

FINANCIAL REPORT
FOR THE 3RD QUARTER ENDED 31ST MARCH 2025

1.0 BOARD PAPER

Agenda Item : Quarterly Financial Report for the 3rd Quarter ended 31st March 2025

Presenter : Secretary to the Board/ Chief Executive Officer

2.0 Purpose and Context

In accordance with State Corporations Act, the KEPHIS Board ensures that proper books of accounts are prepared and in a timely manner. Section 83 of the Public Finance Management Act of 2012 requires the Accounting Officer to prepare and submit quarterly financial report. Further, the Act requires submission of the report to the National Treasury.

2 Background and Financial Performance

2.1 Background

In alignment with the stated objective, the Accounting Officer has compiled the quarterly financial report for the third quarter, concluding on 31st March 2025. Upon receiving approval from the Board, the report will be forwarded to the National Treasury and the Controller of Budget.

This Report highlight the various areas of performance as follows:

2.2 Financial Performance for the quarter ended 31st March 2025

2.2.1 Statement of Financial Performance for the quarter ended 31st March 2025 (Kshs. 000')

Table 1: Financial Performance Summary

Description	Quarter 3 2023/24FY	Quarter 3 2024/25FY	Cumulative 2024/25FY	Previous (2- 023/24FY) Full Year
Revenue- GOK Recurrent	31,929	-	-	127,000
A-I-A	420,618	600,860	1,505,052	1,524,203
Total Revenue	452,547	600,860	1,505,052	1,651,203
Total Recurrent Expenses	456,911	445,176	1,399,562	1,842,194
Other Gains/(Losses)	196	100	(1,341)	
Surplus for the period	(4,168)	155,784	104,148	-190,991

The Corporation has sustained its financial trajectory on the recovery path which began in the second quarter of FY 2024/25 after implementation of revised fees. The implementation of fees has resulted significant improvement in internally generated revenue which increased by 34% from from KShs. 1,111,272 to KShs. 1,487,697 on year to year nine months' cumulative comparison. By end of the quarter under review, the Corporation had attained the full year AIA for 2023/24 with three months to spare in the year. Consequently, the bottom-line for the period was a net surplus of KShs. 104 million compared to KShs. 124 million reported in the previous FY.

2.2.2 Quarterly Statement of Financial Position as 31st December 2024 (Kshs.000')

Table 2: Balance Sheet Summary

Description	31st December 2024	31st March 2025	30th June 2024
Total Current Assets	177,453	237,159	208,598
Total Non-Current Assets	3,180,723	3,167,088	3,210,118
Total Assets	3,358,177	3,404,248	3,418,716
Total Liabilities	170,293	151,691	270,307
Total Net Assets	3,187,883	3,252,557	3,148,409
Total Net Assets and Liabilities	3,358,177	3,404,248	3,418,716

KEPHIS is holding gross debtors totalling KShs.75.7 million out which KShs. 25.7 million is deemed impaired and has been provided for fully in accordance with the accounting policy. During the period under review the Corporation sustained collection efforts resulting in decrease as depicted in the Table 4 below.

Table 4: Debtors Aging in KShs 000

31st December 2024

0-3 months	3-6 Months	6- 9 Months	Over 9 Months	Total
5,500	-	2,407	82,166	90,074
6.1%	0.0%	2.7%	91.2%	100%

31st March 2025

0-3 months	3-6 Months	6- 9 Months	Over 9 Months	Total
KShs ‘000’	KShs ‘000’	KShs ‘000’	KShs ‘000’	KShs ‘000’
6,614	6,806	2,176	60,112	75,709
9%	9%	3%	79%	100%

The debts under 9 months relate to requests for invoices from stakeholders/clients and technical departments to facilitate payments. These include invoices for COPE activities, fake seed contributions from various stakeholders, and Kenya Seed invoice for PBR rights for prior years.

Trade creditors on the other hand decreased from KShs. 139 million as at 31st December 2024 to KShs. 86 million as at 31st March 2025. The aged breakdown of creditors is as follows:

Table 5: Creditors Aging in KShs 000

31st December 2024

0-3 Months	3-6 Months	6-9 Months	Over 9 Months	Total
72,384	45,885	20,627	838	139,735
52%	33%	15%	1%	100%

31st March 2025

0-3 Months	3-6 Months	6-9 Months	Over 9 Months	Total
KShs ‘000’	KShs ‘000’	KShs ‘000’	KShs ‘000’	KShs ‘000’
81,389	3,866	633	305	86,193
94%	4%	1%	0%	100%

The amounts above three months which constitute pending bills decreased significantly from 49% to 5% as a result of improved cash flows.

2.2.3 Quarterly Statements of Cash flow as at 30th September 2024 (Kshs.000’)

Table 6: Cash Flow

Description	31st December 2024	31st March 2025	30th June 2024
Cash & Cash Equivalent at the beginning	39,198	59,198	27,123
Net Changes in Cash & Cash Equivalent	19,984	91,324	4,490
Cash & Cash Equivalent at the end	59,182	150,506	31,612

Cash flow position continued to improve significantly during the period.

2.2.4 Statement of the Budget and actual comparison for the period ended 31 December 2023 (Kshs.000')

Table 7: Budget vs Actual Comparison

	Approved Budget	9 Months Budget	9 Months Actual	Performance difference	%
Total income	1,904,771	1,428,578	1,505,052	76,474	5%
Total expenditure	1,754,771	1,316,078	1,399,562	(83,484)	-6%
Other Gains/Losses	-	-	(1,341)		
Surplus	150,000	112,500	104,148		

Revenue – Exceeded budget projection by 5%

Expenditure – Exceeded budget by 6%

3 Risk Analysis

- The Corporation is experiencing a decrease in liquidity risk as a result of enhanced revenues.
- The credit risk associated with debtors was significantly mitigated following the policy change in August 2023, transitioning from credit to cash terms. Impairment provisions have been established as required in the accounting policy.
- A risk of budget non-compliance related to expenditure still exists following the National Treasury's decision to approve KShs. 1.754 B for expenditure, which is less than the requested KShs. 1.869 B.
- Treasury projects a surplus of KShs. 150 million out of which 90% might be recalled.

4 Legal Compliance

The Management complied with the provisions of Public Finance Management Act, 2012 of 2012 and other relevant legislations.

5 Management Responsibility

The MD shall ensure this is executed as per the approval of the Board.

6 Submission

The Finance Committee to consider and adopt the Financial Report for the third quarter of 2024/25FY, and recommend it to the Board for approval.

Secretary to the Board/ Chief Executive Officer

Appendix 1: Financial Report for the Quarter ended 31st March 2025