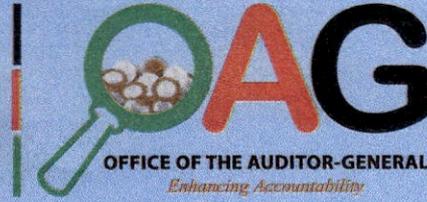


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA BUREAU OF STANDARDS

FOR THE YEAR ENDED

30 JUNE, 2025



KENYA BUREAU OF STANDARDS

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. ACRONYMS AND DEFINITION OF KEY TERMS

A. ACRONYMS

ABMS	Anti- Bribery Management System
ACCA	Association of Chartered Certified Accountants
AGPO	Access to Government Procurement Opportunities
AfCFTA	African Continental Free Trade Area
ARSO	African Organization for Standardization
BBA	Bachelor of Business Administration
BCom	Bachelor of Commerce
BCMS	Business Continuity Management System
BIPM	Bureau International des Poids et Mesures
BSC	Bachelor of Science
BSI	British Standards Institution
CB	Certification Body
CEO	Chief Executive Officer
CFA	Certified Financial Analyst
CIPS	Chartered Institute of Purchasing and Supplies
CMC	Calibration and Measurement Capability
COMESA	Common Market for Eastern and Southern Africa
CPA	Certified Public Accountant
CPA (K)	Certified Public Accountant, Kenya
CPS	Certified Public Secretary
CPS (K)	Certified Public Secretary, Kenya
CSR	Corporate Social Responsibility
DI	Destination Inspection
EA	East Africa
EAC	East African Community
EBK	Engineers Board of Kenya
EGMS	Excisable Goods Management System
EHS	Environment, Health & Safety
ESAMI	Eastern and Southern African Management Institute
FAO	Food and Agriculture Organization
FKE	Federation of Kenya Employers
FY	Financial Year
IIA	Institute of Internal Auditors

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ICPSK	Institute of Certified Public Secretaries of Kenya
IFC	International Finance Corporation
IEC	International Electro technical Commission
ISACA	Information Systems Audit and Control Association
ISO	International Organization for Standardization
IEK	Institution of Engineers of Kenya
ISMS	Information Security Management System
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KASIB	Kenya Association of Stockbrokers and Investment Banks
KEBS	Kenya Bureau of Standards
KENAS	Kenya Accreditation Services
KFS	Kenya Forest Services
KEPSA	Kenya Private Sector Alliance
KENTRADE	Kenya Trade Network Agency
KPI	Key Performance Indicator
MBA	Master's in Business Administration
MD	Managing Director
MSC	Master of Science
MSME	Micro Small and Medium Enterprises
MTP	Medium Term Plan
NEMA	National Environment Management Authority
NMI	National Metrology Institute
NQI	National Quality Institute
NRL	National Research Laboratory
NSC	National Standards Council
OSHA	Occupational Safety and Health Act
PC	Performance Contract
PVoC	Pre-Export Verification of Conformity
PPADA	Public Procurement and Asset Disposal Act
PPADR	Public Procurement and Asset Disposal Resolution
RVA	Raad Voor Accreditatie (Dutch Accreditation Council)
SCAC	State Corporations Advisory Committee
SMCA	Standards, Metrology and Conformity Assessment
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprise

SO	Strategic Objective
TAT	Turn Around Time
TBT	Technical Barriers to-Trade
TQM	Total Quality Management
UK	United Kingdom
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WHO	World Health Organization
WTO	World Trade Organization
DOSH	Directorate of Occupational Safety and Health
CSI	Corporate Social Investment
KNEC	Kenya National Examination Council
NHIF	National Hospital Insurance Fund

B. DEFINITION OF KEY TERMS

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

Comparative Year - Means the prior period.

Cash Flow - The sum of cash flow arising from operating activities and cash flow arising from investing activities. Also referred to as cash flow before financing activities.

Working capital - Inventories plus trade accounts receivable less trade accounts payable. It does not include receivables from and liabilities to related parties or sale of trade accounts receivable.

Books of account - These are the books that must be kept by a business or organisation to record its financial transactions accurately.

Capital commitment - These are the agreed and contracted for amounts, before the end of the financial year, to be spent after the end of the accounting period on buying of fixed assets.

Contingent liability - This is money which might be owed to an entity if a particular event happens.

Current assets - These are short-term assets which are constantly changing in value, such as stocks, debtors and bank balances and can easily be converted into cash.

Current liabilities - These are short-term liabilities which are due to be paid in less than one year, such as bank overdrafts, money owed to suppliers and employees.

Depreciation - This is the drop in value of an asset due to wear and tear, age and obsolescence as recorded in an organisation's financial records.

Domiciled - This is the permanent location in which the business is based in a country.

Fixed Asset - This is an asset whose intended use exceeds more than one year like motor vehicle, buildings and machinery.

Financial statement - This is a statement which includes the annual accounts, directors' reports and the environmental sustainability report.

Financial year - This is the period covered by a set of annual financial statements running from 1st July to 30th June.

Intangible assets - These are assets that are not physical in nature including information, goodwill, patent rights, intellectual property, and software.

Related party - This is a person, group of persons or an organisation, which controls or can significantly influence the business operations and policies.

Retained earnings - These are those profits/surpluses earned by a business which have not yet been utilized

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Bureau of Standards (KEBS) is a state corporation domiciled in Kenya and established under the Standards Act (Cap.496) of the Laws of Kenya in July 1974. The Standards Act defines the functions of KEBS and provides for its management and control. KEBS operates regional offices namely; Coast, Lake, North Rift, South Rift, North Eastern and Mt. Kenya regions to bring services closer to the public.

KEBS has remained the premier government agency for the provision of Standards, Metrology and Conformity Assessment (SMCA) services since its inception. Over that period its main activities have grown from the development of standards and quality control for a limited number of locally manufactured products in the 1970s to the provision of more comprehensive Standards development, Metrology, Conformity Assessment, Training and Certification services. With the re-establishment of the East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA), KEBS activities now include participation in the development, harmonization and implementation of SMCA activities at the regional and African level. KEBS is an active member of the Africa Organization for Standardization (ARSO) and other international standards bodies such as ISO, IEC, BIPM and Codex Alimentarius. KEBS operates the National Enquiry Point in support of the WTO Agreements on Technical Barriers to Trade (TBT) and facilitates trade in accordance with the COMESA treaty.

KEBS is governed by a Board of Directors, also known as the National Standards Council (NSC). The NSC is the policy-making body for supervising and controlling the administration and financial management of the Bureau. The Managing Director is the Chief Executive responsible for the day-to-day administration of the Bureau within the broad guidelines formulated by the NSC.

KEBS is structured into seven Directorates namely: -

- Quality Assurance and Inspection
- Market Surveillance
- Metrology and Testing
- Standards Development and Trade
- Finance and Strategy
- Human Resource and Administration
- Legal Services

Other Key Departments that report administratively to the MD include;

- Internal audit
- Supply Chain
- Corporate Communications

(b) Principal Activities

i. KEBS Mandate

The functions of KEBS as mandated by the Standards Act, Chapter 496 of the Laws of Kenya are *inter alia*:

- a) To promote standardization in industry and commerce.
- b) To make arrangements or provide facilities for the testing and calibration of precision instruments, gauges and scientific apparatus, for the determination of their degree of accuracy by comparison with standards approved by the Minister on the recommendation of the Council, and for the issue of certificates in regard thereto;
- c) To make arrangements or provide facilities for the examination and testing of commodities and any material or

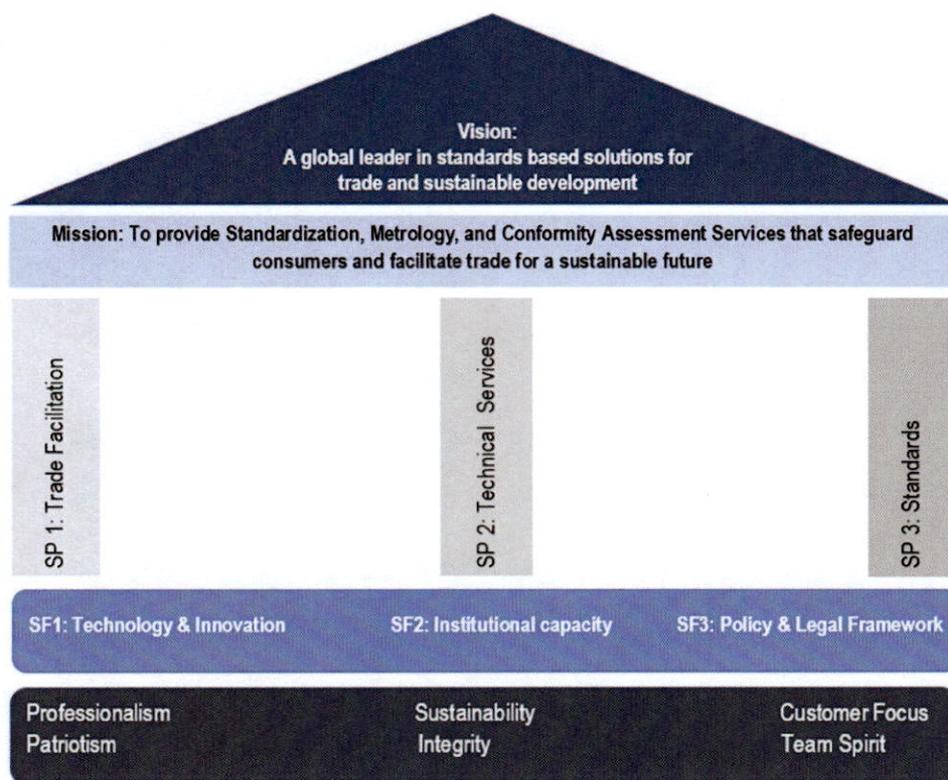
substance from or with which and the manner in which they may be manufactured, produced, processed or treated.

- d) To control, in accordance with the provisions of this Act, the use of standardization marks and distinctive marks.
- e) To prepare, frame, modify or amend specifications and codes of practice.
- f) To encourage or undertake educational work in connexion with standardization.
- g) To assist the Government or any local authority or other public body or any other person in the preparation and framing of any specifications or codes of practice.
- h) To provide for co-operation with the Government or the representatives of any industry or with any local authority or other public body or any other person, with a view to securing the adoption and practical application of standards.
- i) To provide for the testing at the request of the cabinet secretary, and on behalf of the Government, of locally manufactured and imported commodities with a view to determining whether such commodities comply with the provisions of this Act or any other law dealing with standards of quality or description.

ii. KEBS Strategic Direction

KEBS is currently implementing a five-year strategic plan. The 2023-2027 Strategic Plan defines the strategic direction that KEBS will pursue to achieve its goals and objectives more efficiently in the dynamic environment in which it operates and overcome threats from the external environment. In the 2023-2027 strategic period, KEBS strategic focus is anchored on three strategic pillars (Trade Facilitation, Technical Services, Standards) and three strategic foundations (Technology and Innovation, Institutional Capacity and Policy and Legal Framework.).

Figure 1: KEBS Strategic Direction



(c) Key Management

KEBS day-to-day management is under the following key organs:

Table 1:Key Management Personnel

No.	Designation	Name
1.	Board of Directors	National Standards Council
2.	Managing Director	Esther Ngari
3.	Director Human Resource & Administration	Chriss Kibett
4.	Director Finance & Strategy	Mohammed Adan
5.	Director Standards Development & Trade	Zacharia Lukorito
6.	Director Quality Assurance & Inspection	Dr. Geoffrey Muriira
7.	Director Market Surveillance	Peter Kaigwara
8.	Director Metrology & Testing Services	Dr. Henry Kibet Rotich
9.	Director Legal Services & Corporate Secretary	Miriam Boit Kahiro

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility are as listed in Table 2:

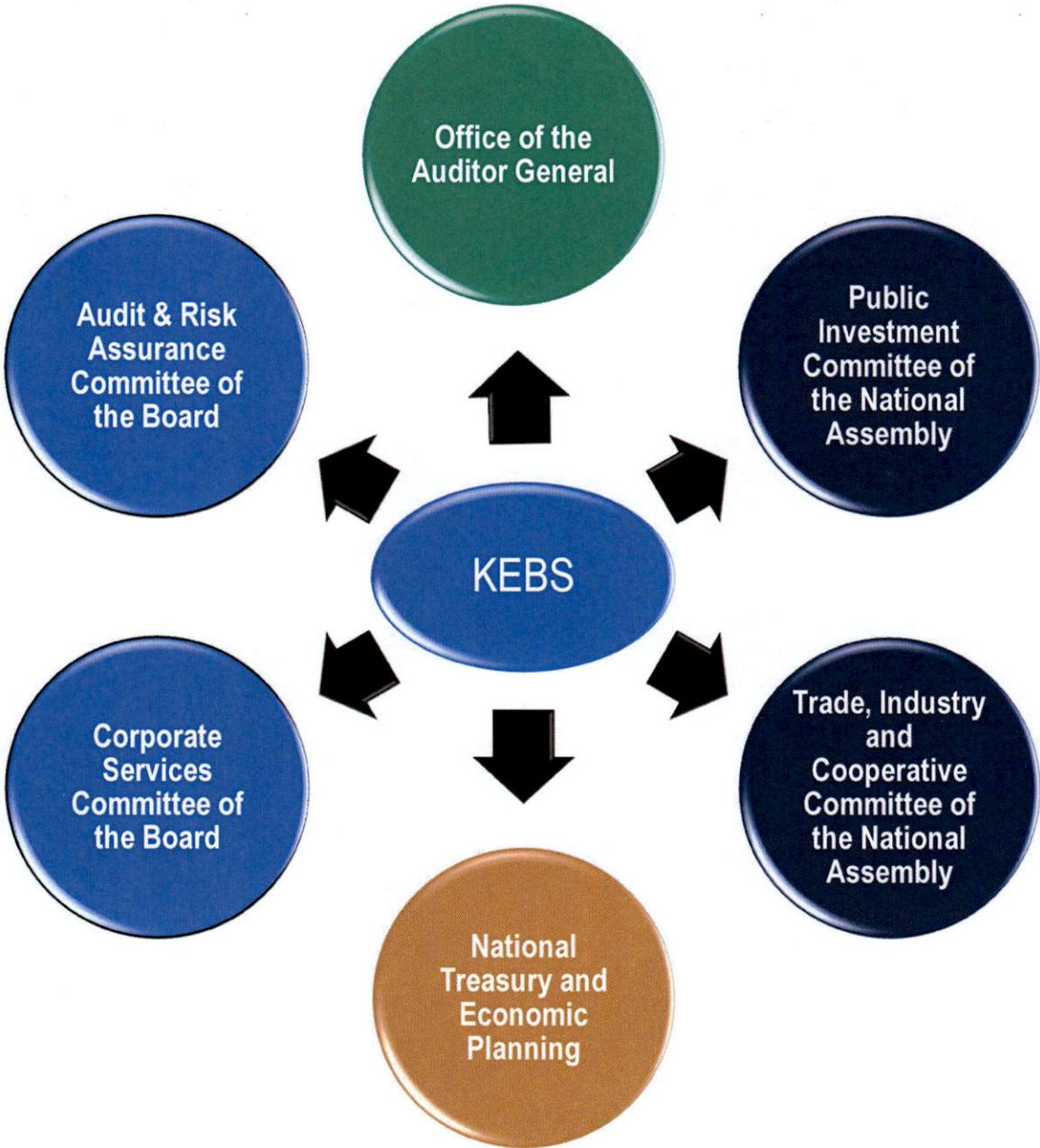
Table 2:Key Management Personnel with direct Fiduciary Responsibility

No.	Designation	Name
1.	Managing Director	Esther Ngari
2.	Legal Services/ Corporate Secretary	Miriam Boit Kahiro
3.	Director Finance & Strategy	Mohammed Adan
4.	Director Human Resource & Administration	Chriss Kibett
5.	Director Standards Development & Trade	Zacharia Lukorito
6.	Director Quality Assurance & Inspection	Dr. Geoffrey Muriira
7.	Director Market Surveillance	Peter Kaigwara
8.	Director Metrology & Testing Services	Dr. Henry Kibet Rotich
9.	Chief Manager - Supply Chain	Jane Ndinya
10.	Chief Manager -Finance	Solomon Naiguta
11.	Chief Manager -Internal Audit	Eric Kirubi
12.	Chief Manager -Planning and Strategy	Samson Butichi

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The following bodies/committees oversight the fiduciary responsibility of KEBS.



(f) KEBS Headquarters

Kenya Bureau of Standards
Popo Road, South C, off Mombasa Road
P.O. Box 54974 – 00200
Nairobi – Kenya

(g) KEBS Contacts

Telephone: (254) 20 6948000
Mobile: 0722 202137 or 0734 600 471/2
Toll Free Line: 1545
E-mail: info@kebs.org
Website: www.kebs.org

(h) KEBS Bankers

1. National Bank of Kenya Limited

National Bank Building
Harambee Avenue
P. O. Box 72866-00200
Nairobi – Kenya

2. Co-operative Bank of Kenya Limited

Co-operative Bank House
Haile Selassie Avenue
P. O. Box 48231 – 00100
Nairobi – Kenya

3. Kenya Commercial Bank Limited

KCB Towers
Kenya Road, Upper Hill
P. O. Box 48400-00100
Nairobi – Kenya

(i) Independent Auditors

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

4. Principal Legal Adviser

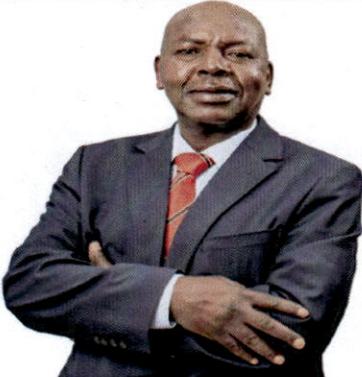
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112, City Square 00200
Nairobi, Kenya.

3. THE NATIONAL STANDARDS COUNCIL (NSC)

Ref	Directors	Details
1.	<p>Hon. Dr. Chrisantus Wamalwa, CBS serves as the Chairman of the National Standards Council at the Kenya Bureau of Standards (KEBS). He is a former Member of Parliament for Kiminini Constituency (2013-2022) during this period he served as a Deputy Minority Whip in the National Assembly. He holds a Doctorate degree in Strategic Management and MBA from University of Nairobi, and a BSc in Biochemistry from Kenyatta University. He has vast knowledge and experience in governance, leadership, and public administration. He is the CEO of Global Management Networks Ltd. Renowned for his legislative acumen and leadership, Dr. Wamalwa has sponsored landmark bills and motions that have shaped Kenya's legal and economic landscape. His dedication to public service has earned him several Honors, including the Chief of the Order of the Burning Spear (CBS) and the Best Legislative Performance Award. He joined the NSC on 21st February 2025.</p>	 <p>Hon. Dr. Chrisantus Wamalwa, CBS CHAIRMAN DOB: 16th September 1973</p>
2.	 <p>Esther Njeri Ngari Managing Director and Secretary to the Council DOB: 30th September 1973</p>	<p>Esther Ngari is the Managing Director of Kenya Bureau of Standards (KEBS). Prior to this role, she served as the Director, Standards Development and International Trade at KEBS for over four (4) years. She holds a Master of Business Administration from JKUAT and a bachelor's degree in Dairy Science and Food Technology from Egerton University. She has completed additional studies in Agribusiness, Value Chain Analysis and Development from the University of Queensland, Australia. Furthermore, she holds a Professional Diploma in Supply Chain Management by Chartered Institute of Purchasing and Supplies (CIPS) United Kingdom. She is trained by Boston Institute in Performance Contracting and Management. Esther is a certified Lead Auditor for Food Safety Management Systems, Quality Management Systems and Environmental Management Systems. She is also trained in Strategic Leadership Development Program.</p>

<p>3. Director Musa Osman holds a Bachelor of Business Administration degree and is currently pursuing a Bachelor of Arts degree in Political Science and Public Administration at the University of Nairobi. He has served as the Managing Director, Pinnie Agency Ltd, a construction company specializing in delivery of construction projects. He was the Finance Manager, Olchoro Communications Limited and a Human Resource Director of Difawa Investments. He Joined the NSC in December 2023, as an independent director and chairs the Corporate Services and a member of Technical Services Committees.</p>	 <p>Musa Osman Board Member DOB: 17th April 1985</p>
<p>4. Director Stephen Yego holds a Master's in Business Administration in Strategy Management and a Bachelor of Arts (Anthropology & Economics) from University of Nairobi. He has served as the Managing Director at Tarzan Limited, Senior Operations and Compliance Officer at the National Hospital Insurance Fund, Administration Manager at Phylnets Communication Ltd and Kenya National Examination Council (KNEC). He Joined the NSC on 24th February 2023 as an independent director and chairs the Technical services and a member of Audit and Risk Assurance committee.</p>	 <p>Stephen Kipkosgei Yego Board member DOB: 15th September 1969</p>
<p>5.</p>  <p>Patricia Okune Board Member DOB: 1st September 1962</p>	<p>Director Patricia Okune holds a Master of Science in Environmental Biology from Rongo University, Bachelor's degree in Education - science from Catholic University of East Africa, a diploma in Education management, a Diploma in Science Education and a certificate course in guidance and counselling. She previously worked as Senior Principal at Lwanda Kawuor Mixed Secondary School and deputy Principal at Rapedhi Mixed Secondary school. She Joined the NSC on 24th February 2023 as an independent director and chairs the Governance and Strategy and a member of Corporate services Committees.</p>

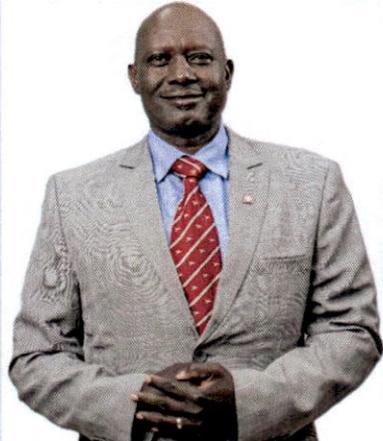
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<p>6.</p>	<p>Director Francis Kuria holds a Diploma in mechanical Engineering from Kenya Polytechnic and is a CPA holder from Graffins College Nairobi. He has served as the Managing Director, Karu Engineering Services and a Workshop Manager at Thika Motor Dealers. He has also served as a Board Member in Thika Girls Kiribaribi and Chania Boys High School. He joined the NSC on 24th February 2023 as an independent director, a member of Technical services and Governance and strategy committees.</p>	 <p>Francis Karu Kuria Board Member DOB: 20th November 1962</p>
<p>7.</p>	 <p>Grace Nyabonyi Momanyi Board Member DOB: 4th May 1987</p>	<p>Director Momanyi Nyabonyi holds a Bachelor of Law Degree from University of Nairobi and a post Graduate diploma in Law from the Kenya School of Law. She is a Certified Secretary of Kenya (CPSK) and an accredited Governance Auditor by the Institute of Certified Secretaries of Kenya. Director Momanyi is the Managing Partner of Morayo Advocates LLP and collaborates with the Institute of Certified Secretaries and the Kenya School of Law to facilitate workshops and trainings in Corporate Governance as well as undertaking Governance Audits. She joined the NSC on 24th February 2023 as an independent director and chairs the Audit and Risk Assurance and a member of Governance and Strategy committees.</p>
<p>8.</p>	<p>Director John Njera is currently the Director of Planning, Macro and Fiscal Affairs Department at the National Treasury. He holds a Master in Computer Science from National University of Science and Technology and a BSC in Mathematics from Kenyatta University. He was appointed as the alternate member of the Principal Secretary, National Treasury on 7th February 2023. He is a member of Corporate services and Audit and Risk Assurance committee.</p>	 <p>John Kaggieh Njera Board Member DOB: 2nd July 1967</p>

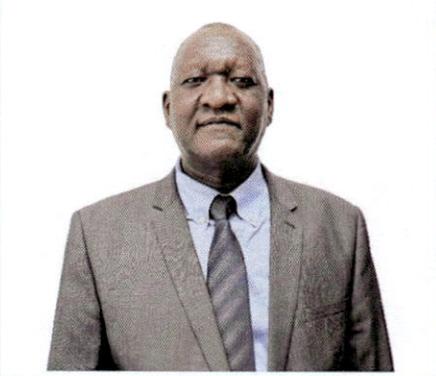
<p>9.</p>	 <p>Nimo Omar Haji Board Member DOB: 1st January 1981</p>	<p>Director Nimo Haji holds a Bachelor of Arts in Business and Administration and a diploma in Business Administration from Mount Kenya University. She has served as the General Manager Strategy and Shared services at Ruffino Consulting & Investment Co. Limited. She previously worked as the Chief Executive officer at Alert Guard Services Limited, Accounts Manager at Llyode and also worked for the County assembly - Nairobi County. She Joined the NSC on 9th June 2023 as an independent director and a member of Corporate services and Governance and strategy committees.</p>
<p>10.</p>	<p>Director Eng. Kennedy Wabwile holds a Master of Science in Mechanical Engineering, Industrial Engineering & Management option and a Bachelor of Science in Mechanical Engineering from the University of Nairobi. He has a Certificate in computer proficiency, Computer Aided Design and Manufacturing and Training of Trainers by Modern Management institute, Nairobi. He's currently acting Director - Kenya Industrial Training Institute. He previously worked as a Deputy Director of Industries in the Ministry of Investment, Trade and industry, and Head of Secretariat for Scrap Metal Council. He joined the NSC on 26th January 2023, and is the alternate to the Principal Secretary, State Department for Industry and member of Technical services and Audit and risk Assurance committees.</p>	 <p>Eng. Kennedy Wabwile Simiyu Board Member DOB 5th July 1973</p>
<p>11.</p>	 <p>Miriam Boit Kahiro - Corporation Secretary</p>	<p>Director Miriam Boit-Kahiro holds a Master's Degree (LLM) in International Corporate Governance & Financial Regulation from the University of Warwick, United Kingdom and a Bachelor's Degree in Law from Moi University and a post Graduate diploma in Law from the Kenya School of Law. She is an Advocate of the High Court of Kenya, a Commissioner for Oaths and a Certified Secretary of Kenya. She is a member of both the Law Society of Kenya and the Institute of Certified Secretaries of Kenya. She has legal experience spanning over 15 years with expertise in the fields of Capital Markets, Public Sector Regulatory Affairs and Corporate Governance.</p>

4. KEY MANAGEMENT TEAM

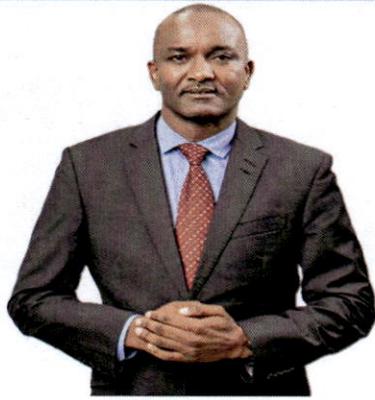
	Management	Details
1.	 <p data-bbox="437 832 647 891">Esther Njeri Ngari Managing Director</p>	<p data-bbox="815 395 1474 912">Esther Ngari is the Managing Director of Kenya Bureau of Standards (KEBS). Prior to this role, she served as the Director, Standards Development and International Trade at KEBS for over four (4) years. She holds a Master of Business Administration from JKUAT and a Bachelor's Degree in Dairy Science and Food Technology from Egerton University. She has completed additional studies in Agribusiness, Value Chain Analysis and Development from the University of Queensland, Australia. Furthermore, she holds a Professional Diploma in Supply Chain Management by Chartered Institute of Purchasing and Supplies (CIPS) United Kingdom. She is trained by Boston Institute in Performance Contracting and Management. Esther is a certified Lead Auditor for Food Safety Management Systems, Quality Management Systems and Environmental Management Systems. Esther is also trained in Strategic Leadership Development Program.</p>
2.	 <p data-bbox="309 1421 778 1480">Dr. Geoffrey Muriira Director - Quality Assurance & Inspection</p>	<p data-bbox="815 956 1474 1109">Dr. Geoffrey Muriira holds a PhD in Medical Biochemistry from Kenyatta University, Masters of Plant Biotechnology from Marche Politecnica Universitat in Ancona, Italy, Masters of Science in Biochemistry and a Bachelor of Science Degree in Biomedical both from Egerton University.</p>

3.	 <p>Peter Nganga Kaigwara Director - Market Surveillance</p>	<p>Peter Kaigwara holds a Master of Science Degree in Environmental Chemistry and Bachelor of Science degree in Chemistry from the University of Nairobi.</p>
4.	 <p>Mohammed Adan, FCCA Director - Finance and Strategy</p>	<p>Mohammed Adan holds a Master of Science in Accounting and Financial Management and a Bachelor's Degree in Accounting & Business Management from University of Hertfordshire (UK). He is a Chartered Accountant and a Fellow of the Association of Chartered Certified Accountants (ACCA).</p>
5.	 <p>Chriss Kibett Director- Human Resource and Administration</p>	<p>Mr. Chriss Kibett holds a Master's Degree in Business Administration from University of Nairobi, a BSC from Kenyatta University and a Higher National Diploma in Human Resource Management.</p>

6.	 <p>Dr. Henry Kibet Rotich Director - Metrology & Testing</p>	<p>Dr. Henry Rotich holds a PhD in Hydrology and Water Resources from Jilin University, China and a Master of Science in Analytical Chemistry from North East Normal University, China. He also holds an Executive MBA from JKUAT and a BSC in Chemistry from University of Nairobi and a member of Chemical Society of Kenya.</p>
7.	 <p>Zacharia Lukorito Director, Standards Development and International Trade</p>	<p>Zacharia Lukorito holds MSC in Industrial Engineering and Management from Dedan Kimathi University of Technology, MSC in Computer Based Information Systems from the University of Sunderland - UK and a BSC in Mechanical Engineering from the Jomo Kenyatta University of Agriculture and Technology.</p>
8.	 <p>Miriam Boit Kahiro Director - Legal Services and Corporation Secretary</p>	<p>Director Miriam Boit-Kahiro holds a Master's Degree (LLM) in International Corporate Governance & Financial Regulation from the University of Warwick, United Kingdom and a Bachelor's Degree in Law from Moi University and a post Graduate diploma in Law from the Kenya School of Law. She is an Advocate of the High Court of Kenya, a Commissioner for Oaths and a Certified Secretary of Kenya. She is a member of both the Law Society of Kenya and the Institute of Certified Secretaries of Kenya. She has legal experience spanning over 15 years with expertise in the fields of Capital Markets, Public Sector Regulatory Affairs and Corporate Governance.</p>

9.	 <p>Samson Butichi Chief Manager - Planning and Strategy and Quality Management Representative</p>	<p>Samson Butichi holds an MBA in Strategic Management from ESAMI/MsM and a Bachelor of Science Degree in Chemistry/Biochemistry from Egerton University. He is a KEBS CB Registered Lead Auditor, Lead Trainer, and member of the Kenya Institute of Management.</p>
10.	 <p>Jane Ndinya Chief Manager - Supply Chain</p>	<p>Jane Ndinya holds a Master's Degree in Strategic Management from University of Nairobi and a Bachelor of Education Degree (Accounts, Commerce and Economics) from University of Nairobi. She is a member of the Chartered Institute of Procurement and Supplies and Kenya Institute of Supplies Management.</p>
11.	 <p>CPA Solomon Tonkei Naiguta Chief Manager - Finance</p>	<p>CPA Solomon T. Ole Naiguta holds a Master's of Science Degree (Finance) from the University of Nairobi and Bachelor of Commerce in Finance from Catholic University of Eastern Africa. He is a CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>

12.



CPA Eric Kirubi
Chief Manager – Internal Audit

CPA Eric Kirubi holds a Master of Business Administration in Strategic Management from Kenyatta University and a Bachelor of Commerce degree (Accounting Option) from the University of Nairobi. He is a Certified Public Accountant of Kenya, Certified Internal Auditor, Certified Information Systems Auditor, Certified in Risk Management Assurance, Certified Fraud Examiner, Certified Investment & Financial Analyst and Certified Public Secretary of Kenya. He is a member of the Institute of Certified Public Accountants of Kenya, Institute of Internal Auditors, ISACA, Association of Certified Fraud Examiners and Institute of Certified Secretaries of Kenya.

5. CHAIRMAN'S STATEMENT



The National Standards Council (NSC) is entrusted with the critical oversight responsibility of ensuring that the Kenya Bureau of Standards (KEBS) upholds its mandate to deliver high-quality Standards, Metrology, and Conformity Assessment (SMCA) services to the citizens of Kenya. In line with this mandate, and in accordance with the Public Finance Management Act and best governance practices, it is my privilege to present the KEBS Annual Report and financial statements for the financial year 2024/2025.

This report reflects our ongoing efforts to strengthen transparency, financial stewardship, and results-based management within KEBS, as guided by our 2023 – 2027 Strategic Plan. The NSC remains committed to driving institutional performance and ensuring that every shilling entrusted to KEBS contributes meaningfully to our mission — enhancing quality, protecting consumers, and supporting Kenya's industrial and trade ambitions.

In the year under review, we have continued to pursue our vision of positioning KEBS as a global leader in standards-based solutions for trade and sustainable development by 2027. Our strategy is built around six thematic areas, structured into three Strategic Pillars namely — Trade Facilitation, Technical Services and Standards — and three Strategic Foundations namely — Technology & Innovation, Institutional Capacity, and the Legal and Policy Framework.

These areas are supported by clear Key Performance Indicators (KPIs) that guide implementation, measure value for money, and assess our impact. The Council, through its oversight role, has monitored these KPIs closely, aligning financial resource allocation with strategic priorities and ensuring accountability at all levels.

The highlights that follow present our financial performance and key milestones for the FY 2024/2025, demonstrating prudent management of resources, steady progress toward strategic goals, and our readiness to deliver even more value in the coming year.

Table 3: Key Milestones for the FY 2024/2025

Theme	Strategic Focus Areas	KPIs	Cumm. Score	Cumm Target	% Cumm. Score
Trade Facilitation: To transform KEBS regulatory service provision	SP1.1: Promotion of MSMEs for enhancement of their competitiveness	SP1.1.2 Provide capacity building for 10,000 MSMEs	6,454	8,840	73%
	SP1.2: Establish and operationalize destination inspection of imports	SP1.2.1: Increase in number of used Motor vehicles subjected to destination inspection from 1,868 to 41,500	5,408	2,700	200%

		SP 1.2.2: Increase in number of consignments subjected to destination inspection (DI) from 170,000 to 273,000	272,031	273,000	100%
SP2: Technical Services: To transform and enhance the KEBS technical services to global standards with Africa regional coverage	SP2.3 Increase scope and regional coverage for Systems certification and training services	SP2.3.2 Increase certification coverage to all Regional Economic Communities (REC)	5	6	83%
SP3: Standards: To transform standards development for local content and export market needs	SP3.1 Development and harmonization of market driven standards	SP3.1.3: Increase number of market driven harmonized African Standards from 17 to 128	101	100	101%
SF1: Technology and Innovation: To enhance KEBS transformation through automation and integration of systems	SF1.1: Automation of key KEBS processes	SF1.1.1 Increase the level of automation from 68% to 100%	80	80.8	99%
SF2: Institutional Capacity: To strengthen KEBS institutional capacity to enhance productivity and ensure efficient and effective services delivery	SF2.1: Human Capacity: Optimal Staffing and Change Management	SF2.1.1 Increase employee productivity from 2.6 to 2.8	4.8	3.4	141%
SF3: Policy and Legal Framework: To strengthen KEBS legal services for institutional resilience	SF3.1 Management of legal risks	SF3.1.1: Reduce litigation matters by 10% in the first year from the baseline and 5% annually for the subsequent years	56	20	279%

The National Standards Council (NSC) commends the KEBS management for their steadfast commitment in executing the strategic initiatives — a dedication that has translated into robust performance across key performance indicators. Notably, our strategic focus on Technology and Innovation (SF1) continues to align with Kenya's National Development agenda, as envisioned in Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA). This alignment has been instrumental in advancing digital transformation, particularly in standards development and trade facilitation.

One of the standout milestones during this reporting period has been the enhanced automation of internal systems (SF1.1.1). These improvements have significantly streamlined KEBS operations, making it easier and faster for Micro, Small, and

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medium enterprises (MSMEs) to comply with global standards. The result is not just operational efficiency — it is tangible support for Kenya's industrialization goals and increased competitiveness for local enterprises in both regional and international markets.

However, the financial year 2024/2025 was not without its challenges. Budgetary constraints led to the postponement of several critical infrastructure projects, while legal disputes introduced unexpected pressures on financial operations. Despite these headwinds, KEBS demonstrated resilience — underpinned by a strong internal control environment and continued compliance with international management system standards in Quality, Business Continuity, Anti-Bribery, and Information Security. These certifications reflect not only a commitment to best practices but also a culture of integrity and continuity that has safeguarded service delivery.

On behalf of the National Standards Council, I extend my deepest appreciation to all our stakeholders, namely, government agencies, development partners, the private sector, and consumers for their ongoing support and collaboration. I also wish to sincerely thank the KEBS management and staff for their tireless dedication throughout the year. Their work is not only moving the institution forward — it is helping secure Kenya's future through the power of standards.

With these continued efforts, I am confident that KEBS will realize its 2027 vision of becoming a global leader in standards-based solutions for trade and sustainable development.

**Hon. Dr. Chrisantus Wamalwa, CBS
CHAIRMAN,
NATIONAL STANDARDS COUNCIL**



Date: 01.12.2025

6. REPORT OF THE MANAGING DIRECTOR

The Kenya Bureau of Standards (KEBS) is committed to advancing Kenya's economic growth by delivering high-quality standards, metrology, and conformity assessment services that empower businesses, protect consumers, and facilitate trade. In the financial year 2024/2025, KEBS pursued its 2023/27 Strategic Plan, guided by six strategic pillars and themes that align with the Bottom-up Economic Transformation Agenda (BETA). These pillars drive our mission to support micro, small, and medium enterprises (MSMEs), enhance trade competitiveness, and foster sustainable development.



The strategic pillars and themes are

SP1: Trade Facilitation: Transforming regulatory services to support MSMEs and trade efficiency.

SP2: Technical Services: Enhancing technical services to meet global and regional standards.

SP3: Standards: Developing standards to support local industries and export markets.

SF1: Technology and Innovation: Improving operational systems for efficient service delivery.

SF2: Institutional Capacity: Strengthening KEBS's capacity for effective operations.

SF3: Policy and Legal Framework: Enhancing legal resilience to support KEBS's mandate.

In the fiscal year 2024/25, KEBS demonstrated commendable financial resilience and operational efficiency, achieving significant revenue growth and strengthening its financial position despite prevailing economic headwinds. The organization's performance underscores its strategic adaptability and commitment to delivering value in a constrained fiscal environment.

Revenue Performance

KEBS generated a total revenue of **Kes 8.044 billion**, marking a **5% increase** from the **Kes 7.631 billion** recorded in FY 2023/24. This growth reflects improved service uptake, enhanced compliance enforcement, and continued expansion of conformity assessment programs across key sectors.

However, the organization missed its annual revenue target by **Kes 935 million**, representing a **10% shortfall**. This was primarily due to a tough business environment characterized by reduced industrial activity and sluggish economic recovery and government-imposed austerity measures, which led to budgetary constraints and reduced spending across public institutions and regulatory engagements.

Operational Efficiency

Total expenditure for FY 2024/25 stood at **Kes 7.078 billion** representing an increase of **Kes 246 million** (approximately 4%) compared to the **Kes 6.832 billion** spent in FY 2023/24. This rise in expenditure was attributed to expansion of operational activities, including conformity assessment services, investment in digital infrastructure and modernization of service delivery platforms, Staff development and capacity-building initiatives to enhance technical competencies and foreign currency volatility affecting procurement and administrative costs.

KEBS significantly improved its cash reserve position to **Kes 994 million** in FY 2024/25 from **Kes 284 million** in the previous FY 2023/24 reinforcing its financial stability, stronger liquidity management and prudent use of financial resources. The organization remains committed to its mandate of promoting standardization and conformity assessment, while continuously improving its financial stewardship and operational effectiveness.

KEBS's annual work plans are built around these pillars, with performance monitored quarterly against key performance indicators (KPIs). In FY 2024/2025, KEBS made significant strides in supporting BETA's vision of empowering grassroots economic growth, as shown in the table below:

Table 4: Annual work plans against Performance Indicators

Theme	Strategic Focus Areas	KPIs	Cumm. Score	Cumm Target	% Cumm. Score
Trade Facilitation: To transform KEBS regulatory service provision	SP1.1: Promotion of MSMEs for enhancement of their competitiveness	SP1.2 Provide capacity building for 10,000 MSMEs	6,454	8,840	73%
	SP1.2: Establish and operationalize destination inspection of imports	SP1.2.1: Increase in number of used Motor vehicles subjected to destination inspection from 1,868 to 41,500	5,408	2,700	200%
		SP 1.2.2: Increase in number of consignments subjected to destination inspection (DI) from 170,000 to 273,000	272,031	273,000	100%
SP2: Technical Services: To transform and enhance the KEBS technical services to global standards with Africa regional coverage	SP2.3 Increase scope and regional coverage for Systems certification and training services	SP2.3.2 Increase certification coverage to all Regional Economic Communities (REC)	5	6	83%
SP3: Standards: To transform standards development for local content and export market needs	SP3.1 Development and harmonization of market driven standards	SP3.1.3: Increase number of market driven harmonized African Standards from 17 to 128	101	100	101%

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SF1: Technology and Innovation: To enhance KEBS transformation through automation and integration of systems	SF1.1: Automation of key KEBS processes	SF1.1.1 Increase the level of automation from 68% to 100%	80	80.8	99%
SF2: Institutional Capacity: To strengthen KEBS institutional capacity to enhance productivity and ensure efficient and effective services delivery	SF2.1: Human Capacity: Optimal Staffing and Change Management	SF2.1.1 Increase employee productivity from 2.6 to 2.8	4.8	3.4	141%
SF3: Policy and Legal Framework: To strengthen KEBS legal services for institutional resilience	SF3.1: Management of legal risks	SF3.1.1: Reduce litigation matters by 10% in the first year from the baseline and 5% annually for the subsequent years	56	20	279%

In FY 2024/2025, KEBS delivered impactful results that align with the Bottom-up Economic Transformation Agenda, focusing on empowering MSMEs and enhancing trade. Notable achievements include:

- **MSME Empowerment:** Certified 6,454 MSMEs products permits and trained 6,062 MSMEs in the manufacturing sector, enabling small businesses to access local and regional markets.
- **Trade Quality Assurance:** Inspected 272,031 consignments and 5,408 used motor vehicles, ensuring safe and compliant imports.
- **Regional Standards Leadership:** Expanded certification to 5 RECs and training scopes to 63, strengthening Kenya's role in African trade.
- **Standards Efficiency:** Achieved a 4.03-month timeline for harmonization of standards and harmonized 101 African Standards, supporting export growth.
- **Operational Resilience:** Automation level at 78%, increased employee productivity to 4.08, and grew revenue to 8.04B (SF2.3.1), enhancing service delivery.
- **Legal Stability:** Reduced litigation matters by 56% from the active cases at the beginning of the financial year (SF3.1.1), bolstering institutional resilience.

These results are underpinned by our balanced scorecard performance management system, which integrates the Government Performance Contract, Strategic Plan KPIs, and quality objectives from our certified management systems for Quality, Business Continuity, Anti-Bribery, and Information Security.

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Significant challenges persisted in FY 2024/2025. The National Treasury's circular of 27th March 2024, maintaining the suspension of capital expenditure projects, halted progress on infrastructure initiatives, including the Mt Kenya – Meru Office & Laboratory (SF2.2.1), KEBS HQ Complex (SF2.2.2), and regional offices (SF2.2.3). KEBS continues to engage the National Treasury to secure approvals for these critical projects. Additionally, ongoing legal disputes and resource constraints posed operational challenges, which we mitigated through robust risk management and financial discipline.

Looking ahead, KEBS remains dedicated to advancing BETA's vision by supporting MSMEs, ensuring quality standards, and driving economic transformation. We are committed to overcoming challenges and delivering on our mandate to foster sustainable growth and consumer trust.



Esther Ngari
Managing Director, Kenya Bureau of Standards

Date: 01/12/25

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

a. Review of Kenya Bureau of Standards Financial Year 2024/25

Kenya Bureau of Standards (KEBS) has six (6) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024/2025. These strategic pillars/ themes/ issues are as follows:

- i. **SP1:** Trade Facilitation: To transform KEBS regulatory service provision
- ii. **SP2:** Technical Services: To transform and enhance the KEBS technical services to global standards with Africa regional coverage
- iii. **SP3:** Standards: To transform standards development for local content and export market needs
- iv. **SF1:** Technology and Innovation: To enhance KEBS transformation through automation and integration of systems
- v. **SF2:** Institutional Capacity: To strengthen KEBS institutional capacity to enhance productivity and ensure efficient and effective service delivery
- vi. **SF3:** Policy and Legal Framework: To strengthen KEBS legal services for institutional resilience

KEBS develops its annual work plans based on the above 6 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. KEBS achieved its performance targets set for the FY 2024/2025 period for its 6 strategic pillars, as indicated in the table below:

Table 5:KEBS FY 2024/25 Performance Based on Strategic Pillars and Foundation

Strategic Pillar/Theme/	Strategic Focus Areas	Key Performance Indicators	Activities	Achievement
Trade Facilitation: To transform KEBS regulatory service provision	SP1.1: Promotion of MSMEs for enhancement of their competitiveness	SP1 1.2 Provide capacity building	Provide capacity building for 10,000 MSMEs	6,454
	SP1.2: Establish and operationalize destination inspection of imports	SP1:2:1: Increase in number of used Motor vehicles subjected to destination inspection.	Increase in number of used Motor vehicles subjected to destination inspection from 1,868 to 41,500	5,408
		SP 1.2.2: Increase in number of consignments subjected to destination inspection	Increase in number of consignments subjected to destination inspection (DI) from 170,000 to 273,000	272,031
SP2: Technical Services: To transform and enhance the KEBS technical services to global standards with Africa regional coverage	SP2:3 Increase scope and regional coverage for Systems certification and training services	SP2.3.2 Increase certification coverage to all Regional Economic Communities	Increase certification coverage to all Regional Economic Communities (REC)	5
SP3: Standards: To transform standards development for local content and export market needs	SP3.1 Development and harmonization of market driven standards	SP3.1.3: Increase number of market driven harmonized African Standards	Increase number of market driven harmonized African Standards from 17 to 128	101

SF1: Technology and Innovation: To enhance KEBS transformation through automation and integration of systems	SF1.1: Automation of key KEBS processes	SF1.1.1 Increase the level of automation	Increase the level of automation from 68% to 100%	80%
SF2: Institutional Capacity: To strengthen KEBS institutional capacity to enhance productivity and ensure efficient and effective services delivery	SF2.1: Human Capacity: Optimal Staffing and Change Management	SF2.1.1 Increase employee productivity	Increase employee productivity from 2.6 to 2.8	4.8
SF3: Policy and Legal Framework: To strengthen KEBS legal services for institutional resilience	SF3.1 Management of legal risks	SF3.1.1: Reduce litigation matters by 10% .	Reduce litigation matters by 10% in the first year from the baseline and 5% annually for the subsequent years	56%

The above achievements are based on the performance management system based on the balanced scorecard. The corporate balanced scorecard derives inputs from the signed Performance Contract with the government, all the KPI deliverables form the Strategic Plan and the quality objectives in the management systems adopted by KEBS.

KEBS has implemented the balanced scorecard since the year 2008 and continually improved the same to consider quality and risk management in an integrated manner.

8. CORPORATE GOVERNANCE STATEMENT

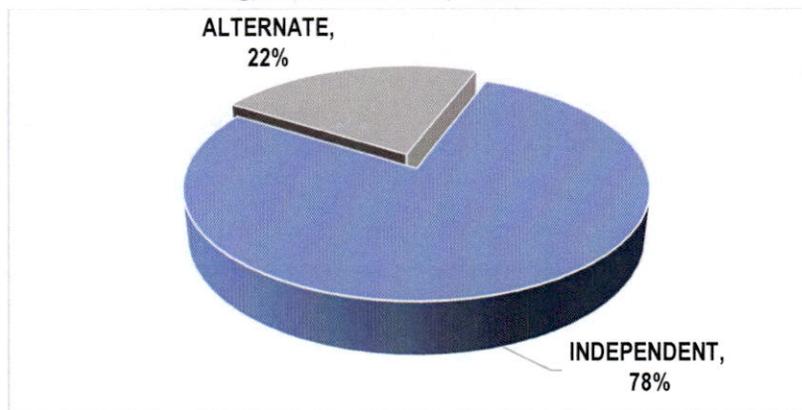
a) Appointment and Removal of Directors.

The process of appointment and removal of Directors is done in line with the Standard Act Cap 496.

b) NSC Composition

During the year under review, the NSC was composed of seven (7) independent non-executive directors and two (2) alternate directors representing Cabinet Secretary, National Treasury and Planning, and Principal Secretary, State Department of Industry (see figure 2). In addition, a representative from the Office of the Inspector General State Corporations attended board meetings.

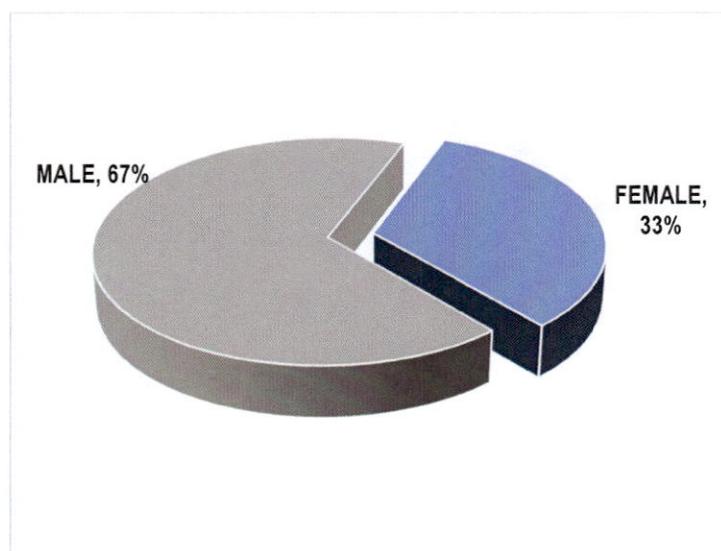
Figure 2: Board Composition



c) NSC Gender Representation

The NSC representation was at 33% female and 67% male as indicated below.

Figure 3: NSC Gender Composition



Corporate Governance Statement (Continued)

d) Board Charter

There is a board charter that provides guidelines to the board in exercising its mandate. The charter was adopted by the organization in accordance with the Mwongozo Code of Governance for State Corporations and is complimentary to the requirements regarding the board and board members contained in applicable Kenyan laws and regulations. The charter is available to all members of the board through the KEBS electronic board document management system (E-board).

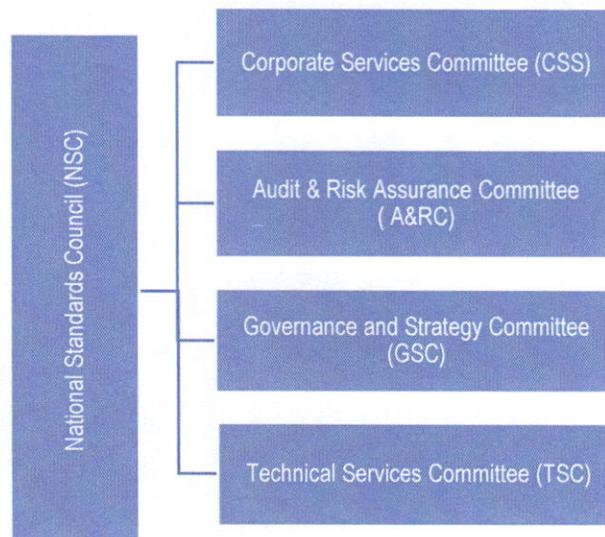
e) The roles and functions of the Board

The roles and functions of NSC members are provided for in the Standards Act, Cap 496, Laws of Kenya and in the Board Charter as follows:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of KEBS;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of KEBS;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The committees of the Board are as presented in Figure 4 below:

Figure 4: NSC Committees



Corporate Governance Statement (Continued)

Table 6: National Standards Council Committee Membership and Roles

NSC Committee Membership	Roles
<p>Technical Services Committee (TSC) Stephen Yego - Chairperson Eng. Simiyu Wabwile Francis Karu Musa Osman Esther Ngari</p>	<ul style="list-style-type: none"> ● Consider final draft Kenya Standards and specifications for declaration or withdrawal. ● Consider Kenya Standards, for declaration by the Cabinet Secretary as mandatory/compulsory. ● Consider waivers and exemptions as per the Act. ● Consider Product Certification Marks for gazettment. ● Consider officers for either gazettment or de-gazettment as inspectors under the Act. ● Consider strategic reports on metrology, testing, quality inspection, quality assurance and market surveillance. ● Consider policies that relate to technical services of the organization. ● Consider proposals for partnerships and engagements with third party entities. ● Consider any other technical reports of Strategic nature. ● Undertake any other functions as may be requested by the Council from time to time.
<p>Audit and Risk Assurance Committee Momanyi Nyabonyi - Chairperson Eng. Simiyu Wabwile John Njera Stephen Yego Gerald Mwangi (in attendance)</p>	<ul style="list-style-type: none"> ● Obtain assurance that all financial and non-financial internal control and risk management functions are operating effectively and reliably. ● Provide an independent review of the Bureau's reporting functions to ensure the integrity of financial and other reports. ● Provide effective oversight of internal audit function. ● Provide effective liaison and facilitate communication between management, internal and external audit. ● Provide oversight over the implementation of accepted recommendations from both internal and external audit as well as other assurance providers. ● Ensure that the Bureau's effectively monitors compliance with ● legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour. ● Any other business directed by the Council
<p>Corporate Services Committee (CSC) Musa Osman- Chairperson John Njera Nimo Haji Patricia Okune Esther Ngari</p>	<ul style="list-style-type: none"> ● Review annual budgets and budget revisions. ● Review quarterly and annual financial reports. ● Consider opening and operationalization of new bank accounts and bank signatories ● Review annual procurement and disposal plans. ● Consider quarterly reports on the implementation of the procurement plan. ● Review and consider reports on capital projects. ● Consider the Human Resource Instruments (Policies, Career Guidelines, Organization Structure and Establishment). ● Oversee implementation of the approved Human Resource Instruments ● Consider policies that relate to non-technical services of the organization. ● Consider any other staff matters of strategic nature.

	<ul style="list-style-type: none"> • Undertake any other functions as may be requested by the Council from time to time.
<p>Governance and Strategy Committee (GSC) Patricia Okune-Chairperson Nimo Haji Momanyi Nyabonyi Francis Karu Esther Ngari Gerald Mwangi (In Attendance)</p>	<ul style="list-style-type: none"> • Oversee the implementation of the Strategic Plan. • Set performance targets in consultation with management. • Consider and approve the organization's quarterly and annual performance under the KEBS/GoK Performance Contract. • Consider organizational ICT architecture to ensure alignment with the organization's strategic goals. • Oversee the implementation of organizational risk management framework. • Oversee the implementation of the Legislative Drafting Plan. • Provide strategic oversight on legal and regulatory compliance, including monitoring of significant legal disputes. • Consider any other strategy and governance reports. • Undertake any other functions as may be requested by the Council from time to time.

f) NSC Induction and Training

The induction of new board members was successfully conducted during the year under review, ensuring a smooth transition and alignment with the organization's strategic objectives. The board members underwent training on KEBS mandate, corporate governance, and other relevant capacity building programs to enhance their effectiveness.

g) Board and Members' performance

The State Corporation Advisory Committee (SCAC) conducts an annual board evaluation to determine their performance. The evaluation was conducted as a self/peer review with each board member completing a form for the Board, Chairman, the board members, MD and the Corporation Secretary. The results are analyzed to obtain a mean score on each rated item.

SCAC issues the evaluation results to the board highlighting areas of good performance and aspects that require improvement. Through these results, the board evaluates and devises strategies on how to perform better,

The board evaluation for FY 2023/2024 was conducted by SCAC on 3rd September 2024. The board evaluation results for the year under review are yet to be submitted by the State Corporation Advisory committee.

h) Number of Board Meetings held

The NSC Committee meetings for the year under review are as presented in Table 4 below. The Committees were reconstituted and renamed towards the end of the financial year as per the table below;

Table 7: Number of Board Meetings held

NAME OF OLD COMMITTEE	NAME OF NEW COMMITTEE	NO. OF MEETINGS
National Standards Council	National Standards Council	19
Finance, Staff and General Purpose Committee	Corporate Services Committee	5
Standards Approval Committee	Governance and Strategy Committee	4
Technical, Trade and Permits Committee	Technical Services Committee	4
Audit and Risk Committee	Audit and Risk Assurance Committee	5

NSC Attendance

The number of meetings per Board member for the year under review are as below;

Table 8: Number of Meetings per Board Member

BOARD MEMBERS	NUMBER OF MEETINGS PER MEMBER PER COMMITTEE						Total Number of Meetings
	NSC	Special Meetings	Technical, Trade and Permits Approval Committee	Standards Approval Committee Meeting	Audit & Risk Committee	Finance, Staff and General Purpose Committee Meeting	
Anthony Munyiri	4	8					12
Dr Wamatwa Wakhungu	4	7					11
Eng. Wabwile Simiyu	4	6	1	2	3		16
Francis Karu	4	8	3	1	2	4	22
Gerald Mwangi	4	4					8
John Njera	2					2	4
Momanyi Nyabongi	4	5	3		5	4	21
Musa Osman	4	7		4		1	16
Nimo Omar Haji	4	3	1	2	3		13
Patricia Okune	4	8	3	1	2	4	22
Stephen Yego	4	8	4	4	3		23

i) Succession Plan

The board has implemented a structured succession plan to ensure leadership continuity and institutional memory. The appointment and retirement of board members are deliberately staggered allowing seamless transition of responsibilities, preservation of strategic oversight and governance standards and also integration of fresh perspectives while retaining experienced leadership. This supports the board's commitment to effective stewardship.

j) Policy to Manage Conflict of Interest

The NSC members are obligated to fully disclose to the Board any real or potential conflict of interest whether direct or indirect. Declaration of conflict of interest is a standing agenda item in all Board and Committee meetings prior to discussion of a substantive agenda.

k) NSC Remuneration

The NSC remuneration was done as per the State Corporations Act and relevant Government Circulars. As per these circulars, the board members are entitled to various allowances as per the table below;

Table 9: Board Member Allowances

ENTITLEMENT	CHAIRMAN	MEMBERS
Honoraria per Month	80,000	N/A
Sitting Allowance	20,000	20,000
Accommodation Allowance outside Nairobi	18,200	18,200
Mileage Allowance	As per AA rates with a limit of 1800cc	As per AA rates with a limit of 1800cc
Lunch Allowance	2,000	2,000

l) Ethics and Conduct

In accordance with the Mwongozo, the code of Governance for State Corporations, board members are expected to uphold the highest standards of ethical conduct, integrity and professionalism, in the execution of their duties.

m) Governance Audit

A governance audit for FY 2024/25 is yet to be conducted.

n) Communication Policy

KEBS communication policy for the board is guided as below;

- Only the Chairperson, MD, or a designated spokesperson may speak publicly or to the media on behalf of the board.
- Board members must not disclose confidential matters or speak on behalf of the board unless formally authorized.
- All communication with regulatory bodies or government institutions should be routed through the appropriate channels.
- Any communication with shareholders, employees, clients, or the public must align with the board's official resolutions and strategic objectives.
- The board must ensure timely updates to stakeholders on major decisions or changes affecting the organization.
- Board members must avoid posting confidential, inaccurate, or unauthorized information about the organization on social media.

o) Terms of Reference (TOR) of Committees

The new committees of the NSC were reconstituted with TOR as per table below;

Table 10: Terms of Reference of Committees

Committee	Terms of Reference
<p>Technical Services Committee (TSC): This Committee is responsible for providing strategic oversight, guidance, and advisory on all technical functions of the Bureau. Its overall responsibility is to consider and review reports and policies emanating from technical functions to ensure alignment with the mandate of the organisation.</p>	<ul style="list-style-type: none"> a) Consider final draft Kenya Standards and specifications for declaration or withdrawal. b) Consider Kenya Standards, for declaration by the Cabinet Secretary as mandatory/compulsory. c) Consider waivers and exemptions as per the Act. d) Consider Product Certification Marks for gazettelement. e) Consider officers for either gazettelement or de-gazettelement as inspectors under the Act. f) Consider strategic reports on metrology, testing, quality inspection, quality assurance and market surveillance. g) Consider policies that relate to technical services of the organization. h) Consider proposals for partnerships and engagements with third party entities. i) Consider any other technical reports of Strategic nature. j) Undertake any other functions as may be requested by the Council from time to time. Delegated Authority: For the purposes of Section 9 (3) of the Act, the Chairman of the National Standards Council together with the Chairman of the TSC are authorised by the Council to sign waivers presented by the Waiver Evaluation Technical Committee (WETC) for submission to the Cabinet Secretary.
<p>Corporate Services Committee (CSC): This Committee is established to provide strategic oversight and policy guidance on matters relating to financial management, human capital, and corporate services. The overall responsibility of this Committee is to ensure that the organisation operates with financial prudence, a competent and motivated workforce, and efficient corporate services aligned with organization's mandate.</p>	<ul style="list-style-type: none"> a) Review annual budgets and budget revisions. b) Review quarterly and annual financial reports. c) Consider opening and operationalization of new bank accounts and bank signatories d) Review annual procurement and disposal plans. e) Consider quarterly reports on the implementation of the procurement plan. f) Review and consider reports on capital projects. g) Consider the Human Resource Instruments (Policies, Career Guidelines, Organization Structure and Establishment). h) Oversee implementation of the approved Human Resource Instruments i) Consider policies that relate to non-technical services of the organization. j) Consider any other staff matters of strategic nature. k) Undertake any other functions as may be requested by the Council from time to time.
<p>Governance and Strategy Committee (GSC): This Committee is established to provide oversight and guidance on the organization's strategic direction, corporate governance framework, risk management and regulatory compliance. The overall responsibility of this committee is to align corporate strategy with sound governance principles and legal obligations, thereby enhancing organizational resilience, sustainability, and stakeholder confidence. The purpose of this Charter is to provide the terms of reference and guidelines as to the roles and responsibilities of the GSC.</p>	<ul style="list-style-type: none"> a) Oversee the implementation of the Strategic Plan. b) Set performance targets in consultation with management. c) Consider and approve the organization's quarterly and annual performance under the KEBS/GoK Performance Contract. d) Consider organizational ICT architecture to ensure alignment with the organization's strategic goals. e) Oversee the implementation of organizational risk management framework. f) Oversee the implementation of the Legislative Drafting Plan. g) Provide strategic oversight on legal and regulatory compliance, including monitoring of significant legal disputes. h) Consider any other strategy and governance reports. i) Undertake any other functions as may be requested by the Council from time to time.

	<p>Delegated Authority: GSC is authorized by the Council to consider and approve the KEBS/GoK quarterly and annual Performance Contract reports and thereafter present the same to the Council for ratification. This will enable the Bureau complies with Performance Contracting reporting timelines.</p>
<p>Audit and Risk Assurance Committee (ARAC): This Committee is established to provide independent oversight on the integrity of financial reporting, the effectiveness of risk management and internal controls, and the performance of internal and external audit functions.</p>	<ul style="list-style-type: none"> a) Obtain assurance that all financial and non-financial internal control and risk management functions are operating effectively and reliably. b) Provide an independent review of the Bureau's reporting functions to ensure the integrity of financial and other reports. c) Provide effective oversight of internal audit function. d) Provide effective liaison and facilitate communication between management, internal and external audit. e) Provide oversight over the implementation of accepted recommendations from both internal and external audit as well as other assurance providers. f) Ensure that the Bureau effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour. g) Any other business directed by the Council.

p) Policy on related party transactions

Related parties include individuals or entities that have control, joint control, or significant influence over the organization, including board members, senior management, and their immediate families, as well as affiliated entities.

The Board is committed to ensuring transparency, integrity, and accountability in all business dealings, including transactions involving related parties. In line with the best corporate governance practices, KEBS has established the following policy on Related Party Transactions (RPTs):

- **Approval and Disclosure**

All related party transactions must be disclosed to the Board and are subject to prior review and approval by the Board or a designated Board Committee (e.g. the Corporate Services Committee). This ensures such transactions are carried out on an arm's length basis and in the best interests of the organization and its stakeholders.

- **Review Criteria**

In evaluating RPTs, the Board shall consider: Whether the transaction is fair and reasonable, the commercial terms compared to market standards, potential conflicts of interest, impact on shareholder value and corporate reputation.

- **Monitoring and Reporting**

All approved RPTs must be recorded, periodically reviewed, and disclosed in accordance with applicable laws, financial reporting standards, and regulatory requirements. Material RPTs shall be disclosed in the Company's annual report.

- **Board Oversight**

The Board shall ensure that an effective framework is in place for the identification, assessment, and management of RPTs to protect the interests of all stakeholders.

9. MANAGEMENT DISCUSSION AND ANALYSIS

9.1 Financial and Operational Performance of the Organisation

This annual report presents a comprehensive review of the Kenya Bureau of Standards (KEBS) performance during the FY 2024/25 aligned with its strategic objectives and the Government of Kenya (GoK) performance contract indicators. The section provides an in-depth analysis of:

Financial and Operational Performance: Key achievements, revenue trends, cost management, and efficiency improvements across core functions.

Performance Management Challenges: Constraints encountered in meeting targets, resource limitations, and systemic issues affecting delivery.

Major Organizational Risks: Strategic, operational, and compliance risks that could impact KEBS's mandate and sustainability.

Corporate Social Responsibility (CSR): Initiatives undertaken to support communities, promote sustainability, and uphold ethical standards.

Together, these insights offer a holistic view of KEBS's progress, resilience, and commitment to excellence in public service delivery.

9.1 Financial and Operational Performance of the Organisation

The operations of KEBS were based on the Strategic Plan 2023-2027 and the annual KEBS-GOK Performance contract guidelines. The annual work plans were implemented using the Performance Management methodology. Presented below are the discussion and analysis of KEBS performance for the period under review.

a) Financial Performance

KEBS has posted impressive financial performance, though below what was projected in the annual revenue target for the year under review. The expenditure was within the annual target despite austerity measures instituted by the National Treasury to control expenditure escalation. The detailed explanation on revenue and expenditure are as follows;

i. Revenue Performance Overview

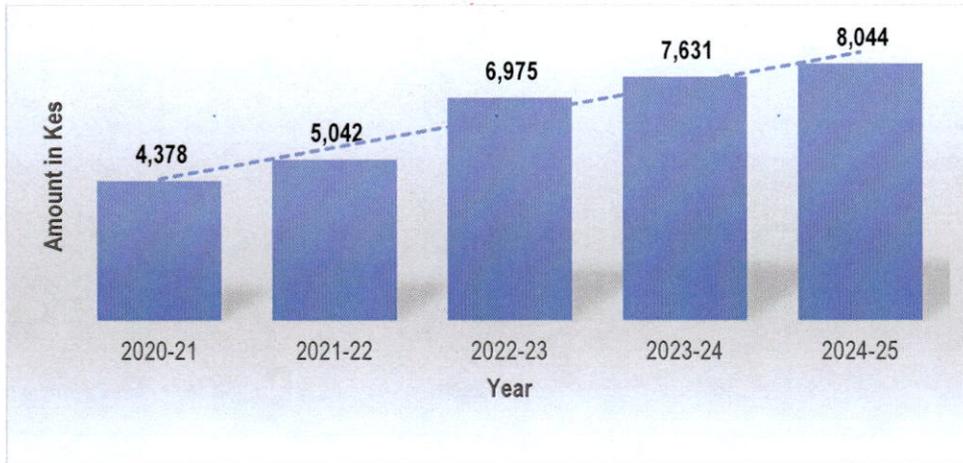
Over the past five years, KEBS has experienced consistent revenue growth culminating in a landmark performance during the FY 2024/25. As illustrated in **Figure 5** below, the total revenue reached a peak of **Kes 8.044 billion**. This notable achievement was largely attributed to KEBS Management enhanced operational efficiency driven by the adoption of advanced technologies which significantly improved both revenue generation and collection processes.

Compared to the previous financial year, overall revenue rose by **5%** thus reflecting strong performance across key revenue streams. The most significant contributors to this growth were Standardization Mark Fees and Destination Inspection Fees which increased by **31%** and **9%** respectively. These were driven by enhanced trade activities leading to a higher inspection volumes, streamlined service delivery, improved compliance and expanded coverage.

This upward trajectory underscores KEBS strategic focus on digital transformation and service optimization, positioning the organization for self-sustained financial health and operational excellence.

Management Discussion and Analysis (Continued)

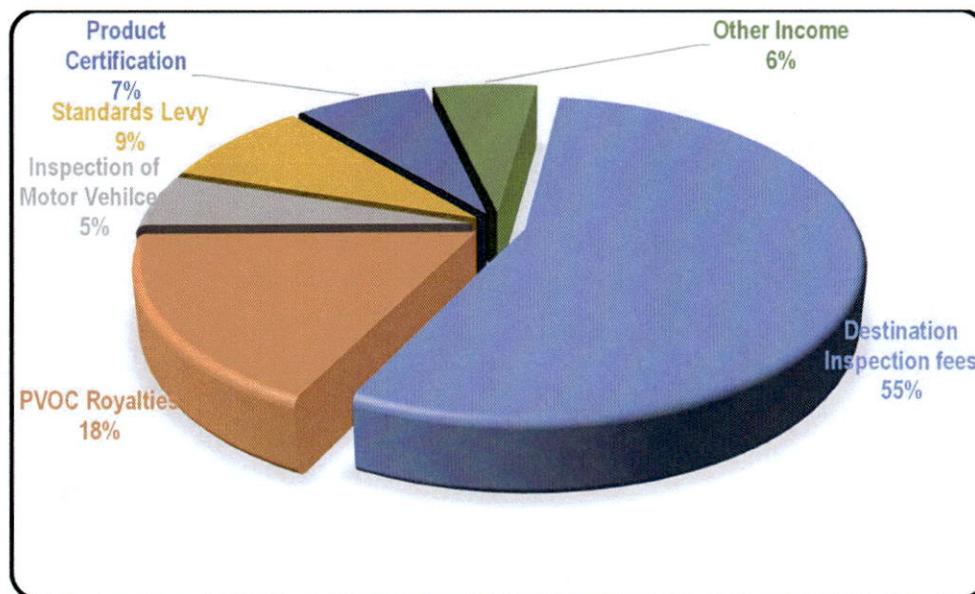
Figure 5: Comparative Analysis of Revenue Performance Over a five-year Period



Further analysis showed that revenue generation in FY 2024/25 was primarily driven by five major revenue streams. Destination inspection accounted for the largest share at **55%**, underscoring its central role in KEBS's financial structure. This was followed by PVOC royalties at **17%**, standards levy at **9%**, product certification at **7%**, and motor vehicle inspection contributing **5%**. The remaining revenue was derived from other supplementary sources.

The breakdown of these key revenue streams is as illustrated in **Figure 6** below which provides a clear view of the organization's revenue composition and the relative weight of each stream in sustaining operations and strategic initiatives. The five major revenue streams analysis is as presented in Figure 6 below.

Figure 6: Revenue Streams Distribution by Percentage

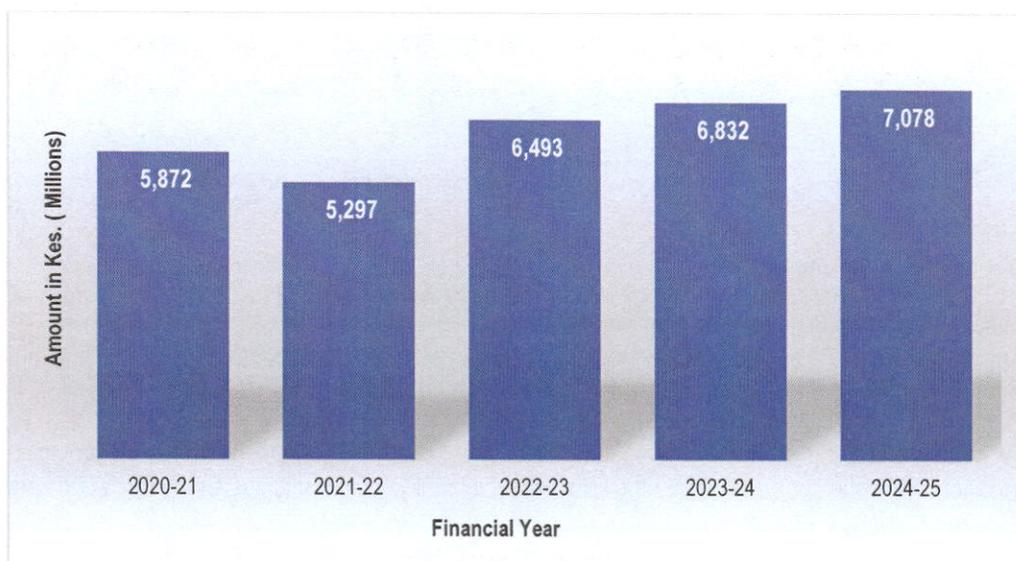


i. Expenditure

During the FY 2024/25, KEBS recorded a total expenditure of **Kes 7.07 billion**, up from **Kes 6.83 billion** in the FY 2023/24. This reflects a year-on-year increase of approximately **4%**, driven by expanded operational activities, investment in technological infrastructure and enhanced service delivery initiatives.

A comparative analysis of expenditure trends over the past five years is presented in **Figure 7** below, highlighting the organization's evolving cost structure and strategic spending priorities. The upward shift in expenditure aligns with KEBS's commitment to strengthening institutional capacity while maintaining fiscal discipline.

Figure 7: Comparative Analysis of Recurrent Expenditure Over a Five-Year Period



The distribution of recurrent expenditure is as presented in Figure 8 below

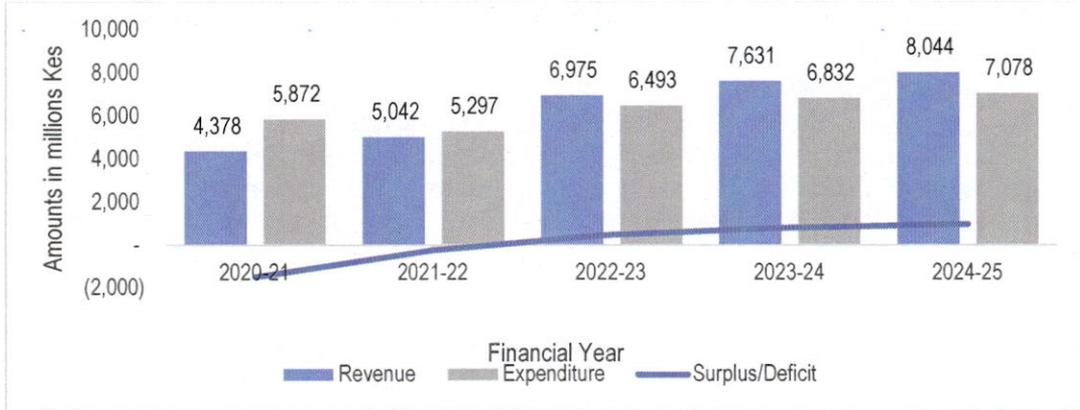
Figure 8: Recurrent Expenditure Distribution by classification



Management Discussion and Analysis(Continued)

The revenue and expenditure analysis for the last five years are as represented by the figure 9 below:

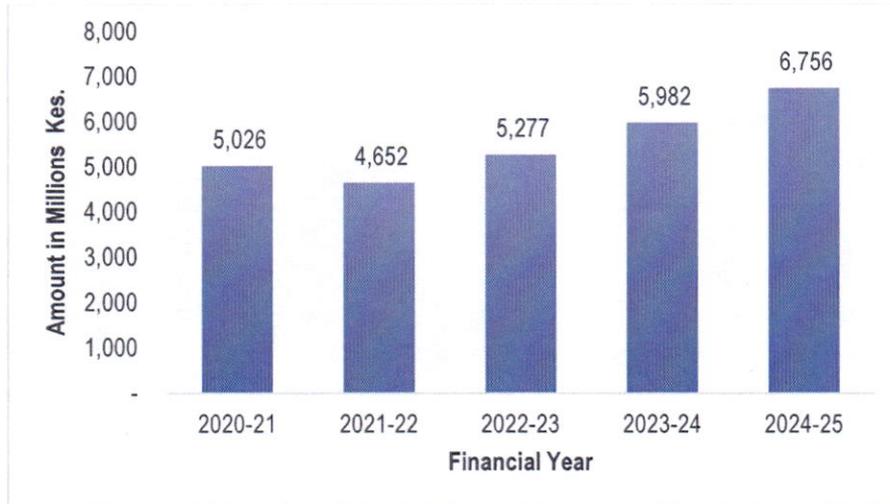
Figure 9: Revenue and Expenditure performance over a Five-Year Period



iii) Total Assets

Over the last 5 years the value of total assets has gradually increased due to enhanced capital expenditure. The total assets over the last five financial years are as presented in figure 10 below:

Figure 10: Comparative Analysis of Total Assets Performance Over a five-year Period



b) Operational Performance

The overall percentage of cumulative achievement performance score for KEBS in 2024/25 FY was **134%**. This was an excellent **performance**. It is important to note that this was a great improvement in operational performance in the year under review as compared to 2023/24.

c) **Challenges related to performance management**

Despite notable achievements in FY 2024/25, KEBS faced several challenges that impacted overall corporate performance:

- i. **Delayed Budget Approval & Fiscal Consolidation**-The late approval of the FY 2024/25 budget, combined with stringent fiscal consolidation measures, constrained spending flexibility. This hindered timely service delivery and slowed down implementation of key initiatives.
- ii. **Sectoral Contractions & Economic Headwinds**-Economic downturns in critical sectors—particularly **Manufacturing, Construction, and Agriculture**—alongside a challenging business environment, negatively affected revenue collection, especially from sources like the standards levy.
- iii. **Operational Disruptions Due to Litigation**-Ongoing legal proceedings against KEBS disrupted normal operations, diverting resources and attention from core functions and strategic priorities.
- iv. **Inflationary Pressures & High Cost of Living**-Rising inflation and the associated increase in the cost of living eroded consumer purchasing power and escalated the cost of doing business, impacting both service uptake and operational efficiency.
- v. **Inadequate Technical Staffing**-Shortages in technical personnel during the year under review limited capacity in key areas, affecting service delivery and slowing down progress in specialized functions.

Management Discussion and Analysis (Continued)

9.2 Key Projects and Investments Decision

During the year under review, KEBS undertook various projects as summarised in the Tables below;

Table 11:100% Completed, ongoing projects and Prioritized projects awaiting National Treasury Approval

SNO.	100% Completed Projects	Ongoing Projects	Prioritized projects awaiting National Treasury Approval
1.	Mombasa Complex Epoxy Flooring in labs and tilling in common areas.	Completion of MV Inspection Centre at Naivasha	Construction of KEBS HQ Complex
2.	Construction of perimeter fence for KEBS land in Meru (Ruiru-Rwareka Land)	Completion of MV Inspection Centre at Dongo Kundu Special Economic Zone (SEZ) (Acquisition of land ongoing)	Construction of KEBS Meru Office and Laboratories
3.	Perimeter wall/Razor/Electric Fence – Lake Region	Automation of key KEBS processes (CB & NQI Systems)	
4.	Development of the Legal Automation Plan and System (LeMIS)	Automation of key KEBS processes (EDRMS)	
5.	Modernization of the National Measurement Standards.	Mombasa Complex renovations	
6.	Modernization of Testing and Calibration Laboratories (Polymer laboratory)	Implementation of Biometrics Access Control/Time and Attendance Control Units project	
7.	Proposed Office Remodeling for KEBS Office at Polo Centre, Nakuru	Network Access Control	
8.	Acquisition of Additional space & labs at AFC Meru Office	Inventory Management System	
9.	Supply, Installation, Testing, Commissioning and Maintenance of Solar Security Street Lights at HQ	The impact of standards on Kenya's social economy: an in-depth analysis	
10.	Proposed Office Remodeling for KEBS Office at Outspan Plaza-Nyeri	The school bag study: how much weight do Kenyan learners carry to school	
11.		Quality infrastructure for electric vehicles in Kenya	
12.		Electric vehicle battery lifespan in Kenya: an assessment of the impact of initial state of health and charging conditions	
13.		Assessment of the data management maturity level at the Kenya bureau of standards (KEBS): a required first step towards data-driven transformation	

Table 12: Donor Funded projects

SNO.	100% Completed Projects	Ongoing Projects
1	Cobalt 60	Business Environment and Export Enhancement Program (BEEEP) Funded by European Union (EU).
2	AGRIFI Project (MESPT)	EU-EAC Market Access Upgrade Programme (MARKUP II) Project, Funded by the European Union (EU).
3	Economic Reform & Recovery Activity (ERRA) Africa (TMA)- (Renovation and construction of laboratories at KEBS Moyale offices – Funded by Trademark Africa (TMA)	Kenya Industry Entrepreneurship Program (KIEP) Project Funded by World Bank
4	KIBT-JICA Project for Enhancing Enterprise Competitiveness in Kenya (EECK) Japan International Cooperation Agency (JICA), Funded by JICA	Food Safety and Forensics funded by National Research Fund (NRF) Kenya
5		IEC Global Impact Fund (IEC-GIF) - Promoting sustainable battery e-waste management in Africa, Funded by the International Electrotechnical Commission (IEC)
6		DANIDA- Climate versatile biological farm to flush surveillance and management of aflatoxins in Kenya

Automation

The Kenya Bureau of Standards (KEBS) has made significant strides in enhancing its operational efficiency through sustained investment in Information Communication and Technology (ICT). This commitment spans both hardware and software infrastructure, aimed at streamlining internal processes, improving service delivery, and ensuring greater transparency. As a result of these efforts, KEBS has achieved an impressive automation level of 78%, enabling faster data processing, real-time monitoring, and improved stakeholder engagement. The organization continues to prioritize digital transformation as a key pillar in its strategic development, positioning itself to meet evolving industry standards and regulatory demands with agility and precision.

9.3 KEBS compliance with statutory requirements

The organisation complied with statutory requirements. At the close of the financial year, the organisation did not have any material statutory arrears except financial obligations in form of commitments that were yet to be actualised. These appear under the statement of capital commitment and litigations.

9.4 Major risks facing the organisation and Mitigation measures

a) Legal Risk

This refers to potential adverse outcomes in litigation which could drive liquidity constraints, thereby limiting financial flexibility of KEBS and potentially jeopardizing the ability to respond to or take advantage of opportunities or meet other ordinary needs. KEBS will implement strategies to mitigate these risks by use of the automation process for contract and cases management; proper legal representation and enhance the internal capacity; alternative dispute resolution i.e. negotiations, mediation, conciliation and setting aside contingency funds for the litigations.

b) Financial Risk

An annual revenue of **Kes 8.044** billion was generated against a target of **Kes 8.979** billion resulting in a shortfall of **Kes 934 million** which was equivalent to **10%**. To mitigate this, KEBS will implement the Resource Mobilization and Cost Reduction Strategy to address the gap.

c) Reputational Risk

KEBS brand identity is extremely important and failure to protect this would result in deterioration of KEBS reputation and potential loss of business. To mitigate, KEBS continues to reinforce its values, policies and processes with employees, business partners and other stakeholders. KEBS takes robust action, where necessary, to protect its trademarks, brand and reputation and commits to implement the communication strategy and stakeholder engagement programmes.

d) Information Security and Business Continuity Risks

KEBS has integrated the implementation and certification to ISO 22301:2019 on Business Continuity management and ISO 27001:2022 on Information Security Management. Integration of these systems has led to alignment of relevant documents and implementation of the standards. This has in turn resulted to improved efficiency and effectiveness of implementation of the system and reduced the cost of implementation.

In the year under review, KEBS was subjected to a recertification audit by the British Standards Institution and conformed to have put in place sufficient measures to ensure confidentiality, integrity and availability of information in addition to developing Business Continuity Plans that will ensure resumption of its critical activities in the event of a disruption.

9.5 Review of the economy and sector

According to the Kenya National Bureau of Statistics Economic Survey 2025, the global economy showed resilience in 2024, with GDP growing by 3.2%, despite high production costs and tight monetary policies. OECD countries recorded moderate growth of 1.7%, while Emerging Markets and Developing Economies (EMDEs) expanded by 4.2%. Sub-Saharan Africa and the East African Community (EAC) posted growth rates of 3.8% and 5.4%, respectively.

However, 2025 presents elevated global risks. Trade tensions have intensified following the introduction of higher tariffs by the United States and retaliatory measures by major partners such as China and Canada. Additionally, ongoing geopolitical instability in the Middle East and the Russia–Ukraine conflict continues to disrupt global energy markets and supply chains.

Domestically, Kenya's economy remained relatively stable in early 2025. Inflation stood at 3.6% in March 2025, within the Central Bank's target, aided by easing food and energy prices. However, costs of processed goods have increased due to external shocks. Real GDP growth slowed to 4.6% in 2024, driven by adverse weather, high interest rates, and public protests in mid-2025, which temporarily disrupted business activity.

Despite these challenges, the economy is expected to rebound to 5.4% growth in 2025, supported by recovery in agriculture, resilience in services, and improved macroeconomic fundamentals such as a stabilized exchange rate and declining inflation. Nevertheless, structural issues including weak industrial output, limited formal employment growth, and reduced development spending remain constraints to sustained recovery.

Implications for KEBS:

- These global dynamics may reduce the volume of international trade, potentially impacting KEBS' revenue from PVoC programs
- Rising input costs and disrupted supply chains may increase local demand for product standards and regulatory compliance.
- Delays in regional harmonization may affect KEBS' engagement in cross-border standardization and certification programs.
- Economic recovery is anticipated to increase demand for KEBS services in product testing, certification, and standards development.
- Stabilized inflation and exchange rates are expected to support cost control and financial planning.
- Recent protests and reduced public investment may impact revenue from field operations and collaborative programs, requiring KEBS to prioritize high-impact regulatory initiatives.

In view of the evolving macroeconomic conditions, KEBS remains committed to prudent financial management, operational efficiency, and delivery of its regulatory mandate. Continuous monitoring of economic trends will inform strategies to safeguard revenue streams and enhance institutional resilience.

9.6 Future development

KEBS implements a transformative KEBS 2023-2027 Strategic plan comprised of three strategic pillars (SP) and three strategic foundations (SF). In this strategic period KEBS commits:

SP1: Trade Facilitation

To transform KEBS regulatory service provision through promotion of MSMEs for enhancement of their competitiveness, establishment and operationalization of imports destination inspection and promotion of consumer protection from substandard products, protection of the environment and creation of a level playing ground for economic operators.

SP2: Technical Services

To transform and enhance the KEBS technical services to global standards with Africa regional coverage by upscaling private testing, reference materials production and proficiency testing; diversification of calibration services (medical laboratory equipment; development of regional calibration centers and focus on niche clients) and increase scope and regional coverage for systems certification and training services.

SP3: Standards

To transform standards development for local content and export market needs through development and harmonization of market driven standards; enhance uptake of standards and modernization of the national measurement reference standards.

SF1: Technology and Innovation

To enhance KEBS transformation through automation and integration of systems through automation of key KEBS processes, integration of key automated systems and modernization of laboratories.

SF2: Institutional Capacity

To strengthen KEBS institutional capacity to enhance productivity and ensure efficient and effective services delivery through optimal staffing and culture change; acquisition of offices, laboratories buildings and equipment, and telecommunications; resource mobilization, enhance revenue collection and prudent use of resources; enhance corporate image and branding; strengthening internal controls; enhance the implementation, monitoring and evaluation framework; and contribute to climate change mitigation and adaptation.

SF3: Legal Health

To strengthen KEBS legal services for institutional resilience through management of legal risks; strengthening legislative and regulatory framework and enhance good governance and board performance.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

KEBS is committed to provide standards-based solutions for trade and sustainable development. KEBS is committed to safeguard customers, the environment and facilitate trade for a sustainable future. We undertake to do this while safeguarding the environment from any adverse effects. Below is an outline of KEBS's policies and activities that promote sustainability.

i. Sustainability strategy and profile

KEBS has aligned its processes to international standards to ensure social economic and environmental sustainability. In pursuit of this, KEBS implements strategies to guarantee financial sustainability while ensuring environmental and social safeguards. The focus areas include establishment of destination inspection centres for imports to enhance revenue generation and create employment opportunities for Kenyans. Furthermore, modernization of calibration and testing laboratories coupled with acquisition of modern equipment and technologies will improve service delivery and position KEBS as a centre of excellence and innovation.

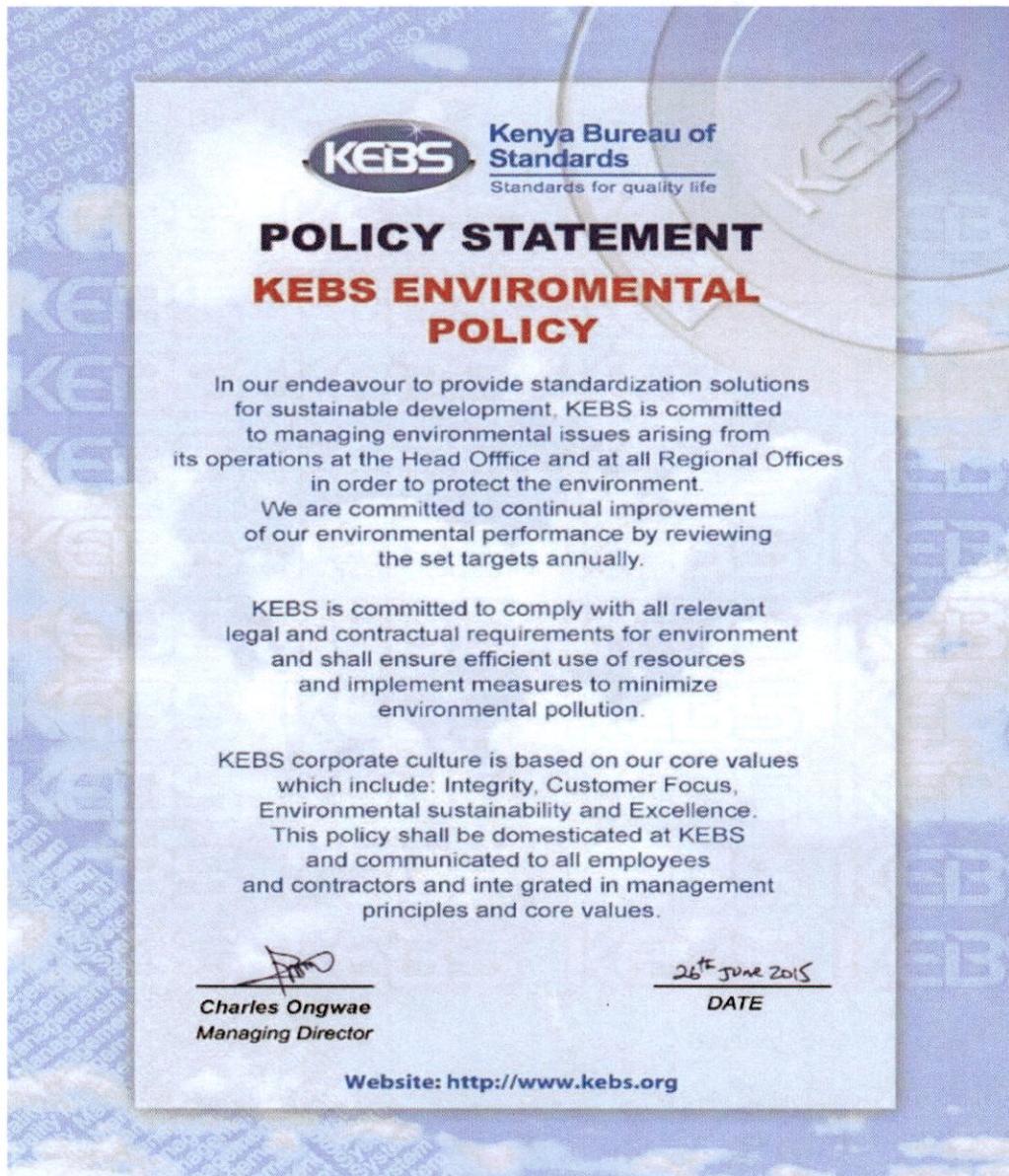
KEBS manages its risks through implementation and accreditation to relevant management systems. Some of the key standards which KEBS is accredited/certified to include ISO/IEC 17025 Laboratory Management System, ISO/IEC 17021 Management System Certification, ISO/IEC 17024 – Personnel Certification, ISO 9001 Quality Management System, ISO 22301 Business Continuity Management System, ISO 37001 Anti-Bribery Management System and ISO/IEC 27001 Information Security Management System.

KEBS has endeavoured to comply with the provisions of the Public Procurement and Asset Disposal Act (PPDA), 2015 in terms of affording access to procurement opportunities to special groups. In the year under review, KEBS allocated 30% of the procurable budget to the special groups under AGPO. As part of Government initiative, KEBS has continued to support the promotion of local content.

- ii. Environmental performance
 - a. KEBS Environmental Policy Statement

In our endeavour to provide standards-based solutions for trade and sustainable development, KEBS is committed to managing environmental issues arising from its operations at the head office and at all regional offices in a manner that protects the environment. We are committed to continual improvement of our environmental performance by reviewing the set targets annually. This is done through the implementation of an annual environmental work plan. The policy statement is presented in the figure 11 below.

Figure 11: KEBS Environmental Policy



b. Successes and Shortcomings

Successes and shortcomings in relation to environmental performance are presented below:

Table 13: Successes and Shortcomings

FY 2024/25 ANNUAL ENVIRONMENTAL WORK PLAN			STATUS	
FOCAL AREA	ANNUAL TARGET (Activities)	INDICATOR(s)	Complete	Pending
Environmental sustainability planning	Internal environmental inspections	EHS inspections	x	
	Statutory Environmental Audit.	Statutory Environmental Audit Report		x
Environmental Education and Awareness	Staff sensitization on environmental sustainability.	Record of sensitization sessions.		x
Pollution reduction and Control	Waste management interventions. Installation of segregation bins for waste. Proper laboratory waste disposal.	Initiatives to reduce and segregate waste. Installed bins of segregated waste. Proper and safe handling, storage and treatment of laboratory waste with a disposal report as evidence.	x	
Ecological Enhancement	Attractive aesthetics. Tree planting exercises.	Gardening and vegetation conservation. Number of planted trees.	x	
Climate Change	Climate change Initiatives – implement water audit recommendations	Water audit report		x
	Climate change Initiatives – Rain water harvesting	Rain water harvesting feasibility report		x
Emergency and Disaster Management	Environmental risk awareness campaign.	Emergency response drills. Awareness of necessary safety precautions.	x	
Communication	Environmental sustainability awareness	Display of the Organizations environmental policy. Online display of environmental policy obligations.	x	
Energy saving	Awareness of energy saving Initiatives	Implement Energy Audit recommendations e.g. Switching off lights in areas with no persons; Solar security lighting;	x	
Recreation	Gym availability to staff.	Improved health and wellness in the internal community.	x	

c. Efforts to manage biodiversity

This was mainly achieved through the tree planting exercises conducted at Nairobi, Embu, Kirinyaga, Uasin Gishu, Mombasa and Narok Counties. The trees will in turn provide functioning ecosystems that will supply oxygen, clean air and water and improve pollination of plants.

d. Waste management policy

KEBS is committed to complying with all relevant environmental legal and contractual requirements through efficient use of resources and implementation of measures to minimize environmental pollution.

Generated laboratory and office waste is collected by NEMA approved contracted service providers for disposal in approved waste disposal sites. Expired laboratory chemicals and reagents are disposed through procuring a NEMA-approved service provider and KEBS ensures incineration of the waste is carried out without undue environmental pollution. Sub-standard goods seized from the market are also appropriately disposed in a manner that safeguards the environment,

e. Efforts to reduce environmental impact of the KEBS services.

These include:

- Training of staff on ISO 14001:2015 Standard on Environment Management Systems (EMS).
- Waste segregation at source especially in the laboratories.
- Proper disposal of chemical and other wastes via a running contract with a NEMA-approved waste management service provider.
- Monthly inspections to identify environmental hazards and recommend appropriate preventive and corrective actions.
- Use of fume hoods in the laboratories to reduce air pollution and enhance air quality for staff.
- Automation of KEBS processes to reduce use of stationery thus conserving the environment.
- Treatment of laboratory wastewater in Kisumu regional offices.
- Monitoring of radiation level in the radiation laboratory.
- Tree planting by KEBS.

iii. Employee welfare

KEBS implements human resource policies that guide on management of human capital in compliance with the Constitution of Kenya 2010, labour laws and related regulations. In compliance with the constitution, gender mainstreaming, balancing on appointment and promotion is observed with a view of ensuring that a minimum of a third (1/3) of either gender is achieved. The recruitment process is done as per KEBS HR Policy and Procedure manual where heads of departments determine the skills and competencies required for all jobs. The recruitment process encourages the female gender and persons with disabilities to apply.

Challenges faced during the process are discussed thereafter and improved. Furthermore, stakeholders are involved in identification and implementation of relevant interventions to address the skill gaps. KEBS implements a training and

development policy that ensures profiling of required skill set, identifies skills gaps and implementation of appropriate interventions to improve on staff competencies.

The Staff Performance is managed through the Balanced Scorecard tool and implementation of a performance-based rewards. This ensures target setting are done at the beginning of the financial year taking into account the objectives set out in the Strategic Plan, Government Performance Contract and other relevant requirements. KEBS has a policy on health and safety which is in compliance with OSHA Act, 2007.

The work environment is assessed by DOSH for compliance and staff have insurance covers of GPA, Group Life and Medical Scheme. Furthermore, KEBS implements employee wellness programs to address emerging issues like mental health, drug, and substance abuse.

Environmental and sustainability reporting (Continued)

iv. Market place practices-

KEBS has outlined its effort as below.

a. Responsible competition practice

The Kenya Bureau of Standards (KEBS) champions responsible competition as a foundational principle of its regulatory and market oversight role. Through activities such as standards development, conformity assessment, and market surveillance, KEBS promotes fairness, innovation, and consumer protection, ensuring equal opportunities across the marketplace. By reinforcing compliance with quality and safety benchmarks, KEBS helps eliminate unfair trade practices and cultivates ethical behaviour among enterprises. Its unwavering commitment to transparency, impartiality, and stakeholder engagement contributes significantly to national development, industrial competitiveness, and public trust in Kenya's economy.

As a National Standards Body, KEBS is mandated to implement standards that will in turn maintain ethical marketing standards and trade practices. The implementation of standards that include voluntary management systems e.g. Quality Management System 9001, Business Continuity Management System and Information Security Management System that require transparency and traceability in your processes. To strengthen ethical business practices, KEBS has implemented an Anti-Bribery Management System aligned with ISO 37001. The system is designed with attention to operational needs and the expectations of stakeholders, including public officials and competitors. KEBS conducts quarterly bribery risk assessments to identify critical touchpoints and deploys controls to mitigate potential vulnerabilities. Additionally, all business associates and suppliers are required to sign a self-declaration affirming their commitment to integrity and compliance with the Public Procurement and Asset Disposal Act of 2015. KEBS further upholds political neutrality in accordance with public service regulations, reinforcing its role as a fair and credible public institution.

b. Responsible Supply chain and supplier relations

KEBS implements Article 227 of the Constitution where fairness is key in the whole supply chain process as guided by the Public Procurement and Asset Disposal Act (PPADA) 2015 and Public Procurement and Asset Disposal Regulations (PPADR) 2020. KEBS gives priority to special groups in line with Access to Government Procurement Opportunities (AGPO) and encourages procurement of goods and services produced locally.

c. Responsible marketing and advertisement

KEBS is committed to promoting awareness and visibility of its brand and services through marketing practices that are socially responsible, culturally sensitive, and aligned with national values. All promotional content reflects factual, honest representations of KEBS' offerings and is delivered within a framework that upholds integrity and respect for diverse audiences. Marketing tools are designed to be transparent, providing comprehensive disclosure of product features, standards, and applications. This empowers stakeholders to make informed decisions while reinforcing KEBS' dedication to quality assurance.

In FY 2024/25, KEBS prioritized strengthening brand equity and perception through strategic marketing and communication initiatives—while safeguarding consumer privacy. This included:

- a) **Digital Marketing Campaigns:** Leveraging social media platforms, online search advertising, the KEBS website, targeted email outreach, and bulk SMS to deliver precise, real-time information.
- b) **Traditional Outreach Channels:** Publishing advertisements in newspapers, trade magazines, and sector-specific brochures; hosting workshops, exhibitions, and roadshows; and deploying posters and video content to support advocacy, education, and community engagement.
- c) **Media Engagements:** Corporate Communications launched a targeted media engagement campaign across seven diverse counties: Nairobi, Kilifi, Homa Bay, Kitui, Trans-Nzoia, Bomet, and Meru. The goal of this broad outreach was to ensure thorough dissemination of information about KEBS services and products to a wide audience, promoting a better understanding of its role in national development and consumer protection.
- d) **County Engagement and Advocacy** - collaborated with seven county governments: Nairobi, Kilifi, Homa Bay, Kitui, Trans-Nzoia, Bomet, and Meru to strengthen stakeholder linkages, explore partnership opportunities, and improve information access for Micro, Small, and Medium Enterprises (MSMEs).
- e) **Advertisements** – In the financial year 2024/2025, KEBS executed twenty (20) advertisements from departments in the organization, that included public and tender notices, job vacancies and partnership advertisements to support its awareness and engagement efforts.

KEBS also maintains a robust complaint management system to ensure consumer feedback and appeals are thoroughly addressed. Public surveillance mechanisms—such as the **KEBS Toll-Free Line 1545** and **Short Code 20023**—enable verification of product certification permits and employment credentials of KEBS personnel, reinforcing accountability and consumer protection.

d. Product stewardship

KEBS embraces product stewardship as a key element of its commitment to quality, safety, and environmental responsibility across the value chain. By establishing and enforcing rigorous standards, KEBS ensures that products introduced into the Kenyan market are manufactured, used, and disposed of in ways that minimize harm to people and the planet. Through proactive engagement with manufacturers, importers, and consumers, KEBS encourages sustainable production practices, responsible consumption, and compliance with relevant regulatory frameworks. This holistic approach not only safeguards public health and environmental well-being but also promotes innovation and competitiveness among local industries striving to meet global quality benchmarks. KEBS implements conformity assessment through the product certification scheme to ensure that locally manufactured products comply with the requirements of relevant standards and certification marks. To safeguard consumer rights on quality, KEBS carries out regular market surveillance of products in the Kenyan market. KEBS laboratories are accredited to ISO/IEC 17025 to ensure proficiency of the tests. Further, KEBS has a Data Protection Policy in place to safeguard the consumer data and privacy and a Whistle Blower Policy.

v. Corporate Social Responsibility/Community Engagements

KEBS demonstrated a strong commitment to Corporate Social Responsibility (CSR) during the reporting period, primarily through a large-scale tree planting initiative. This effort was a direct response to the Kenyan government's directive to significantly increase the nation's forest cover, showcasing KEBS's alignment with national environmental goals. In support of the government's ambitious commitment to increase Kenya's forest cover by growing 15 billion trees by 2032, KEBS for FY 2024/25 Performance Contract targeted to plant 80,000 trees with an achievement of 86,266 seedlings planted.

This was achieved through strategic partnerships with Ministries, Departments and Agencies in planting over 26,000 seedlings in Irangi Forest, Embu County and East African Portland Land in Athi River, Machakos County. Moreover, KEBS partnered with schools identified by staff across its headquarters and regional offices. This initiative specifically targeted schools with ample land suitable for planting indigenous and fruit trees. In addition to the tree planting activities, each school received a 6,000-litre water tanks to enable harvesting of rainwater for use in watering the seedlings to enhance growth and sustainability.

The following criteria were used to identify eligible beneficiary schools for the KEBS tree planting initiative:

- i. **Space Availability:** The school must have a sizeable vacant area capable of accommodating the planting of at least 500 trees.
- ii. **Sustainability Commitment:** The school should demonstrate a strong commitment to nurturing the seedlings to ensure their survival and long-term growth.
- iii. **First-Time Beneficiaries:** Schools that have previously participated in KEBS tree planting programs are not eligible for this round of support.
- iv. **Public School Status:** Only public schools qualify for selection under this initiative.

The following is a distribution of schools, number of trees planted and tanks donated, as presented in Table x below

Table 14: Tree Planting in Schools per County

Region/ County	No of schools	Trees planted	Water tanks Donated
Mount Kenya	5	7,000	5
North Rift	5	6,712	5
South Rift	6	11,295	6
North Eastern	5	3,500	5
Lake	5	3,335	5
Coast Region	5	6,000	5
Kajiado County	9	11,200	9
Machakos County	4	4,800	4
Kiambu County	2	2,600	2
Total	46	56,442	46

Beyond the contributions towards environmental sustainability, these partnerships provided KEBS with a unique opportunity to engage with students, educating them on the critical role KEBS plays in consumer protection. This collaborative approach not only allowed KEBS to fulfil its performance contract commitment for tree planting in partnership with other organizations at a reduced cost but also enhanced its environmental footprint. Furthermore, this initiative serves as a model for future public-private collaborations in support of this crucial national effort.

Tree Planting excise in pictures



Figure 12: Tree Planting in Irangi Forest, Embu County



Figure 13: Tree planting in North Rift Region



Figure 14: Coast Region



Figure 15: Mt. Kenya Region

Impact of the Corporate Social Investment Initiative on Society:

1. Environmental enhancement and climate action:

- a) **Increased Forest Cover:** The planting of 86,266 trees directly contributes to the national goal of increasing Kenya's forest cover. This is crucial for mitigating climate change by sequestering carbon dioxide, improving air quality, and promoting biodiversity.
- b) **Ecological Balance:** Indigenous trees help restore and maintain the natural ecological balance, providing habitats for wildlife and preventing soil erosion, especially in vulnerable regions.

1. Environmental and sustainability reporting (Continued)

- c) **Water Conservation:** Trees play a vital role in the water cycle, helping to absorb and retain water, which reduces the risk of flooding and recharges groundwater, benefiting communities through improved water availability.
- d) **Combating Desertification:** Particularly in arid and semi-arid lands, tree planting helps combat desertification and land degradation, leading to more resilient landscapes.

2. Stakeholder engagement and creation of awareness on Keps services:

Youth Engagement: By involving students, KEBS is fostering a sense of environmental responsibility and stewardship among the younger generation to ensure the survivability of the planted trees. This hands-on experience is invaluable for raising awareness about climate change and conservation from an early age.

- a) **Consumer Protection Awareness:** The opportunity to engage with students on KEBS's role in consumer protection helps to build a more informed populace, which is essential for ensuring product safety and fair-trade practices by encouraging partnership with the local business community.
- b) **School Greening:** The initiative transforms school compounds into greener, healthier, and more aesthetically pleasing environments, promoting better learning and recreation for students.

3. Community empowerment and resource provision:

Water Security: The donation of 6,000-liter water tanks addresses a fundamental need for clean water in schools, impacting hygiene, sanitation, and overall health of students and the school community.

- a) **Improved Livelihoods (Potential):** By planting fruit trees, there is a long-term potential for schools and local communities to benefit from improved nutrition and even generate income through the sale of surplus fruits, aligning with agroforestry principles.
- b) **Community Cohesion:** The collaborative nature of the project, involving KEBS staff and school communities, strengthens community ties and promotes collective action towards common environmental goals.

KEBS's Corporate Social Investment (CSI) activities for the reporting period highlight a highly successful, multi-dimensional approach to corporate citizenship, with its tree planting initiative serving as a flagship model for impactful engagement. By exceeding its target and planting 86,266 trees, KEBS made significant contributions to national forest cover goals, climate resilience, and biodiversity. The program also advanced environmental education by involving students, enhanced community welfare through the provision of water tanks and snacks, and demonstrated strategic collaboration with schools across Kenya. Overall, KEBS's CSI efforts reflect a thoughtful, inclusive, and sustainable model that supports national development and strengthens societal bonds.

11. 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 affairs of KEBS.

Principal activities

The principal activities of KEBS are;

- a. Promoting standardization in commerce and industry.
- b. Providing testing and calibration Services
- c. Controlling the use of standardization marks.
- d. Facilitating the implementation and practical application of standards
- e. Maintaining and disseminating International System of units (SI) of measurement

i) Results

KEBS results for the year ended June 30, 2025 are set out on Page 1 to 5.

ii) Directors

The NSC members who served during the year are shown on page xiii and the following NSC members were appointed/reappointed, and others exited the NSC during the year under review as listed in the table below:

Table 15: Board Directors Appointment and Exits

BOARD APPOINTMENT & RETIREMENT					
S. No	NAME	DATE	S. No	NAME	DATE
APPOINTED			EXITED		
1	Hon.Dr.Chrisantus Wamalwa,CBS	21 st February 2025	1	Anthony Munyiri	20 th December 2024

Surplus remission

KEBS remitted Kes 123,000,000 (Kenya shillings one hundred and twenty-three million) as part of FY-2022/2023 surplus.

iii) Auditors

The Auditor General is responsible for the statutory audit of KEBS in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended 30th June 2025.

By Order of the NSC.



Esther Ngari
Managing Director/Secretary to the NSC

01/12/25

Date

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Standards Act (Cap 496) requires the NSC to prepare financial statements in respect to KEBS. The financial statement should give a true and fair view of the state of affairs of KEBS and the operating results for the year under review. The NSC is also required to ensure that KEBS keeps proper accounting records, which disclose with reasonable accuracy the financial position of KEBS. The NSC is also responsible for safeguarding the assets of KEBS.

The NSC is responsible for the preparation and presentation of KEBS financial statements, which give a true and fair view of the state of affairs of KEBS for and as at the end of the financial year ended 30th June, 2025. These responsibilities include:

- a) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- b) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of KEBS;
- c) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- d) Safeguarding the assets of KEBS;
- e) Selecting and applying appropriate accounting policies and
- f) Making accounting estimates that are reasonable in the circumstances.

The NSC accepts responsibility for KEBS financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the requirements of the Standards Act.

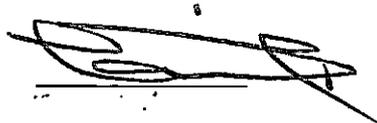
The NSC is of the opinion that KEBS financial statements give a true and fair view of the state of KEBS transactions during the financial year ended 30th June, 2025, and of the KEBS financial position as at that date. The NSC further confirms the completeness of the accounting records maintained for KEBS, which have been relied upon in the preparation of the KEBS financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the Financial Statements

The KEBS financial statements were approved by the NSC on 28th Aug 2025 and signed on its behalf by:

Signature



Name

Hon. Dr. Chrisantus Wamalwa, CBS

Esther N. Ngari

NSC Chairman

Managing Director

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
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P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA BUREAU OF STANDARDS FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Bureau of Standards set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, 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, the financial statements present fairly, in all material respects, the financial position of Kenya Bureau of Standards as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Standards Act (Cap 496) of the laws of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Bureau of Standards 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 opinion.

Emphasis of Matter

Negative Working Capital

The statement of financial position reflects current liabilities balance of Kshs.3,882,008,113 (2024: Kshs.3,188,876,191) against current assets of Kshs.2,367,013,929 (2024: Kshs.1,852,580,022) resulting to a negative working capital of Kshs.1,514,994,184 (2024: Kshs.1,336,296,169). The Bureau may not be able to meet its short-term obligations as and when they fall due.

In the circumstances, the Bureau is technically insolvent, and the financial statements have been prepared on assumption of a going basis and of continued financial support from the National Government, bankers and creditors.

My opinion is not modified in respect of this matter.

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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Emphasis of Matter and Report on Lawfulness and Effective in the Use of Public Resources. The issues as detailed in **Appendix I** remain unresolved.

Other Information

The Management is responsible for the Other Information set out on page ix to lxii which comprise of Key Entity Information and Management, The National Standards Council, Key Management Team, 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, Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Bureau's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, 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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Long Outstanding Trade and other Payables

The statement of financial position reflects trade and other payables balance of Kshs.1,792,543,789 as disclosed in Note 22 to the financial statements. Included in the balance is Kshs.699,595,116 which has been outstanding for more than one (1) year. In the circumstances, business operations, liquidity and livelihoods of the creditors and by extension their beneficiaries may be affected negatively due to failure by the Bureau to pay the amounts due to them.

2. Long Outstanding Current Receivables from Exchange Transactions

The statement of financial position reflects Kshs.1,178,394,818 in respect to current receivables from exchange transactions as disclosed in Note 19 to the financial

statements. Included in this amount is Kshs.60,024,711 which relates to debtors who have been outstanding for more than one (1) year.

In the circumstances, the absence of active and intentional collection of the long-outstanding debts, including enforcement of existing debt collection mechanisms, may lead to the Bureau losing revenue.

3. Under Staffing

Review of payroll records provided for audit revealed that the Bureau has a total of one thousand and ninety-five (1,095) members of staff against an approved establishment of one thousand four hundred and forty-one (1,441) resulting in staffing shortfall of three hundred and forty-six (346) in various levels. In addition, there was an over establishment of two hundred and eighty-eight (288) members in some of the cadres.

In the circumstances, the employees may be overworked leading to poor service delivery that may negatively impact on the realization of the Bureau's goals.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) 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 Bureau'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.

Those charged with governance are responsible for overseeing the Bureau'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

09 December, 2025

Appendix I

Unresolved Prior Year Matters

No.	Observation
	Emphasis of Matter
	Uncertainty on Sustainability of Services
	Lawfulness and Effectiveness in the Use of Public Resources
1.	Long-outstanding Trade and other Payables
2.	Shortfall in Staff Establishment
3.	Long Outstanding Debtors

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024-25	2023-24
		Kes	Kes
Revenue from non-exchange transactions			
Standards Levy	6	701,833,121	704,893,328
Revenue from exchange transactions			
Rendering Of Services	7	7,312,187,466	6,904,377,998
Government Transfer-(RIIP)	8	3,000,000	6,000,000
Finance Income	9	4,122,214	3,801,177
Other Income	10	23,253,244	12,162,089
Total Revenue		8,044,396,045	7,631,234,591
Expenses			
Employee costs	11	3,685,151,781	3,317,600,127
Remuneration of directors	12	37,994,537	64,964,416
Depreciation and amortization expense	13	257,139,219	213,722,374
Repairs and maintenance	14	435,061,339	593,396,205
Contracted services	15	91,298,845	93,932,718
Use of Goods and Services	16	2,571,712,707	2,517,704,754
Finance costs	17	-	30,843,852
Total Expenses		7,078,358,428	6,832,164,446
Exchange gain/ Loss		(157,441,384)	21,054,590
Gain on Disposal		2,829,540	
Surplus for the year		811,425,772	820,124,735
Remission to National Treasury		730,283,195	738,112,262
Net Surplus for the year		81,142,577	82,012,474

The notes set out on pages 7 to 27 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the National Standards Council by:


Managing Director
Esther N. Ngari


Director Finance and Strategy
Mohammed Adan
ACCA Fellow: 21699855


NSC Chairman
Hon. Dr. Chrisantus
Wamalwa CBS

Date: 01/12/25

Date: 01/12/25

Date: 01-12-2025

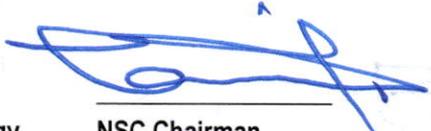
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	2024-2025	2023-2024
		Kes	Kes
Assets			
Current assets			
Cash and cash equivalents	18	994,190,461	284,484,701
Current receivables from exchange transactions	19	1,178,394,818	1,337,506,655
Receivables from non-exchange transactions	20	48,263,128	51,643,296
Inventories	21	146,165,521	178,945,370
Total Current Assets		2,367,013,929	1,852,580,022
Non-current assets			
Non current receivables from exchange transactions	19	551,016,328	601,827,075
Property, plant and equipment	26	3,837,473,087	3,526,404,900
Intangible assets	27	972,644	1,389,492
Total Non current assets		4,389,462,059	4,129,621,467
Total Assets (A)		6,756,475,988	5,982,201,490
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	1,792,543,789	1,683,778,165
Court Awards	23	699,521,015	351,665,786
Current portion of borrowings	24	-	291,541,363
Remission Surplus Payable	32	1,389,943,309	861,890,877
Total Current Liabilities		3,882,008,113	3,188,876,191
Total Liabilities (B)		3,882,008,113	3,188,876,191
Net assets (A-B)		2,874,467,875	2,793,325,298
Represented By:			
Revaluation Reserves		990,156,591	990,156,591
Accumulated surplus		888,843,078	807,700,501
Capital Fund		995,468,206	995,468,206
Net Assets		2,874,467,875	2,793,325,298

The Financial Statements set out on pages 1 to 6 were signed on behalf of the National Standards Council by:


Managing Director
Esther N. Ngari


Director Finance and Strategy
Mohammed Adan
ACCA Fellow: 21699855


NSC Chairman
Hon. Dr. Chrisantus
Wamalwa CBS

Date: 01/12/25

Date: 01/12/25

Date: 01-12-25

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Revaluation reserve	Retained earnings	Capital/Development Grants/Fund	Total
	Kes	Kes	Kes	Kes
At June 30, 2023	990,156,591	1,035,688,028	995,468,206	3,021,312,825
Capital/Development grants received during the year				
Surplus for the Period		82,012,474		82,012,474
Transfer to National Treasury		(310,000,000)		(310,000,000)
At June 30, 2024	990,156,591	807,700,501	995,468,206	2,793,325,298
Capital/Development grants received during the year				
Surplus for the Period		81,142,577		81,142,577
Transfer to National Treasury				
At June 30, 2025	990,156,591	888,843,078	995,468,206	2,874,467,875

17. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2025

		2024-2025	2023-2024
	Notes	Kes	Kes
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	8	3,000,000	6,000,000
Levies, fines, and penalties	6	701,833,121	703,429,994
Rendering of services	7	7,312,187,466	5,971,920,372
Finance income	9	4,122,214	3,801,177
Other income	10	23,253,244	12,162,089
Total receipts		8,044,396,045	6,697,313,632
Net Receipts		8,044,396,045	6,697,313,632
Payments			
Use of goods and services	16	2,486,184,528	2,517,704,754
Employee costs	11	3,459,221,257	3,352,752,582
Board Expenses	12	37,994,537	64,964,416
Repairs and maintenance	14	435,061,339	593,396,205
Contracted services	15	91,298,845	93,932,718
Financial cost	17	-	30,843,852
Total payments		6,509,760,506	6,653,594,527
Net cash flows from/(used in) operating activities	25	1,534,635,538	43,494,005
Cash flows from investing activities			
Purchase of PPE and Intangible assets	26	(570,070,265)	(432,762,749)
Proceeds from Sale of Motor Vehicle		5,109,245	-
Net cash flows used in investing activities		(564,961,020)	(432,762,749)
Cash flows from financing activities			
Proceeds from borrowings		(259,968,758)	166,078,349
Net cash flows from financing Activities		(259,968,758)	166,078,349
Net increase/(decrease) in cash & Cash Equivalents		709,705,761	(223,190,396)
Cash and cash equivalents at 1 July		284,484,701	507,675,097
Cash and cash equivalent at 30 June		994,190,461	284,484,701

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
Revenue	Kes	Kes	Kes	Kes	Kes	%
Standards Levy	1,165,506,000	-	1,165,506,000	701,833,121	(463,672,879)	60%
Revenue from exchange transactions		-			-	
Rendering of services	7,775,498,930	-	7,775,498,930	7,312,187,466	(463,311,464)	94%
Government Transfer-(RIIIP)	21,000,000	-	21,000,000	3,000,000	(18,000,000)	14%
Finance income	3,380,000	-	3,380,000	4,122,214	742,214	122%
Other Income	13,959,200	-	13,959,200	23,253,244	9,294,044	167%
Total revenue	8,979,344,130	-	8,979,344,130	8,044,396,045	(934,948,085)	90%
Expenses		-				
Employee costs	2,999,000,000	1,196,039,991	4,195,039,991	3,685,151,781	509,888,210	88%
Remuneration of directors	30,000,000	8,000,000	38,000,000	37,994,537	5,463	100%
Depreciation and amortization expense	116,500,000	(33,000,000)	83,500,000	257,139,219	(173,639,219)	308%
Repairs and maintenance	217,000,000	199,211,501	416,211,501	435,061,339	(18,849,838)	105%
Contracted services	19,000,000	76,365,000	95,365,000	91,298,845	4,066,155	95.7%
Use of Goods and Services	1,158,959,085	788,363,553	1,947,322,638	2,571,712,707	(624,390,069)	132%
Finance costs	10,000,000	3,535,000	13,535,000	-	13,535,000	0%
Total expenditure	4,550,459,085	2,238,515,044	6,788,974,130	7,078,358,428	(289,384,298)	104%
Adjustment for Disposal & Exchange Loss		-		(154,611,845)		
Surplus for the period	4,428,885,045	(2,238,515,044)	2,190,370,000	811,425,772	(1,224,332,384)	
Capital Expenditure	120,000,000	689,205,000	809,205,000	729,205,000	80,000,000	90%

NB: Under the Capital Expenditure, the figure of Ksh 729,205,000 included capital commitments of Ksh 159,134,735 accrued in the year under review.

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Budget Reconciliation	
Description	Amount (KES)
Surplus/(Deficit) per Budget Comparison	811,425,772
Reasons for the Difference	
1. 90% remission surplus provision	(730,283,195)
2. Adjustments for Non-Cash Items:	
Depreciation & Amortization	257,139,219
Accruals and other commitments	102,527,375
Unrealized Gains/Losses	154,611,845
3. Adjustments for Working Capital Changes:	
Increase/(Decrease) in Receivables	213,302,752
Increase/(Decrease) in Payables	693,131,922
Inventory Changes	32,779,849
4. Cash Flows from Investing Activities:	
Purchase of Property, Plant & Equipment	(570,070,265)
Proceeds from Asset Disposal	5,109,245
5. Cash Flows from Financing Activities:	
Proceeds from borrowings	(259,968,758)
Loan Repayments	
Net Increase/(Decrease) in Cash	709,705,761
Add: Opening Cash & Cash Equivalents	284,484,701
Closing Cash & Cash Equivalents as per Statement of Cash flows	994,190,462

Notes for material deviation.

1. Income

- i) **Standards Levy:** There was a decrease in levy due to the delayed Gazettement of the Levy Order and sluggish economic recovery in the year under review. The New Standards Levy Order, 2025 has just been gazetted. This is expected to increase standards levy collections from FY 2025/26.
- ii) **Rendering of Services:** This was due to low collection in Sale of standards, Destination inspection and Inspection of Motor Vehicle.

2. Expenditure

- i) **Employee Cost:** This was due to non-recruitments of new staff planned for the year under review.
- ii) **Repairs and maintenance and contracted services:** This was fully utilised.
- iii) **Depreciation & Amortization expenses:** These were non-cash items but were under provided in the budget due to government-imposed austerity measures
- iv) **Use of Goods and services:** This was due to court awards and confirmed tax liability by KRA.

Summary of reallocations

The main reason for the reallocations was to provide for activities not adequately covered in the initial budget.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

KEBS was established under an Act of Parliament and derives its authority and accountability from the Standards Act (Cap.496). KEBS is a state corporation, domiciled in Kenya. Its' principal activities include development and dissemination of standards related information, dissemination of measurement standards, calibration of measurements and testing equipment, laboratory testing, quality assurance, market surveillance, systems certification, training, and quality inspection of all imports.

2. Statement of Compliance and Basis of Preparation

KEBS financial statements have been prepared in accordance with the PFM Act 2012, State Corporation Act Cap 446 and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya Shillings (Kes) which is the functional and reporting currency. All values have been rounded off to the nearest shilling. The accounting policies have been applied consistently.

The financial statements have been prepared based on the historical cost, except where otherwise stated in the accounting policies. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of New and Revised Standards

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

There were no new and amended standards issued in the financial year.

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

Standard	Effective date and impact:
IPSAS 43 Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard applies to KEBS.</p> <ul style="list-style-type: none"> i. KEBS will assume the right to use asset for the leased equipment reflecting the right to use the asset over the leased term. ii. A corresponding lease liability will be recorded, representing the present value of lease payment. iii. It will provide more comprehensive information about leasing activities and lead to better financial management and decision making within the entity.
IPSAS 44: Non-Current Assets Held for Sale and	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

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<p>Discontinued Operations</p>	<p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The standard is not applicable to KEBS</i></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>The standard is applicable to KEBS and the financial statements were prepared in compliance with this standard</i></p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>The standard applicable and relevant to KEBS.</i></p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The standard will apply to KEBS.</i></p> <p>The standard increases the scope of revenue recognition and classification which will aid in accounting for all the revenue streams</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>The standard is not applicable to KEBS.</i></p>

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<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>The standard is Applicable to KEBS</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>The standard is not applicable to KEBS.</i></p>

iii. Early adoption of standards

KEBS did not exercise the choice given in the standard to adopt the new or amended standards in the financial year under review.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i. Revenue from non-exchange transactions

Standards Levy Fees

KEBS recognises revenues from Standards Levy fees, when the event occurs, and the asset recognition criteria are met. Other non-exchange revenue is recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to KEBS and the fair value of the asset can be measured reliably.

ii. Revenue from Exchange Transactions

a. Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

b. Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

KEBS recognizes interest income as it is earned on accrual basis.

b) Budget information

The original budget for the Current FY 2024/25 was approved by the National Assembly on 7th August 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by KEBS

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)
Budget information (continued)

upon receiving the respective approvals in order to conclude the final budget. Accordingly, KEBS recorded additional appropriations of Ksh. 2,238,515,044 on the 2024/25 budget following the governing body's approval.

KEBS 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 Section 18 of these financial statements.

c) Taxes

i. Value Added Tax (VAT)

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

For KEBS, expenses and assets are recognised at the gross amount.

ii. Corporation tax

As per section 219 (3) of the PFM Act regulations 2015, the Cabinet Secretary National Treasury has exempted regulatory authorities from payment of income tax of which KEBS is in that category.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, such parts are recognized as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on a reducing balance at the indicated annual rates:

Buildings	Over the leased period of 99 years
Equipment	10%
Computer	30%
Motor vehicle	20%

Free hold land and work in progress is not depreciated.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating surplus or deficit.

e) Operating Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense and charged in the statement of comprehensive income.

KEBS operating leases are in the form of rental premises and leased printing machines. The payments are expensed in the statement of financial performance.

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

Amortization is calculated on a reducing balance at the annual rate of 30%

g) Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables 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.

Financial Instruments

i. Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or

available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, attributable transaction costs are aggregated.

KEBS does not have any financial instrument.

h) Inventories

Inventories are stated at lower of cost and net realizable value. The cost of the inventory is stated at its fair value at the date of acquisition plus any subsequent costs incurred in bringing each inventory item to its present location.

i) Provisions

Provisions are recognized when KEBS has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

j) Contingent liabilities

KEBS does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

k) Contingent assets

KEBS does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that, an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Nature and purpose of reserves

Reserves are created and maintained in terms of specific requirements. KEBS revenue reserves are maintained for purposes of upgrading and expansion of KEBS quality infrastructure. Revaluation reserves reported refers to the change in fixed assets since the last revaluation in 2009.

m) Changes in accounting policies and estimates

The effects of changes in accounting policy are recognised retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

n) Employee benefits

Retirement benefit plans

KEBS operates a defined contribution and defined benefit scheme for its employees. The defined contribution scheme is administered by Trustees and is funded from contributions from both the employer and employee. During the year under review, the employers contribution was increased to 20% from 12% and the employees contribution was retained at 10% of the basic salary. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. KEBS last actuarial valuation was done in December 2024.

o) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise. Receivables in foreign currency are converted at the central bank rate at the end of the financial reporting period.

p) Related parties

The organization regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise of the NSC members, Managing Director, Directors, Heads of various departments and Regional Managers within KEBS.

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 various commercial banks at the end of the financial year.

r) Comparative figures

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

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

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. KEBS 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 KEBS.

i) Going Concern

The financial statements have been prepared on a going concern basis and it is assumed that KEBS will remain a going concern for at least the next twelve months from the date of these statements.

KEBS posted a surplus of Kes 1.6 Billion in the financial year under review.

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:

- i. The condition of the asset based on the assessment of experts employed by KEBS
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii. The nature of the processes in which the asset is deployed
- iv. Availability of funding to replace the asset
- v. Changes in the market in relation to the asset

KEBS recognises useful lives and residual values of assets as follows:

- | | |
|--|----------------------|
| i. Buildings lease period | 99years |
| ii. Equipment | 10 years |
| iii. Computer | 3 years |
| iv. Motor vehicle | 5 years |
| v. Intangible assets (Software) | 3 years |
| vi. Lease hold Land and Work in Progress | are not depreciated. |

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 19.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date. The provision for bad debts is specific.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. STANDARDS LEVY		
Description	2024-2025	2023-2024
	Kes	Kes
Standards Levy	701,833,121	704,893,328
Total Standards Levy	701,833,121	704,893,328
7. RENDERING OF SERVICES		
Inspection of Motor Vehicles	427,270,903	483,833,637
Laboratory Analysis Fees	72,109,305	57,463,882
Metrology Services Fees	112,593,772	106,468,921
Systems Certification Fees	99,064,318	82,259,102
Seminar Fees	100,852,506	78,970,777
Diamond Mark Fees	151,925,191	132,652,818
Sale of Standards & Development Fees	21,557,118	33,994,428
Destination Inspection Fees	4,425,701,688	4,078,600,861
Standardization Mark Fees	446,748,551	341,755,811
PVOC Royalties	1,387,294,464	1,477,353,876
NQI Membership Fee	38,132,701	31,023,885
Pvoc Exemption, Petroleum Insp and Product Registration.	28,936,948	-
Total Revenue from Rendering of Services	7,312,187,466	6,904,377,998
8 . Government Transfer		
Description	2024-2025	2023-2024
	Kes	Kes
RIIP Project	3,000,000	6,000,000
Total Government Transfers	3,000,000	6,000,000
9. FINANCE INCOME		
Description	2024-2025	2023-2024
	Kes	Kes
Finance Income	4,122,214	3,801,177
Total Interest Income	4,122,214	3,801,177
10. OTHER INCOME		
Description	2024-2025	2023-2024
	Kes	Kes
Miscellaneous Income	23,253,244	12,162,089
Total Other Income	23,253,244	12,162,089

11. EMPLOYEE COSTS		
	2024-2025	2023-2024
	Kes	Kes
Basic Salary	2,187,636,489	1,921,637,081
House Allowance	509,349,604	445,453,957
Commuter & Other Expenses	243,329,991	225,328,073
Gratuity and Pension Expenses	413,518,112	310,685,596
NSSF Contribution	53,583,333	22,710,263
Transfer Allowance	18,957,171	15,911,655
Leave Allowance	54,696,482	49,827,288
Performance Management	8,662,377	15,029,569
Alcohol & Drug Prevention and HIV Program	2,925,300	7,662,225
Medical Insurance	192,492,922	270,572,019
Staff Awards & Honoraria	-	32,782,400
Total Employee Cost	3,685,151,781	3,317,600,127
12. REMUNERATION OF DIRECTORS		
Description	2024-2025	2023-2024
	Kes	Kes
Chairman/Directors' Honoraria	800,000	856,129
Sitting allowances	6,477,200	12,362,684
Induction and Training	4,313,714	9,892,154
Travel and accommodation	26,403,623	41,853,449
Total	37,994,537	64,964,416
13. DEPRECIATION AND AMORTIZATION EXPENSE		
Description	2024-2025	2023-2024
	Kes	Kes
Property, plant and equipment	256,722,371	213,126,878
Intangible assets	416,848	595,497
Total Depreciation and Amortization	257,139,219	213,722,374
14 .REPAIRS AND MAINTENANCE		
Description	2024-2025	2023-2024
	Kes	Kes
Transport Operating	56,825,174	52,044,317
Computer Expenses	210,810,791	255,080,480
Maintenance of Office Equipment	6,723,991	14,681,249
Maintenance of Physical Standards & Lab Equipment	41,011,617	66,399,735
Maintenance of Building	90,735,628	127,137,110
Civil & Engineering Alteration	28,954,138	78,053,314
Total Repairs and Maintenance	435,061,339	593,396,205
15. CONTRACTED SERVICES		
Description	2024-2025	2023-2024
	Kes	Kes
Contracted Professional services	91,298,845	93,932,718
Total Contracted Services	91,298,845	93,932,718

16. USE OF GOODS AND SERVICES		
Description	2024-2025	2023-2024
	Kes	Kes
Post and Delivery	15,893,451	11,512,318
Telephone	19,423,018	23,533,051
Tender Expenses	31,676,479	14,735,500
Electricity, Water and Conservancy	46,478,638	46,086,502
Fuel	52,212,855	66,477,121
Publishing and Printing	7,421,675	8,065,590
Purchase of Uniforms and Clothings	13,716,509	18,954,416
Library	9,898,303	10,026,325
Purchase of Stationery	36,504,806	55,412,800
Advertising and Publicity	67,264,520	91,929,556
Show and Exhibitions	11,746,787	74,233,616
Sports and Welfare	119,229,230	118,022,677
Rent and Rates	54,472,134	64,470,237
Hire of Transport	1,462,800	1,267,809
Audit fees	807,360	807,960
Security	50,510,129	51,578,137
Subscriptions	30,661,892	37,125,025
Training	105,864,658	149,603,252
Seminar	97,580,238	73,427,905
World Standards and Metrology days	1,951,200	8,585,091
Environment, Health & Safety Services	20,452,717	26,202,852
Legal Expenses	91,821,242	105,289,155
Research and Development in Metrology	23,603,942	44,954,597
Laboratory Material Chemicals & Reagents	149,674,135	142,470,876
Standards Enforcement	94,007,427	83,648,810
Certification Services	66,317,735	61,378,608
Standards Development	107,120,988	149,480,949
Accreditation Services	112,419,643	136,400,676
BIPM CMC Programme	11,985,737	14,305,818
Kenya National Committee of IEC	2,782,025	6,357,504
Quality Awards	1,993,800	1,953,494
Insurance	66,054,442	76,917,385
Bank Charges	15,542,289	883,533
Regional Integration expenses	13,782,266	27,682,940
Local Travelling and Accommodation	328,774,258	389,620,843
External Travelling	106,111,285	131,727,641
Court Awards	584,492,094	192,574,186
Total Use of Goods and Services	2,571,712,707	2,517,704,754

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17 .FINANCE COSTS		
Description	2024-2025	2023-2024
	Kes	Kes
Interest on Bank overdrafts	-	30,843,852
Total Finance Costs	-	30,843,852
18(a) CASH AND CASH EQUIVALENT		
Description	2024-2025	2023-2024
	Kes	Kes
Bank	656,721,414	12,016,905
Cash	321,824	509,073
Short-term deposits (Restricted Cash)	29,035,625	18,949,976
Staff Mortgage Account (Restricted Cash)	308,111,599	253,008,747
Total Cash and Cash Equivalent	994,190,461	284,484,701

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(b) Current Accounts				
FINANCIAL INSTITUTION	OLD ACCOUNT No.	NEW ACCOUNT No.	2024-25	2023-24
			Kes	Kes
National Bank of Kenya	0100-3002-830-600	7700064229	-	8,863,517
National Bank of Kenya	0100-3002-830-602	7700064237	-	429,935
National Bank of Kenya	010-2000-283-0601	7700079080	-	151,706
National Bank of Kenya	0100-3236-26100	7700064865	-	782,392
National Bank of Kenya	0200-302-830-600	7714564490	-	-
National Bank of Kenya	0100-343-159-300	7700035032	-	480
National Bank of Kenya	0100-320-408-500	7700064806	3,985.00	8,545
National Bank of Kenya	0100-328-362-800	7700034877	-	779,261
National Bank of Kenya	0100-10510-9703	7700008507	-	32,444
Kenya Commercial Bank	110-783-946-7		31,689.00	968,625
National Bank of Kenya	010-71002830601	7700595275	656,685,740	-
National Bank of Kenya	010-7100-2830-600	7700595267	-	-
TOTAL			656,721,414	12,016,905
(ii) Fixed Deposits				
National Bank of Kenya			29,035,625	18,949,976
TOTAL			29,035,625	18,949,976
(iii) Deposits under Lien				
Kenya Commercial Bank			306,126,292	251,186,885
Kenya Commercial Bank	1184-164-681		1,985,307.11	1,821,862
Total Staff Mortgage			308,111,599	253,008,747
Cash At Hand			321,824	509,073
Grand Total			994,190,461	284,484,701
(iv) Overdrawn Accounts				
National Bank of Kenya	0100-3002-830-604	7700064253	-	(7,089,361)
National Bank of Kenya	0100-3002-830-607	7700064296	-	(5,510)
Kenya Commercial Bank	110-761-835-5		-	(2,087,177)
National Bank of Kenya	010-7100-283-0601	7700595275	-	(262,830,216)
Co-operative Bank	114-415-044-547-00		-	(516,316)
Co-operative Bank	212-050-445-4700		-	(5,908)
National Bank of Kenya	0200-302-830-600	7714564490	-	(1,589,824)
	TOTAL			(274,124,312)
(v) Overdrawn Mpesa				
M-PESA	804700			(17,417,051)

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19. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Description	2024-2025	2023-2024
	Kes	Kes
Current receivables		
Trade Debtors	1,023,116,272	1,129,353,427
Makhecha & Company Advocates	17,500,000	17,500,000
Prepayments	2,697,529	2,697,529
Staff Advances	4,209,535	6,190,813
Miscellaneous Debtors	1,585,822	1,585,822
Accrued Expenses	127,673,445	129,555,479
Provision for doubtful debts	(52,548,453)	(52,548,453)
KCB- KRA receivable	-	21,600,000
Other Debtors- E Citizen	48,527,300	75,938,669
Rent Deposits	5,633,369	5,633,369
Total Current receivables	1,178,394,818	1,337,506,655
Non-current receivables		
Staff Mortgage Scheme	551,016,328	601,827,075
Total non-current receivables	551,016,328	601,827,075
Total Receivables From Exchange Transactions	1,729,411,146	1,939,333,731
20. RECEIVABLES FROM NON-EXCHANGE		
Description	2024-2025	2023-2024
	Kes	Kes
Current receivables		
Kenya Revenue Authority	48,263,128	51,643,296
Total current receivables	48,263,128	51,643,296

(a) Receivables from Exchange Transactions (Current)		
Description	2024-2025	2023-2024
	Kes	Kes
Receivables		
Service, Water and Electricity Debtors	39,746,134	21,161,241
Other Exchange Debtors	1,140,199,353	1,316,345,414
Total Current Receivables	1,179,945,487	1,337,506,655

(b) Receivables from Exchange Transactions (Long-term)		
	2024-2025	2023-2024
	Kes	Kes
Other exchange debtors	551,016,328	601,827,075
Total non-current receivables	551,016,328	601,827,075

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Description	2024-2025		2023-2024	
	Kes	% of the total	Kes	% of the total
Less than 1 year	1,118,370,108	65%	1,200,534,433	60%
Between 1- 2 years	6,798,456	0%	35,051,276	2%
Between 2-3 years	4,209,535	0%	21,980,235	1%
Over 3 years	600,033,048	35%	733,411,083	37%
Total (a+b)	1,729,411,147	100%	1,990,977,027	100%

21. INVENTORIES		
Description	2024-2025	2023-2024
	Kes	Kes
Stationery	44,862,125	42,804,911
Bio Chemical Stock	22,550,604	64,704,491
Standards Stock	61,194,075	61,695,789
Engineering Stock	17,558,717	9,740,179
Total inventories at the lower of cost and net realizable value	146,165,521	178,945,370

22. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Description	2024-2025	2023-2024
	Kes	Kes
General Trade Creditors	222,862,694	422,317,809
Audit Fees Payable-Auditor Gen.	807,360	807,360
Staff Deductions Payable	128,996,696	153,753,507
Accrued Retention Fee	25,556,708	22,815,826
Accrued Creditors	752,882,263	579,225,705
Accrued Expenses -ISM Mark	-	5,137,248
Staff Performance Reward Payable	589,294,246	427,576,887
Accrued Legal Expenses	2,738,000	2,738,000
Employer Pension Arrear	69,405,822	69,405,822
Total Trade and Other Payables	1,792,543,789	1,683,778,165

Aging Analysis (Trade & Other Payables)	Current F/Y	%ge of the Total	Comparative F/Y	%ge of the Total
under 1 year	1,092,948,673	61%	1,377,975,124	82%
1-2 Years	81,586,162	5%	262,984,463	16%
2-3 years	589,714,246	33%	18,519,193	1%
Over 3 Years	28,294,708	2%	24,299,385	1%
TOTAL	1,792,543,789	100%	1,683,778,165	100%

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23.COURT AWARDS		
Description	2024-2025	2023-2024
	Kes	Kes
Court Awards	699,521,015	351,665,786
Total Court Awards	699,521,015	351,665,786
24. BORROWINGS		
Description	2024-2025	2023-2024
	Kes	Kes
Balance at beginning of the year	291,541,363	125,463,014
Domestic borrowings during the year	-	166,078,349
Repayments during the year	(291,541,363)	-
Balance at end of the year	-	291,541,363
Domestic Borrowings		
bank Overdraft from NBK	-	(262,830,216)
Overdrawn cashbooks	-	(11,294,096)
Overdrawn Mpesa	-	(17,417,051)
Total balance at end of the year	-	(291,541,363)
Description		2023-2024
		Kes
Short term borrowings(current portion)	-	291,541,363
Total Borrowings	-	291,541,363

25.CASH GENERATED FROM OPERATIONS		
	2024-2025	2023-2024
	Kes	Kes
Surplus/ Deficit for the year	81,142,577	82,012,474
Adjusted for:		
Depreciation	256,722,371	213,126,878
Amortization	416,848	595,497
Working capital adjustments:		
Increase / Decrease In Inventories	32,779,849	(54,703,157)
Increase / Decrease In Receivables	213,302,752	(567,335,760)
Increase In Payables	693,131,922	369,798,074
Net cash flows from operating activities	1,534,635,538	43,494,005

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26. PROPERTY, PLANT AND EQUIPMENT							
	Land	Buildings	Work in progress	Plant & equipment, Furniture and fittings	Computers	Motor Vehicle	Total
Cost	Kes	Kes	Kes	Kes	Kes	Kes	Kes
At 30th June 2022	127,390,000	1,838,279,242	268,598,966	2,258,445,482	389,922,737	487,991,258	5,370,627,684
Additions		1,989,400	32,812,009	243,655,438	58,057,011		336,513,858
Disposals							
Transfer/adjustments							
At 30th June 2023	127,390,000	1,840,268,642	301,410,975	2,502,100,920	447,979,748	487,991,258	5,707,141,542
Additions				245,918,670	57,056,239	129,787,840	432,762,749
Disposals							
Transfer/adjustments							
At 30th June 2024	127,390,000	1,840,268,642	301,410,975	2,748,019,590	505,035,987	617,779,098	6,139,904,292
Additions		59,652,363		318,464,877	155,177,025	36,776,000	570,070,265
Disposals						-45,079,412	(45,079,412)
Transfer/adjustments							
At 30th June 2025	127,390,000	1,899,921,005	301,410,975	3,066,484,466	660,213,012	609,475,686	6,664,895,144
Depreciation and impairment							
Depreciation		6,080,053		109,573,547	33,473,699	21,665,746	170,793,244
Disposals							
Impairment							
Transfer/adjustment							
At 30th June 2023	-	113,231,259	-	1,515,938,997	369,873,984	401,328,274	2,400,372,514
Depreciation		6,080,053		123,208,059	40,548,601	43,290,165	213,126,878
Disposals							
Impairment							
Transfer/adjustment							
At 30th June 2024	-	119,311,312	-	1,639,147,057	410,422,585	444,618,439	2,613,499,392
Depreciation		6,080,053		142,733,741	74,937,128	32,971,449	256,722,971
Disposals						(42,799,706)	(42,799,706)
Impairment							
Transfer/adjustment							
At 30th June 2025		125,391,365	-	1,781,880,798	485,359,713	434,790,182	2,827,422,058
Net book value							
As At 30th June 2023	127,390,000	1,727,037,383	301,410,975	986,161,922	78,105,763	86,662,984	3,306,769,028
As At 30th June 2024	127,390,000	1,720,957,330	301,410,975	1,108,872,533	94,613,402	173,160,659	3,526,404,900
As At 30th June 2025	127,390,000	1,774,529,640	301,410,975	1,284,603,669	174,853,299	174,685,504	3,837,473,087

27. INTANGIBLE ASSETS-SOFTWARE		
Description	2024-2025	2023-2024
	Kes	Kes
Cost		
At beginning of the year	143,717,912	143,717,912
Additions	-	-
At end of the year	143,717,912	143,717,912
Additions-internal development	-	-
At end of the year	143,717,912	143,717,912
Amortization and impairment		
At beginning of the year	142,328,420	141,732,923
Amortization	416,848	595,497
At end of the year	142,745,268	142,328,420
Impairment loss	-	-
At end of the year	142,745,268	142,328,420
NBV	972,644	1,389,492

28. Financial Risk Management

KEBS activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The organization'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. KEBS has an integrated risk management framework. KEBS financial risk management objectives and policies are detailed below:

a) Credit Risk

KEBS credit risk is primarily attributable to its trade receivables. The amounts presented in the financial statements are net of doubtful receivables, estimated by the KEBS management based on prior experience. The credit risk on liquid funds with financial institutions is low. This is because the bank balances are held with regulated financial institutions and are fully performing.

Credit Risk	Total Amount	Fully performing
	Kes	Kes
As At 30 June 2025		
Receivables from exchange transactions	1,729,411,146	1,729,411,146
Receivables from non exchange transactions	48,263,128	48,263,128
Bank balances	994,190,461	994,190,461
Total	2,771,864,736	2,771,864,736
As At 30 June 2024		
Receivables from exchange transactions	1,939,333,731	1,939,333,731
Receivables from non exchange transactions	51,643,296	51,643,296
Bank balances	284,484,701	284,484,701
Total Credit Risk	2,275,461,728	2,275,461,728

b) Liquidity risk management

Liquidity risk is the risk that the organization will not have sufficient financial resources to meet its obligations when they fall due. KEBS was able to meet its maturing obligations when due. KEBS manages liquidity risks by continuous monitoring of forecasts and actual cash flows.

Liquidity Risk Management	Less than 1 month	Between 1-3 months
	Kes	Kes
As at 30th June 2025		
Trade payables	95,320,593	61,217,267
Current portion of borrowings	-	-
Total	95,320,593	61,217,267
As at 30th June 2024		
Trade payables	176,565,191	128,272,717
Current portion of borrowings	291,541,363	294,319,795
Total	468,106,554	422,592,512

c) Market Risk

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes in foreign exchange rates, commodity prices and interest rates. The objective of market risk management policy is to protect and enhance the statement of financial position and statement of comprehensive income by managing and controlling market risk exposures within acceptable parameters and to optimise the funding of business operations and facilitate capital expansion. The market risk exposure of the company relates primarily to currency and interest rate risk.

i) Foreign currency risk

KEBS is exposed to foreign exchange risk arising from trading with suppliers and customers in foreign currency. Exchange rate exposures are managed within approved policy parameters utilizing of assets and liabilities.

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

ii) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. KEBS did not have any interest borrowings in the current financial period hence no exposure to interest rate risk

iii) Capital Risk Management

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

Capital Risk Management	2024/25	2023/24
	Kes	Kes
Revaluation reserve	990,156,591	990,156,591
Retained earnings	888,843,078	374,937,752
Capital reserve	995,468,206	1,428,230,955
Total funds	2,874,467,875	2,793,325,298
Total borrowings	0	291,541,363
Less: cash and bank balances	994,190,461	284,484,701
Net debt/(excess cash and cash equivalents)	994,190,461	(7,056,662)
Gearing	0%	10%

29. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to KEBS include those parties who have ability to exercise control or exercise significant influence over KEBS operating and financial decisions. Related parties include key management comprising of the NSC members, Managing Director, Directors, Heads of various departments and Regional Managers within KEBS.

Government of Kenya

The Government of Kenya is the principal shareholder of *KEBS*, holding 100% of the *Entity's* equity interest. *KEBS* does not hold any loan, both long term and short term.

Other related parties include:

- i) Ministry of Investment Trade and Industry
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) The National Treasury and Planning
- v) The National Standards Council
- vi) Key management.

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	2024/25	2023/24
	Kes	Kes
Transactions with related parties		
a) Sales to related parties		
Rent income from govt. Agencies	1,936,000	1,760,000
Training and Certification of govt. Agencies	94,679,679	86,072,435
Interest Earned	3,159,642	2,872,402
Total	99,775,321	90,704,837
b) purchases from related parties		
Purchases of electricity from KPLC	39,200,026	35,636,387
Purchase of water from govt service providers	11,345,219	10,313,835
Rent expenses paid to govt agencies	12,590,662	11,446,056
Training and conference fees paid to govt. Agencies	31,979,561	29,072,328
Bank Charges and Interest Payable	12,137,240	33,377,012
Total	107,252,708	119,845,619
c)Grants /transfers from the government		
Grants from national govt	3,000,000	6,000,000
Total		6,000,000
d)Key management compensation		
Directors' emoluments	640,000	856,129
Compensation to key management	241,321,992	185,632,302
Total	241,961,992	186,488,431

30. Contingent assets and contingent liabilities

KEBS contingent liability in the year is estimated at Kes 8 Billion on outstanding legal cases and costs together with defined benefit actuarial deficit.

31. Capital Commitments

CAPITAL COMMITMENTS		
Capital commitments	2024/25	2023/24
	Kes	Kes
Authorised and Contracted for	752,462,263	274,525,488
Total	752,462,263	274,525,488

The Capital Commitments for the year amounted to Kes 752 Million.

32. Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. KEBS remitted 123,399,103 into the Consolidated Fund as part of the surplus for the last financial year.

32. SURPLUS REMISSION		
Description	2024-2025	2023-2024
	Kes	Kes
Surplus for the year	811,425,772	820,124,735
90% Computation	730,283,195	738,112,262
Remission Surplus Payable		
2024-2025		
Description	Kes	Kes
Payable at the beginning of the year	861,890,877	183,778,615
90% Surplus	730,283,195	738,112,262
Surplus Paid During the Year	(123,399,103)	(60,000,000)
Payable at the end of the year	1,468,774,969	861,890,877

33. Events after the reporting period

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

34. Ultimate and Holding Entity

KEBS is a State Corporation under the Ministry of Investment Trade and Industry. Its ultimate parent is the Government of Kenya.

35. Currency

The financial statements are presented in Kenya Shillings (Kes).

APPENDIX I: IMPLEMENTATION STATUS OF THE AUDITOR GENERAL RECOMMENDATIONS

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 i)	Receivables from exchange transactions	The developer was engaged to develop KEBS staff housing Scheme which did not take place. A deposit of Kes 17,500,000 was paid for the staff housing scheme that was never implemented. The matter was forwarded to Inspectorate of State Corporation in 2011 and later referred to Ethics and Anti-Corruption Commission for investigations. This matter has taken over 20 years and it is unlikely that the monies will be recovered. KEBS made a request for approval from the National Treasury to write off the debt.	Not Resolved	Financial Year 2026
ii)	Prepayments	Prepayment of Kes 2,697,529 was made to three firms for goods and services that were never supplied 1. Tetralink Kenya Ltd – Kes.2, 256,436.75 (2000-2001) 2. Bestex Designers – Kes.153, 542.00 (2000-2001) 3. Home Link Ltd- Kes.287, 550.00 (1999-2000) This has taken over 20 years.	Not Resolved	Financial year 2026
iii)	Miscellaneous debtors of Ksh 1,585,822.00	The miscellaneous debtors of Kes 1,585,822 relate to amounts surcharged on KEBS officers for acts committed by them in the years 2000 and 2001. The staff were dismissed thereafter.	Not Resolved	Financial Year 2026
2.	Property, Plant and Equipment	This refers to payments done (2012) in respect to preliminary activities to consultants for different works towards the commencement of the construction of coast regional offices and laboratories totalling to Kes 101,938,209. The project was later abandoned and KEBS opted for the purchase of a building which was much more cost effective and affordable. The Preliminary costs which were now sunk costs were expensed and removed from the Work in progress.	Not resolved	Financial Year 2026
3.	Cash and Cash Equivalent	This refers to money collected and banked in regional operations bank account that currently is before the court of law.	Not Resolved	Financial Year 2026

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4	Supply and implementation of application software for KEBS integrated quality assurance and inspection operation	This relates to a contract which was awarded in 2012 to Circuit Business System for supply and implementation of an application software. The objectives of this project were not attained. This project was terminated and contractual options regarding compensation to KEBS is being pursued through the court.	Not Resolved	Financial Year 2026
5	Pre-export verification of conformity (PVOC) for exports to Kenya	This is a case of M/s Tellam freighters who allegedly moved the goods from the port without KEBS intervention. To prevent this from occurring, KEBS agreed with KRA that customs entries for goods not accompanied with Certificates of Conformity (CoCs) issued by any of the KEBS appointed inspection agent will only be passed by Customs department upon satisfactory quality inspection by KEBS.	Not Resolved	Financial Year 2026
6	Unapproved procurement of Legal firms.	This relates to lawyers engaged in the case of Geochem Middle East Vs KEBS where; a. The National Standards Council resolved that the legal team handling Geochem case be strengthened. b. KEBS obtained a conditional approval and retainer agreement between KEBS and the Law Firms setting out the scope of work was drawn. c. The procurement of the said Law firms was necessitated by the urgency and the impact of the matter had on the operations of KEBS. d. The firms were on the list of pre-qualified list for providers of legal service for the period 2015/2016-2018.	Not Resolved	Financial Year 2026
7	Non-Compliance with the E-Procurement	KEBS complied with Executive Order No.2 of 2018 by; a. maintaining and continuously updating and publicizing its procurement undertaking through the websites, public Notices boards and official government publication. b. KEBS has its own ERP(ACCPAC) which is not integrated with IFMIS, which is used processing procurement requests and procurement documents such as LPO/LSO and purchase requisition of vouchers	Not Resolved	Financial Year 2026
8	Irregular Procurement of Insurance services.	This relate to an expenditure on general Insurance Amounting to Ksh. 11,157,170 paid to Occidental Insurance Company Ltd. This expenditure was properly approved by the organization and the services were received by the organization hence cannot be irregular. KEBS is under obligation to ensure that its assets are sufficiently protected against risk exposures that are insurable. The procurement of insurance services was done through an open tender and awarded to the lowest evaluated bidder. In this case occidental was found to be lowest evaluated bidder.	Not Resolved	Financial Year 2026

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9	Trade Receivable and other Receivables	<p>This related to the provision on bad and doubtful debt amounting to Ksh. 52,548,453 in respect of provision for bad and doubtful debts which excludes Ksh. 5,469,529 recovered during the year 2021 and trade debtors outstanding for more than ninety days and no general provisions for doubtful debts was charged amounting to Kshs. 211,404,755.</p> <p>KEBS does not have a policy on general provision and instead applies specific provision in line with the procedure on provision for bad debts as stipulated in the credit policy and the international Financial reporting standards.</p> <p>The practice of general provision has been declining and specifically has been prohibited by international Financial Reporting Standard (IFRS) IAS 39 prohibits creation of general provisions on the basis of past experience due to the subjectivity involved in creating such an estimate.</p> <p>Instead, reporting entity is required to carry out impairment review to determine the recoverability of the receivables and any associated allowance.</p>	Not Resolved	Financial Year 2026
10	Unsupported Trade and other payables.	<p>This relates to Expenditures of ksh 75,858,279, which by the time of audit had not been supported with the delivery notes, invoice and inspection report This was part of the general trade creditors of Kshs 644,201,817. The Delivery notes, invoices and inspection reports have been provided for verification</p>	Not Resolved	Financial Year 2026
11.	Long outstanding LPOs	<p>This relates to Local purchase orders and Service orders which the suppliers had not serviced by the time of the audit. Whereas the suppliers turn around time has greatly improved, the validity of the Local purchase orders and service orders will reliably be addressed considering that some of the items ordered are specific and need be assembled as ordered by the client.</p>	Not Resolved	Financial Year 2026



Managing Director

Date: 01/12/25

Appendix II: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/ Others	Total Amount - KES	Where Recorded/recognized Statement of Financial Performance	Total Transfers during the Year
The National Treasury & Economic Planning	21/05/2025	Recurrent	3,000,000	3,000,000	3,000,000
Total			3,000,000	3,000,000	3,000,000

Appendix III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Planting Programme	Tree Planting Program	Enhance forest Cover by 10 %	Seedlings Purchase Tree Planting Watering	766,200	3,278,780	4,957,100	3,315,500	A I A	Kenya Forest and Kenya Wildlife Services