

REPUBLIC OF KENYA



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REPORT

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ON

**NATIONAL PEACE SUPPORT
OPERATIONS FUND**

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


THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 10 MAR 2026

DAY.

TUESDAY

TABLED
BY:

HON. DWEN BAYA, MP

FOR THE
SPEAKER:

CHRISTINE NDIRITU



NATIONAL PEACE SUPPORT OPERATIONS FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

RECEIVED
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U.S. DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C.

**National Peace Support Operations Fund
Annual Report and Financial Statements
for the year ended June 30, 2025.**

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1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NPSOF	National Peace Support Operations Fund
NDC	National Defence College
ICPAK	Institute of Certified Public Accountants of Kenya
NCKK	National Council of Churches of Kenya
AAI	ActionAid International
ECL	Expected Credit Loss
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

(a) Background information

NPSO Fund is established by and derives its authority and accountability from PFM Act and NPSOF Regulations, 2023. The Fund is wholly owned by Ministry of Defence and is domiciled in Kenya.

(b) Principal Activities

The principal activity of the Fund is to provide funding for peace support operations. The Fund is administered by the PS Ministry of Defence.

(c) Key Management

The Fund's day-to-day management is under the following key organs:

No	Designation	Name
1.	Cabinet Secretary	Hon. Roselinda Soipan Tuya
2.	Principal Secretary and Accounting Officer	Dr. Ptatrck Mariru, PhD, CBS
3.	The Chief of the Defence Forces	Gen. Charles M Kaharir CBS 'nwc' (USA) 'psc' (K)
4.	The Commander Kenya Army	Lt. Gen David Tarus CBS 'ndc' (K) 'cgsc' (USA) 'psc' (K)
5.	Commander Kenya Air Force	Maj Gen. FATuma G Ahmed CBS OGW 'ndc' 'psc' (K)
6.	Commander Kenya Navy	Maj Gen. Paul Owuor Otieno EBS 'ndc' 'psc' (K)

(d) Fiduciary Management

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

No	Designation	Name
1.	Fund Manager/Administrator	Dr. Patrick Mariru, PhD, CBS

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No	Designation	Name
2.	Senior Chief Finance Officer	Mr. J Mutuma
3.	Chief of Operations	Brig E Rugendo
4.	Chief of Finance	Brig S Kipngetich
5.	Head of Accounting Unit	Mrs. E Wanyonyi
6.	Deputy Director Supply Chain Management	Mr. W Olwalo
7.	Chief of Legal Services	Brig E Kerubo

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

No.	Designation
1.	Cabinet Secretary
2.	Principal Secretary and Accounting Office
3.	The Chief of the Defence Forces
4.	The Commander Kenya Army
5.	Commander Kenya Air Force
6.	Commander Kenya Navy

(f) Entity Headquarters

P.O. Box 40668-00100
Ulinzi House
Lenana Road
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 020-2721100
E-mail: ps@mod.go.ke

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Website: www.mod.go.ke

(h) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

Key Entity Information and Management (continued)

(i) Independent Auditor

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

(j) Principal Legal Adviser

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

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3. The Defence Council

Ref	Directors	Details
1.	Cabinet Secretary	Hon. Roselinda Soipan Tuyu
2.	Principal Secretary and Accounting Officer	Dr. Patrick Mariru, PhD, CBS
3.	The Chief of the Defence Forces	Gen. Charles M Kahariri CBS 'nwc' (USA) 'psc' (K)
4.	The Commander Kenya Army	Lt. Gen David Tarus CBS 'ndc' (K) 'cgsc' (USA) 'psc' (K)
5.	Commander Kenya Air Force	Maj Gen. Fatuma G Ahmed CBS OGW 'ndc' 'psc' (K)
6.	Commander Kenya Navy	Maj Gen. Paul Owuor Otieno EBS 'ndc' 'psc' (K)

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4. Key Management Team

	Management	Details
1.	Fund Manager/Administrator	Dr. Patrick Mariru, PhD, CBS
2.	Senior Chief Finance Officer	Mr. J Mutuma
3.	Chief of Operations	Brig E Rugendo
4.	Chief of Finance	Brig S Kipngetch
5.	Head of Accounting Unit	Mrs. E Wanyonyi
6.	Deputy Director Supply Chain Management	Mr. W Olwalo
7.	Chief of Legal Services	Brig E Kerubo

National Peace Support Operations Fund
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for the year ended June 30, 2025.

5. Chairperson's Statement

On behalf of the Defence Council, I am pleased to present the fund's Financial Statements for the year ended 30 June, 2025. The fund was established in May 2023 through the Public Finance Management (National Peace Support Operations Fund) Regulations, 2023 and became operational from July 2024.

Article 240 (8)(a) of the constitution of Kenya allows the National Security Council with the approval of the parliament to deploy national forces outside Kenya for regional and international peace support operations. In the past, Kenya Defence forces has successful participated in regional and international peace operations. Then, all the funds collected from peace operations was accounted for as appropriation in Aid (AIA) and transferred in full to the National Treasury. Budget cuts and delayed fund disbursement, at times, affected Kenya Defence Forces regional and international peace operations. The establishment of peace fund was a response to above challenges.

The object and purpose of the Fund is to provide funds to support the participation in Peace Support Operations (PSO) by the Kenya Defence Forces. Specifically, the peace funds are applied and used in financing of ; equipment parks, acquisition and maintenance of Owned Equipment and other assets, enhancement of units to attain appropriate levels at the United Nations peacekeeping capability readiness system, capacity building programmes including training facilities and infrastructure development for the purpose of Peace Support Operation, force generation and force projection activities, research, monitoring and evaluation of activities related to Peace Support Operation and facilitation of any other activities in furtherance of Peace Support Operation approved by the Defence Council.

During the financial year, the Kenya Defences participated in the following regional and internal peace support operations; United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) and African Union Transition Mission in Somalia (ATMIS). where our well trained and prepared Defence forces have demonstrated the highest standards of professionalism and technical competence which has resulted in gradual peace and stability in the affected regions and countries. As a result of this peace operations Kshs. 6,960,992,936 was received from the United Nations as reimbursement for ongoing peace operations and Kshs.500,000,000 from the exchequer totaling to Kshs.7,460,992,936 out which Kshs.7,420,599,831 was utilized on approved fund operations.

The Council acknowledges and appreciates the goodwill and support of the National Government and the other partners. The Council is committed to ensuring the fund's ability and preparedness in delivering on its mandate. Good governance practices and accountability remain key pillars in the success of the fund. The Council will continue to provide strategic oversight while ensuring compliance with all regulatory and statutory obligations.

Finally, I extend my appreciation to the Council, fund management and staff for their dedication and commitment in serving the fund.


.....
HON. SOIPAN TUYA, EGH/ CABINET SECRETARY

National Peace Support Operations Fund
Annual Report and Financial Statements
for the year ended June 30, 2025.

6. Report of the Fund Administrator

It is a great pleasure to present the National Peace Support Operations Fund annual report and financial statements for the financial year ended 30 June, 2025 being the first year of financial reporting. The fund was established in May 2023 and became operational from July 2024.

Peace is a fundamental prerequisite for regional development, creating the necessary stable environment for progress and sustainable growth. Without peace, development efforts are undermined; with it, societies can invest in essential areas like human capital, infrastructure, and strong institutions. The Kenya Defence Forces has successfully participated in many regional and international peace operations. Extensive training and high levels of discipline has enabled our forces to bring peace and stability to disturbed areas and regions in and outside the continent.


Kenya has received significant diplomatic, financial, military, and strategic benefits through participation in peace operations missions. These have enhanced our country's international standing, provided financial compensation, offered valuable training and experience to our forces, and helped maintain global stability. During the financial year, the Kenya Defence forces participated in the following regional and internal peace support operations; United Nations Organization Stabilization Mission in the DRC (MONUSCO) and African Union Transition Mission in Somalia (ATMIS). The peace operations are ongoing and have gradually helped in bringing peace and stability in the respective regions.

The object and purpose of the Fund is to provide funds to support the participation in Peace Support Operations (PSO) by the Kenya Defence Forces. During the year ended 30 June, 2025, Kshs.6,960,992,936 was received from the United Nations as reimbursement for peace operations and Kshs.500,000,000 from the exchequer totalling to Kshs.7,460,992,936 out of which Kshs.7,420,599,831 was utilized on approved fund operations. The major fund expenses during the year include; military staff compensation and allowances, purchase of military hardware and equipment, training and logistics. The fund had a bank balance of Kshs.41,976,105 as at 30 June, 2025.

The Management has put in place adequate and appropriate internal control measures to ensure proper control and accountability of public funds. Further, these controls are continuously assessed for adequacy and integrity.

I would like to express my gratitude to the Defence Council for their strategic guidance and oversight, particularly, this first year of operation. I also acknowledge the support of, the Government of Kenya, the United Nations who continue to play a critical role in our success.

Finally, I extend my sincere gratitude to the staff for their dedication and commitment whose support was critical in achieving the goals and objectives of the fund.



Name: Dr. Patrick Mariru, PhD, CBS
Fund Administrator

National Peace Support Operations Fund
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7. Statement of Performance against Predetermined Objectives for FY 2024/2025

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each Financial Year, the Accounting Officer when preparing financial statements of each national government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the Fund's performance against predetermined objectives.

NPSO Fund has 3 strategic pillars. These strategic pillars are as follows:

- a) Pillar 1: United Nations' peacekeeping capability and readiness;
- b) Pillar 2: Contingent equipping and contingent owned asset maintenance.
- c) Pillar 3: Funding of capacity building programmes including training facilities and infrastructure development for the purpose of Peace Support Operation.

NPSO Fund develops its annual work plans based on the above objectives. The NPSO Fund achieved its performance targets set for the FY 2024/2025 period for its three strategic pillars, as indicated in the table below:

Strategic Pillars	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: United Nations peacekeeping capability and readiness	Financing enhancement of units to attain appropriate levels at the United Nations peacekeeping capability readiness system	Enhanced regional & International Peace & Security	Participation in regional and international Peace support Operations (PSOs) and programmes	Timely deployment and effective participation in PSOs and programmes
Pillar 2: Contingent equipping and contingent owned asset maintenance	Financing for acquisition and maintenance of Contingent Owned Equipment and other assets for Peace Support Operation	Adequate and efficient equipment for effective peace operation	Acquisition of new equipment and development of related infrastructure on going	Military modernisation

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Pillar 3: Capacity building programmes	Funding of capacity building programmes including training facilities and infrastructure development for the purpose of Peace Support Operation	Adequate capacity building programs and training facilities	Robust Training for local and regional contingent	Sustainable development of capacity building programs and training facilities.
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**National Peace Support Operations Fund
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for the year ended June 30, 2025.**

8. Corporate Governance Statement

The National Peace Support Operations Fund is subject to and complies with the principles of good governance in Chapter 6 - Leadership and Integrity in the Constitution of Kenya 2010. In the discharge of their functions, the Defence Council is bound by the applicable national legislation, policies and guidelines such as the Public Finance management Act, 2012, international standards and principles that are essential for good corporate governance practices. The Defence Council is responsible for the strategic direction and oversight of the fund and is committed to ensuring fund operations are conducted in an effective and efficient manner.

Roles and Functions of the Defence Council

The Fund is managed by the Defence Council. The Councils Major function includes; Formulating policies and guidelines for the regulation and management of the Fund and in liaison with other relevant government state departments and agencies, to continuously seek opportunities for participation in Peace Support Operation by the Government of Kenya and determine the allocation of financial resources from the Fund as required;

Appointment of Defence Council Members

Article 241(5) of the constitution of Kenya establishes the defence council. The defence council consist of Cabinet Secretary responsible for defence, who is the chairperson, the Chief of the Kenya Defence Forces, the three commanders of the defence forces and the Principal Secretary in the Ministry responsible for defence

Ethics and Conduct

The Defence Council complies with ethical standards and principles of good governance as stipulated in the Constitution of Kenya 2010, Leadership and Integrity Act, and Public Officers Ethics Act. The council ensures corporate governance guidelines and best practices are complied with and that all corporate affairs are managed in a fair, efficient and transparent manner.

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for the year ended June 30, 2025.

9. Management Discussion and Analysis

The National Peace Support Operations (NPSO) Fund was established in May 2023 through the Public Finance Management (National Peace Support Operations Fund) Regulations, 2023 and became operational from July 2024. The year ending 30 June, 2025 is the fund's first financial year of reporting.

The National Peace Support Operations Fund was established with an initial capital Fund of seven billion shillings; one billion appropriated from the Exchequer and six billion to be retained from Peace Support Operation reimbursable. During the year, the fund received a total of Kshs.7,460,992,936 comprising of Kshs.500,000,000 transfer from the Ministry of Defence and United Nations Reimbursements of Kshs.6,960,992,936.

Expenses amounting to Kshs.7,420,599,831 were incurred during the year mainly on military staff compensation and allowances, purchase of military hardware and equipment, training and logistics resulting in surplus of Kshs.40,313,105. The fund paid a total of Kshs.7,419,016,831 out of the total expenses of Kshs.7,420,599,831 resulting in outstanding creditors of Kshs.1,583,000 as at 30 June, 2025. The outstanding creditors were settled in full in the month of July, 2025. The fund had a cash and cash equivalents of Kshs.41,976,105 as at 30 June, 2025.

The fund management is looking forward to a positive new financial year, with expectations of increased funding and capitation from the National Government as well as reimbursements from the United Nations.

**National Peace Support Operations Fund
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10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The fund's primary mandate is to provide funds to support the participation in Peace Support Operations (PSO) by the Kenya Defence Forces in accordance with Article 240 (8)(a) of the Constitution. The fund's operations are guided by National legislations, Ministry of Defence policies and guidelines among other.

Environment, Social and Governance ideals are firstly espoused in Kenyan legislation within the provisions of the Constitution of Kenya 2010 (Constitution). With respect to environmental ideals, the right to a clean and healthy environment is set out as a fundamental human right in Article 42 of the Constitution. Furthermore, Article 69 of the Constitution imposes an obligation on the Government of Kenya (GoK) to protect and conserve the environment.

The Ministry of Defence manages a broad range of ESG programs across its operations. We assess and identify issues that impact or be impacted by our operations on an ongoing basis.

ii) Environmental

Climate change, pollution and waste are prominent considerations by the fund that continue to endanger both its operations and social-economic welfare of its members and the communities that the fund operates in. The fund is actively involved in; Managing environmental risks, including climate-related risks and minimizing the environmental impacts of our physical operations.

iii) Governance

The governance pillar refers to how the fund operates internally and its organizational behavior.

The fund endeavors to: Provide fair compensation to employees, Eliminate Bribery, Fraud and corruption, Promote ethics and values and Fair payment.

a) Sustainability strategy and profile

The fund, through the Ministry of Defence (MOD) and the Kenya Defence Forces (KDF), has firmly embedded environmental sustainability as a cornerstone of national security. Recognising that environmental degradation and climate change directly influence stability, operational effectiveness, and resilience, NPSO has integrated environmental safeguards into defence operations and planning. Guided by the Defence Environmental and Sustainability Policy, adopted in September 2024, Defence has aligned its programmes with the Constitution of Kenya, the National Environment Policy 2013, the National Landscape and Ecosystem Restoration Strategy (NLERS), and international frameworks such as the Paris Agreement and the Sustainable Development Goals (SDGs). The Defence

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Environmental and Sustainability Policy sets out clear objectives, including reducing greenhouse gas emissions by at least 50% in ten years, strengthening resource efficiency, and embedding climate risk analysis into all operations. This policy envisions Defence as a key player in sustainable national development while supporting the broader goal of “Total National Defence.”

b) Environmental performance /climate change/ mitigation of natural disasters

The Kenya Defence forces participation in peace operations is conducted in strict compliance with United Nations conventions, policies and regulations. These conventions, policies and regulations includes environmental conservations programmes and activities that must be implemented during and after the operations. To ensure compliance, officers with appropriate knowledge and experience are included in peace mission staff.

c) Employee welfare

The fund does not its own employees but depends on Kenya Defence Forces Personnel who are recruited and employed by the Ministry of Defence. The Ministry has continued to train its staff to enhance performance and facilitate career development. Promotion, re-designation and job enrichment are the key strategies applied in promoting employee career growth.

The Ministry has implemented various measures to comply with the Occupational, Safety and Health Act, 2007. These include development of ministerial guidelines on health and safety management, training of personnel on OSHA as well as provision of Personal Protective Equipment to staff.

In addition; The Kenya Defence Forces (KDF) aligns its policy on safety and health with the provisions of the Occupational Safety and Health Act (OSHA) 2007. In accordance with Section 6 of the Act, KDF bears the statutory duty to ensure the safety, health, and welfare of all personnel under its command. This is operationalized through proactive risk assessments, the implementation of safe systems of work, and the maintenance of a secure and hazard-free environment. These efforts are embedded within the broader doctrine of force protection and form a critical component of strategic readiness. KDF’s commitment to zero harm also extends to duty-specific protective equipment and medical surveillance protocols.

d) Operational Practices

The fund maintains good relations with its suppliers. The fund continuously improves its systems to enable it to serve its customers better. Despite funding challenges, the fund strives to ensure payments are paid whenever funding is available.

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11. Report of the Defence Council

The Council submits its report together with the audited financial statements for the year ended June 30, 2025, which show the state of the NPSO Fund affairs.

i) Principal activities

The principal activities of the Entity are:

- i) Financing enhancement of units to attain appropriate levels at the United Nations peacekeeping capability readiness system.
- ii) Financing for acquisition and maintenance of Contingent Owned Equipment and other assets for Peace Support Operation.
- iii) Funding of capacity building programmes including training facilities and infrastructure development for the purpose of Peace Support Operation

ii) Results

The results of the Entity for the year ended June 30, 2025, are set out on page 1.

iii) Council

The members of the Defence Council who served during the year are shown on page vii.

iv) Auditors

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

By Order of the Council



Name: Dr. Patrick Mariru, PhD, CBS

SECRETARY TO THE COUNCIL

**National Peace Support Operations Fund
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12. Statement of Council Responsibilities

Section 85 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established by Legal Notice No. 58 of 2023 shall prepare quarterly financial statements for the Fund in accordance with the standards and formats prescribed by the public sector Accounting Standards Board.

The Administrator of the Fund is responsible for the preparation and presentation of the fund's financial statements, which give a true and fair view of the state of affairs of the fund for and as at the end of the period 30th June, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the NPSO Fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accept responsibility for the Funds 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 Legal Notice No. 58 of 2023. The Administrator of the Fund is of the opinion that the Funds financial statements give a true and fair view of the state of Funds transactions during the financial year ended June 30, 2025, and of the Funds financial position as at that date.

The Administrator further confirms the completeness of the accounting records maintained for the NPSO Fund, which have been relied upon in the preparation of the Funds financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator have assessed the entity's ability to continue as a going concern

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

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Approval of the financial statements

The Funds financial statements were approved by the Council on 28/11 2025 and signed on its behalf by:



Name: Dr. Patrick Mariu, PhD, CBS
Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL PEACE SUPPORT OPERATIONS FUND 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 National Peace Support Operations Fund set out on pages 1 to 66, 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 the National Peace Support Operations Fund 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 Public Finance Management Act, 2012 and the National Peace Support Operations Fund Regulations, 2023.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Peace Support Operations Fund 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.

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 Information

The Management is responsible for the Other Information set out on page iv to xix which comprise of Key Entity Information and Management, The Defence Council, Key Management Team, Chairperson's Statement, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Defence Council, and Statement of Council Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the National Peace Support Operations Fund 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 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, I confirm that nothing 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

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 Fund'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 Fund'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

15 December, 2025

National Peace Support Operations Fund
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14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	FY 2024/2025	FY 2023/2024
		Kshts	Kshts
Revenue from non-exchange transactions			
Transfers from other governments entities	6	500,000,000	-
Levies, Fines, and penalties	7	-	-
UN Reimbursements	8	6,960,992,936	-
Property taxes revenue	9	-	-
Licenses and permits	10	-	-
		7,460,992,936	-
Revenue from exchange transactions			
Rendering of services	11	-	-
Sale of goods	12	-	-
Rental revenue from facilities and equipment	13	-	-
Finance income	14	-	-
Other incomes	15	-	-
Total revenue		7,460,992,936	-
Expenses			
Use of goods and services	16	7,420,599,831	-
Employee costs	17	-	-
Board Expenses	18	-	-
Depreciation and amortization expense	19	-	-
Repairs and maintenance	20	-	-
Contracted services	21	-	-
Grants and subsidies	22	-	-
Finance costs	23	-	-
Social Benefits expenses	24	-	-
Totalexpenses		7,420,599,831	-
Othergains/(losses)			
Gain/Loss on sale of assets	25	-	-
Gain/Loss on foreign exchange transactions	26	-	-
Gain /Loss on fair value of investments	27	-	-
Impairment loss	28	-	-
Surplus/ (deficit) before tax		40,393,105	-
Taxation	29	-	-
Surplus/(deficit)for the period/year		40,393,105	-
Remission to National Treasury		-	-
Net Surplus for the year		40,393,105	-

National Peace Support Operations Fund

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	Notes	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling Entity		-	-
		40,393,105	-

The notes set out on pages 11 to 65 form an integral part of these Financial Statements. The Fund Financial Statements were approved on 26/11/2025 and signed by:



Name: Dr. Patrick Mariru, PhD, CBS

Fund Administrator



Name: Electina W. Wanyonyi

Fund Accountant

ICPAK M/No. 3674

National Peace Support Operations Fund
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15. Statement of Financial Position as at 30 June 2025

	Notes	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	30	41,976,105	-
Prepayments	31	-	-
Receivables from Exchange Transactions	32	-	-
Receivables from Non-Exchange Transactions	33	-	-
Inventories	34	-	-
Investments in financial assets	35	-	-
Total Current Assets		41,976,105	-
Non-Current Assets			
Property, Plant and Equipment	36	-	-
Intangible Assets	37	-	-
Investment Property	38	-	-
Biological Assets	39	-	-
Receivables from Exchange Transactions	32	-	-
Total Non- Current Assets		-	-
Total Assets (A)		41,976,105	-
Liabilities			
Current Liabilities			
Trade and Other Payables	40	1,583,000	-
Refundable deposits	41	-	-
prepayments from customers	42	-	-
Current Provision	43	-	-
Finance Lease Obligation	44	-	-
Deferred Income	45	-	-
Employee Benefit Obligation	46	-	-
Borrowings	47	-	-
Social Benefits	48	-	-
Taxation	52	-	-
Total Current Liabilities		1,583,000	-
Non-Current Liabilities			

National Peace Support Operations Fund

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	Notes	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Non-Current Employee Benefit Obligation	46	-	-
Borrowings	47	-	-
Non-Current Provisions	49	-	-
Service Concession Liability	50	-	-
Deferred Tax Liabilities	53	-	-
Total Non- Current Liabilities		-	-
Total Liabilities (B)		1,583,000	-
Net Assets (A-B)		-	-
Represented by:			
Reserves		-	-
Accumulated Surplus		40,393,105	-
Capital Fund		-	-
Net Assets		41,976,105	-

The financial statements set out on pages 11 to 65 were signed on behalf of the Council by:



Name: Dr. Patrick Mariru, PhD, CBS

Fund Administrator



Name: Electina W. Wanyonyi

Fund Accountant

ICPAK M/No. 3674

National Peace Support Operations Fund

**Annual Report and Financial Statements
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16. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Ordinary share capital	Revaluation on reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	-	-	-	-	-	-	-
Issued new capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	(-)	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-	-
Surplus/ deficit for the year	-	-	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	(-)	-
Dividends paid	-	-	-	-	(-)	(-)	(-)
Interim dividends paid	-	-	-	(-)	-	-	(-)
Proposed final dividends	-	-	-	(-)	-	-	-
As at June 30, 2024	-	-	-	-	-	-	-
As at July 1, 2024	-	-	-	-	-	-	-
Issue of new share capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	(-)	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-

National Peace Support Operations Fund

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Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
Fair value adjustment on investments	-	-	-	-	-	-	-
Surplus/ (deficit) for the year	-	-	-	40,393,105	-	-	40,393,105
Capital/development grants received during the year	-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	(-)	-
Dividends paid	-	-	-	-	(-)	(-)	(-)
Interim dividends paid	-	-	-	(-)	-	-	(-)
Proposed final dividends	-	-	-	(-)	-	-	-
As at June 30, 2025	-	-	-	40,393,105	-	-	40,393,105

Note:

1. For items that are not common in the financial statements, the Entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

National Peace Support Operations Fund
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17. Statement of Cash Flows for the year ended 30 June 2025

	Notes	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
Cashflows from operating activities			
Receipts			
Transfers from other governments entities	6	500,000,000	-
Levies, fines, and penalties		-	-
UN Reimbursements	8	6,960,992,936	-
Property taxes revenue		-	-
Licenses and permits		-	-
Rendering of services		-	-
Sale of goods		-	-
Rental revenue from facilities and equipment		-	-
Finance income		-	-
Other income		-	-
Total receipts		7,460,992,936	-
Payments			
Use of goods and services		7,419,016,831	-
Employee costs		-	-
Board Expenses		-	-
Repairs and maintenance		-	-
Contracted services		-	-
Grants and subsidies		-	-
Total payments		7,419,016,831	-
Net cashflows from/(used in) operating activities	53	41,976,105	-
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(-)	(-)
Proceeds from sale of PPE		-	-
Purchase of investments		(-)	(-)
Sale of investments		-	-
Net cashflows from/(used in) investing activities		-	-
Cashflows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)
Proceeds from issue of shares		-	-
Net cash flows from financing Activities		-	-

National Peace Support Operations Fund

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		FY 2024/2025	FY 2023/2024
	Notes	Kshs.	Kshs.
Net increase/(decrease)in cash& Cash equivalents		41,976,105	(-)
Cash and cash equivalents at 1 July 2024	30	-	-
Cash and cash equivalents at 30 June 2025	30	41,976,105	-

(PSASB has now prescribed the direct method of cash flow presentation for all entities under the IPSAS Accrual basis of accounting).

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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
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	-	-	-	-	-
Receipts						
Transfers from Other Governments entities	500,000,000	-	500,000,000	500,000,000	-	100%
Levies, Fines and Penalties	-	(-)	-	-	-	-
UN Reimbursements	6,960,000,000	(-)	6,960,000,000	6,960,992,936	992,936	100.01%
Property Taxes Revenue	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Rendering of Services	-	(-)	-	-	(-)	-
Sale of Goods	-	-	-	-	(-)	-
Rental Revenue from Facilities and Equipment	-	-	-	-	-	-
Finance Income	-	-	-	-	(-)	-
Agency Income	-	-	-	-	(-)	-
Other Income	-	-	-	-	(-)	-
Total Receipts	7,460,000,000	-	7,460,000,000	7,460,992,936	992,936	100.01%
payments						
Use of Goods and Services	7,460,000,000	-	7,460,000,000	7,420,599,831	39,400,169	99%

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Employee costs	-	(-)	-	-	-	-
Remuneration of Directors	-	(-)	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-
Grants and Subsidies	-	-	-	-	-	-
Total Payments	7,460,000,000	(-)	7,460,000,000	7,420,599,831	39,400,169	99%
Capital Expenditure Payments	-	-	-	-	-	-
Surplus	-	-	-	40,393,105	-	-

Budget notes

1. Provide a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	40,393,105
1	Trade payables	1,583,000
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	41,976,105

**National Peace Support Operations Fund
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19. Notes to the Financial Statements

1. General Information

NPSO Fund is established by and derives its authority and accountability from Defence council. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund principal activity is in Peace Support Operations.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International 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 Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the NPSO Fund. The financial statements have been prepared in accordance with the PFM Act, and PFM (NPSOF) Regulations, 2023, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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Notes to the Financial Statements (Continued)

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 yet effective in the year ended 30 June 2025*

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> 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 cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, 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: 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.
IPSAS45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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.
IPSAS 46:	<i>Applicable 1st January 2025</i>

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Measurement	<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>
IPSAS47: Revenue	<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>
IPSAS48: Transfer Expenses	<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>
IPSAS49: Retirement Benefit Plans	<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>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<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> <ol 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.

**National Peace Support Operations Fund
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	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.
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iii. Early adoption of standards

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

**National Peace Support Operations Fund
Annual Report and Financial Statements
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Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Taxes, Levies and fines

The *Entity* recognizes revenues from taxes, levies, and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the *Entity* and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The *Entity* recognizes revenue from rendering of services 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the *Entity*.

Interest income

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for the FY2024/2025 was approved by the Defence Council. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The NPSO Fund budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under page 10 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the NPSO Fund operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable NPSO Fund and the same taxation authority.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) **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, the Entity recognizes such parts 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.

f) **Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Entity*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The NPSO Fund also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the NPSO Fund will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the NPSO Fund. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) 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. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

The *Entity* expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the *Entity* can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

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j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**National Peace Support Operations Fund
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange,

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or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Provisions

Provisions are recognized when the *Entity* 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. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

m) Social Benefits

Social benefits are cash transfers provided to; i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

The Entity 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.

o) Contingent assets

The Entity 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

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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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

q) Changes in accounting policies and estimates

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

r) Employee benefits

Retirement benefit plans

The *fund does not* provide retirement benefits for its employees and directors.

s) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

t) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

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u) Related parties

The *Entity* 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 fund administrator, senior chief finance officer, chief of operations, chief of finance, head of accounting unit, deputy director supply chain management and chief of legal services.

v) Service concession arrangements

The *Entity* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognize dare measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

w) Cash and cash equivalents

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

x) Comparative figures

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

y) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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The preparation of the *Entity's* 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, un certainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

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 43. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Unconditional Grants		
Operational Grant	500,000,000	-
Development grants	-	-
Other Grants	-	-
Total Unconditional Grants	500,000,000	-
Conditional Grants amortised/ transferred to revenue		
Housing Development Grant	-	-
Infrastructure Grant	-	-
Library Grant	-	-
Facilities Development Grant	-	-
Other Organizational Grants (specify)	-	-
Total Government Grants and Subsidies	500,000,000	-

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2024-2025	Insert Comparative FY
	KShs	KShs	KShs	KShs	KShs
Ministry of Defence	500,000,000	-	-	500,000,000	-
Total	500,000,000	-	-	500,000,000	-

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Notes to the Financial Statements (Continued)

7. Levies, Fines and Penalties

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Fuel Levy	-	-
Other Levies (Specify)	-	-
Fines	-	-
Penalties	-	-
Total	-	-

8. UN- Reimbursements

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
UN Reimbursements	6,960,992,936	-
Total	6,960,992,936	-

9. Property Taxes Revenue

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Taxable Land and Buildings		
Residential	-	-
Commercial	-	-
State	-	-
Penalties	-	-
Sub- Total Property and Taxes	-	-
Income Forgone/ waived	(-)	(-)
Total Property Taxes Revenue	-	-

10. Licenses, Fees and Permits

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Licenses	-	-
Fees	-	-
Permits	-	-
Total	-	-

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11. Rendering Of Services

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Tuition Fees	-	-
Training Fees	-	-
Health services	-	-
Service Fees (specify)	-	-
Quality Assurance	-	-
Others (specify)	-	-
Total Revenue from The Rendering of Services	-	-

12. Sale of Goods

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Sale of goods		
Sale of electricity	-	-
Sale of water	-	-
Sale of books	-	-
Sale of publications	-	-
Other(include in line with your organisation)	-	-
Totalrevenuefromthesaleofgoods	-	-

13. Rental Revenue from Facilities and Equipment

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Operating Lease Revenues	-	-
Staff Houses	-	-
Contingent Rentals*	-	-
TotalRentals	-	-

14. Finance Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Cash investments and fixed deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Totalfinanceincome	-	-

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15. Other Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Skills development levy	-	-
Agency fee	-	-
Income written back	-	-
Bad debts recovered	-	-
Miscellaneous incomes (<i>specify</i>)	-	-
Total Other income	-	-

16. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Electricity	-	-
Water	-	-
Professional Services	-	-
Subscriptions	-	-
Advertising	-	-
Peace Support Operation Expenses	7,420,599,831	-
Audit Fees	-	-
Conferences and Delegations	-	-
Consulting Fees	-	-
Consumables	-	-
Fuel and Oil	-	-
Insurance	-	-
Legal Expenses	-	-
Licenses and Permits	-	-
Chemicals	-	-
Water Purification Cost	-	-
Postage	-	-
Printing and Stationery	-	-
Hire Charges	-	-
Rent expenses	-	-
Security Costs	-	-
Sewage Treatment Costs	-	-
Skills Development Levies	-	-
Inventory Scrapping	-	-

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Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Telecommunication	-	-
Training	-	-
Travel, Subsistence & Other Allowances*	-	-
Bank charges	-	-
Total	7,420,599,831	-

17. Employee Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries and wages	-	-
Employer contribution to health insurance schemes	-	-
Employer contribution to pension schemes	-	-
Travel, accommodation, subsistence, & other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
Gratuity	-	-
Other employee related costs *	-	-
Employee costs	-	-

18. Board Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chairman/Directors' Honoraria	-	-
Sitting Allowances	-	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and Accommodation	-	-
Other Allowances	-	-
Total	-	-

Notes to the Financial Statements (Continued)

19. Depreciation and Amortization Expense

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant and equipment	-	-

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Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

20. Repairs and Maintenance

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property and equipment	-	-
Investment Property	-	-
Equipment and Machinery	-	-
Vehicles	-	-
Furniture and Fittings	-	-
Computers and Accessories	-	-
Others (specify)	-	-
Total Repairs and Maintenance	-	-

21. Contracted Services

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Actuarial Valuations	-	-
Investment Valuations	-	-
Property Valuations	-	-
Others (specify)	-	-
Total Contracted Services	-	-

Notes to the Financial Statements (Continued)

22. Grants and Subsidies

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Community Development	-	-
Education Initiatives and Programs	-	-
Social Development	-	-
Social benefit expenses*	-	-
Community Trust	-	-
Sporting Bodies	-	-
Total Grants and Subsidies	-	-

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23. Finance Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount on lease liabilities	-	-
Interest on bank overdrafts	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

24. Social Benefits Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
<i>Benefits to PWDs</i>	-	-
<i>Benefits to the Aged</i>	-	-
<i>Others specify</i>	-	-
Total Social Benefits	-	-

Transactions under IPSAS 42 Social Benefits

25. Gain on Sale of Assets

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total gain on sale of assets	-	-

26. Gain/Loss on foreign exchange transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Gain on foreign exchange transactions	-	-
Loss on foreign exchange transactions	-	-
Total Gain/Loss	-	-

27. Gain/ (loss)on Fair Value Investments

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs

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Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
TotalGain	-	-

(Provide brief explanation fair value valuation on investment assets)

28. Impairment Loss

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
TotalImpairmentLoss	-	-

29. Taxation

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current income tax charge	-	-
Tax charged on rental income	-	-
Tax charged on interest income	-	-
Deferredtax: [note 53]	-	-
Original and reversal of temporary differences	-	-
Income tax expense reported in the statement of financial performance	-	-

(Provide brief explanation on taxation, if any, as a public entity on revenues not exempted)

30. Cash and Cash Equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Account	41,976,105	-
Savings Account	-	-
On – Call Deposits	-	-
Fixed Deposits Account	-	-
Others (Deposit Account)	-	-
Total Cash and Cash Equivalents	41,976,105	-

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Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
a) Current Account			
Central Bank of Kenya	1000740841	41,976,105	-
Equity Bank, etc.		-	-
Sub- Total		41,976,105	-
b) On – Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank – etc.		-	-
Sub- Total		-	-
c) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Bank B		-	-
Sub- Total		-	-
d) Others(Deposit Account)			
Cash In Transit		-	-
Cash In Hand		-	-
Mobile Money Accounts		-	-
Sub- Total		-	-
Grand Total		41,976,105	-

Notes to the Financial Statements (Continued)

31. Prepayments

Description	Insert Current	Insert
	FY	Comparative FY
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

32. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Receivables		
Service, Water and Electricity Debtors	-	-
Other Exchange Debtors	-	-

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Total Current Receivables	-	-
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(b) Receivables from Exchange Transactions (Long-term)

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Total receivables		
Specify	-	-
Less: impairment allowance	(-)	(-)
Total receivables	-	-
Current portion transferred to current receivables	(-)	(-)
Total non-current receivables	-	-
Total receivables (a+b)	-	-

© Ageing analysis for Receivables from exchange transactions

Description	FY 2024/2025		FY 2024/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

(d) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	(-)	(-)
Writtenoff during the year	(-)	(-)
At the end of the year	-	-

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

33. Receivables from Non-Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property tax debtors	-	-

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Levies, fines, and penalties	-	-		
Licences, fees and permits	-	-		
Other debtors (non-exchange transactions)	-	-		
Less: impairment allowance	(-)	(-)		
Totalreceivables from non- exchange transactions	-	-		
Ageing Analysis- Receivables from non-exchange transactions	Curren t FY	% of the total	Compa rative FY	% of the total
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	(-)	(-)
Written off during the year	(-)	(-)
At the end of the year	-	-

Notes to the Financial Statements (Continued)

34. Inventories

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Consumable stores	-	-
Medical supplies	-	-
Spare parts and meters	-	-
Water for distribution	-	-
Other goods held for resale	-	-
Catering	-	-
Less: allowance for impairment	-	-
Total inventories at the lower of cost and net realizable value	-	-

(Provide brief explanation on inventories)

Detailed disclosure on inventories

	FY 2024/2025	FY 2023/2024
Opening balance	-	-
Additional Inventory in the year	-	-

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Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

35. Investments in financial assets

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b) Investment with Financial Institutions/ Banks		
Bank	-	-
Bank	-	-
Sub- total	-	-
c) Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

d) Movement of Equity Investments

Impairment allowance/ provision	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

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e) Shareholding in other entities

For investments in equity share listed under note 33 above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		2024/2025	2023/2024
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

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36. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Capital Work in progress	Total
Depreciation Rate	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2023	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	-	-	(-)	(-)	(-)
Transfers/Adjustments	-	-	(-)	-	(-)	(-)	-	(-)
Revaluation Adjustments	-	-	-	-	-	-	-	-
As at 30 th June 2024	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	-	-	-	(-)	(-)	(-)
Transfer/Adjustments	(-)	(-)	-	-	(-)	(-)	-	(-)
Revaluation adjustments	-	-	-	-	-	-	-	-
As at 30 th June 2025	-	-	-	-	-	-	-	-
Depreciation And Impairment								
At 1 July 2024	-	(-)	(-)	(-)	(-)	(-)	-	(-)
Depreciation	-	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment	-	(-)	-	-	-	(-)	-	(-)
Transfers/ Adjustments	-	(-)	-	-	(-)	(-)	-	(-)
As At 30 th June 2025	-	-	-	-	-	(-)	-	-
Depreciation	-	(-)	(-)	(-)	-	(-)	-	(-)
Disposals	-	-	-	-	-	-	-	-
Impairment	-	(-)	(-)	-	-	(-)	-	(-)
Transfer/Adjustment	-	-	(-)	(-)	-	(-)	-	-
As at 30 th June 2025	-	-	-	-	-	-	-	-
Net Book Values								
As at 30 th June 2024	-	-	-	-	-	-	-	-
As at 30 th June 2025	-	-	-	-	-	-	-	-

(Include a brief description of WIP as a footer.)

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Notes to the Financial Statements (Continued)

36 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
Total	-	-	-

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

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles including Motorcycles	-	-
Computers and Related Equipment	-	-
Office Equipment, Furniture and Fittings	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

37. Intangible Assets

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Additions—internal development	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

38. Investment Property

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	(-)	(-)
Depreciation	(-)	(-)
Impairment	(-)	(-)
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

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39. Biological Assets

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

(Provide the necessary disclosures)

40. Trade and Other Payables

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
Trade payables	1,583,000		-	
Employee payables	-		-	
Other payables	-		-	
Total trade and other payables	1,583,000		-	
Ageing analysis: (Trade and other payables)	FY 2024/2025	% of the Total	FY 2024/2025	% of the Total
Under one year	1,583,000	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	1,583,000		-	

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41. Refundable Deposits

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
Customer deposits	-		-	
Prepayments from customers	-		-	
Other deposits	-		-	
Total deposits	-		-	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

42. Prepayments from customers

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
Specify	-		-	
	-		-	
	-		-	
Total Prepayments	-		-	

43. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-	-
Additional provisions	-	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)	(-)
Transfers from non-current provisions	-	-	-	-	-
Total provisions year end	-	-	-	-	-

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44. Finance Lease Obligation

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
At the start of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	(-)	(-)
At end of the year	-	-

Maturity Analysis

Period	Amount (Kshs)
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 And Onwards	-
Less: Unearned Interest	(-)
Total	-

Analysed as:

Description	Amount (Kshs)
Current	-
Non- Current	-
Total	-

(Provide brief explanation)

The deferred income movement is as follows:

45. Deferred Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
National Government	-	-
International Funders	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

Additional Details

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	National government	Internation al funders	Others Specify	Total
	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	-	-	-	-
Additions	-	-	-	-
Transfers To Capital Fund	(-)	(-)	(-)	(-)
Transfers To Income Statement	(-)	(-)	(-)	(-)
Other Transfers	(-)	(-)	(-)	(-)
Balance Carried Forward	-	-	-	-

46. Employee Benefit Obligations

Description	Defined benefit plan	Post- employ ment medical benefits	Other Benefits	FY 2024/202 5	FY 2023/202 4
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total Employee Benefits Obligation	-	-	-	-	-

Retirement benefit Asset/ Liability

Description	FY 2024/2025	FY 2023/2024
Discount Rates	0%	0%
Future Salary Increases	0%	0%
Future Pension Increases	0%	0%
Mortality (Pre- Retirement)	0%	0%
Mortality (post-retirement)	0%	0%
Withdrawals	-	-
Ill Health	-	-
Retirement	0 years	0 years

Recognition of Retirement Benefit Asset/ Liability

- a) Amounts recognized under other gains/ Losses in the statement of Financial Performance:

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Description	Insert Current	Insert
	FY	Comparative FY
	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from 0020 changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognised in the Statement of Financial Position

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	(-)	(-)
Funded status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net asset or liability arising from defined benefit obligation	-	-

47. Borrowings

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
a) External borrowings		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	(-)	(-)
Balance at end of the year	-	-

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b) Domestic borrowings		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	(-)	(-)
Balance at end of the year	-	-
Balance at end of the period- domestic and External borrowings c = a+b	-	-

The analyses of both external and domestic borrowings are as follows:

	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan	-	-
Sterling Pound Denominated Loan	-	-
Euro Denominated Loan	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Total Balance at End Of The Year	-	-

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

48. Social Benefit Liabilities

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Benefits to PWDs	-	-
Benefits to the Aged	-	-
Others Specify	-	-
Total	-	-

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49. Non-Current Provisions

Description	Long Service leave	Bonus Provisio n	Gratuity provisio s	Other Provisio n	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
balance at the beginning of the year	-	-	-	-	-
additional provisions	-	-	-	-	-
provision utilised	(-)	(-)	(-)	(-)	(-)
change due to discount and time value for money	-	-	-	-	-
less: current portion	(-)	(-)	(-)	(-)	(-)
balance at the end of the year	-	-	-	-	-

50. Service Concession Arrangements

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	(-)
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	=	=

51. Taxation

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (note 29)	-	-
Under/(over) provision in prior year/s (note 29)	-	-
Income tax paid during the year	(-)	(-)
At end of the year	-	-

[Provide short appropriate explanations as necessary]

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Notes To The Financial Statements (Continued)

52. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	(-)	(-)
Provisions for liabilities and charges	(-)	(-)
Net deferred tax liability/(asset)	-	-
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	-	-
Credit to revaluation reserve	(-)	(-)
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

(In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes on surplus funds. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)

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Notes To The Financial Statements (Continued)

53. Cash Generated from Operations

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Surplus for the year before tax	40,393,105	-
Adjusted for:		
Depreciation	-	-
Non-cash grants received	(-)	(-)
Contributed assets	(-)	(-)
Impairment	-	-
Gains and losses on disposal of assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in deferred income	-	-
Increase in payables	1,583,000	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	41,976,105	-

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

54. Financial Risk Management

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

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The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	41,976,105	-	-	-
Total	41,976,105	-	-	-
As at 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-

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Total	-	-	-	-
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(NB: The totals column should tie to the individual elements of credit risk disclosed in the Entity's statement of financial position).

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	1,583,000	-	-	-
Current portion of borrowings	-	-	-	--
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	1,583,000	-	-	-
As at 30th June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Financial Risk Management

iii) Market risk

The NPSO Fund has put in place an internal audit function to assist it in assessing the risk faced by the NPSO Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the NPSO Fund income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The NPSO Fund Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the NPSO Fund exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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

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Financial Risk Management

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

Current FY

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

Current FY

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-

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Net Foreign Currency Asset/(Liability)	-	-	-
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Financial Risk Management

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
Current FY			
Euro	10%	-	-
USD	10%	-	-
Previous FY			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

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Notes to the Financial Statements (Continued)

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

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Notes to the Financial Statements (Continued)

Financial Risk Management

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
Total	-	-	-	-
As at 30th June 2024				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
Total	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

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

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	(-)	(-)
Net Debt/(Excess Cash And Cash Equivalents)	-	-
Gearing	0%	0%

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Notes to the Financial Statements (Continued)

55. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the NPSO Fund, holding 100% of the Funds equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) Ministry of Defence.
- ii) Other SCs and SAGAs
- iii) Key management.
- iv) Defence Council.

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Rent income from govt. Agencies	-	-
Water sales to govt. Agencies	-	-
Others (specify) e.g. interest and bank charges	-	-
Total	-	-
B) purchases from related parties		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	-	-
Others (specify)	-	-
Total	-	-
b) Grants /transfers from the government		
Grants from national govt	-	-

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Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Grants from county government	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services for	-	-
Total		
d) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	-	-
Total	-	-

56. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity's performance and allocation of resources to different segments)

57. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	-	-
Assets Arising from Determination Of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables From Other Government Entities	-	-
Others (Specify)	-	-
Total	-	-

(Give details)

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Contingent Liabilities

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Contingent Liabilities	-	-
Court Case against the Entity	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
Total	-	-

(Give details)

58. Capital Commitments

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing).

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59. Program for Results (P forR) Disclosure

This disclosure note is for entities implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

Name of PforR: <i>N/A</i>		Name of Financing Partners: <i>xxx and xxx</i>				
Expenditure Details*	Opening Cumulative for Previous FYs		Current FY		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code						
Sub-program						
Sub-program						
Sub-total						
Program code						
Sub-program						
Sub-program						
Sub-total						
Total	-	-	-	-	-	-

Expenditure Details - Provide the details per your expenditure framework requirements. (Program, sub-program, and or economic Item)*

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60. Events after the Reporting Period

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

61. Ultimate And Holding Entity

The Entity is a fund under the Ministry of Defence. Its ultimate parent is the Government of Kenya.

62. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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20. Appendices

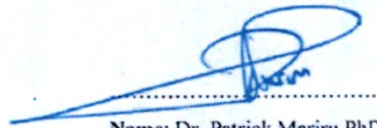
Appendix I: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue	Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	None				

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for the implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to the National Treasury.



Name: Dr. Patrick Mariru, PhD, CBS
Fund Administrator

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Appendix II: Projects implemented by National Peace Support Operations Fund

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
None						

Status of Projects completion

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

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Source of funds
N/A							

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Appendix III: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Defence	-	Recurrent	500,000,000	500,000,000	-	-	-	-	500,000,000
Ministry of Planning and Devolution	-	Development	-	-	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-
Ministry of Planning and Devolution	-	Direct Payment	-	-	-	-	-	-	-
Total	-		500,000,000	500,000,000	-	-	-	-	500,000,000

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Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
None									

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Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
None						

