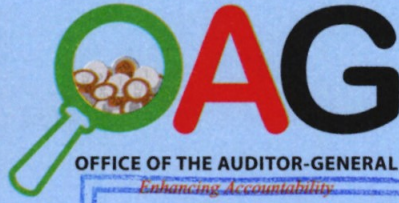



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



 <b>THE NATIONAL ASSEMBLY</b> <b>PAPERS LAID</b>	
DATE: 14 APR 2026	DAY: Tuesday
TABLED BY:	Hon. Naomi Wago, CBS MP (Deputy Majority Whip)
CLERK-AT-THE-TABLE:	Inzofu Mwale, HSC

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KENYA MEAT COMMISSION**

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



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KENYA MEAT COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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Prepared in accordance with the IFRS Accounting Standards

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## **1. Acronyms and Glossary of Terms**

### **A. Acronyms**

<b>B.E.T.A</b>	Bottom up Economic Transformation Agenda
<b>CPF</b>	County Pension Fund
<b>CSR</b>	Corporate Social Responsibility
<b>ERP</b>	Enterprise Resource Planning
<b>FVTPL</b>	Fair Value Through Profit or Loss
<b>FY</b>	Financial Year
<b>IAS</b>	International Accounting Standards
<b>IFRS</b>	International Financial Reporting Standards
<b>ISO</b>	International Standard Organization
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ICPAK</b>	Institute of Certified Public Accountants of Kenya
<b>KPI</b>	Key Performance Indicator
<b>KRA</b>	Key Result Area
<b>MC</b>	Managing Commissioner
<b>MT</b>	Metric Tones
<b>MTI</b>	Meat Training Institute
<b>MTP</b>	Medium Term Plans
<b>NSSF</b>	National Social Security Funds
<b>NT</b>	National Treasury
<b>OSHA</b>	Occupational Safety and Health Act of 2007
<b>PPE</b>	Property Plant & Equipment
<b>RTD</b>	Retired
<b>SDG</b>	Sustainable Development Goals

### **B. Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with the entity's financial resources.

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

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**2. Key Commission Information**

**a) Background information**

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

**b) Principal Activities**

The principal activity of Kenya Meat Commission is to: -

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

**c) Commissioners**

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

No	Name	Designation	Date of Appointment
1.	Lt. Gen (Rtd) Joseph Kasaon	Chairman of the Board	08/11/2022
2.	Brig (Rtd) Dr. Charles Otiato	Commissioner	Left on 06/10/2024
3.	Brig (Rtd) George Esekon Ejalan	Commissioner	Left on 06/10/2024
4.	Brig (Rtd) Philip Laibon Lepakio	Commissioner	Left on 06/10/2024
5.	Brig (Rtd) Joseph Benjamin Mutuku Mweu	Commissioner	Left on 06/10/2024
6.	Dr. Patricia M. Kingori - Mugendi	Commissioner	Left on 06/10/2024
7.	M/s Mary Mulili	Commissioner	Left on 06/10/2024
8.	Mr. Patrick Ngicuru -Rep, PS, Min. of Agriculture	Commissioner	Left on 06/10/2024
9.	Dr Embodoka Azegele Allan	Commissioner	08/08/2024
10.	Col (Rtd) Jonathan Krop Kipkore	Commissioner	13/12/2024
11.	Mr Fredrick Musyoki Kiio	Commissioner	29/11/2024

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12.	Ms Lilian Norah Andeso	Commissioner	29/11/2024
13.	Ms Agnes Leina Ntikaampi	Commissioner	13/12/2024
14.	Maj (Rtd) Daniel Lapanai Lekorere	Commissioner	13/12/2024
15.	Mr Saitabau Lepapa Kisotu	Commissioner	29/11/2024
16.	Dr Evans Muthuma -Rep, PS, Min. of Agriculture	Commissioner	24/10/2024
17.	Mr. Francis Kariuki - Rep PS, Min. of Finance	Commissioner	14/10/2015
18.	Mr. Joseph Mutuma - Rep PS, Min. of Defence	Commissioner	27/11/2023
19.	Mr. Victor Momanyi - Rep Ins State Corp.	Commissioner	02/01/2019
20.	Maj Gen Jattani Kampare Gula	Managing Commissioner	02/05/2024

**d) Corporate Secretary**

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

**e) Registered Office**

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

**f) Corporate Headquarters**

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

**g) Corporate Contacts**

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

**h) Corporate Bankers**

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





**i) Independent Auditors**

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

**j) Principal Legal Advisers**





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

3. The Board of Commissioners

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

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

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<p>9.</p>	 <p>Ms Agnes Leina Ntikaampi Bachelor's Degree</p>	<p><b>Date of Birth:</b> 10/11/1969  <b>Qualifications:</b> Bachelor of Arts in Communications  <b>Board Status:</b> Independent Board Member and Chair Human Resource and Administration Committee</p>
<p>10.</p>	 <p>Col. (RTD) Jonathan Krop Kipkore Bachelor's Degree</p>	<p><b>Date of Birth:</b> 1961  <b>Qualifications:</b> Bachelor of Arts  <b>Board Status:</b> Independent Board Member and Chair Production, Operation and Marketing Committee</p>
<p>11.</p>	 <p>Mr. Saitapau Lepapa Kisotu Certificate</p>	<p><b>Date of Birth:</b> 24/01/1978  <b>Qualifications:</b> Certificate of Ordination  <b>Board Status:</b> Independent Board Member</p>
<p>12.</p>	 <p>Dr Embodoka Azegele Allan Master's Degree</p>	<p><b>Date of Birth:</b> 31/08/1968  <b>Qualifications:</b> Master of Science in Veterinary Public Health  <b>Board Status:</b> Independent Board Member</p>



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**Annual Report and Financial Statements for the year ended June 30, 2025**

13.	 <p>Mr. Fredrick Musyoki Kii Bachelor's Degree</p>	<p><b>Date of Birth:</b> 06/04/1980  <b>Qualifications:</b> Bachelor of Commerce (Accounting)  <b>Board Status:</b> Independent Board Member and Chair Audit, Risk and Compliance Committee  <b>Work Experience:</b> Head of programs-Agribusiness (Africa Enterprise Challenge Fund). Agri-Tech Innovation &amp; food Systems consultancy</p>
14.	 <p>Ms Lilian Norah Andeso Bachelor's Degree</p>	<p><b>Date of Birth:</b> 08/02/1973  <b>Qualifications:</b> Bachelor of Arts Degree in Tourism and Hotel Management  <b>Board Status:</b> Independent Board Member</p>
15.	 <p>Maj(Rtd) Daniel Lapanai Lekore Bachelor's Degree</p>	<p><b>Date of Birth:</b> 01/01/1962  <b>Qualifications:</b> Bachelor of Science in Military Science  <b>Board Status:</b> Independent Board Member and Chair Finance and Strategy Committee</p>
16.	 <p>Mr. Francis Kariuki Master's Degree</p>	<p><b>Date of Birth:</b> 01.09.1968  <b>Qualifications:</b> Master's Degree  <b>Board Status:</b> Independent Board Member and Representative to the Principal Secretary -The National Treasury</p>

**Kenya Meat Commission**

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<p>17.</p>	 <p>Mr. Joseph Mutuma Master's Degree</p>	<p><b>Date of Birth:</b> 09.04.1972  <b>Qualifications:</b> Master's Degree  <b>Board Status:</b> Independent Board Member and Representative to the Principal Secretary -Ministry of Defence</p>
<p>18.</p>	 <p>Mr. Victor Momanyi Master's Degree</p>	<p><b>Date of Birth:</b> 21.09.1967  <b>Qualifications:</b> Master's Degree  <b>Board Status:</b> Independent Board Member and Representative to Inspector General- Inspectorate of State Corporations</p>
<p>19.</p>	 <p>Dr Evans Ngunjiri Muthuma Master's Degree</p>	<p><b>Date of Birth:</b> 20/08/1966  <b>Qualifications:</b> Master of Science in Veterinary Public Health  <b>Board Status:</b> Independent Board Member and Representative to the Principal Secretary -Department of Livestock, Ministry of Agriculture</p>
<p>20.</p>	 <p>Maj Gen Jattani Kampare Gula Bachelor's Degree</p>	<p><b>Date of Birth:</b> 21.10.1972  <b>Qualifications:</b> Bachelor's Degree  <b>Board Status:</b> Managing Commissioner</p>

**Kenya Meat Commission**


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14.	 <p>Anthony Omondi Ademba LLB(Nbi), Dip (Ksl), CS</p>	<p><b>Date of Birth:</b> 16.09.1976 <b>Qualifications:</b> Bachelor's Degree <b>Board Status:</b> Company Secretary Member of ICS</p>
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**4. Key Management Team**

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

**Kenya Meat Commission  
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 <p>Ms. Lydia Mandila Sales &amp; Marketing MBA, BBA</p>	 <p>Dr. Cyril Cheruiyot Manager, Livestock MSc</p>
 <p>Ms. Gaudencia Liambila Manager, Production MBA, BSc</p>	 <p>CPA Robert Mrima Manager, Finance and Accounts MBA, BCOM, CPA(K)</p>
 <p>Ms. Sarah Chepkoech Manager, Quality Assurance BSc, Food Science</p>	 <p>Mr. Martin Mono Manager, Plant Engineer MBA, BSc</p>
 <p>Lt. Gilbert Kipkorir Sitienei Ag. ICT Manager BSc. Information Technology (IT)</p>	

## Kenya Meat Commission

### Annual Report and Financial Statements for the year ended June 30, 2025

#### 5. Fiduciary Management

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

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

#### 6. Fiduciary Oversight Arrangements

To carry out its mandate, the Commission is run by a Board of Commissioners who discharge their duties through the following board committees which were established by the board in its special Full Board meeting held on January 31<sup>st</sup>, 2025;

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

##### a. Production, Operations and Marketing Committee

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

## **Kenya Meat Commission**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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

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

1. Col (Rtd) Jonathan Krop Kipkore	-	Chairperson
2. Mr Saitabau Lepapa Kisotu	-	Member
3. Dr Evans Ngunjiri Muthuma	-	Member
4. Ms Lilian Norah Andeso	-	Member
5. Mr Victor Momanyi	-	Member
6. Maj Gen Jattani Kampare Gula	-	MC

#### **b. Finance and Strategy Committee**

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

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

## **Kenya Meat Commission**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

- v. Preparation of the Commission's procurement plans, its alignment with approved budget and implementation;
- vi. Maintaining of the Commission's assets inventory and disposal of assets and other administration matters as may arise from time to time;

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

1. Maj (Rtd) Daniel Lapanai Lekorere - Chairperson
2. Mr Francis Kariuki - Member
3. Mr Joseph Mutuma Mutwiri - Member
4. Dr Evans Ngunjiri Muthuma - Member
5. Mr Victor Momanyi - Member
6. Maj Gen Jattani Kampare Gula - MC

#### **c. Audit, Risk and Compliance Committee**

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

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

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

1. Mr Fredrick Musyoki Kiio - Chairperson
2. Mr Francis Kariuki - Member
3. Mr Joseph Mutuma Mutwiri - Member
4. Dr Allan Azegele - Member
5. Mr Victor Momanyi - Member

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**d. Human Resource and Administration Committee**

The terms of reference are as hereunder:

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

## **7. Chairman's Statement**

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

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

There was marginal decline of **3.9%** in sales revenue in FY 2024/2025 compared to FY 2023/2024. In the financial year 2024/2025, revenue from sale of meat and meat products stood at **Ksh.1, 642,805,432** compared to **Ksh.1,709,798,352** realised the previous year. This is attributable to livestock supply challenges leading to stock out of meat and meat products. It is worth of note that delays in exchequer release to our key customers largely contributed to this state of affairs. The Commission could not pay its livestock and general suppliers on time. Consequently, the Commission experienced significant challenges procuring livestock thus negatively affecting production and ultimately sales. The Commission has since reviewed its sales strategy to adopt more of cash sales through agents, franchises, distributors and Nyama haven shops. This is expected to make cash conversion cycle shorter thus improved working capital.

Further, the Commission is expecting exchequer support towards export certification process which is expected to open up the export market in FY 2025/26. Procurement of key equipment has already begun. This is expected to boost sales. This coupled with prudent management of resources, agile and responsive pricing regime is expected to reverse the loss-making trajectory.

According to Economic Survey 2025, there was an increase in livestock slaughtered in 2024 compared to 2023. Notably, the Commission experienced a decline in livestock slaughter. This points to Commission-specific challenges which have to be addressed if the Commission is to compete favourably in the competitive meat industry. Exchequer support towards working capital and payment of old debts is critical in this regard.

The performance is against a tough economic environment where inflation and other macroeconomic factors have eroded the purchasing power of both retail and corporate consumers thus subdued demand for products.

God bless.

  
LT. Gen (Rtd) Joseph Kiptoo Kasaon  
**Chairman, Board Of Commissioners**

**Kenya Meat Commission**  
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**8. Report of the Managing Commissioner**

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

The Commission is one of the eight cattle, sheep and goat abattoirs in the country with huge potential to serve both local and international markets effectively offering thousands of jobs both directly and indirectly. The Commission is aligned to the Economic pillar of Vision 2030 as well as the Bottom-Up Economic Transformation Agenda (BETA) where we not only provide platform for farmers to offload their stock but also involved in enterprise as meat processor.

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

Product description	Achievement 2024/2025		Achievement 2023/2024	
	No.	MT.	No.	MT
Large stock slaughtered	21,365	2,887	26,223	3,282
Shoats	8,634	121	11,879	144
Corned Beef	157,707	48	308,552	93
Hides	20,700	460	25,768	493
Value Added products	-	116	-	99
Animal feeds	3,225	159	2,636	151

In the financial year **2024/2025**, revenue from sale of meat and meat products stood at **Ksh.1, 642, 805,432** compared to **Ksh.1,709,798,352** realised the previous year. This is a **3.9 %** decline. This is attributable livestock supply challenges leading to stock out of meat and meat products. It is worth of note that delays in exchequer release to our key customers largely contributed to this state of affairs. The Commission could not pay its livestock and general suppliers in time. Consequently, the Commission experienced significant challenges procuring livestock thus negatively affecting production and ultimately sales. The Commission has since reviewed its sales strategy to adopt more of cash sales through agents, franchises, distributors and Nyama haven shops. This is expected to make cash conversion cycle shorter thus improved working capital. The Commission realised **Ksh. 61,477,770** from rental income during the year compared to the previous year of **Ksh. 55,456,326** It is worth noting that rent income increased by **10.9%** due to matching payable rates to the market.

**Contingent liabilities**

Total contingent liability at the end of the period stood at **Ksh. 323,567,466**. Pending court cases continue to impact on the Commission negatively due to huge awards especially on wrongful termination of staff. It is worth of note most of these pending court cases are historical dating several years back.

## **Kenya Meat Commission**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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#### **Strategy**

The Commission is currently reviewing its 2022/23 -2027/28 strategic plan with a view to meeting its business growth goals. Notably, during the year under consideration, the national livestock slaughter increased while that of the Commission declined. This calls for a change of tact if we are to reverse this trajectory. We are confident that the new strategic plan will assure stronger revenue growth and improved profits in future. The ultimate goal is to ensure that the Commission plays its role in economic development by being the main anchor for livestock farmers in Kenya, and guaranteeing livelihoods of Kenyans by providing quality meat products. We have so far re-established the Commission as a strategic national agency for socio economic development. Demand for meat and meat products continues to grow and the quality of supply has improved in the last decade due to investments and expansion of the meat sector. The Commission will take advantage of this demand to grow its fortunes in future.

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

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

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

Further, the Commission has approached financial partners for livestock supplier finance program which will boost livestock supply to the Commission and ultimately improve the fortunes of the Commission. Discussions are at an advanced stage.

#### **Export Certification**

The Commission has an ambitious program to boost its sales through export of meat and meat products. To this end, the Commission has secured some funding from the National Government which it intends to channel towards meeting the stringent requirements of the export market. Procurement of some of the key equipment such as halal slaughter box and ammonia condenser is at an advanced stage.

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Future Outlook**

The future looks bright for the Commission. The Commission is shifting its focus from relying on Government institutions as its main market to commercial customers and export business to improve on its cash flow. We are confident that these plans will benefit more livestock farmers in the country and strengthen the Commission financial status through revenue growth and improved profits.

Thank you.



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

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**9. Statement of Performance against Predetermined Objectives for FY 2024/25**

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

These strategic objectives are as follows:

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

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

KRA 1: Strengthened institutional capacity for the Commission.

KRA 2: Providing a sustainable market for livestock farmers.

KRA 3: Increased efficiency in utilization of installed capacity.

KRA 4: Increased Product Market access and trade.

The Commission develops its annual work plans based on the above strategic objectives. Assessment of the Commission’s performance against its annual work plan is done on a quarterly basis through the performance contracting targets progress reports. The Commission performance targets as set out for the FY 2024/2025 period for its four strategic objectives are as indicated in the diagram below:

<b>KRA 1: Strengthened Institutional capacity for the Commission</b>			
<b>Key output</b>	<b>KPI</b>	<b>Planned Targets</b>	<b>Achievements</b>
		<b>2024/25</b>	<b>2024/25</b>
Develop staff capacity based on business growth	Recruit staff deficit from the authorized establishment	30	13
	Structure Trained staff	100%	80%
Improve office facilities and transport based on allocated budget.	Office chairs, workstations and cabinets	30	0
	Refrigerated Vehicles (10)	3	0
	Staff bus (1)		

**Kenya Meat Commission**

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	Double cabin (2)		
	Staff van (3)		
	Water bowser (1)		
	Forklift (1)	-	-
	Dumper truck (1)	-	-
Improve ICT infrastructure based on allocated budget.	40 computers, 25 laptops and 10 printers procured	35, 23 & 7 respectively	6 Computers
	ICT Infrastructure maintained	100%	-

**KRA 2: Providing a sustainable market for livestock farmers**

Key output	KPI	Planned Targets	Achievements
		2024/25	2024/25
Improve availability of quality livestock	Quality cattle procured	49,574	20,009
	Quality shoats procured	17,293	8,526
Conduct outreach for livestock in key source markets	Improved quality of livestock procured	4	3
Conduct livestock market surveys	Competitive prices established	4	1
Establish and maintain collaboration with key actors in the beef value chain	Established collaboration in the beef value chain	3	3
Timely payment of farmers	Payment of farmers deliveries based on agreed terms within 30 days	100%	40%
Contract livestock farmers to enhance supplier base	Number of contracts signed with contracted farmers	30	2

**Kenya Meat Commission**

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<b>KRA 3: Increased efficiency in utilization of installed capacity</b>			
<b>Key output</b>	<b>KPI</b>	<b>Planned targets</b>	<b>Achievements</b>
		<b>2024/25</b>	<b>2024/25</b>
Increase utilization of installed production capacity	No. of metric tonnes of cattle carcasses slaughtered	5,949	2,887
	No. of metric tonnes of goats and sheep slaughtered	208	121
	No. of metric tonnes of canned corned beef produced reports	155	48
	No. of Metric tonnes of Value-added products	382	116

<b>KRA 4: Increase product market access and trade</b>			
<b>Key output</b>	<b>KPI</b>	<b>Planned targets</b>	<b>Achievements</b>
		<b>2024/25</b>	<b>2024/25</b>
Venture into export market	Sustain QMS Certification	100%	100%
	Sustain food safety management system certification	100%	100%
	Attain export sales target Ksh 1.0 B	186.7M	-
Improve market penetration	Strategy for market developed	100%	100%
	Overall target of Kshs 17.34B sales attained.	3.872B	1.642B
	Drive sales through 10 marketing campaigns and promotions	2	2
	Increased market penetration	1	1

**Statement of Strategic Intent by the Board**

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

- (i) Ensure that KMC move the country towards achieving the BETA Agenda on food and nutrition security, manufacturing and Agro processing by increasing the production of

## **Kenya Meat Commission**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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meat and meat products i.e canned corned beef, animal feeds, hides and skin to local tanneries, and development of feedlot.

- (ii) Improve market access for livestock farmers and trade strategies for meat and meat products
- (iii) Increase the production capacity from the previous 2,500 livestock per month to 6,000 per month to satisfy the assured market of fresh meat and corned beef to security agencies, and other non-security customers currently requiring an average of 2 tons of meat per day
- (iv) Increase the factory operating capacity from previous 20% to 40 %.

#### **Core Mandate**

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

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

#### **Livestock Procured**

In the FY 2024/25 the Commission procured **28,535** livestock, **20,009** large stock and **8,526** shoats against the target of 72,000 large stock. Under achievement of the above target was occasioned by prolonged drought that affected supply and cashflow challenges.

## 10. Corporate Governance Statement

### Board Meetings

The Board held meetings regularly during the FY 2024/2025, at least once every quarter in accordance with statutory requirements and one special meeting as need arose. The attendance for the meeting was as follows: -

### Full Board Meetings

Date	Lt. Gen (Rtd) J. Kasaon	Brig (Rtd) Dr. C. Otiato	Brig. (Rtd) G. Ejalan	Brig. (Rtd) P. Lepakio	Brig. (Rtd) J.B Mweu	Dr. P.M. Kingori	Mary Mulili	Patrick Ngicuru	Francis Kariuki	Maj Gen Jattani Gula	Col(Rtd) Jonathan Krop Kipkore	Maj (Rtd) Daniel Lekorere	Dr Allan Azegele	Dr Evans Muthuma	Victor Momanyi	Mr Fredrick Kiio	Ms Lilian Norah Andeso	Ms Agnes Leina Ntikaampi	Mr Saitapau Lepapa Kisotu	Joseph Mutuma
13/08/2024	✓	✓	✓	✓	✓	✓	✓	✓	✓											✓
14/08/2024	✓		✓	✓	✓		✓	✓	✓											✓
12/09/2024	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					✓					✓
04/10/2024	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					✓					✓
06/02/2025	✓										✓	✓		✓	✓	✓	✓	✓	✓	✓
07/02/2025											✓	✓		✓		✓	✓	✓	✓	✓
27/02/2025	✓								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
30/04/2025	✓								✓		✓	✓		✓	✓	✓	✓			✓

**Kenya Meat Commission  
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**COMMITTEE MEETINGS**

DATE	Brig (Rtd) Dr C Otiato	Brig (Rtd) G Ejalan	Brig (Rtd) P Lepakio	Brig (Rtd) JB Mwen	Dr PM Kingori	Mary Mulili	Joseph Mutuma	Patrick Ngicuru	Francis Karuki	Obadiah Nyaga	Victor Momanyi	May Gen J K Gula	Dr Allan Azegele	Dr Evans Muthuma	Col (Rtd) Jonathan Kinkore	May (Rtd) D Lekorere	Saitapu L Kisotu	Fredrick Kiio	Lilian N Andeso	Agnes L Ntikaampi
23/07/2024	✓				✓						✓	✓								
24/07/2024		✓									✓	✓								
25/07/2024	✓		✓					✓												
26/07/2024		✓				✓														
10/09/2024	✓		✓				✓				✓									
02/10/2024		✓			✓						✓	✓								
02/10/2024					✓						✓	✓								
03/10/2024	✓			✓				✓			✓	✓								
03/10/2024	✓		✓				✓	✓			✓	✓								
03/10/2024		✓						✓			✓	✓								
10/02/2025											✓						✓			
11/02/2025											✓						✓			
14/02/2025							✓				✓						✓			
24/02/2025							✓				✓						✓			
14/04/2025												✓					✓			
15/04/2025												✓					✓			
16/04/2025												✓					✓			
17/04/2025											✓						✓			

### **Succession Plan**

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

### **Board Charter**

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

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

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

### **Induction and Training**

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

### **Commissioners' Performance**

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

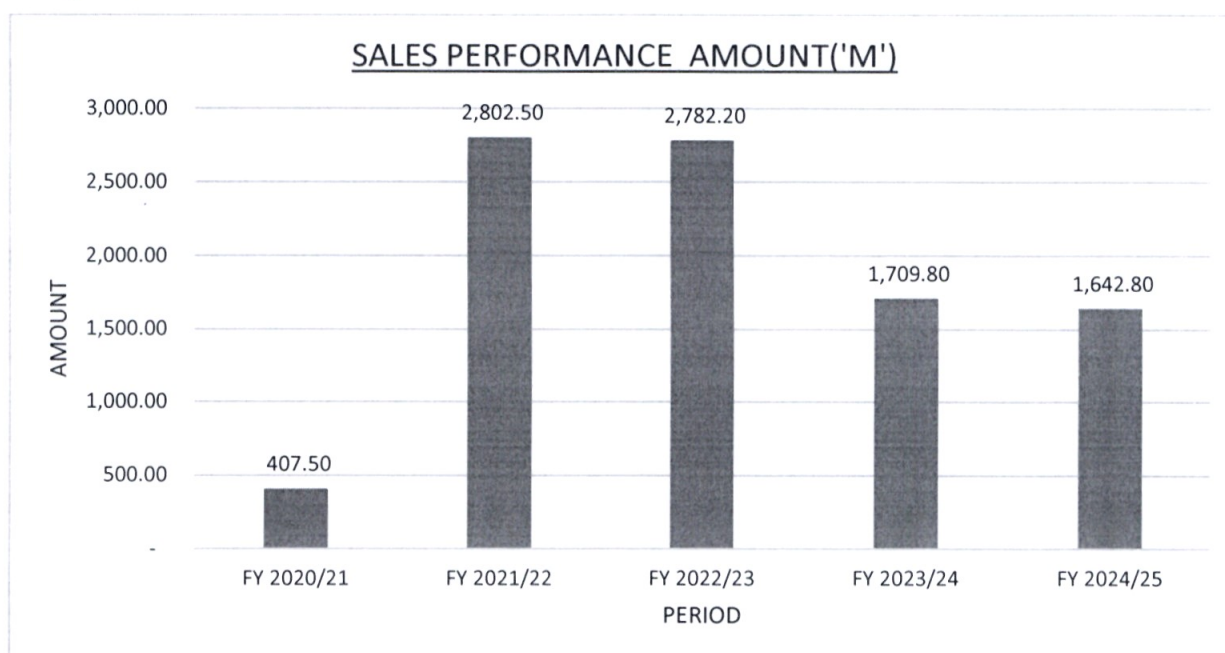
### **Conflict of Interest**

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

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**11. Management Discussion and Analysis**

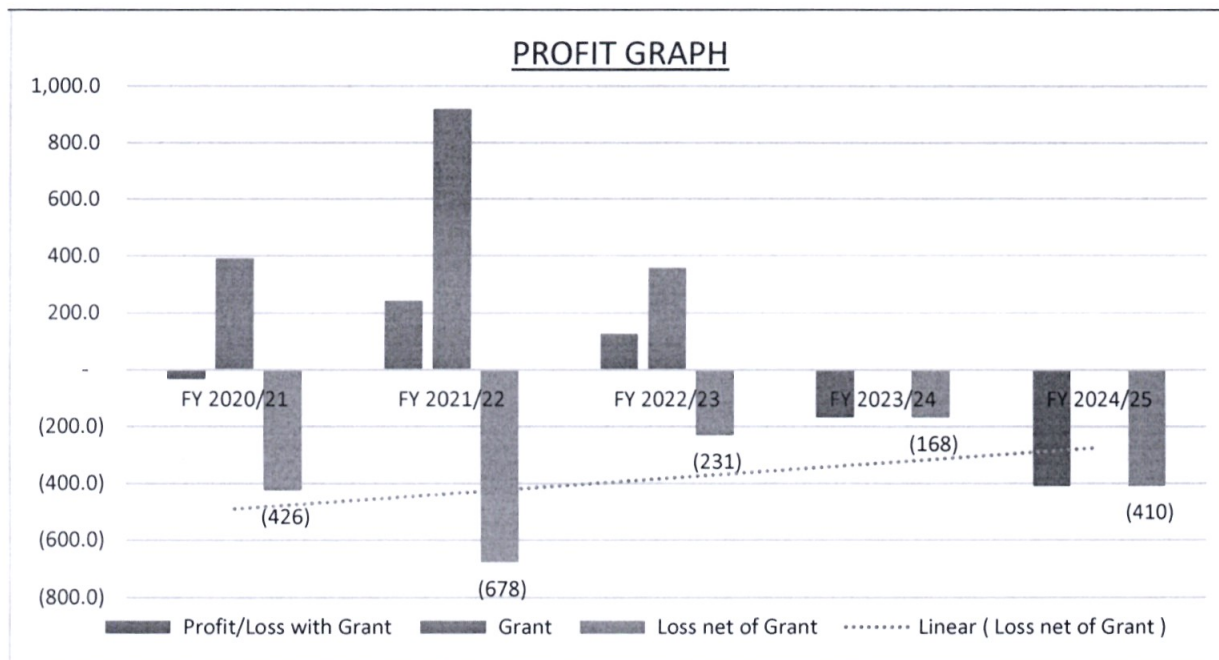
The Commission has achieved major milestones in regard to prudent financial management, accountability and compliance to the law. All the expenses were within the approved budget for the financial year 2024/2025. The Commission realised Sales of **Ksh. 1,642,805,432** which is **42%** of its' budgeted income in the year under review, this is a reduction from the previous FY 2023/24 where the Commission realised sales of **Ksh. 1,709,798,352** which was **63%** of budgeted income for that FY. The low performance was characterized by prolonged drought that affected supply of quality livestock leading to low yields. The graph below shows the sales performance for the last four years.



**Financial Performance.**

During the year under review, the Commission realised a net loss of **Ksh. 409,792,358** as compared to the previous year 2023/24 where the Commission incurred a loss of **Ksh. 168,279,947**. The decline in profit were as a result of unfavourable operating conditions where the Commission was not able to meet most of its obligations due to cashflow challenges.

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**Compliance with Budgets**

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

**Pending Bills**

The commissions' unpaid bills stood at **Ksh. 487.7 Million** as at the close of the financial year. This was composed of the livestock farmers, statutory deductions and general suppliers. The commission will continue settling the debts after verification since some of them date back to 2013.

**Purchase of Livestock**

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

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

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

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

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

### **ii. Environmental performance**

The commission planted seven thousand two hundred and eighteen (7,218) trees in the financial year 2024-2025 to protect the environment.

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

### **Environmental Policy Framework**

Policy Commitment: the Commission is committed to:

- Protecting the environment and preventing pollution
- Promoting sustainable resource use
- Safeguarding ecosystems
- Mitigating climate change impacts

Evidence of Policy Implementation A. Visibility and Systems •Environmental Policy is prominently displayed on official notice boards. •Environmental Management Systems (EMS) aligned with ISO 14001 guide continuous improvement.

### **iii. Employee welfare**

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

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

Further, the policy gives clear guidelines on promotions and career growth of staff. The Commission strives to expeditiously fill vacancies by promotion of suitable employees. Consideration of promotions is in accordance with the provisions of the career guidelines developed for each cadre. Employees who have experience, qualifications and proven merit are first given priority.

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

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

**iv. Market place practices-**

**a. Responsible competition practice.**

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

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

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

**(1) Proper maintenance of records**

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

**(2) Regular meetings**

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

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

### **(3) Service level agreements**

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

#### **c. Responsible marketing and advertisement**

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

Through continuous training, the Commission ensures its employees fully understand the laws and regulations governing marketing and advertising, including internal

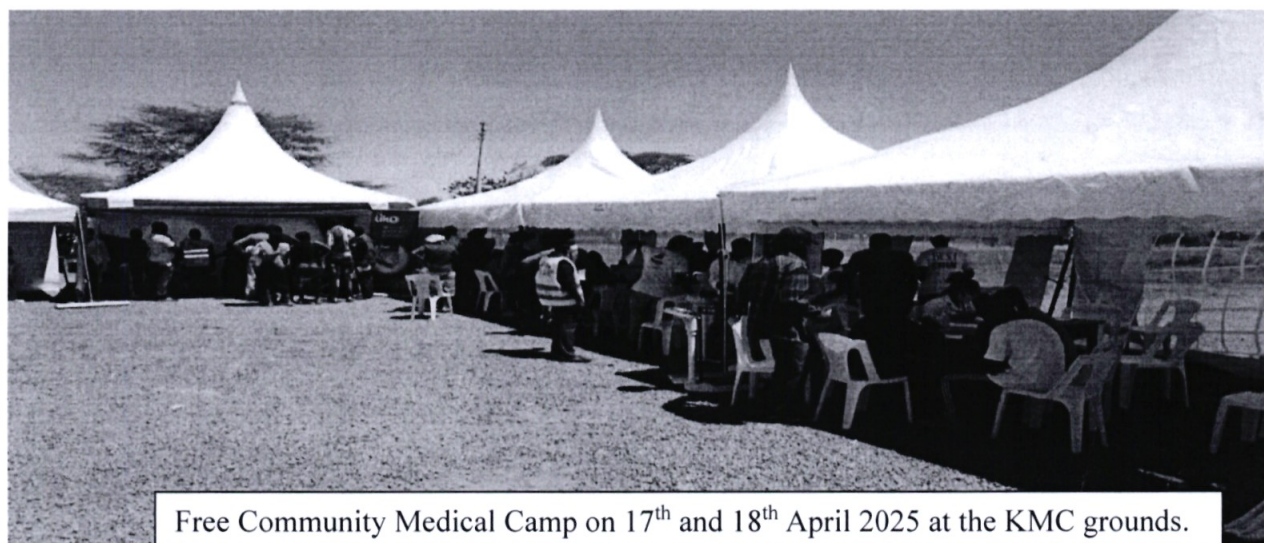
policies and best practices. We do this not just because it is required by law but because it is the right thing to do.

**d. Product stewardship**

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

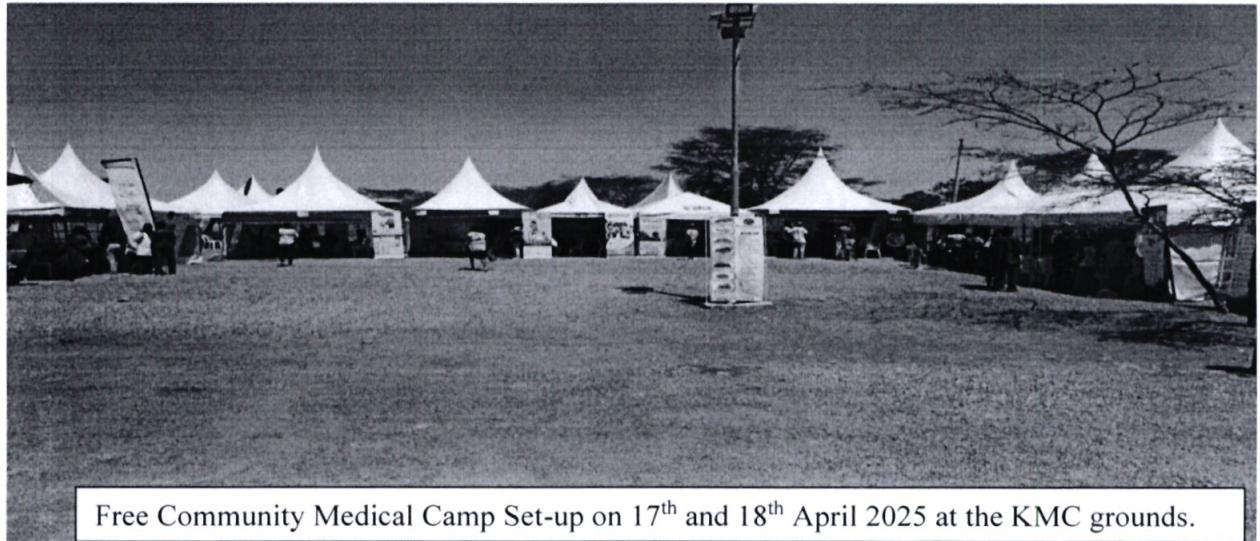
**v. Corporate Social Responsibility / Community Engagements**

As part of our ongoing commitment to social responsibility and community welfare, Kenya Meat Commission successfully organized a free Community Medical Camp on 17<sup>th</sup> and 18<sup>th</sup> April 2025 at the KMC grounds. The initiative was aimed at providing accessible healthcare services to underprivileged sections of the community, raising health awareness, and encouraging preventive care practices. The camp witnessed active participation from local residents, healthcare professionals, and volunteers, culminating in a highly impactful event as shown on the photos below



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**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Kenya Meat Commission  
Annual Report and Financial Statements for the year ended June 30, 2025**

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**13. Report of the Commissioners**

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

**i) Principal activities**

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

**ii) Results**

The results of the Commission for the year ended June 30, 2025 are set out on page 1. Below is summary of the profit or loss made during the year.

	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Ksh.</b>	<b>Ksh.</b>
<b>Profit/(Loss) for the Period</b>	<b>(409,792,358)</b>	<b>(168,279,947)</b>

**iii) Dividends**

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

**iv) Commissioners**

The members of the Board of Commissioners who served during the year are shown on page V.

**v) Auditors**

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

By Order of the Board



.....  
**Anthony Omondi Ademba**

**Corporate Secretary/Secretary to the Board**

Date **28 August 2025**

## Kenya Meat Commission

### Annual Report and Financial Statements for the year ended June 30, 2025

#### 14. Statement of Commissioners' Responsibilities

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

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 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 Commission; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Commission (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

#### Approval of the financial statements

The Commission's financial statements were approved by the Board of Commissioners on 27-08 2025 and signed on its behalf by:

  
Lt. Gen (Rtd) Joseph K Kasaon  
Chairman

  
Maj Gen Jattani Kampare Gula  
Managing Commissioner

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON KENYA MEAT COMMISSION FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kenya Meat Commission set out on pages 1 to 50, which comprise of the statement of financial position as at 30 June,

2025, and the statement of profit or loss and other comprehensive income, statement changes in equity, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

### **Basis for Qualified Opinion**

#### **1. Fully Depreciated Assets**

The statement of financial position reflects a net book value of Kshs.17,330,944,270 in respect of property, plant and equipment which, as disclosed in Note 14 to the financial statements, includes an amount of Kshs.25,354,640 in respect of fully depreciated motor vehicles. However, Management did not explain why the Commission had not revalued or reviewed the depreciation methods of the assets in conformity with Paragraph 31 and 61 of the International Standards of Accounting (IAS) 16 to reflect the correct balances in the financial statements given that the assets were still in use and generating revenue.

In the circumstances, the accuracy and fair valuation of the property, plant and equipment balance of Kshs.17,330,944,270 could not be confirmed.

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

The statement of financial position reflects a balance of Kshs.372,392,911 in respect of domestic borrowings as disclosed in Note 21 to the financial statements. However, as reported in the previous year, records maintained by The National Treasury reflects an outstanding loan balance of Kshs.977,332,146 comprised of Kshs.940,241,100 and Kshs.37,091,046 in respect of outstanding loan principal and interest respectively. The resultant difference of Kshs.604,939,235 between the two sets of records was not explained.

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

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

In the circumstances, the accuracy of the non-current liabilities balance of Kshs.372,392,911 could not be confirmed.

### **3. Unsupported Trade and Other Payables**

The statement of financial position reflects a balance of Kshs.487,688,880 in respect of trade and other payables as disclosed in Note 22 to the financial statements. The balance includes an amount of Kshs.81,286,182 which was not supported with documents such as payment vouchers, invoices and registers. Further, review of pending payment vouchers for the 2024/2025 financial year revealed payables totaling Kshs.24,597,731 relating to supply of livestock and which were not included in the creditors' balance.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.487,688,880 could not be confirmed.

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

The statement of financial position reflects a balance of Kshs.694,114,443 in respect of trade and other receivables which, as disclosed in Note 16 to the financial statements, includes trade receivables amounting to Kshs.627,748,130, out of which Kshs.552,433,121 is owed by various Government agencies and which have been outstanding for over 90 days without any documented efforts to collect the debts. Further, Note 16(b) reflects rental receivables balance of Kshs.19,374,047 relating to accumulated rental income from active tenants occupying the Commission's properties.

Further, review of receivable records covering the period 2012 to 2021 revealed long-outstanding balances totalling Kshs.126,637,289, which were either unsupported, disputed, or untraceable. In addition, the Commission does not have a Debt Management Policy aligned to IFRS 9 requirements, and no structured process exists for credit risk assessment, impairment provisioning, or regular receivables review.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.694,114,443 could not be confirmed.

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

The statement of financial position reflects a balance of Kshs.17,330,944,270 in respect of property, plant and equipment which as disclosed in Note 14 to the financial statements, includes a balance of Kshs.15,021,500,000 relating to freehold land. Review of land records, title deeds, and revaluation reports provided for audit confirmed that the Commission holds parcels of land across Machakos, Nairobi, Kajiado, Kwale, Mombasa, and Laikipia Counties, with original titles retained at The National Treasury. However, the three parcels of land in Machakos, Mombasa and Nairobi Counties had ongoing court

cases and outstanding land rates amounting to Kshs.1,608,517,368. In addition, Leasehold properties in Kwale and Mombasa, issued in 1966 for 37 years, were reportedly extended to 50 years in 2011, but no formal documentation confirming the extensions was provided for audit.

In the circumstances, the accuracy and fair value of the property, plant and equipment balance of Kshs.17,330,944,270 could not be confirmed.

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

## **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final budgeted and actual on comparable basis revenue of Kshs.3,920,726,106 and Kshs.1,723,056,164 respectively, resulting to revenue an under-realization of Kshs.2,208,782,905 or 56% of the budget.

The under-realization affected the planned activities and may have impacted negatively on service delivery to the public.

### **2. Financial Performance**

The statement of profit or loss and other comprehensive income reflects sales turnover of Kshs.1,642,805,432 compared to a turnover of Kshs.1,709,798,352 reported in 2022/2023 financial year resulting to a decline of Kshs.66,992,920 in sales. Similarly, the Commission made operating loss before tax of Kshs.588,803,648 compared to an operating loss before tax of Kshs.365,632,021 reported in 2023/2024 financial year. Management attributed the decline to livestock supply challenges caused by delayed payments to suppliers leading to stock outs of meat and meat products. The decline was also attributed to delayed payments by key credit customers from key Government institutions who initially formed the biggest client portfolio.

In the circumstances, the continued accumulation of losses signifies persistent financial underperformance and sustainability challenges, casting doubt on the Commission's ability to operate profitably and achieve its financial objectives.

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, I have determined that there are no other key audit matters to communicate in my report.

## Other Matter

### 1. Unresolved Prior Year Matters

In the prior years' audit report, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the Commission in 2024/2025 revealed that the following seven (7) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Unsupported cash and bank balances
2	2023/2024	Inaccurate non-current liabilities balance
3	2023/2024	Lack of land ownership documents
4	2023/2024	Long outstanding receivables
5	2023/2024	Financial performance
6	2023/2024	Long outstanding payables
7	2023/2024	Non-compliance with one-third of basic salary rule

### 2. Absence of Formal Equity Structure Documentation

The Commission, though operating as a State Corporation engaged in commercial activities, lacks a formal equity structure framework as required under International Financial Reporting Standards (IFRS). As provided in Section 9(1)(o) of the Kenya Meat Commission Act, the Commission has powers to issue shares, stock, debentures or debenture stock with the consent of the Cabinet Secretary. However, no share capital certificates or documentation exist to confirm the Government's ownership structure or percentage shareholding. A letter dated 21 April, 2025 referenced a Cabinet Memorandum directing the Ministry of Finance and the Attorney-General to establish a legal and institutional framework for equity capitalization. However, its implementation remains incomplete and hence the financial statements do not reflect proper equity classification or disclosure as required under IFRS. The absence of formal ownership documentation affects proper classification and presentation of equity in the financial statements.

In the circumstances, the absence of a formal equity structure and incomplete implementation of the Cabinet directive on equity capitalization have resulted in non-compliance with IFRS requirements and hence undermining the accuracy of ownership representation and the reliability of the Commission's financial reporting framework.

### **3. Underachievement of Livestock Procurement Performance Contract Targets**

Review of livestock procurement against the set performance contract targets for FY 2024/2025 revealed significant underachievement across all livestock categories. Cattle procurement achieved only 40% (19,825 out of 49,574 target), with Quarter 4 recording the lowest performance at 18.25% attributed to delayed payments and demand fluctuations for fresh meat market. Goats procurement performed moderately at 77% (7,224 out of 9,351 target), with Quarter 4 at 58.5% due to low market for chevon meat. Sheep procurement was severely underachieved at only 10.1% (802 out of 7,939 target), with Quarter 3 recording the lowest performance at 5% due to consistently low demand for mutton. Despite persistent variances throughout the financial year, no corrective measures or reviews were observed to either adjust the targets to realistic levels or implement interventions to improve actual procurement.

In the circumstances, the significant underachievement of livestock procurement targets across all categories indicates weaknesses in planning, target setting, and performance monitoring.

### **4. Declining Livestock Purchases**

Analysis of livestock procurement over the past three financial years revealed a significant and sustained decline in purchase volumes and values totalling Kshs.713,410,614, declining from Kshs.2,045,450,537 in 2022/2023 to Kshs.1,332,039,923 in 2024/2025 (representing a 35% decrease). The declining trend indicates that the Commission is operating below full capacity, negatively impacting the main production of the plant. The reduction in procurement is largely attributed to delayed payments, which discourage suppliers from committing to deliver cattle and related products. Notably, the payment policy had been revised from 72 hours to longer periods of up to 60 days, hence delaying payments to suppliers. This creates a direct operational challenge, as insufficient livestock supply limits production and, consequently, affects sales performance.

In the circumstances, the decline in livestock purchases indicates weak cash flow and procurement management, leading to reduced production, lower sales, and inefficient use of resources.

### **Other Information**

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

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

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 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. Long Outstanding Trade Payables**

The statement of financial position reflects a balance of Kshs.487,688,880 under trade payables, which as disclosed in Note 22 to the financial statements, include a balance of Kshs.32,066,445 which has been outstanding for more than one (1) year. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in approved budget estimates.

Further, the trade and other payables balance includes pension funds by the employer's contributions of Kshs.83,038,545 that were outstanding and not remitted to the respective fund administration and which have been outstanding for three (3) years (since July, 2023). This was contrary to Regulation 23(2a) of the Public Finance Management (National Government) Regulations, 2015 which provides that in addition to the responsibilities of Accounting Officers provided for in the Act, an Accounting Officer designated under the Constitution, the Act or any other Act, shall comply with any tax, levy, duty, pension, commitments and audit commitments as may be provided for by legislation.

In addition, review of the Kenya Revenue Authority (KRA) iTax records in respect of the Commission revealed unreconciled statutory liabilities amounting to Kshs.115,270,946 in

respect of income tax-company as at 30 June, 2025. The balance remains unpaid and continues to attract penalties and interest, with no evidence of reconciliation or engagement with KRA on settlement arrangements. This was contrary to Section 37(1) of the Income Tax Act (Cap. 470) which provides that an employer paying emoluments to an employee shall deduct tax therefrom, and shall, not later than the ninth day of the month following that in which the payment was made, remit that amount to the Commissioner.

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

## **2. Non-Compliance with Capacity Building Levy Requirements**

During the year under review, the Commission made various procurements worth Kshs.249,111,018. However, the Commission did not deduct and remit to the Public Procurement Regulatory Authority the 0.03% capacity building levy as required. This was contrary to Paragraph 3(1) of the Public Procurement Capacity Building Levy Order, 2023 (The Levy Order, 2023) which requires all procuring entities to deduct and remit to the Authority a levy of 0.03% of the value of the signed contracts between the supplier and procuring entity exclusive of all applicable taxes.

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

## **3. Depleted Building Housing Generators and Electrical Control Panels**

Physical verification revealed that the building housing the generators and electrical control panels was in a dilapidated condition. This was evidenced by depleted walls on the exterior and interior due to leakages and failed plumbing works, damp slabs with trapped moisture, worn-out floors resulting from poor workmanship and lack of maintenance, falling ceiling boards, missing window panes, and absence of gutters to collect rainwater. It was further noted that the Commission had not provided any budget line or inspection reports on the status of the building, and no inspection certificates from Public Works or Public Health were available to ascertain the fate of the building. This was contrary to Section 79 of the Public Finance Management Act, 2012 which requires public officers to ensure that adequate arrangements are made for proper use, custody, safeguarding, and maintenance of public property.

In the circumstances, the dilapidated state of the building indicates poor maintenance and asset management, exposing the Commission to safety and operational risks.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### 1. Non-Sequential Invoicing and Lack of Cancelled/Voided Invoice Controls

Audit review of the sales revenue system revealed that invoice numbers were not sequential as required for system-generated documents. Some 1,995 invoice numbers were missing and no explanation was provided for the anomaly. Further, the Commission did not maintain records for cancelled or voided invoices to verify the completeness of recorded transactions.

Lack of sequential invoice numbering and absence of controls over cancelled or voided invoices compromise the integrity and completeness of revenue records.

#### 2. Inadequate Management and Utilization of Motor Vehicles

Physical verification and review of asset records revealed inefficient utilization and weak management of motor vehicles. Out of three (3) trailers procured in the year 2021, only one (1) is operational, while two remain idle due to the absence of trailer heads. The non-utilized trailers represent underused investment and tied-up capital, leading to potential financial loss and reduced transport efficiency. Further, eight (8) motor vehicles, including pickups, canters, and utility vehicles, have remained stalled since 2021–2023 without repair or maintenance. In addition, the Commission lacks a formal motor vehicle disposal policy to guide the identification, assessment, and disposal of obsolete or non-operational motor vehicles.

The inefficient utilization and poor management of motor vehicles reflect weak asset control, lack of maintenance planning, and absence of a disposal framework resulting in idle and underutilized assets, leading to financial inefficiencies and reduced operational effectiveness.

### **3. Inadequate Machinery Capacity Utilization and Maintenance Controls**

Physical inspection of the production plant and review of documents provided for audit revealed that although an asset register lists all machines, it lacks critical details such as age, model, and make. No capacity verification tests have been conducted, making it impossible to confirm whether actual outputs meet original design specifications. Further, lack of original maintenance schedules and logs suggest machines may not be operating at sub-optimal settings, resulting in reduced outputs.

In the circumstances, the factory operates below capacity, with effective output averaging only 50% of design levels across major production lines including slaughter, cut beef, value addition, by-products, and canning. These gaps indicate inefficient utilization of machinery, lack of preventive maintenance controls, and potential underperformance of critical production assets.

### **4. Obsolete and Unserviceable Machinery Affecting Production Efficiency**

Physical inspection and review of operational records revealed that several key machines across production lines are obsolete or unserviceable, significantly undermining production efficiency. Critical equipment such as the Soup Extract Line, Cryovac Vacuum Sealing Machine – Cut beef Section, Offal Canning Line, and Canning Line No. 2 were non-functional, resulting in lost production capacity and wasted raw materials.

The Soup Extract and Offal Canning Lines, designed to process by-products into marketable goods, remain idle, causing loss of potential revenue and underutilization of resources. Similarly, Canning Line No. 2, with a capacity of 10 tonnes per day, has been non-operational, leading to a production shortfall of approximately 250 tonnes monthly.

In addition, stainless steel tables in the Cut Beef and Boning Sections require mechanical upgrades, forcing staff to rely on manual handling of meat on conveyors which increases labour costs, slows processing, and reduces throughput.

In the circumstances, the absence of timely repair, replacement, and modernization of obsolete machinery has compromised production efficiency, increased operational costs, and limited the Commission's ability to meet the demand for its products.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and for maintaining effective internal controls as Management determines is necessary to

enable the preparation of financial statements which are free from material misstatement, whether due to fraud or error, and for assessment of the effectiveness of the internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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 also I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

11 December, 2025

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**16. Statement of Profit/Loss & Other Comprehensive Income for year ended 30<sup>th</sup> June 2025.**

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Revenues</b>			
Sales/Turnover	6	1,642,805,432	1,709,798,352
Cost of Sales	7	1,556,855,534	1,687,539,990
<b>Gross Profit/(Loss)</b>		<b>85,949,898</b>	<b>22,258,363</b>
<b>Other Operating Incomes</b>			
Other Income	8	80,250,733	365,354,330
<b>Total Other Operating Incomes</b>		<b>80,250,733</b>	<b>365,354,330</b>
<b>Operating Expenses</b>			
Administration Costs	10	739,578,984	739,380,661
Selling and Distribution Costs	11	7,977,437	6,562,231
<b>Total Operating Costs</b>		<b>747,556,421</b>	<b>745,942,892</b>
<b>Operating Profit</b>		<b>(581,355,790)</b>	<b>(358,330,199)</b>
Finance Costs	12	7,447,858	7,301,822
<b>Profit/(Loss) Before Taxation</b>		<b>(588,803,648)</b>	<b>(365,632,021)</b>
Income Tax Expense/ (Credit)	13	(179,011,291)	(197,352,074)
<b>Profit/(Loss) After Taxation</b>		<b>(409,792,358)</b>	<b>(168,279,947)</b>

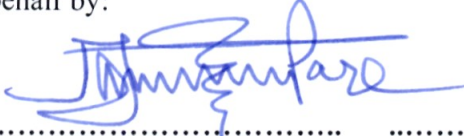
**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	14	17,330,944,270	17,524,897,854
<b>Total Non-Current Assets</b>		<b>17,330,944,270</b>	<b>17,524,897,854</b>
<b>Current Assets</b>			
Inventories	15	30,682,441	71,780,358
Consumables	15a	72,579,702	55,532,725
Trade and other receivables	16	694,114,443	692,283,557
Bank and cash balances	17	13,899,475	39,876,154
<b>Total -Current Assets</b>		<b>811,276,061</b>	<b>859,472,794</b>
<b>Total Assets</b>		<b>18,142,220,331</b>	<b>18,384,370,648</b>
<b>Equity and Liabilities</b>			
<b>Capital and Reserves</b>			
Capital Reserves		1,241,650,346	1,241,650,346
Revaluation reserve	18	16,982,069,938	16,982,069,938
Retained earnings	20	(895,750,275)	(485,957,917)
<b>Total Capital and Reserves</b>		<b>17,327,970,009</b>	<b>17,577,762,367</b>
<b>Non-Current Liabilities</b>			
Borrowings	21	372,392,911	365,091,089
<b>Total Non-Current Liabilities</b>		<b>372,392,911</b>	<b>365,091,089</b>
<b>Current Liabilities</b>			
Trade and other payables	22	487,688,880	337,188,906
Prov. For Gratuity	24	19,299,526	23,196,181
Prov. For Leave Pay	24	5,439,037	7,096,741
Provision for Income Tax	24	83,532,371	89,090,975
Tax Payable/ (Saving)	13	(186,459,149)	(197,352,074)
Provision for Legal Costs	24	32,356,747	22,296,463
<b>Total Current Liabilities</b>		<b>441,857,411</b>	<b>441,517,192</b>
<b>Total Equity and Liabilities</b>		<b>18,142,220,331</b>	<b>18,384,370,648</b>

The financial statements were approved by the Board on 27.08. 2025 and signed on its behalf by:

  
 .....  
 Maj Gen Jattani K Gula  
 Managing Commissioner

  
 .....  
 CPA Robert Mrima  
 Manager, F&A Reg 7392

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

**Kenya Meat Commission****Annual Report and Financial Statements for the year ended June 30, 2025****18. Statement of Changes in Equity for the year ended 30 June 2025**

<b>Description</b>	<b>Capital Reserve</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At July 1, 2023</b>	<b>1,241,650,346</b>	<b>1,419,776,484</b>	<b>(477,677,970)</b>	<b>2,183,748,860</b>
Total comprehensive income	-	-	(168,279,947)	(168,279,947)
Revaluation during the year	-	15,562,293,454	-	15,562,293,454
Prior Year adjustment	-	-	160,000,000	160,000,000
Capital/Development grants received during the year	-	-	-	-
<b>At June 30, 2024</b>	<b>1,241,650,346</b>	<b>16,982,069,938</b>	<b>(485,957,917)</b>	<b>17,737,762,367</b>
<b>At July 1, 2024</b>	<b>1,241,650,346</b>	<b>16,982,069,938</b>	<b>(485,957,917)</b>	<b>17,737,762,367</b>
Total comprehensive income	-	-	(409,792,358)	(409,792,358)
Capital/Development grants received during the year	-	-	-	-
<b>At June 30, 2025</b>	<b>1,241,650,346</b>	<b>16,982,069,938</b>	<b>(895,750,275)</b>	<b>17,327,970,009</b>

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from/(used in) operations	25	(6,874,342)	(15,553,542)
		-	-
<b>Net cash generated from/(used in) operating activities</b>		<b>(6,874,342)</b>	<b>(15,553,542)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	25	(19,102,338)	(37,997,997)
Proceeds from disposal of property, plant and equipment		-	-
<b>Net cash generated from/(used in) investing activities</b>		<b>(19,102,338)</b>	<b>(37,997,997)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Refund of Grant to the government	25	-	(38,000,000)
		-	(38,000,000)
<b>Net cash generated from/(used in) financing activities</b>		<b>-</b>	<b>(38,000,000)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(25,976,679)</b>	<b>(91,551,539)</b>
Cash And Cash Equivalents At Beginning Of Year		39,876,154	131,427,693
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>13,899,475</b>	<b>39,876,154</b>

**Kenya Meat Commission**
**Annual Report and Financial Statements for the year ended June 30, 2025**
**20. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c = a + b	d	E= c - d	d/c%
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
AIA	5,101,000,000	(1,228,273,894)	3,872,726,106	1,642,805,432	2,229,920,674	42%
Other Incomes	-	48,000,000	48,000,000	69,137,770	(21,137,770)	144%
Decrease in Provisions	-	-	-	11,112,963		
<b>Total revenue</b>	<b>5,101,000,000</b>	<b>(1,180,273,894)</b>	<b>3,920,726,106</b>	<b>1,723,056,164</b>	<b>2,208,782,905</b>	<b>44%</b>
<b>Recurrent Budget</b>						
Personnel Emoluments	366,027,362	(25,462,583)	340,564,779	317,402,183	23,162,596	93%
Insurance	55,200,000	-	55,200,000	45,429,280	9,770,720	82%
Utilities	150,000,000	(21,000,000)	129,000,000	104,063,268	24,936,732	81%
Communication	27,480,250	(16,412,000)	11,068,250	8,386,072	2,682,178	76%
Rent & Rates	55,639,584	(39,870,485)	15,769,099	5,312,072	10,457,027	34%
Contracted Services	12,000,000	-	12,000,000	9,116,928	2,883,072	76%
Board Expenses	28,991,700	(5,171,700)	23,820,000	7,378,043	16,441,957	31%
Fuel & Oils	45,000,000	-	45,000,000	36,209,082	8,790,918	80%
Repairs & Maintenance	240,187,931	(125,408,274)	114,779,657	31,850,243	82,929,414	28%
Production Costs	3,570,675,391	(880,190,906)	2,690,484,485	1,453,941,808	1,236,542,677	54%
Office Supplies	6,207,985	(2,430,000)	3,777,985	858,755	2,919,230	23%
Travel and Subsistence	8,548,000	-	8,548,000	8,242,928	305,072	96%
Printing & Stationery	14,704,462	(5,882,765)	8,821,697	5,592,688	3,229,009	63%
Staff Training	14,504,500	-	14,504,500	331,738	14,172,762	2%
Hospitality & Entertainment	7,314,000	(1,500,000)	5,814,000	4,028,737	1,785,263	69%
Specialised Materials	13,195,120	-	13,195,120	825,200	12,369,920	6%
Subscriptions	2,214,600	-	2,214,600	739,228	1,475,372	33%

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

Advertisement & Publicity	41,750,000	(3,000,000)	38,750,000	7,977,437	30,772,563	21%
Staff Welfare	13,011,500	(4,135,500)	8,876,000	7,700,978	1,175,022	87%
Quality Assurance	21,783,032	-	21,783,032	8,786,612	12,996,420	40%
Licenses and Permits	3,073,950	1,171,700	4,245,650	2,102,611	2,143,039	50%
Research & Development	28,940,326	(7,000,000)	21,940,326	-	21,940,326	0%
Prof. & Legal Fees	226,970,741	(174,381,382)	52,589,359	9,035,643	43,553,716	17%
Security	5,000,000	-	5,000,000	-	5,000,000	0%
Finance Costs	1,155,100	12,000,000	13,155,100	12,142,705	1,012,395	92%
Depreciation	-	-	-	213,055,921		
Increase in Provisions	-	-	-	11,349,652		
<b>Total O&amp;M</b>	<b>4,959,575,534</b>	<b>(1,298,673,894)</b>	<b>3,660,901,639</b>	<b>2,311,859,813</b>	<b>1,573,447,400</b>	<b>63%</b>
Capital Expenditure	477,400,000	(217,500,000)	259,900,000	19,102,338	240,797,662	7%

## **Kenya Meat Commission**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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

##### **1. General Information**

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

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

##### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Commission's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Commission, and all values are rounded off to the nearest Kenya shillings. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

**Kenya Meat Commission****Annual Report and Financial Statements for the year ended June 30, 2025****Notes to the Financial Statements (Continued)****3. Application of New and Revised International Financial Reporting Standards (IFRS)****i. *New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.***

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: 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

## Kenya Meat Commission

### Annual Report and Financial Statements for the year ended June 30, 2025

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

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

iii. *Early adoption of standards*

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

#### **4. Summary of Accounting Policies**

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

**a) Revenue recognition**

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

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

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**  
**Notes to the Financial Statements (Continued)**

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**Summary of Accounting Policies**

**b) In-kind contributions**

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

**c) Property, plant and equipment**

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

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

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

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

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

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

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**  
**Notes to the Financial Statements (Continued)**

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**Summary of Accounting Policies**

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

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

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

**e) Intangible assets**

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

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

Amortization 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

## **Kenya Meat Commission**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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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 Commission 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 Commission 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)

#### **j) Quoted investments**

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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

**k) Unquoted investments**

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

**l) Inventories**

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

**m) Trade and other receivables**

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

**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 Commission 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 Commission operates and generates taxable income.

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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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.

**Summary of Accounting Policies**

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 Commission and the same taxation authority.

**p) Borrowing costs**

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

**q) Cash and cash equivalents**

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

## **Kenya Meat Commission**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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#### **r) Borrowings**

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

#### **s) Trade and other payables**

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

#### **t) Retirement benefit obligations**

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

#### **u) Provision for staff leave pay**

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

#### **v) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Commission 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

## **Kenya Meat Commission**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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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 24/25 was approved by the National Assembly on 25 June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Commission upon receiving the respective approvals in order to conclude the final budget.

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

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

#### **x) Service concession arrangements**

The Commission 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 Commission 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

## **Kenya Meat Commission**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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at their fair value. To the extent that an asset has been recognized, the Commission also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

#### **y) Comparative figures**

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

#### **z) Subsequent events**

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

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

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

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 Commission 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 Commission. Such changes are reflected in the assumptions when they occur.

#### **b) Useful lives and residual values**

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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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 Commission
- 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 24.

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

Provision for Bad debts	5%
Provision for Legal Costs	10%
Provision for Leave Pay - Amount payable at the end of the FY	
Provision for Gratuity – Amount accrued at the end of the FY	
Provision for Tax – Amount of tax liabilities on the KRA ledger at the end of the FY including penalties and interest	

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

**6. Revenue from contract with customers**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Fresh Cuts	1,346,903,238	1,369,711,095
Canned Corned Beef	106,223,397	113,031,635
Value Added Products	55,939,368	60,012,747
1/5 Quarter Offals & By -Products	134,218,163	177,842,902
Other Products	2,897,292	4,249,272
Chicken Products	10,603,478	-
VAT on Sales	(13,979,504)	(15,049,299)
<b>Total</b>	<b>1,642,805,432</b>	<b>1,709,798,352</b>

**7. Cost of Sales**

<b>Description</b>	<b>Notes</b>	<b>2024/2025</b>	<b>2023/2024</b>
		<b>Kshs</b>	<b>Kshs</b>
Opening stock (Meat & Meat Products)		71,780,358	62,288,319
Add Cost of Production	7(a)(vi)	1,507,692,988	1,697,032,029
Purchase of Kenchic Products		8,064,630	-
Less Closing Stock		(30,682,441)	(71,780,358)
<b>C.O.S</b>		<b>1,556,855,534</b>	<b>1,687,539,990</b>

**7(a) Statement Of Manufacturing**

<b>Description</b>	<b>Notes</b>	<b>2024/2025</b>	<b>2023/2024</b>
		<b>Kshs</b>	<b>Kshs</b>
Opening stock (livestock)		-	13,861,370
Add purchase of raw materials		1,332,039,923	1,410,771,701
i)		<b>1,332,039,923</b>	<b>1,424,633,071</b>
ii)		<b>1,332,039,923</b>	<b>1,424,633,071</b>
Direct Materials - Packaging		24,195,625	65,087,557
Direct labour - Casuals		3,284,460	928,600
<b>iii) Prime Cost</b>		<b>1,359,520,008</b>	<b>1,490,649,228</b>
<b>Factory overhead expenses</b>			
General overheads	7(b)	66,317,691	97,807,148
Power & Fuel	7(b)	81,855,289	108,575,653
<b>iv Sub-total</b>		<b>148,172,979</b>	<b>206,382,801</b>
v. (iii&iv)		1,507,692,988	1,697,032,029
<b>vi) Cost of production</b>		<b>1,507,692,988</b>	<b>1,697,032,029</b>

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

<b>7(b) Productions Costs</b>		<b>2024/2025</b>	<b>2023/2024</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Direct Costs</b>			
Livestock purchases		1,332,039,923	1,410,771,701
Direct Wages		3,284,460	928,600
Packaging Materials		24,195,625	65,087,557
<b>Sub-total - Direct costs</b>		<b>1,359,520,008</b>	<b>1,476,787,858</b>
<b>Indirect Costs</b>			
Chemicals Purchased		-	580,100
Processing Materials		19,419,354	23,995,379
Water Expense		25,330,408	18,732,391
Equipment Repairs & Maintenance		11,333,590	11,956,120
Quality Assurance & Vet Expenses		1,572,258	10,320,404
General Parts Expenses		-	16,728,956
Protective Clothing		3,859,277	5,133,700
Cleaning and Detergents		3,322,217	6,212,426
Fumigation & Pest Control		312,731	660,895
Clearing, forwarding & freight		93,732	809,578
Animal Feeds & Drugs		248,924	463,474
Production Loose tools		825,200	2,213,724
<b>Sub-total - General overheads</b>		<b>66,317,691</b>	<b>97,807,148</b>
<b>Power &amp; fuel overhead</b>			
Oils & Lubricants		19,479,993	26,489,121
Gases		9,451,170	14,593,455
Electricity		52,924,126	67,493,077
<b>Sub-total - Power &amp; fuel</b>		<b>81,855,289</b>	<b>108,575,653</b>

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

**8. Other Income**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Ksh</b>	<b>Ksh</b>
<b>Business</b>		
Other gains (Note 9)	-	205,171,196
Decrease in Provisions	11,112,963	101,861,342
Other Incomes	4,925,850	2,816,867
Miscellaneous Income	1,996,348	-
<b>Sub-total</b>	<b>18,035,162</b>	<b>309,849,405</b>
<b>Rental</b>		
Penalties Received	737,801	48,600
Rental income	61,477,770	55,456,326
<b>Sub-total</b>	<b>62,215,571</b>	<b>55,504,926</b>
<b>Total</b>	<b>80,250,733</b>	<b>365,354,330</b>

**9. Other Gains & Losses**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Gain on sale of fixed assets	-	-
Fair value gain or losses on revaluation of investment property	-	-
Depreciation Impairment	-	205,171,196
<b>Total</b>	<b>-</b>	<b>205,171,196</b>

**Kenya Meat Commission****Annual Report and Financial Statements for the year ended June 30, 2025****10. Administration Costs**

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Salaries & Wages	304,086,058	275,784,437
Commissioners' emoluments	7,378,043	8,230,920
Bank charges	4,694,847	4,437,908
Increase in Provision of Doubtful debts	1,289,369	-
Increase in Provision for Leave Pay	-	6,202,260
Increase in Prov. For Gratuity	-	6,607,664
Increase in Prov. For Legal Costs	10,060,283	2,014,389
Auditors' remuneration - current year fees	900,000	900,000
Dues and Subscriptions	739,228	839,240
Postage and Delivery	107,005	392,850
Staff welfare	5,574,112	2,378,572
Books and Publications	196,786	341,640
Staff Training	331,738	6,346,965
Land and Rates	1,694,272	1,694,272
Internet Services	1,670,030	2,321,668
Housing Repairs & Maintenance	1,202,230	1,036,100
MV repairs	7,537,346	4,128,767
Business Licenses and Permits	2,102,611	2,000,790
Security Expenses	6,032,928	6,032,928
Sanitation & Sewerage	2,511,862	2,558,809
Legal Fees	6,954,145	9,104,018
Medical Expenses	2,126,866	3,224,625
Hospitality & Entertainment	4,028,737	2,495,778
Printing Stationery	5,592,688	11,765,041
Travelling, Subsistence & Accommodation	8,242,928	16,675,648
Electricity expense - General	399,733	1,420,782
Telephone Expenses	2,168,734	2,080,500
Motor Vehicle Fuel	26,757,912	33,779,442
Computer Expenses	4,547,308	4,941,041
Insurance Expenses	45,429,280	45,562,912
General Repairs & Renovations	11,777,077	18,749,742
Final Dues & Staff Gratuity	13,316,125	4,467,509
Cleaning Services	3,084,000	3,155,450
Professional Fee	1,181,498	-
Tax Paid	25,409,001	-
Rent	3,617,800	3,609,815
Garbage Collection	818,621	900,000
Office Supplies	554,964	-
Carrier Bags	2,406,897	-
Depreciation	213,055,921	243,198,179
<b>Total</b>	<b>739,578,984</b>	<b>739,380,661</b>

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

**10(a) Staff Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries and allowances of permanent employees	275,391,044	275,784,437
Wages of temporary employees - Admin	293,415	-
Employer's contributions to national social security schemes	9,628,370	-
Employer's contributions to pension scheme	14,837,635	-
Employer's contributions to AHL	3,696,794	-
NITA	238,800	-
<b>Sub-total- Salaries &amp; Wages</b>	<b>304,086,058</b>	<b>275,784,437</b>
Wages of temporary employees - Production	3,284,460	-
Medical insurance schemes	45,429,280	-
Leave pay Provisions	5,439,037	-
Gratuity provisions	19,299,526	-
Staff welfare	5,574,112	-
<b>Total</b>	<b>383,112,474</b>	<b>275,784,437</b>
<b>The average number of employees at the end of the year was:</b>		
Permanent employees – management	-	-
Permanent employees – unionisable	180	171
Temporary and contracted employees	201	194
Seconded	20	21
<b>Total</b>	<b>401</b>	<b>386</b>

**11. Selling and Distribution Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and promotional expenses	7,190,030	5,477,646
Transport & Freight	-	98,150
Donations & Free Samples	787,407	967,035
Tender Documentation	-	19,400
<b>Total</b>	<b>7,977,437</b>	<b>6,562,231</b>

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**  
**Notes to the Financial Statements (Continued)**

**12. Finance Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Interest expense on loans	7,447,858	7,301,822
Interest expense on bank overdrafts	-	-
<b>Total</b>	<b>7,447,858</b>	<b>7,301,822</b>

**13. Income Tax Expense/(Credit)**

Description	2024/2025		2023/2024	
	Rental	Business	Rental	Business
	Kshs	Kshs	Kshs	Kshs
Profit before taxation/Income	62,215,571	(588,803,648)	55,504,926	(365,632,021)
<b>Add</b>				
<b>Non-allowable deductions</b>				
Depreciation	-	213,055,921	-	243,198,179
Increase in Prov. For bad debts	-	-	107,671	-
Expenses apportioned to rent Income (14a)	-	13,865,721	-	10,879,197
Increase in Provisions	-	(1,052,680)	-	14,824,313
<b>Total -Non-allowable deductions</b>	<b>-</b>	<b>225,868,963</b>	<b>107,671</b>	<b>268,901,689</b>
<b>Less: Non-taxable incomes/other allowable deductions</b>				
Rental Income (taxed separately)	-	62,215,571	-	55,504,926
Less Allowable deductions - WTA	-	213,055,921	-	243,198,179
Decrease in Provisions	-	5,558,605	-	84,719,870
Apportioned Admin Expenses	13,865,721	-	10,879,197	-
Impaired Depreciation	-	-	-	205,171,196
Decrease in Prov. In receivables	-	1,289,369	-	17,249,143
<b>Total – Non-taxable incomes/other allowable deductions</b>	<b>13,865,721</b>	<b>282,119,466</b>	<b>10,879,197</b>	<b>605,843,313</b>
<b>Adjusted Taxable income/(Loss)</b>	<b>48,349,850</b>	<b>(645,054,152)</b>	<b>44,733,399</b>	<b>(702,573,645)</b>
Tax Expense/(Saving) for the Year	14,504,955	(193,516,246)	13,420,020	(210,772,093)
Tax Expense/(Saving)-combined	(179,011,291)		(197,352,074)	
Less Previous Year Savings b/f	-	(210,772,093)	-	-
Prev. year Loss Adjustment	-	677,747,448	-	-
<b>Tax Payable/(Refund)</b>	<b>14,504,955</b>	<b>(200,964,105)</b>	<b>-</b>	<b>-</b>
<b>Tax Payable/(Refund) - Combined</b>		<b>(186,459,149)</b>	<b>-</b>	<b>-</b>

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**13a. Apportionment of shared expenses between business and rental income**

	<b>Total</b>	<b>BUSINESS</b>	<b>RENTAL</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Income</b>	1,705,021,003	1,642,805,432	62,215,571
Apportionment Ratio	100%	96%	4%
<b>Expenses</b>			
Water Expenses	25,330,408	24,406,111	924,297
Telephone & Mobile	2,168,734	2,089,598	79,136
Housing Repairs & Maintenance	1,202,230	-	1,202,230
Salaries & Wages	304,086,058	292,990,073	11,095,985
Legal fees	6,954,145	6,700,391	253,754
Stationery	5,592,688	5,388,613	204,075
Sanitation and Sewerage	2,511,862	2,420,205	91,657
Electricity Admin	399,733	385,147	14,586
<b>TOTAL</b>	<b>348,245,859</b>	<b>334,380,138</b>	<b>13,865,721</b>

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including,	Fixtures, Furniture & Equipment	Computer and accessories	Softwares & Intangible Assets	Total
		2.5%	12.5%	25.0%	12.5%	30.0%	20.0%	
<b>COST OR VALUATION</b>								
At July 1, 2023	381,200,000	1,418,101,853	1,209,607,457	200,365,780	101,530,027	32,000,817	26,424,000	3,369,229,934
Revaluation gain or (Loss)	14,640,300,000	292,698,147	676,565,343	(24,665,780)	(6,181,939)	(16,422,317)	-	15,562,293,454
Additions	-	3,409,756	20,909,142	-	1,606,749	12,072,350	-	37,997,997
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At June 30, 2024	15,021,500,000	1,714,209,756	1,907,081,942	175,700,000	96,954,837	27,650,850	26,424,000	18,969,521,385
<b>WTA</b>								
At July 1, 2023	-	508,938,370	664,489,993	123,317,823	72,915,446	24,040,004	12,894,912	1,406,596,548
Charge for the year	-	30,131,785	165,148,738	30,862,500	7,569,541	6,779,798	2,705,818	243,198,179
Impairment	-	-	(78,597,953)	(71,067,823)	(36,516,941)	(18,988,479)	-	(205,171,196)
Eliminated on disposal	-	-	-	-	-	-	-	-
At June 30, 2024	-	539,070,155	751,040,778	83,112,500	43,968,047	11,831,323	15,600,730	1,444,623,531
<b>NET BOOK VALUE</b>								
As at July 1 2023	381,200,000	909,163,483	545,117,464	77,047,957	28,614,581	7,960,813	13,529,088	1,962,633,385
At June 30, 2024	15,021,500,000	1,175,139,601	1,156,041,164	92,587,500	52,986,790	15,819,528	10,823,270	17,524,897,854
<b>COST OR VALUATION</b>								
At July 1, 2024	15,021,500,000	1,714,209,756	1,907,081,942	175,700,000	96,954,837	27,650,850	26,424,000	18,969,521,385
Revaluation gain or (Loss)	-	-	-	-	-	-	-	-
Additions	-	1,442,598	14,619,828	-	1,144,849	1,058,876	836,187.50	19,102,338
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At June 30, 2025	15,021,500,000	1,715,652,354	1,921,701,770	175,700,000	98,099,686	28,709,726	27,260,188	18,988,623,723
<b>WTA</b>								
At July 1, 2024	-	539,070,155	751,040,778	83,112,500	43,968,047	11,831,323	15,600,730	1,444,623,531
Charge for the year	-	29,414,555	146,332,624	23,146,875	6,766,455	5,063,521	2,331,892	213,055,921
Impairment	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-	-	-	-
At June 30, 2025	-	568,484,710	897,373,402	106,259,375	50,734,502	16,894,844	17,932,621	1,657,679,453
<b>NET BOOK VALUE</b>								
As at July 1 2024	15,021,500,000	1,175,139,601	1,156,041,164	92,587,500	52,986,790	15,819,528	10,823,270	17,524,897,854
At June 30, 2025	15,021,500,000	1,147,167,644	1,024,328,368	69,440,625	47,365,185	11,814,882	9,327,566	17,330,944,270

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

**Valuation**

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

**Property, Plant and Equipment at Cost**

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	25,354,640	25,354,640
<b>Total</b>	<b>25,354,640</b>	<b>25,354,640</b>

**15. Inventories**

Description	2024/2025	2023/2024
	Kshs	Kshs
Raw materials	-	-
Finished goods	30,682,441	71,780,358
Work In Progress	-	-
<b>Total</b>	<b>30,682,441</b>	<b>71,780,358</b>

**15a Consumables (General & Eng. Store Items)**

Description	2024/2025	2023/2024
	Kshs	Kshs
Engineering stores	30,898,183	24,566,259
Stationery and general stores	41,681,519	30,966,466
<b>Total</b>	<b>72,579,702</b>	<b>55,532,725</b>

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16. Trade and Other Receivables

Description	2024/2025	2023/2024
	Kshs	Kshs
Trade receivables (16a)	627,748,130	604,458,849
Deposits and prepayments	5,835,873	21,674,052
Staff Imprest	576,602	5,125,728
Other Receivables	4,000	2,283,817
Rental Receivable (16b)	19,374,047	16,875,951
DOD REFUND	72,931,900	72,931,900
<b>Gross trade and other receivables</b>	<b>726,470,551</b>	<b>723,350,297</b>
Provision for Bad and Doubtful Receivable	(32,356,109)	(31,066,740)
<b>Net Trade and Other Receivables</b>	<b>694,114,443</b>	<b>692,283,557</b>

16 (a) Trade Receivables

Description	2024/2025	2023/2024
	Kshs	Kshs
Gross Trade Receivables	627,748,130	604,458,849
Provision for Doubtful Receivables	(31,387,406)	(30,222,942)
Net Trade Receivables	596,360,723	574,235,907
<b>Ageing analysis of gross Trade Receivables</b>		
Less than 30 Days	30,115,843	8,946,917
Between 30 and 60 Days	22,517,825	796,168
Between 61 and 90 Days	22,681,341	2,274,280
Over 90 Days	552,433,121	592,441,485
<b>Total</b>	<b>627,748,130</b>	<b>604,458,849</b>

**Kenya Meat Commission**  
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**16 (b) Rental Receivables**

Description	2024/2025	2023/2024
	Kshs	Kshs
Gross Rental Receivables	19,374,047	16,875,951
Provision for Doubtful Receivables	(968,702)	(843,798)
Net Rental Receivables	18,405,344	16,032,153
<b>Ageing analysis of gross Rental Receivables</b>		
Less than 30 Days	1,232,770	1,073,816
Between 30 and 60 Days	295,654	257,532
Between 61 and 90 Days	451,141	392,971
Over 90 Days	17,394,482	15,151,632
<b>Total</b>	<b>19,374,047</b>	<b>16,875,951</b>

**16 (c) Staff Receivables**

Description	2024/2025	2023/2024
	Kshs	Kshs
Gross staff loans and advances	4,000	2,283,817
Less: Provision for impairment loss	-	-
<b>Total</b>	<b>4,000</b>	<b>2,283,817</b>
Less: Amounts due within one year	4,000	2,283,817
Amounts due after one year	-	-

**17. Bank and Cash Balances**

Description	2024/2025	2023/2024
	Kshs	Kshs
Cash at bank	13,528,950	39,382,570
Cash in hand	370,525	493,584
<b>Total</b>	<b>13,899,475</b>	<b>39,876,154</b>

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

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	113443684	1,510,745	5,617,696
<b>Co-operative bank of Kenya</b>			
Operations account	02120065670800	6,282	15,504
Working capital account	01120065670801	7,951,599	9,997,668
Rental account	01120065670802	376,680	13,717,477
Mombasa account	01120065670804	807,863	932,455
Rehabilitation account	01120065670805	27,795	55,138
Bank Guarantee		-	6,000,000
National bank		500	500
E-Citizen		1,693,507	2,965,339
<b>Sub- total cash at bank</b>		<b>12,374,969</b>	<b>39,301,776</b>
<b>Cash in Hand</b>			
Athi-River -General		342,958	374,110
Mombasa		6,703	89,621
Landhies		20,864	29,853
<b>Sub- total</b>		<b>370,525</b>	<b>493,584</b>
<b>Mpesa</b>			
Paybills		1,153,980	80,794
<b>Sub- total cash</b>		<b>1,153,980</b>	<b>80,794</b>
<b>Grand total</b>		<b>13,899,475</b>	<b>39,876,154</b>

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

**18. Revaluation Reserve**

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

**19. Fair Value Adjustment Reserve**

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

**20. Retained Earnings**

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

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**  
**Notes to the Financial Statements (Continued)**

**21. Borrowings**

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>a) Domestic borrowings</b>		
Balance at beginning of the year	365,091,089	357,932,440
Interest Capitalized	7,301,822	7,158,649
<b>Balance at end of the year</b>	<b>372,392,911</b>	<b>365,091,089</b>
<b>b) Advances from Parent Ministry</b>		
Balance at the beginning	-	208,000,000
Refund during the period	-	(38,000,000)
Prior Year adjustment	-	(170,000,000)
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Balance at end of the period- domestic and external borrowings c = a+b</b>	<b>372,392,911</b>	<b>365,091,089</b>

**22. Trade and Other Payables**

Description	2024/2025	2023/2024
	Kshs	Kshs
Trade payables	452,363,489	292,588,054
Accrued Interest expenses	7,447,858	7,301,822
Vat Account	4,731,159	-
Other Accrued Expenses	15,348,118	22,014,776
Deposits & Prepayments	7,798,256	5,284,254
Prior year adjustment (Other Payables)	-	10,000,000
<b>Total</b>	<b>487,688,880</b>	<b>337,188,906</b>

**Aging Analysis for Trade and other Payables**

Description	2023/2024	% of the total	2023/2024	% of the total
	Kshs		Kshs	
Under one year	420,297,044	93%	317,659,369	94%
Over 1 years	32,066,445	7%	19,529,536	6%
<b>Total</b>	<b>452,363,489</b>	<b>100%</b>	<b>337,188,905</b>	<b>100%</b>

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**  
**Notes to the Financial Statements (Continued)**

**23. Retirement Benefit Obligations**

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

**24. Provisions**

Description	Long service leave	Legal Costs Provision	Gratuity provisions	Provisions for Tax	Total
	26a	26b	26c	26d	
2024/2025	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	7,096,741	22,296,463	23,196,181	89,090,975	141,680,360
Additional provisions/Change	(1,657,704)	10,060,283	9,419,471	19,850,396	37,672,447
Amount paid during the period	-		13,316,125	25,409,001	38,725,126
Balance at the end of the year	<b>5,439,037</b>	<b>32,356,747</b>	<b>19,299,526</b>	<b>83,532,371</b>	<b>140,627,680</b>
Increase/(decrease) in provisions	(1,657,704)	10,060,283	(3,896,655)	(5,558,605)	(1,052,680)

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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

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

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations</b>		
Operating profit/(loss) before tax	(588,803,648)	(365,632,021)
Depreciation	213,055,921	243,198,179
Net Movement in Provisions	(2,342,049)	(69,895,558)
Impairment of Acc. Depreciation	-	(205,171,196)
Interest Capitalized	7,447,858	7,158,649
Interest Capitalized	-	7,301,822
Tax Account Adjustment	215,383,362	-
<b>Operating profit/(loss) before working capital changes</b>	<b>(155,258,555)</b>	<b>(387,512,598)</b>
(Increase)/decrease in inventories	41,097,916	4,369,331
(Increase)/decrease in Consumables	(17,046,977)	
(Increase)/decrease in trade and other receivables	(1,830,886)	346,195,686
Increase/(decrease) in trade and other payables	150,499,974	21,394,038
Tax Paid	(25,409,001)	-
Prior year cash adjustment	1,073,186	-
<b>Cash generated from/(used in) operations</b>	<b>(6,874,342)</b>	<b>(15,553,542)</b>
<b>(b) Cash Generated/Used in Investing Activities</b>		
Purchase of Fixed assets	(19,102,338)	(37,997,997)
<b>Net Cash Generated/Used in Investing Activities</b>	<b>(19,102,338)</b>	<b>(37,997,997)</b>
<b>(c). Cash Generated/Used in Financing Activities</b>		
Loans/Advances Repayment to Parent Ministry	-	(38,000,000)
<b>Net Cash Generated/Used in Financing Activities</b>	<b>-</b>	<b>(38,000,000)</b>
<b>Net Cash Generated/(Used During The FY)</b>	<b>(25,976,679)</b>	<b>(97,551,539)</b>
<b>(d) Analysis of cash and cash equivalents</b>		
Cash Balance as at the beginning	39,876,154	131,427,693
<b>Balance at end of the year</b>	<b>13,899,475</b>	<b>39,876,154</b>

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**  
**Notes to the Financial Statements (Continued)**

**26. Related Party Disclosures**

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

Transactions with related parties

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>a) Purchases from related parties</b>		
Purchases of electricity from KPLC	53,323,859	68,913,859
Purchase of water from govt service providers	25,330,408	18,732,391
<b>Total</b>	<b>78,654,267</b>	<b>87,646,250</b>
<b>b) Key management compensation</b>		
Commissioners' emoluments	7,378,043	8,230,920
Compensation to key management	34,189,504	32,034,736
<b>Total</b>	<b>41,567,547</b>	<b>40,265,656</b>

**27. Contingent Liabilities**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Pending Court Cases		
Employment & Labour Relations matters	18,517,466	43,373,032
Breach of Contract Matters	200,000,000	107,591,600
Land Matters	100,000,000	72,000,000
Injury Claims	5,050,000	-
<b>Total</b>	<b>323,567,466</b>	<b>222,964,632</b>
Provision for legal costs recognized (10%)	<b>32,356,747</b>	<b>22,296,463</b>

A Provision for legal costs of 10% of contingent liabilities has been recognized in the financial statements in FY 2024-25

## **28. Financial Risk Management**

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

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

### **(i) Credit risk**

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

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

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

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**Credit Risk**

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Receivables from exchange transactions	621,334,800	512,548,140	108,786,660	-
Receivables from non-exchange transactions	2,283,817	2,283,817	-	-
Bank balances	39,876,154	39,876,154	-	-
<b>Total</b>	<b>663,494,771</b>	<b>554,708,111</b>	<b>108,786,660</b>	<b>-</b>
<b>At 30 June 2025</b>				
Receivables from exchange transactions	627,748,130	75,315,009	552,433,121	-
Receivables from non-exchange transactions	19,374,047	1,979,564	17,394,482	-
Bank balances	13,899,475	13,899,475	-	-
<b>Total</b>	<b>661,021,651</b>	<b>91,194,048</b>	<b>569,827,603</b>	<b>-</b>

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

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

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

**ii) Liquidity risk management**

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

**(iii) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Commission's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

**a) Foreign currency risk**

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

**Kenya Meat Commission****Annual Report and Financial Statements for the year ended June 30, 2025**

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

**iv) Capital Risk Management**

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

<b>Description</b>	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation reserve	16,982,069,938	16,982,069,938
Retained earnings	(895,750,275)	(645,957,917)
Capital reserve	1,241,650,346	1,241,650,346
Development grants	-	-
<b>Total funds</b>	<b>17,327,970,009</b>	<b>17,577,762,367</b>
Total borrowings	372,392,911	365,091,089
Less: cash and bank balances	13,899,475	39,876,154
<b>Net debt/(excess cash and cash equivalents)</b>	<b>358,493,436</b>	<b>325,214,935</b>
<b>Gearing (%)</b>	<b>2%</b>	<b>2%</b>

**29. Incorporation**

The Commission is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

**30. Events after the Reporting Period**

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

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

**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.

KENYA MEAT COMMISSION FINANCIAL STATEMENT FOR FY 2023/24														
Ref No.	Issue / Observations from Auditor	Management Comments	Status:	Timeframe :										
			(Resolved / Not Resolved)	(When to be Resolved)										
1.	<p><b>Unsupported Cash and Bank Balances</b></p> <p>The statement of financial position reflects a balance of Kshs.39,876,154 in respect of bank and cash balances which, as disclosed in Note 18 to the financial statements, includes amounts of Kshs.80,794 and Kshs.500 held in an Mpesa account and a local bank account respectively. However, as reported in the previous year, bank statements and certificates of bank balances for the bank account were not provided for audit. Similarly, supporting documents for the Mpesa balance of Kshs.80,794 were not provided for audit. Although, Management requested for authority to close dormant bank accounts in July, 2024, the authority had not been granted by the time of the audit in December, 2024. In the circumstances, the accuracy and completeness of the bank and cash balances of</p>	<p>The Board resolved to close the said account and management sought authority to close the dormant accounts vide letter ref KMC/MC/371(A) 2023-2024 to the Ministry of Defence and expecting feedback. In addition, Management requested and obtained status of the National Bank of Kenya vide letter dated 19<sup>th</sup> September 2024 and bank statement which stated the account was dormant/inactive and that the account had a balance of Kshs. 500. Further, Safaricom provided certificate of balance which indicated that the Commission had Kshs. 1,153,979.43(See <b>annex A</b>) as tabulated below:</p> <table border="1"> <thead> <tr> <th>Account</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>177395</td> <td>1,890.00</td> </tr> <tr> <td>177396</td> <td>336,949.00</td> </tr> <tr> <td>177398</td> <td>677.00</td> </tr> <tr> <td>177415</td> <td>410.00</td> </tr> </tbody> </table>	Account	Amount	177395	1,890.00	177396	336,949.00	177398	677.00	177415	410.00	<i>Not Resolved</i>	<i>30-06-2025</i>
Account	Amount													
177395	1,890.00													
177396	336,949.00													
177398	677.00													
177415	410.00													

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

	Kshs.39,876,'154 could not be confirmed.	<table border="1"> <tr> <td>177416</td> <td>814,023.00</td> </tr> <tr> <td>9984689</td> <td>30.00</td> </tr> <tr> <td>7649578</td> <td>0.02</td> </tr> <tr> <td>7031342</td> <td>0.41</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,153,979.43</b></td> </tr> </table>	177416	814,023.00	9984689	30.00	7649578	0.02	7031342	0.41	<b>Total</b>	<b>1,153,979.43</b>		
177416	814,023.00													
9984689	30.00													
7649578	0.02													
7031342	0.41													
<b>Total</b>	<b>1,153,979.43</b>													
2.	<p><b>Inaccurate Non –Current Liabilities Balance:</b>The statement of financial position reflects a balance of Kshs.365,091,089 under non current liabilities (borrowings). However, as reported in the previous year, records maintained by The National Treasury reflects an outstanding loan balance of Kshs.977,332,146 comprised of Kshs.940,241,100 and Kshs.37,091,046 in respect of outstanding loan principal and interest respectively. The resultant difference of Kshs.6'12,241,057 between the two sets of records was not explained. Further, available information indicates that The National Treasury had in April, 2022 appointed a team to verify the Government loans to the Kenya Meat Commission (KMC). Following verification of the loans, KMC was instructed by The National Treasury to recognise in its books a total loan amount of Kshs.1,667,125,232 as 30</p>	<p>The Commission vide the National Treasury letter ref <b>TNT/ZZ/239/01(5)</b> dated 10 February 2023 was instructed to recognised a total loan amount of Kshs.1,667,125,232, accrue interest and provide a repayment plan among other instructions. The Commission vide letter ref <b>KMC/MC/641(581)2022/2023</b> dated 15 March 2023 responded on the subject citing the provisions of the Cabinet letter ref <b>OP.CAB.58/4A/Vol.VII</b> dated 21 April 2005 on the Revival of KMC which directed all outstanding GOK loans be assumed by GOK and be capitalized to enhance the value of KMC among other directives. The legal framework for capitalized and recognizing the debts were not provided by the National treasury and the</p>	<i>Not resolved</i>	<i>30-06-2025</i>										

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>June, 2021. KMC was also instructed to continue accruing interest and provide a repayment plan for settling the debt of Kshs.1 ,667, 125,232 owed to The National Treasury. However, Management has to date not recognised the loan amount of Kshs.'1 ,667,125,232 in its books or provided a repayment plan as required. In the circumstances, the accuracy of the non-current liabilities balance of Kshs.365,091,089 as at 30 June, 2024 could not be confirmed.</p>	<p>office of attorney general as directed by the Cabinet. The board resolved that the Commission seek for a write off and creation of the necessary legal framework capitalizing the debts through the Ministry of Defence vide letter ref KMC/MC/018(A)2024-2025and a further follow up vide letter KMC/MC/030/(A)2025/202 65 date 11<sup>th</sup> August 2025..... <b>Annex B</b></p>		
3.	<p><b>Lack of Ownership Document</b></p> <p>of property, plant and equipment which, as disclosed in Note 15 to the financial statements, includes a balance of Kshs.15,021,500,000 relating to freehold land. Although, Management carried out a revaluation of the Commission's properties in May 2024, review of the revaluation reports and other records revealed that a parcel of Land in Kwale County valued at Kshs.616,000,000 did not have a title deed.</p>	<ul style="list-style-type: none"> <li>• Management was advised re-survey LR NO 7641/7 MacKinnon Road ranch on the remaining parcel since the land 25.97 acres was affected by the Mombasa - Nairobi Standard gauge railway (SGR). The process was initiated vide memo dated 7 may 2025.....<b>Annex C</b></li> <li>• There is still an active court cases on the</li> </ul>	<i>Not Resolved</i>	<i>30<sup>th</sup> June 2025</i>

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

<p>Further, the property at the Sheep and Goat Ranch valued at Kshs.8,012,000,000 had been encroached by informal settlers who have developed temporary and permanent structures. As at the time of the audit in December, 2024, there were active court cases on the ownership of the land. In addition, the valuation report from the Ministry of Land, Public Works, Housing and Urban Development indicated that the parcels of land in Mombasa and Kwale Counties have an encumbrance of Kshs.160,000,000. However, the outstanding loan of Kshs. 160,000,000 from a local commercial bank had been paid by The National Treasury and title deeds surrendered to The National Treasury. Further, the valuation report indicated that leases for plots two (2) plots issued in 1966 for 37 years have since expired while records at the</p>	<p>ownership of the Sheep and Goat Ranch valued at Kshs. 8,012,000,000 and mention for direction is scheduled on 24<sup>th</sup> September 2025.</p> <ul style="list-style-type: none"> <li>• Further, management has contacted the Ministry of the Land, Public Works, Housing and Urban Development to rectify and it's waiting the feedback on the amendment.</li> </ul>		
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**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>Commission indicated that the leases were extended for 50 years from 2011, raising doubt on the accuracy and reliability of the valuation carried out by the Ministry. In the circumstances, the accuracy and fair value of the property, plant and equipment balance of Kshs.17,524,897,854 as at 30 June,2024 could not be confirmed.</p>			
4.	<p>Long Outstanding Receivables balance</p> <p>The statement of financial position reflects a balance of Kshs.692,283,557 under trade and other receivables which, as disclosed in Note 17 to the financial statements, includes trade receivables amounting to Kshs.604,458,849, out of which Kshs.539,638,100 is owed by various Government agencies and which have been outstanding for over 90 days. Further, Note17(b) reflects rental receivables balance of</p>	<ul style="list-style-type: none"> <li>Management is strictly implementing credit policy, debt recovery which has enable the Commission to reduce debt owed to various government agencies from Kshs. 539,638,100 FY2023/24 to Kshs 274,037,343.17 in FY 2024/2025 and has changed the credit strategy to incorporate 80% as cash sales and 20% as credit sales for a</li> </ul>	<i>Not resolved</i>	<i>30<sup>th</sup> June 2025</i>

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>Kshs.16,875,951 out of which Kshs.15,749,495 was due from active tenants and Kshs.1,126,455 due from inactive tenants. An amount of Kshs.13,270,000 owed by one tenant occupying the Commission house in Riverside Estate have been accruing for some time and the tenant is still in occupation of the house. No evidence was provided to efforts made by the Commission to recover the debts. In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.692,283,557 could not be confirmed.</p>	<p>period of two (2) weeks and one (1) month.</p> <ul style="list-style-type: none"> <li>• The ruling on an application on the Riverside Estate is scheduled for hearing on 9<sup>th</sup> October 2025.</li> </ul>		
5.	<p><b>Financial Performance</b></p> <p>The statement of profit or loss and other comprehensive income reflects a sales turnover of Kshs.1,709,798,352 compared to a turnover of Kshs.2,782,236,329 reported</p>	<p>Management is striving to attain budgeted sales and has employed strategies such as change of credit strategy to 80% as cash sales and 20% as credit sales for a period of two (2) weeks and one (1) month and scheduled opening</p>	<p><i>Not resolved</i></p>	<p><i>30<sup>th</sup> June 2025</i></p>

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>in 2022/2023 financial year resulting to a decline of Kshs.1,072,437,977 in sales. Similarly, the Commission made an operating loss before tax of Kshs.365,632,021 compared to an operating profit before tax of Kshs.180,256,164 reported in 2022/2023 financial year. Management attributed the decline in sales to climate change which caused prolonged drought affecting the quality and availability of the cattle, change of payment period from 72 hours to 30 days and delayed payment by the Government institutions supplied with meat. In the circumstances, the profitability of the Kenya Meat Commission is dependent on government support in the short term.</p>	<p>of one stop shop in various towns.</p>		
5.	<p><b>Long Outstanding Payables</b> The statement of financial position reflects a balance of Kshs.327,188,905 in respect of trade and other payables</p>	<p>Management is adhering to the terms of payment with objective of reduce accruing pending bill and clear the outstanding debts. However,</p>	<p><i>Not resolved</i></p>	<p><i>30<sup>th</sup> June 2025</i></p>

**Kenya Meat Commission**

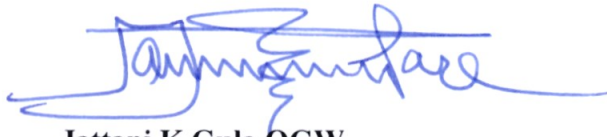
**Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>which, as disclosed in Note 23 to the financial statements, include an amount of Kshs.19,529,536 relating to trade payables outstanding for more than one (1) year. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in approved budget estimates. In the circumstances, Management was in breach of the law and there is risk loss of public funds through litigations, interests and penalties.</p>	<p>the Commission is facing financial constraints which have affected clearing of pending bills.</p>		
6.	<p><b>Non-compliance with one third of basic salary rule</b></p> <p>During the year under review, seventy-nine (79) employees received a net salary less than one-third (%) of their basic salary. This was contrary to</p>	<p>Management has not resolved the matter due to increasing mandatory deductions such as 2.75% social health insurance fund (SHIF), 1.5% housing levy, 6% national social security fund (NSSF)</p>	<p><i>Not Resolved</i></p>	<p><i>30<sup>th</sup> June 2025</i></p>

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

	<p>Section 9(3) of the Employment Act, 2007 which states that all deductions made by an employer from the wages or salaries of his employees at any one time shall not exceed two thirds of such wages or salaries. In the circumstances, Management was in breach of the law.</p>	<p>year 3 among others. However, the Management has conducted several staff training and sensitization forums thus promoting effective financial management practices aimed at the prevention of over commitment of employee salary</p> <p>As a result, the staffs not meeting 1/3 rule have declined from 79 (FY 2023/2024) to 39(2024/2025).</p>		
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**Jattani K Gula OGW**  
Major General  
The Managing Commissioner  
Kenya Meat Commission

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



# Kenya Meat Commission

Athi River Factory  
P.O. Box 2 -00204  
Tel: 045-260412/4  
Telefax: 045-26520  
www.kenyameatcommission.co.ke  
email: info@kenyameat.co.ke

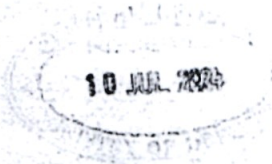
Ladies Rr. Depot  
P.O. Box 30414-00100 GPO  
NAIROBI  
Tel: 020 2013426/31  
www.kenyameatcommission.co.ke  
email: info@kenyameat.co.ke

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

KMC/MC/371(A)2023-2024

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

09 July, 2024



Dear Sir,

## CLOSURE OF DORMANT BANK ACCOUNTS

The above subject matter refers.

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

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

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

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

Jattani K Gula OGW  
Major General  
Managing Commissioner

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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A Subsidiary of KCB Group PLC

National Bank of Kenya Limited  
Head Office, National Bank Building  
Harambee Avenue,  
P.O. Box 72866 - 00200, Nairobi, Kenya  
Tel: +254 (0) 20 - 2828000  
Cell: +254 (0) 711 - 038000  
Email: [mca@nationalbank.co.ke](mailto:mca@nationalbank.co.ke)  
Website: [www.nationalbank.co.ke](http://www.nationalbank.co.ke)

19<sup>th</sup> September 2024  
Managing Commissioner  
Kenya Meat Commission  
Athi River Factory  
P.O Box 2 – 00204  
Athi.

Dear Sir,

**RE: ACCOUNT STATUS**

Reference is made to your letter dated 20<sup>th</sup> August 2024. This is to confirm and certify that the Kenya Meat Commission Account is Inactive/Dormant. Attached herewith is the bank statement for your records.

Thank you for banking with us.

Yours sincerely,

Christine K. Makone

**Senior Relationship Manager – Public Sector**

Board of Directors: CPA. Jones Nzomo, Ms. Lina Githuka, Mr. Laban Omangi, Mr. Geoffrey Maliombe,  
Mr. Paul Russo, Mr. George Odhiambo (Managing Director).

Regulated by the Central Bank of Kenya

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**



*Important Information*

KENYA MEAT  
  
 00204  
 ATHI RIVER

*Account Information*

Account Name KENYA MEAT COMMISSION  
 Account Number 01023061210300  
 Account Type Current Accounts Corporat  
 Currency KES  
 Statement Period 2024-01-10  
 Statement Date 2024-06-30  
 Branch Name HARAMBEE AVENUE

*Statement*

Transaction Date	Value Date	Reference	Transaction Details	Debit	Credit	Book Balance
10 JAN 24			Balance B/Pwd	0.00	0.00	0.00
11 JAN 24	11 JAN 24	FT24011HWVBN	Transfer In From Acc.No. - KES1499300010077 Balance Takeon - 01023061210300 GL Current & Saving Migration accounts depositsKES	0.00	500.00	500.00
<b>Total Value</b>				<b>0.00</b>	<b>500.00</b>	

**Cleared Balance As at :** 500.00  
**Effect not Cleared :** 0.00  
**Book Balance as at :** 500.00

Kindly verify all transactions reflected on this statement and notify any discrepancies to the bank as soon as possible



# Kenya Meat Commission

Athi River Factory  
P O Box 2 -00204  
Tel: 045-2604103/4  
Telefax: 045-26520  
www.kenyameatcommission.co.ke  
email.info@kenyameat.co.ke

Ladhies Rr. Depot  
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NAIROBI  
Tel.020 2013426/31  
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email.info@kenyameat.co.ke

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

KMC/MC/08(A)2024-2025

07 August, 2024

The Branch Manager  
Safaricom PLC  
Kitengela branch  
Kajiado.

Dear Sir/Madam,

**REF: CERTIFICATE OF BALANCES**

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

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

Regards,

Robert Mrima  
Manager, Finance & Account  
**Approved signatory**

Brig. Clement K Nyakundi  
Chief Operation Officer  
**Approved signatory**

Maj Gen Jattani Kampare Gula  
Managing Commissioner  
**Approved signatory**

**Kenya Meat Commission**  
**Annual Report and Financial Statements for the year ended June 30, 2025**



Safaricom Ltd  
 PO Box 66827 – 00800  
 Westlands, Nairobi,  
 Kenya.

Date:08/07/2025

To:

Managing Commissioner  
 Kenya Meat Commission  
 Athi River, Kenya

Dear Sir/Madam,

**M-PESA ACCOUNT BALANCES FOR KENYA MEAT COMMISSION AS AT 08<sup>TH</sup> JULY 2025.**

Please find M-PESA balances (in Ksh) held for the below organizations as of 08<sup>th</sup> July 2025.

Organization	Utility Account	Working Account	Charges Paid Account	Merchant account
177395 - KENYA MEAT COMMISSION	1890.00	0.00	0.00	N/A
177396 - KENYA MEAT COMMISSION - KMCTILL/001	336,949.00	0.00	0.00	N/A
177397 - KENYA MEAT COMMISSION - KMCTILL/002	0.00	0.00	0.00	N/A
177398 - KENYA MEAT COMMISSION - KMCTILL/003	677.00	0.00	0.00	N/A
177415 - KENYA MEAT COMMISSION - KMCTILL/005	0.00	410.00	0.00	N/A
177416 - KENYA MEAT	814,023.00	0.00	0.00	N/A

When we come together, great things happen.

**Kenya Meat Commission  
Annual Report and Financial Statements for the year ended June 30, 2025**



COMMISSION - KMCTILL/006				
177417 - KENYA MEAT COMMISSION - KMCTILL/007	1.00	0.00	0.00	N/A
7031344 - KENYA MEAT COMMISSION- KMC 001	N/A	0.00	0.00	0.00
7031346 - KENYA MEAT COMMISSION- KMC 002	N/A	0.00	0.00	0.00
7649578 - KENYA MEAT COMMISSION 004 HO	N/A	0.02	0.00	0.00
9984689 - KENYA MEAT COMMISSION I.	N/A	0.00	0.00	30.00
7031342 - KENYA MEAT COMMISSION H O	N/A	0.00	0.41	0.00

Albert Mugo

**Manager – M-PESA Accounting**

When we come together, **great things happen.**



# Kenya Meat Commission

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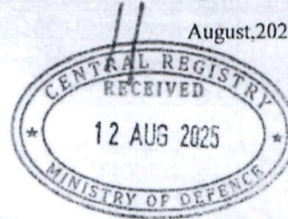
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**KMC/MC/030(A)2025-20265**

THE PRINCIPAL SECRETARY  
Ministry of Defence  
Ulinzi House  
P O Box 40668-00100  
Nairobi

August, 2025



Dear Sir,

**REQUEST FOR WRITE OFF OF THE KMC GOVERNMENTS LOAN**

1. The Commission's loan portfolio as at 30<sup>th</sup> September 2021 was Ksh.5,688,301,499.00 as tabulated below:

Items	Amount (Kshs)
Pre-Receivership Loans Directly to KMC Disbursed Since 1952	295,832,840
Pre-Receivership National Bank of Kenya (NBK) Loans Paid off by The National Treasury (TNT) in 1991	269,986,505
NBK Loans Between 1992-2009 (Paid off by The TNT 2009)	4,354,000,000
Mitsubishi UK Loans	433,604,088
Post-Receivership Loan	300,000,000
Interest on Post Receivership Loans	34,878,066
<b>Total</b>	<b>5,688,301,499</b>

2. The National Treasury & Economic Planning letter Ref: TNT/ZZ/239/01/ (5) dated 10<sup>th</sup> February 2023 required the Commission to implement paragraph a –f of the letter as highlighted below:

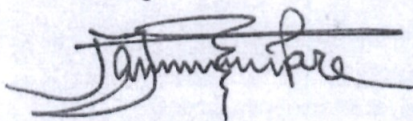
- a. Recognize the loan repayment to NBK of Kshs.4,354,000,000 as a convertible debt pending conversion into equity as directed by the Cabinet vide letter Ref: OP.CA.58/4A/VOL.VII dated 21<sup>st</sup> April 2005.
- b. Recognize the loan repayment to Mitsubishi U.K of Kshs.433,604,088 as a convertible debt pending conversion into equity as directed by the Cabinet.
- c. The National Treasury convertible debts to be treated as non interest earning.
- d. Recognize the total loan amounting to Kshs.1,667,125,232 as at 30<sup>th</sup> June 2021 advanced by The National Treasury as tabulated below:

**Kenya Meat Commission**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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

- e. Continue accruing interest and provide a repayment plan for settling Kshs. 1,667,125,232.
- f. Provide an implementation plan on all the issues raised in the special audit report by 15<sup>th</sup> March 2024.
3. The Commission was unable to implement the provisions of The National Treasury letter as highlighted in paragraph 2 a- e above due to lack of legal framework for capitalizing the loans as directed vide Cabinet letter Ref: OP.CA.58/4A/VOL.VII dated 21<sup>st</sup> April 2005.
4. The purpose of this letter is therefore to seek the assistance of the Ministry and request for the following:
- a. The National Treasury to approve a write off of Kshs. 1,667,125,232 and the accrued interest.
- b. The National Treasury and the Office of the Attorney General to create the necessary legal framework for capitalization and/or conversion of the loan into equity amounting to Kshs. 4,787,604,088 comprised of loan repayment to NBK of Kshs.4,354,000,000 and Mitsubishi U.K of Kshs.433,604,088 as directed vide Cabinet letter Ref: OP.CA.58/4A/VOL.VII dated 21<sup>st</sup> April 2005.
5. Kindly find the attached draft letter to The National Treasury for your consideration and forwarding.



**Jattani K Gula OGW**  
Major General  
Managing Commissioner



# Kenya Meat Commission

Athi River Factory  
P O Box 2 -00204  
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**KMC/MC/018(A)2024-2025**

THE PRINCIPAL SECRETARY  
Ministry of Defence  
Ulinzi House  
P O Box 40668-00100  
Nairobi

26 August, 2024



Dear Sir,

## REQUEST FOR WRITE OFF OF THE KMC GOVERNMENTS LOAN

1. The Public Accounts Committee (PAC) on a sitting held on 10<sup>th</sup> November 2021 advised KMC to engage The National Treasury and Planning to reconcile the disputed loan amount of **Kshs.940,241,040**. Subsequently, The Principal Secretary, National Treasury appointed a team of auditors vide letter ref NO.NT/IAG/SA/CONF/3 (26) dated 12<sup>th</sup> April 2022 to carry out audit on the subject. The audit was conducted and a report issued on 20<sup>th</sup> September 2022 and a copy to the Commission vide letter ref NT/IAG/SA/CONF/3(23) dated 14<sup>th</sup> October 2022.

See.....**Flag A**

2. Among other findings, the Auditors established loans amounting to Kshs.940,241,040 comprised of loans recorded in both KMC and The National Treasury (TNT) amounting to kshs295,832,840 (Table 2 of the report page.19) & Kshs.300,000,000 (for drought mitigation) and loans amounting to Kshs.344,408,200 (Table 3 of the report page.20) which was recognized by The National Treasury but not the Commission.

3. Further, the audit established that the Commission loan portfolio as at 30<sup>th</sup> September 2021 was ksh.5,688,301,499.00. The loan composition is as tabulated below:

Items	Amount (Kshs)
Pre-Receivership Loans Directly To KMC Disbursed Since 1952	295,832,840
Pre-Receivership NBK Loans Paid Off By TNT In 1991	269,986,505
NBK Loans Between 1992-2009(Paid Off By The TNT 2009)	4,354,000,000
Mitsubishi UK Loans	433,604,088
Post-Receivership Loan	300,000,000
Interest On Post Receivership Loans	34,878,066
<b>Total</b>	<b>5,688,301,499</b>

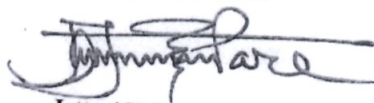
4. The National Treasury & Economic Planning letter Ref TNT/ZZ/239/01/ (5) dated 10<sup>th</sup> February 2023 required the Commission to implement para a – f of the letter as highlighted below:  
See.....**Flag B**

**Kenya Meat Commission  
Annual Report and Financial Statements for the year ended June 30, 2025**

- a. Recognize the loan repayment to NBK of Kshs.4,354,000,000 as a convertible debt pending conversion into equity as directed by cabinet vide Cabinet letter ref OP.CA.58/4A/VOL.VII dated 21<sup>st</sup> April 2005.  
**See.....Flag C**
- b. Recognize the loan repayment to Mitsubishi U.K of Kshs.433,604,088 as a convertible debt pending conversion into equity as directed by cabinet.
- c. The National Treasury convertible debts to be treated as non interest earning.
- d. Recognize the total loan amounting to Kshs.1,667,125,232 as at 30<sup>th</sup> June 2021 advanced by The National Treasury as tabulated below:

Items	Amount (Kshs)
Pre-Receivership loans	344,408,200
Pre-Receivership NBK Loans Paid Off By The national treasury	269,986,505
Pre-Receivership Loans	295,832,840
Amounts advanced between 1992-1998	422,019,621
Post-Receivership Loan(2009-2011)	300,000,000
Interest On Post Receivership Loans	34,878,066
<b>Total</b>	<b>1,667,125,232</b>

- e. Continue accruing interest and provide a repayment plan for settling Kshs. 1,667,125,232.
- f. Provide an implementation plan on all the issues raised in the special audit report by 15<sup>th</sup> March 2023.For more details, **See.....Flag D.**
5. Management responded on the matters raised on the report and the letter mentioned in para 4 above vide letter ref KMC/MC/641(581)2022/2023 on 15<sup>th</sup> March 2023.In the response the Commission noted that the Cabinet letter ref OP.CA.58/4A/VOL.VII dated 21<sup>st</sup> April 2005 directed among other directive that the outstanding debt to GOK and Mitsubishi assumed by Government to be capitalized into equity to enhance KMC value hence presumed that all Pre-receivership loans were taken over. However, the legal framework for capitalizing the loans was not provided as directed in the Cabinet letter.
6. The KMC Board of Commissioners resolved that all pre-receivership loans be written off in line with the Cabinet letter ref OP.CA.58/4A/VOL.VII dated 21<sup>st</sup> April 2005 and post receivership loan of Kshs.300 Million be considered for write off/converted to grants similar to other offtake /drought mitigation funds disbursed to the Commission.
7. Kindly assist the Commission to facilitate the approval of the write off by The National Treasury for all Government loan and The Attorney General to provide legal framework for capitalization and/or conversion of the loan into equity as directed by the Cabinet.
8. Kindly consider



**Jattani K Gula OGW**  
Major General  
Managing Commissioner

# Kenya Meat Commission

## Annual Report and Financial Statements for the year ended June 30, 2025

TS R



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

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P.O. Box 87080 – 80100 GPO  
MOMBASA  
Tel. 020 3542623  
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# Kenya Meat Commission

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

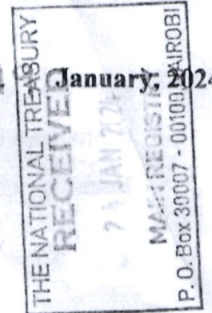
**KMC/MC/191(A)2023/24**

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

Dear Sir/Madam,

### **KMC GOVERNMENTS LOAN STATUS**

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



*A step above the rest*

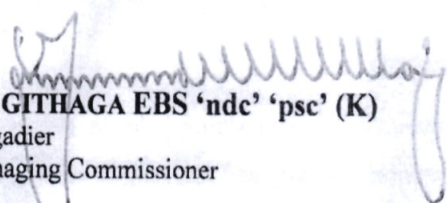
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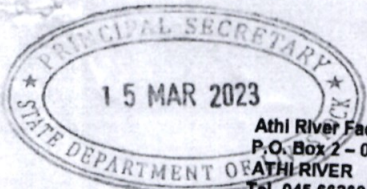
**KMC/MC/641(581)2022/2023.**In the response the Commission noted that the Cabinet letter ref **OP.CA.58/4A/VOL.VII** dated 21 April 2005 directed among other directive that the outstanding debt to GOK and Mitsubishi assumed by government to be capitalized into equity to enhance KMC value hence presumed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

4. Kindly consider

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

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

249



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# Kenya Meat Commission

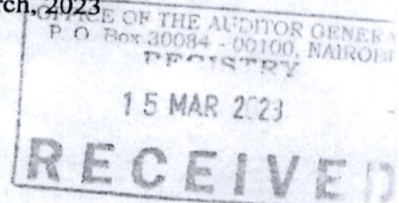
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Email: [info@kenyameat.co.ke](mailto:info@kenyameat.co.ke)

**KMC/MC/641(581)2022/2023**

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



15 March, 2023



Dear Sir,

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

1. The National Treasury & Economic Planning letter Ref TNT/ZZ/239/01/ (5) dated 10 February 2023 refers. On receipt of the Audit report, the KMC Board of Commissioners formed an Ad-hoc Committee of the Board to analyse the report. The Committee came up with appropriate findings and recommendations in response to the audit report.
2. KMC to implements Cabinet letter No.OP.CAB.58/4A/Vol.VII dated 21st April 2005 by recognizing loan of Kshs 4,354,000,000.00 to NBK and Kshs 433,604,088.00 to Mitsubishi Corporation repaid by government as convertible debt pending conversion into equity.

**Management Response**

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

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

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

**Management Response**

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

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

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

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

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

#### **Management Response**

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

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

**Management Response**

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

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

**Management Response**

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

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

**Management Response**

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

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

**Management Response**

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

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

**Management Response**

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

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

**Management Response**


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

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

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

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

11. Kindly consider

  
J N GITHAGA  
Brigadier  
Managing Commissioner

CC:

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

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

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



REPUBLIC OF KENYA  
THE NATIONAL TREASURY AND ECONOMIC PLANNING

Telegraphic Address: 22921  
FINANCE - NAIROBI  
Fax No. 315779  
Telephone: 2252199



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

When replying, please quote

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

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

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

Dear *Boris Gitwaga*

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

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

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

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

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

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

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

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

Yours

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

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



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

*Mc Fr*  
*Fin/Attached to*  
*Study & Brief and*  
*esp with the upcoming*  
*Special BOC meeting*  
*next week.*

Handwritten initials

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



MINISTER FOR FINANCE  
RECEIVED  
27 APR 2005  
P. O. BOX 30007  
NAIROBI

OFFICE OF THE PRESIDENT

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

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

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

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

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

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

Handwritten notes:  
① PS Look into issue raised by Mr. The DBSS to respond  
Did we remove the sh. 2.7 bn from the Ministry during Supplementary Estimates? Please ad.

Handwritten notes:  
② Abadi See to acquire in 4/5  
Card indicate to be captured. 2005/07 Budget

CABINET MEMORANDUM ON THE REVIVAL OF KENYA MEAT COMMISSION

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

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

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

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

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

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

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

Yours



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

c.c.

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

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

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

SECRET

# Memo

**To: Managing Commissioner**  
**Cc: Chief Operations Officer**  
**From: Chief Legal Officer**  
**Date: 07 May 2025**

**RE: RE-SURVEY OF LR NO 7641/7 MACKINON ROAD RANCH**

1. The Commission is the proprietor of the above mentioned property LR No 7641/7 known as Mackinon Ranch measuring approximately 11,000 acres located in Mackinon area along Mombasa – Nairobi Highway
2. The property is leased out to a tenant for purposes of grazing animals
3. The Commission was issued with a letter of allotment dated 28 June 2006 for the property for a leasehold period of 66 years wef 01 August 1999
4. The ranch was affected by the Mombasa-Nairobi Standard Gauge Railway Project and apparently 10.5 Ha (25.97acres) was hived off for the project
5. The Commission sought for issuance of title for the property from the Ministry of Lands however the Ministry advised that a re-survey has to be conducted on the remaining land parcel and the re-survey report and beacons certificate lodged at the Ministry for purposes of issuance of a title
6. In this regard, we kindly seek for approval to engage the services of a land surveyor in liason with the Supply Chain Department.
7. Kindly consider.

  
Anthony Ademba  
Chief Legal Officer

*Approved  
Done  
07 May 25*