITHAGA EBS 'ndc' 'psc' (K)**  
Brigadier  
Managing Commissioner

**Cc: Principal Secretary**  
Ministry of Defence  
Defence Headquarters  
P O Box 40668  
Nairobi

*A cut above the best*

Kenya Meat Commission  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024



Athi River Factory  
P.O. Box 2 - 00204  
ATHI RIVER  
Tel. 045 6626041/3/4  
Fax. 045 6626520



Landhies Rd. Depot  
P.O. Box 30444 - 00100 GPO  
NAIROBI  
Tel. 020 2013426/31  
Fax. 020 2013426

Kibarami Branch  
P.O. Box 87080 - 80100 GPO  
MOMBASA  
Tel. 020 3542623  
Fax. 020 3542623



# Kenya Meat Commission

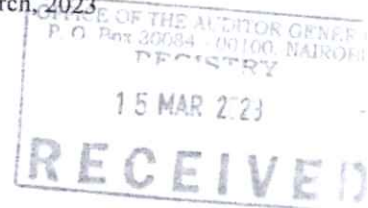
Website: [www.kenyameat.co.ke](http://www.kenyameat.co.ke)  
Email: [info@kenyameat.co.ke](mailto:info@kenyameat.co.ke)

KMC/MC/641(581)2022/2023

The Principal Secretary,  
The National Treasury  
P.O Box 30007-00100,  
Nairobi, Kenya.



15 March, 2023



Dear Sir,

**RE: SPECIAL AUDIT REPORT ON GOVERNMENT LOANS AT KENYA MEAT COMMISSION**

1. The National Treasury & Economic Planning letter Ref TNT/ZZ/239/01/ (5) dated 10 February 2023 refers. On receipt of the Audit report, the KMC Board of Commissioners formed an Ad-hoc Committee of the Board to analyse the report. The Committee came up with appropriate findings and recommendations in response to the audit report.

2. KMC to implements Cabinet letter No.OP.CAB.58/4A/Vol.VII dated 21st April 2005 by recognizing loan of Kshs 4,354,000,000.00 to NBK and Kshs 433,604,088.00 to Mitsubishi Corporation repaid by government as convertible debt pending conversion into equity.

### Management Response

The Cabinet vide Cabinet Memorandum on Revival of KMC Ref OP.CAB.58/4A/Vol.VII of 21 April 2005 (*copy attached*) directed among other directives that the Minister for Finance and the Attorney General to create the necessary legal and institutional framework for KMC to

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024**

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accommodate the envisaged equity capital. However, there are no records to show that the framework was created. Management has initiated follow up through the State Department of Livestock for guidance and thereafter recognizes the convertible debt by the end of the financial year 2022-2023.

3. KMC to recognize in its books a total loan amount of **Kshs 1,667,125,232.00** as at 30 June 2021, continue to accrue interest and provide a repayment plan for settling the debt owed to The National Treasury.

**Management Response**

a. The loan of **Kshs 1,667,125,232.00** includes **Kshs 1,332,247,166.00** comprised of pre-receivership loan serial number 3 to 6 in the table below and **Kshs 334,878,066.00** post receivership loan granted for off take program. The pre-receivership loan of **Kshs 1,332,247,166.00** is part of GOK loan assumed by government vide cabinet Memo of 2005. Therefore, the Management is of the opinion that the convertible loan covered in **paragraph 2 sub-para I** of the cabinet Memo of 2005 referred to a total of **Kshs. 6,119,851,589** as tabulated:

S/No.	Loan Description	Amount (Kshs)
1)	Pre-receivership NBK loan paid off by the National Treasury	4,354,000,000
2)	Mitsubishi Corporation UK Ltd	433,604,088
3)	Pre-1998 loans	344,408,200
4)	Pre-receivership NBK loan paid off by the National Treasury	269,986,840
5)	Pre-receivership loans	295,832,840
6)	Amounts advanced between 1992-1998	422,019,621
<b>Total</b>		<b>6,119,851,589</b>

b. The balance of **Kshs 334,878,066.00** was post receivership loan not within the scope of Cabinet Memorandum 2005 hence still outstanding. The loan was granted by National Treasury for off take program. Off take is a social protection program aimed at providing

assistance to livestock farmers/communities during drought periods on behalf of the government. The program targets vulnerable households through purchase of emaciated livestock to support their purchasing power as a drought response mechanism. KMC conducts two types of off take, i.e ground slaughter and commercial off take. Ground slaughter involves purchase of livestock at pre-determined price. The procured livestock are slaughtered in-situ and meat donated to vulnerable households. Its targets the vulnerable livestock farmers and hunger-stricken families. In Commercial off take, the Multi Agency Drought Management team within counties identifies vulnerable households with emaciated livestock for sale to KMC at a pre-determined price. Livestock delivered to KMC are slaughtered and processed into canned corn beef. The canned corn beef produced from the program is donated to Strategic Food Reserve. Therefore, the off-take program is not commercially viable to allow for recoup of the funds invested. The funding for off take ought to have been recognized as a grant rather than a loan. It's recommended the funds be treated as drought mitigation grant and be assumed by Government.

4. The National Bank of Kenya (NBK) should hand over all the title deeds in their possession without further delay. Alternatively, the Government should investigate the matter with a view of ascertaining their whereabouts.

#### **Management Response**

NBK acknowledged they are in possession of KMC title deeds vide letter Reference NBK/2022/July/03 dated 05 September, 2022 (*copy attached*) and have indicated they will release them through The National Treasury for onward transmission to KMC. They have sought for an appointment with the Principal Secretary, National Treasury to hand over the title deeds.

5. KMC should maintain a Register of Assets in accordance with Public Procurement and Disposal Act, 2015.

**Management Response**

KMC has developed an asset list. Valuation of KMC Land was done by the Ministry of Lands and now awaiting valuation report. The Commission is currently undertaking valuation of plant, property and machinery through the Ministry of Housing, Infrastructure and Urban Development. The exercise is expected to be completed by 30 June 2023.

6. All the KMC land should be surveyed and fenced to prevent illegal encroachments.

**Management Response**

Initial survey was done on KMC land parcels. However, the Commission has further conducted the re-establishment of beacons and boundary realignment of land parcels within Mavoko. The other parcels will be covered by 30 June 2023 and will budget for fencing in subsequent financial years.

7. While all the doubtful debts should aggressively be pursued for recovery the Commission should implement its credit policy without exception.

**Management Response**

The Commission has a credit policy which stipulates terms of payment within 30 days. However, majority of KMC customers are currently Government Agencies who are not able to adhere to the policy due to exchequer challenges.

8. The creditors should be reconciled, verified and settled as a matter of priority

**Management Response**

Management has conducted a verification exercise through audit department and final report is expected to be tabled to the board by 30 April 2023 for adoption and implementation. However, still significant amount of the debt could not be verified since they relate to period beyond six years and the document were not available for verification.

9. The Commission should develop an off-take policy in collaboration with the stake-holders

**Management Response**

Off take is a Multi-Agency program for drought mitigation and it's executed based on the pre-agreed terms during drought period. The Commission will liaise with National Drought Management Authority (NDMA) on development of the policy. However, KMC has in place an internal Standard Operating Procedure (SOP) that guides conduct of off-take program (*copy attached*).

10. A further review should be carried out to ascertain accountability of the funds and effectiveness of off-take program.

**Management Response**

Off take being a Multi Agency program is coordinated by the Multi-Agency committee on drought response. The Committee selects beneficiary counties and allocates number of livestock per county based on severity of drought. County Steering Committee identifies the households to benefit up to the village level. In commercial off take, the Steering Committee through County Government coordinators writes to the Commission detailing out distribution of livestock to Sub-counties and individual beneficiaries. KMC issues Local Purchase Orders to facilitate delivery of livestock by identified beneficiaries.

In ground off take, KMC has partnered with Kenya Red Cross Society (KRCS) who have networks across the country for implementation of the program. KCRS identifies vulnerable livestock farmers from whom they buy emaciated animals at a predetermined price. Purchased livestock are slaughtered on the ground for donation to vulnerable households. Identification and registration of vulnerable farmers and households is done through Red-Rose online platform. Payment to farmers is done through Mpesa linked to Red-Rose platform for accountability to the Commission.


In the FY 2021/2022, KMC was allocated Kshs 450M for commercial off take program. The off take was executed based on the terms agreed by the multi-agency team. Further, the Commission

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accounts for off take funds and products produced are treated separately from commission's normal operations. At the end of the program, 403,200 cans of corn beef worth Kshs 141,120,000.00 was donated to strategic food reserve.

11. Kindly consider

  
**J N GITHAGA**  
Brigadier  
Managing Commissioner

CC:

The Attorney General  
Sheria House, Harambee Avenue  
P. O BOX 40112-00100  
Nairobi.

The Principal Secretary,  
State Department for Livestock Development  
Kilimo House, Cathedral Road  
P.O BOX 30028-00100  
Nairobi.

The Auditor General  
Office of the Auditor  
Anniversary Towers, Monorovia Street  
P.O BOX 30084 -00100  
Nairobi

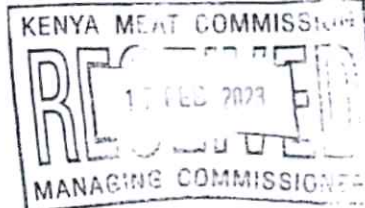
Kenya Meat Commission

Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024



REPUBLIC OF KENYA  
THE NATIONAL TREASURY AND ECONOMIC PLANNING

Telegraphic Address: 22921  
FINANCE - NAIROBI  
Fax No. 315779  
Telephone: 2252299



THE NATIONAL TREASURY  
P.O. Box 30007 - 00100  
NAIROBI  
KENYA

When replying, please quote

REF: TNT/ZZ/239/01/ (5)

Date: 10<sup>th</sup> February, 2023

Mr. Harry K. Kimtai, CBS  
Principal Secretary  
State Department for Livestock Development  
Kilimo House, Cathedral Road  
P.O. Box 30028-00100  
NAIROBI

Dear *Boris Gitwaga*

RE: SPECIAL AUDIT REPORT ON GOVERNMENT LOANS AT KENYA  
MEAT COMMISSION (KMC)

This letter has reference to the Principal Secretary/National Treasury letter Ref. No. NT/AG/SA/CONF/3/(26) dated 12<sup>th</sup> April 2022 appointing a team of Auditors to carry out an audit at the Kenya Meat Commission. The team finalised the exercise, and the Principal Secretary has since approved its final report. The report was shared with the Principal Secretary/Ministry of Defence, the Principal Secretary/State Department for Livestock, and the Chief Executive Officer, of KMC. The audit objectives were stipulated as follows:

1) Audit Objectives

- a) To ascertain the position of government loans to KMC and the reasons for differences between what is reported by KMC and what is recorded by the National Treasury.
- b) To find out the position and reasons behind the failure of KMC to recognise NBK loans amounting to Shs. 4,623,886,504 paid directly by the National Treasury.
- c) To ascertain the position of non-current assets as of 31<sup>st</sup> December 2021, including land, buildings, plants, and equipment spread across the counties through physical verification.
- d) To find out the position of KMC's trade creditors and pending bills as of 31<sup>st</sup> December 2021.
- e) To establish the viability of KMC.

Following the findings of the Special Audit, KMC is required to do the following:

- a) As directed by the Cabinet in letter No. OP.CAB.58/4A/Vol.V11 dated 21<sup>st</sup> April 2005(copy attached), the loan repayment to NBK of Shs. 4,354,000,000 be capitalised into equity to enhance KMC value. KMC is therefore instructed to recognise the amount as convertible debt pending conversion into equity per the Cabinet decision.

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- 178
- b) The Cabinet approved the settlement of the Mitsubishi U.K. loan amounting to Shs. 433,604,088, along with the NBK loan above a). KMC is likewise instructed to recognise the amount as convertible debt pending conversion into equity per the Cabinet decision.
  - c) The National Treasury convertible debt to be treated as non-interest earning. Upon privatisation of KMC, the debt will be converted into a pre-determined number of shares (equity).
  - d) KMC is instructed to recognise in its books a total loan amount of Shs. 1,667,125,232 as at 30<sup>th</sup> June 2021, made up of the following loans advanced by the National Treasury:

Pre-1998 loans	Shs. 344,408,200
Pre-receivership NBK loan paid off by the National Treasury	269,986,505
Pre-receivership loans	295,832,840
Amounts advanced between 1992-1998	422, 019,621
Post receivership Loan (2009-2011)	300,000,000
Interest on the post-receivership loan	34,878,066
<b>TOTAL LOAN AMOUNT</b>	<b>1,667,125,232</b>

- e) KMC to continue accruing interest and provides a repayment plan for settling the Shs. 1,667,125,232 debt owed to the National Treasury.
- f) KMC is required to provide an implementation plan on all the issues raised in the Special Audit Report by 15<sup>th</sup> March 2023

Yours

Dr. Chris K. Kiptoo, CBS  
PRINCIPAL SECRETARY, NATIONAL TREASURY

Copy to: Brigadier James N. Githaga  
Managing Commissioner  
Kenya Meat Commission  
P. O. Box 2 – 00204  
ATHI RIVER



CPA Nancy Gathungu, CBS  
Auditor General  
Kenya National Audit Office  
NAIROBI

*M/C Fr*  
*Fr/Attached to*  
*Study & Brief and*  
*esp with the upcoming*  
*special BOC meeting*  
*next week.*

Kenya Meat Commission  
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PERMANENT SECRETARY  
MINISTRY OF FINANCE  
RECEIVED  
03 MAY 2005  
P. O. BOX 30007  
NAIROBI



MINISTER FOR FINANCE  
RECEIVED  
27 APR 2005 647  
P. O. BOX 30027  
NAIROBI

OFFICE OF THE PRESIDENT  
PERMANENT SECRETARY, SECRETARY TO THE CABINET  
AND HEAD OF THE PUBLIC SERVICE

Telegraphic Address: "Rais"  
Telephone: Nairobi 227411  
When replying please refer to CAB.58/4A/Vol.VII  
Ref. No. ....  
and date

P.O. Box 62345-00200  
NAIROBI  
21<sup>st</sup> April, 2005

DIRECTOR BUDGETARY SUPPLY DEPT.  
RECEIVED  
04 MAY 2005  
317  
MINISTRY OF FINANCE & PLANNING

Eng. David N. Stower  
Permanent Secretary  
Ministry of Livestock and Fisheries Department  
NAIROBI

Mr. Joseph K. Kinyua, CBS  
Permanent Secretary  
Ministry of Finance  
NAIROBI

Dear

CABINET MEMORANDUM ON THE REVIVAL OF KENYA MEAT  
COMMISSION

I refer to a Cabinet meeting held on 21<sup>st</sup> April, 2005 where the above Memorandum CAB(05)40 jointly submitted by the Minister for Livestock and Fisheries Development and the Minister for Finance was discussed.

I wish to inform you that the Cabinet noted the contents of the Cabinet Memorandum and directed:

- i) The Minister for Livestock and Fisheries Development and the Minister for Finance to clean up the financial balance sheet of KMC by paying its debt to Mitsubishi Corporation (UK) Ltd. and National Bank of Kenya (NBK) after verification has been carried out by independent auditors to be hired by the Controller and Auditor General.

That all the debt owed to Mitsubishi (UK) Ltd. by KMC to be taken over and settled by the Government first, followed by a payment of Kshs.600 million to NBK as part payment to facilitate lifting of the current receivership. The balance payable to NBK should be settled later in the Financial Year. The outstanding debt to the GOK and Mitsubishi debt assumed by the Government to be capitalized into equity to enhance KMC value.

*IS*  
*Look into issue raised by Mr. The DBSS to respond*  
*1 PS Did we remove the shs 2.7 bn from the Ministry during Supplementary Estimates? Please adv.*  
*(3) Abadi*  
*See (2) advice in 4/15*  
*and indicate to be captured.*  
*20/5/05*  
*Budge*

Kenya Meat Commission

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- ii) The Ministry of Finance and the Attorney-General to create the necessary legal and institutional framework for KMC that will accommodate the envisaged equity capital.
- iii) The Minister for Finance to facilitate lifting of the KMC receivership by NBK to allow the KMC Board to immediately embark on the operationalization of the facility.
- iv) The Minister for Finance to provide Kshs.500 million, in form of additional equity, for the immediate repairs and other improvements of the plant and as an initial facility for financing operations.
- v) The Minister for Finance, and the Minister for Livestock and Fisheries Development to contract out the KMC facility/slaughterhouse to a private operator(s) under a lease arrangement in a manner to be determined by the Cabinet at a later date.
- vi) The Minister for Finance and Minister for Livestock and Fisheries Development to implement a privatization plan to be fully achieved in three years.
- vii) Following the mutual decision to settle the NBK debt through negotiations, the Minister for Livestock and Fisheries Development, the Minister for Finance and the Attorney-General to immediately take steps to halt the ongoing court cases in respect of the said debt.
- viii) The Minister for Livestock and Fisheries Development to embark on reforms in the Livestock sub-sector aimed at separating policy, regulatory and processing/service delivery roles and to aggressively promote the private sector investment in the meat industry through development of Satellite Abattoirs at strategic locations in ASAL.
- ix) Ministry of Livestock and Fisheries Development to devote sufficient resources to fight animal diseases and establish disease free zones in the country from which disease free livestock will be available for uptake by KMC and other export Abattoirs. This status should be achieved within three years for KMC to be sustainable.
- x) Ministry of Livestock and Fisheries Development in concert with the Private Sector to take necessary steps to set up an international standard abattoir in Wajir to cater for the export market.

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SECRET

The Minister for Livestock and Fisheries Development and the Minister for Finance to take the necessary action.

Please proceed and initiate action along the lines of the Cabinet decision.

Yours



Amb. Francis K. Muthaura, EGH  
PERMANENT SECRETARY/SECRETARY TO THE  
CABINET AND HEAD OF THE PUBLIC SERVICE

c.c.

Hon. Joseph Konzollo Munyao, EGH, MP  
Minister for Livestock and Fisheries Development  
NAIROBI

*kw* Hon. David Mwiraria, EGH, MP  
Minister for Finance  
NAIROBI

Hon. S. Amos Wako, EGH, MP  
Attorney-General  
State Law Office  
NAIROBI

SECRET

## SUMMARY OF PRIOR YEAR MATTERS FY2021/22

## ANNEX D

KENYA MEAT COMMISSION FINANCIAL STATEMENT FOR FY 2021/22				
Ref No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			<i>(Resolved / Not Resolved)</i>	<i>(Put a date when you expect the issue to be resolved)</i>
I(i-iii)	<p><b>Inaccuracies of the Financial Statement:</b></p> <ul style="list-style-type: none"> <li>Trade &amp; other payables figure had variance of Kshs.13,978,839 as disclosed in note 22 to the financial statements and the trail balance amounts.</li> <li>The actual amounts in the statement of comparison of the budgets and actual amounts were at variance with the figures in the trial balance and the statement of profit or loss and other comprehensive income.</li> <li>The notes to the financial statements are not aligned to the corresponding note numbers indicated on the face of the</li> </ul>	<p>The trial balance and the account balances were reconciled. Further the notes to financial statement were addressed in subsequent report.</p>	Resolved	30-Jun-23

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	financial statements.			
2	<p><b>Inaccuracy in Cash &amp; Cash Equivalent:</b></p> <ul style="list-style-type: none"> <li>An unexplained variance of Kshs. 41,096,583 between amount disclosed under investing activities of Kshs. 69,625,187 which relates to purchase of property, plant and equipment and Note 14 to the financial statements of Kshs 110,721,770.</li> <li>Note 21b to the financial statements, reflects Kshs 120,000,000 in respect of short-term borrowing which is not disclosed under financing activity.</li> </ul>	<p>The unexplained variance of Kshs.41,096,583 related to decrease in work in progress which was capitalized under plant and machinery.</p> <p>The Kshs.120 million recognized in the statement of the financial position however was erroneously omitted in the statement of cashflow under financing activities. The error was rectified.</p>	Resolved	30-Jun-23

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3	<b>Unsupported Increase in Provision for Tax:</b> Note 10 to the financial statements included an unsupported amount of Kshs. 156,716,959 in respect of increase in provision for tax.	The increase relates to penalties and interest in commission tax portal.	Resolved	30-Jun-23
4	<b>Understated Trade and Other Payables:</b> Uncleared contingent liability of Kshs. 5,880,423.57 as at 30 June 2022 relating to four (4) determined court cases which was not included in the trade & other payables.	The amount of Kshs.5,880,427.57 was settled and its properly disclosed	Resolved	30-Jun-23
5.1	<b>Unsupported Disposals on Capital Work in Progress:</b> Note 14 to the financial statements, included disposal on capital work in progress of Kshs. 52,572,316 which was not supported by documentary evidence.	The amounts of Kshs.52,572,316 was absorbed under repair and maintenance of Plant and Machinery, Factory Repairs & Housing repairs and was charged during the FY2021/22	Resolved	30-Jun-23
5.2	<b>Failure to value Fully Depreciated Assets:</b> Management did not provide an explanation on why the Commission had not revalued or reviewed the depreciation methods for fully depreciated motor vehicles/cycles with cost value of Kshs.71,505,998 and were still in use & generating revenue in conformity with paragraph 31 and 61 of the	Asset valuation was undertaken in the month of April -May 2023 however the valuation report has not been released.	In progress	31-Dec-23

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	international standards of accounting (IAS) 16.			
6	<p><b>Unsupported Trade and Other Receivables:</b></p> <ul style="list-style-type: none"> <li>Note 15 to the financial statements included an amount of Kshs. 480,000,000 in respect to offtake prepayment however, no evidence was provided in support of what the amount relates to.</li> <li>Further, it included an amount of Kshs. 72,931,900 in respect of a payment to a Construction company by the commission for construction of an access road. As reported in the previous year, the amount was to be refunded by the Ministry of Defense though no evidence was provided</li> </ul>	<ul style="list-style-type: none"> <li>Kshs.480,000,000 was paid to Kenya Red cross for offtake ground slaughter and a detailed report available for review including terms of engagement.</li> <li>The Commission held a consultative meeting with the Chief Finance Officer and agreed on resolution of the matter.</li> </ul>	Resolved	30 June 2023

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	indicating any follow up for the refund.			
7	<b>Budgetary Control and Performance:</b> The Commission had an expenditure budget of Kshs. 1,952,616,372 while the actual expenditure was Kshs. 2,792,170,999 resulting in an over expenditure of Kshs. 839,554,627 (43%) for the year ended 30 June 2022. The reasons for the over-expenditures in respects of the items have not been disclosed in the financial statements.	The over expenditure arose due to increased demand in terms of the market which triggered increased direct costs to meet the unexpected surge in demand. The board resolved that a detailed report of the items which resulted to the over expenditure be table through finance and strategy committee for ratification.	In progress	30-Oct-23
8	<b>Un Resolved Prior Year Matters:</b> The management had not resolved the issues or given any explanation for failure to adhere to the provisions of the public sector accounting standards board Templates	Management commits to ensure all prior year audit issues are resolved and has adopted PSASB revised IFRS template in the FY2022-23 financial statement.	Resolved	30-Jun-23
9	<b>Failure to Adhere to Staff Establishment:</b> The Commission had exceeded authorized establishment of 342 staff by 148 persons although management gave an explanation the revised Human Resource Instruments had not been approved by State	Public Service Commission approved KMC HR instrument vide PSC letter ref PSC/EMCS/12/ (3) dated 20 April 2022 and received on 24 May 2023.	Resolved	24-May-23

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	Corporations Advisory Committee (SCAC).			
10	<p><b>Non -Implementation of the enterprise resource planning (ERP) System:</b> The Commission acquired an ERP system at a cost of Kshs.26, 424,000 in April 2021.The ERP system generated inaccurate reports, system data was not cleaned up and fixed assets module was not implemented despite the system having been commissioned over a year ago and the vendor fully paid without having fully satisfied their contractual obligations.</p>	<p>Board of Commissioners ordered systems technical audit by the ICT Authority and thereafter management to lodge a formal complain to ERP vendor and sage X3.ICT authority vide letter ref ICTA/SS/24/VOL.2(235)2023 dated 7 august 2023 assigned a team to undertake the assignment. The team from the ICT Authority carried out the audit of the ERP system from 18<sup>th</sup> Sep 2023 to 29<sup>th</sup> Sep 2023. The commission is there for waiting for a report on the audit for further action.</p>	In progress	30-Nov-23
<b>Summary of Pending Prior Year Matters</b>				
1	<p><b>Non-Compliance with the Public Sector Accounting Standards Board (PSASB) Template.</b> The notes to the financial statements were not aligned and the accompanying information FY 2020/21 did not have any disclosure on:</p> <ul style="list-style-type: none"> <li>• Statement of performance against</li> </ul>	<p>The issues were resolved in financial statement for the FY 2021/2022.</p>	Resolved	Closed

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	<p>predetermined objectives.</p> <ul style="list-style-type: none"> <li>• Environmental and sustainability reporting.</li> <li>• Progress on follow up of auditor’s recommendation on the prior year’s audit issues</li> </ul>			
2	<p><b>Inaccuracies in the financial statements.</b> The Financial statement for FY 2020/21 had various errors and inconsistencies:</p> <ul style="list-style-type: none"> <li>• Variances between trial balance figures and financial statements balances.</li> <li>• Variances between comparative figures in the financial statements and audited balances for FY 2019/20.</li> <li>• Financial statement had variance with the corresponding figures disclosed in explanatory notes.</li> <li>• Incorrect computations and variances between amount reported in the statement of comparison of budget, actual amounts and the approved budget</li> </ul>	<p>the issues were resolved in financial statement for the FY 2021/2022.</p>	Resolved	Closed

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3	<p><b>Grants from national government:</b> unexplained difference of Kshs.710M between the balance in the statement of comprehensive income of Kshs.391,358,057.00 and the actual AIE's received of Kshs.1,101,358,057.</p>	<p>The grants from government were reported according to IFRS /IAS 20 on accounting for government grants.</p>	Resolved	Closed
4	<p><b>Unconfirmed Bank and Cashbook Balances.</b> Variance between reported financial statement balance and cashbook balance for rental, working capital and Mombasa account. First Community Bank Operations and National Bank whose balances of Kshs.11,000 and Kshs.500 respectively are not supported with certificate of bank balance or bank statements as at 30 June 2021.</p>	<p>Management is undertaking timely bank reconciliation to ensure variances don't arise. The board resolved for closure of the accounts and management to obtain Certificate of closure and final bank statement.</p>	In progress	31-Dec-23
5	<p><b>Property, plant and equipment.</b> No supporting document for work in progress brought forward to show how it was dealt with in the FY 2020/2021; management has not explained why the commission has not revalued or reviewed the depreciation methods of the assets in conformity with para 31&amp; 61 of IAS 16 since the asset were still in use and generating revenue.</p>	<p>Asset valuation was undertaken in the month of April -May 2023 however the valuation report has not been released.</p>	In progress	31-Dec-23

**Kenya Meat Commission**

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	<p><b>Trade&amp; Other Payables.</b> Note 20 to the financial statements and the reported amount were at a variance of Kshs 223,334 and Trial balance amount and the reported figure had a variance of Kshs.21,716,908</p>	Reconciliation of trade payable ledger, trial balance and disclosure note were undertaken.	Resolved	Closed
	<p><b>Unsupported long outstanding borrowings.</b> Statement of financial position reflected a borrowing balance of Kshs.334,878,066 which differs with amount disclosed in note 19 of Kshs Kshs.350,919,378 by Kshs.16,041,312. Further, no repayment schedule was provided and management did not provide an explanation for non-clearance of the long outstanding loan balance.</p>	The disclosure notes and financial position balance was harmonized in the financial statement for the FY 2021/2022.The Commission has requested the government through the National treasury vide letter ref KMC/MC/641(581)20 22/2023 dated 15 March 2023 to convert the debt into a grant as it was issued for drought mitigation.	In-progress	
8	<p><b>Trade&amp; Other Receivables.</b> The net amount of Kshs.396,383,311 did not include Kshs.72,931,899 refundable by the Ministry of defense for the access road</p>	The amount to be properly disclosed and follow up for the refund.	Resolved	Closed
9	<p><b>Undisclosed Contingent Liability.</b> The reported liabilities in notes 20,21,22&amp; 7(a) to the financial statement did not disclose a provision for contingency liability of Kshs.79,952,148 for active court case</p>	The commission is currently disclosing provision for contingent liability in the statement for financial position and a disclosure note in conformity to the standard, (IAS 37	Resolved	Closed

**Kenya Meat Commission**

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		Provisions, Contingent Liabilities and Contingent Assets).		
10	<b>uncollected rental income.</b> Rent by regular tenants of kshs.29,079,502 was outstanding for more than 3 months	Management is currently collecting rent and reconciliation of rent record.	Resolved	Closed
11	<b>unremitted pay as you earn tax:</b> note 20 to the financial statements on trade & other payable included unremitted Pay as You Earn (P.A.Y.E) Kshs 101,097,815.	The Commission has remitted all P.A.Y.E and other statutory deduction and is currently compliant.	Resolved	Closed
12	<b>Outstanding imprest.</b> Note 13 to financial statement revealed: <ul style="list-style-type: none"> <li>• An outstanding imprest of Kshs 8,676,830 which was not surrendered as at 30 June 2021.</li> <li>• Officers holding more than one imprest.</li> <li>• Commission did not have a compressive and properly maintained imprest registers contrary to the provision of regulation 52(1)(j) and 92(4) C of the public financial management regulation of 2015</li> </ul>	All imprest as at 30 June 2021 were cleared and management is strictly implementing the provisions of Public financial management regulation of 2015 in management of staff imprest.	Resolved	Closed

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8.1	<b>Un Resolved Prior Year Matter (FY2020-2021)</b> <b>Lack of asset register:</b> As reported in previous years, the balances could not be verified due to absence of the fixed asset register and detailed analysis of the balance.	The commission has developed a list of assets and will insert the values upon receipt of valuation report	In progress	31-Dec-23
8.2	<b>Ownership documents for land-</b> The commission had not obtained or received back the 13 original title deeds from the national bank despite the loans having been settled	The commission vide letter ref KMC/MC/652(612)2022/2023 and ref KMC/MC/018(A)2023/24 dated 25 April & 2 August 2023 has requested The National Treasury to release the 9 title deeds.	In progress	31 Dec-23

