


REPUBLIC OF KENYA



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

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NEW KENYA PLANTERS CO-OPERATIVE  
UNION PLC (NEW KPCU)**

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



NEW KENYA PLANTERS  
CO-OPERATIVE UNION

FAIRNESS • CENTRIC • TRANSPARENT • ACCOUNTABLE



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**NEW KENYA PLANTERS COOPERATIVE UNION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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**Prepared in accordance with the Accrual Basis of Accounting Method under  
the International Financial Reporting Standards (IFRS)**

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## **1. Acronyms and Definition of Key Terms**

### **A. Acronyms**

<b>NKPCU</b>	New Kenya Planters Cooperative Union
<b>CCARF</b>	Coffee Cherry Advance Revolving Fund
<b>MD</b>	Managing Director
<b>DG</b>	Director General
<b>CBK</b>	Central Bank of Kenya
<b>ICPAK</b>	Institute of Certified Public Accountants of Kenya
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>NT</b>	National Treasury
<b>OCOB</b>	Office of the Controller of Budget
<b>OAG</b>	Office of the Auditor General
<b>OSHA</b>	Occupational Safety and Health Act of 2007
<b>PFM</b>	Public Finance Management
<b>PPE</b>	Property Plant & Equipment
<b>PSASB</b>	Public Sector Accounting Standards Board
<b>SAGAs</b>	Semi-Autonomous Government Agencies
<b>SC</b>	State Corporation
<b>MSME's</b>	State Corporation under the Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME's)

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

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

**Comparative Year**- It's the prior period that is, FY 2023/2024.

**Board** - means the Board of Directors of the New KPCU

## **2. Key Entity Information**

### **a) Background information**

The New KPCU PLC was established as a State Corporation under the State Corporations Act Cap 446 and incorporated as a Public Limited Company pursuant to the provisions of the Company's Act 2015, on 4th Day of November 2019. At Cabinet level, the New KPCU PLC is represented by the Cabinet Secretary for MOC & MSMEs Development, who is responsible for general sectoral policy and strategic direction of the company. The company is domiciled in Kenya and has branches in Nairobi, Sagana, Meru, Tala, Kisii, Bungoma and Kitale.

### **b) Principal Activities**

The principal activities for which New KPCU PLC was established to perform include the following:

- (i) Coffee Milling'
- (ii) Coffee warehousing
- (iii) Farmers coffee marketing
- (iv) Optimum utilization of assets
- (v) Processing, disbursement and recovery of CCARF
- (vi) Agronomy and field extension services

#### **Vision**

To be the leading institution in the coffee industry offering innovative products and services.

#### **Mission**

To provide coffee farmers with affordable products and efficient services along the coffee value chain for their social and economic transformation.

#### **Core Values**

- Transparency and Accountability
- Traceability
- Integrity
- Farmer centric
- Teamwork and commitment
- Professionalism



*New Kenya Planters Cooperative Union  
Annual Report and Financial Statements for the year ended June 30, 2025.*

**c) Directors**

The Directors who served the entity during the year/period were as follows:

S/No	Board Member	Designation	Appointment Date	Exit Date
1	Daniel Chemno, MBS	Chairman	10 <sup>th</sup> February 2023	11 <sup>th</sup> February 2026
2	Timothy Mirugi, EBS	MD	3 <sup>rd</sup> January 2023	4 <sup>th</sup> January 2026
3	Esther Kariuki	Member	13 <sup>th</sup> May 2022	13 <sup>th</sup> May 2025
4	Charles Rintaugu	Member	13 <sup>th</sup> May 2022	13 <sup>th</sup> May 2025
5	Thomas Masila	Member	13 <sup>th</sup> May 2022	13 <sup>th</sup> May 2025
6	Benson Ndungu	Member	7 <sup>th</sup> September 2023	8 <sup>th</sup> September 2026
7	Gloria Gummerus	Member	13 <sup>th</sup> May 2022	13 <sup>th</sup> May 2025
8	CPA Moses Irungu	Alternate to PS National Treasury	7 <sup>th</sup> February 2023	7 <sup>th</sup> February 2026
9	Angelica Gitonga CHRP-K	Member	7 <sup>th</sup> September 2023	8 <sup>th</sup> September 2026
10	Joyce Nkirete	Alternate to PS SDC		13 <sup>th</sup> May 2025
11	Eric Koima	Member	7 <sup>th</sup> September 2023	8 <sup>th</sup> September 2026

**d) Corporate Secretary**

CS. Victor Akanga  
P.O. Box 59638-00200  
**Nairobi, Kenya**

**e) Registered Office**

Wakulima House  
Haile Selassie Avenue  
P.O. Box 59638-00200  
**Nairobi, Kenya**

**f) NKPCU Headquarters**

Wakulima House,  
Haile Selassie Avenue,  
P.O. Box 59638 – 00200,  
**Nairobi, Kenya**

**g) NKPCU Contacts**

Telephone : ( 254 ) 20-2001401  
E-mail: [info@newkpcuplc.go.ke](mailto:info@newkpcuplc.go.ke)  
Website: [www.newkpcuplc.go.ke](http://www.newkpcuplc.go.ke)

**h) Corporate Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**Nairobi, Kenya**
2. Co-operative Bank of Kenya,  
Haile Selassie Avenue,  
P.O. Box 48231-00100,  
**Nairobi, Kenya**

**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 Directors



**Mr. Daniel K. Chemno**  
Chairman

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**Mr. Daniel K. Chemno** was born on 18<sup>th</sup> January 1965. He was appointed on the 10<sup>th</sup> of February 2023. He is the chairman of New Kenya Planters Co-operative Union Board of Directors. Daniel Chemno holds an MBA in management from ALIAS Philippines, a BBA in Management from Baraton University. He worked as the Deputy Governor in Uasin Gishu County for two terms, 2013 – 2022.

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**Esther Nyambura Kariuki**  
Independent Director

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**Esther Nyambura Kariuki** was born 15<sup>th</sup> September 1981. She was appointed on 13<sup>th</sup> of May 2022. She holds a Bachelor of Arts Communications and Sociology Degree from the University of Nairobi. She is also currently pursuing a qualification as a Certified Financial and Investment Analyst from KASNEB and a master's degree in Gender & Development Studies. She is currently the Head, Agribusiness, Co-operative Bank of Kenya.

She is the Chair of the Technical / Commercial Committee and is a member of the Audit & Risk Committee. She is an independent Director.

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**Charles Mutwiri Rintaugu**  
Independent Director

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**Charles Mutwiri Rintaugu** was born on 03<sup>rd</sup> March 1959. He was appointed on 13<sup>th</sup> of May 2022. He is a member of the Technical / Commercial Committee as well as the HR, Compliance & Governance Committee.

He is an Estate Farmer and owns Mukarimu Estate. He is an independent Director.



**Gloria Wamalwa Gummerus**  
Independent Director

**Gloria Wamalwa Gummerus** was born on 01<sup>st</sup> April 1971. She was appointed on 13<sup>th</sup> of May 2022. She is a member of the Technical / Commercial Committee and the Audit & Risk Committee.

She is a Estate Farmer and is the CEO of Sakami Coffee Ltd. She is also a Founder Member of Women in Coffee Kenya Chapter. She is a skilled coffee cupper and roaster. She is an independent Director.



**Thomas Masila**  
Independent Director

**Thomas Masila** was born on 20<sup>th</sup> August 1976. He was appointed on 13<sup>th</sup> May 2022. He is the Chair of the Audit & Risk Committee and a member of the HR, Compliance & Governance Committee. He has a master's degree in project planning and management from the University of Nairobi, Bachelor of Education Degree in Art, Accounting and Economics from the University of Nairobi and Diploma in Co-operative Management from Kabete Campus.

He is an Estate Coffee Farmer and proprietor of Mbandi Estate.  
He is an independent Director



**Angelica Gatiiria Gitonga**  
Independent Director

**Angelica Gatiiria Gitonga (MSC, BCOM, CHRP-K, MIHRM, AIMIS, CPT, PhD, STUDENT)** was born on 14<sup>th</sup> February 1973. She was appointed on 7<sup>th</sup> of September 2023. She holds a Master of Science, Human Resources Management

from Kenyatta University, Bachelor of commerce in Human Resource Management and is a Certified Human Resource Professional and Practitioner – Certificate No. 13821 and a Certified Professional Trainer. She is currently a lecturer at KCA University and College of Human Resource Management and a Director and Honorary secretary of Bibilia SACCO Ltd. She is the Chair of the HR, Compliance and Governance Committee. She is an independent Director

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**Eric Cherop Koima**

Independent Director

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**Eric Cherop Koima** was born on 21<sup>st</sup> July 1967. He was appointed on 7<sup>th</sup> September 2023. He holds a Diploma in Education management and a Diploma in special needs education.

He is an independent Director

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**Benson Njoroge Ndungu**

Independent Director

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**Benson Njoroge Ndungu** was born on in 5<sup>th</sup> April 1970. He was appointed on 13<sup>th</sup> September 2023. He was appointed on He is an Agronomist with holds a Bachelor of Science in Agriculture from the University of Nairobi. He is currently a Member of the Board of Kagwe Tea Factory Company Ltd. He is also a Consultant and Trainer in Agribusiness, Farm Management and Agronomy.

He is the Chairperson of the Finance, Strategy and Resource Mobilization Committee.  
He is an independent Director.

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### **Joyce Nkirote Kinuu**

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**Joyce Nkirote Kinuu** is **Alternate member to PS, Ministry of Cooperatives and MSMES**. She is Head of the Legal Unit, State Department for Co-operatives. She is a member of all the Board Committees. She holds Bachelor of Social and Legal Sciences (BSL) Bachelor of Law (LLB) from University of Pune under. Masters of Law from University of Nairobi and Post Graduate Diploma in Law from the Kenya School of Law. She worked as a State Counsel at Office of the Attorney General and Department of Justice, Department of

Advocates Complaints Commission [2011-2018] her duties included providing legal advice on complaints of professional misconduct against advocates; providing researched legal opinions; analysing and investigating complaints of professional misconduct against advocates; subjecting complaints of professional misconduct against advocates to Alternative Dispute Resolution (ADR) mechanism; prosecution of complaints of professional misconduct against advocates at the Advocates Disciplinary Tribunal; organizing and conducting stakeholders workshops, public sensitization and legal aid clinic programmes in the counties.

She is an alternate Director from the office of the Attorney General.

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### **Mr. Festus Marangu**

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**Mr. Festus Marangu**, Deputy Inspector – General, Inspectorate of State Corporations **an alternate representing the Inspector General of State Corporations**. Festus Marangu was born in 1964 and holds a MSc in Governance and Leadership, MPhil in International Humanitarian Law, Bachelor of Arts in Communication and Community Development.

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### **Mr. Moses Irungu Kibugi**

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**Mr. Moses Irungu Kibugi** is an **alternate member from The National Treasury**. He is a Principal Finance Officer at the National Treasury. Moses was born in 1978. MBA in Forensic accounting and auditing from Moi University, Bachelor Philosophy in Applied Statistics Higher Diploma in applied statistics.

### **Mr. Timothy M. Mirugi**

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**Mr. Timothy M. Mirugi is the Managing Director** and was appointed on the 3<sup>rd</sup> of January 2023. He holds Masters in Business Administration, Strategic Management - Kenyatta University: 2014 to 2019  
Bachelor of International Business Administration Makerere University Business School: 2003 to 2006. St. Paul's Mbale College Uganda-Uganda Advanced Certificate of Education: 2001 to 2002  
Customer Service training at Horizons Ltd  
Import Export training course in China.

### **Suleiman Wandati**

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**Mr. Suleiman Wandati is the Company Secretary.**  
Bachelor of Law(LLB)  
Post Graduate Diploma from the Kenya school of law  
Certified Professional Mediation  
Certified Public Secretary from Kasneb (Ongoing)  
Member of the Kenya Association of Cooperatives

### **CS Victor Akanga**

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**CS Victor Akanga is the Company Secretary/ Head of Legal Services**

In charge of legal and board matters in the New KPCU Advocate of the High Court of Kenya and member of the Law Society of Kenya.  
He is a Certified Secretary and Member of the Institute of Certified Secretaries (K)  
CS Victor Holds a master's in strategic management from the University of Nairobi. He is Specialized in Corporate Law and Governance and, Risk and Contract Management.

#### 4. Key Management Team

1.



**Mr. Timothy M. Mirugi**

**Managing Director**

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MBA (Strategic management), Bachelor of international Business Administration

Responsible for the day-to-day operations at New KPCU

2.



**CS Victor Akanga**

**Company Secretary/ Head of Legal Services**

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In charge of legal and board matters in the New KPCU

- Advocate of the High Court of Kenya and member of the LSK
- Certified Secretary (K)
- Master's in strategic management University of Nairobi.
- Corporate Law and Governance and, Risk and Contract Management.

**Reporting Date:** 13th January 2025

3.



**M/s Angeline W. Ndambuki**

**Head of Production**

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Bachelor of Business Administration - Human Resource Management. Higher Diploma in Human Resource Management. Diploma in Computer Studies. Diploma in Business Administration.

4.



**M/s Gladys N. Mwangi**

**Head of Accounts**

B. Com, CPA(K)

5.



**CPA Ednah Oyori**

**Director Finance & Accounts**

Msc Finance, B.A Economics , CPA(K)

Incharge of finance and accounts

**Reporting Date:** 3<sup>rd</sup> February 2025

6.



**M/s Juneva K. Mugambi**

**Head of Supply Chain Management.**

- Bachelors of Purchasing and Supplies Management
- Diploma Purchasing and Supplies

7.



**Mr. Peter Mwangi**

**Director Supply Chain Management**

Msc Procurement & Logistics,

B.Com (purchasing & Business Logistics),  
CPSP-K, CPA(K)

**Reporting Date:** 17<sup>th</sup> February 2025

8.



**Mr. Stephen Mbenda**

**Head of Human Resource**

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Higher Diploma in Human Resource Management from the Institute of Human Resource Management (IHRM)



**CHRP Peter Nyakoi**

**Deputy Director Human Resource Management**

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9.

- Doctor of Business Administration (DBA)- (USIU-A) Ongoing
- Msc Management and Organizational Development - USIU-A
- Bachelor's degree in human resource management - Moi University.
- CHRP-K
- A member - IHRM
- Higher National Diploma in Human Resource Management
- Diploma in Personnel Management

**Reporting Date:** 13<sup>th</sup> January 2025

10.



**M/s Glory Kamungi**

**Head of Administration**

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- Masters of Art in Project Planning and Management
- Bachelor of Education (Arts)

11.



**Ms. Linet Linguli**

**Deputy Director Administration**

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- MBA - University of Nairobi
- Bachelor of Education (Arts)-Kenyatta University
- Diploma in Human Resource Management- Kenya Institute of Management

12.



**Mr. Suleiman Wandati**

**Company Secretary/Head of Legal Affairs**

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- LLB
- Post Graduate Diploma from the Kenya school of law
- Certified Professional Mediation
- Certified Public Secretary from Kasneb (Ongoing)
- Member of the Kenya Association of Cooperatives

13.



**Viscount Amiani**

**Head of ICT**

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- Bachelor of Science (Computer Engineering)
- Microsoft Systems Administrator
- Member of Computer Society of Kenya

14.



**Simon Njuguna**

- Bsc. Computer Technology
- Certified Ethical Hacker.

15.



**Godfrey Kirimi**

**Head of Internal Audit**

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- Bachelor of Business Administration
- CPA (K)
- Certified Forensic Fraud Examiner (CFFE) – Level 1
- Member ICPAK

16.



**CPA Albert Maingi**

**Deputy Director Internal Audit**

Masters of Business Administration, BAM,  
CPA (K), CISA, IAQA

In charge of internal audit

**Reporting Date:** 13th January 2025

17.



**Deputy Director Agriculture Extension**

**Production department**

BSc. Agribusiness Management & Trade

In charge of agricultural extension services

## 5. Fiduciary Management

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

No.	Designation	Name
1.	Managing Director	<b>Mr. Timothy Mirugi</b>
2.	Head of Legal/ Corporation Secretary	<b>Mr. Victor Akanga</b>
3.	Director Finance &Accounts	<b>CPA Ednah Oyori</b>
4.	Director Supply Chain Management	<b>Mr. Peter Mwangi</b>
5.	Deputy Director Internal Audit	<b>Mr. Albert Maingi</b>
6.	Deputy Director Extension	<b>Mr. Kelvin Muhia</b>
7.	Deputy Director Human Resource	<b>Mr. Peter Nyakoi</b>
8.	Deputy Director Administration	<b>Ms. Linet Linguli</b>

## 6. Fiduciary Oversight Arrangements

- i) Audit and Risk Committee -Board of Directors select Audit and Risk committee which reviews the controls, risk management and governance processes.
- ii) Finance committee- Board of Directors finance select committee
- iii) Technical and Commercial Committee – Board of Directors Technical and Commercial Committee
- iv) Special Funds Parliamentary Oversight Committees – Parliamentary Oversight Committee on Cooperatives.

## 7. Chairman's Statement



On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for New Kenya Planters Cooperative Union Plc (New KPCU) for the financial year ending 30th June 2025.

The Board remains fully committed to advocating for the interests and funding needs of our esteemed organization. Over the past year, New KPCU has demonstrated remarkable resilience and a steadfast commitment to our mission and vision. Despite a dynamic and often challenging business environment, we have made significant progress toward sustainable growth, guided by our strategic objectives and with the unwavering support of the Board.

### **Advancing Agronomy Support and Coffee Revitalization**

During the year under review, New KPCU led efforts to revitalize the coffee sector by training and sensitizing farmers and cooperatives across 26 counties on best agronomic practices. In collaboration with the Ministry of Cooperatives and Micro and Small and Medium enterprises the new KPCU has embarked on a national coffee revitalization programme, to increase coffee production from 50,000 MT to 150,000 MT over the next three years. This ambitious goal will be realized through robust farmer training and the provision of extension services across the country.

### **Strategic Plan 2023–2027**

In line with our commitment to transformative change, New KPCU launched its 2023–2027 Strategic Plan under the theme *"Reforming the Coffee Subsector for a Sustainable Farmer-Centric Value Chain."* This comprehensive plan focuses on six priority areas: Agronomy and technical support, coffee milling and warehousing, coffee marketing, coffee cherry advance revolving fund, revenue generation and institutional capacity development

The implementation of this plan will be pivotal in repositioning New KPCU as a central player in Kenya's coffee value chain, while ensuring coffee farmers remain at the heart of our operations.

### **Financial Management and Infrastructure Development**

The Board has prioritized the strengthening of our institutional framework through investment in: Skilled human capital, Modern ICT infrastructure, State-of-the-art milling facilities, Robust policies and procedures and supportive and productive working environment.

These foundational improvements are aligned with our commitment to operational excellence and will enhance our capacity to deliver value to farmers, contribute to national development goals, and maintain our competitiveness in the sector.

### **Gratitude and Forward Outlook**

The board of directors extend sincere appreciation to all stakeholders, farmers, the Ministry of Cooperatives and MSME, the National Treasury, management and staff for their continued partnership and support. As we look to the future, we remain optimistic and focused on leveraging emerging opportunities, overcoming challenges, and advancing the goals of New Kenya Planters Cooperative Union.

Together, we will continue to build a resilient, farmer-drive institution that contributes meaningfully to the revitalization and sustainability of Kenya's coffee industry.



**Daniel Chemno, MBS**  
**Chairman**  
**New Kenya Planters Cooperative Union**



## 8. Report of the Managing Director



It is my pleasure to present the Annual Report and Financial Statements for New Kenya Planters Co-operative Union (New KPCU) for the financial year ended 30th June 2025. This report offers a comprehensive overview of our performance, strategic initiatives, and financial standing over the past year.

The 2024/2025 fiscal year was a transformative period for New KPCU, one marked by significant growth, innovation, and operational progress. Despite navigating a dynamic and, at times, challenging environment, we remained steadfast in fulfilling our core mandate: enhancing the value of farmers'

produce and empowering coffee growers across the country.

### **Key Achievements and Operational Milestones**

Among the notable accomplishments of the year was the successful modernization of milling machines, renovation of warehouses in Dandora and Sagana branches and installation of power backup generators. These upgrades have greatly improved the quality and efficiency of our services.

New KPCU expanded the farmer outreach programs in 26 Counties by sensitizing 52,000 coffee farmers on best agronomy practices, resulting in a substantial increase in the number of cooperative societies and individual farmers engaging with our services. There was also the introduction and implementation of last mile subsidized coffee specific inputs to coffee farmers, 34,000 bags of subsidized fertilizers were distributed to cooperative societies and factories.

Under the national coffee initiative to increase coffee production through the coffee revival program through cooperative, New KPCU has distributed 914,661 coffee seedlings to coffee farmers in both emerging coffee planting Counties and the traditional coffee Counties.

Central to this progress has been our renewed commitment to transparency and farmer empowerment. Through our enhanced tracking systems, farmers can now monitor their parchment coffee from delivery to final sale.

In addition, we have continuously implemented the direct settlement system that ensures farmers receive payment within five days of a sale an exceptional improvement from historical delays and a strong testament to our farmer-first approach.

During the year under review New KPCU has made tremendous improvements in several other areas which include reviewing service delivery systems, prudent management of

financial resources, performance management, risk management, enhancing the capacity of human resources, providing a conducive working environment, strengthening ICT infrastructure and reviewing various policies to ensure efficiency in operations and service delivery.

### **Strategic Outlook**

During the year, New KPCU launched the Strategic Plan for 2023–2027 that focuses on innovation, sustainability, and global competitiveness. The Strategic plan focuses on key priority areas on agronomy and technical support, coffee milling and warehousing, coffee marketing, coffee cherry advance revolving fund, company revenue and institutional capacity. These key areas will elevate the livelihood of coffee farmers and prudent management of New KPCU resources for sustained operations and revenue. The plan also focuses on strengthening partnerships and collaborations to drive research, innovation and sustainability in the coffee sector.

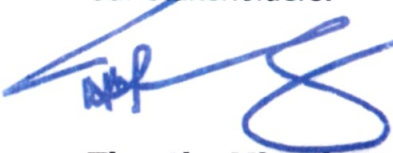
On the global stage, New KPCU continued to position Kenyan coffee as a world-class product by participating in high-profile international events, promoting the excellence and heritage of our farmers' produce to new markets.

### **Financial Performance**

New KPCU commitment to sound financial management has resulted in a positive financial outcome for the year. For the financial year 2024/2025, total recurrent income reached Kshs. 381,026,432 million, with a surplus of Kshs. 3,865,867 million.

### **Appreciation**

I am happy to note that all our achievements have been possible through the strategic guidance of the board, the stewardship of management and the commitment demonstrated by our staff. Therefore, allow me to express my sincere gratitude to the Board of New KPCU, for their commitment and guidance during the year in review. Also, I appreciate the management and the entire staff of New KPCU for their continued support, teamwork and zeal that saw us surmount various challenges during this period to achieve great milestones in line with our mandate. I also wish to sincerely appreciate our stakeholders.



**Timothy Mirugi, EBS**  
**Managing Director**  
**New Kenya Planters Co-operative Union PLC**



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

*New Kenya planters cooperative Union Strategic Plan for the FY 2023/2027 These Strategic Issues are as follows:*

- Coffee production
- Coffee handing infrastructure
- Coffee market share and farmers earnings
- Coffee cherry revolving fund uptake
- Revenue generation
- Service Delivery

*New Kenya planter's cooperative develops its annual work plans based on the above 6 strategic Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The New KPCU achieved its performance targets set for the FY 2024/25 period for its strategic issues, as indicated in the diagram below:*

Strategic Issue	Objective	Key Performance Indicators	Activities	Achievements
Coffee Production	To increase national average coffee production per bush from 2Kgs to 10 Kgs by 2027.	No. of farmers trained	Offered training/advisory services to farmers on crop Husbandry	20,000 Farmers trained
		No of MOUs Signed	Prepare and sign one MOU	2 Collaboration Agreements signed with CRI & Dedan Kimathi University
		No. of Demo farms established	Established 7 coffee demonstration farms	5 Demo farms Established
		No of CSR activities	Carried out 2 CSR activities	Supported infrastructure improvement on 3 cooperatives done
Coffee Handling Infrastructure	To increase the tonnage of coffee milled from 3,025 (for 2022/2023) to 30,000 by 2027.	No of quality control labs equipped	Equip quality control lab	Equipped 1 quality control lab in Dandora branch
		No of training reports	Training on Certification Compliance	3 training Reports on certification compliance
		No of audit reports	Fastrack acquisition of coffee certifications	3 Audit reports from rainforest alliance, fairtrade and CAFÉ practices.
		No of comparative analysis reports	industry analysis conducted	1 industry analysis conducted
		No of approved review of charges / tariffs	Review milling, handling and export bag charges/ tariffs	1 approved review of charges/tariffs done



*New Kenya Planters Co-operative Union*  
*Annual Report and Financial Statements for the year ended June 30, 2025.*

Strategic Issue	Objective	Key Performance Indicators	Activities	Achievements
		Number of operationalized satellite coffee collection centres	Satellite coffee collection centres	3 coffee collection centres established
Coffee Market Share and Farmers Earnings	To increase market share from current 2.3% to 14% by 2027	Number of milling and marketing agreements signed	Signed agreements with Farmers cooperative union and estate farmers	1000 agreements signed
	To improve farmer earnings from an average of Kshs. 70 per kg of cherry to not less than Kshs.135 by 2027	No of direct sales engagement	Market differentiations created adopted and catered for	20 Direct sales buyers engaged
Coffee Cherry Advance Revolving Fund (CCARF).	To disburse and recover Kshs.6 billion CCARF annually.	No of counties sensitized	Sensitized coffee farmers on new CCARF reforms	33 counties sensitized
		Percentage amount of disbursed advances recovered	CCARF contracts and recovery schedules prepared	68% of disbursed advances have been recovered.
		Number of Services automated	Procured and CCARF	1 operational system procured

Strategic Issue	Objective	Key Performance Indicators	Activities	Achievements
			System	
Revenue Generation	To increase revenue earnings from the current Kshs.135 million to Kshs.600 million by 2027	Functional parking system	Parking system fully automated	1 Parking system automated
		Number of buildings renovated	rental & office spaces renovated and maintained	3 building renovated and maintained
Service Delivery	To fill 131 positions as per the authorized staff establishment by 2027.	Number of transitioned and recruited staff	Optimal staffing levels	54 staff transited and 20 recruited
	To enhance and develop staff capacity	Number of staff trainings	Staff trained	25 staff trained
	To digitize 100% of identified company services and process	Number identified processes and services digitized and intergrated	Identified services and processes digitized and intergrated	10 services identified digitized and intergrated
		Number of services onboarded to E-citizen platform	Services onboarded	2 services onboarded



## **10. Corporate Governance Statement**

Good corporate governance enables effective and efficient decision making and gives a structural aid for the Board to discharge their duty to promote the success of New KPCU while taking into account the interest of stakeholders. Effective Corporate Governance is achieved through a combination of strong policies, process and structures, underpinned by the right values and culture.

The operations of NKPCU are guided by the Company's Act 2025 (the Act) as well as the State Corporations Act and other relevant Acts of Parliament and Regulations. NKPCU has also adopted and continues to be guided by the Mwongozo code of governance in its operations.

### **Board Independence, Separation of Roles and Responsibilities**

A clear division of responsibility exists between the Chairman who is non-executive, the non-executive Board Members and the Managing Director. Each of the responsibilities are clearly set out in writing.

#### **Appointment of the Board members**

- i. The relevant appointing authority shall select and appoint the Board members in line with article 27 of the constitution.
- ii. The chairperson shall be appointed by the President while the Board members shall be appointed by the Cabinet secretary of the parent ministry.
- iii. Each Board member shall be officially appointed to the Board through a Gazette notice and thereafter an appointment letter.
- iv. Board members shall be appointed by name and sits in the Board on their individual capacity with no power to appoint alternates.
- v. Each board member shall signify acceptance of the appointment in writing.
- vi. The appointment shall be valid for a period specified in the notice

### **Meetings Attended by Board Members**

The law provides that the Board shall hold at least one meeting in every quarter. NKPCU holds regular scheduled meetings in every year and special meetings as and when necessary. In case of non-attendance of a Board Member, the information is communicated to the Chairman in advance.

The table 1 below shows Council membership and attendance at scheduled Board meetings in the financial year.

**Table 1: Attendance of Council Meetings**

S/No	Board Member	Meetings Attended	Meetings held	% Attendance
1	Daniel Chemno, EBS	6	6	100%
2	Esther Kariuki	6	6	100%
3	Charles Rintaugu	6	6	100%
4	Thomas Masila	6	6	100%
5	Benson Ndungu	6	6	100%
6	Gloria Gummerus	6	6	100%
7	CPA Moses Irungu	6	6	100%
8	Angelica Gitonga CHRP-K	6	6	100%
9	Joyce Nkirote	6	6	100%
10	Eric Koima	6	6	100%
11	Diana Nanjala	6	6	100%

The Board Secretary who is also the Managing Director, is responsible for implementing the decisions of the Board and the day-to-day operations of the Board. The Corporation Secretary provides administrative support to the operations of the Board and convenes Board meetings as directed by the Chairman of the Board. The Board Secretary provides advice on corporate governance principles and plans and also on the implementation of corporate governance programs such as Board evaluation.

### **Board Committees and Responsibilities**

The Board discharges its functions through committees. All committees of the Board are chaired by an independent member of the Board. A number of members of the management team are incorporated in the Board Committees as invitees to add value to key Board decisions. This structure ensures that the Board pays attention to critical areas of the Board's business and provides timely guidance on arising opportunities and mitigation of risks.

To enhance efficiency and effectiveness in discharge of its duties, the Board has formed four (4) committees as follows;

- a) Technical/ Commercial Committee
- b) Human Resource / Governance and Compliance Committee
- c) Finance, Strategy and Resource Mobilization Committee
- d) Audit Committee

### **Technical / Commercial Committee**

The committee oversees the core mandate function to NKPCU. During the period under review the committee held 4 meetings as shown below.

**Table 2: Attendance of Committee Meetings**

<b>S/No</b>	<b>Board Member</b>	<b>Meetings Attended</b>	<b>Meetings held</b>	<b>% Attendance</b>
1	Ms. Easther Kariuki	4	4	100%
2	Mr. Charles Rintaugu	4	4	100%
3	Ms. Gloria Gummerus	4	4	100%
4	Mr. Eric Koima	4	4	100%
5	Mr. Moses Irungu	4	4	100/0%
6	Ms. Diana Nanjala	4	4	100%

### **Human Resource / Governance and Compliance Committee**

The Committee is responsible for monitoring and appraising the performance of staff, reviewing of human resource policies, approval of remuneration policy for employees and making recommendations on senior management appointments to the Board of Directors and ensuring compliance with laws and regulations.

During the period under review the committee held 4 meetings as shown below.

**i. Table 3: Attendance of Committee Meetings**

<b>S/No</b>	<b>Board Member</b>	<b>Meetings Attended</b>	<b>Meetings held</b>	<b>% Attendance</b>
1	Mrs. Angelica Gitonga	4	4	100%
2	Mr. Benson Ndung'u	4	4	100%
3	Mr. Thomas Masila	4	4	100%
4	Mr. Moses Irungu	4	4	100%
5	Ms. Joyce Nkirote	4	4	100%
6	Ms. Christine Nanjala	4	4	100%
7	Mr. Charles Rintaugu	4	4	100%

### **Audit, Risk and Governance Committee**

The purpose of the Audit Committee is to support the New KPCU to enhance oversight over governance, internal controls and risk management in service delivery.

During the period under review the committee held 2 meetings as shown below.

**Table 3: Attendance of Committee Meetings**

S/No	Board Member	Meetings Attended	Meetings held	% Attendance
1	Mr. Thomas Masila	2	2	100%
2	Ms. Gloria Gummerus	2	2	100%
3	Ms. Joyce Nkirote	2	2	100%
4	Mr. Moses Irungu	2	2	100%
5	Mr. Eric Koima	2	2	100%

**Finance, Strategy and Resource Mobilization Committee.**

The Finance, Strategy and Resource Mobilization Committee deals with matters in respect to finance, administration, strategy and planning and supply chain management matters. This Committee is charged with the responsibility of ensuring that New KPCU funds are prudently utilized and in line with the core functions and the New KPCU's Strategic Plan. The Committee also considers administrative matters to ensure they are within the law, develop and reviews policies. Further, ICT, procurement, strategy and planning and any other general matters are adjudicated by this Committee.

During the period under review the committee held 4 meetings as shown below.

i. Table 5: Attendance of Committee Meetings

S/No	Board Member	Meetings Attended	Meetings held	% Attendance
1	Mrs. Angelica Gitonga	4	4	100%
2	Mr. Charles Rintaugu	4	4	100%
3	Mr. Thomas Masila	4	4	100%
4	Ms. Joyce Nkirote	4	4	100%
5	Mr. Moses Irungu	4	4	100%
6	Ms. Diana Nanjala	4	4	100%
6	Mr. Eric Koima	4	4	100%

**Board Remuneration**

The non-executive Board members are paid taxable sitting allowance as approved by the Minister responsible for finance following guidelines from the State Corporations Advisory Committee. The Chairman is paid honoraria at a rate approved by the Government. Transport expenses are reimbursed on travel for Board business at the prevailing Automobile Association of Kenya (AA) rates.



The members are also entitled to outpatient and inpatient medical cover, and a personal accident cover.

### **Board Capacity Development**

Training and development programs have been organized to equip the Board with the necessary skills for effective discharge of their duties and enhancing their understanding of NKPCU's Mandate.

During the period under review, the members participated in the following trainings;

- i) Board Induction on Mwongozo facilitated by SCAC
- ii) Board Audit Committee training
- iii) Training on Governance.

### **Conflict of Interest, Code of Conduct and Ethics**

NKPCU has developed a Code of Conduct, Ethics and Performance Manual to guide the Board Members and staff on ethical conduct.

The code requires that all board members and employees disclose any interest that conflicts or may possibly conflict with the interests of the Council. If a conflict of interest is declared, it is a requirement that the board member affected is excluded from any discussion or decision over the matter in question.

### **Sustainability**

NKPCU continues to be fully self-sustained through its various income generating activities. Management confirms that with the support from the Government, NKPCU will continue in business for the foreseeable future. For this reason, the company continues to adopt the going concern when preparing financial statements.

### **Risk Management and Internal Control**

NKPCU has put in place a comprehensive risk management framework which identifies and manages risk. The Company continues to be guided by this risk management framework in its daily operations.

The Audit, Risk and Governance Committee of the board regularly reviews the effectiveness of the internal control system. The Assistant Director, Internal Audit functionally reports to the Audit Committee and serves as its Secretary.

## 11. Management Discussion and Analysis

FY 2024/25 presented significant challenges with substantial volume declines due to farmer dissatisfaction with service delivery at New KPCU, and in the wake of aggressive competition from other licensed millers.

New KPCU demonstrated resilience through revenue stability and strategic market positioning. The organization has identified root causes and implemented corrective measures. Success in 2025/26 depends on execution excellence in farmer service delivery, operational efficiency, and market expansion initiatives.

The foundation for recovery exists through maintained market interest, improved direct sales capabilities, and systematic process improvements. Focus must remain on farmer satisfaction and operational excellence to reverse the volume decline trend while capitalizing on premium market opportunities.

### Key Metrics:

- **Sales:** USD 36.23M (stable, -1%)
- **Volume Processed:** 13.31M kg (-38% decline)
- **Market Agreements:** 1,901 (+1.5% increase)
- **Direct Sales:** USD 1.003M from premium exports

### Milling and Marketing Agreements Signed in 2024/2025

PERIOD	COFFEE ESTATE- MILLING	COFFEE ESTATES MARKETING	FCS MILLING	FCS MARKETING
Qtr. 1	81	49	51	79
Qtr. 2	216	104	50	12
Qtr. 3	394	336	42	38
Qtr. 4	194	193	31	30
<b>TOTAL</b>	<b>885</b>	<b>682</b>	<b>174</b>	<b>160</b>

### Production per Branch during financial year 2024/25

Branch	Coffee Type	No. of Bags	No. of Kilos
Dandora	Parchment	99,326	4,921,732
Meru	Parchment	25,195	1,157,587
Sagana	Parchment	149,487	6,960,871
Tala	Parchment	3,874	163,538
<b>TOTAL</b>		<b>277,882</b>	<b>13,203,728</b>

### Coffee sales 2024/25:

In the year under review, new kpcu sold 5,713 MT tons of clean coffee worth 36.23 million dollars as shown in the table below

Clean Coffee Weight Sold (Kgs)		Gross Value of Coffee Sold (USD)	
2023/24	2024/2025	2023/24	2024/25
183,929.00	1,358,345	662,790	6,512,938
1,962,956.00	1,508,134	7,517,016	8,264,742
2,805,425.00	2,063,341	12,242,367	15,966,561
3,518,524.00	783,508	15,942,425	5,489,394
<b>8,470,834</b>	<b>5,713,328</b>	<b>36,364,598</b>	<b>36,233,635</b>
<b>32.5% Decline</b>		<b>1% decline</b>	

### NKPCU's Key Projects

In the year under review, the New KPCU undertook 3 major projects namely: Bungoma warehouse renovations Supply and installation of 450 KVA & 750 KVA generators in Sagana Meru.

### WORK IN PROGRESS

Proposed Refurbishment of Dandora go-downs: **KES. 229,000,000**. The project is ongoing expected completion as at end of 30<sup>th</sup> June 2025





### **Compliance with Statutory Requirements**

The New Kenya Planters Cooperative Union is cognizant of the fact that compliance is a continuous process. To this effect it has put measures in place to ensure that it maintains the required threshold of compliance in adherence to the best corporate Governance principles. Consequently, the New KPCU has complied with all statutory requirements.

### **Major risks facing the organisation**

- i. Compliance risk: is the exposure to litigation, legal penalties, financial forfeiture and material loss that NKPCU faces when it fails to act in accordance with laws, regulations & standards, internal policies or prescribed best practices as set forth by the competent authority.
- ii. Business Continuity Risk: - these are extreme risk events that sets the stage for the likelihood of an extended disruption to the delivery of NKPCU core services.
- iii. **Financial Risk**
  1. Liquidity Risk: - the risk that NKPCU may not meet its financial obligations as and when they fall due.
  2. Market Risk:- the risk that NKPCU may meet due to fluctuations in market rates being:

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

New Kenya planters' cooperative union exists to transform lives. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

New Kenya planters cooperative Union is committed to sustainable development and responsible business practices, **New KPCU** has made significant strides across environmental, social, and operational fronts during the year under review:

- **Tree Planting Initiative:** In alignment with the Presidential directive to grow 15 billion trees, New KPCU actively participated by supporting tree planting across all our branch locations 3200 trees was planted as end of FY 2024/25 This effort contributes to carbon sequestration, improved microclimates, and restored ecosystems in coffee-growing regions.
- Expanding the area under coffee cultivation, including supporting the rejuvenation of idle farms
- National Coffee Revitalisation Programme, New KPCU is leading efforts to increase National coffee production from 50,000MT to 150,000MT annually.
- Raising productivity per coffee tree from the current 2kg to a target of 10kg through modern agronomy and improved varieties.
- Scaling up agricultural extension services, ensuring farmers receive tailored support, training, and access to inputs for sustainable, climate-smart farming.

### **ii) Environmental performance**

New Kenya Planters Cooperative Union certified to mitigate environmental harm and boost sustainability the certification and implementation of sustainable practices, such as:

- **Rainforest Alliance Certification:** Encourages biodiversity conservation and improved farming techniques.
- **Fairtrade Certification:** Promotes fair wages, sustainable land use, and community development.

New KPCU have embarked on upgrading our milling machinery to more energy-efficient models. This initiative is expected to significantly reduce our

carbon footprint and lower operational costs. Measures are underway to improve waste management at New KPCU milling facilities, including better segregation and safe disposal of coffee husks and other by-products.

Through New Kenya Planters Cooperative Union has adopted Climate-Smart Coffee Production agronomy and extension services, New KPCU have supported farmers to adopt sustainable production practices that increase yields while conserving soil and water resources.

**iii) Employee welfare**

New Kenya Planters Cooperative Union staff population was one hundred and ten (110) as at 30<sup>th</sup> June 2025

The University has HR policy that subscribes to tenets of public service values and principles in recruitment of staff, as provided in Article 232 of the constitution. The staff are subjected to fair performance appraisal whose output, amongst other aspects, is the identification of areas of improvement and training.

The New KPCU recognizes training and development as a key determinant in the quality of services rendered by the employees. Staff training and development contributes significantly to the realization of staff potential and enhancement of their professional development and work environment.

The New KPCU's office is certified by the Ministry of Labour as a registered place of work, and thus, conforms with requirements of Occupational Health, Safety and Work Environment (OSHA) Act of 2007 (OSHA,2007). Further, the New Kenya Planters cooperative Union provides Group life insurance, medical cover and WIBA to members of staff.

**iv) Market place practices-**

The New Kenya Planters Cooperative Union outlines its efforts to:

**a) Responsible competition practice.**

New Kenya Planters Cooperative Union is bound and abides by provisions of the Constitution of Kenya 2010, Public Procurement Act 2015, the Competition (Amendment) Act 2019 as well as the Internal Procurement Policy and Anti-corruption policy.



*New Kenya Planters Cooperative Union  
Annual Report and Financial Statements for the year ended June 30, 2025.*

Every time a new good or service is being procured, the organization appoints tender evaluation and acceptance committees, who carry out the technical and financial evaluation of tenders or proposals thus enhancing fair competition. Further, a committee of the Ethics and Anti-Corruption Commission guards against vested individual interests.

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

New Kenya Planters Cooperative Union encourages responsible supply chain and supplier relations by conducting sensitization workshops to Youth, Women and Persons with Disability groups on government procurement procedures and the requirements for accessing government procurement opportunities. In addition, the Organization has set a target of 30% in its Procurement Policy for the supply goods and services by the special groups. Payments to suppliers are always made within the credit period and there are no pending bills as at end of the period under review.

**c) Responsible marketing and advertisement *or Responsible engagement with the citizens.***

The New KPCU continually markets its services to prospective clients through general and targeted advertising and publicity.

Mass media marketing are bound by provisions of the Marketing Society of Kenya and the Government Advertising Agency: Rules and Guidelines, as well as the Communication Authority of Kenya.

Internally, marketing activities are guided by provisions of the Communication and Public Relations Policy.

**d) Product stewardship *or Awareness creation***

The New KPCU is bound by a strong code of practice and endeavours to maintain a good working relationship with its business partners. The New Kenya Planters Cooperative Union commits to honouring contracts and agreed terms of payment.

Moreover, the Organization has a service delivery charter in both Kiswahili and English which guides its clients on the services and requirements for the services being sought. The service delivery charters are displayed at strategic points for ease of reference by its clients.

Lastly, the New KPCU has put in place policies in its programmes that guide on the safety of its consumers, suppliers and other stakeholders. All coffee processed through New KPCU undergoes rigorous quality control at our milling and marketing facilities to ensure it meets both local and international safety standards, protecting consumer health.

New KPCU is committed to safeguarding the rights and interests of farmers, buyers, and consumers in the coffee value chain by ensuring high standards of quality, safety, transparency, and fairness

## **Corporate Social Responsibility / Community Engagements**

### **Social Responsibility**

New Kenya Planters Cooperative have enhanced our farmer outreach and training programs, enabling coffee producers to increase production and access better markets leading to improved livelihoods

In line with our mandate to support coffee farmers and rural communities, New KPCU has implemented impactful CSR programs that align with national priorities and the socio-economic needs of our stakeholders.

### **Key CSR and Community Engagement Initiatives in FY 2024/25**

- **Coffee Revitalisation Programme:** Actively working to increase Kenya's coffee production from 50,000MT to 150,000MT annually by expanding acreage under coffee, increasing productivity per tree from 2kg to 10kg, and providing enhanced agricultural extension services.
- **Tree Planting Campaign:** Participated in the Presidential directive on 15 billion trees by planting and distributing tree seedlings across all New KPCU branch locations, contributing to climate change mitigation and environmental restoration.
- **Farmer Capacity Building:** Conducted sensitization and training forums in multiple counties, covering sustainable farming, coffee quality improvement, market access, and financial literacy.
- **Support for Farmer Livelihoods:** Facilitated access to the Coffee Cherry Advance Revolving Fund, enabling farmers to receive timely payments for cherries delivered, improving cash flow and household welfare.
- **Community Participation:** Engaged in public consultations with coffee sector stakeholders on policy formulation, cooperative marketing strategies, and sector reforms.

In the 2024-2025 financial year, cooperate social responsibility initiatives have included fruitful collaborations with county Governments and Learning Institutions



The New Kenya planters Cooperative Union facilitated the establishment of a 3-acre demo farm at Moiben Technical and Vocational College (TVC) aimed at instilling agricultural skills, promoting innovation and sustainability in the coffee sector.

Further, the demo farm will serve as a learning hub, empowering the next generation of agripreneurs through practical training and modern farming techniques.



### **13. Report of the Directors**

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

#### **i) Principal activities**

The principal activities for which New KPCU PLC was established to perform include the following:

- (i) Coffee Milling'
- (ii) Coffee warehousing
- (iii) Farmers coffee marketing
- (iv) Optimum utilization of assets
- (v) Processing, disbursement and recovery of CCARF
- (vi) Agronomy and field extension services

#### **ii) Results**

The results of the New KPCU PLC for the year ended June 30, 2025, are set out on page 1-45.

#### **iii) Directors**

The members of the Board of Directors who served during the year are shown on page iv

#### **Auditors**

The Auditor-General is The Auditor-General is responsible for the statutory audit of the NKPCU in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the New Kenya planters Cooperative Union for the period ended June 30, 2025, in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



**CS Victor Akanga**

**Corporate Secretary/Secretary to the Board**

**Date:** 20/11/2025



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

Section 83 of the Public Finance Management Act, 2012 and State Corporation Act, CAP 446 requires the board to prepare financial statements in respect of New KPCU, which give a true and fair view of New KPCU at the end of the financial year and the operating results of New KPCU for that period. The board is also required to ensure that the New KPCU keeps proper accounting records which disclose with reasonable accuracy of the financial position of New KPCU. The board is also responsible for safeguarding the assets of the New KPCU.

The Board is responsible for the preparation and presentation of the New KPCU's financial statements, which give a true and fair view of the state of affairs of New KPCU for period ended on June 30, 2025.

The Board accepts responsibility for New KPCU 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 board is of the opinion that New KPCU's financial statements give a true and fair view of the state of New KPCU's transactions during the financial period ended June 30, 2025, and of New KPCU's financial position as at that date.

The board further confirms the completeness of the accounting records maintained for the New KPCU, which have been relied upon in the preparation of the New KPCU's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements.

New KPCU's financial statements were approved by the Board on 28<sup>th</sup> August 2025 and signed on its behalf by:

**Daniel Chemno, MBS**  
**Chairperson of the Board**

**Timothy Mirugi, EBS**  
**Managing Director**

# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON NEW KENYA PLANTERS CO-OPERATIVE UNION PLC (NEW KPCU) FOR THE YEAR ENDED 30 JUNE, 2025

### PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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 read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the report on the 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 New Kenya Planters Co-operative Union set out on pages 1 to 53, which comprise of the statement of financial

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*Report of the Auditor-General on New Kenya Planters Co-operative Union Plc (New KPCU) for the year ended 30 June, 2025*

position as at 30 June, 2025 and the statement of profit/loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of New Kenya Planters Co-operative Union as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Company Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Long Outstanding Receivables from Pyrethrum Processing Company of Kenya**

The statement of financial position reflects long term receivables of Kshs.100,000,000 as disclosed in Note 20 to the financial statements. As previously reported, this balance relates to a short-term loan to Pyrethrum Processing Company of Kenya vide letter Ref. No. MOALF/CORP/11/12 dated 28 April, 2022 authorized by the Cabinet Secretary Ministry of Agriculture, Livestock, Fisheries and Cooperatives. However, the loan agreement detailing terms of the loan including repayment schedule, interest rate if any and period of advance was not provided for audit. This was contrary to Section 5(b) of the Public Finance and Management (National Government) Regulations, 2015 which states that financial losses may arise from irregular advances and loans when money cannot be recovered because a National Government entity cannot establish a claim against any person or institution, as in the case of expenditure wrongly charged to advances, or advances and loans made without agreement for recovery.

Further, in spite of several follow up from the Union, no evidence of responses or commitment for repayment was provided for audit.

In the circumstances, the recoverability of Kshs.100,000,000 from Pyrethrum Processing Company of Kenya could not be confirmed.

#### **2. Long Outstanding Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.80,433,197 as disclosed in Note 20(a) to the financial statements. The balance relates to receivables which have been outstanding over one year old and demand letters were not provided for verification. Further, as previously reported, the Union did not have a debt management policy and there was no evidence of circularization.

In the circumstances, the accuracy and recoverability of trade receivables balance of Kshs.80,433,197 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the New Kenya Planters Co-operative Union 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. Uncompleted Liquidation of Defunct Kenya Planters Co-operative Union**

The statement of financial position reflects property, plant and equipment balance of Kshs.171,762,898 as disclosed in Note 17 to the financial statements. However, as previously reported, the balance excludes assets of the defunct Kenya Planters Co-operative Union due to the uncompleted liquidation process. Further, the ownership of majority of the land declared under KPCU could not be verified due to several ongoing litigations. In addition, majority of the log books formerly under KPCU were not provided for verification.

In the circumstances, the completion of liquidation process of KPCU could not be confirmed.

### **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.913,000,000 and Kshs.881,323,792 respectively, resulting in an under-collection of Kshs.31,676,208 of the budget. However, the Union spent an amount of Kshs.571,358,864 against actual receipts of Kshs.881,323,792 resulting in an under-utilization of Kshs.309,964,928 or 35% of actual revenue.

In the circumstances, the under-utilization affected the planned activities and may have impacted negatively on service delivery to the public

My opinion is not modified in respect of these matters.

## **Key Audit Matters**

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

## **Other Information**

The Directors are responsible for the Other Information set out on page iv to xli which comprise of Key Entity Information and Management, the Board of Directors, Key

Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Managing Director, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of the Directors. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of matter 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**

#### **Non- Compliance with Law on Ethnic Composition**

Review of the human resource records revealed that the Union has a total of seventy-four (74) employees, out of which forty-four (44) were members of one ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008. Further, out of the seventy-four (74) staff members, only one (1) staff was a person with disability representing one per cent (1%). This was contrary to Section 21(2)(a) of Persons with Disabilities Act, 2025 that states that every employer shall-where an employer has at least twenty employees, reserve at least five per cent (5%) direct employment opportunities for persons with disabilities to secure employment.

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

The audit was conducted in accordance with the ISSAIs 3000 and 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### Unutilized Building Spaces

Physical inspection carried out on buildings revealed that building spaces in Wakulima House, Ghala one, RNK and Old Coffee Mills had not been put into use. Further, the buildings had not been maintained properly rendering them inhabitable.

In the circumstances, effectiveness of internal controls, risk management and governance over the buildings could not be confirmed.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT

### Conclusion

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

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records.

## **Basis for Conclusion**

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

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

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**08 December, 2025**

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

<b>Description</b>	<b>Note</b>	<b>2024-2025</b>	<b>2023-2024</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Revenues</b>			
Revenue from Contracts with Customers	6	320,771,767	315,661,401
Cost of sales	7	(162,587,221)	(130,196,480)
<b>Gross profit</b>		<b>158,184,546</b>	<b>185,464,921</b>
<b>Other income</b>			
Grants from the national government	8	500,000,000	32,200,000
Subsidy	9	297,360	27,712,705
Other income	10	222,841,886	173,598,963
Other gains/(losses)	11	-	19,646,175
		<b>723,139,246</b>	<b>253,157,843</b>
<b>Total revenues</b>		<b>881,323,792</b>	<b>438,622,764</b>
<b>Operating expenses</b>			
Coffee revival program	12	176,519,810	
Farm Input Subsidy	13		27,015,231
Administration costs	14	377,926,591	388,169,357
<b>Total operating expenses</b>		<b>554,446,401</b>	<b>415,184,588</b>
<b>Profit/(loss) before taxation &amp; Farm input Subsidy</b>	15	326,877,391	23,438,176
<b>Farm Input Subsidy Balance</b>		(323,480,190)	(697,474)
<b>Profit/(loss) before taxation</b>		<b>3,397,201</b>	<b>22,740,702</b>
<b>Income tax expense/(credit)</b>	16	1,019,160	6,822,211
<b>Profit/(loss) after taxation</b>		<b>2,378,041</b>	<b>15,918,492</b>
		-	-
<b>Other comprehensive income</b>		-	-
<b>Profit/ (loss) after taxation</b>		<b>2,378,041</b>	<b>15,918,492</b>
<b>Total comprehensive income/Loss for the year</b>		<b>2,378,041</b>	<b>15,918,492</b>


**17. Statement of Financial Position as at 30<sup>th</sup> June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	171,762,898	89,375,338
Intangible Assets	18	20,980,494	19,726,741
Biological Assets	19	228,846	-
Long Term Receivables	20	100,000,000	100,000,000
<b>Total Non-Current Assets</b>		<b>292,972,238</b>	<b>209,102,078</b>
<b>Current Assets</b>			
Trade And Other Receivables	20(a)	80,433,197	108,817,486
Inventories	21	1,570,813	2,260,123
Bank And Cash Balances	22	702,720,256	898,815,833
<b>Total Current Assets</b>		<b>784,724,266</b>	<b>1,009,893,442</b>
<b>Total Assets</b>		<b>1,077,696,504</b>	<b>1,218,995,520</b>
<b>Equity And Liabilities</b>			
<b>Capital And Reserves</b>			
Retained Earnings	23	18,889,240	74,528,938
Capital fund	<b>24</b>	172,117,035	92,861,451
Development Fund	25	287,698,225	-
Coffee revival program	26	323,480,190	-
<b>Capital and Reserves</b>		<b>802,184,690</b>	<b>167,390,389</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liability		-	-
Deferred Income		-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>

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<b>Current Liabilities</b>			
Trade And Other Payables	27	250,451,327	1,044,085,448
Trade And Other Payables subsidy	28	13,739,430	697,474
Retirement Benefit Obligations	29	8,561,897	-
Provisions	30	1,740,000	-
Tax Payable	31	1,019,160	6,822,211
<b>Total Current Liabilities</b>		<b>275,511,815</b>	<b>1,051,605,133</b>
<b>Total Equity and Liabilities</b>		<b>1,077,696,504</b>	<b>1,218,995,520</b>

The financial statements were approved by the Board on 28<sup>th</sup> August 2025 and signed on its behalf by:

  
**Daniel Chemno, MBS**


**Chairman of the Board**

**Date:** 20/11/2025

  
**Timothy Mirugi, EBS**

**Managing Director**

**Date:** 20/11/2025

  
**CPA Ednah K. Oyori**  
**Director Finance & Accounts**  
**ICPAK M/NO: 11607**  
**Date:** 20/11/2025

**18. Statement of Changes in Equity for the year ended 30<sup>th</sup> June 2025**

Description	Retained earnings	Capita fund	Development fund	Coffee revival	Total
<b>As at July 1, 2023</b>	<b>58,610,446</b>	<b>84,163,226</b>			<b>142,773,672</b>
Profit for the year	15,918,492	-			15,918,492
Capital/development grants received during the year	-		8,698,225		8,698,225
<b>As of June 30, 2024</b>	<b>74,528,938</b>	<b>84,163,226</b>	<b>8,698,225</b>		<b>167,390,389</b>
<b>As at July 1, 2024</b>	<b>74,528,938</b>	<b>84,163,226</b>	<b>8,698,225</b>	-	<b>167,390,389</b>
Profit for the year	2,378,041	-	-	-	<b>2,378,041</b>
Capital/development grants received during the year	-	-	279,000,000	-	<b>279,000,000</b>
Coffee revival program	-	-		323,480,190	<b>323,480,190</b>
Capital development payments	-	-	(16,912,463)		<b>(16,912,463)</b>
Purchase of assets	(104,739,469)	104,739,469	-	-	-
Biological asset		228,846	-	-	<b>228,846</b>
Adjustment/ transfer asset cost/NBV		29,707,224	-	-	<b>29,707,224</b>
Adjustment / transfer on amortization	8,028,250	(8,028,250)	-	-	-
Adjustment / transfer on amortization	13,049,288	(13,049,288)	-	-	-
Transfer of depreciation from capital fund to retained earnings	21,876,908	(27,876,908)			-
Transfer of amortization from capital fund to retained earnings	3,767,284	(3,767,284)			-
<b>At June 30, 2025</b>	<b>18,889,240</b>	<b>172,117,035</b>	<b>287,698,225</b>	<b>323,480,190</b>	<b>802,184,690</b>

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

Description	Note	2024-2025 Kshs	2023-2024 Kshs
<b>Cash flows from operating activities</b>			
<b>Cash generated from/(used in) operations</b>	32	(864,825,224)	882,712,210
Interest received		-	-
Interest paid		-	-
Taxation paid		(5,530,884)	(7,123,102)
<b>Net cash generated from/(used in) operating activities</b>		<b>(870,356,108)</b>	<b>875,589,107</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(104,739,469)	(27,368,936)
Proceeds from disposal of property, plant and equipment		-	19,646,174
Purchase of intangible assets		-	(23,998,702)
<b>Net cash generated from/(used in) investing activities</b>		<b>(104,739,469)</b>	<b>(31,721,464)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of new share capital		-	-
Development grant		279,000,000	8,698,225
Coffee Revival program		500,000,000	-
<b>Net cash generated from/(used in) financing activities</b>		<b>779,000,000</b>	<b>8,698,225</b>
			-
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>(196,095,577)</b>	<b>852,565,868</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>898,815,832</b>	<b>46,249,964</b>
<b>Cash and cash equivalents at end of the year</b>		<b>702,720,256</b>	<b>898,815,832</b>



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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
	Kshs	Kshs	Kshs	Kshs	Kshs	age%
	a	b	c = a + b	d	E= c - d	d/c%
Budget carryovers from the previous year*						0
Receipts						
Sale of services	252,024,748	-	252,024,748	158,184,546	93,840,202	127%
Transfers from the government	-	500,000,000	500,000,000	500,000,000	-	0%
Other income	160,975,252	-	160,975,252	223,139,246	(62,163,994)	138%
<b>Total Receipts</b>	<b>413,000,000</b>	<b>500,000,000</b>	<b>913,000,000</b>	<b>881,323,792</b>	<b>31,676,208</b>	<b>80%</b>
Payments						-
Compensation of employees	167,514,527	-	167,514,527	82,078,359	85,436,168	49%
Use of goods and services	245,485,473	500,000,000	745,485,473	472,368,041	273,117,432	63%
<b>Total expenditure</b>	<b>413,000,000</b>	<b>500,000,000</b>	<b>913,000,000</b>	<b>554,446,401</b>	<b>358,553,599</b>	<b>61%</b>
<b>Capital Expenditure</b>	<b>-</b>	<b>279,000,000</b>	<b>279,000,000</b>	<b>16,912,463</b>	<b>262,087,537</b>	<b>6%</b>
<b>Total Expenditure</b>	<b>413,000,000</b>	<b>779,000,000</b>	<b>1,192,000,000</b>	<b>571,358,864</b>	<b>620,641,136</b>	
<b>Surplus/deficit for the period</b>	<b>-</b>	<b>(279,000,000)</b>	<b>(279,000,000)</b>	<b>309,964,928</b>	<b>(588,964,928)</b>	



## Budget notes

### i) other income

There was additional revenue from CCARF 3% administration fees

### ii) Sales of services

New Kenya planters cooperative Union realized revenue from Jute bags

### iii). Compensation of Employees

During the year there was recruitment of staff which was completed at end of the financial year

### iv) Capital Expenditure

The projects are ongoing

## Budget

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	343,789,854
Less Depreciation and amortization	25,644,192
Add unutilized coffee revival program	323,480,190
Adjustments/transfers in assets	43,630,946
Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>702,720,256</b>

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

### **1. General Information**

The New KPCU Plc is established by and derives its authority and accountability from Company's Act, its Articles of Association and Memorandum of Understanding, State Corporations Act and Public Finance Management Act. The New KPCU Plc is wholly owned by the Government of Kenya and is domiciled in Kenya. The Company's principal activity is Coffee Milling, Handling and Marketing.

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

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 1. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the New KPCU Plc, 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

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

#### i. *New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.*

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 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: <ul style="list-style-type: none"> <li>i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date.</li> <li>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</li> <li>iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with</li> </ul>	1 January 2026

Title	Description	Effective Date
	contingent features that do not relate directly to basic lending risks and costs.	

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

ii. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.***

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

iii. ***Early adoption of standards***

The Entity did not early adopt any new or amended standards in the financial year 2024-25

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

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

##### **a) Revenue recognition**

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

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

##### **b) In-kind contributions**

In-kind contributions are donations that are made to the New Kenya planters cooperative Union 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 New *KPCU* 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 straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

Item	Years	Rates
Freehold Land	-	Nil
Buildings and civil works	40	2.5%
Plant and machinery	8	12.5%
Motor vehicles, including motorcycles	8	12.5%
Computers and related equipment	3	33.3%
Office equipment, furniture and fittings	8	12.5%

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable

amount, an impairment loss is 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 recognized so that the asset is written down immediately to its estimated recoverable amount.

**g) Investment property**

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

NKPCU does not have any investment property

**h) Biological Assets**

The New Kenya planters Cooperative Union recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sale, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated

impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**i) Right of Use Asset**

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

NKPCU did not have any Right of Use in FY 2024/2025.

**j) 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).

New Kenya planters cooperative Union did not have fixed interest investment during the year under review.

**k) Quoted investments**

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

**l) Unquoted investments**

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

New Kenya planters cooperative Union did invested on unquoted investments in the FY 2024/25.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method or First In First Out (FIFO). 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 NKPCU 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 NKPCU operates and generates taxable income.

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

**o) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

**p) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such

time as the assets 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.

**Restricted cash**

Restricted cash refers to cash and cash equivalent balances that have usage constraints. An NKPCU shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity.

**r) Borrowings**

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

**s) Trade and other payables**

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

**t) Retirement benefit obligations**

New KPCU did not operate a defined contribution scheme as at end of FY 2024/25, but made contributions to the statutory National Social Security Fund (NSSF).

**Provision for staff leave pay**

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

**u) Exchange rate differences**

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

**v) Budget information**

The original budget for FY 2024/25 was approved by the National Assembly June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the NKPCU recorded additional appropriations of Kshs 500,000,000 on the FY 2024/25 budget following the governing body's approval.

The New Planters cooperative Union 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 Cash flows has been presented under page 6 financial statements.

**w) Service concession arrangements**

The NKPCU 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 Kenya Planters Cooperative Union recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the NKPCU also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**x) Comparative figures**

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

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

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

**a) Estimates and assumptions**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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.

Provisions raised in this financial year are as below.

	<b>Particulars</b>	<b>Kshs</b>
	Provision for Audit Fees	1,740,000

**6. Revenue from contracts with customers**

Description	2024 -2025 Kshs	2023-2024 Kshs
Milling charges	109,692,128	51,173,535
Handling charges	41,720,919	92,025,259
Marketing charges	119,120,047	112,815,687
Export bags	50,238,672	59,646,920
<b>Total</b>	<b>320,771,767</b>	<b>315,661,401</b>

This is revenue from milling charges, handling charges, marketing charges and sale of export bags.

**7. Cost of Sales**

Description	2024-2025 Kshs	2023-2024 Kshs
Cost of sales on goods	(162,587,221)	(130,196,480)
Cost of sales on services	-	-
<b>Total</b>	<b>(162,587,221)</b>	<b>(130,196,480)</b>

These are the cost incurred to generate revenue from contracts with customers

**8. Grants from National Government**

Description	2024-2025 Kshs	2023-2024 Kshs
Recurrent grants received	500,000,000	32,200,000
Capital grants realized (see note below)	270,785,762	8,698,225
<b>Total</b>	<b>770,785,762</b>	<b>40,898,225</b>

These are funds received from the exchequer, government of Kenya.

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	2024-2025	2023-2024
	KShs	Kshs	KShs	Kshs	Kshs
State Department of Cooperatives	-	-	270,785,762	270,785,762	8,698,225
	500,000,000	-	-	500,000,000	-
<b>Total</b>	<b>500,000,000</b>	<b>-</b>	<b>270,785,762</b>	<b>770,785,762</b>	<b>8,698,225</b>

### 9. Subsidy (farm inputs)

Receipts	Receipts controlled by entity	Receipts controlled by entity
	2024-2025	2023-2024
	Kshs	Kshs
Transfer from Government entities/Balance carried forward	-	13,189,959
60% Farmers receipts	297,360	7,152,146
Receipts from CCARF		7,370,600
<b>Total receipts</b>	<b>297,360</b>	<b>27,712,705</b>

### 10. Other Income

Description	2024-2025	2023-2024
	Kshs	Kshs
3% CCARF Administration fee	108,683,573	30,488,774
Parking income	9,896,087	12,020,747
Rental Income	104,262,226	121,764,076
Other Miscellaneous Receipts		9,325,366
<b>Total</b>	<b>222,841,886</b>	<b>173,598,963</b>

**11. Other Gains and Losses**

Description	2024-2025 Kshs	2023-2024 Kshs
Gain on sale of fixed assets	-	19,646,175
<b>Total</b>	<b>-</b>	<b>19,646,175</b>

**12. Subsidy (Coffee revival Program)**

Payments		
	2024-2025 Kshs	2023-2024 Kshs
Revitalisation expenditure	176,519,810	-
<b>Total receipts</b>	<b>176,519,810</b>	<b>-</b>

**13. Farm subsidy**

Payments		
	2024-2025 Kshs	2023-2024 Kshs
Purchase of Coffee Farm inputs		22,027,400
15% Mobilization and awareness		4,987,831
<b>Total receipts</b>	<b>-</b>	<b>27,015,231</b>

#### 14. Administration Costs

Description	2024-2025 Kshs	2023-2024 Kshs
Staff costs (note (12a))	82,078,359	90,456,803
Directors' emoluments	29,936,149	30,535,632
Electricity and water	4,004,309	10,094,284
Staff conference and seminars	9,450,754	22,874,700
Communication services and supplies	4,028,184	3,919,019
Transportation, travelling and subsistence	96,482,932	87,216,239
Advertising, printing, stationery and photocopying	14,225,642	14,101,586
Rent expenses	4,961,937	5,739,535
Staff training expenses	6,102,760	6,756,051
Hospitality supplies and services	16,458,145	8,567,075
Insurance costs	22,722,689	3,477,553
Bank charges and commissions	1,631,617	770,686
Office and general supplies and services	16,710,040	5,770,960
Auditors' remuneration	1,740,000	1,740,000
Legal fees	-	2,500,000
Consultancy fees	16,120,386	18,647,194
Licenses and permits	2,825,000	-
Repairs and maintenance	13,251,603	9,395,949
Provision for bad and doubtful debts	-	-
Inventory provisions	-	-
Depreciation	21,876,908	13,853,001
Amortization	3,767,284	12,722,174
Other Operating Expenses	9,551,893	39,030,916
<b>Total</b>	<b>377,926,591</b>	<b>388,169,357</b>

**14 (a) Staff Costs**

Description	2024-2025 Kshs	2023-2024 Kshs
Salaries and allowances of permanent employees	82,078,359.33	36,822,065
Wages of temporary employees	-	51,088,033
Medical insurance schemes	-	723,700
Employer's contributions to national social security schemes	-	1,783,336
Gratuity provisions	-	39,669
Fringe benefit tax	-	-
Staff welfare	-	-
<b>Total</b>	<b>82,078,359</b>	<b>90,456,803</b>
<b>The average number of employees at the end of the year was:</b>		
Permanent employees – management	84	30
Permanent employees – unionisable	-	-
Temporary and contracted employees	41	41
<b>Total</b>	<b>125</b>	<b>71</b>

**15. Operating Profit/ (Loss)**

Description	2024-2025 Kshs	2023-2024 Kshs
<b>The operating profit/(loss) is arrived at after charging/(crediting):</b>		
Staff Costs (Note 12b)	82,078,359	90,456,803
Depreciation of property, plant and equipment	21,876,908	13,853,001
Depreciation of right-of-use asset	-	-
Amortization of intangible assets	3,767,284	12,722,174
Provision for bad and doubtful debts	-	-
Directors' emoluments – fees	29,936,149	30,535,632
Auditors' remuneration - current year fees	1,740,000	1,740,000
Prior year under-provision	-	-
Loss on disposal of property, plant and equipment	-	-
Net foreign exchange loss	-	-
Interest receivable	-	-
Interest payable	-	-
Rent receivable	-	-

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

<b>Description</b>	<b>2024-2025 Kshs</b>	<b>2023-2024 Kshs</b>
Current taxation based on the adjusted Profit for the year at 30%	1,019,160	6,822,211
Current tax: Prior Year Under/(Over) provision	-	-
Current year deferred tax charge	-	-
Prior Year Under-provision for deferred tax	-	-
<b>Total</b>	<b>1,019,160</b>	<b>6,822,211</b>

**17. Property, Plant and Equipment**

Description	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Total
<b>Depreciation rate</b>	2.50%	12.50%	12.50%	33.33%	12.50%	
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As At 1 July 2023</b>	31,409,952	9,812,699	36,810,930	9,392,146	4,287,900	91,713,627
Additions	16,240,465	513,000	-	8,670,698	1,944,773	27,368,936
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>	<b>47,650,417</b>	<b>10,325,699</b>	<b>36,810,930</b>	<b>18,062,844</b>	<b>6,232,673</b>	<b>119,082,563</b>
Additions	<b>996,823</b>	<b>88,944,808</b>	-	<b>3,482,493</b>	<b>11,315,345</b>	<b>104,739,469</b>
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	(475,000)	-	-	(475,000)
Revaluation Adjustments	-	-	-	-	-	-

<b>As at 30<sup>th</sup> June 2025</b>	<b>48,647,240</b>	<b>99,270,507</b>	<b>36,335,930</b>	<b>21,545,337</b>	<b>17,548,018</b>	<b>223,347,032</b>
<b>Depreciation And Impairment</b>						
<b>At 1 July 2023</b>	(2,956,012)	(1,896,002)	(4,601,366)	(5,967,213)	(433,632)	<b>(15,854,225)</b>
Depreciation	(1,906,017)	(826,056)	(4,601,366)	(6,020,948)	(498,614)	<b>(13,853,001)</b>
Impairment	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2024</b>	<b>(4,862,029)</b>	<b>(2,722,058)</b>	<b>(9,202,732)</b>	<b>(11,988,161)</b>	<b>(932,246)</b>	<b>(29,707,226)</b>
Depreciation	(1,094,630)	(12,068,556)	(3,451,025)	(3,185,725)	(2,076,972)	<b>(21,876,908)</b>
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025</b>	<b>(5,956,659)</b>	<b>(14,790,614)</b>	<b>(12,653,757)</b>	<b>(15,173,886)</b>	<b>(3,009,218)</b>	<b>(51,584,134)</b>
<b>As at 30<sup>th</sup> June (comparative FY)</b>	<b>42,788,388</b>	<b>7,603,641</b>	<b>27,608,198</b>	<b>6,074,683</b>	<b>5,300,427</b>	<b>89,375,337</b>
<b>As at 30<sup>th</sup> June (Current FY)</b>	<b>42,690,580.73</b>	<b>84,479,892.88</b>	<b>23,682,173.25</b>	<b>6,371,450.67</b>	<b>14,538,800.50</b>	<b>171,762,898</b>



## 18. Intangible Assets

Description	2024/2025	2023/2024
	KShs	KShs
<b>Cost</b>		
<b>At the beginning of the year</b>	38,166,522	14,167,820
Additions	-	23,998,702
Adjustment on cost	(8,028,250)	-
<b>At end of the year</b>	<b>30,138,272</b>	<b>38,166,522</b>
<b>Amortization and impairment</b>		
<b>At the beginning of the year</b>	18,439,781	5,717,607
Amortization	3,767,284	12,722,174
Adjustment excess amortization prior year	(13,049,288)	
<b>At end of the year</b>	<b>9,157,777</b>	<b>18,439,781</b>
<b>NBV</b>	<b>20,980,494</b>	<b>19,726,741</b>

## 19. Biological Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Coffee trees	228,846.00	
<b>Total</b>	<b>228,846.00</b>	<b>0</b>



## 20. Trade receivables

Description	2024-2025 Kshs	2023-2024 Kshs
Trade Receivables (Note 28 (a))	100,000,000	100,000,000
<b>Gross Trade and Other Receivables</b>	<b>100,000,000</b>	<b>100,000,000</b>
Provision for Bad And Doubtful Receivable	-	-
<b>Net Trade and Other Receivables</b>	<b>100,000,000</b>	<b>100,000,000</b>
<b>Analysed as:</b>		
<b>Short- Term Trade and Other Receivables</b>	-	-
<b>Long- Term Trade and Other Receivables</b>	<b>100,000,000</b>	<b>100,000,000</b>

Kshs 100 million are funds owed to New KPCU by the Pyrethrum processing company

### 20 (a) Reconciliation of Impairment Allowance for Trade Receivables

Description	2024-2025 Kshs	2023-2024 Kshs
Gross Trade Receivables	80,433,197	108,817,486
Provision for Doubtful Receivables	-	-
<b>Net Trade Receivables</b>	<b>80,433,197</b>	<b>108,817,486</b>
<b>ageing analysis of gross Trade Receivables</b>		
Less than 30 Days	-	-
Between 30 and 60 Days	-	-
Between 61 and 90 Days	-	20,334,289
Between 91 and 120 Days	-	-



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Over 120 Days	80,433,197	88,483,197
<b>Total</b>	<b>80,433,197</b>	<b>108,817,486</b>

## 21. Inventory

Description	2024-2025 Kshs	2023-2024 Kshs
Finished goods	1,570,813	2,260,123
<b>Total</b>	<b>1,570,813</b>	<b>2,260,123</b>

### 21 (a) Consumables

Description	2024-2025 Kshs	2023-2024 Kshs
Stationery and general stores	1,570,813.12	2,260,123
<b>Total</b>	<b>1,570,813.12</b>	<b>2,260,123</b>

## 22. Bank and Cash Balances

Description	2024-2025 Kshs	2023-2024 Kshs
Cash at bank	702,720,256	898,815,833
Cash in hand	-	-
<b>Total</b>	<b>702,720,256</b>	<b>898,815,833</b>

These are bank balances held at New KPCU bank accounts in Cooperative bank of Kenya

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

Description		2024-2025	2023-2024
Financial institution	Account number	Kshs	Kshs
<b>a) Current Account</b>			
Cooperative Bank of Kenya	<b>01120959180001</b>	25,556,061.66	4,632,650
Cooperative Bank of Kenya	<b>01120959180003</b>	262,087,538.34	10,570,770
Cooperative Bank of Kenya	<b>01120959180004</b>	284,090,908.84	697,474
Cooperative Bank of Kenya	<b>01120959180002</b>	1,143,931.83	6,238,225
Cooperative Bank of Kenya	<b>02120959180000</b>	129,841,815.06	875,428,797
Cooperative Bank of Kenya	<b>02109591800005</b>	-	1,247,917
<b>Sub- Total</b>		<b>702,720,255.73</b>	<b>898,815,833</b>

**23. Retained earnings**

Description	2024-2025	2023-2024
	Kshs	Kshs
Retained earnings	18,889,240	74,528,938
<b>Total</b>	<b>18,889,240</b>	<b>74,528,938</b>

**24. Capital funds**

Description	2024-2025	2023-2024
	Kshs	Kshs
Capital fund	172,117,035	84,163,226
<b>Total</b>	<b>172,117,035</b>	<b>84,163,226</b>



## 25. Development fund

Description	2024-2025	2023-2024
	Kshs	Kshs
Development fund	287,698,225	8,698,225
<b>Total</b>	<b>287,698,225</b>	<b>8,698,225</b>

## 26. Coffee revival program

Description	2024-2025	2023-2024
	Kshs	Kshs
Coffee revival program	323,480,190	-
<b>Total</b>	<b>323,480,190</b>	<b>-</b>

## 27. Trade and Other Payables

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade payables-Audit Fees	1,740,000	1,740,000
Accrued expenses-Management fees	40,000	-
Retention/ Contract monies	3,819,273	3,189,517
Deposits-Farmers accounts closing balance	-	881,667,022
Employee payables	-	-
Other payables -	244,852,054	157,488,908
<b>Total</b>	<b>250,451,327</b>	<b>1,044,085,448</b>

### Aging Analysis for Trade and other Payables

Description	Insert 2024-2025	% of the total	Insert 2023-2024	% of the total
Under one year	102,962,418	42	896,596,539	86
1-2 years	-	-	147,488,908	14
2-3 years	147,488,908	58	-	-
Over 3 years	-	-	-	-
<b>Total</b>	<b>250,451,327</b>	<b>100</b>	<b>1,044,085,448</b>	<b>100</b>

### 28. Trade and other payables- Subsidy

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade And Other Payables subsidy	13,739,430		697,474	
<b>Total deposits</b>	<b>13,739,430</b>		<b>697,474</b>	
<b>Ageing analysis: (Refundable deposits)</b>	<b>2024-2025</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
<b>Under one year</b>	<b>13,739,430</b>	100	<b>697,474</b>	100
1-2 years	-	-	-	-
<b>Total</b>	<b>13,739,430</b>	<b>100.00</b>	<b>697,474</b>	



### 29. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2024-2025	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	8,561,897.27	-	-	8,561,897.27	-
Non-current benefit obligation	-	-	-	-	-
<b>Total employee benefits obligation</b>	<b>8,561,897.27</b>	<b>-</b>	<b>-</b>	<b>8,561,897.27</b>	<b>-</b>

### 30. Provisions

Description	Long service leave	Bonus Provision	Gratuity provisions	Audit fees	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	-	-	-	1,740,000	-
Additional provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Less: current portion	-	-	-	-	-
Balance at the end of the year	-	-	-	1,740,000	-

### 31. Tax payable

Description	2024-2025	2023-2024
	Kshs	Kshs
Tax payable	1,019,160	6,822,211
<b>Total</b>	<b>1,019,160</b>	<b>6,822,211</b>

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

Description	2024-2025 Kshs	2023-2024 Kshs
<b>(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/ (Used In) Operations</b>		
Profit or Loss before tax	3,397,201	22,740,702
Depreciation	21,876,908	13,853,001
Amortization	3,767,284	12,722,174
(Gain)/Loss on disposal of Property, Plant and Equipment	-	(19,646,175)
<b>Operating Profit/Loss) before Working Capital changes</b>	<b>29,041,393</b>	<b>29,669,702</b>
(Increase)/Decrease in Inventories	689,310	(2,260,123)
(Increase)/Decrease in Trade and Other Receivables	28,384,289	(2,428,033)
(Increase)/Decrease in Trade and Other Receivables		(12,492,486)
Increase/Decrease) in Trade and Other Payables	(931,502,114)	888,473,334
Increase/Decrease) in Retirement Benefit Obligations	8,561,897	-
Increase/(Decrease) in coffee revival		
Increase/Decrease) in Deferred Income	-	(18,250,184)
<b>Cash Generated from/ (used In) operations</b>	<b>(864,825,224)</b>	<b>882,712,210</b>
<b>(c) Analysis of Cash and Cash equivalents</b>		
Short Term Deposits	-	-
Cash At Bank	702,720,256	898,815,833
Cash In Hand	-	-
<b>Balance At End of The Year</b>	<b>702,720,256</b>	<b>898,815,833</b>



### 33. Related Party Disclosures

#### Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) State Department of Co-operatives
- ii) Key management
- iii) Board of directors

#### Transactions with related parties

Description	2024-2025 Kshs	2023-2024 Kshs
<b>a) Grants from the government</b>		
Grants from national govt	779,000,000	59,912,705
<b>Total</b>	<b>779,000,000</b>	<b>59,912,705</b>
<b>b) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	82,078,359	90,456,803
Payments for goods and services	472,368,041	324,727,785
<b>Total</b>	<b>554,446,401</b>	<b>415,184,588</b>
<b>c) Key management compensation</b>		
Directors' emoluments	29,936,149	30,535,632
Compensation to key management	15,824,882	4,887,497
<b>Total</b>	<b>45,761,030.85</b>	<b>35,423,128.92</b>

### 34. Contingent Liabilities

The mandate of the board is to administer the assets for KPCU. Therefore, NKPCU plc has a right to use the Assets for KPCU under liquidation whereby the assets will be transferrable to NKPCU upon completion of the Liquidation process. Therefore, the report has only assets and liabilities owned by NKPCU. The below illustrates liabilities owned by KPCU.

DESCRIPTION	AMOUNT (KSHs.)
Coffee growers	56,392,928.87
Staff terminal Dues	528,691,304.81
Trade Creditor, after receivership	60,264,469.27
Trade Creditors – Prior years	102,087,802.02
Legal fees – after receivership	259,514,549.14
VAT and withholding tax	103,738,837.00
Directors	5,724,658.00
Provision for transfer of assets	215,000,000
<b>TOTAL</b>	<b>1,331,414,549.27</b>

### 35. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The 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.

#### (i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for



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doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2024</b>				
Receivables from exchange transactions	108,817,486	108,817,486	-	
Receivables from non-exchange transactions	100,000,000	100,000,000	-	
Bank balances	702,720,256	898,815,832	-	
<b>Total</b>	<b>911,537,742</b>	<b>1,107,633,318</b>	-	
<b>At 30 June 2025</b>				
Receivables from exchange transactions	80,433,1967	80,433,197	-	
Receivables from non-exchange transactions	100,000,000.00	100,000,000.00	-	
Bank balances	702,720,256	898,815,832	-	
<b>Total</b>	<b>1,607,052,223</b>	<b>1,079,249,029</b>	-	

### **Credit Risk**

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

### **ii) Liquidity risk management**

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

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

<b>Description</b>	<b>Less than 1 month Kshs</b>	<b>Between 1-3 months Kshs</b>	<b>Over 5 months Kshs</b>	<b>Total Kshs</b>
<b>At 30 June 2024</b>				
Trade payables	1,044,782,922	-	-	1,044,782,922
Tax liability	6,822,211			6,822,211
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>1,051,605,133</b>	<b>-</b>	<b>-</b>	<b>1,051,605,133</b>
<b>At 30 June 2025</b>				
Trade payables	273,274,514	-	-	273,274,514
Tax liability	1,019,160	-	-	1,019,160
Employee benefit obligation	8,561,897	-	-	8,561,897
<b>Total</b>	<b>282,855,571</b>	<b>-</b>	<b>-</b>	<b>282,855,571</b>



### **(iii) Market risk**

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

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

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

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

#### **a) Foreign currency risk**

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

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

#### **b) Interest rate risk**

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

#### **i) Management of interest rate risk**

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

**iv) Capital Risk Management**

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

Description	2024/2025 Kshs	2023/2024 Kshs
Revaluation reserve	-	-
Retained earnings	18,889,240	74,528,938
Capital reserve	172,117,035	92,861,451
Development fund	287,698,225	-
Coffee revival	323,480,190	-
<b>Total Funds</b>	<b>802,184,690</b>	<b>167,390,389</b>
Total Borrowings	-	-
Less: Cash and Bank balances	(702,720,256)	(898,815,833)
Net Debt/(Excess Cash and Cash Equivalents)	64,133,232.48	-731,425,444.00
<b>Gearing</b>	<b>-9%</b>	<b>81%</b>

**36. Incorporation**

New Kenya Planters co-operative Union Plc is incorporated in Kenya under *the Kenyan Companies Act* and is domiciled in Kenya.

**37. Events after the Reporting Period**

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



## 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Long outstanding Receivable from pyrethrum processing company Kenya	The statement of financial position reflects long term receivables of Kshs.100,000,000 as disclosed in Note 27 to the financial statements. The balance relates to short term loan to pyrethrum processing company of Kenya Vide letter Ref.No.MOALF/CORP/11/12 dated 28 <sup>th</sup> April 2022 authorized by cabinet secretary Ministry of Agriculture, livestock, fisheries and cooperatives. However, the loan agreement detailing terms of loan including repayment schedule, interest rate if any	New KPCU has escalated the issue to the Ministry of Cooperatives and Micro, Small & Medium Enterprises Development vide a letter Ref: NKPCU/MD/Ext/Vol.4/568 dated 1st March 2023 and other communication letters to engage Pyrethrum Processing Company of Kenya for a	Not Resolved	Engagement with the parent ministry to resolve the matter is ongoing



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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	and period of advance was not provided for audit. This was contrary to section 5(b) of Public Finance management (National Government) Regulations 2015 which states that financial losses may arise from irregular advances and loans when money cannot be recovered because National Government entity cannot establish a claim against any person or institution ,as in the case of expenditure wrongly charged to advances ,or advances and loans made without agreement for recovery, Further, In spite of several follow up from New KPCU, no evidence of responses or commitment for repayment was provided for audit .	mutual agreement on how the loan will be paid		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>In the circumstance, the recoverability of Kshs. 100,000,000 from Pyrethrum processing company of Kenya could not be confirmed.</p>			
2.Long outstanding Receivables	<p>The statement of financial position reflects trade and other receivables balance of Kshs. 108,817,486 as disclosed in Note 27 to the financial statements. The balance includes Kshs 94,090,905 which are receivables over one year and demand letters were not provided for verification. Further, the union did not have a debt management policy and there was no evidence of circularization .</p> <p>In circumstance, the validity, accuracy and recoverability of trade receivables balance</p>	<p>Demand letters were sent to the debtors, and the issue was escalated to Coffee Directorate which plays a crucial role in promoting the coffee markets. New KPCU is in the process of developing a debt management policy.</p>	Not resolved	30 <sup>th</sup> June 2026



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	of Kshs. 108,817,486 could not be confirmed.			
3.Funds owed to coffee Cherry Advance Revolving Fund	<p>The statement of financial position reflects trade and other payables of Kshs.1,044,085,448 as disclosed in Note 39 to the financial statements. The balance relates to liabilities owed to Coffee Cherry Advance Revolving Fund (CCARF). However, it was not clear why the Union had not settled the debts during the year under review.</p> <p>Further, the New KPCU has not disclosed KPCU liquidation claims of Kshs,1,333,414549 in the financial statements</p>	<p>The funds owed to Coffee Cherry Fund have been transferred from Farmers USD account. CCARF is advanced to farmers inform of Kenya Shillings, while recovery is in USD, therefore NKPCU maintains a dollar account where recoveries are deposited before conversion into Kenya shillings when the rates are favorable to avoid</p>		



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Reference No. on the external audit: Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, the ability of the union to repay the funds of Kshs.1,044,085,448 to CCARF could not be confirmed.	incurring losses to the fund. Ksh 1,331,414,549 have been disclosed in Note 50 in the financial statement since it is managed by the Liquidator, who operates KPCU account and maintains the records.		
<b>Emphasis of Matter</b> 1. Uncompleted Liquidation of Defunct Kenya Planters Cooperative Union	The statement of financial position reflects property, plant and equipment balance of Kshs. 89,375,338 as disclosed in Note 19 of the financial statements. However, the balance excludes assets of the defunct Kenya Planters Cooperative Union due to	The Government issued a gazette notice to liquidate Kenya Planters Cooperative Union. In line with the that the Commissioner for Cooperatives Development appointed a liquidator and a team of	Not Resolved	30 <sup>th</sup> June 2026





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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the uncompleted liquidation process. Further. The ownership of majority of the land declared under KPCU could not be verified due to several ongoing litigations. In addition, majority of logbooks formerly under KPCU were not provided for verification.</p> <p>In the circumstance, the completion of liquidation process of KPCU could not be confirmed</p>	<p>four officials to oversee the liquidation process. The process is ongoing and the assets for KPCU have not been transferred to NKPCU as at the closure of the financial year. The assets will be included in the financial statement when they will be handed over to NKPCU Board of Directors and management. The land litigations are being handled by the liquidator and team. The logbooks are under the custody of the liquidator, and they will be handed over upon completion of the liquidation process.</p>		



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<b>Reference No. on the external audit: Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
2. Budgetary Performance	<p>The statement of comparison of budget and actuals amounts reflects final receipts budget and actual on comparable basis of Kshs.445,200,000 and Kshs. 541,106,539 or 22% of the budget. However, the union spent an amount of Kshs.518,365,837 against actual receipts of Kshs. 541,106,539 resulting in underutilization of Kshs.22,740,703 of actual revenue. In the circumstances, the over collection of revenue is an indication of under-budgeting on revenue streams of the Union while the under-utilization affected the activities and may have impacted negatively on service delivery to the public.</p>	<p>The receipts have been adjusted to Kshs.541,106,539 after adding Ksh.19,646,175 and an expenditure of Kshs.518,365,837 resulting to an under expenditure of Kshs.22,740,703 in the revised financial statement. The over collection was due to gain on land compensation from National Land Commission and coffee</p>	Resolved	30 <sup>th</sup> June 2025





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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
			reforms whereby some millers were denied milling license and the Union being a government mill was required to accommodate all the coffee milled during the season. This led to increased revenue from milling and other charges of Ksh.315,661,401 against the budgeted. The under expenditure was because of un-implemented human	



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		resource approved salary structure.		

.....  
**Timothy M. Mirugi, EBS**  
**Managing Director**

**Appendix II: Projects implemented by New Kenya Planters Cooperative Union Plc**

**Projects**

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A					
2						

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)*

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Removal of Asbestos Dandora Branch	229,000,000	16,912,462	15%	229,000,000		GOK
2	Renovations Sagana Branch	19,000,000	11,659,188	80%	19,000,000		GOK



**Appendix IV: Transfers From Other Government Entities**

Name of the MDA/Don or Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount - Kshs	Statement of Financial Performance	Where Recorded/Recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Planning and Devolution	N/A	Recurrent							
Ministry of Planning and Devolution		Development							
Ministry of Planning and Devolution		Direct Payment							
<b>Total</b>									



**Appendix V- Inter-Entity Confirmation Letter**

**Name of Transferring entity: State Department of Co-operatives**

**Name of Beneficiary entity: New Kenya Planters co-operative Union Plc**

Confirmation of amounts received by New Kenya Planters co-operative Union Plc as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Receipt No. 0185	05.07.2024		50,000,000	50,000,000	
Receipt No. 5119	08.05.2025		229,000,000	229,000,000	
	30.05.2025	500,000,000		500,000,000	
<b>Total</b>		<b>500,000,000</b>	<b>279,000,000</b>	<b>779,000,000</b>	

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

**Head of Accounts Department - Disbursing Entity:**

Name EDNAH K. OYORI Sign [Signature] Date .....

**Head of Accounts Department - Beneficiary Entity:**

Name: CPA Ednah Kerubo Oyori Sign ..... Date.....



**Appendix VI: Reporting of Climate Relevant Expenditures**

New Kenya Planters Cooperative Union  
+254 20 2001401  
info@newkpcuplc.go.ke  
Mr. Timothy Mirugi,

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A									



**Appendix VII: Reporting Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A						



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