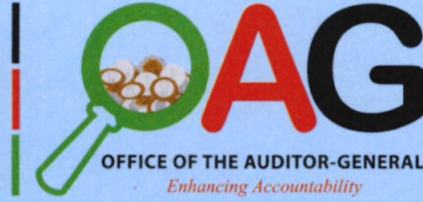


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 12 MAR 2026	DAY: THUR
TABLED BY:	Deputy Leader of the Majority Party HON. DAKEN BAMB MP
CLERK-AT THE-TABLE:	MERGI CHUMO

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OF

THE AUDITOR-GENERAL

ON

PYRETHRUM PROCESSING COMPANY OF KENYA

FOR THE YEAR ENDED 30 JUNE, 2025



OFFICE OF THE AUDITOR GENERAL
P.O. Box 59384 - 00100, NAIROBI
RECORDS OFFICE

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PYRETHRUM PROCESSING COMPANY OF KENYA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

Prepared in accordance with International Financial Reporting Standards (IFRS)



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1. ACRONYMS AND GLOSSARY OF TERMS

AFA	Agriculture and Food Authority
AG	Attorney General
CEO	Chief Executive Officer
IAS	International Accounting Standards
ICPAK	Institute of Certified Public Accountants
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
KALRO	Kenya Agriculture & Livestock Research Organization
KEPHIS	Kenya Plant Health Inspectorate Service
MOA&L	Ministry of Agriculture & Livestock Development
MT	Metric Tonnes
MTEF	Medium Term Expenditure Framework
NSSF	National Social Security Fund.
OAG	Office of the Auditor General.
OCOB	Office of The Controller of Budget.
PBK	Pyrethrum Board of Kenya
PC	Performance Contract
PCBP	Pest Control & Products Board
PFM	Public Finance Management.
PPAD	Public Procurement Asset Disposal Act, 2015
PPCK	Pyrethrum Processing Company of Kenya
PPRA	Public Procurement Regulatory Authority
PSASB	Public Sector Accounting Standards Board
SCAC	State Corporations Advisory Committee
TNT	The National Treasury



1. KEY ENTITY INFORMATION

a) Background information

The Pyrethrum Processing Company of Kenya Ltd (PPCK) is a company registered under the repealed Company's Act CAP 486 currently operating Registrations Certificate No. 5691 and carrying out the commercial business of the defunct Pyrethrum Board of Kenya (PBK) in line with the provision of section 3 (i) of the first schedule on transition provision of Agriculture and Food Authority (AFA) Act of 2013(Revised 2016).

“Every former institution which immediately before the commencement of this Act carried out any commercial activity with the objective of making profit shall within twelve months of the appointed day, and in accordance with the relevant procedures and practice applicable, transform into a company and be registered as a company under the Companies Act so as to enable the former institution carry on the commercial activity”

This means Pyrethrum Board of Kenya was to transform into a company registered under the Companies Act Cap 486 within twelve months of the commencement of the AFA Act 2013. However, AFA operated the former institution (Pyrethrum and Other Industrials Crops Directorate) from 2014 to 2016 when they adopted the existing company, PPCK to be the successor of PBK.

At the Cabinet level the Company is represented by the Cabinet Secretary for Ministry of Agriculture, Livestock, Fisheries and Cooperatives, while the board is responsible for the general policy and strategic direction of the Company. The institution is also subject to the provisions of the State Corporations Act Laws of Kenya.

PPCK is domiciled in Kenya with its activities running across the nineteen Pyrethrum growing counties namely Nakuru, Kiambu, Nyandarua, Nyeri, Laikipia, Meru, Embu, Baringo, Elgeyo Marakwet, West Pokot, Trans-Nzoia, Bungoma (Mt. Elgon), Uasin Gishu, Nandi, Kericho, Bomet, Narok, Nyamira and Kisii.

b) Principal Activities

The principal activity of PPCK is to produce, process and market Pyrethrum and pyrethrum products, conduct scientific & agronomic research, promote, and facilitate production of high yielding planting material & quality Pyrethrum seeds.

i) Vision Statement

To be the pinnacle of excellent value addition of pyrethrum flowers and pyrethrum seed processing globally.”

ii) Mission Statement

To enhance team work to give excellent services to pyrethrum stakeholders, promote and facilitate efficient value addition in processing pyrethrum flowers and market world class pyrethrum-based products to for sustainable economic growth”.



iii) Strategic Objectives

- To boost pyrethrum production and productivity
- To increase market share of PPCK's products and services
- To enhance efficiency and sustainability of operations and systems
- To mobilize adequate financial resources on a sustainable manner to finance PPCK operations
- To enhance institutional and staff productivity level for improved performance
- To comply with policy, legal and regulatory framework.



PPCK Products



c) Directors

i. The members of the Board of Directors who served the Company during the year under review were as follows:

	NAME	DESIGNATION	DATE OF APPOINTMENT
1	H.E. Granton Samboja	Chairman	23 rd May 2025
2	Mr. Stanley Ole Mpoe	Director	17 th May 2024
3	Ms. Carolynne Chepkoech	Director	7 th May 2024
4	Mr. Nabil Khamis Salim	Director	7 th May 2024
5	Mr. Zakayo Maina	Director	12 th Oct 2023
6	Mr. Milton Lucheri	Director	23 rd May 2025
7	Mr. Paul Munyiri Kaguamba	Director	23 rd May 2025
8	Ms. Beatrice Nyanwamu	Alternate Director - PS State Department for Agriculture	12 th May 2025
9	Ms. Noreen W. Kanyua	Inspectorate of State Corporations - Representative	14 th Nov 2023
10	Ms. Caroline Imbwaga	Ag. Chief Executive Officer	21 st Jan, 2025

ii. The following are board of Directors and Ag. CEO who exited the company for the period under review;

	NAME	DESIGNATION	DATE OF EXIT
1	Mr. Joe Owaka Ager	Chairman	31 st January 2025
2	Mr. Justus M. Monda	Director	24 th March 2025
3	Mrs. Serah W. Wataku	Director	23 rd March 2025
4	Dr. Hesbon N. Otinga	Alternate Director - PS State Department for Agriculture	12 th May 2025
5	Mr. Jenaro Guantai Ithinji	Director	24 th April 2025
6	Mrs. Mary M. Ontiri - Magati	Ag. Chief Executive Officer	21 st January, 2025



d) REGISTERED OFFICE

Pyrethrum Processing Company of Kenya Ltd. HQ
Industrial Area Nakuru
Pareto Road
P.O. BOX 420 - 20100
NAKURU, KENYA

e) CORPORATE HEADQUARTERS

Pyrethrum Processing Company of Kenya
Industrial Area Nakuru
Pareto Road
P.O. BOX 420 - 20100
NAKURU, KENYA.



f) CORPORATE CONTACTS

Telephone: +254 2211567/82
E-mail: md@pyrethrum.co.ke
Key Entity Information (continued)

g) CORPORATE BANKERS

Kenya Commercial Bank
Menengai Crater Branch
Loncom House Ground Floor
P.O. BOX 15923 - 20100
NAKURU, KENYA
Telephone: +254- (051) 22216412
www.kcbbankgroup.com



h) INDEPENDENT AUDITORS

Auditor General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084 - GPO 00100
NAIROBI, KENYA



i) PRINCIPAL LEGAL ADVISOR

The Attorney General
State Law Office
Harambee Avenue
P.O Box 40112, City Square 00200
NAIROBI, KENYA



OFFICE OF THE ATTORNEY GENERAL
AND DEPARTMENT OF JUSTICE



3. BOARD OF DIRECTORS



H.E. Granton Samboja

H.E. Granton Samboja is an ambitious, highly motivated and energetic Relations and Diplomacy expert, with excellent local and international media liaison, and contact building skills. He was appointed Chairman of the Pyrethrum Processing Company of Kenya Ltd (PPCK), on 23rd May, 2025, for a period of three years

He is a result oriented professional with proven ability to get results, generate revenue, improve service delivery, as well as reduce costs With over 23 years in active political space, and 26 years media experience, rising from a presenter to a Group Executive Director and having also set up his own media. H.E. Samboja holds a degree in Business Management from the Business University of Costa Rica.

He was the Governor of Taita Taveta County from August 2017 to July, 2022. From April 2015 to February 2017, he was the Board Chair of Coast Water Service Board. From January 2013 to February 2017, Group Executive Director, Media Max Network Ltd.

August 2011 to December 2012 served as a Board Member and Chairman, Marketing Committee at Kenyatta International Convention Centre (KICC). February 2011 to date, he is proprietor and Executive Director, Kigoco FM and Anguo FM.

Board Chairman



Mr. Milton Lucheri

Mr Lucheri was appointed to the PPCK Board on 23rd May 2024, Mr Milton holds a master's Degree from USIU with a wealth of experience in financial management. Mr. Milton has worked in various companies both locally and internationally providing financial management advisory and, locally He is the CEO of PayGram Company Limited a Financial Technology (Fin-Tech) blue chip company having held this position for nine years running.

Mr. Milton previously worked as a Fixed Income Dealer and Investment advisor, with three years' experience in Applied Investment, Financial Management and Accounting. This included managing tradeable securities including Treasury Bonds, Treasury Bills, Mid-Term Notes, Commercial Papers & shares.

Mr. Lucheri brings in a wealth of governance experience to PPCK Board since he has been Chairman of Strategy and Project Implementation Committee (SPIC) and Chairman of Audit Committee at REREC Board, currently he is the Chair of HR Committee, and member of Finance and general-Purpose committee in PPCK Board.

Director



BOARD OF DIRECTORS



Mr. Paul M. Kaguamba.

Mr. Paul Kaguamba holds B. A in Land economics, he is a Member of institution of surveyors of Kenya. (MISK) and a Registered Valuer.

He was appointed on 23rd May 2025 as a member of the Board of Directors of the Pyrethrum Processing Company of Kenya. In addition, he serves as a member of the Finance and General-Purpose Board committee.

Director



Carolyne Chepkoech

Ms. Carolyne holds certificate in Business and Entrepreneurship from UNITA'S college, she also holds certificate in Christian Counselling from GIHON Leader Training Institute.

She has over 10 years' experience in community engagements which aims at protecting and improving livelihoods. She has in the past worked with Kenya Red Cross as Food monitor and Field Officer, International Organization of Migration as Field Security Officer.

She currently serves as Christian Counsellor and a certified mediator at IVC Church, Eldoret and an independent Director to the PPCK Board where she serves as a Chairperson of Finance & General-Purpose Committee

Director



Mr. Stanley Ole Mpoie

Mr. Stanley Ole Mpoie holds Bachelor degree in education from Maasai Mara University, certificate in education from Muran'ga teachers' college and currently pursuing Masters degree in education from Maasai mara university. He has over 27 years' experience in civil service.

He was appointed as an independent director of PPCK Board and serves as a member of human resource and the technical committee.

Director



BOARD OF DIRECTORS



Mr. Nabil Khamis Salim

Mr. Salim holds Diploma in Hospitality; he has a wide experience in event planning and management activities.

He was appointed on 7th May 2024 to be member of the Board of Directors of the Pyrethrum Processing Company of Kenya. He also serves as a member of Finance and General -Purpose Committee.

Director



Ms. Noreen W. Kanyua

Ms. Kanyua holds Executive Masters in Organisational Development – Unites States International University (USIU) and Bachelor's Degree in International Relations - Unites States International University (USIU). Currently pursuing a Doctorate in Philosophy (Ph.D.) in Project Management

Noreen has over 15 years' experience in humanitarian projects, communication strategy, operations, eco-system development, stakeholder management and intermittently providing high level support to management teams.

She is an astute Organization Development and Policy Expert who possesses an unwavering commitment to investing in people. She is currently serving as an Assistant Inspector General based at the Inspectorate of State Corporations in the Executive Office of the President of Kenya.

Previously, she served as the Head of Programmes and Operations at the SME Advisory Unit, in the Executive Office of the President.

Ms Noreen was appointed as Alternate Director to PPCK Board representing Inspectorate of State Corporations

Alternate Director



BOARD OF DIRECTORS



Mr. Zakayo Maina



Beatrice Nyamwamu



Ms. Carolyne Imbwaga

Mr. Zakayo Maina is a prominent Business Man with vast experience in entrepreneurship and business management. He was appointed on 12th October 2023 to be member of the Board of Directors of the Pyrethrum Processing Company of Kenya. He also serves as a Human Resource and Technical Board committees

Director

Ms. Nyamwamu holds a Bachelor's Degree in Agriculture and a Masters Degree in Agricultural Resource Management both from the University of Nairobi. Ms. Nyamwamu also have attended extensive trainings in Agriculture, Food Policy and Legislation both in and outside the country.

She has a vast experience in Public Sector Management having worked in the Ministry of Agriculture in various capacities for 28 years. Currently, she is an assistant Director in the Directorate of Crop Resources Development and Management at the Ministry Headquarters.

Ms. Nyamwamu is the Alternate Director PPCK, representing the PS, State Department of Agriculture in.

Alternate Director

Ms. Carolyne Imbwaga holds a Master's of Science in Agriculture & Rural Development & Bachelor of Science in Agriculture.

She has worked for 29 years in Pyrethrum sector, having served as Crop Production and Research Manager at PPCK Ltd. She is a member of Society of Crop Agribusiness Advisor of Kenya (SOCAA), a member of the Kenya Society Agricultural Professionals (KESAP), trained Senior Management Course at Kenya School of Government (KSG), Good Governance and Food Systems Analyst.

Ag.Chief Executive Officer



4. KEY MANAGEMENT TEAM



Mr. Njoroge Wachira
MSC (Agriculture & Rural Dev)
BSc (Agriculture)
Member (KESAP)

**Ag. Chief Executive
Officer**



Ms. Carolyn Imbwaga
MSC (Agronomy & Rural Dev)
BSc (Agriculture)
Member (KESAP)

**Crop Production &
Research Manager**



CPA Edward. O. Ochele
BBA - Finance (On-going),
CPA (K)
Member (ICPAK)

Ag. Finance Manager



Ms. Elizabeth A. Luby
BCom (Human Resource Mgt)
Dip -Business Mgt
Member institute of HRM

**Ag. Human Resource
& Administration
Manager**



Mrs. Rosaline Chepngeno
BSc in Science
Post Graduate Dip in Procurement & Supplies
Member (KISM)

**Planning & Strategy
Manager**



Mr. Joel Atuti Nyachiro
BA In Economics & Statistics
Diploma in Production Mgt

**Internal Audit
Manager**



KEY MANAGEMENT TEAM



Mr. Vincent Ouma
Higher National Diploma in
Applied Chemistry

Ag. Factory Manager



Mrs. Winfred Waweru
MBA (Strategic Mgt)
BCom (Marketing Option)
Diploma in Business Mgt

**Business Development
Officer**



Mr. Peter Kaumbuthu
MSc. (Procurement).
BBM(Supplies).
Diploma in Procurement and Supplies.
Member (KISM).

Procurement Officer



Mr. Kenneth C. Ronoh
Higher Diploma IDPM
ICT Manager

Ict Manager



5. FIDUCIARY MANAGEMENT

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

No.	DESTINATION	NAME
1	Ag. Chief Executive Officer	Ms. Carolyn Imbwaga
2	Ag. Crop Production & Research Mgr.	Mrs. Priscillah Telliery
3	Ag. Factory Manager	Mr. Vincent Ouma
4	Product Dev. & Marketing Mgr.	Mrs. Winfred Waweru
5	Ag. Finance Manager	Mr. Edward Ochele
6	Ag. Procurement Officer	Mr. Peter Kaumbuthu
7	Ag. Human Resource Manager	Ms. Elizabeth Lubyia
8	Planning and Strategy Manager	Mrs. Rosaline Chepngeno
9	ICT Manager	Mr. Kenneth Rono
10	Internal Auditor	Mr. Joel Atuti

6. FIDUCIARY OVERSIGHT ARRANGEMENTS

The PPCK Board has 4 committees whose primary role is to provide fiduciary oversight role in the governance of PPCK.

a. Finance and General-Purpose Committee

This Committee is responsible for recommending financial policies, goals, and budgets that support the realization of the mission, vision and strategic goals of the Company. It also reviews the Company financial performance against its set goals and targets. It is responsible for ensuring that the Company has effective and efficient internal financial controls and reviewing and recommending the Company long, medium- and short-term financial plans to realize the Company mandate.

It also ensures that the Company has optimal liquidity for efficient and effective realization of its mandate and reviewing financial reports and making appropriate recommendations to the Board.

b. Audit Committee

The Board is committed to ensuring that ethics and integrity remain at the core of the Company operations. The Audit Committee's objective includes ensuring that the Company existing internal controls are planned, structured and implemented. Further, the Committee reviews the proposed audit scope, approach and audit deliverables, and ensures implementation of internal and external audit recommendations.

The mandate relating to Financial Reporting and Related Reporting Practices requires the Audit Committee to review the annual financial statements of the Company, the external auditor's opinion and their comments on internal controls and other observations.



The Audit Committee reports to the Board on the standing and independence of the internal audit function within the Company. In furtherance of this the Board continuously implements systems and processes that purpose to integrate ethical practices in all the Company operations.

a. Technical Committee

This Committee is mandated to advise on the technical operations of the company in the implementation of the operational performance in the technical departments Factory, Crops and Research, Quality Control, Product development and marketing dept respectively.

It is responsible for advising and recommending to the Board on the performance of the technical operations of the company, the objectives and the progress of the Company in achieving what it has set out to undertake as per the Performance Contract.

b. Human Resource Committee

This Committee reviews Human Resource policies and HR instruments for efficient and effective functioning of the human resource capital in the Company. The committee advises the Board on the HR matters on recruitment of staff reviews and recommends the Company long, medium and short-term human resource needs.



7. CHAIRMAN'S STATEMENT.



The Pyrethrum Processing Company of Kenya (PPCK) Limited is a body corporate registered under the Company's Act CAP 486 Laws of Kenya with the core mandate of processing and marketing of pyrethrum products. On behalf of the Board of Directors therefore, it gives me great pleasure to present the 2023/24 Company Report and Annual Financial Statements. The annual Financial Report is critical in strategic decision making in order to align it with the overall performance of the Company.

During the year under review the Company mainly focused on the revival strategy to restore the Company back to its former glory as a world class reference point in production of high-quality pyrethrum and pyrethrum products. Through providing the required leadership in designing suitable plans and strategies that will contribute to sound and sustainable socio-economic development; the Board undertakes to ensure that the Company has a credible Risk Management Strategy and Performance Contract designed to deliver the desired goals.

Despite myriad of challenges experienced during the year, the Board oversaw positive trajectory in pyrethrum crop development through seed and seedling distribution network to contracted pyrethrum farmers at highly

subsidised rates aimed at spurring increase in crop production. The Board is therefore committed in ensuring prudent utilization of resources towards sustainable business as a driving factor in the achievement of the Bottom-Up Economic Transformational Agenda.

On behalf of the Board therefore, I wish to express my appreciation to the National Government through the Ministry of Agriculture and Livestock Development for their sustained support in policy matters, Board of Directors for providing guidance in leadership and governance to the Company and the management and staff for implementing organizational strategies on a day-to-day basis. I also thank our valuable pyrethrum growers and other shareholders for extending significant support, trust, and dedication.

Finally, I wish to assure you that the Board through, the principles of good governance, recognizes its collective responsibility to ensure that the growers achieve above average sustainable returns on their

H.E Granton Samboja
Chairman of the Board

Date 15th December 2025



8. REPORT OF THE CHIEF EXECUTIVE OFFICER



The Company is committed in fulfilling its mandate to: produce and supply high quality pyrethrum planting materials, purchase dry flowers from growers, process, market high-quality value-added products and provide technical and scientific services for the economic benefit of growers, other stakeholders and the Country in foreign exchange earnings.

In the FY 2024/25, we reviewed advance payment to growers up from Kshs 200 to 300 per kilo of dry pyrethrum flowers, as an incentive towards increase in flower production, cushion growers to continue maintaining the crop, and ultimate revival of the Company. We further strengthened crop expansion, through collaborative ventures with other stakeholders in the pyrethrum growing Counties in the Country, and initiated a strategic business development plan for decision making and resource allocation towards defining our goals.

In order to achieve our revival strategy, we have ensured equitable distribution of planting materials and put in place a seed and seedling distribution and verification mechanism for transparency and accountability. Enhancing the tissue culture laboratories to multiply quality clean planting material, and putting in place a corresponding monitoring framework aimed at putting checks and balances, seedling distribution programs has been among the pillars of our revival. In order to achieve success, we undertake to employ inclusivity and prudence in our engagement with stakeholders as we define our business focus through the concept of value addition for generation of improved revenue in a liberalised business environment. Key achievements of the Company include the ongoing development of high-quality planting materials leading to increase in pyrethrum production, PPCK Ltd focuses mainly on pyrethrum research, planning and information management, corporate governance and institutional framework. It further ensures revamping of the infrastructure, community livelihood improvement; and partnership/collaboration for resource mobilization and capacity development. This will inspire social transformation with regard to the Kenya's economy.



Through the Bottom-up Economic Agenda (BETA), the Company plays a key role in the economy by providing direct and indirect employment to several people. Across the value chain, we contribute towards public health sector, crop protection and animal health through provision of safe products that are environmentally friendly, pyrethrum based commercial products thereby supporting livelihoods of several citizens. In conclusion, I appreciate the support from the Ministry of Agriculture, and the immense guidance from the Board during the year under review. I am grateful for the continued confidence of my management team as well as my fellow staff members as the Company undergoes gradual recovery.



Mr. Ephraim N. Wachira
Ag. Chief Executive Officer

DATE 1ST December 2025



9. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/25

PPCK has one strategic pillar and four strategic objectives within the current Strategic Plan for the FY 2024-2025 as listed below;

Strategic Pillar: Manufacturing Sector

Strategic Objectives are as follows:

1. Boost Pyrethrum production & Productivity.
2. To increase market share
3. To comply with the policy, legal and regulatory framework
4. To enhance financial stability
5. To comply with presidential directives

PPCK develops its annual work plans based on the above four strategic objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Board achieved its performance targets set for the FY 2024/25 period for its four strategic objectives, as indicated in the diagram below:

Strategic Pillar/ Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Production and productivity	To boost pyrethrum production and productivity	Quantity of dry flowers delivered	To deliver 150 MT Dry flowers to Factory for processing	Received 107.355MT of dry flower deliveries Processed Grist totaling to 113.972 Tonnes to yield OR 2550 Kgs
		Quantity of seed produced	To produce 100kgs of seed	Received 130Kgs of seed
		No. of planting materials distributed	To Distribute 10M pyrethrum planting materials	Distributed 3,110,900 planting materials to farmers
Market and value addition	Increase market share	Update of product and market registrations	Registration of product and market	Promotion of value addition
Legal policy and regulatory framework	To comply with legal policy and regulatory framework	Policy compliance	Ensure full compliance with legal, policy and regulatory framework	100% compliance with legal, policy and regulatory framework
Financial sustainability	Mobilize adequate financial resources on a sustainable manner to finance PPCK operations	Revenue generated internally	Generate Kshs 337 million as A-in-A revenue as per Sup No III Budget.	Achieved Kshs 117 million.
Compliance with presidential directives	Allocation of tenders under AGPO	Number of tenders allocated	Allocation of tenders amounting to Kshs 148,063,909.00 under AGPO	Allocated tenders amounting to Kshs 6,554,920 under AGPO
	Allocation of tenders under Buy Kenya Build Kenya	Number of tenders allocated	Allocation of tenders amounting to Kshs 197,418,545.40 under Buy Kenya Build Kenya	Allocated tenders amounting to Kshs 35,047,453.66 Under Buy Kenya Build Kenya



10. CORPORATE GOVERNANCE STATEMENT

The Pyrethrum Processing Company of Kenya Ltd is a company registered under the repealed Company's Act CAP 486 currently operating Reg Cert No. 5691 and carrying out the Commercial business of the defunct Pyrethrum Board of Kenya in line with the provision of section 3 (i) of the first schedule on transition provision of Agriculture and Food Authority Act of 2013.

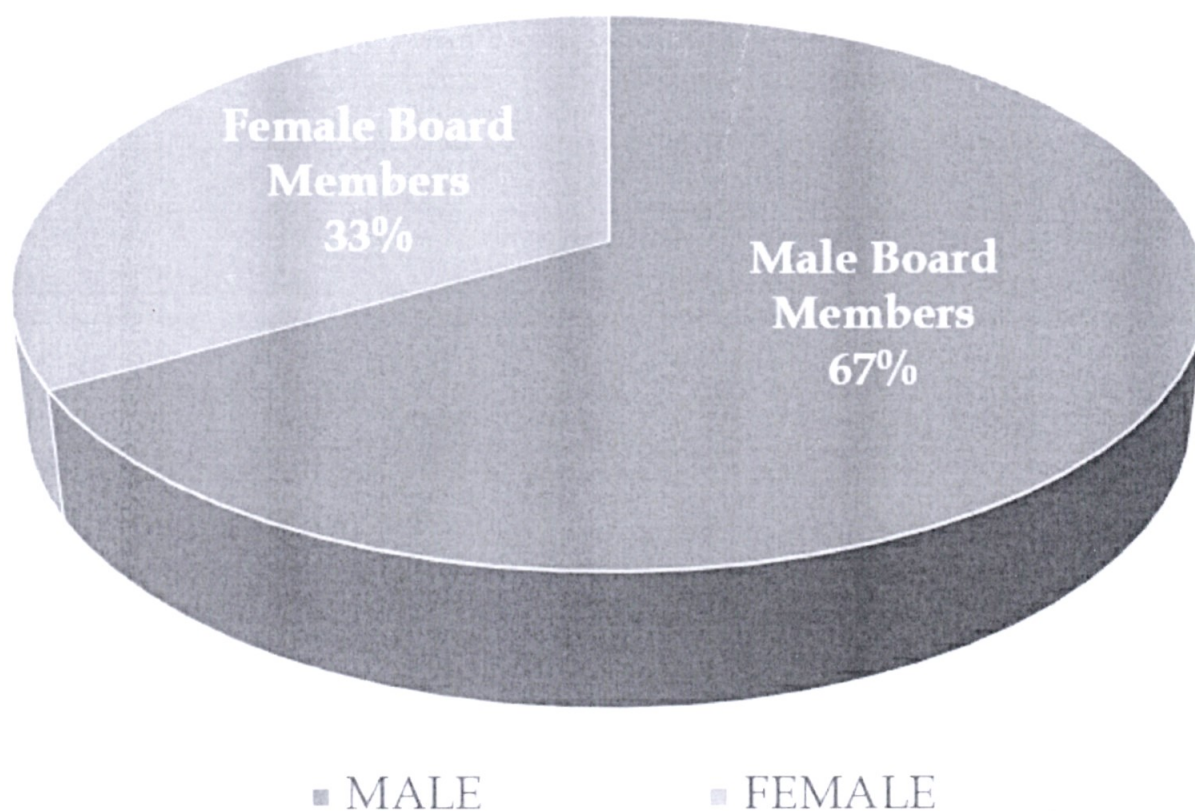
a. Board Appointment.

Members of the Board other than ex-officio members hold office for a period of three (3) years and are eligible for re-appointment for another one term.

b. Board Diversity

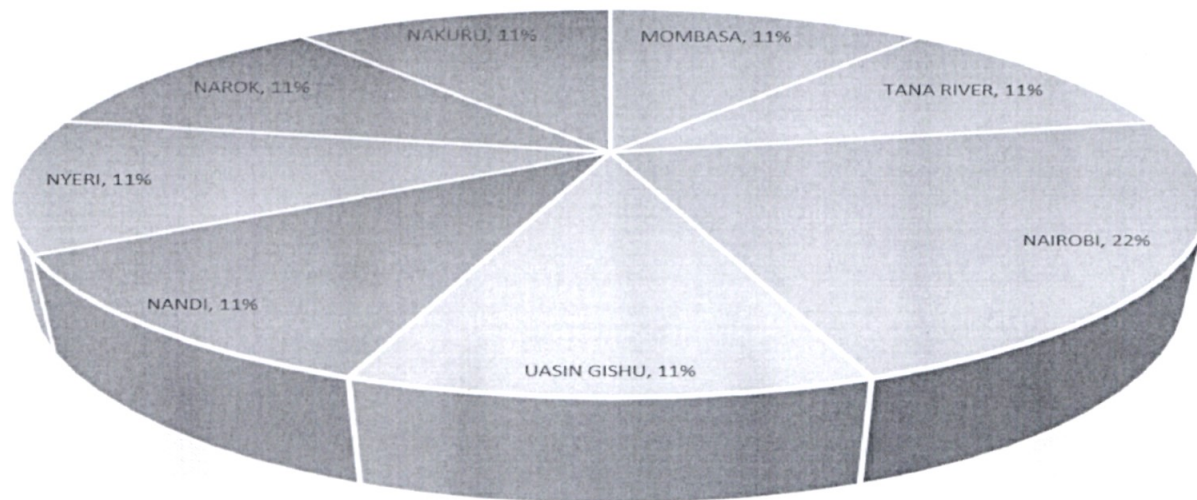
The Board Members represent appropriate skill, experience, gender, diversity to facilitate effective execution of the Company mandate, the Board is constituted by members who have experience in Economics, corporate governance, public finance management. The diversity of the Board members also encapsulates the gender distribution depicting the face of Kenya as shown below:

Gender Distribution



CORPORATE GOVERNANCE STATEMENT (Cont.)

County Representation



MOMBASA TANA RIVER NAIROBI UASIN GISHU NANDI NYERI NAROK NAKURU

c. Roles and Function of the Board

The roles and responsibilities of members are outlined in the company's Act, 2013. These roles and responsibilities are also detailed, in the Board's annual work plans, and in the Board Charter, an induction training is also held for new Board members. The PPCK Board is comprised of the following committees with the respective terms of reference.

❖ **Technical Committee.**

The committee provides expert advice and oversight on technical matters, helping to ensure the board's decisions are well-informed and effective.

- i) Providing Technical Expertise:
- ii) Oversight and Monitoring:
- iii) Process and Quality Control:
- iv) Monitoring and Evaluating Production:
- v) Maintaining and improving equipment:
- vi) Ensuring compliance with regulations:
- vii) Research and Development

- Agriculture research
- Industrial process research
- Information technology



CORPORATE GOVERNANCE STATEMENT (Cont.)

❖ **Audit Committee.**

- i) Ensure that internal controls are established and effectively maintained;
- ii) Reviewing internal controls including the scope of the internal audit and the internal audit findings, and recommend action to be taken by management;
- iii) Confirm that appropriate action has been taken;
- iv) Ensuring that accounting records and financial reports are promptly prepared;
- v) Reviewing co-ordination between the internal and external audit functions;
- vi) Reviewing management reports and reports from the internal and external auditors concerning deviations and weaknesses in accounting and operational controls;
- vii) Ensuring that relevant plans, policies, and control procedures are established and properly administered;
- viii) Ensuring that policies and control procedures are sufficient to safeguard against error, carelessness, conflict of interest, self-dealing and fraud;
 - ix) Investigating members' complaints;
 - x) Keeping minutes of its work;
 - xi) Considering any matter of significance raised.

❖ **Finance and General-Purpose Committee.**

- i) To receive and consider the Corporate's annual budget and revisions of the same prior to its submission to the AGM for approval;
- ii) To receive and consider the financial analysis of all proposed major capital developments;
- iii) To review from time to time and propose amendments if deemed appropriate to the corporate's procurement and disposal policies and procedures;
- iv) Ascertaining that all tender awards made by management have complied with the corporate's procurement and Disposal procedures;
- v) To review and give guidelines to management on the investment of corporate funds and the corporates adherence to the Investment policies established by law;
- vi) To review the placing of the Corporate's insurance portfolio and options for covering all insurable risks.

❖ **Human Resource Committee.**

- I) Undertake recruitment process for staff;
- ii) Assist in outsourcing of services;
- iii) Undertake job analysis;
- iv) Prepare job description and design for employees;
- v) Undertake human resource research and audit;
- vi) Conduct seminars for prospective retirees before separation;
- vii) Develop human resource succession plans;
- viii) Identification and determination of education needs to the board, employees and other stakeholders (for example farmers).



CORPORATE GOVERNANCE STATEMENT (Cont.)

d) Conflict of Interest

The Board members have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Board. All transactions with all parties, directors or their related parties are carried out at arm's length. Board members are obligated to disclose to the Board any real or potential conflict of interest, which may come to their attention whether direct or indirect. During every Board meeting, an agenda item exists which requires members to make a declaration of any conflict of interest they may have in the business to be discussed. The Secretary to the Board maintains a register of conflicts of interest, which is updated where a conflict is declared.

e) Statement of compliance

The Board conducted its business affairs in compliance with applicable laws, rules, regulations, relevant executive orders and circulars.

f) Board Oversight

The Board is responsible for the formulation, implementation and monitoring of the Company Strategic Plan thus providing appropriate strategic direction for the Company.

The Board ensures that the Company adheres to proper corporate governance practices and is also responsible for managing the Company risks. The Board recognizes and is committed to delivering its responsibility to all stakeholders.

g). Board Trainings and Development.

The Board supports the members and the Secretariat to attend training and seminars relating to Corporate Governance, Strategic leadership, legal & regulatory Compliance financial oversight /reporting to improve the technical expertise of the Board.

For the period under review some of the Programmes attended by the board include

- Board Induction
- Risk management



SEATED L-R : LUCHERI M, NYAMWAMU B, IMBWAGA C, KAGUAMBA P, OLE MPOE S, & CHEPKOECH C.
STANDING L-R: MAINA Z, MWANGI E, KHAMIS N, OKOYO L& KANYUA N.

DGMB Training on Enterprise Risk Management and Corporate Fraud



CORPORATE GOVERNANCE STATEMENT (Cont.)

h) Board and Members Performance.

Mwongozo, the Code of Governance for State Corporations, requires that Board of Directors in State Corporations carry out an annual performance evaluation and file a report thereof with the parent Ministry (MOA&L) and the State Corporations Advisory Committee (SCAC). A Board evaluation exercise is scheduled for FY 2024/25 In September 2025.

i). Board Remuneration.

The Board is remunerated in accordance with the approved Terms and Conditions of Service prescribed under various Government Circulars. Details of Board and committee allowances are included in these financial statements.

j. Code of Ethics and Conduct

The Board is committed to ensuring high standards of integrity and professionalism. In setting the right tone, the Board has signed a Code of Conduct and declares areas of conflict of interest in agenda items for discussion in a meeting. Staff have also signed a Code of Ethics and are expected to maintain high standards of integrity and display exemplary behavior in upholding ethical values.

k). Board Charter.

The Board's Charter outlines powers and responsibilities of the Board and its members, appointment, remuneration, term of the Board members, conduct of meetings, committee's terms of reference, conflict of interest among others. The Charter is premised on the Mwongozo Code and best Corporate Governance Practices.

l) Board Attendance

A record of attendance of Board Meetings and Board Committee Meetings was kept during the period under review. The provisions of the Company's Act, the State Corporations Act and the Mwongozo Code of Governance for State Corporations pertaining to attendance and absence from meetings have been adhered to.



Schedule of Board Attendance

Full Board Meetings

During the year the board held 5 full board meetings as summarized in the annual attendance sheet as shown below;

SUMMARY FY 2024 - 2025						
NO	NAME	FULL BOARD MEETING				
		Q1	Q2	Q3	Q4	TOTAL
1	H.E. Granton Samboja	0/1	0/0	0/3	1/1	1/5
2	Stanely Ole Mpoe	1/1	0/0	3/3	1/1	5/5
3	Nabil Khamis Salim	1/1	0/0	3/3	1/1	5/5
4	Milton Lucheri	0/1	0/0	0/3	1/1	1/5
5	Paul Kaguamba	0/1	0/0	0/3	1/1	1/5
6	Beatrice Nyamwamu	0/1	0/0	0/3	1/1	1/5
7	Carolyne Chepkoech	1/1	0/0	3/3	1/1	5/5
8	Noreen W. Kanyua	1/1	0/0	3/3	1/1	5/5
9	Zakayo Maina	1/1	0/0	3/3	1/1	5/5
10	Joe Owaka Ager	1/1	0/0	0/3	0/1	1/5
11	Jenaro G. Ithinji	1/1	0/0	3/3	0/1	4/5
12	Serah Wataku	1/1	0/0	3/3	0/1	4/5
13	Justus M. Monda	1/1	0/0	3/3	0/1	4/5
14	Dr. Hesbon Otinga	1/1	0/0	3/3	0/1	4/5
15	Carolyne Imbwaga	-	-	3/3	1/1	4/5



Schedule of Board Attendance (Cont.)

Special Full Board Meetings

During the year the board held special 17 meetings as summarized in the annual attendance sheet as shown below;

SUMMARY FY 2024 - 2025						
NO	NAME	SPECIAL FULL BOARD				
		Q1	Q2	Q3	Q4	TOTAL
1	H.E. Granton Samboja	0/2	0/7	0/4	2/4	2/17
2	Stanely Ole Mpoe	2/2	4/7	3/4	4/4	13/17
3	Nabil Khamis Salim	2/2	4/7	4/4	4/4	14/17
4	Milton Lucheri	0/2	0/7	0/4	2/4	2/17
5	Paul Kaguamba	0/2	0/7	0/4	2/4	2/17
6	Beatrice Nyamwamu	0/2	0/7	0/4	2/4	2/17
7	Carolyne Chepkoech	2/2	4/7	4/4	4/4	14/17
8	Noreen W. Kanyua	2/2	2/7	2/4	2/4	8/17
9	Zakayo Maina	2/2	7/7	4/4	4/4	17/17
10	Joe Owaka Ager	0/2	7/7	3/4	0/4	10/17
11	Jenaro G. Ithinji	2/2	7/7	4/4	1/4	14/17
12	Serah Wataku	2/2	4/7	4/4	1/4	11/17
13	Justus M. Monda	2/2	7/7	2/4	1/4	12/17
14	Dr. Hesbon Otinga	2/2	6/7	2/4	1/4	11/17
15	Carolyne Imbwaga	-	-	2/4	4/4	6/17

During the period, a number of special full board meetings were held to address matters typically delegated to board committees, which had not yet been constituted. Additionally, new board members and chairpersons were appointed during the period, contributing to the transitional governance arrangements.



Schedule of Board Attendance (Cont.)

Board committee meetings for the period ended 30th June 2025

During the Financial the committees attended quarterly meetings as shown below

A. Finance & GP Board Committee

The Governance and strategy committee held four (4) meetings during the year as summarized below;

SUMMARY FY 2024 - 2025						
NO	NAME	FINANCE & GP BOARD COMMITTEE				
		Q1	Q2	Q3	Q4	TOTAL
1	Nabil Khamis Salim	1/1	1/1	1/1	1/1	4/4
2	Milton Lucheri	0/1	0/1	0/1	1/1	1/4
3	Paul Kaguamba	0/1	0/1	0/1	1/1	1/4
4	Jenaro G. Ithinji	1/1	1/1	1/1	0/1	3/4
5	Justus M. Monda	1/1	1/1	1/1	0/1	3/4
6	Dr. Hesbon Otinga	1/1	1/1	1/1	0/1	3/4
7	Carolyne Chepkoech	0/1	0/1	0/1	1/1	1/4
8	Noreen W. Kanyua	1/1	1/1	1/1	1/1	4/4

B. Human Resource Board Committee

The human Resource Board Committee held two (2) meetings during the year as summarized below;

SUMMARY FY 2024 - 2025						
NO	NAME	HUMAN RESOURCE BOARD COMMITTEE				
		Q1	Q2	Q3	Q4	TOTAL
1	Stanely Ole Mpoe	0/0	0/0	1/1	0/1	1/2
2	Nabil Khamis Salim	0/0	0/0	0/1	1/1	1/2
3	Milton Lucheri	0/0	0/0	0/1	1/1	1/2
4	Paul Kaguamba	0/0	0/0	0/1	1/1	1/2
5	Justus M. Monda	0/0	0/0	1/1	0/1	1/2
6	Carolyne Chepkoech	0/0	0/0	1/1	0/1	1/2
7	Noreen W. Kanyua	0/0	0/0	1/1	1/1	2/2
8	Zakayo Maina	0/0	0/0	1/1	1/1	2/2



Schedule of Board Attendance (Cont.)

C. TECHNICAL BOARD COMMITTEE

Technical Board Committee held two (2) meetings during the financial year as summarized below;

SUMMARY FY 2024 - 2025						
NO	NAME	TECHNICAL BOARD COMMITTEE				
		Q1	Q2	Q3	Q4	TOTAL
1	Stanely Ole Mpoe	0/0	0/0	1/1	1/1	2/2
2	Beatrice Nyamwamu	0/0	0/0	0/1	1/1	1/2
3	Serah Wataku	0/0	0/0	1/1	0/1	1/2
4	Carolyn Chepkoech	0/0	0/0	1/1	1/1	2/2
5	Noreen W. Kanyua	0/0	0/0	1/1	1/1	2/2
6	Zakayo Maina	0/0	0/0	1/1	1/1	2/2

D. AUDIT BOARD COMMITTEE

Audit Board Committee held three (3) meetings during the financial year as summarized below,

SUMMARY FY 2024 - 2025						
NO	NAME	AUDIT BOARD COMMITTEE				
		Q1	Q2	Q3	Q4	TOTAL
1	Stanely Ole Mpoe	0/0	0/0	0/1	1/2	1/3
2	Nabil Khamis Salim	0/0	0/0	0/1	1/2	1/3
3	Beatrice Nyamwamu	0/0	0/0	0/1	1/2	1/3
4	Jenaro G. Ithinji	0/0	0/0	1/1	1/2	2/3
5	Dr. Hesbon Otinga	0/0	0/0	1/1	1/2	2/3
6	Milton Lucheri	0/0	0/0	0/1	1/2	1/3
7	Noreen W. Kanyua	0/0	0/0	1/1	1/2	2/3
8	Zakayo Maina	0/0	0/0	0/1	2/2	2/3



11. MANAGEMENT DISCUSSION AND ANALYSIS

The current production of pyrethrum dry flowers has increased for the period under review due to the efforts and strategies that have been put in place to increase the crop expansion in the field both output and acreage, for the period under review the company was able to receive **107MT** of dry flowers for processing this has been achieved by

- Revamping of the seed fields and nurseries (Molo & Marindas) to maximize quality seed production.
- Distribution of quality materials from contracted private labs propagators and commercial nursery operators which has been distributed to growers across the 18 pyrethrum growing counties.
- Prompt monthly payments to growers for their deliveries has brought back the confidence of growers in growing the pyrethrum hence increasing the crop acreage in their farms.

The company's current working processing facility has a capacity to process **25MT** of dry flowers per day, the management is putting more efforts to ensure that maximum production of dry pyrethrum flowers has been achieved and delivered in the factory for processing and value addition. To ensure that flower deliveries retain the pyrethrin content and that processing continues the management has planned for a procurement of a modern efficient extraction machine which will ensure continuous processing of the dry flowers.

PPCK operates two tissue culture laboratories, one in Muguga within the KEPHIS complex and the other in Molo, which also houses two greenhouses within the KARLO complex. The Molo Pyrethrum Nursery is in a **26-acre** land Centre of Excellence managed by the PPCK. Within the Head office PPCK operates two Laboratories, an Entomology laboratory, and a Bioassay laboratory. PPCK has been licenced by Kenya Plant Health Inspectorate Service (KEPHIS) as a registered seed merchant. Seed production, processing and sale is as per the acts governing seed production as envisaged in the Seed and Plant Varieties Act CAP 326. The management has contracted private tissue culture propagators and private nursery operators for production of more seed and seedlings due to the demand required by the growers in the field.

Pyrethrum industry recovery which is a Vision 2030 flagship project is a project under the Ministry of Agriculture and livestock development and its being implemented by Pyrethrum Processing Company of Kenya Ltd. The project initial cost was Kshs 3.4B commencing on 1st July 2014 with expected completion date of 30th June 2030.

On enhanced Accessibility of services, the Company integrated some of its services and products onto the E-Citizen platform thus enabling the Public to seamlessly access its services from E-Citizen in line with the Government's agenda of leveraging technology to enhance service delivery.

Additionally, the management is planning to upgrade ICT Equipment and Infrastructure enhancement in a bid to keep pace with evolving technological needs as well as ensuring the confidentiality, integrity and availability of service provision internally and to the stakeholders, the only challenges the Company is facing is budgetary provision in which the management is addressing by engaging the



Cont. MANAGEMENT DISCUSSION AND ANALYSIS

parent ministry for more additional funding for this vote.

Promoting Effectiveness and Efficiency in Procurement Processes In compliance with Article 227 of the Constitution of Kenya 2010, the Company's procurement processes are undertaken within the provisions of the Public Procurement and Asset Disposal Act, 2015, Public Procurement and Asset Disposal Regulations 2020, Guidelines and Directives issued by the National Treasury Circulars and the Public Procurement Regulatory Authority (PPRA).

Importantly, the management prepares and submits accurate Statutory Reports within the statutory timelines to the relevant government agencies i.e to the office of the Controller of Budget, The National Treasury, Public Procurement Regulatory Authority (PPRA), and other government agencies.

PPCK, as the successor of the former PBK has inherited its market intellectual property rights in the various market segments. PPCK continues to develop both the technical and end-use markets for the Kenya Pyrethrum Brand, to which it has registered and maintains the brand. PPCK inherited registration in the major market segments from the defunct Pyrethrum Board of Kenya (PBK). These include the European Market- EU-Listing., America, Asia & Africa. Meanwhile, PPCK has registrations in various African markets. It should be noted that with certification from the Kenyan Pest Control and Products Board; it is easier for the company to access other African markets.

Major risks facing the organization

Strategic risk- PPCK's strategy may become less effective in facilitating achievement of its mandate due to changes in the operating environment. PPCK regularly monitors its strategic plan to advise the Board on mitigation strategies.

Compliance risk- PPCK as a Government institution is expected to comply to provisions of various laws and circulars. The Company complies with all relevant laws and circulars issued from time to time.

Financial risk- PPCK is semi-autonomous institution which it generates its own source of revenue and also receive GOK grants from the National Treasury through transfers from the exchequer. the effects of market dynamics (exchange rates & commodity prices both local and international) have a direct impact on the revenue inflows which is key in overall performance of the company, the management mitigate this risk by diversifying more revenue streams. As the company operations increases, the budgetary allocation also increases and this calls for the company to manage the risk of underfunding -absorption.

Operational risk- The Company faces various operational risks emanating from the limitations in our enabling legislation anchoring the company (crops act & company's act), the processing factory running in an old technology, old ICT infrastructure, inadequate human resource capital, historical pending bills and legal issues, threats emanating from the competitors and managing the organizational brand



Cont. MANAGEMENT DISCUSSION AND ANALYSIS

visibility in the market. This operation risks calls for the Board and management to develop mitigation strategies such as budgeting for more resources to modernize the factory and ICT infrastructure initiating legal reforms through our parent ministry, the National Treasury, undertake legal compliance audits, engaging with the Parent ministry on how to recruit more staff to replace the retiring staff, and putting in place a business continuity plan for the operations of the Company.

A. PCK's Financial Performance for the Last Five Years.

DESCRIPTION	2024/25	2023/24	2022/23	2021/2022	2020/2021
REVENUE	"000"	"000"	"000"	"000"	"000"
Pyrethrum Product Sales	68,975	66,616	69,241	62,741	44,292
Cost of Sales	(70,097)	(29,216)	(105,659)	(53,752)	(41,732)
Gross Deficit/Surplus	(1,122)	37,400	(36,418)	8,989	2,560
Rent	37,272	27,769	24,997	24,368	17,659
Farms	3,357	1,398	2,862	1,731	2,833
Other Income	8,028	28,456	28,123	4,891	6,363
Other Gains/(losses)	(43,214)	(43,213)	(43,898)	(44,868)	(42,943)
Total Income Before Gok Grants	4,321	51,810	(24,334)	(4,889)	(13,528)
Government Grants	156,000	269,000	232,000	272,000	397,000
Total Income with GOK Grants	160,321	320,810	207,666	267,111	383,472
EXPENDITURE					
Operating Expenses	(363,044)	(408,017)	(456,129)	(391,724)	(340,597)
Total Expenses	(363,044)	(408,017)	(456,129)	(391,724)	(340,597)
Net Surplus / Deficit	(202,723)	(87,207)	(248,463)	(124,613)	42,875

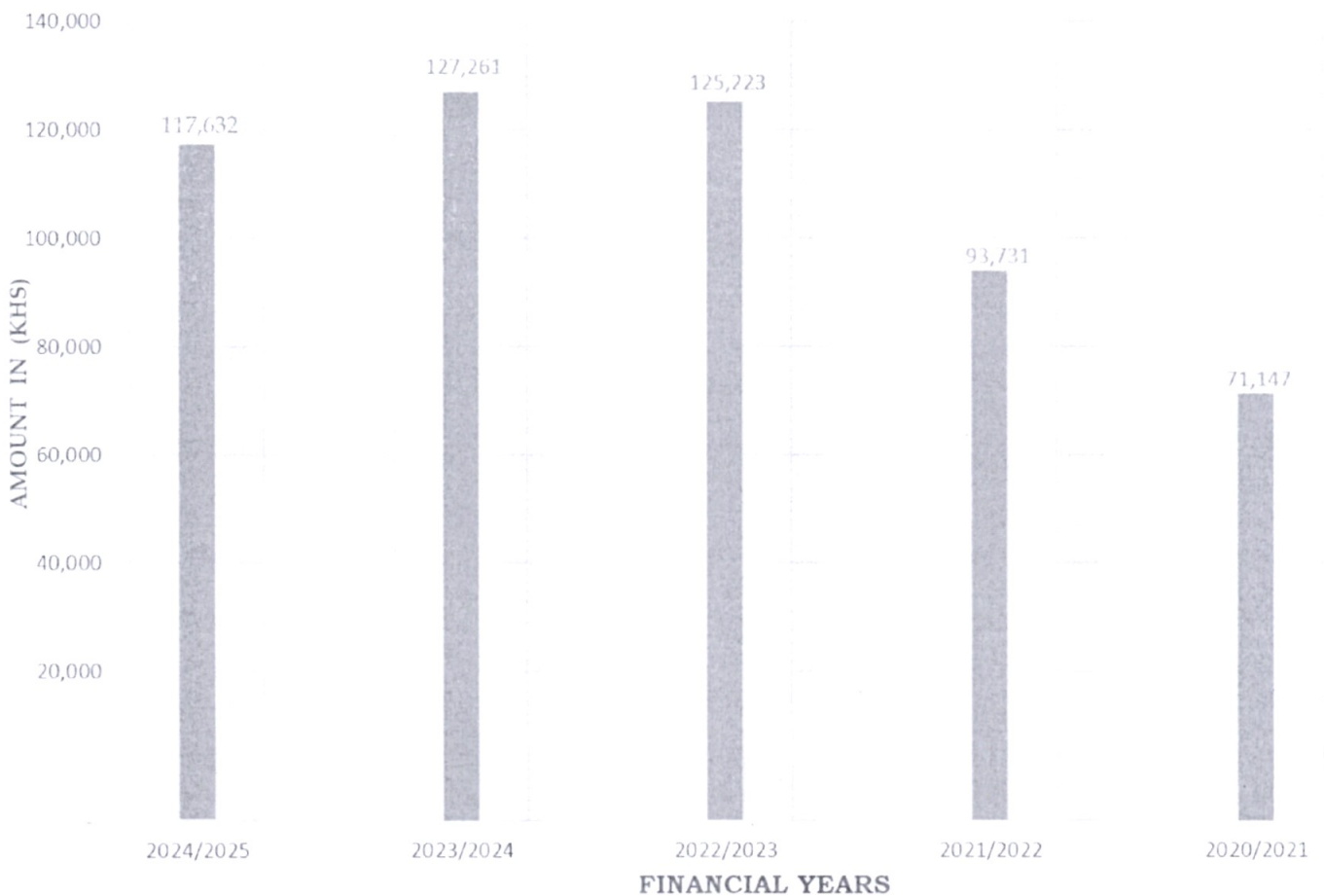


Cont. MANAGEMENT DISCUSSION AND ANALYSIS

B. Revenue Generated

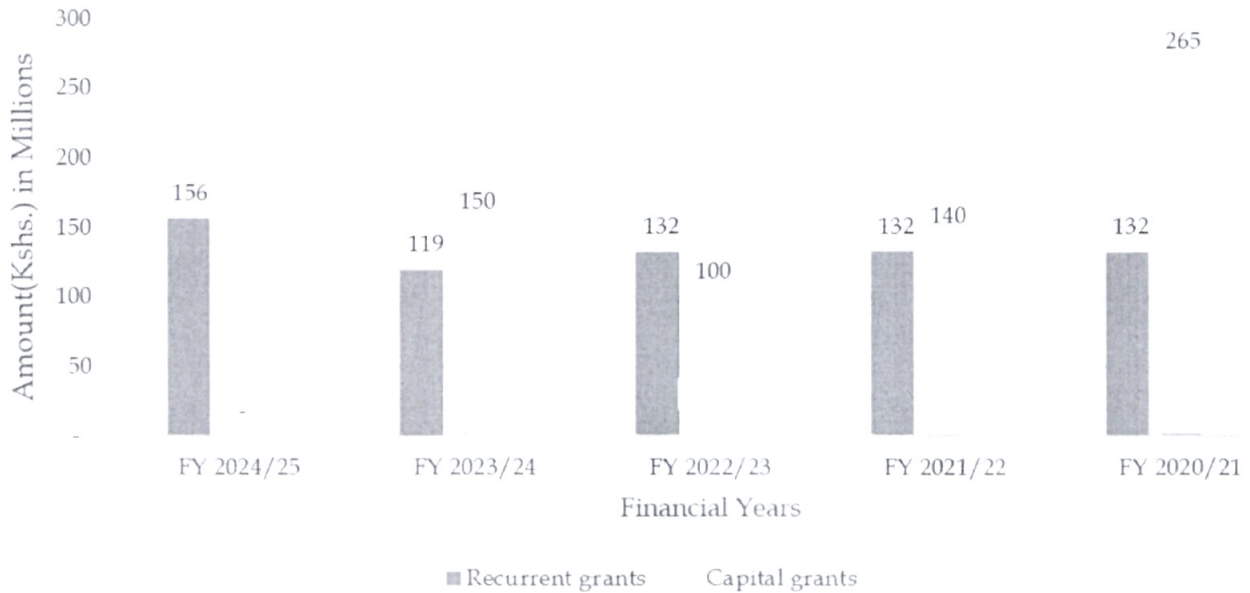
PPCK revenue draws its revenue from sale of pyrethrum extracts, rental income, farm receipts, other miscellaneous receipts and GoK grants. The revenue graphs indicate the trends and categories of revenue that the company received to finance its operations and activities for the last five years. The sales matrix for pyrethrum extracts for a period of 5 years which signifies an increase in volume of raw materials (Pyrethrum flowers) delivered to the factory for processing in the last two years due to various revival strategies employed by the company. The summary of revenue generated is shown below;

INTERNALLY GENERATED REVENUE (MILLIONS)

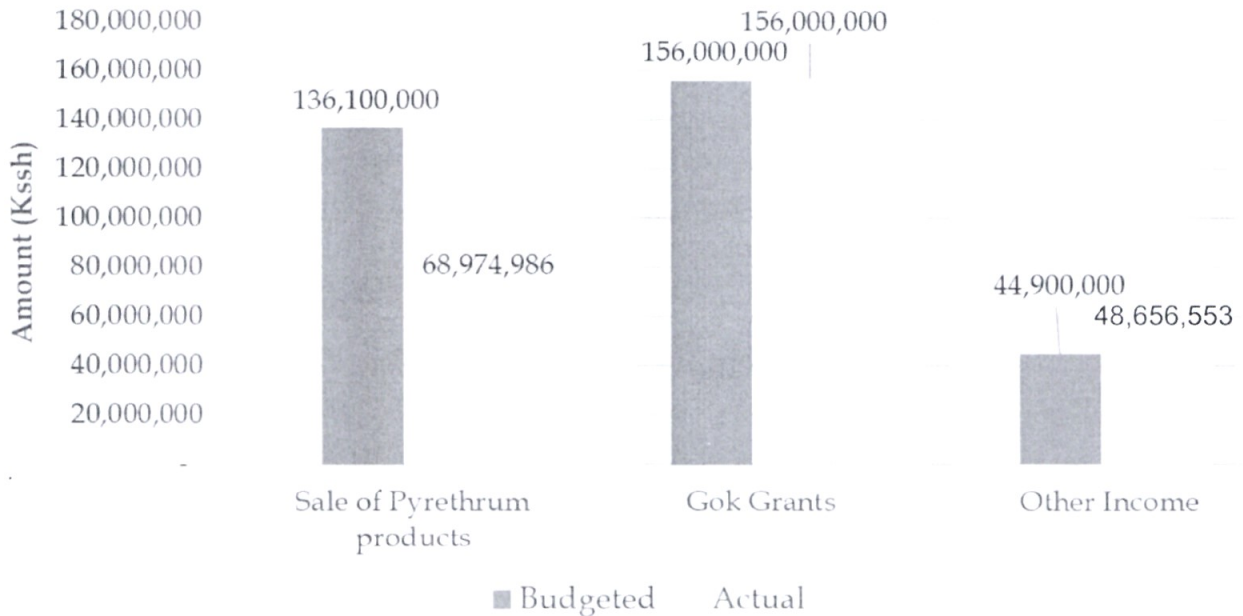


Cont. MANAGEMENT DISCUSSION AND ANALYSIS

GOK GRANTS RECEIVED

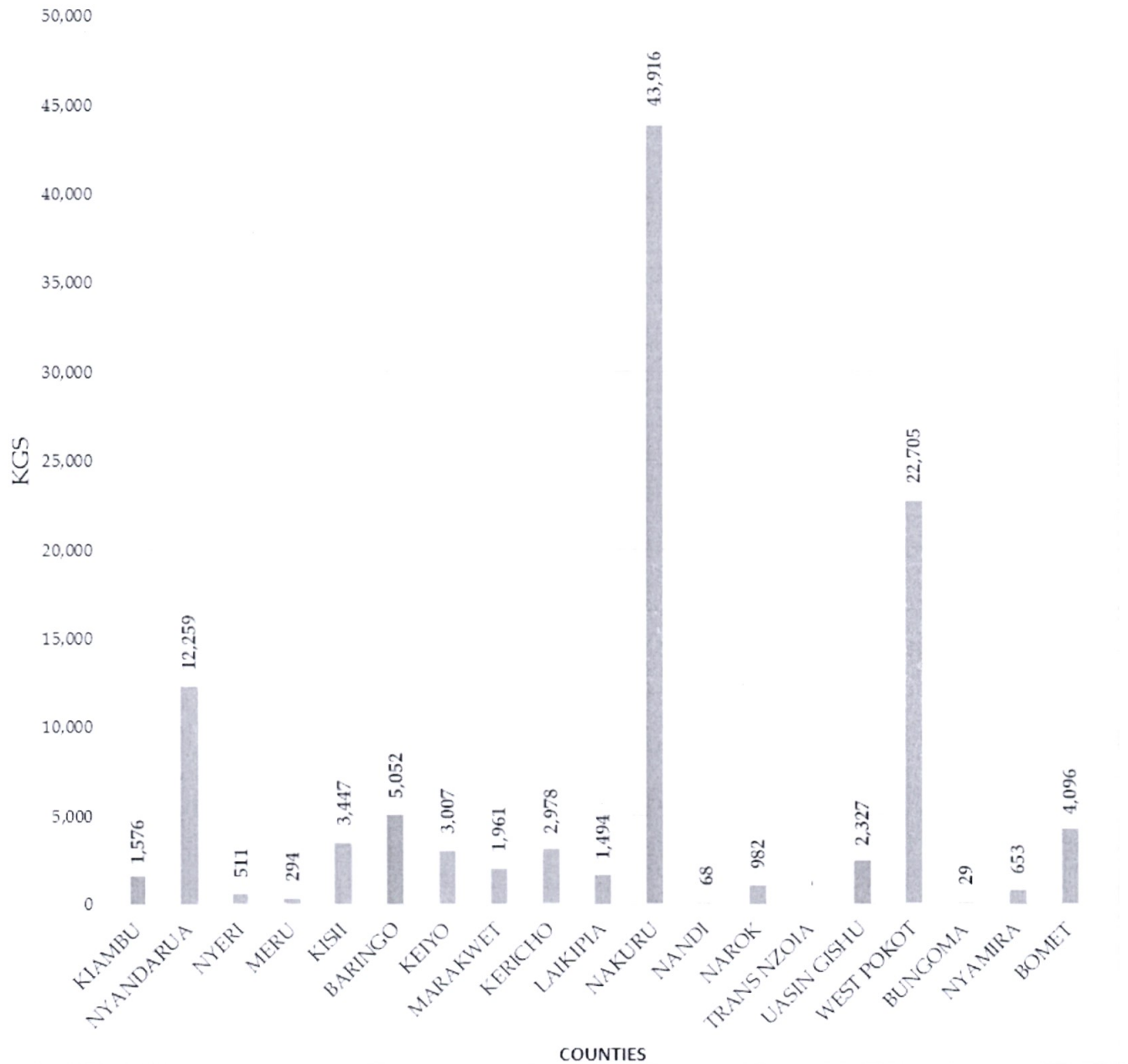


ACTUAL VERSES BUDGETED REVENUES



Cont. MANAGEMENT DISCUSSION AND ANALYSIS

FLOWER DELIVERIES IN KGS PER COUNTY



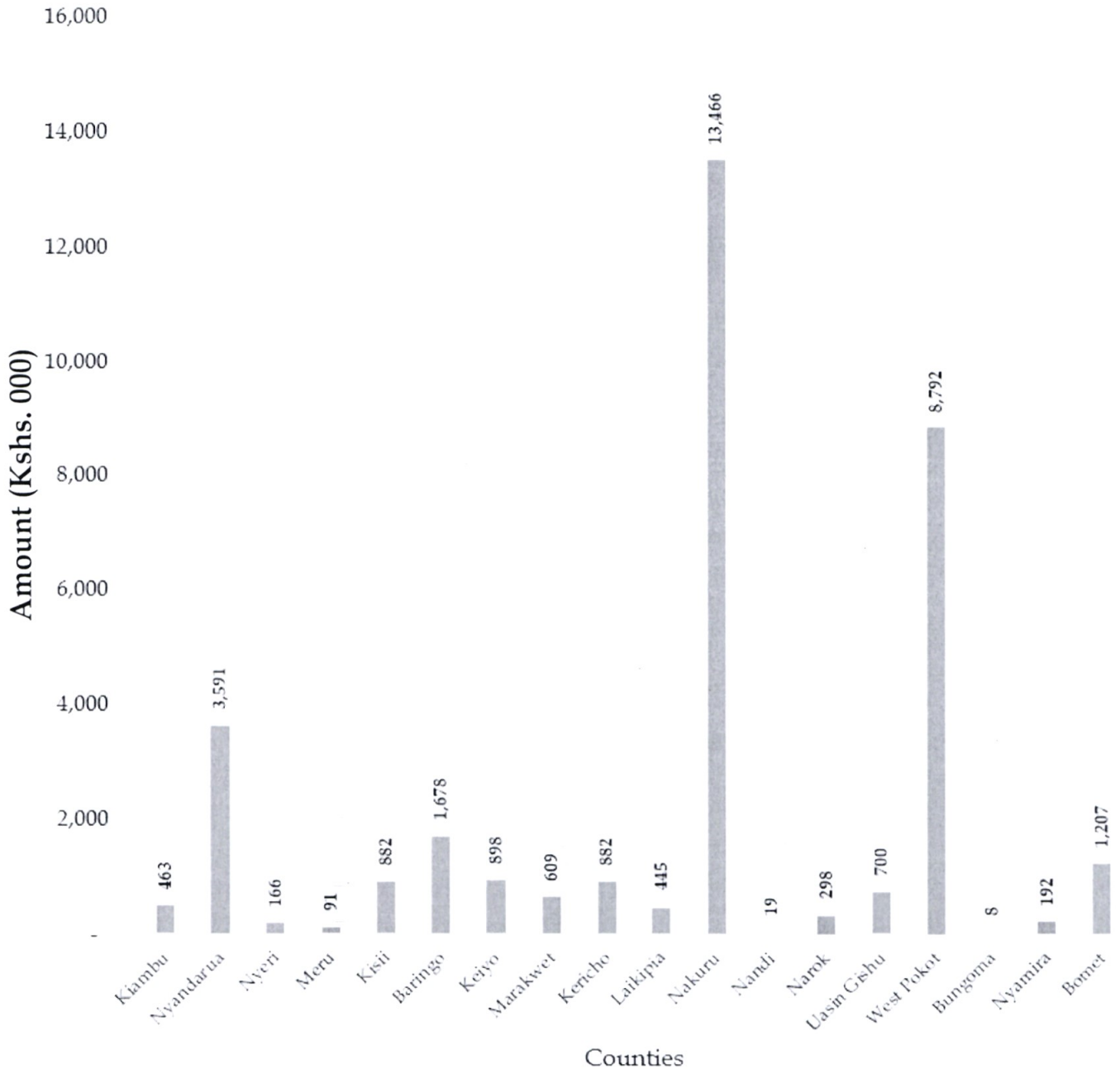
The matrix of flower deliveries to the company from different pyrethrum growing counties. Nakuru county is leading with the highest quantity of production of dry flowers delivered to the company, followed closely by West Pokot County.



Cont. MANAGEMENT DISCUSSION AND ANALYSIS

D. Growers Payments

GROWERS PAYMENTS IN KSH PER COUNTY



From the matrix above, **Kshs. 34 million** paid out to pyrethrum growers for the delivery of dry pyrethrum flowers during the period across the 19th growing counties as Nakuru County leading followed by West Pokot County.



12. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability Strategy and Profile

Pyrethrum Processing Company of Kenya exist to transform lives. This is our purpose and the driving force behind everything the company undertake. Putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence. The principal activity of PPCK is to produce, process and market Pyrethrum and pyrethrum products, conduct scientific & agronomic research, promote, and facilitate production of high yielding planting material & quality Pyrethrum seeds. Our strategy is founded on economic, Social, Political and the BETA agenda. Below is a brief highlight of our achievements in each pillar.

ii) Environmental Performance

Environmental performance means conservation and sustenance of desirable surrounding that favor habitation of persons, animals, plants etc.

Environmental policy guiding the organization entails:

1. Waste control and management.

Factory and Laboratory wastes are scientifically disposed.

2. Effluents.

Effluents from biological degradation of organic matter, prevailing toxic levels and oxidation of hydrocarbon wastes.

3. Flue gas.

Flue gas emitted from combustion chambers such as boilers and dryers into the atmosphere are controlled with the help of chimneys, chute – condensers system and scrubber units. This may contain Carbon dioxide, Carbon monoxide, Sulphur dioxide and other gases.

4. Noise.

Noise levels in decibel are determined using sensitive sound level meter. Then recommendation on abatement method obtained from sound level readings and audio metric test results.

5. Loss prevention.

This addresses product storage and containment; waste and containment; transport of products and raw materials, fire protection and emergency procedures.

6. Compliance with environmental legislation requirements.

This addresses company's compliance with relevant legislations e.g requirements of National Environment Management Authority (NEMA) and Environmental Management and Coordination Act (EMCA) 1999.

Successes.

- Systems constructed to trap effluents from products processes.
- Boiler chimney raised to greater heights to emit flue gases into the atmosphere.
- High sound levels determined and control measures put in place.



Cont. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

- Staff awareness and sensitization created and enforced.
- Packaging materials manufactured according to world standard.
- Storage of raw materials and finished products done both scientifically and technologically.
- Good housekeeping and state of environment well kept.

Shortcomings.

- Financial constraints
- Use of old technological systems
- Lack of market for some by-products i.e Sludge, green oil
- Dependency on external solid garbage disposal arrangements
- Shortage of enough manpower to handle practical applications.

Efforts to manage biodiversity.

- Control and management of toxic products
- Scientific storage of harmful chemical practiced
- Garbage bins placed strategically
- Solvents stored in underground tanks i.e SST. Hexane.
- Packaging materials are bio degradable
- Awareness creation done to employees alongside sensitization
- Induction done to newly recruited employees, casuals, interns and students in attachment.
- Warning signs posted in specific areas to create awareness
- Materials safety data sheets provided by manufacturers

Waste Management Policy.

- Dust bins distributed in all work stations
- Disposal of solid and liquid wastes done according to laid down procedures
- Garbage bins covered.

Efforts to reduce environmental impact of the organization products.

- Use of world standard packaging materials
- Provide material safety data sheet (MSDS)
- Manual provided to guide users of the product
- Contaminants identified and isolated through laboratory analyses.
- Right transporting means used to transport the products and raw materials
- Trained and experienced staff engaged in manufacturing and packaging areas.

iii) Employee Welfare

The company is guided by the following policies while engaging and guiding staff while in employment. Among them are;

a) Career guidelines

This document gives the guidelines on the qualification and specifications of staff and also guides on where they should be placed.



Cont. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

b) Human resource policies and procedure manual

This document guides on many areas that affect staff while in employment. These include the staff leaves, disciplinary measures, terms of employment, payment of allowances, transfers, terms and conditions of employment, performance management, handling employee grievances, health safety and environment, employee separation etc.

i) Gender

The gender ratio is considered while engaging staff and PPCK being a factory setup, the employees are mostly men due to the kind of work that is done in the factory.

ii) Stakeholder engagements

The company has been engaging stakeholders in many forums relating to agriculture(farmers), procurement, finance(bank), the county governments, training institution, national government, customers, and suppliers in the day to day of its operations.

iii) Skills improvement

The company has made efforts to improve staff skills and careers by training and sensitizing them on different issues that either affects them directly or the company. Those with professional membership are encouraged to attend the trainings which earn them continuous progressive development (CPD) points annually. The company pays for their trainings.

iv) Performance appraisals

Performance contracts are filled annually where staffs are given targets to meet at the end of every year. Thereafter they are appraised on their targets. The company rewards those who do exemplary well especially the field officers.

v) OSHA compliance

The company is committed to the sustenance of safe and healthy workplace for all staff with a target of zero accidents and other associated costs. The aim is to comply with the local legislative requirements on environment health and safety. It complies with OSHA regulations and all staff are covered by **WIBA** plus and **GLA** insurance.

iv) Market place practices-

PPCK believes that responsible marketplace practices are essential for fostering a fair and efficient business environment. These practices enable PPCK to contribute to a competitive marketplace that benefits consumers, encourages innovation and supports sustainable economic growth. Some of the principles that guide PPCK's market practices are;

- i. Fair pricing on products and services which should not involve predatory pricing or price-fixing.
- ii. Respect to intellectual property rights that prevent unauthorized use of patents, trademarks and copyrights.



Cont. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

- iii. Privacy to customer information both locally and internationally.
 - iv. Promotion of diversity and inclusion by fostering opportunities for all businesses, regardless of size or background in the marketplace.
 - v. Adhering to legal requirements and upholding ethical standards that promote fairness, transparency and integrity.
 - vi. Interactions and engagement with political and regulatory bodies.
- In conclusion, these practices not only benefit PPCK but also contribute to a healthier and more competitive marketplace that ultimately benefits consumers and society.

(a.) Responsible competition practices

Anti-corruption measures include;

- i. Transparency where PPCK maintains transparent business practices including financial transactions and relationships with government officials or entities.
- ii. Internal controls that include anti-corruption policies to prevent bribery, extortion and other forms of corruption.
- iii. Compliance to local, regional and international anti-corruption laws.

Responsible political involvement

- i. PPCK has established ethical standards for engaging in political activities and lobbying efforts disclosing political contributions and expenditures hence transparency and accountability.
- ii. PPCK also avoids influence peddling, refraining from using undue influence to gain political favors or unfair advantages.

Fair competition

- i. PPCK avoids collusion with competitors to fix prices, divide markets or rig bids.
- ii. Promotes creativity, innovation and competition based on product quality and customer service rather than unfair tactics hence a level playing field ensuring all competitors have equal access to markets, resources and opportunities.

Respect for competitors

- i. Respect for competitors' intellectual property rights and avoiding infringement.
- ii. PPCK also upholds professional conduct ensuring professionalism in all its dealings with competitors, including refraining from disparagement or unfair criticism.

(b) Responsible marketing and advertising practices

PPCK enhances her reputation and brand loyalty by adhering to these practices ensuring that consumers and society as a whole benefit. PPCK has set out principles and considerations that enhance its marketing and advertisement practices. Some of which include;



Cont. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

- i. Truthfulness and accuracy in all marketing and advertising are substantiated by evidence.
- ii. Avoiding misleading or deceptive statements about products and services.
- iii. Transparency to consumers on pricing, terms and conditions on product/service.
- iv. Respect for consumer privacy by obtaining explicit consent before using personal information for marketing purposes. PPCK does not use stereotypes or discriminatory portrayals in marketing materials.
- v. Incorporates/consider cultural sensitivities and local norms when creating marketing campaigns that target international or diverse markets. Vulnerable audiences are also protected.
- vi. PPCK refrains from making false or misleading comparisons with competitors but instead competes on merits such as product features, quality and value.
- vii. Ensure that testimonials and endorsements are genuine and accurately represent the opinions and experiences of endorsers.

Ethical marketing practices

- i. Truthfulness and transparency in all marketing communications without exaggerations, misleading statements, or deceptive tactics.
- ii. Handling of consumer data with care and respecting privacy rights.
- iii. Representation of products and services honestly without any misleading claims.
- iv. Having market campaigns that are inclusive and respectful of diversity in terms of gender, ethnicity, culture, and beliefs without stereotypes or discriminatory content.
- v. Product promotion in a manner that demonstrates corporate social responsibility with considerations on environmental impact, ethical sourcing and community support.
- vi. Responsible targeting especially when targeting vulnerable groups such as children or seniors without exploiting vulnerabilities or manipulating emotions.
- vii. Fair and ethical competition by avoiding disparaging competitors or engaging in anti-competitive practices like price-fixing or collusion.

b) Responsible Supply Chain and Supplier Relation

The organization initiates procurement process through open tender with potential suppliers for provision of good, works and services, invite bidders or their representatives to attend the tender opening, awards the tender to the most competitive bidder, notify unsuccessful bidders that they have not been and signing contract with the successful bidder stipulating the terms of engagement.



Cont. ENVIRONMENTAL AND SUSTAINABILITY REPORTING



Inspecting all incoming goods, works and services before they are accepted in order to ensure that what is received complies with our specification.

c) Responsible Marketing and Advertisement

PPCK is committed to responsible marketing by continuously improving our brands for the better. There is continuous research and testing of existing products. We have put our customers at the center of improving our products to solve their needs with the aim of building strong business relationships.

Our products are beneficial to the society:

- (1) In the agricultural sector which ensures food safety
- (2) Public health sector by providing safe solutions against malaria both from adult mosquitoes and at the larva stage.
- (3) Animal health.

PPCK products are made from natural Pyrethrin's making them very friendly to the environment.

Our marketing is based on honesty, transparency, and promise-keeping. PPCK protects customer data acquired during our relations, privacy, response to customers and practice fair competition. PPCK provides Pyrethrin's as a raw material to other formulators, who are essentially our competitors to support reach to consumers of safe insecticides fostering fair competition.

In advertisement there is no exaggeration about product performance plus no false claims are made about our products. True representation is made.

(d) Product stewardship

All products made by PPCK are registered with requisite regulatory bodies to ensure they are safe for use and meet required standards the world over. Consumers use our products with full confidence of guaranteed quality and set standards. In Kenya PPCK products are registered with Pest Control Products Board (PCPB) and with specific countries regulatory bodies and requirements. Our products are offered at competitive prices in addition to enabling other formulators to produce similar products for consumers to have a comparison of prices, quality and availability.

v) Corporate Social Responsibility/Community Engagements

PPCK engages in ethical business practices that consider the broader social and environmental impacts of operations. The company promotes products and services in a manner that demonstrates corporate social responsibility considering environmental impacts, ethical sourcing and community support.





Dryers Launch Kuresoi North



ASK Show Nakuru, CS Mutahi Kagwe joins the PPCK Board of Directors and management at PPCK exhibition stand.



13. REPORT OF THE DIRECTORS

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

• **Principal Activities**

The principal activities of PPCK are to process and market Pyrethrum and Pyrethrum Products, conduct scientific & agronomic research, promote, and facilitate production of high yielding planting material & quality certified Pyrethrum seeds.

• **Results.**

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

• **Dividends.**

For more than 15years the company has been operating in losses and due to historical liabilities, therefore no dividends were paid out to The National Treasury for the year under review.

• **Directors**

The members of the Board of Directors who served during the year are shown on page v in accordance with PPCK Articles of Association.

• **Auditors**

The Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and in accordance with section 35 of the Public Audit Act 2015 and section 68(2)(K) of the Public Finance Management Act,2012.

By Order of the Board

Name Njunge Wachira Signature [Signature] Date 1st / December 2025

SECRETARY TO THE BOARD



14. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The Directors responsibility for the Company'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 Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2025, and of the Company's financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the Company's financial statements as well as the adequacy of the systems of internal financial control. While the debt burden of the company may appear to suggest otherwise, in acknowledgment of the potential inherent in the company and the industry, and the anticipated financial assistance from the government, nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.



Cont. STATEMENT OF DIRECTORS' RESPONSIBILITIES

In preparing the financial statements the Directors have assed PPCK ability to continue as a going concern from the following;

1. **Liquidated Staff Superannuation Retirement Scheme:** The company remains the sponsor of a staff superannuation retirement scheme that was liquidated and wound up on December 1st, 2016, which may imply outstanding obligations.
2. **Unfunded Historical Debts:** There are existing, unfunded historical bills and liabilities that the company has yet to settle.
3. **Legal Contingencies:** The company faces contingent liabilities due to pending court cases that could result in future financial losses.
4. **Inefficient Factory Operations:** The processing factory is in poor condition and requires a major overhaul, currently causing processing inefficiencies and operational losses.
5. **Privatization Plans:** The company is among the State Corporations identified for potential privatization, introducing uncertainty regarding future structure and ownership.

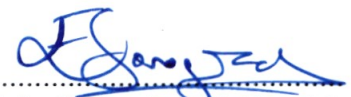
However, the management has prepared the financial report for financial year 2024-25 on going concern basis with the understanding that a working capital injection is required to finance the company operations. With the increased production in volume of flowers in the field, international market registrations and access is required for more revenue generation which will enable the company to turn around and operate profitably within a short period of time.

Approval of the Financial Statements.

The Company's financial statements were approved by the Board on /December 2025 and signed on its behalf by:



.....
H.E. Granton Samboja.
CHAIRMAN OF THE BOARD



.....
Mr. Ephraim N. Wachira
Ag. CHIEF EXECUTIVE OFFICER



REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PYRETHRUM PROCESSING COMPANY OF KENYA LIMITED FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Pyrethrum Processing Company of Kenya Limited set out on pages 1 to 67, which comprise of the statement of financial position as at 30 June, 2025, and the statement of profit or loss and other comprehensive

Report of the Auditor-General on Pyrethrum Processing Company of Kenya Limited for the year ended 30 June, 2025

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

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

Basis for Qualified Opinion

1. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.5,180,631,000 as disclosed in Note 14 to the financial statements. Review of related records revealed the following anomalies;

1.1. Land Parcels Without Ownership Documents

As previously reported, review of the asset records revealed that the Company was not in possession of the title deeds or any other ownership documents for the following listed land properties appearing in the asset register;

Land Parcel	Ha	Acres
Nakuru Municipality (Factory)	3.5670	8.814
Nakuru Municipality Block 8	0.7990	1.970
Nakuru Municipality (Godown)	0.2376	0.587
Nakuru Municipality (Little Highridge)	0.0295	0.073
OI joro Orok Farm		865
Nyosia Pyrethrum Seed Propagation Centre	Unknown	Unknown
Nakuru Municipality (Shauri Yako Estate II)	0.1430	0.354
Nakuru Municipality (Shauri Yako Estate I)	0.1430	0.354
Nakuru Municipality (Bondeni Estate II)	0.1858	0.459
Nakuru Municipality (Bondeni Estate I)	0.1858	0.459

1.2. Land Parcels not Updated in the Asset Register

The assets register provided for audit was not updated and the following Company properties were not disclosed in the assets register;

- i. Olorropil Pyrethrum Nursery plot
- ii. Naivasha town plot
- iii. Eldoret town plot
- iv. Ex-Lewa settlement scheme in Meru District-5acres
- v. Olenguruone Township plot.
- vi. Eldama Ravine town plot
- vii. Proposed Olokurtu Trading Centre
- viii. Molo township/Block 2/64 Lease agreement 0.721 hectares
- ix. Olkalou Allotment letter 222084/9 0.250 Hectares
- x. Title LR No.451/1365 3.684 Hectares Nakuru Municipality.

1.3. Illegal Occupation of Nyandarua/Mawingo Farm by Agriculture and Food Authority (AFA)

As previously reported, the Agriculture and Food Authority (AFA) has occupied 35 acres of land owned by the Pyrethrum Processing Company of Kenya (PPCK) since September, 2017. The land was illegally allocated to the Authority through the Pyrethrum Industry Recovery, Implementation & Oversight Team (PIRIOT) report. The allocation of the Company's farm by PIRIOT to AFA was not subjected to due process by the PPCK Board, AFA nor any Government agency and is not authentic since the report was not signed. In addition, there was no any lease agreement in place. Further, in a meeting held on 25 September, 2023 between PPCK Management and AFA, AFA had claimed transfer and acquisition of the legal ownership of the farm on the basis of improvements they had undertaken on the farm and allocation of the land as indicated on the PIRIOT report. The Managing Director wrote to the Principal Secretary requesting for a follow up of the return of the Mawingo farm to the Company. However, no response from the Principal Secretary was provided during the audit.

1.4. Land Matters at Oljororok Farm

Included in the property, plant and equipment balance is a property whose historical cost is Kshs.360,000,000 for 865 acres. A physical inspection of the farm during the year highlighted the following matters;

- i. The farm did not have a fence around it, except for the small area where the Company's farm offices are situated. As a result, a large part of the farm had been encroached by squatters. It was explained that the squatters had taken up about 400 acres or half of the farm.

- ii. It was also observed that a public road had been recently cut across the property, thus opening up the land to trespassers. This situation further exposes the corporation to the possibility of additional squatters on the land or possible illegal hiving off of sections of the land.
- iii. A pump house on the farm contained a vandalized old model pump, and thus was not in use.
- iv. There was evidence of old tree stumps which had been cut down. However, it could not be confirmed who had cut down the trees and what benefit the corporation gained from the same.

1.5. Other Anomalies Noted on Property, Plant and Equipment

- i. Included in the property, plant and equipment balance of Kshs.5,180,631,000 are motor vehicles and computers with a net book value of Kshs.257,000 and Kshs.1,462,000 respectively. Review of the assets register revealed that fifty-one (51) vehicles and thirty-one (31) computers have been fully depreciated and have not been revalued yet they are still in use at the company and continue to incur operational costs.
- ii. In addition, the property, plant and equipment balance includes an extraction plant purchased and installed in the year 2006 at a cost of Kshs.305,872,000 that has never been commissioned. Although Management has explained that the machine was purchased in anticipation of an increase in flower deliveries to the factory and that the plant will be commissioned in future once the industry is revived, evidence to indicate the steps taken to revive the industry was not provided. Further, technological changes and wear and tear are bound to adversely affect the idle machines and may result in the loss of funds invested in the asset. The Management explained that it intends to dispose of the plant since it's not of economic value at the moment. However, selling plans have not yet commenced.

1.6. Dilapidated Houses

Included in the property, plant and equipment balance of Kshs.5,180,631,000 are rental houses and offices with a net book value of Kshs.606,111,000. However, physical inspection revealed that the rental houses and offices were dilapidated. No explanation were provided for the failure to repair the buildings.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.5,180,631,000 could not be confirmed.

2. Trade and Other Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.265,708,000 as disclosed in Note 18 to the financial statements. However, the following anomalies were noted;

2.1. Long Outstanding Trade Receivables

Included in the balance are receivables amounting to Kshs.242,337,816 that have been outstanding for over ninety (90) days. The recoverability of these receivables could not be confirmed

2.2. Former Staff Rent Arrears

The balance also includes other receivables balance of Kshs.164,851,000, which further includes Kshs.4,990,000 being rent arrears from former staff. It was noted that despite cessation of employment, these individuals continued to occupy Company rental units. The audit could not establish the basis or authorization under which the former staff members remained in occupation after separation from the organization.

In addition, the Company lacked formal lease management policies requiring tenants to remit rent payments promptly in accordance with the terms of their tenancy agreements. This points to possible weaknesses in the internal controls governing rent collection and recovery processes.

In the circumstances, the accuracy, completeness and recoverability of trade and other receivables balance of Kshs.265,708,000 could not be confirmed.

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

Emphasis of Matter

1. Material Uncertainty Related to Going Concern

The statement of financial position reflects current liabilities balance of Kshs1,675,700,000 which exceeds the current assets balance of Kshs.673,838,000 resulting to a negative working capital of Kshs.1,001,862,000. Further, the statement of profit or loss and other comprehensive income reflects a deficit of Kshs.202,723,000 resulting to an increase in accumulated general reserve deficit from Kshs.671,593,000 as at 30 June, 2024 to Kshs.857,249,000 as at 30 June, 2025. The Company is therefore technically insolvent and its continued sustainability of services is dependent upon support from the National Government and its creditors.

In the circumstances, the Company ability to continue to sustain its services could not be confirmed.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects approved estimates and actual receipts of Kshs.337,000,000 and Kshs.273,632,000 respectively resulting to an under collection of Kshs.63,368,000 or 18% of the budget. Similarly, the Company spent a total of Kshs.476,355,000 against actual receipts of Kshs.273,632,000 resulting to an over-expenditure of Kshs.202,723,000 or 174% of the actual receipts.

The underfunding affected the planned activities and programmes of the Company, which may have impacted negatively on effective service delivery to the public.

3. Long Outstanding Payables

The statement of financial position reflects trade and other payables amounting to Kshs.1,675,700,000 as disclosed in Note 20 to the financial statements. Analysis of the payables indicated that Kshs.1,660,315,609 representing approximately 98% of the total balance has been outstanding for more than ninety (90) days. The prolonged outstanding balances suggest delayed settlement of obligations, which may indicate liquidity constraints, inadequate cash flow management or weaknesses in financial planning.

Failure to settle bills during the year in which they relate adversely affects the budgetary provisions for the subsequent year as they form a first charge.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Company in 2024/2025 revealed that the following eight (8) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Failure to disclose material uncertainty in relation to going concern
2	2023/2024	Non-Compliance with law on ethnic composition
3	2023/2024	Non-compliance to the one third gender rule
4	2023/2024	Failure to onboard government services to E-citizen platform
5	2023/2024	Under-utilization of the processing capacity
6	2023/2024	Unsupported Bank and cash Balances
7	2023/2024	Deferred pyrethrin costs
8	2023/2024	Understated other income

Other Information

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

In connection with my audit on the Company's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unremitted Statutory Deductions

The statement of financial position reflects trade and other payables amounting to Kshs.1,675,700,000. Included in the balance for payables are unremitted staff deductions totalling Kshs.333,952,499 which were accrued during the year under review. These deductions comprise of statutory and staff-related contributions as summarized below:

Trade Payables	Total unremitted Amounts (Kshs)
S.H.I.F	287,497
NSSF	7,508,043
Union dues control	770,980
AHL Employees	4,869,862
P.A.Y.E Employees	197,727,604
Pareto Saving Scheme	12,653,939
Pension Fund Control	108,343,095
Pyboard Housing Co-op Soc. Ltd	616,342
Staff Welfare Fund	1,175,137
Total	333,952,499

Statutory deductions, such as NSSF contributions, may attract penalties and interest due to late or non-remittance. This was in contravention of Income Tax Act CAP 470, Social Insurance Act 2023 and NSSF Fund Act, CAP 258 which requires employer to deduct and remit the deductions by 9th of the following month.

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

2. Non-Compliance with Fiscal Responsibility Principles

The statement of profit or loss and other Comprehensive Income reflects Kshs.160,321,000 and Kshs.360,462,000 as total revenue and administrative costs respectively. Included in administrative costs and as disclosed in Note 11(A) to the financial statements is an amount of Kshs.196,661,000 in respect of staff costs. Management spent Kshs.196,661,000 on staff cost which is 71 % of the total revenue, contrary to regulation 26(a) of the Public Finance Management (National Government) Regulations, 2015 which provides that National government's expenditure on compensation of employees shall not exceed 35 percent of the revenue.

In the circumstances, Management was in breach of law.

3. Non-Compliance with Centralized Revenue Collection Procedures

The statement of profit or loss and other comprehensive income reflects total revenues amounting to Kshs.160,321,000 which includes own generated revenue of Kshs.117,632,000. Review of bank statements and cashbooks indicate that the

Company's revenue is collected through direct deposits to their KCB accounts. This is contrary to the Presidential Directive of Head of Public Service Circular no.SH/EOP/1 VOL 11(14) dated 10 July, 2023 that directed all Ministries, Departments and Agency's payments to migrate to single Government digital payment platform paybill No.222222 and all other payment platforms are shut down within thirty (30) days of the circular.

In the circumstances, Management is in breach with the presidential directive.

4. Staff on Acting Capacity

Review of the human resource records provided for audit verification revealed that the Company had ten (10) serving in acting positions. The staff have been on acting capacity for over five (5) years. Further, no formal acting letters appointing the staff to be on acting capacity was provided during the audit to verify whether the staff on acting capacity were regularly appointed to the positions. This is in contrary to the provisions of Section 45 of the Public Service Act which requires staff not to exceed six (6) months on acting capacity.

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

5. Non-Compliance with the Climate Change and Financing

Review and interviews held with Management revealed that the organization has not integrated a Climate Change Action Plan into its sectoral strategies, operational plans and activities as required by law. Additionally, the organization has not established a dedicated climate change coordination unit with adequate staffing and financial resources to oversee the mainstreaming of climate initiatives. There was also no evidence of a budget line or financial allocation dedicated to supporting climate change programs or related sustainability activities. The Company was in contravention of the Climate Change Act 2016 Section 15 (5).

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

6. Non-Remittance of Public Procurement Capacity Building Levy

The statement of profit or loss and other comprehensive income reflects an amount of Kshs.360,462,000 as disclosed in Note 11(A) in respect of administration cost. Included in this amount is other operating expenses of Kshs.25,743,000 out of which Kshs.13,195,070 relate to procurement of goods and services. However, the Management did not collect the levy at the rate of 0.03% of the contract sum and submit monthly returns to the Public Procurement Regulatory Authority (PPRA) by the 20th day of the subsequent month contrary to the Public Procurement Capacity Building Levy Order, 2023, and PPRA Circular No. PPRA/6/5 VOL.II (224).

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Credit and Debt Collection Policy

The statement of financial position as disclosed under Note 18 to the financial statement reflects trade and other receivables amounting to Kshs.265,708,000. However, the Company does not have an approved debt management policy.

In the circumstances, the audit could not ascertain the recoverability of outstanding debtors or confirm that adequate measures have been put in place to mitigate the risk of revenue loss.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

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

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on page xlii is consistent with the financial statements; and

- iii. The auditable part of the Directors' remuneration report on page 21 has been properly prepared in accordance with the Companies Act, 2015.

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company or 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 Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial

statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 December, 2025

16. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2025.

Description	Note	JUNE	JUNE
		2025	2024
		Kshs	Kshs
Revenues		'000'	'000'
Revenue From Contracts with Customers	6	68,975	69,638
Cost of Sales	7	(70,097)	(28,748)
Gross Profit		(1,122)	40,890
Other Income			
Grants from the National Government	8	156,000	269,000
Other Income	9	48,657	57,623
Other gains/(losses)	10	(43,214)	(43,213)
Total Revenues		160,321	324,300
Operating expenses			
Administration Costs	11(a)	(360,462)	(404,288)
Selling and Distribution Costs	12	(2,582)	(3,594)
Total operating expenses		(363,044)	(407,882)
Profit/(Loss) before Taxation		(202,723)	(83,582)
Taxation		-	-
Profit/(Loss) after Taxation		(202,723)	(83,582)

The Financial Statements were approved by the Board on /December / 2025 and signed on its behalf by:

H.E. Granton Samboja
CHAIRMAN OF THE BOARD

Mr. Ephraim N. Wachira
Ag. CHIEF EXECUTIVE OFFICER

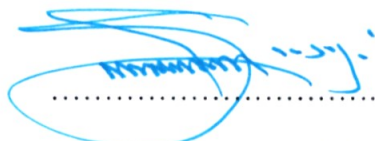
CPA Edward Ochele
Ag. FINANCE MANAGER
ICPAK M/NO:16703



17. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025

Description	Note	JUNE	JUNE
		2025	2024
		Kshs	Kshs
Assets		'000'	'000'
Non-Current Assets			
Property, Plant And Equipment	14	5,180,631	5,266,659
Intangible Assets	15	525,000	525,000
Deferred Pyrethrin costs	27	543,169	588,433
Biological Assets	17	<u>12,304</u>	<u>10,254</u>
Total Non-Current Assets		<u>6,261,104</u>	<u>6,390,346</u>
Current Assets			
Inventories	16	406,495	410,366
Trade And Other Receivables	18	265,708	246,624
Bank And Cash Balances	19 (a)	<u>1,635</u>	<u>9,447</u>
Total Current Assets		<u>673,838</u>	<u>666,437</u>
TOTAL ASSETS		<u>6,934,942</u>	<u>7,056,783</u>
Equity And Liabilities			
Capital And Reserves			
PBK Stock	28	32,891	32,891
Levy fund	29	156	149
Accumulated Capital Fund		318,158	318,158
General Reserve		(857,249)	(671,593)
Revaluation Reserve	26	<u>5,765,286</u>	<u>5,764,301</u>
Capital And Reserves		<u>5,259,242</u>	<u>5,443,906</u>
Current Liabilities			
Trade and Other Payables	20	<u>1,675,700</u>	<u>1,612,877</u>
Total Current Liabilities		<u>1,675,700</u>	<u>1,612,877</u>
Total Equity And Liabilities		<u>6,934,942</u>	<u>7,056,783</u>

The Financial statements were approved by the Board on/ December /2025 and signed |
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CPA Edward Ochele
Ag. FINANCE MANAGER

ICPAK M/NO:16703





18. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2025

Description	PBK Stock	Levy Fund	Accumulated Capital Fund	General Reserve	Revaluation Reserve	Total
	"000"	"000"	"000"	"000"	"000"	"000"
At July 1, 2023	32,891	128	318,158	(523,645)	5,764,301	5,591,833
Total Profit/Loss for the year	-	-	-	(83,581)	-	(83,581)
Levy Charge for the year	-	21	-	-	-	21
Prior year adjustments	-	-	-	(64,367)	-	(64,367)
At June 30, 2024	32,891	149	318,158	(671,593)	5,764,301	5,443,906
At July 1, 2024	32,891	149	318,158	(671,593)	5,764,301	5,443,906
Total Profit/Loss for the year	-	-	-	(202,723)	-	(202,723)
Levy Charge for the year	-	7	-	-	-	7
Prior year adjustments	-	-	-	17,067	985	18,052
At June 30, 2025	32,891	156	318,158	(857,249)	5,765,286	5,259,242

19. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025

Description	Note	JUNE 2025 Kshs	JUNE 2024 Kshs
Cash flows from operating activities		'000'	'000'
Net Cash generated from/(used in) operations activities	22	(7,451)	(12,134)
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(368)	(1,215)
Proceeds from disposal of assets		—	501
Net cash generated from/(used in) investing activities		<u>(368)</u>	<u>(714)</u>
Cash flows from financing activities			
Levy fund	29	7	21
Net cash generated from/(used in) financing activities		7	21
Increase/(decrease) in cash and cash equivalents		(7,812)	(12,827)
Cash and cash equivalents at beginning of year		9,447	22,274
Cash and cash equivalents at end of the year	19	<u>1,635</u>	<u>9,447</u>

The Financial statements were approved by the Board on^{1st}/December/2025 and signed on its behalf by:



H.E. Granton Samboja
CHAIRMAN OF THE BOARD



Mr. Ephraim N. Wachira
Ag. CHIEF EXECUTIVE OFFICER



CPA Edward Ochele
Ag. FINANCE MANAGER

ICPAK M/NO:16703



20. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE PERIOD ENDED 30TH JUNE 2025

Description	Original Budget		Adjustments		Final budget		Actual on comparable basis		Performance Difference		% of Utilisation
	a	Kshs 000'	b	Kshs 000'	c=a+b	Kshs 000'	d	Kshs 000'	E=c-d	Kshs 000'	
Revenue											
Sale of goods	304,100		(168,000)		136,100		68,975		67,125		51%
Transfers From GoK Recurrent	-		156,000		156,000		156,000		-		100%
Transfers From the GoK- Capital	-		-		-		-		-		0%
Other Income	57,900		(13,000)		44,900		48,657		(3,757)		108%
Total Income	362,000		(25,000)		337,000		273,632		63,368		
Expenses											
Compensation of Employees	122,600		74,400		197,000		196,661		339		99.8%
Use of goods and services	78,300		8,262		86,562		103,262		(16,700)		119%
Other payments	117,900		(65,590)		52,310		176,432		(124,122)		337%
Total Expenditure	318,800		17,072		335,872		476,355		(140,483)		
Surplus/Deficit for the Period	43,200		(42,072)		1,128		(202,723)		203,851		



- a) The variance in the sale of goods was attributed to an increase in the selling price of pyrethrum pale extract, driven by higher production costs, which in turn negatively impacted overall sales.
- b) During the financial year under review, the government allocated and disbursed Kshs. 156 million for recurrent expenditure. However, no funds were allocated for development to support the Pyrethrum Industry Recovery Process.
- c) The performance difference of Kshs. 10 million under Use of Goods and Services was due to increased costs of inputs required for production and service delivery. These inputs were initially budgeted under the development budget; however, due to budget cuts, they were reallocated to the recurrent budget, resulting in overspending in this category.
- d) The expenditure under Other Payments includes depreciation expense and deferred pyrethrin expense write-off, which are non-cash items. These costs were not included in the final budget, leading to a significant variance.



21. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

P.P.C.K is established by and derives its authority and accountability from Crops Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to produce, process and market Pyrethrum and pyrethrum products, conduct scientific & agronomic research, promote and facilitate production of high yielding planting material & quality Pyrethrum seeds.

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, 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 areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the Notes.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of PPCK, and all values are rounded off to the nearest Kenya shillings (Kshs.000). 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.



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 2025.*

Title	Description	Effective Date
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 1 st 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 the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: <ol style="list-style-type: none"> i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs. 	1 January 2026



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 2025.*

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.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

(The Directors 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).

i. Early adoption of standards

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

4. SUMMARY OF ACCOUNTING POLICIES

The principal 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 PPCK 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 entity 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.

b) In-kind contributions

In-kind contributions are donations that are made to the entity 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 entity 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 recognized in profit or loss in the income statement.

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 straight-line 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 National Treasury policy on assets depreciation are:

Item	Years	Rates
Freehold Land	∞	Nil
Buildings and civil works	40	2.50%
Plant and machinery	8	12.50%
Motor vehicles, including motor cycles	4	25%
Computers and related equipment	3	30%
Office equipment, furniture and fittings	8	12.50%



A full year's depreciation charge is recognized in the year of asset purchase and 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. Intangible assets of P.P.C.K includes Licenses, Registrations, Patents, Brands, trademarks, and data relating to PPCK- Pyrethrum Processing Company of Kenya.

f) Amortization 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 other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) (entity to amend appropriately based on measurement/ classification).

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). (During the period under review the company did not have unquoted investments).

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 of engineering spares and accessories are calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion.

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.



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.

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 is 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash Imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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 P.P.C.K or not, less any payments made to the suppliers.

t) Retirement benefit obligations

The former Pyrethrum Board of Kenya was operating a defined contribution scheme for all full - time employees, Pyrethrum Board of Kenya Staff Superannuation scheme which was wound up on 1st December 2016 and a liquidator was appointed. For the current staff the company identified a new scheme under ICEA Lion Group of which contributions are being remitted as required by the Retirement Benefits Authority. 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 applied on a graduated scale based on the employee's monthly salary.

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 P.P.C.K 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.

w) Budget information

The original budget for FY 2024/25 was approved by the National Assembly on 30th 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 P.P.C.K upon receiving the respective approvals in order to conclude the final budget. Accordingly, The additional appropriations



are added to the original budget by the Board upon receiving the respective approvals in order to conclude the final budget.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

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 2023/24 financial year have been amended or reconfigured to conform to the required changes in presentation in accordance with IAS 8 “Presentation of Financial Statements.

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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of P.P.C.K 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.

State all judgements, estimates and assumptions made e.g.

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

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 20. 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.



Notes to the Financial Statements (Continues)

6. Revenue from contracts with customers

Description	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Sale of Goods	<u>68,975</u>	<u>69,638</u>
Total	<u>68,975</u>	<u>69,638</u>

During the period under review the sale of goods (pyrethrum products) declined by **Kshs.664,000.00**, this decline in sales is attributed to high cost of production as a result of high cost of factory processing solvents and raw materials (Pyrethrum dry flowers). With the increase in Price there was a good uptake of the end use (formulated Products) in the market. For the pale extract 25% & 50% the market demand is still not good at the international level with the entrance of new players in the market hence PPCK prices haven't been attractive but the quality and the standard of the products are good.

7. Costs of Sales

Description	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Opening inventories	331,196	181,187
Add: Manufacturing costs		
Purchase of Pyrethrin	34,387	97,292
Processing and Refining Costs	33,557	81,465
Sub-Total	399,140	359,944
Less: Closing Inventories	<u>(329,043)</u>	<u>(331,196)</u>
Cost of sales	<u>70,097</u>	<u>28,748</u>

There was an increment in cost of sales in the year under review, this is attributed to review of cost of production by the management in the last processing run in FY 2023/24 which led the company to have a higher closing stock in value since prices of the products and WIP were reviewed upwards. This significantly reduced the cost of sales in the prior year FY 2023/24.

8. Grants from National Government

Description	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Recurrent grants received	156,000	119,000
Capital grants	-	<u>150,000</u>
Total	<u>156,000</u>	<u>269,000</u>

During the period under review, PPCK was allocated **Kshs.30 million, Kshs.105 million and 21 million** for recurrent in the supplementary budgets 1,2 & 3 respectively, totalling to **Kshs.156 million** as recurrent grant. The company had been allocated **Kshs.100 Million** for development, these funds were meant for Pyrethrum Industry recovery project but due to the budget cuts undertaken within the financial year the development budget was cut by 100%. This budget cut affected implementation of planned activities within the financial year.



Notes to the Financial Statements (Cont.)

Analysis of grants received from the Government during year 2024/2025

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund	2024 - 2025	2023 - 2024
	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
Ministry of Agriculture/State Department of Crop Development	156,000	-	-	156,000	269,000
Total	156,000	-	-	156,000	269,000

9. Other Income

Description	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Rental Income	37,272	27,769
Farms	3,357	1,398
Other Miscellaneous Receipts	<u>8,028</u>	<u>28,456</u>
Total	<u>48,657</u>	<u>57,623</u>

For the period under review the company had not undertaken disposal of fixed assets and scraps and other receipts resulting to a drop in revenue generated under this income stream.

10. Other Gains and Losses

Description	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Differed Pyrethrin Loss	(45,264)	(45,264)
Fair value gain or loss on Revaluation of biological assets	<u>2,050</u>	<u>2,051</u>
Total	<u>(43,214)</u>	<u>(43,213)</u>

During the period, annual valuation of tea bushes in Olunguruone farm was undertaken, the value of tea bush was value at **Ksh.180** per bush, the company maintains a total of 68,353 tea plants, therefore during the year under review the fair value of biological asset increased by **Kshs.2,049,690.00**



Notes to the Financial Statements (Cont.)

11. (A) Administration Costs

Description	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Staff costs (note (11B))	196,661	186,477
Directors' Emoluments	21,964	8,558
Electricity and water	3,039	4,173
Repairs and maintenance	3,431	9,170
Security	1,157	1,104
Travelling & Subsistence	13,165	17,052
Auditors' remuneration	862	862
Rent & Rates	2,490	3,236
Insurance costs	4,003	3,582
Depreciation	86,396	86,480
Entomology expenses	91	103
Legal fees	1,460	1,564
Other Operating Expenses	<u>25,743</u>	<u>81,927</u>
Total	<u>360,462</u>	<u>404,288</u>

11.(B) Staff Costs

Description	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Salaries and allowances of Permanent Employees	117,765	118,557
Salaries of Contract employees	38,604	34,806
Transfer Allowance	256	876
Gratuity	8,880	8,800
Terminal Benefits	5,301	8,392
Staff Pension Scheme	12,879	5,081
N.S.S.F Employer	6,115	2,397
Affordable Housing-Employer	2,232	2,023
Overtime	<u>4,629</u>	<u>5,545</u>
Total	<u>196,661</u>	<u>186,477</u>

The increase in staff cost was due to implementation of new salary after the Job evaluation and approval from SRC for its implementation.



Notes to the Financial Statements (Cont.)

The average number of employees at the end of the year was:

Permanent employees - management	39	41
Permanent employees - unionisable	79	96
Temporary and contracted employees	<u>116</u>	<u>125</u>
Total	<u>234</u>	<u>262</u>

12. Selling and Distribution Costs

Description	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Marketing and Promotional expenses	1,724	2,286
Other Selling and Distribution costs	<u>858</u>	<u>1,308</u>
Total	<u>2,582</u>	<u>3,594</u>





14. Property, Plant and Equipment

Description	Freehold Land	Building & Civil Works	Plant & Machinery	Motor Vehicles including Motor cycles	Computers & related equipment	Office Equipment	Furniture & Fittings	TOTAL
Rate		2.50%	12.50%	25%	30%	12.50%	12.50%	
	'000'	'000'	'000'	'000'	'000'	'000'	'000'	'000'
As At 1 st July 2023	4,535,050	692,700	517,554	17,370	4,181	15,329	6,175	5,788,360
Additions	-	-	-	-	1,126	59	30	1,215
Disposals	-	-	-	(6,980)	-	-	-	(6,980)
As at 30 th June 2024	4,535,050	692,700	517,554	10,390	5,307	15,388	6,205	5,782,594
Additions	-	-	-	-	170	-	198	368
Prior Year Adjustments	-	-	-	(1,135)	-	-	-	(1,135)
As at 30 th June 2025	4,535,050	692,700	517,554	9,255	5,477	15,388	6,403	5,781,827
Description & Impairment								
At 1 st July 2023	-	86,589	323,471	15,956	2,035	5,889	2,496	436,436
Depreciation	-	17,318	64,694	578	1,196	1,921	772	86,480
Disposals	-	-	-	(6,980)	-	-	-	(6,980)
As at 30 th June 2024	-	103,907	388,165	9,554	3,231	7,810	3,268	515,935
Depreciation	-	17,318	64,694	579	784	1,097	1,924	86,396
Prior Year Adjustments	-	-	-	(1,135)	-	-	-	(1,135)
As at 30 th June 2025	-	121,225	452,859	8,518	4,015	8,907	5,192	601,196
As at 30 th June 2025	4,535,050	571,475	64,695	257	1,462	6,481	1,211	5,180,631
As at 30 th June 2024	4,535,050	588,793	129,389	836	2,076	7,578	2,937	5,266,659

Notes to the Financial Statements (Cont.)

Notes to the Financial Statements (Cont.)

Valuation

Land and buildings were valued by Ebony Estates Limited independent valuer on Market Value and Market Rent basis of valuation. These amounts were adopted on 1st July 2018 by the management and incorporated in the books of accounts. The assets of PPCK are due for revaluation to ensure that recorded values accurately reflect current market conditions. This is essential to present a true and fair view of the company's financial position, particularly for fixed assets whose market values may have significantly changed over time due to factors such as inflation and market demand.

Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs '000'	Kshs '000'	Kshs '000'
Land	4,535,050	-	4,535,050
Building & Civil Works	692,700	121,225	571,475
Plant And Machinery	517,554	452,859	64,695
Motor Vehicles, Including Motorcycles	9,255	8,998	257
Computers And Related Equipment	5,477	4,015	1,462
Office Equipment	15,388	8,907	6,481
Furniture, And Fittings	6,403	5,192	1,211
	5,781,827	601,196	5,180,631

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost Valuation	Normal Annual Depreciation charge
	Kshs	Kshs
Motor Vehicles, Including Motor Cycles	8,556	8,556
Computers And Related Equipment	1,294	1,294
Total	9,850	9,850



Notes to the Financial Statements (Cont.)

15. Intangible Assets

Description	2024 - 2025	2023 - 2024
	Kshs '000'	Kshs '000'
Cost		
At July 1,2024	525,000	525,000
Additions	-	-
Disposals	-	-
At June 30, 2025	525,000	525,000
Amortization		
At July 1,2024	-	-
Charge For The Year	-	-
Disposals	-	-
Impairment Loss	-	-
Net Book Value as at June 30, 2025	525,000	525,000

These are costs relating to Registrations, Patents, Trademarks, Licenses, brand and toxicological / ecotoxicological studies undertaken on impact of pyrethrum on the environment and humans. The registrations/licenses and studies are mandatory as they form the basis for pyrethrum trade in the international markets. The major markets for PPCK are in America and Europe, hence the need to maintain these market segments through sustained registrations. The benefits from these intangible assets shall be realised over an indefinite period and have therefore not been amortised. The indefinite useful life of these intangible assets were assessed based on the ongoing research and studies on pyrethrum in the international markets.



Notes to the Financial Statements (Cont.)

16. A) Inventories

Description	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Raw materials	9,941	11,927
Finished goods	69,740	72,801
Work in Progress	145,194	142,300
Other Pyrethrum Products	<u>104,168</u>	<u>104,168</u>
Sub-Total	<u>329,043</u>	<u>331,196</u>

16 B) Consumables

Description	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Engineering stores	70,560	72,400
Fuel, Oil and lubricants	1,580	1,610
Stationery and general stores	<u>5,312</u>	<u>5,160</u>
Sub-Total	<u>77,452</u>	<u>79,170</u>
Total	<u>406,495</u>	<u>410,366</u>

17. Biological Assets

Description	2024-2025 Kshs '000'	2023-2024 Kshs '000'
Tea Bushes	<u>12,304</u>	<u>10,254</u>
	<u>12,304</u>	<u>10,254</u>

During the period under review there was a gain in fair value of Tea bushes amounting to **Kshs. 2,049,690.00** as per the valuation report. The valuation of biological assets was carried out by County Government of Nakuru Ministry of Agriculture Livestock & Fisheries and report issued for the purpose of incorporating in the current year Financial Statements' FY 2024/2025.



Notes to the Financial Statements (Cont.)

18. Trade and Other Receivables

Description	2024-2025	2023-2024
	Kshs '000'	Kshs '000'
Trade receivables	64,946	70,780
Kenya Power deposit	2,500	2,500
Abortive Nairobi Show	7,180	7,180
Deposit held by courts	454	454
Growers' receivable	58,215	57,634
Staff Receivable	36,377	35,865
Fixed Interest Investments (Euro Bank Ltd)	147,154	150,000
Other Receivables	<u>164,851</u>	<u>141,026</u>
Gross Trade and Other Receivables	<u>481,677</u>	<u>465,440</u>
Specific Provision for doubtful debts	(159,728)	(162,574)
Provision for Bad And Doubtful debts	<u>(56,241)</u>	<u>(56,241)</u>
Net Trade and Other Receivables	<u>265,708</u>	<u>246,624</u>

19. A) Bank and Cash Balances

Description	2024-2025	2023-2024
	Kshs '000'	Kshs '000'
Cash at bank	1,635	9,447
Cash in hand	-	-
Total	<u>1,635</u>	<u>9,447</u>

The cash at bank of **Kshs.1,635,189.00** was held at Kenya Commercial Bank as at 30th June 2025. As at the date of this report the management has made several correspondences to Stanbic Bank for the closure of the Historical Account No 014/00/300349/01 held by the former Pyrethrum Board at CFC Stanbic Bank Mombasa Branch in line with the recommendation from the office of the OAG.



Notes to the Financial Statements (Cont.)

19 (B). Detailed analysis of the cash and cash equivalents.

Description		2024-2025	2023-2024
Financial institution	Account number	Kshs '000'	Kshs '000'
a) Current Account			
Rent	1153031779	692	168
Growers Account	1153031493	67	170
Asset Disposal Account	1153031930	368	2,485
USD Account	1153032171	66	3,001
Euro Account	1153032422	136	2,909
Operations	1153031337	273	681
Sub- Total		1,602	9,414
b) Other			
Cfc Stanbic Bank Account	014/00/300349/01	33	33
Cash in hand		-	-
Sub- Total		-	33
Grand Total		1,635	9,447

20. Trade And Other Payables

Description	2024-2025	2023-2024
	Kshs '000'	Kshs '000'
Trade payables	1,268,223	1,204,852
Payable to Agriculture and Food Authority	223,127	223,127
Payable to Kenya Sugar Board	41,493	41,493
Payables to Tea Board of Kenya	16,030	16,030
Payables to New Kenya Planters Union	100,000	100,000
Amount due to Growers	<u>26,827</u>	<u>27,375</u>
Total	<u>1,675,700</u>	<u>1,612,877</u>



Notes to the Financial Statements (Cont.)

21. Provisions

Description	Euro Bank	Other Provisions	Total
	Kshs '000'	Kshs '000'	Kshs '000'
Balance as at the 1 st July 2024	150,000	12,574	162,574
Additional Provisions	-	-	-
Less: current Portion	-	-	-
Less: Principal amount Received	(2,846)		(2,846)
Balance as at 30th June 2025	147,154	12,574	159,728

Provision above relates to specific provisions for bad debts

22. Notes to the Statement of Cash Flows

	2024-2025	2023-2024
	Kshs '000'	Kshs '000'
Reconciliation of operating profit/(loss)		
Cash generated from/ (used in) operations		
Operating profit/ (loss)	(202,723)	(83,582)
Depreciation	86,395	86,480
Differed Pyrethrin Loss	45,264	45,264
Loss/(Gains) from changes in fair value of biological assets	(2,050)	(2,051)
Operating profit/ (loss) before working capital changes	(73,114)	46,111
(Increase)/Decrease in Inventories	3,871	(134,700)
(Increase)/Decrease in trade and Other Receivables	(19,083)	12,501
Increase/ (Decrease) in Trade and Other Payable	62,823	128,320
Prior Year adjustments	18,052	(64,366)
Cash generated from/ (used in) Operations	(7,451)	(12,134)



Notes to the Financial Statements (Cont.)

23. Prior Year Adjustments

During the financial year under review, the Company adjusted the Euro Bank provisions to reflect the current balance after the pay-out of **Kshs. 2,845,662.50**, being a portion of the deposit previously held by Euro Bank. The Company also corrected a prior-year misclassification by adjusting **Kshs. 15,206,657.00** relating to transport revenue recovered from farmers, which had been reported in the statement of financial position. As reported in the Statement of Changes in Equity, the movement of **Kshs. 985,000.00** in the revaluation reserve arose from the reversal of mis-posted accumulated depreciation relating to prior years.

This adjustment will reflect fair presentation of the financial statements of PPCK in accordance to IAS 8 "Accounting policies, changes in Accounting Estimates and Errors ". The company effected the changes through the general reserve in the current financial year. The adjustment resulted to movement in the notes to cashflows statements amounting to **Kshs.18,052,319.50**.

24. Investment in Euro Bank

The Company invested **Kshs.150 million** in Euro Bank Limited on **17th October 2001**. Euro Bank collapsed on **20th February 2003** without significant assets. The Company made a provision in the year 2002/2003 in the financial statements. In the last financial years PPCK lodged a claim for refund of the deposit amounting of **Kshs.150 million**. During the period under review the company received the first pay out of **Kshs.2,845,662.50** as a portion of deposited amount. The current deposit balance owed to PPCK by Euro Bank Limited is **Kshs.147,154,337.50** which the company through the board has requested for full pay out of the above balance.

25. Incorporation.

The Pyrethrum Processing Company of Kenya Ltd (PPCK) is a company registered under the repealed Company's Act CAP 486 currently operating Registrations Certificate No. 5691 and carrying out the commercial business of the defunct Pyrethrum Board of Kenya (PBK) in line with the provision of section 3 (i) of the first schedule on transition provision of Agriculture and Food Authority (AFA) Act of 2013(Revised 2016).

26. Revaluation Reserve.

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment which was done in June 2018 valued at **Kshs. 5,765,286,000.00** As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation. Revaluation surpluses are not distributable.

27. Deferred Pyrethrin Costs.

These costs relate to unaccounted for Pyrethrin's received in between 1999-2003 valued at **Kshs. 1,357,922,110/=**. The Pyrethrum Act Cap 340 (now repealed) Section 18 provides that the total amount realised from the operations of the Company ought to be paid based on performance and surplus or losses passed to the growers. Between the years 1999-2003, trade stocks were held mainly in Crude Pyrethrum Extract (OR). The Pyrethrin's reconciliation was then impossible. It was realised in the year 2005/2006 that quite substantial quantities of Pyrethrin's of **180,859.71 kg Pys** valued at **Kshs. 1,357,922,110/=** could not be accounted for. Growers had therefore been paid an element that should have been adjusted to reflect the process losses. The necessary adjustment for the prior period error was therefore made in the financial statements to reflect a fair view of the financial statements. The Company noted the losses requested for a thorough investigation. They recommended for the adjustment of the prior period error to reflect the correct status in the books



Notes to the Financial Statements (Cont.)

of account thereby accommodating the amount of Kshs. 1,357,922,110/= in the general reserve account which will be amortised over a period of 30 years starting financial year 2007/2008. For the current year of reporting the loss has been treated in the statement of comprehensive incomes.

	JUNE 2024-2025	JUNE 2023-2024
	Kshs '000'	Kshs '000'
Balance at beginning of the year	588,433	633,697
Write off for the year	<u>(45,264)</u>	<u>(45,264)</u>
Balance at end of the year	<u>543,169</u>	<u>588,433</u>

28. PBK Stock Units Issued

In return for levy paid by pyrethrum growers, the Company issues one unit of stock to each licensed grower for every amount of twenty shillings paid to it by way of levy, for this Financial Year the stock units amount to **Kshs 32,891,260.00**.

29. Levy Fund

Under the provisions of the Pyrethrum Act the Minister of Agriculture imposed a levy on all pyrethrum grown or cultivated in Kenya. The levy is at the rate of 6.6 cents per kilogram

	JUNE 2024-2025	JUNE 2023-2024
	Kshs '000'	Kshs '000'
Balance at beginning of the year	149	128
Addition for the year	<u>7</u>	<u>21</u>
Balance at end of the year	<u>156</u>	<u>149</u>

30. Pyrethrum Board of Kenya Staff Superannuation Scheme.

PPCK operates a defined benefit scheme for all full-time employees from January 1, 2020. The scheme is administered by ICEA Lions while Standard Chartered Bank Securities are the custodians of the scheme. The scheme is based on 7.5% of monthly salary of an employee at the time of retirement.

Previously PPCK operated a Pyrethrum Board of Kenya superannuation scheme which was wound up on 1st December 2016 and a liquidator was appointed through the Office of Attorney General. An actuarial valuation to fulfil the financial reporting disclosure requirements of IAS19 was undertaken which currently stands at Kshs.2.02 billion.

31. Related party Disclosures

Government of Kenya

The Government of Kenya is the principal shareholder of the entity, holding 100% of the entity's



Notes to the Financial Statements (Cont.)

equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) The National Treasury
- ii) Ministry of Agriculture, State Department of Crop Development
- iii) Other Ministries, Departments and Agencies
- iv) County Government
- v) Key management
- vi) Board of directors

Transaction with related parties

a) Grants from the government	2024-2025	2023-2024
	Kshs.'000'	Kshs.'000'
Grants from national government	<u>156,000</u>	<u>269,000</u>
Total	<u>156,000</u>	<u>269,000</u>
b) Key management compensation	2024-2025	2023-2024
	Kshs.'000'	Kshs.'000'
Directors' emoluments	21,964	8,558
Compensation to Key management	<u>21,841</u>	<u>15,177</u>
Total	<u>43,805</u>	<u>23,735</u>

32. Contingent Liabilities

(i) Tax Liabilities

The Company has outstanding historical taxes owed to Kenya Revenue Authority (KRA) which are attracting interest and penalties taxes and Kenya Revenue Authority (KRA) The view of the board and management is that additional liabilities will arise from this matter in terms of penalties and interests.

(ii) Litigation and claims

Cases filed against the Company are being handled by the office of the Attorney General and approved panel of advocates appointed by the Company. The Directors and Management, are of the opinion that significant liabilities may arise from these matters.

For the financial year under review the company had the following significant claims against the Company.

- a. HCC JR. 292 of 2018 - This is a claim by the petitioners seeking compensation for termination Nakuru ELC No 107 of 2013 (Formerly Nakuru HCC No 142 Of 2004) This relates to legal fee on the matter of Kitch Agricultural Co Ltd Vs PPCK on the matter of disputed ownership of oljororok farm, the bill of cost from the advocate was Ksh 119,084,068.80 and the management negotiated and a consent was drawn by both parties of Kshs 12,760,000 of which the first instalment of Kshs 2,320,000.00 to be paid



Notes to the Financial Statements (Cont.)

by 30th August 2025 failure to which the company is at risk to pay Ksh 119,084,068.80.

- b. Nakuru HCC No 80 of 2016 Pareto Sacco Vs PPCK for Non-Remittance of Sacco Deduction for a period of 13 years translating to Interest and penalties of Ksh 1.7Billion. Both parties agreed on outside court settlement and a consent was drawn of which the company was to Pay the outstanding Principal of 10Million by 30th June 2025 with a compensatory interest of 42Million to be paid by 30th June 2026. The whole process is being supervised by the Court.
- c. Other matters before various courts of law that poses the risk

33. Events after the Reporting Period

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

34. Currency

The financial statements are presented in Kenya Shillings





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.

N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ Not Resolved)	TIMEFRAM E						
1	<p><u>PROPERTY, PLANT AND EQUIPMENT</u></p> <p>The statement of financial position and Note 14 to the financial statements reflects property, plant and equipment balance of Kshs.5,266,659,000. Review of related records revealed the following anomalies;</p>	<p><u>PROPERTY, PLANT AND EQUIPMENT</u></p> <p>1.1 Land parcels without ownership documents</p> <table border="1" data-bbox="795 790 1393 1133"> <thead> <tr> <th data-bbox="795 790 860 874">No</th> <th data-bbox="860 790 1128 874">LAND PARCEL</th> <th data-bbox="1128 790 1393 874">STATU S</th> </tr> </thead> <tbody> <tr> <td data-bbox="795 874 860 1133">1.</td> <td data-bbox="860 874 1128 1133">Nakuru Municipality Block 6/1- 6 (Old No. 451/1991 I.R.35133) (Factory) 3.567 ha or 8.814 acres</td> <td data-bbox="1128 874 1393 1133">Govt surveyor engaged to fast-track survey works, by beaconing, documentation and issue of the legal ownership documents.</td> </tr> </tbody> </table>	No	LAND PARCEL	STATU S	1.	Nakuru Municipality Block 6/1- 6 (Old No. 451/1991 I.R.35133) (Factory) 3.567 ha or 8.814 acres	Govt surveyor engaged to fast-track survey works, by beaconing, documentation and issue of the legal ownership documents.	Not Resolved	30 th June 2027
No	LAND PARCEL	STATU S								
1.	Nakuru Municipality Block 6/1- 6 (Old No. 451/1991 I.R.35133) (Factory) 3.567 ha or 8.814 acres	Govt surveyor engaged to fast-track survey works, by beaconing, documentation and issue of the legal ownership documents.								



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE		STATUS (Resolved/ No t Resolved	TIMEFRAM E		
	<p>1.1 Land parcels without ownership documents</p> <p>Review of the land parcel ownership documents revealed that the Company did not have in possession the title deeds or any other ownership documents for the following listed land properties;</p> <p>i. Nakuru Municipality Block 6/1-6 (Old No. 451/1991 I.R.35133) (Factory)-3.567 ha or 8.814 acres</p> <p>ii. Nakuru Municipality Block 8 /30-o.799ha or 1.97 acres</p> <p>iii. Nakuru Municipality Block 9/32 (Godown)-0.2376 ha or 0.5871 acres</p> <p>iv. Nakuru Municipality Block 7/138, Little Highridge-0.0295 ha or 0.0729 acres</p>	2.	Nakuru Municipality Block 8 /30-0.799ha or 1.97 acres	Judgement was done in favor of PPCK on 9 th march 2023 and the company is following up the legal ownership documents with NLC			
		3.	Nakuru Municipality 9/32 (Godown) 0.2376 Ha or 0.587 acres	Follow up done to the National Land commission vide letter ref:MD/PPCK/D.5/3860/2025 Dated 13 th October 2025			
		4.	Nakuru Municipality Block 7/138, Little Highridge-0.0295 ha or 0.0729 acres	Judgement was delivered in favor of PPCK on 18th January 2022 and the land was reverted back to PPCK.			
		5.	LR Number: 11322 (Original: 3341/5 – I.R 19606) Oljoro Orok Farm-865	Judgement was delivered on 11 th may 2022 and the land reverted back			



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE		STATUS (Resolved/ No t Resolved	TIMEFRAM E	
	v. LR Number: 11322 (Original: 3341/5 - I.R 19606) Ol joro Orok Farm-865 acres vi. Nyaribari/Keumbu/1028-Nyosia Pyrethrum Seed Propagation Centre vii. Nakuru Municipality Block 13/230 (Old No. 451/904) Shauri Yako Estate II- 0.143ha or 0.354 acres viii. Nakuru Municipality Block 13/229 (Old No. 451/904) Shauri Yako Estate I-o.143 ha or 0.354 acres ix. Nakuru Municipality Block 13/114 (Old No. 451/903) Bondeni Estate II-0.1858 ha or 0.4589 acres x. Nakuru Municipality Block 13/115 (Old No. 451/903)		acres Nyaribari/Keumbu/1028-Nyosia Pyrethrum Seed Propagation Centre 24.60 Ha or 61.00 Acres Nakuru Municipality Block 13/230 (Shauri Yako Estate II) 0.1430 Ha or 0.354 Acres Nakuru Municipality Block 13/229 (Shauri Yako Estate I) 0.1430 Ha or 0.354 Acres	to the company. The matter is before the Kisii law court and the acreage is 24.60 ha or 61 acres. Govt surveyor engaged to fast-track survey works, by beaconing, documentation and issue of the legal ownership documents. Govt surveyor engaged to fast-track survey works, by beaconing, documentation and issue of the legal ownership documents.		



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE		STATUS (Resolved/ No t Resolved	TIMEFRAM E		
	Bondeni Estate I-0.1858 ha or 0.4589 acres	9.	Nakuru Municipality Block 13/114 (Bondeni Estate II) 0.1858 Ha or 0.459 Acres	Govt surveyor engaged to fast-track survey works, by beaconing, documentation and issue of the legal ownership documents.			
		10.	Nakuru Municipality Block 13/115 (Bondeni Estate I) 0.1858 Ha or 0.459 Acres	Govt surveyor engaged to fast-track survey works, by beaconing, documentation and issue of the legal ownership documents.			
		<ul style="list-style-type: none"> ❖ The Company has since endeavored to address all land related matters with the following steps taken. ❖ Attached are the correspondences that the management has taken with the relevant agencies in regards to land parcels without legal ownership. 					



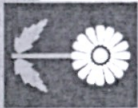
N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p><u>1.2 LAND PARCELS NOT UPDATED IN THE ASSET REGISTER</u></p> <p>The assets register provided for audit was not updated and the following Company properties were not disclosed in the assets register; -</p> <ul style="list-style-type: none"> i. Proposed Oloropil Pyrethrum Nursery plot ii. Proposed Naivasha town plot iii. Proposed Eldoret town plot iv. Plot 895 Ex-Lewa settlement scheme in Meru District-5acres v. Olenguruone Township plot No. 4/6 vi. Eldama Ravine town plot vii. Proposed Olkuruto trading 	<p><u>1.2 LAND PARCELS NOT UPDATED IN THE ASSET REGISTER</u></p> <p>For an asset to be updated or included in the Fixed Asset Register it must have all the legal ownership documentation.</p> <p>The management has engaged the services of the Head of survey -Department of Land, Housing & physical planning Nakuru county with instructions to undertake survey works, beaconing, documentation and finally provision of the legal ownership documents vide Letter Ref: MD/PPCK/D.5/2727/2023 dated 8th August 2023 and to date he has availed a preliminary report Ref. NKU/LPHH/NESC/SURV/VOL.3/243 dated 5th July 2024 with findings and recommendations, which the management is acting on.</p>	Not Resolved	30 th June 2027



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E						
	center									
	<p><u>1.3 ILLEGAL OCCUPATION OF NYANDARUA/MAWINGU FARM BY AGRICULTURE AND FOOD AUTHORITY (AFA)</u></p> <p>The Agriculture and Food Authority (AFA) has occupied 35 acres land parcel No. Nyandarua/Mawingu Salient/307 farm owned by the Pyrethrum Processing Company of Kenya (PPCK) since September, 2017. The land was illegally allocated to the Authority through the Pyrethrum Industry Recovery, Implementation & Oversight Team (PIRIOT) report. The allocation of the Company's farm by PIRIOT to AFA was not subjected to due process by</p>	<p><u>1.3 ILLEGAL OCCUPATION OF NYANDARUA/MAWINGU FARM BY AGRICULTURE AND FOOD AUTHORITY (AFA)</u></p> <p>The Actual land size</p> <table border="1" data-bbox="943 647 1547 807"> <thead> <tr> <th data-bbox="943 647 1308 735">Land Parcel</th> <th data-bbox="1308 647 1397 735">Ha</th> <th data-bbox="1397 647 1547 735">Acres</th> </tr> </thead> <tbody> <tr> <td data-bbox="943 735 1308 807">Nyandarua/Mawingu</td> <td data-bbox="1308 735 1397 807">31.5</td> <td data-bbox="1397 735 1547 807">78</td> </tr> </tbody> </table> <p>Mawingu farm currently is being occupied by AFA which was allocated to them based on PIRIOT report of August 2017 and not leased. The management is currently pursuing the issue of reverting it back for full utilization by the company, the legal document of ownership is with the company.</p> <ol style="list-style-type: none"> <li data-bbox="904 1058 1406 1086">i. Copy of Title Deed of Mawingu farm. <li data-bbox="904 1114 1671 1187">ii. Letter to the PS Ministry of Agriculture REF MD/PPCK/B.16A/2960/23 dated 19/12/2023. 	Land Parcel	Ha	Acres	Nyandarua/Mawingu	31.5	78	Not Resolved	30 th June 2026
Land Parcel	Ha	Acres								
Nyandarua/Mawingu	31.5	78								



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>the PPCK Board, AFA and the Government and is not authentic since the report was not signed. In addition, there was no any lease agreement in place.</p> <p>Further, in a meeting held on 25 September, 2023 between PPCK Management and AFA, AFA had claimed transfer and acquisition of the legal ownership of the farm on the basis of improvements they had undertaken on the farm and allocation of the land as indicated on the PIRIOT report. The Managing Director wrote to the Principal Secretary vide letter reference number MD/PPCK/B.16 (a)/2873/2023 dated 26th October 2023 requesting for a follow up of</p>	<p>iii. Plan for engagement between the AFA and PPCK Board to resolve the matter amicably.</p>		



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	the return of the Mawingu farm to the Company. However, there has been no response from the Principal Secretary.			
2	<p>2.1 LAND MATTERS AT OLJOROROK FARM</p> <p>Included in the property, plant and equipment balance is a property in Oljororok Orok farm whose historical cost is Kshs.360,000,000 for 865 acres. A physical verification of the farm during the year highlighted the following matters;</p> <p>i. The farm did not have a fence around it, except for the small area where the corporation's farm offices are situated. As a result, a large part of the farm</p>	<p>2.1 LAND MATTERS AT OLJOROROK FARM</p> <p>1) The budgetary constraints and cash flow challenges affecting the company for the last 15 years, the management has not been able to achieve the target of fully fencing the company farms which are vast in terms of acreage This has affected the general operations of the company in terms of maintenance of the farms which are vast in terms of acreage. The company has leased out section of the farm to farmers who are growing pyrethrum it being a public road it also helps the growers to access the farm with ease.</p> <p>2) The pump house was being used by the former lessee of the farm KAPI co ltd but since the lease of the lessee expired and he never pulled it down.</p> <p>3) The Company normally plant trees in their farms and mainly in Oljororok, Mawingu and Olenguruone for the</p>	Not Resolved	30 th June 2027



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ Not Resolved)	TIMEFRAM E																														
	<p>had been encroached by squatters. It was explained that the squatters had taken up about 400 acres or half of the farm.</p> <p>ii. It was also observed that a public road had been recently cut across the property, thus opening up the land to trespassers. This situation further exposes the corporation to the possibility of additional squatters on the land or possible illegal hiving off of sections of the land.</p> <p>iii. A pump house on the farm contained a vandalized old model pump, and thus was not in use.</p> <p>iv. There was evidence of old tree</p>	<p>purpose of using them at the Factory boiler plant for steam generation during processing of dry flowers.</p> <p>The trees were harvested from Ol-jororok farm during the FY 2019/2020 for factory processing Amounting to 44.28mts and Delivered at the Nakuru Factory premises as tabulated below.</p> <table border="1" data-bbox="842 624 1469 1303"> <thead> <tr> <th data-bbox="842 624 913 823">NO.</th> <th data-bbox="913 624 1059 823">DATE RECEIVED</th> <th data-bbox="1059 624 1189 823">GATE PASS/ DELIVER Y</th> <th data-bbox="1189 624 1323 823">GOODS RECEIVED NOTE</th> <th data-bbox="1323 624 1469 823">QUANTITY RECEIVED TONNES</th> </tr> </thead> <tbody> <tr> <td data-bbox="842 823 913 922">1</td> <td data-bbox="913 823 1059 922">08-11-19</td> <td data-bbox="1059 823 1189 922">299801</td> <td data-bbox="1189 823 1323 922">129452</td> <td data-bbox="1323 823 1469 922">9.62 TONNES</td> </tr> <tr> <td data-bbox="842 922 913 1026">2</td> <td data-bbox="913 922 1059 1026">09-11-19</td> <td data-bbox="1059 922 1189 1026">299802</td> <td data-bbox="1189 922 1323 1026">129452</td> <td data-bbox="1323 922 1469 1026">9.41 TONNES</td> </tr> <tr> <td data-bbox="842 1026 913 1129">3</td> <td data-bbox="913 1026 1059 1129">12-11-19</td> <td data-bbox="1059 1026 1189 1129">299803</td> <td data-bbox="1189 1026 1323 1129">129454</td> <td data-bbox="1323 1026 1469 1129">8.41 TONNES</td> </tr> <tr> <td data-bbox="842 1129 913 1233">4</td> <td data-bbox="913 1129 1059 1233">13-11-19</td> <td data-bbox="1059 1129 1189 1233">299804</td> <td data-bbox="1189 1129 1323 1233">129461</td> <td data-bbox="1323 1129 1469 1233">8.28 TONNES</td> </tr> <tr> <td data-bbox="842 1233 913 1303">5</td> <td data-bbox="913 1233 1059 1303">14-11-19</td> <td data-bbox="1059 1233 1189 1303">299805</td> <td data-bbox="1189 1233 1323 1303">129461</td> <td data-bbox="1323 1233 1469 1303">8.56</td> </tr> </tbody> </table>	NO.	DATE RECEIVED	GATE PASS/ DELIVER Y	GOODS RECEIVED NOTE	QUANTITY RECEIVED TONNES	1	08-11-19	299801	129452	9.62 TONNES	2	09-11-19	299802	129452	9.41 TONNES	3	12-11-19	299803	129454	8.41 TONNES	4	13-11-19	299804	129461	8.28 TONNES	5	14-11-19	299805	129461	8.56		
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	<p>stumps which had been cut down. However, it could not be confirmed who had cut down the trees and what benefit the corporation gained from the same.</p>					TONNES		
		TOTAL (MT)				44.28 Tonnes		
	<p><u>2.2 OTHER ANOMALIES NOTED ON PROPERTY, PLANT AND EQUIPMENT</u></p> <p>i. Included in the property, plant and equipment balance of Kshs.5,266,659,000 are motor vehicles and computers with a net book value of Kshs.1,414,000 and</p>	<p><u>2.2 OTHER ANOMALIES NOTED ON PROPERTY, PLANT AND EQUIPMENT.</u></p> <p>I. Revaluation of assets</p> <p>For the period under review the company was experiencing financial constraints because of budget cuts therefore the management did not undertake valuation of assets. The Management will be proposing to the Board for factoring of the revaluation exercise in the next financial year</p>					<p>Not Resolved</p>	<p>30th June 2027</p>



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>Kshs.2,146,000 respectively. Review of the assets register revealed that fifty-one vehicles and thirty-one computers have been fully depreciated and have not been revalued yet they are still in use at the company and continue to incur operational costs.</p> <p>ii. In addition, the property, plant and equipment balance include an extraction plant purchased and installed in the year 2006 at a cost of Kshs.305,872,000 and whose net book value is Kshs.147,000,000 that has never been commissioned. Although the Management has explained that the machine was purchased in anticipation of an increase in</p>	<p>2026/2027</p> <p>II. Extraction plant.</p> <p>The management has been undertaking some efforts on the commissioning of the new extraction plant in the past. The major challenge has been attaining the threshold requirement of 50MT of dry pyrethrum flowers per day as per the advisory of Eng. George Khasiani of Chimma Enterprise Engineering and project Management Consultant.</p> <p>To overcome this challenge Management has done the following;</p> <ol style="list-style-type: none"> 1. Increased production of pyrethrum flower seeds and distributed to farmers. 2. Increased production of planting materials and distributed to farmers. 3. Purchased planting materials from private nurseries and distributed to farmers. <p>Due to the above intervention, land acreage under pyrethrum flower has increased and currently flower production in the</p>		



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E															
	<p>flower deliveries to the factory and that the plant will be commissioned in future once the industry is revived, evidence to indicate the steps taken to revive the industry was not provided. Further, technological changes and wear and tear are bound to adversely affect the idle machines and may result in the loss of funds invested in the asset. The Management explained that it intends to dispose of the plant since it's not of economic value at the moment. However, selling plans have not yet commenced.</p> <p>In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs. 5,266,659,000</p>	<p>country has increased from less than 200 metric tonnes per year to around 650 metric tonnes per year which is shared by all flower processing companies. The flowers delivery to PPCK has increased as shown in the table below;</p> <table border="1" data-bbox="846 579 1435 778"> <thead> <tr> <th>No.</th> <th>Year</th> <th>Metric Tonnes</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2020/2021</td> <td>60.764</td> </tr> <tr> <td>2</td> <td>2021/2022</td> <td>172.819</td> </tr> <tr> <td>3</td> <td>2022/2023</td> <td>309.978</td> </tr> <tr> <td>4</td> <td>2023/2024</td> <td>314.346</td> </tr> </tbody> </table> <p>This is a positive indication that the increase in flower production will in future reach a level which will allow commissioning of the extraction plant.</p>	No.	Year	Metric Tonnes	1	2020/2021	60.764	2	2021/2022	172.819	3	2022/2023	309.978	4	2023/2024	314.346		
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N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ Not Resolved)	TIMEFRAM E
	could not be confirmed.			
3	<p>BUDGETARY CONTROL AND PERFORMANCE</p> <p>The statement of comparison of the budget and actual amounts reflects a total revenue budget and actual amount on comparable basis of Kshs.544,827,000 and Kshs.396,262,000 respectively resulting to an under collection of Kshs.148,565,000 or 27% of the budget.</p> <p>The under collection might have affected planned activities and impacted negatively on service delivery to the public.</p> <p>Further, a comparison of the budget</p>	<p>BUDGETARY CONTROL AND PERFORMANCE</p> <p>For the period under review the company had approved budget of Recurrent and Development which was 100% GoK funding. During the preparation of the budget as per the National Treasury guidelines the development budget is independent and not in the final budget in statement of budget comparison, therefore the development budget can be found in the actual expenditure as they were all expensed in the statement of comprehensive incomes the actuals. The development budget was utilized in the following budget line items which are mainly for the core mandate of the institution namely; -</p> <p>a. Use of Goods and Services.</p> <p>During the period under review FY 2023-24 the company was approved Capital Budget of the fund was fully utilized in the core mandate of the company which is processing of pyrethrum extract and other products. The variance is due</p>	Not Resolved	30 th June 2026



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E									
	<p>and actual expenditures for the year under review revealed that various expenditure items had exceeded the budget as tabulated below;</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Component</th> <th style="text-align: center;">Final Budget</th> <th style="text-align: center;">Actual</th> </tr> </thead> <tbody> <tr> <td>Use of Goods and Services</td> <td style="text-align: right;">66,200,000</td> <td style="text-align: right;">93,83</td> </tr> <tr> <td>Other Payments</td> <td style="text-align: right;">151,142,000</td> <td style="text-align: right;">199,5</td> </tr> </tbody> </table> <p>In circumstances the entity effectiveness of its budget controls could not be confirmed.</p>	Component	Final Budget	Actual	Use of Goods and Services	66,200,000	93,83	Other Payments	151,142,000	199,5	<p>to those budget line items in the cost of sales which were appropriated under development budget.</p> <p>b. Other Payments.</p> <p>For the period under review on other payments the variance was due to non-cash movement of aromatization of pyrethrin cost for the period</p>		
Component	Final Budget	Actual											
Use of Goods and Services	66,200,000	93,83											
Other Payments	151,142,000	199,5											
4	<p>FAILURE TO DISCLOSE MATERIAL UNCERTAINTY IN RELATION TO GOING CONCERN</p> <p>The statement of financial position</p>	<p>FAILURE TO DISCLOSE MATERIAL UNCERTAINTY IN RELATION TO GOING</p> <p>The management has noted the Auditors observation on the</p>	Not disclosed	30 th June 2026									



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>reflects current liabilities balance of Kshs.1,612,877,000 which exceeds the current assets balance of Kshs.666,437,000 resulting to a negative working capital of Kshs.946,440,000. Further, the statement of profit or loss and other comprehensive income reflects a deficit of Kshs.83,582,000 resulting to a increase in accumulated general reserve deficit from Kshs.523,645,000 as at 30 June, 2023 to Kshs.671,593,000 as at 30 June, 2024. The Company is, therefore, technically insolvent and its continued sustainability of services is dependent upon support from the National Government and its creditors. In addition, this material uncertainty has not been</p>	<p>going concern of the company and a disclosure was made in the statement of directors' responsibilities in the financial statements for the period under review.</p> <p>The Board of directors and the management have assessed the matters affecting the company's going concern and have put in strategies of reviving and revamping the overall operation of the company to improve on its performance, increased cashflow and payment of dividends to the National Treasury</p> <p>The company requires seed capital injection for the company operations and settlement of outstanding liabilities, the management and board had identified non-core assets that can be offloaded after due process has been fully undertaken to generate the working capital require for the overall company operations and sustainability for the future operations</p>		



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ Not Resolved)	TIMEFRAM E
	disclosed in the financial statements. In the circumstances, the Corporations' ability to continue to sustain its services could not be confirmed.			
5	<p>NON-COMPLIANCE WITH LAW ON ETHNIC COMPOSITION</p> <p>Review of the ethnic composition of the entity revealed that during the financial year under review fifty one (51) staff out of one hundred and thirty five (135) were from one ethnic group representing 38% of the total workforce of the entity contrary to Section 7 (1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to</p>	<p>NON-COMPLIANCE WITH LAW ON ETHNIC COMPOSITION</p> <p>As a public entity the Company allows all ethnic communities equal opportunities to seek employment with PPCK and absolutely has no control/restriction over job applicants from ethnic communities.</p> <p>And by the virtue of the company being domiciled in the Rift valley the local community were more engaged in from the early years of 1960's 70's 80 and 90' s before the Cohesion and Integration Act of 2008 and were employed on permanent and pensionable.</p> <p>In order to correct the anomaly, the company shall take the affirmative action to go slow in recruiting more employees from the community with the majority employees organize</p>	Not Resolved	30 th June 2026



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.</p> <p>In circumstances, Management is in contravention with the National Cohesion and Integration Act, 2008</p>	<p>cross cultural trainings give priority to minor ethnic communities and strive to celebrate employee ethnic differences.</p> <p>Going forward the Company shall endeavor to address the imbalance through implementation of the approved Human Resource Instruments by the Public Service Commission to guide the recruitment processes and help in balancing the ethnic groups and to comply with Section 7 (1) and (2) of the National Cohesion and Integration Act 2008.</p>		
6	<p>NON-COMPLIANCE TO THE ONE THIRD GENDER RULE</p> <p>Review of the payroll data and other staff records of the the entity for the period under review revealed that out of the 135 permanent employees the entity had 29 female employees representing 21% of the total workforce. This is contrary to Part B.22(6) of the Human Resource</p>	<p>NON-COMPLIANCE TO THE ONE THIRD GENDER RULE</p> <p>The gender balance is historical since all the engagements in all the departments were done in the 1990's which affects the gender balance to date. Since the Human Resource Instruments have been approved moving forward, the Company will consider recruitments on affirmative action to balance the gender equation to comply with Part B.22(6) of the Human Resource Policies and Procedure Manual for the Public Service, 2016</p>	Not Resolved	30 th June 2026



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>Policies and Procedure Manual for the Public Service, 2016 which states that the government will endeavor to have a gender balanced civil service by ensuring that not more than 2/3 of positions in its establishment are filled by either gender</p> <p>In circumstances, Management is in breach of the law.</p>			
7	<p>FAILURE TO ONBOARD GOVERNMENT SERVICES ON E-CITIZEN PLATFORM</p> <p>In line with government digitization plan all ministries, government departments and agencies were directed to terminate all non-designated payment platforms and migrate to the designated Pay bill</p>	<p>FAILURE TO ONBOARD GOVERNMENT SERVICES ON E-CITIZEN PLATFORM</p> <p>The management complied with the Head of Public Circular No SH/EOP/1 VOL 11 (14) DATED 10th July 2023 and the company services were on boarded to the E-citizen Platform this can be assessed through this link https://ppck.ecitizen.go.ke in the E-Citizen government portal.</p> <p>PPCK management identified 5 services which were on-boarded to E-Citizen. The services were, m</p>	Not Resolved	30 th June 2026



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E										
	<p>number by within 30 days from 10th July 2023, However, the company is still operating and receiving payments via several accounts as tabulated below even after the deadline.</p> <table border="1" data-bbox="374 660 822 1034"> <thead> <tr> <th data-bbox="374 660 450 735">No.</th> <th data-bbox="450 660 822 735">Revenue Stream</th> </tr> </thead> <tbody> <tr> <td data-bbox="374 735 450 810">1</td> <td data-bbox="450 735 822 810">Rent</td> </tr> <tr> <td data-bbox="374 810 450 885">2</td> <td data-bbox="450 810 822 885">Product sales</td> </tr> <tr> <td data-bbox="374 885 450 960">3</td> <td data-bbox="450 885 822 960">Product sale USD</td> </tr> <tr> <td data-bbox="374 960 450 1034">4</td> <td data-bbox="450 960 822 1034">Product sales EURO</td> </tr> </tbody> </table> <p>In the circumstances, Management was in breach of the Government directives.</p>	No.	Revenue Stream	1	Rent	2	Product sales	3	Product sale USD	4	Product sales EURO	<p>i. Growers' registration which is a free service ii. Grower consultation which is a free service iii. Seedlings purchase iv. Seeds purchase v. Request for Growers statements which is a free service</p> <p>PPCK did not have a Paybill number in use, all payments for services were being handled by the official designated bank account.</p> <p>During the setup due to the fact that PPCK computer systems are out of date the developer indicated that there was a need to upgrade the ICT systems to enable backend integration with the E-citizen system, however this did not take place due to inadequate funds for the period under review.</p> <p>PPCK is therefore not operating and receiving payments via different Paybills as it did not have any Paybill but uses its own approved Bank Accounts.</p>		
No.	Revenue Stream													
1	Rent													
2	Product sales													
3	Product sale USD													
4	Product sales EURO													



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ Not Resolved)	TIMEFRAM E
8	<p>UNDER-UTILIZATION OF THE PROCESSING CAPACITY.</p> <p>Review of the company's operations revealed that the company has a processing capacity of 25MT of flowers per day translating to 9,125MT per year. During the year under review the company only made three runs processing a total of 411MT which is suboptimal compared to the processing capacity. Upon enquiry from the management, it was explained that the company has to accumulate flowers averagely for three months before the same is enough for a run, this is due to the slow flower reception as a result of lack of funding to purchase the</p>	<p>UNDER-UTILIZATION OF THE PROCESSING CAPACITY.</p> <p>The Pyrethrum Processing Company of Kenya factory has a flower processing capacity of 25MT per day translating to 9,125MT per year. In the year under review 411MT was processed from 314MT received in the financial year 2023/24 and the remaining 97MT carried over from year 2022/23 flower collection. The under-utilization of the extraction plant is due to low flower production in the country and lack of fund for purchase of existing flowers in the field.</p> <p>In order to solve the problem, PPCK in the month of November 2024 the company developed a business plan that if funded will ensure increase in flower production and delivery to the factory.</p> <p>The Business plan will ensure;</p> <ol style="list-style-type: none"> 1) Increased production and supply of adequate quality planting material through seed production and clonal material. This will be done through establishment of additional 40 acres of seed fields and revamping the 	Not Resolved	30 th June 2027



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>flowers and flowers production. This has in turn led to high production costs due to diminishing pyrethrin content of the stored flowers, idle time of the machine, operations inefficiencies due to processing of low quantities and underutilization of the factory staff.</p> <p>In circumstances the effectiveness of utilization of machinery and human resources could not be confirmed.</p>	<p>tissue culture laboratories to enhance micro-propagation of the tissue culture plantlets.</p> <p>2) Increased acreage under pyrethrum from 5000 to 8000 using seeds in stock. PPCK has 1467kg of seed stock that if distributed to growers will establish approximately 3000 acres of the crop which will yield an extra 90MT of flowers monthly.</p> <p>3) Increased acreage under pyrethrum by 163 acres using clonal planting materials. The clonal materials available in PPCK nurseries are 720,000 bushes which can produce additional 163 acres of the crop.</p> <p>4) PPCK to engage commercial nursery operators to distribute seedlings estimated at 10,000,000 seedlings which will establish approximately 450 acres amongst growers in pyrethrum growing areas.</p> <p>5) Increased dry pyrethrum flower delivery of 2400MT by year 2026.</p> <p>6) Prompt monthly payment to pyrethrum growers to encourage farmers to deliver more flowers to the factory.</p>		



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
PRIOR YEAR ISSUES				
1	<p>Unsupported Bank and Cash Balance The statements of financial position reflect a bank and cash balance of Kshs.22, 274,000 as disclosed in Note 18 to the financial statement. A detailed analysis of the bank and cash balances revealed that the balance includes Kshs.33,000 held at CFC Stanbic bank account. However, the certificate of bank balances as at 30 June, 2023 was not provided for audit confirmation. Further, the account has been dormant and no evidence of the closure was provided for audit.</p> <p>In the circumstances, the accuracy and completeness of the bank and cash balance of Kshs.22,274,000 could not be confirmed.</p>	<p>Unsupported Bank and Cash Balances The management communicated to the CFC Stanbic bank-Nakuru branch vide Memo MD/PPCK/D.23(d)/3051/2024 dated 26th Feb 2024 on the Re-opening of the bank Account and all the required Board approvals were forwarded. The PPCK Board had approved the update of the account signatories which were forwarded to the bank for action as per the attached minutes and instruction to the Bank to act on its opening and subsequently provide certificate of bank balance.</p> <p>i. Full Board Minutes Extract Dated 5th December,2023 ii. Instruction to the Bank on the new mandate signatories.</p> <p><i>Current Status</i> Follow up done through Financial reporting centre to intervene on our behalf vide letter ref:MD/PPCK/D.23/3859/2025 Dated 9th October 2025</p>	Not Resolved	30 th June 2026
2	<p>Deferred Pyrethrin Costs The statement of financial position indicates a deferred pyrethrin cost of Kshs.633,697,000 as disclosed in Note 26 to the financial statements.</p>	<p>Deferred Pyrethrin Costs These costs relate to unaccounted for Pyrethrin received between 1999-2003 valued at Kshs 1,357,922,110. The Pyrethrum Act (Cap 340) Section 18 provides that the total amount realized from the operations of the board ought to be</p>	Not Resolved	30 th June 2026



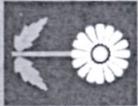
N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>This cost relates to unaccounted for pyrethrin received between the years 1999—2003 valued at Kshs. 1,357,922,110. The Pyrethrum Act Cap 340 (Now Repealed) Section 18 provides that the total amount realized from the operations of the company ought to be paid based on performance and surplus or losses passed to the growers. Between the years 1999-2003 trade stocks were held mainly in Crude Pyrethrum Extract (OR).</p> <p>It was realized in the year 2005/2006 that quite a substantial quantity of pyrethrin of 180,859.71 Kgs Pys valued at Kshs. 1,357,922 could not be accounted for. Growers had therefore been overpaid with an element that should have been adjusted to reflect process losses. The Company noted the losses and requested for thorough investigation, the results of which has not been provided for audit. The Company recommended for accommodating the amount of Kshs. 1,357,922,110 in the general reserve account which was to be written off over a period of 30 years from the 2007/2008</p>	<p>paid based on performance and surplus or losses passed to the growers. Between the years 1999-2003 stocks were held mainly in crude Pyrethrum extracts (OR). The Pyrethrin's reconciliation was then impossible. It was realized in the year 2005/2006 that quite substantial quantities of Pyrethrin's of 180,859.71Kgs Pies valued at Kshs 1,357,922,110 could not be accounted for. Growers had therefore been paid an element that should have been adjusted to reflect the process losses. The necessary adjustment for the prior period error was therefore made in the financial statements to reflect a fair view of the financial statements. The board noted the losses and recommended a thorough investigation in the books of account thereby accommodating the amount of Kshs 1,357,922,110 in the general reserve account which will be amortized over a period of 30 years starting financial year 2007/2008 at Kshs 45,264,070 yearly.</p> <p>The board ordered for a thorough investigation to be carried out for the losses and as a result from the investigation the factory manager, the chief chemist and other Senior supervisors were summarily dismissed from service. There are still on-going investigations by the Ethics and Anti-corruption agency on the pyrethrum losses which when completed will pave way for writing off these costs if irrecoverable.</p>		



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>financial year. For the current year, the loss of Kshs.42,264,000 has been written-off in the statement of comprehensive income.</p> <p>The Board recommended and initiated the write-off without prior approval from The National Treasury. The Company has not initiated the process of approval for write-off from The National Treasury to date.</p> <p>In the circumstances, the accuracy, completeness and regularity of the deferred pyrethrin cost balance of Kshs.633,697,000 and the write off of Kshs.42,264,000 during the year could not be confirmed.</p>			
3	<p>Long Outstanding and Unsupported Trade Receivables</p> <p>The statement of financial position and Note 17 to the financial statements reflects trade and other receivables balance of Kshs.259,126,000, and as previously reported, the following matters were noted;</p> <p>i. Included in the amount is trade debtors balance of Kshs.68,339,028 whose brought forward balance of</p>	<p>Unsupported Trade Receivables</p> <p>The management has noted the auditor's observation on long outstanding receivables. Included in Trade receivables and other receivables are historical ledgers opening balances that have been outstanding for more than 15 years in the books of accounts which includes staff debts, deposits held by courts, growers' receivables and abortive Nairobi ASK show. The management will undertake reconciliation of all accounts receivables in the current financial year 2023/24 in order to ascertain the actual trade and other receivables balance, subsequently the management will seek for approval for a write off of long outstanding unrecoverable trade and other receivables. The process of cleaning up the accounts has</p>	Not Resolved	30 th June 2026



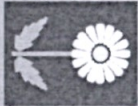
N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>Kshs.61,852,998 in the financial statement differs with ledger brought forward balance of Kshs.50,739,302 which has remained outstanding for over fifteen years. Further, no breakdown or supporting documents were provided on brought forward balances to enable verification.</p> <p>ii. Included in the balance are trade receivables, other receivables, growers' receivables and staff receivables balances of Kshs.68, 339,000, Kshs. 169,036,000 Kshs.48, 157.000 and Kshs.28,275,000 respectively which have been outstanding for more than one year and the details of the receivables were not provided.</p> <p>iii. The balance also includes deposit held by courts of Kshs.4,454,000 that has been outstanding for long and which Management did not provide details and progress of the cases. In addition, the balance includes an amount of</p>	<p>already started. (Board paper attached) The company has put in place measures to recover the long outstanding staff debt receivables and other receivables (recovery memo attached).</p> <p>Provision for bad debt balance of Kshs.56,241,490 were specific provision that has been outstanding for long in the books of accounts.</p> <ul style="list-style-type: none"> i. Extract of Board paper ii. Extract of minutes for the discussion 		



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>Kshs.7, 179,950 relating to abortive expenses on Nairobi Agricultural Society of Kenya (ASK) Show and which Management explained that Ethics and Anti-Corruption Commission (EACC) was conducting investigations pertaining to the expenditure. However, progress report on the case was not provided.</p> <p>iv. Further, the balance was net of provision for bad debts of Kshs.56, 241,1490 whose basis of computation was not provided.</p> <p>v. Review of the property manager's monthly report for June, 2022, revealed rent arrears from nine properties owned by the Company amounted to Kshs.28, 873,010. However, the arrears were not disclosed in the trade and other receivables balance for the year.</p> <p>In the circumstances, the accuracy and completeness of the trade and other receivables balance of Kshs. 259,126,000 could not be confirmed.</p>			



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ Not Resolved)	TIMEFRAM E										
4	<p>Rent and Rates Accruing from Properties with Doubtful Ownership</p> <p>The statement of profit or loss and other comprehensive income reflects administration costs amount of Kshs.450, 686,000. As disclosed in Note 11 to the financial statements. The amounts includes rent and rates of Kshs.3,254,000 which includes Kshs.2,416,502 being land rates accruing from land properties that the Pyrethrum Processing Company of Kenya is not a registered or confirmed owner.</p> <p>In the circumstances, the accuracy and completeness of the rent and rates amount of Kshs.2, 416,502 could not be confirmed.</p>	<p>Rent and Rates Accruing from Properties with Doubtful Ownership</p> <p>For the period under review the management paid land rates to properties within Nakuru County, The management is currently following the matter of the land parcels without legal ownership both within the county and others in different counties.</p> <p>1. Summary of PPCK land rates and ownership status of the said parcels of land.</p>	Not Resolved	30 th June 2027										
5	<p>Overstatement of Inventories</p> <p>The statement of financial position and Note 15 to the financial statements reflects inventories balance of Kshs.275, 666,000. Included in the balance, and as previously reported, is an amount of Kshs. 104,168,000 in respect of other pyrethrum products which comprises of sludges that are waste products after extraction of pyrethrin</p>	<p>Overstatement of Inventories</p> <p>In the year 2007, the then Head of Quality Control & Assurance Department Mr. Mathew K. Twei took samples of the by-products at Tim-trees store and pyrethrin results was as follows;</p> <table border="1" data-bbox="891 1155 1615 1347"> <thead> <tr> <th>No. of Drums</th> <th>Pyrethrins content range (%w/w pys)</th> </tr> </thead> <tbody> <tr> <td>463</td> <td>Less than 3%</td> </tr> <tr> <td>791</td> <td>3 to <6%</td> </tr> <tr> <td>28</td> <td>6 to <10%</td> </tr> <tr> <td>8</td> <td>>10%</td> </tr> </tbody> </table>	No. of Drums	Pyrethrins content range (%w/w pys)	463	Less than 3%	791	3 to <6%	28	6 to <10%	8	>10%	Not Resolved	30 th June 2026
No. of Drums	Pyrethrins content range (%w/w pys)													
463	Less than 3%													
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N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ Not Resolved)	TIMEFRAM E
	<p>and other substances from the flowers. The products were last valued in the year 2007. However, attempts by the company to dispose these products at this cost have not been successful and the products may have deteriorated in value over time.</p> <p>In the circumstances, the accuracy and completeness of inventories balance of Kshs. 104,168,000 could not be confirmed.</p>	<p>The products were then valued at Kshs. 104,168,000. The valuation figure was not correct because maximum pyrethrin specification limit for sludges (VWR) is 3% and it is impossible to extract the 3% pyrethrin from the products and therefore should not have been calculated as a revenue that PBK was to get if the pyrethrin was extracted.</p> <p>Out of the total drums of the material in Tim – trees store, 163 drums with high pyrethrin content above 3% was issued to refinery between 14th July 2007 and 18th October 2007 for re-processing and 1,595kg of pale extract valued at Kshs. 10,461,185 was produced and sold. The remaining 1,107 drums of sludges and green oils were analyzed for pyrethrin content on 17th August 2017 and the result was 3.79% pyrethrin content. The pyrethrin content of the by-products is slightly above recommended maximum level of 3% that should remain in sludges during refining of Oleoresin (OR). The extraction of 0.79% pyrethrin which is above the recommended level is not economically viable since a lot of expensive solvents will be used to extract considering also the cost of electricity. Currently the pyrethrin content has further decreased because pyrethrin content decreases when exposed to sunlight at a rate of 3% per month.</p> <p>The remaining drums of sludges and green oils cannot be re-processed and the value of Kshs. 104,168,000 is not correct.</p>		
6	<p>Long Outstanding and Unsupported Trade and Other Payables</p> <p>The statement of financial position reflects trade and other payables</p>	<p>Long Outstanding and Unsupported Trade and Other Payables</p> <p>The performance of the company for the last 15 years has been on a downward trend due to low volume of flowers which is the main source of raw material for production as a</p>	Not Resolved	30 th June 2026



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>balance of Kshs. 1,484,558,000 and as disclosed in Note 19 to the financial statement. As previously reported, review of the payables revealed the following matters;</p> <p>i. Included in the balance is trade payables and provisions amount to Kshs. 1,085,858,000 out of which amounts totaling Kshs.175,301,015 and Kshs.19,968,869 relate to long outstanding unremitted value added and pay as you earn tax deductions and other salaries and wages clearances respectively. The unremitted taxes continue attracting interest and penalties from the Kenya Revenue Authority (KRA). No provision for penalties and interest chargeable as a result of failure to remit the deductions to the relevant authorities on time has been made in the year under review.</p> <p>ii. In addition, the balance also includes other payables to Agriculture and Food</p>	<p>result which this had an effect on the company cashflows as the company could not honor its obligations of settling its liabilities.</p> <p>i. P.A.Y.E And Other Taxes.</p> <p>The management has been engaging with the Kenya Revenue authority through the Parent ministry on modality of settling the long Outstanding un-remitted tax arrears PAYE, and other taxes. The provision had been provided.</p> <p>ii. Amount Owed to A.F.A & N.K.P.C.U</p> <p>The amount owed to AFA relates to funds disburses to the company which were meant for payment of salaries, legal fees and statutory deductions. PPCK Board & Management are engaging with the parent ministry on a way forward on settling of the amount owed to agriculture & Food Authority vide letter Ref; MD/PPCK/B.16(a)/2495/2023 dated 27/02/2023 (attached).</p> <p>iii. Growers' debts</p> <p>These are un-reconciled accounts that management has done a board paper requesting for clean-up of ledgers and presented to the Board. The process of clean-up of the accounts will be undertaken in the current financial year 2023/24.</p>		



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ Not Resolved)	TIMEFRAM E
	<p>Authority of Kshs.223,127,000, Sugar Directorate of Kshs. 41,493,000 and Tea Directorate of Kshs. 16,030,000 that have been outstanding for more than one year. No explanation for the failure to settle the outstanding invoices has been provided by Management.</p> <p>iii. Included in the balance are amounts due to growers amounting to Kshs. 18,050,798 whose details of the identity of the growers and their balances were not provided.</p> <p>In the circumstances, the accuracy and completeness of the trade payables balance of Kshs. 1,484,558,000 could not be confirmed.</p>			
7	<p>Understated Other Income-Rental Income</p> <p>The statement of profit or loss and other comprehensive income reflects other income amount of Kshs.55,982,000. As disclosed in Note 9 to the financial statements,</p>	<p>Understated Other Income-Rental Income</p> <p>The company is in compliance with IFRS in reporting for revenue recognized. During the financial year under review the company collected a total of Kshs.24,997,202.00 as rental income from its properties. The summary below indicates the variance from property section which had various errors as summarized below; -</p>	Not Resolved	30 th June 2026



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE				STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>the amount includes rental income of Kshs.24,997,201 which was revenue from leased and rented properties. It was noted that the accounting department recognizes revenue after actual receipt of the cash income. The concept is against the IFRS reporting framework that requires recognition of income once earned. The verified rental income earned by the entity in the financial year 2022-2023 was Kshs.28,641,600 but only Kshs. 24,997,201 was disclosed in the financial statements, thereby misstating rent revenue and receivables.</p> <p>In the circumstances, the accuracy and completeness of rental income amount of Kshs.24,997,201 could not be confirmed.</p>	RENT ANALYSIS FOR FY 2022/23					
		MONTHS	FINANCE DEPARTMEN T	PROPERTY SECTION	VARIANC E		
			Kshs	Kshs	Kshs		
		JULY	1,905,000	2,019,500	(114,500)		
		AUGUST	1,636,712	1,627,612	9,100		
		SEPTEMBER	1,772,264	1,766,812	5,452		
		OCTOBER	1,904,700	1,879,700	25,000		
		NOVEMBER	2,743,134	3,052,020	(308,886)		
		DECEMBER	1,948,200	1,996,924	(48,724)		
		JANUARY	2,216,000	2,184,000	32,000		
		FEBRUARY	1,885,600	1,814,350	71,250		
		MARCH	1,582,500	2,061,200	(478,700)		
		APRIL	2,985,311	2,994,811	(9,500)		
		MAY	2,032,880	2,256,880	(224,000)		
		JUNE	2,384,901	2,303,901	81,000		
			24,997,202	25,957,710	(960,508)		
		<p>Additionally, during the year under review some of the company's rental houses in the low-cost area Bondeni, Shauri yako Estates were not occupied due to their dilapidated status, this made those rental houses not attractive to new/potential tenants.</p> <p>The management plans to repair and facelift its rental properties to attract current rental market rates subject to availability of funds.</p>					



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
8	<p>Retention of Officers in Employment Beyond the Age of Sixty (60) years</p> <p>Analysis of the payroll and staff establishment revealed that the Company has retained in service employees who are over sixty (60) years without Authority from the Head of Public Service and the Public service Commission. This has resulted in irregular payment of salaries and allowances amounting to Kshs.4,082,208 for the year under review.</p> <p>In the circumstances, Management was in breach of the law and has no effective succession plan.</p>	<p>Retention of Officers in Employment Beyond the age of 60 years</p> <p>The management presented before the board on the need of succession plan as more technical staff were required in the factory during the year under review the Board discussed and gave approval engagement of staff who were offering critical services as planning for succession was underway. The relevant minute extract of the Full Board meeting held at the Company Boardroom are herewith attached.</p> <p>The Company through the job applications in the Data has engaged young people on contract basis to understudy staff exiting through retirement. Advertisements for interviews for these positions were put in the <i>daily newspapers (Standard newspaper dated 7th November 2023 (Appx. V)</i> to be filled competitively but the same has been halted awaiting approval of the HR Instruments as per letter from Public Service Commission ref: <i>PSC/LEG/GEN/23/VOL.II /33 dated 5th December 2023 (No. 15c) (Appx. VI)</i> Advising on approval of recruitment of staff for State Corporations and Public Universities (attached).</p>	Not Resolved	30 th June 2026
9	<p>Use of Standalone Accounting Software</p> <p>The Company uses workmate 2000 System to manage monthly payroll and accounting as its core Finance</p>	<p>Use of Standalone Accounting Software</p> <ol style="list-style-type: none"> 1. The Accounting Software is not standalone and is resident on the server with multiple users able to access and update concurrently. 2. The Workmate 2000 system which runs the company payroll 	Not Resolved	30 th June 2027



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>Management Software. The modules deployed include accounts payable, cashbook, general ledger and reporting. However, it was observed that both the operating system and the accounting software are standalone systems. It was difficult to authenticate the figure provided in the ledger/journal vouchers since the employee details in the payroll did not include the department they work in, their job group, their designation and their category. In the circumstances, the Company may suffer compromised efficiency due to use of ineffective ICT systems,</p>	<p>is also not standalone but is resident on the server with multiple users able to work concurrently.</p> <p>3. The two systems are however not linked and a journal which is dully approved is normally generated from the payroll to update the Accounting Software.</p> <p>4. The staff details of an employee are held in the HR module of the workmate 2000 system and it is managed by HR staff.</p> <p>5. It is worthy to note that the systems were installed over 20 years ago and are in dire need of complete overhaul, however adequate resources need to be set aside for this process.</p> <p>6. The ICT systems are not as efficient due to age and lack of investment but are however in the current circumstances effective to the extent that they fulfill the intended purpose albeit with human intervention.</p>		
10	<p>12. Molo Tissue Culture Laboratory</p> <p>The Corporation operates a tissue culture laboratory in Molo. However, a physical audit verification carried out in January, 2024 confirmed the laboratory could not effectively achieve its mandate of bulking or multiplication of mother clones for seed production due to the following challenges:</p> <p>i. The station has propagation and storage rooms that require controlled temperatures to</p>	<p>12. Molo Tissue Culture Laboratory</p> <p>PPCK uses the glass house which belongs to KALRO for hardening of plantlets from the tissue culture labs and since has not been repaired, for stop gap measure the plantlets are being hardened at Muguga tissue culture station where there is a greenhouse that is fully owned by PPCK.</p> <p>In the current financial year, the management has factored in the procurement plan stand by generators for the laboratory to be standby for any power outage.</p> <p>For long-term solution the management has proposed to the board for revamping of the tissue culture station by transferring the facility to our own land in Molo nursery by constructing a modern laboratory and installing modern and well-equipped greenhouses/glass houses.</p>	Not Resolved	30 th June 2026



N O	AUDIT OBSERVATION	PPCK MANAGEMENT RESPONSE	STATUS (Resolved/ No t Resolved	TIMEFRAM E
	<p>properly produce the plantlets. However, the laboratory was not equipped with a generator to avoid power outages to prevent losses of plantlets.</p> <p>ii. The greenhouse/glasshouse of the station which is used for acclimatization/hardening of the plants was not working since the structure has broken windows and a broken lever system therefore it could not be used for this stage. Therefore, the plantlets were transported to the laboratory in Muguga for acclimatization during which some plantlets were lost. After hardening the plantlets were brought back to Molo for planting in the field. Therefore, the transportation costs and losses could be avoided with a proper working laboratory.</p> <p>In the circumstances, the controls and risk management mechanism of the Company may not be effective</p>	<p>Efforts have been put in place, including collaborations with other stakeholders as stop gap measures to continue with production of the planting material as more propagators have been contracted for tissue culture material production. This will enhance productivity and avail adequate quality planting material for growers.</p> <p>There have been requests on construction of a new green house and general revamping of the tissue culture laboratories which are key in revival of the company but the major hindrance is the cash flow constraints due to budget cuts. However, efforts have been made to revamp the green house as listed below. Quality and clean planting material can be obtained through the micro-propagation, which is done under controlled conditions</p> <p>Board papers to request revamping of the laboratories are attached; PPCK/BOD/TECH/011/2021 dated 23/6/2023 PPCK/BOD/FBP/2023 dated 24/5/2023 PPCK/OP/TECH/200/2024 dated 16/2/2024</p> <p>The generator was also requested for both in the board papers and as per attached documents.</p> <p>The greenhouse request for repair and installation of a new one has been made on several occasions. PR nos. 80275 dated 13/2022 and 82613 dated 9/4/2024 refers.</p>		



Appendix II: Projects implemented by Projects Implemented by Pyrethrum Processing Company of Kenya Ltd

Projects

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

Project title	Project Number	Donor	Period/ duration	Period/ commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Pyrethrum Industry Recovery	1165103500	GOK	1 st July 2014 to 30 th June 2030	NO	NO	YES

Status of Projects completion

No	Project Title	Total Project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
		Ksh. Billion	Ksh. Billion				
1	Pyrethrum Industry Recovery	3.480	1.010	29%	-	-	GoK



Appendix III: Transfers from Other Government entities

Name of the MDA/Donor transferring the funds	Date Received as per the Bank statement	Nature Recurrent/ Development/ Others	Where Recorded/Recognized					Total
			Total Amount (Kshs)	Capital Funds (Kshs)	Deferred Income	Receivables	Others	
MOA&L	21-Aug-24	Recurrent	7,500,000	-	-	-	-	7,500,000
	24-Sep-24	Recurrent	22,500,000	-	-	-	-	22,500,000
	08-Apr-25	Recurrent	85,000,000	-	-	-	-	85,000,000
	05-May-25	Recurrent	20,000,000	-	-	-	-	20,000,000
	07-July-25	Recurrent	21,000,000	-	-	-	-	21,000,000
TOTAL			156,000,000.00	-	-	-	-	156,000,000.00



Appendix IV: Inter- Entity Confirmation Letter


Name of Transferring Entity: Ministry of Agriculture and Livestock Development

Name of Beneficiary Entity: Pyrethrum Regulatory Authority.


Confirmation of Amounts Received by Pyrethrum Regulatory Authority as at 30th June 2025					
Reference Number	Date Disbursed	Recurrent	Development	Total	REMARKS
		Kshs	Kshs	Kshs	
FT24234TCMNL	21-Aug-24	7,500,000	-	7,500,000	
FT2426857LPG	24-Sep-24	22,500,000	-	22,500,000	
FT25098X8YJ6	08-Apr-25	85,000,000	-	85,000,000	
FT25125LMK2Y	05-May-25	20,000,000	-	20,000,000	
FT2518854BFW	07-July-25	21,000,000	-	21,000,000	
TOTAL		156,000,000	-	156,000,000	

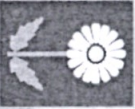
I confirm that the amounts shown above are correct as of the date indicated

Head of Accounts Department - Disbursing Entity

Name Douglas Mutem Signature  Date 27/08/2025

Head of Accounts Department - Beneficiary Entity

Name EDWARD OCHILE Signature  Date 27th August 25



Appendix V: Reporting of Climate Relevant Expenditures

Pyrethrum Processing Company of Kenya Ltd

Telephone Number: +254 51 2215918

Email Address: Md@pyrethrum.co.ke

Name of CEO: Ms. Carolyne Imbwaga

Name and Contact details of contact person -CPA Edward Ochele-

Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Sources of Funds	Implementing Partners
				Kshs	Kshs	Kshs	Kshs		
Tree Growing Restoration	Planting Trees	Help combat global warming & Protecting water catchment areas	2,580 trees planted in Olenguruone farm and head office				204,700.00	A.I.A	The Nature's Conservancy & PPCK



APPENDIX VI: Disaster Expenditure Reporting Template

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	Vandalism	Mitigation	Installation of CCTV Cameras	135,750	The board installed CCTV cameras to prevent future occurrences
N/A	N/A	Collapse of Perimeter Wall	Recovery	Repair and maintenance work of collapsed perimeter wall	174,441	During the reporting period, a section of the company's perimeter wall collapsed due to structural weakness
		Fire incident	Response & Recovery	Fire incident		The company experienced a fire incident at its Molo Station which resulted in damage staff servants' quarters building