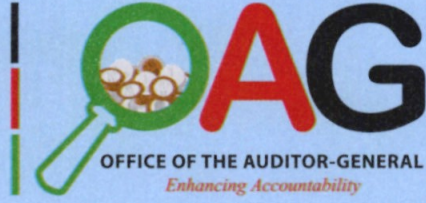


REPUBLIC OF KENYA

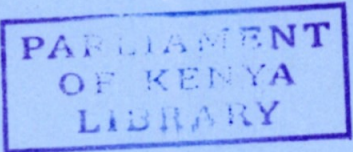


REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

POSTAL CORPORATION OF KENYA

FOR THE YEAR ENDED

30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 05 MAR 2026 DAY: Thursday

TABLED
BY:

Hon. Owen Bata MP

Deputy leader of Majority Party

CLERK-AT
THE-TABLE:

A. Shibusko

OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
RECORDS OFFICE
11 DEC 2025
RECEIVED



POSTAL CORPORATION OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

Prepared in accordance with the IFRS Accounting Standards

Postal Corporation of Kenya
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

EMS	Expedited Mails Services
GOK	Government of Kenya
GAAP	Generally Accepted Accounting Practices
GDP	Gross Domestic Product
PCK	Postal Corporation of Kenya
PMG	Postmaster General
IFRS	International Financial Reporting Standards
ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
ICS	Institute of Certified Secretaries
NT	National Treasury
PFMA	Public Finance Management Act.
PSASB	Public Sector Accounting Standards Board

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

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2. KEY ENTITY INFORMATION

1. Background information

Postal Corporation of Kenya was established by the Postal Corporation of Kenya Act of Parliament on 1st October, 1998. At Cabinet level, the Corporation is represented by the Cabinet Secretary for Information, Communications and the Digital Economy, who is responsible for the general policy and strategic direction of the entity. PCK is domiciled in Kenya and has branches in all sub counties.

2. Principal Activities

The principal activity of PCK is to provide postal services and financial services.

Vision

To be the leading global provider of innovative postal and related services.

Mission

To provide innovative communication, distribution and financial solutions to customers and create value to our stakeholders.

3. Directors

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

Mr. John Tonui	- Postmaster General / Chief Executive Officer appointed on 13 th February 2023
Hon, Sen, Dr. Rose A. Nyamunga	- Chairperson- Appointed on 27 th April, 2023
Mr. Tony Nabwera	- Appointed on 20 th June, 2023
Mr. Fredrick O. Siengo	- Appointed on 23 rd May, 2023
Mr. Kennedy Butiko	- Appointed on 18 th May, 2023
Ms. Pauline C. Tuwei	- Appointed on 16 th June, 2023
Mr Julius Masisya	- Appointed on 1 st September 2023

Principal Secretary; Ministry of Information Communication & Digital Economy-
State Department of Broadcasting and Telecommunications

Alternate Director: Penuel Nyaanga Ondieng'a

Principal Secretary; The National Treasury

Alternate Director: Ms. Elizabeth Shungula

Key Entity Information (continued)

4. Corporate Secretary

CS Kenneth Nyamolo
P.O. Box 34567-00100
Nairobi

5. Registered Office

Posta House
Posta Road, Off Kenyatta Avenue
P.O. Box 34567 - 00100
Nairobi,
Kenya

f) Corporate Headquarters

P.O. Box 34567 - 00100
Posta House
Posta Road, Off Kenyatta Avenue
Nairobi, Kenya

g) Corporate Contacts

Telephone: (254) 3242000
E-mail: info@posta.co.ke
Website: www.posta.co.ke

6. Corporate Bankers

1. Kenya Commercial Bank

Moi Avenue
P.O. Box 30081
GPO-00100
Nairobi, Kenya

2. NCBA Bank Kenya

Upperhill
P.O. Box 30437
GPO- 00100
Nairobi Kenya

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Key Entity Information (continued)

3.ABSA Bank Kenya

Upperhill
P.O Box 30120
GPO -00100
Nairobi Kenya

4.Cooperative Bank

Co-operative House,
P.O. Box 48231 –
GPO-00100,
Nairobi Kenya

5.Equity Bank Kenya

Upperhill
P.O Box 75104
Citysquare-00200
Nairobi,Kenya

6.Standard Chartered Bank Kenya

Westlands
P.O Box 30003
GPO-00100
Nairobi,Kenya

7.Family Bank Ltd Kenya

Muindi Mbingu Street
P.O Box 74145
Citysquare-00200
Nairobi,Kenya

8.National Bank of Kenya

Harambee Avenue
P.O Box 72866-00200
City-Square
Nairobi,Kenya

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Key Entity Information (continued)

7. Independent Auditors

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

8. Principal Legal Advisers

1. The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
2. Robson Harris & Co. Advocates
6th Floor, Transnational Plaza,
City Hall Way,
P.O. Box 67845-00200,
City Square 00200
Nairobi, Kenya.
3. McKay Advocates
Mckay Chambers,
215 David Osiel Road off Rhapta Road
P.O. Box 29884-00100
GPO 00100
Nairobi, Kenya
4. Ogetto Otachi & Co. Advocates
Sifa Towers,
Ring Road Kilimani
P.O. Box 79438-00200
City Square 00200
Nairobi, Kenya.
5. Kipkenda & Company Advocates,
Off Riverside Drive
Behind 9 Riverside Building
P.O. Box 56832 - 00200,
City Square 00200
Nairobi, Kenya.



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Key Entity Information (continued)

6. Githiru & Company Advocates,
3rd Floor, Gibcon House,
Kenyatta Avenue,
P.O. Box 12989 - 20100
Nakuru, Kenya.
7. Brian Otieno & Co Advocates
Flamingo Towers 5th Floor
1 Mara Road Upperhill
020-2396500
Nairobi, Kenya.
8. Morara Apiemi & Nyangito Advocates
Electricity House 9th Floor
Harambee Avenue
P.O Box 6529 – 00100
Nairobi GPO-00100
Nairobi, Kenya.
9. Miller & Co. Advocates
Hill Lane Towers.
Uhuru highway
P.O Box 55457-00200
City Square 00200
Nairobi, Kenya.
10. Simba & Simba Advocates
Finance House 6th Floor
Mara road Nairobi
P.O Box 45707-00100
GPO 00100
Nairobi, Kenya.
11. Lumumba & Lumumba Advocates.
4th Avenue Towers 15th Floor
Fourth Ngong avenue-Nairobi
P.O Box 7208-40100
Kisumu
Kisumu, Kenya.
12. Orende & Co. Advocates
Hazina Towers, 11th flr
Utalii Lane
P.O Box 105876-00101
Jamia , Nairobi, Kenya.

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3.THE BOARD OF DIRECTORS

SN	Directors	Details
1.	 <p>Hon,Sen,Dr.Rose.A.Nyamunga,CBS,PhD Chairperson of the Board , Postal Corporation of Kenya PhD,MBA,LLB,Bsc,BA,CPA(K) Independent Director</p>	<p>Hon. Sen. Dr. Rose Nyamunga, CBS, is an astute legislature and entrepreneur with over 30 years of experience in executive management both in the public and private sector. Before her appointment, Hon. Sen. Dr. Rose Nyamunga, CBS, served in the Senate of Kenya as a Nominated Senator (2017-2022) and in the 11th Parliament (2013-2017), Kenya National Assembly, as the Women Representative for Kisumu County. She holds a PhD, Doctorate of Humanity from the International University of Ministry and Education, in Missouri, USA and two Masters Degrees; MBA in Finance and an MBA in Strategic Management both from United States International University (USIU). Hon. Sen. Dr. Rose Nyamunga, CBS, has a Bachelor of Laws (LLB) from the University of Nairobi and a Bachelor of Science (BSc). Bachelor of Arts (BA), Accounting & Finance conferred to her by the United States International University (USIU). She is also a Certified Public Accountant, CPA (K).</p>
2.	 <p>Mr. Tony Nabwera BBM Moi University Independent Director Chairperson;BDI Committee Member;Audit Committee</p>	<p>Mr. Nabwera is a reputable Manager with over 20 years wealth of experience in the ICT, banking and finance industry. Prior to his appointment, he served in the Office of the Deputy President, Republic of Kenya as an advisor. He has also worked in various public and private organizations including; Joyful Women Organization as head of Information Technology; ENI Systems Africa (K) limited as the director business development; FASI Enterprise as the director and Branch Manager for Post Bank, Kenya among others.</p>

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		<p>He holds a Bachelor of Business Management from Moi University and several professional certification and diplomas including IBM Infoshepere Guardium Technical Professional. Mr. Nabwera has also attended workshops and seminars both within and outside the country.</p>
<p>3.</p>	<div data-bbox="368 954 619 1321" data-label="Image"> </div> <p data-bbox="352 1352 839 1518"> Mr. Penuel Nyaanga Ondieng'a MA Economics, Msc Applied Statistics, BA Mathematics & Economics Alternate Director </p>	<p data-bbox="890 600 1377 913"> Mr. Penuel Nyaanga Ondieng'a is a seasoned professional with extensive experience in planning at both national and devolved levels, as well as in the private sector. He represents the Principal Secretary, State Department of Broadcasting and Telecommunication, as an alternate Director of the Postal Corporation of Kenya Board with effect from September 2024. </p> <p data-bbox="890 958 1377 1491"> He is currently serving as a Director of Planning in the State Department for Broadcasting and Telecommunications in the Ministry of Information, Communication and the Digital Economy. His career spans various roles in economic planning and development, including significant contributions as an Economist, District Development Officer, and Chief Economist. Mr. Penuel's leadership and expertise are instrumental and have been recognized across key Government and private sector Institutions. He combines academic rigor, practical skills, and leadership to effectively address complex economic planning challenges and foster sustainable growth. </p> <p data-bbox="890 1536 1377 1908"> Mr. Ondieng'a holds a Masters degree in Economics (Maseno University), Masters in Applied Statistics (JKUAT) and Bachelor of Arts in Mathematics and Economics from Egerton University. He also holds professional certificates including CPA (K). He has enriched his expertise through professional training in participatory planning, financial management, strategic leadership, and monitoring and evaluation from renowned institutions within and outside the Country. He is an active member </p>

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		of the Kenya National Statistical Society (KNSS), Institute of Certified Public Accountants of Kenya (ICPAK) and the Economists Society of Kenya (ESK).
4.	 <p>Mr. Fred O. Siengo B.Ed Egerton University Independent Director Chairperson; Audit Committee Member; Human Resources Committee</p>	<p>Mr. Fredrick has over 20 years of experience in the Education Sector and has worked in various educational institutions in the wider Nyanza Region. He is also a vivid social and development consultant.</p> <p>He holds a Bachelor’s of Education Degree from the Egerton University and a Diploma from Kamagambo Adventist Teachers College among others.</p>
5.	 <p>Mr. Kennedy Butiko BA Econ. Kenyatta University, CPA (K) Independent Director Chairperson; Finance Committee Member; BDI Committee</p>	<p>Mr Kennedy Butiko is a seasoned Economist, Banker and a Financial consultant with over 20 years’ experience. He has worked with various financial institutions including Bank of Africa, Ghana, and Credit Agricole Indosuez Bank of Nairobi among others. He currently serves as the lead technical consultant in development of the Bottom-up Economics Model, Vihiga County.</p> <p>Mr. Butiko is a member of The Institute of Certified Public Accountants of Kenya (ICPAK) and holds a Bachelor of Arts Degree in Economics and Business studies from Kenyatta University.</p>
6.	 <p>Mr. Julius Masisya Musyoki</p>	<p>Mr. Julius Masisya Musyoki was officially appointed to the Postal Corporation of Kenya Board of Directors by the Cabinet Secretary, Ministry of Information, Communication and The Digital Economy via a Gazette Notice No. 11596 dated 31st August 2023 for a period of 3 years effective 1st September 2023. Mr. Masisya is a result oriented driven leader with an outstanding experience in Organizational Development, Leadership</p>

Postal Corporation of Kenya
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	<p>Dip In International Customs Law Independent Director</p>	<p>and Corporate Governance. He is currently the Managing Director and Chief Executive Officer of Quick Movers Kenya and Corner Investment Limited. He previously served as a Senior Coordinator Customs Affairs (Apache Project) at Bollore Africa Logistics (K) Ltd before rising to the position of a Manager, Port Operations. He has also worked as a Customs Affairs Senior Coordinator for DHL Global Forwarding (K) Ltd. He holds a Diploma in International Customs Law from the Canberra University Australia and Clearing and Forwarding certificate from the Kenya Institute of Clearing and Forwarding, among other professional certificates.</p>
<p>7.</p>	 <p>Ms. Pauline C. Tuwei MA Sociology,BA. Independent Director Chairperson; Human Resources Committee Member; Finance Committee</p>	<p>Ms. Pauline Chelimo Tuwei was appointed as a director of the Postal Corporation of Kenya Board by the Cabinet Secretary Ministry of Information Communications & the Digital Economy via gazette notice 7700 effective 16th June 2023, for a period of three years. She has an insightful personality with vast experience in Leadership and Managerial skills. Ms. Tuwei served as a Member of County Assembly for Uasin Gishu County from 2013 - 2017. She was also a lecturer in both Mount Kenya University and The Kenya Institute of Business & Technology respectively. Ms. Tuwei holds a Bachelor of Arts Degree in Social Work and Social Administration from the Bugema University, Kampala,Uganda. She is currently pursuing a Masters in Sociology-Community Development and Project Management at Egerton University.</p>

Postal Corporation of Kenya
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<p>8.</p>	 <p>Ms. Elizabeth Shungula MBA, B Com, CPA(K) Alternate Director Member; Finance Committee & Audit Committee</p>	<p>Ms. Elizabeth Shungula is a Senior Accountant and Economist working with The National Treasury</p> <p>She holds a Bachelor of Commerce, Accounting option from Daystar University and an MBA in Finance from Kenya Methodist University.</p> <p>She is also a qualified CPA (K) holder and a member of ICPAK. Ms. Elizabeth Shungula is currently the alternate Director, Postal Corporation of Kenya Board, representing the Principal Secretary, The National Treasury.</p>
<p>9.</p>	 <p>Mr. John Tonui MBA, BA UON Postmaster General/CEO</p>	<p>Mr. John Kipyegon Tonui was appointed the Postmaster General/ Chief Executive Officer of Postal Corporation of Kenya on 13th February 2023 by the Cabinet Secretary, Ministry of Information, Communications & the Digital Economy. Mr. Tonui joined Posta Kenya in March 1993 as a Management Trainee and he has risen through ranks in both defunct Kenya Posts and Telecommunication Corporation and Postal Corporation of Kenya over the last 30 years.</p>
<p>10.</p>	 <p>CPA, CS, ADV Kenneth Nyamolo Corporation Secretary MBA, LLB 1st Class Hons(UON) ,PGD Law, Bachelors of Environmental Studies</p>	<p>CPA, CS, ADV Kenneth Nyamolo is an accomplished and results-oriented Governance Expert and an Advocate of the High Court of Kenya. He has over 20 years' experience in Financial Management, Procurement the Human Resource & Administration, Management Information Systems functions.</p> <p>He holds a Master of Business Administration in Finance from the University of Nairobi, a 1st Class Degree in Law from the University of Nairobi and a Post Graduate Diploma in Law from Kenya School of Law. He also holds a 1st Class</p>





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		<p>Degree in Environmental Studies from Kenyatta University.</p> <p>Mr. Nyamolo is a Certified Secretary (CS-K), Certified Public Accountant of Kenya (CPA-K), an Accredited Governance Auditor and a Trainer of Trainers (ToT) from the Institute of Certified Secretaries among others. He has served in the Finance & Strategy Committee at the Institute of Certified Secretaries (ICSK), ICPAK under the Legislative Affairs Subcommittee under Public Policy and the Chairperson of the Finance & Budget Committee at the Law Society of Kenya (LSK). He has also worked as the Head of Training & Litigation at Nyamolo and Company Advocates, Director Finance and Administration, Head of Finance at the National Syndemic Diseases Control Council among others.</p>
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**Postal Corporation of Kenya
Annual Report and Financial Statements for the year ended June 30, 2025**



4.KEY MANAGEMENT TEAM

SN	Management	Details
1.	 Mr. John Tonui MBA, Bachelor of Arts, Diploma in HRM	CEO & Postmaster General
2.	 CPA,CS Kenneth Nyamolo MBA,LLB,PGD Law,Bachelors of Environmental Studies	Corporation Secretary
3.	 Milka Mugwe Masters In Public Admin, Bachelor of Public Admin & Communication	GM/ Commercial Services
4.	 Joan Toroitich Bachelor of Education	GM/ Payment services

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5.	 <p>Muktar Abdullahi MBA Strategic Management & Leadership, BBA Marketing, CPA (K), CIQA, MNQI,</p>	GM /Operations & Customer Services
6.	 <p>Philemon Munai BBA, CHRP (K), CPA (K)</p>	Manager Human Resource Management
7.	 <p>James Kahonge MSc in Business with IT, BCom Marketing</p>	Manager Business Development
8.	 <p>George Hinga MBA Finance, Bsc Accounting, CPA(K), ACCA, FA</p>	Manager Finance

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9.	 P.N. Gichuki Bachelor of Arts	Manager Corporate Communications & Public Affairs.
10.	 M Masinde – MSC in Strategic Management, BBM - Supply Chain	Manager Supply Chain Management
11.	 David Fundia MBA Strategic Mgt CPA(K)	Manager Internal Audit and Risk management
12.	 Alex Lumadede Bachelor of Arts in Military Science	Manager Compliance & Security
13.	 Samuel King'oo Bsc in Civil engineering, Msc in Computer Science	Manager ICT

Postal Corporation of Kenya
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5.FIDUCIARY MANAGEMENT

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

No.	Designation	Name
1.	CEO/ Postmaster General	John K.Tonui
2.	Head of Operations & Customer Services	Muktar Abdullahi
3.	Head of Finance	George Hinga
4.	Head of Commercial Services	Milka Mugwe
6.	Head of Payment Services	Joan Toroitich
7.	Head of Legal Services	Kenneth Nyamolo
8.	Head of ICT	Samuel King'oo
9.	Head of Human Resource	Philemon Munai
10.	Head of Business Development	James Kahonge
11.	Head of Internal Audit	David Fundia
12.	Head of Compliance & Security	Alex Lumadede
13.	Head of Corporate Communications	Gichuki Njeru
14.	Head of Procurement	Michael Masinde
15.	Regional Postal Manager-Nairobi	Joseph Tele
16.	Regional Postal Manager-Western	Danfred Karanja
17.	Regional Postal Manager-Rift Valley	George Andati
18.	Regional Postal Manager-Mt.Kenya	Nelson Buruma
19.	Regional Postal Manager-Coast	Patrick Ngere
20.	Regional Postal Manager-Northern Satellite	Dakane Maow

6.FIDUCIARY OVERSIGHT ARRANGEMENTS

To manage the fiduciary risk, Postal Corporation of Kenya has put in place fiduciary oversight arrangements including setting up committees. The key oversight arrangements include:

Internal Audit Department

Postal Corporation of Kenya has an Internal Audit department charged with the responsibility of identifying risk in the management and day to day operations of the Corporation through risk-based audits. The department reports directly to the Postmaster General on a regular basis.

Compliance & Security Department

Postal Corporation of Kenya has a compliance and security department charged with the responsibility of ensuring compliance with set quality standards and identifying risks in the day to day operations of the Corporation through compliance audits and investigations. The department reports directly to the Postmaster General on a regular basis.

The Board of Directors

The Board of Directors has the overall responsibility to ensure the achievement of the strategic objectives and mandate of the organisation as set out under the PCK Act. This responsibility is achieved through the various committees of the Board which are given specific terms of reference to carry out the Board's mandate. The Board also ensures that strategic direction is given to management who are responsible for the day-to-day operations of the organisation to achieve commonality of purpose. The Board has constituted the following committees to assist in the discharge of the mandate of the Board

Audit and Risk Management Committee

Postal Corporation of Kenya board discharges its functions through committees' key among them is the audit and risk management committee whose mandate is to establish and review of internal control systems, risk management issues and internal audit procedures for the Corporation.

Finance Committee

Postal Corporation of Kenya board discharges its functions through committees' key among them is the finance committee whose mandate is to review the Corporations financial statements and budget before submission to the board,

Public Investments Committee

The Public Investments Committee is constituted pursuant to the provisions of S.O. No 206 and is responsible for the examination of the working of the public investments, it is mandated to examine the reports and accounts of the public investments, the reports of the Auditor General on the public investments; and examine the autonomy and efficiency of the public investments, whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.

Postal Corporation of Kenya
Annual Report and Financial Statements for the year ended June 30, 2025

7. CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it is my distinct honour and privilege to present the Company's financial report for the year ended 30th June 2025. This report highlights our performance against the set strategic priorities and our commitment to provide world class postal, courier and financial services.

The year under review remained significantly challenging for businesses both locally and internationally as a result of disruptions emanating from the tightening of monetary policies in most regions and the Russia-Ukraine war that led to supply chain disruptions. Despite the macro-economic headwinds, we remained resilient as is evidenced by our total operating revenue decline as will be highlighted in detail by the Post master General's statement. The Corporation through measures put in place to return it to profitability registered an increasing performance compared to financial year 2023/2024 and was able to meet its mandate to Kenyans.

Operating Environment

In 2024, Kenya's real Gross Domestic Product (GDP) grew by 4.7 per cent compared to a revised growth of 5.7 per cent in 2023. The growth, albeit slower than the previous year, was to a large extent supported by activities in Agriculture, Forestry & Fishing (4.6%), Financial & Insurance Activities (7.6%), Transportation & Storage (4.4%) and Real Estate (5.3%), *Kenya Economic Review 2024*

Performance

In the financial year 2024/2025, the Corporation recorded a net profit of Kshs.488 million compared to a loss of Kshs. 1.086 billion in the previous period which is an improvement in financial performance. This was attributed to an increase in operational revenue arising from courier and mails services. Major gains were registered in expenditure reduction through various cost cutting measures, prudent financial management, dedicated staff and effective guidance from the Board of Directors.

The Universal Postal Union committed to fund the project to the tune of Swiss Franc (CHF) 150,000 and the Communications Authority of Kenya through the Universal Service Fund(USF) to a tune of Swiss Franc (CHF)165,000 totalling to Swiss franc (CHF)315,000, equivalent to approximately Kshs. 49.6 million. This project will enable the Corporation to acquire five (5) modern trucks equipped with refrigerated storage for last mile distribution of health products/supplies across all 47 counties. The Corporation and the Convergence Media Africa

Postal Corporation of Kenya
Annual Report and Financial Statements for the year ended June 30, 2025

Limited (Radio Africa Group) officially signed an agreement on Wednesday, 7th August 2024 on provision of Courier Services across the 47 counties for a period on 1 (one) year effective day of execution. The Corporation (PCK) signed a fundamental five (5) year Agency Banking Services Agreement with Guaranty Trust Bank (Kenya) Limited (GT Bank) on Wednesday, 16th April 2025 at the Bank's Head-quarters in Nairobi. The partnership will enable Posta Kenya to provide select banking services on behalf of GT Bank at designated Postal outlets nationwide.

Future Outlook

Going forward, the Corporation will remain focused on strategies that will enable it achieve its core mandate. The Corporation's priority areas will include: human capital development, customer service excellence, internal business processes and revenue growth. The Corporation will capitalize on its vast network, good customer relationships and partnerships to provide quality and innovative products and services for more effective public service delivery.

Conclusion and Appreciation

As I conclude my statement, I would like to express my sincere gratitude to our customers for playing a significant role in supporting our resilience in the year. I would like to thank the Government of Kenya (GOK) for the renewed interest and commitment to enhance the growth of PCK. Let me express my heartfelt appreciation to all the Directors for their commitment to the Corporation throughout the year. I would equally like to thank the Management and staff for the hard work and commitment in an extremely challenging operating environment. As a Board, we have noted your ability and willingness to adopt to support the business accordingly.



Hon,Sen,Dr.Rose A. Nyamunga
Chairperson

22nd August,2025

Postal Corporation of Kenya
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8.REPORT OF THE POSTMASTER GENERAL

On behalf of the Management and Staff of Postal Corporation of Kenya, it is a great honour to present to you highlights of the Corporation's performance for the year ended 30th June 2025. Throughout the period under review, we remained focused on our mandate to provide postal services and financial services. This was against the backdrop of a very difficult economic environment characterized by high inflation, weakening local currency with dollar scarcity and steeply rising local and global interest rates.

Below are some of the highlights of the key performance indicators that capture the year under review:

Financial Performance

The Corporation posted a net profit of Kshs 488 million for the financial year ended 30th June 2025 compared to a net loss of Kshs 1.08 Billion achieved in the Financial Year 2023/2024.

Operational Revenue

Operating revenue increased to Kshs 2.164 billion in the year under review from Kshs 1.952 billion recorded in FY 2023/2024 being a 11% increase.

Operating Expenditure

Whereas the Corporation operated within the budgeted expenditure during the year, total operating expenditure increased by 17% to Kshs 3,233 billion compared to the previous year's Kshs 3.088 billion. The increase in the operating expenditure is as a result of increased logistical expenses. The Corporation is gearing up to realize its vision of becoming the leading provider of innovative Postal and related services. Our commitment to touch people's lives through efficient provision of quality services remains strong, we are confident that we shall continue creating value to our shareholders.

Appreciation

On behalf of the Management, I wish to extend our gratitude to the Board of Directors for their guidance and support throughout the year and members of staff for their commitment in serving our customers.



John K. Tonui
Postmaster General
22nd August, 2025

**Postal Corporation of Kenya
Annual Report and Financial Statements for the year ended June 30, 2025**

**9.STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES
FOR FINANCIAL YEAR 2024/2025**

PCK has 4 themes/ objectives within the current Strategic Plan for the FY 2022/2025. These strategic pillars/ themes/ issues are as follows:

1. Human capital development
2. Customer service excellence
3. Internal business processes
4. Internal business growth

PCK develops its annual work plans based on the above four (4) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The corporation achieved its performance targets set for the FY 2024/2025 period for its four strategic pillars, as indicated in the diagram below

PCK STATEMENT OF PERFORMANCE MATRIX

Strategic Pillars	Objectives	Key Performance Indicators	Activities	Achievements
SG 1: Improve commercial sustainability	Market Expansion and Product Innovation SO1 To grow Mails revenue by 66% in Y1 and at YoY average of 12% by Y5 SO2 To grow Courier revenue by 44% in Y1 and at YoY average of 10% by Y5 SO3 To grow Payment's revenue by 123% in Y1 and at YoY average of 32% by Y5 SO4 To grow Asset revenue by 27% in Y1 and at YoY average of 15% by Y5 SO5 To grow and retain Mails, Courier, Payments and Asset customers SO6 To increase brand awareness and recognition SO7 To reduce the impact and likelihood of identified risks	% of growth in revenue from baseline of Ksh.1.2 Bn % of growth in revenue from baseline of Ksh.730 Mn % of growth in revenue from baseline of Ksh.44 Mn % of growth in revenue from baseline of Ksh.189 Mn % growth in customer base Customer Retention Index Rate of Retention % increase in digital footprints % of audit queries on a baseline of 80%	Target 3000 schools sharing boxes/without boxes. Target new contracts with Ministries, county governments & universities Focus on G2G business from all Ministries and MDAs in National and county governments across all the 10 regions Acquire an e-payment solution (wallet through a partnership with an existing PSP Lease 37 open spaces at competitive prices as guided by Min. of Lands Valuers	Expanded and enhanced existing products while innovating new digital postal offerings to maintain and increase competitiveness

Postal Corporation of Kenya

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		% of risks mitigated		
SG 2: Modernize postal infrastructure & Logistics	Infrastructure Upgrade/Operational Efficiency SO8 To leverage on technology/ICT to drive efficiency SO9 To strengthen information security measures	% of system uptime successful launch Successful onboarding of citizen -facing services % of incident count resolved	Automation of 450,000mail boxes digital mail boxes with QR codes for push notifications. Partner with international online consolidators: Jumia Global and Amazon through Emirates Post for Clearing and Forwarding Services Reactivate the 9 border posts for cross border trade logistics.	Modernized postal infrastructure and logistics with a focus on digital infrastructure, internet access, and the upgrade of the fleet and warehouses.
SG 3: Improve human resource capacity	Strengthened Institutional Capacity in service delivery SO10 To attain a lean and effective workforce and manage the staff cost to achieve 50% wage bill ration SO11 To build capacity on supervisory and leadership skills in the digital space SO12 To adhere to customer service charter and SLA SO13 To avail and optimize operational resources SO14 To improve strategic focus and accountability	% of reduction Number of managers Number empowered ToT % of completion % of resolved complaints Revenue per employee % of cost reduction % of employee that met target	Reduce Management positions from 511 to 336 positions Filling all MG4 and above positions competitively on 5 years contract basis Address the excess 504 staff through an exit plan package Train on supervisory/ leadership, new products, customer service, Trainer of trainers, Ecommerce	Enhanced organizational efficiency and effectiveness in service delivery to improve customer satisfaction, reduce operational costs, and expand market reach.

10. CORPORATE GOVERNANCE STATEMENT

Corporate Governance deals with the way companies are led and managed, the role of the Board of Directors and a framework of internal controls. The Board of Postal Corporation of Kenya is committed to upholding high standards of corporate governance.

The Board of Directors

The Board is made up of 6 non-executive Directors and the Postmaster General (PMG). The Directors are provided with appropriate and timely information so that they can maintain full and effective control over the strategic, financial, operational and compliance issues of the Corporation.

The day-to-day running of the business of the company's system of internal control is bestowed on the Postmaster General who is the Chief Executive Officer.

The role of the Board includes to:

- a) Exercise leadership, enterprise, integrity and sound judgment in directing PCK to achieve continued prosperity;
- b) Approve and review strategic business and operational plans and ensure that PCK has sufficient and appropriate resources to achieve its goals;
- c) Ensure that effective systems of control are in place to manage major risks faced by PCK and to safeguard its assets;
- d) Provide oversight and guidance to Senior Management so as to enhance efficiency and effectiveness of the Corporation;
- e) Ensure that the Corporation complies with all statutory and legal requirements including prescribed codes of best practice;
- f) Monitor and evaluate organization performance through quarterly reports and agreed key performance indicators.
- g) Ensure effective accountability to the Government through the Ministry of Information and Communications in proper management of the affairs of the Corporation.
- h) Adhere to the principles and virtues of good corporate governance.

10. CORPORATE GOVERNANCE STATEMENT... Continued

The Process of Appointment, Renewal and Removal of Directors

The Board comprises of the Chairman, six (6) independent members, who are appointed by the Cabinet Secretary for Information, Communication, Technology, innovation and Youth Affairs from among persons with experience in business and management matters. The Board also includes the Principal Secretaries to the National Treasury and Planning; the Ministry of Information, Communication and the Digital Economy and the Postmaster-General as an ex-officio member. The Board is composed of professionals with diverse backgrounds, skills and competencies. Renewal and removal of PCK directors' is done by the Cabinet Secretary for Information, Communication, Technology, innovation and Digital Economy

The Board is independent and it adheres to the highest standards of corporate governance and ethics as well as ensuring compliance with all applicable laws and the board charter. The Board is committed to ensuring that the Corporation's obligations, roles and responsibilities to its various stakeholders are fulfilled through its corporate governance practices. The Members and Management perform their duties with impartiality, honesty, transparency and accountability, professionalism, care and due diligence and act in good faith to the best interests of the public.

Ethics and Conduct

In addition, the Board is committed to ensuring that ethics and integrity remain at the core of the Corporation's operations. It recognizes that ethical management is key to PCK's sustainability and is therefore, continuously putting in place practices, systems and processes to integrate ethics in all the Corporation's operations. All new Members and staff undergo mandatory induction which includes training on ethical conduct and the commitment to adhere to the principles of the PCK's Code of Ethics.

Capacity Building for the Board

The Board has been trained on Corporate Governance. The training was conducted by the Kenya School of Government (KSG), ICS and ICPAK with the objective of equipping the Board with the necessary skills to effectively discharge their mandate. The training covered aspects of corporate governance and the operations of Board Audit Committees.

10. CORPORATE GOVERNANCE STATEMENT... Continued

Succession Plan

Postal Corporation of Kenya maintains a solid board succession plan to enable more effective recruitment as director terms expire and board vacancies approach. Directors' terms are staggered to cap the number of terms expiring at a manageable number each year. This is done in collaboration with the Cabinet Secretary for Information, Communication and the Digital Economy.

Board Committees

The Board discharges its functions through committees. Postal Corporation of Kenya has 4 committees as listed below.

i. Audit and risk management committee

The mandate of the Committee includes:

- a) Establishment and review of internal control systems, risk management issues and internal audit procedures for the Corporation.
- b) Establish the scope, nature and priorities of internal audit. Review the internal audit programs relating to all operational aspects of the corporation.
- c) Review major findings on internal audit, investigations and recommend to the Board reasoned responses and/or contemplated actions thereto.
- d) Liaise with external auditors for audit programs, coordinating management responses to management letters thereto prior to issuance of the audit certificate.
- e) Review the external auditors' findings, issues and recommendations arising in the course of audit.
- f) Undertake such other duties or functions as may be assigned by the Board which are relevant to audit and risk management.

ii. Human Resource Committee

The duties of the Committee include:

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- a) Human resource management and development – policies and their implementation.
- b) Review succession planning at senior level and make appropriate recommendations for consideration by the Board.
- c) Review the remuneration of staff for consideration by the Board.
- d) Monitor the implementation of corporate governance policies after Board approval.

iii. Finance and Technical Committee

The functions of the Committee include to:

- a) Review the Corporation’s financial statements and budget before submission to the Board.
- b) Approval of procurement plans.
- c) Review quarterly reports on tenders that have been awarded by the Tender Committee.
- d) Monitor customer service standards and productivity of resources.
- e) Review the Corporation’s corporate business strategy and market research development.
- f) Review postal operations, UPU standards and compliance with Universal Service Obligations.

iv. Business development and Innovation committee

The mandate of the Committee includes:

- (a) Oversee the strategic direction of the Corporation’s technology, innovation, research and product development programs, management issues, priorities and resource allocation in terms of responding to the Corporation’s agreed corporate strategy
- (b) Advise the Board on the principal issues arising that require consideration by the full Board.

10. CORPORATE GOVERNANCE STATEMENT... Continued

The Committee will also receive from time to time briefings on external developments in relevant technologies and research fields.

Board/Committee meetings

The following is the record of the Board and Committee meetings held during the year ended 30 June 2025

	2024/2025	2023/2024
Main / Special/Adhoc Board	12	10
Audit and risk management	4	5
Human Resource	5	6
Finance	5	5
Business development, and Innovation	3	5

Board of Directors Remuneration

In the financial year 2024/2025, the Corporation's Board of Directors' expenses amounted to Kshs. 14,229,022

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11. MANAGEMENT DISCUSSION AND ANALYSIS

1. Statutory Provision

(a) Audit

In accordance with the provisions of Section 20 Subsection 2 of Postal Corporation of Kenya Act, the Corporation is required to prepare and submit Annual Accounts to Auditor-General by 31st August each year.

2. Economic review

In 2024, Kenya's real Gross Domestic Product (GDP) grew by 4.7 per cent compared to a revised growth of 5.7 per cent in 2023. The growth, albeit slower than the previous year, was to a large extent supported by activities in Agriculture, Forestry & Fishing (4.6%), Financial & Insurance Activities (7.6%), Transportation & Storage (4.4%) and Real Estate (5.3%), *Kenya Economic Review 2024*

3. The overall financial performance of year 2024/2025 is a net surplus of Kshs 488 million before tax.

Table 1- Financial performance Trend in Kshs millions

Particulars	2024/2025	2023/2024	2022/2023	2021/2022
Revenue	3,722	2,001	3,657	3,598
Expenditure	3,233	3,088	3,607	3,306
Net deficit / before tax	488	-1,086	50	291
Net deficit/ after tax	488	-1,086	50	291

MANAGEMENT DISCUSSION AND ANALYSIS.....continued

4. Financial Performance

(a) Revenue

In the year under review, the Corporation recorded a net surplus of Kshs.488 million, this was attributed to an increase in mails and courier businesses. In addition, the overall operating revenue registered an increase of Kshs 211 million in the year 2024/2025 compared to 2023/2024. This is associated with KEMSA and Convergence courier services that were rendered in the financial year. Significant Increases were noted in-:

- EMS services Kshs 99 million
- Box Rentals Kshs 68 million
- Receipts from foreign Administrations Kshs.24 million
- E-Commerce Delivery services Kshs 25 million
- Parcels services Kshs 15 million
- Postliner Bus services Kshs 8.4 million
- Huduma Kenya Rent kshs 1.5 Billion

Notable decreases were in: -

- Sale of Postage stamps Kshs.19 million
- Bulk postage Kshs.2.3 million
- Posta Despatch Kshs 2.9 million
- Agency services Kshs.2.7 million
- Money order Commission Kshs.2.4 million

MANAGEMENT DISCUSSION AND ANALYSIS....continued

Three Years Revenue Comparatives 2022/2023-2024/2025 in Billions

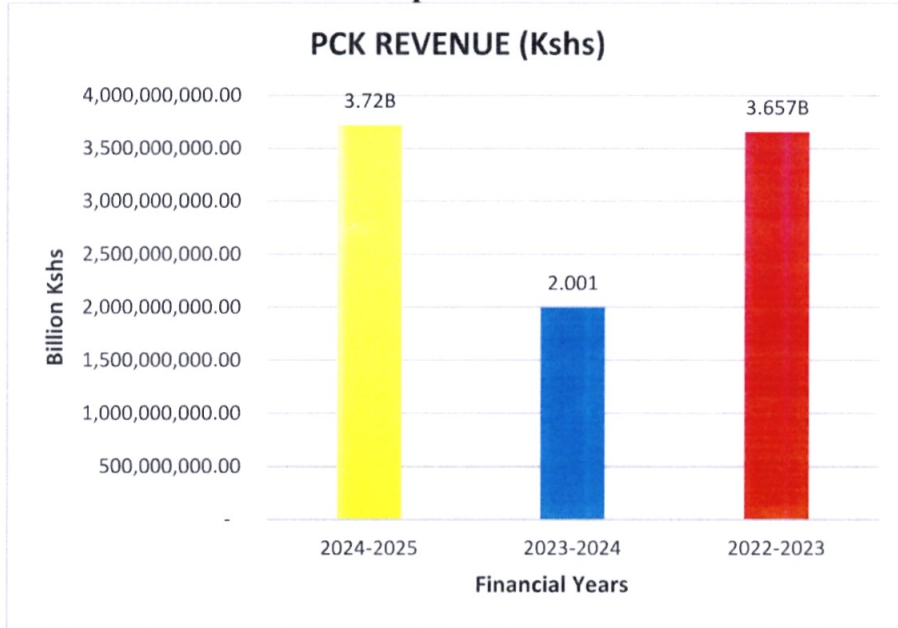


Table 2: Three Years Revenue Comparatives 2022/2023-2024/2025

REVENUE COMPARATIVES			
PERIOD	2024-2025	2023-2024	2022-2023
REVENUE (Kshs)	3,722,178,550.05	2,001,268,089.90	3,657,882,033.80

MANAGEMENT DISCUSSION AND ANALYSIS....continued

Revenue Streams Performance Trend from 2022/2023 to 2024/2025

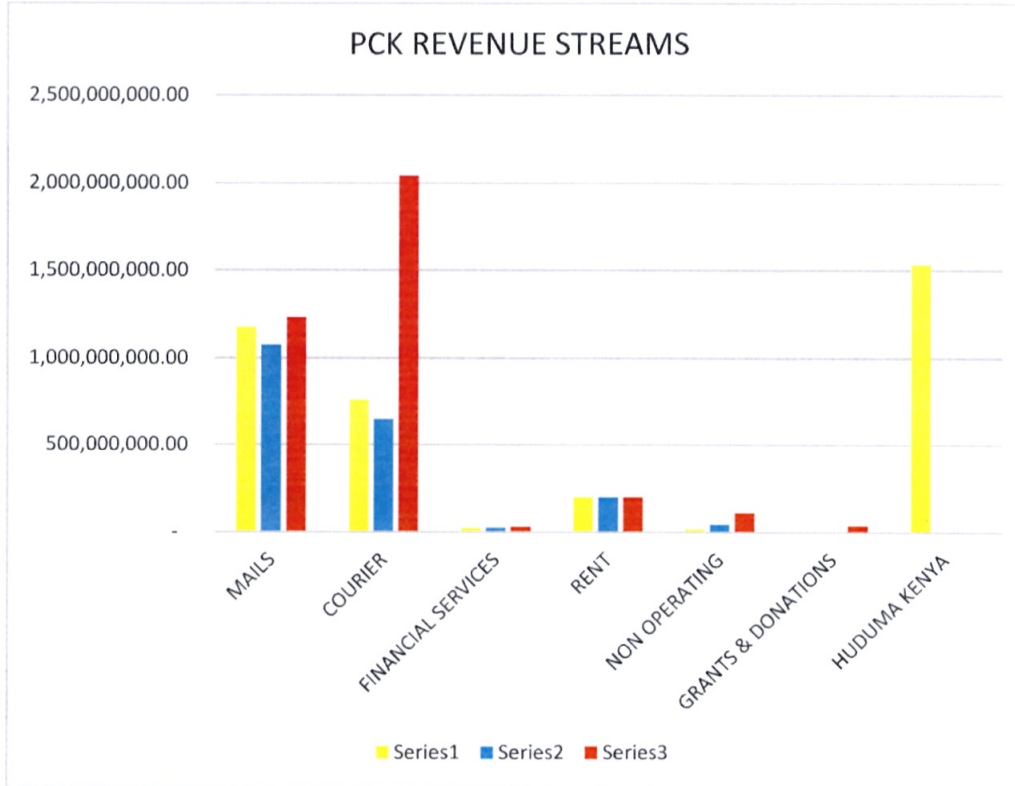


TABLE 3: Revenue Streams Performance Trend from 2022/2023 to 2024/2025

PCK REVENUE STREAMS			
FINANCIAL YEAR	2024-2025	2023-2024	2022-2023
MAILS	1,179,629,779.83	1,078,074,666.40	1,233,775,232.26
COURIER	762,602,984.20	648,987,043.35	2,041,336,530.48
FINANCIAL SERVICES	21,017,333.04	24,901,928.49	29,858,587.08
RENT	201,049,042.01	200,947,233.84	201,550,064.43
NON OPERATING	17,146,932.98	45,260,717.82	112,080,319.47
GRANTS & DONATIONS	-	3,096,500.00	39,281,300.08
HUDUMA KENYA	1,540,732,478.00		
TOTAL	3,722,178,550.05	2,001,268,089.90	3,657,882,033.80

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MANAGEMENT DISCUSSION AND ANALYSIS....continued

REVENUE PERFORMANCE PER STREAM FINANCIAL YEAR 2024/2025 REVENUE ANALYSIS

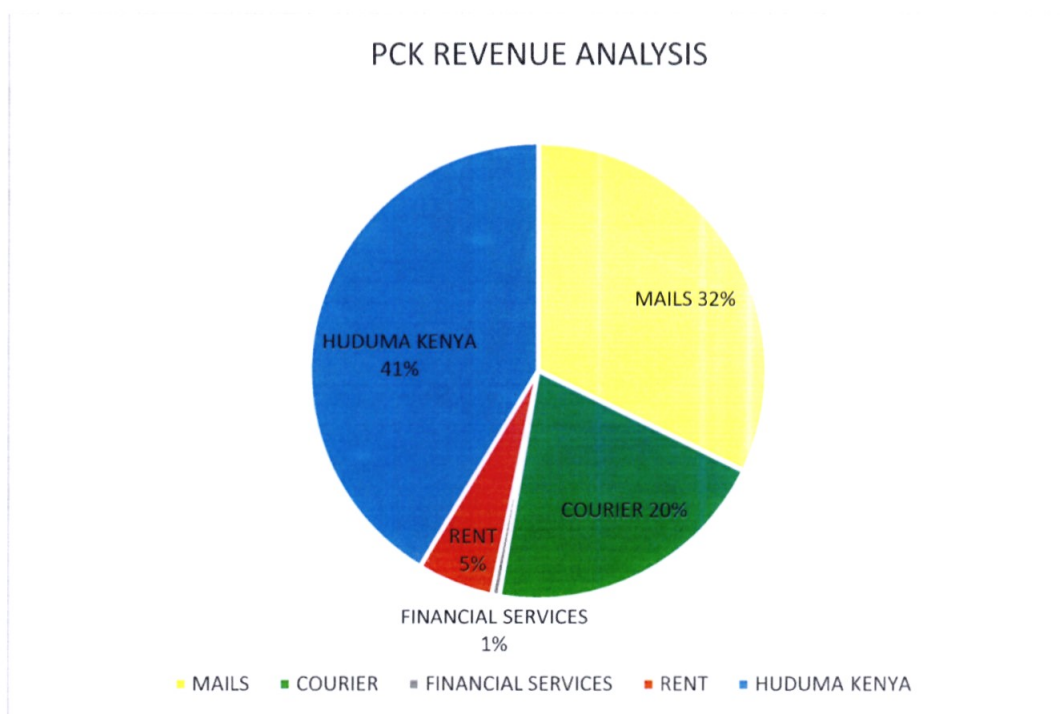


Table 4: 2024-2025 Revenue Performance Per Stream

OPERATING REVENUE ANALYSIS 2024-2025		
SERVICE	REVENUE GENERATED	CONTRIBUTION
MAILS	1,196,776,712.81	32%
COURIER	762,602,984.20	20%
FINANCIAL SERVICES	21,017,333.04	1%
RENT	201,049,042.01	5%
HUDUMA KENYA	1,540,732,478.00	41%
TOTAL	3,722,178,550.05	100%

MANAGEMENT DISCUSSION AND ANALYSIS.... continued

(b) Operating Expenditure

Operating expenditure reflected an increase of Kshs 145 million in 2024/2025 financial year compared to 2023/2024. The increase in the operating expenditure is as a result of one-off impairment loss of two software solutions that have remained under work in progress for over ten years. They have since become obsolete

Major Reductions were noted in-;

- Staff cost decreased by Kshs.86 million due to staff turnover
- Administration cost decreased by Kshs 7.2 million due to reduced consultancy charges
- Maintenance expenses decreased by Kshs. 26 million due to termination of leases
- Training expenses decreased by Kshs.4.5 million due to reduced training programmes

Major Increases-:

- International services increased by 44 million due to fluctuations in special drawing rights
- Conveyance of Mails increased by Kshs.10 million due to reduced international mails
- Impairment loss of Kshs 313 million has been recognized

MANAGEMENT DISCUSSION AND ANALYSIS....continued

Three Years Expenditure Comparatives in Millions

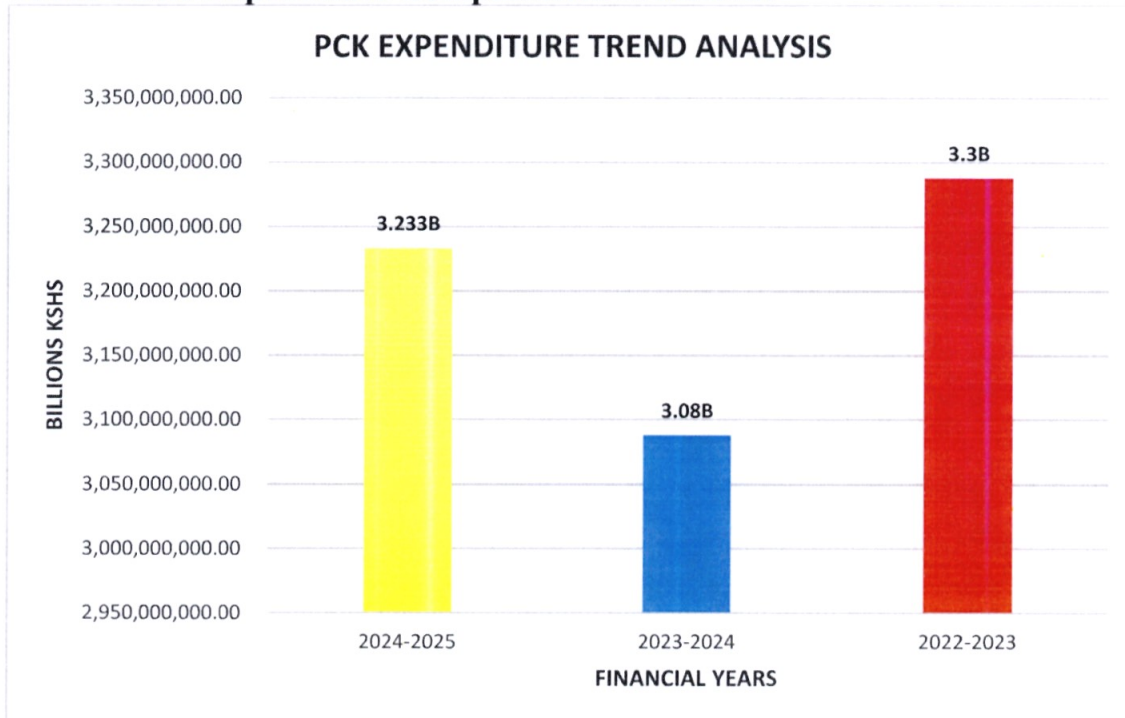


Table 4: 2022/2023-2024/2025 Three Years Expenditure Comparatives

EXPENDITURE			
FINANCIAL YEAR	2024-2025	2023-2024	2022-2023
TOTAL	3,233,436,908.06	3,088,118,597.74	3,287,752,128.63

MANAGEMENT DISCUSSION AND ANALYSIS....continued

Three Years Expenditure Items Analysis

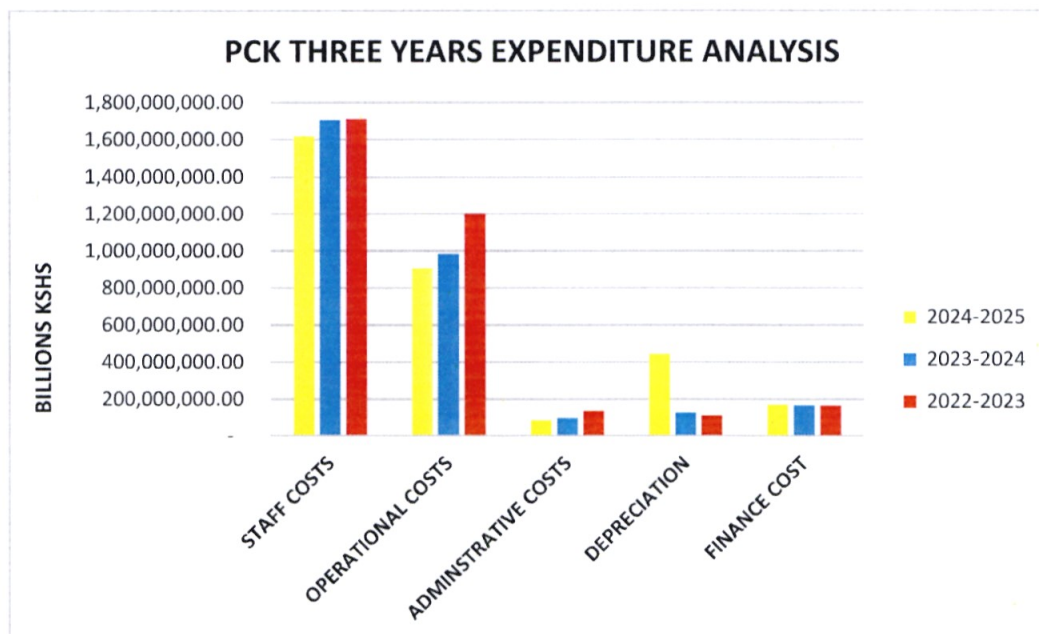


Table 5: Three Years Expenditure Items Analysis 2021-2022-2023/2024

FINANCIAL YEAR	2024-2025	2023-2024	2022-2023
STAFF COSTS	1,620,428,261.96	1,707,276,472.88	1,711,457,714.77
OPERATIONAL COSTS	908,395,132.36	985,449,388.71	1,203,014,914.40
ADMINISTRATIVE COSTS	87,441,140.70	98,353,227.10	137,002,980.46
DEPRECIATION	445,282,545.86	127,816,442.99	113,562,051.83
FINANCE COST	171,889,827.18	169,223,066.06	166,810,575.00

MANAGEMENT DISCUSSION AND ANALYSIS....continued

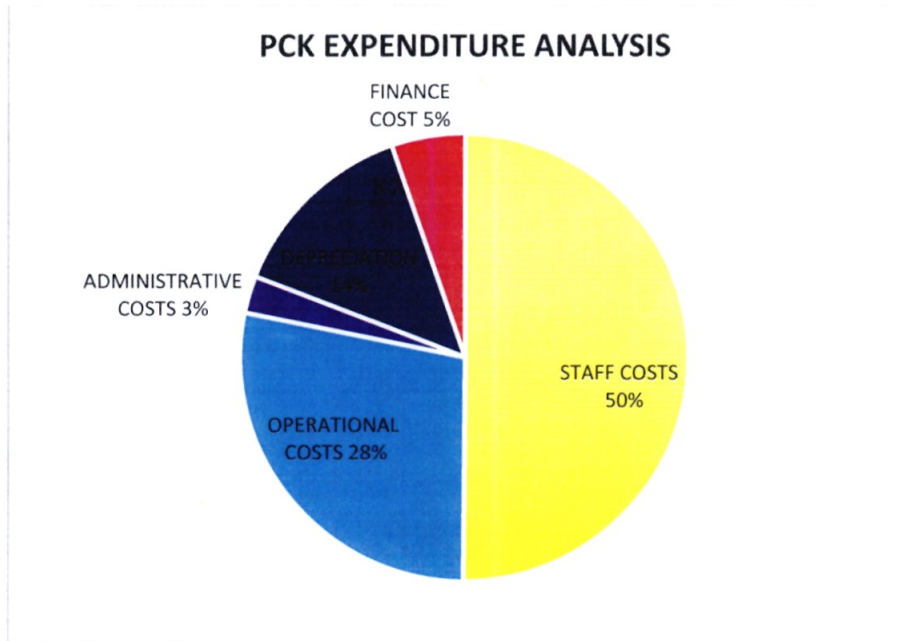


Table 6; Financial Year 2024/2025 Expenditure Analysis

EXPENDITURE ANALYSIS 2024-2025		
SERVICE	EXPENDITURE	CONTRIBUTION
STAFF COSTS	1,620,428,261.96	50%
OPERATIONAL COSTS	908,395,132.36	28%
ADMINISTRATIVE COSTS	87,441,140.70	3%
DEPRECIATION	445,282,545.86	14%
FINANCE COST	171,889,827.18	5%
TOTAL	3,233,436,908.06	100%

MANAGEMENT DISCUSSION AND ANALYSIS....continued

(c) Financial Results

The financial results reflected a net surplus of Kshs 488 million compared to a net loss of Kshs. 1.08 billion in 2023/2024

(d) Ratios

	<u>2024/2025</u>	<u>2023/2024</u>	
Liquidity ratio:	0.30	0.19	Current Assets / Current liabilities
Gearing ratio	0.72	0.7	Total liabilities/ Total Assets
Return on investment	3.3 %	-8.0%	Net Profit /loss before tax/Total Assets

12. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Postal Corporation is a statutory body established by an Act of Parliament, PCK Act Number 3 of 1998 as a public Postal licensee providing Postal services, Postal financial services and any other duty as may be assigned to it. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer first, delivering relevant services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability Strategy and Profile

PCK plays a critical role in provision of accessible, affordable postal services to all parts of Kenya. The Corporation strives to control its expenditures by complying with the National Treasury's cost-containment measures. It also collaborates with its stakeholders in order to deliver its mandate. The Corporation plays a critical role in promoting employability by providing internship programs to students. PCK has developed a new strategic plan for the next five years (2022- 2025) that aims to return the Corporation to profitability.

ii) Environmental Performance.

PCK is committed to environmental responsibility in the conduct of its business. PCK provides a safe and healthful work place, protecting the environment, and conserving energy and natural resources.

iii) Employee Welfare

Postal Corporation has a policy guiding the hiring process which applauds equal opportunity to all Kenyans and takes into consideration Gender ratio, Ethnic balance, Persons with disability (PWD), Qualifications, Skills Experience. PCK has a training policy and a budget for training that ensures improvement of skills through Training needs analysis (TNA) done by line managers. The corporation has a Performance Management Policy (PMS) that guides the workforce the performance appraisal cycle which includes setting targets, evaluations, rewards and sanctions. The employees are rewarded according to their excellent performance and marginal performers are placed on performance improvement plans (PIP). Sanctions are addressed through initiatives that include training. The Corporation is committed towards promoting and maintaining high standards of Health and safety for employees and Customers, at all business premises and offices. All efforts made by HR to ensure Zero Accidents and no work-related ill health or damages to the environment. The HSE policy is currently on the review processes to revamp the procedures

Postal Corporation of Kenya
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iv) Market Place Practices-

a. Responsible Competition Practice

The organization ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors, We offer competitive prices for our products and services. Prices for some of our products and services are approved by the Communication Authority of Kenya.

b. Responsible Supply Chain and Supplier Relations

The corporation maintains good business practices and treats its suppliers responsibly by honouring contracts and respecting payment practices through having on time communication with the suppliers and ensuring information given is correct and timely. It carries out supplier sensitization forums that aim to pick areas critical to the business in terms of supply and quality of goods.

c. Responsible Marketing and Advertisement.

. The corporation has been able to maintain ethical marketing practices through

- Ensuring that what we communicate is actually what we offer i.e. we do not make false comparisons or make unverified claims. Our business is carried out in compliance with the law.
- Respond to all customer concerns using different mediums of communication.

d. Product Stewardship.

The Corporation efforts to safeguard consumer rights and interests include.

- Development of the customer service charter in English, Kiswahili and Braille. The charter outlines all relevant information about the product and services and what customers can expect from each service. The charter is available at our outlets countrywide.
- Product information is available on our website: www.posta.co.ke
- Terms and conditions for our products and services are clearly articulated on our receipts- (EMS/ Posta parcel receipts)
- Frequently asked questions (FAQ's) are outlined on our website.

e. Corporate Social Responsibility / Community Engagements

The Corporation engaged in Social Responsibility programmes within the year. The Corporation participated in the annual World Post Day on 9th October 2024 where it incurred Kshs.103,000 for Cash Prizes for the winners of UPU letter writing competition. The Corporation also participated in planting indigenous trees in Western and Nyanza regions.

Postal Corporation of Kenya
Annual Report and Financial Statements for the year ended June 30, 2025

13. REPORT OF THE DIRECTORS

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

i) Principal activities

Postal Corporation of Kenya, a Public Corporation set up in 1999 under Postal Corporation of Kenya Act Number 3 of 1998 Laws of Kenya, is fully owned by the Government of Kenya. Its principal activities are provision of Postal services and Postal financial services.

ii) Results

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

	<u>KShs</u>
Profit/(Loss) before Tax	488,741,642
Less Corporation Tax	-
Net Profit/ (Loss) after Tax for the Year	<u>488,741,642</u>

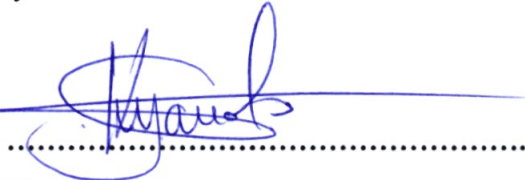
iii) Directors

The members of the Board of Directors who served during the year are shown on page VIII. In accordance with Regulation of the Postal Corporation of Kenya Act.

iv) Auditors

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

By Order of the Board



.....
Name

Corporate Secretary/Secretary to the Board

Date

14.STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and PCK Act Number 3 of 1998 require the Directors to prepare financial statements in respect of the Corporation, which give a true and fair view of the state of affairs of the Corporation at the end of the financial year/period and the operating results of the Corporation for that year/period. The Directors are also required to ensure that the Corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the Corporation. The Directors are also responsible for safeguarding the assets of the Corporation.

The Directors are responsible for the preparation and presentation of the Corporation's financial statements, which give a true and fair view of the state of affairs of the Corporation for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Corporation, (v) selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Corporation's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and Postal Corporation of Kenya Act

**Postal Corporation of Kenya
Annual Report and Financial Statements for the year ended June 30, 2025**


Statement of Directors' Responsibilities (Continued)

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

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


Approval of the financial statements

Postal Corporation of Kenya financial statements were approved by the Board on 28th August 2025 and signed on its behalf by:


.....
ROSE NYAMANGA

Name

Chairperson of the Board/


.....
JOHN KIPYEGON TUNU

Name

Accounting officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 POSTAL CORPORATION OF KENYA 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 the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Postal Corporation of Kenya set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2025, and the statement of profit or loss and other comprehensive income,

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Postal Corporation of Kenya at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Postal Corporation of Kenya Act, 1998 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Undisclosed Material Uncertainty Related to Going Concern

The statement of financial position reflects current assets balance of Kshs.3,189,237,444 and current liabilities balance of Kshs.10,072,961,789 resulting in a negative working capital of Kshs.6,883,724,345. These conditions indicate the existence of material uncertainty, which may lead to significant doubt on the Corporation's ability to continue as a going concern. Further, this material uncertainty and any mitigating measures put in place by Management to reverse the financial position, were not disclosed in a note to the financial statements.

The Corporation's financial statements, therefore, have been prepared on a going concern basis on the assumption that it will continue to receive financial support from the Government, bankers, creditors and other stakeholders.

In the circumstances, the going concern of the Corporation is uncertain without the support from the Government, bankers, creditors and other stakeholders.

2. Land and Buildings without Ownership Documents

The statement of financial position reflects property, plant and equipment net book value of Kshs.11,429,699,543 as disclosed in Note 10a to the financial statements. This includes Kshs.9,036,850,000 being the value of land out of which, Kshs.1,478,000,000 relates to thirty-four (34) parcels of land in various parts of the country whose ownership is in dispute. As previously reported, the land parcels had either been encroached on, on double allocation, or alienated. Further, fifty-five (55) parcels of land valued at Kshs.210,210,000 that were vested to the Corporation through Legal Notice No.156 of 05 November, 1999 did not have title deeds.

In the circumstances, the accuracy, completeness and ownership of land valued at Kshs.9,036,850,000 could not be confirmed.

3. Long Outstanding Receivables and Doubtful Debts

The statement of financial position reflects trade and other receivables balance of Kshs.3,084,650,426 less provision of bad debt balance of Kshs.1,606,742,243 as

disclosed in Note 11 to the financial statements. It includes an amount for Money order inter-state, Posta pay, rent deposit, Kenya Post Office Savings Bank and hospitals deposits of Kshs.41,646,854, Kshs.177,695,268, Kshs.434,889, Kshs.375,235,673 and Kshs.1,400,000 respectively which have been outstanding for long period of time. Further, as previously reported, the trade and other receivables balance includes an amount of Kshs.26,787,970 in respect of cash-in-transit fraud committed by employees who have since been dismissed. Although the schedule provided for audit indicated that Insurance Company declined to compensate the loss, Management has not explained the measures taken to recover the same from the former employees.

In the circumstances, the accuracy, completeness and recoverability of the trade and other receivables balance of Kshs.3,084,650,426 could not be confirmed.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue final budget and actuals amounts of Kshs.3,558,193,000 and Kshs.3,722,178,550 respectively, resulting to over collection of Kshs.163,985,550 or 4.5% of the budget. Similarly, the Corporation spent Kshs.2,576,414,535 against actual receipts of Kshs.3,722,178,550 resulting in an underutilization of Kshs.1,145,764,015 or 31% of the receipts.

The underutilization affected the Corporation's planned activities and may have impacted negatively on service delivery to the public.

2. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.10,072,961,798 as disclosed in Note 13 to the financial statements. Review of the financial statements presented for audit revealed that an amount of Kshs.7,688,058,563 which relates to trade and other payables that have been outstanding for more than three (3) years. Management has not provided measures taken to ensure that the long outstanding historical pending payables are prioritized.

Failure to settle bills during the year to which it relates distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

3. Long Outstanding Receivables from Huduma Kenya Secretariat

The statement of profit or loss and other comprehensive income reflects extraordinary item-Huduma rent revenue of Kshs.1,540,732,478 as disclosed under Note 18 to the

financial statements. The amount relates to historical outstanding rent and utilities indicated as agreed through mediation as owed to Postal Corporation of Kenya by Huduma Kenya from October, 2013 to June, 2025.

Review of documents provided for audit revealed that, a letter dated 25 August, 2025 was sent from the State Department for Public Service and Human Capital Development to the State Department of Broadcasting and Telecommunications confirming that pending bill amounting to Kshs.1,540,732,478 was owed to the Postal Corporation of Kenya (PCK) by Huduma Kenya Secretariat (HKS). Following this, Executive Office of the President vide letter Ref: OP.CAB 1/3 dated 9 September, 2025 based on the report of the Joint Mediation Committee relating to the matter, it was agreed an amount of Kshs.1,540,732,478 be paid to PCK as rent and utilities owed to them by Huduma Kenya. Further, The National Treasury Vide Letter Ref RES1123/25/01'A' (19) dated 24 October, 2025 directed all accounting officers to prioritize payment of debts owed to Postal Corporation of Kenya.

Although, PCK recognized the receivables in their books during the financial year ended 30 June, 2025 an amount of Kshs.58,710,357 out of a total of Kshs.1,540,732,478 was still in dispute. Further, it was also agreed going forward, the parties shall enter into lease agreement for registration at the Ministry of Lands, with The National Treasury to provide an annual budget of Kshs.194,302,884 effective the next financial year 2025/2026 as rent to be paid to Postal Corporation annually.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the prior year’s audit report, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Corporation in 2024/2025 revealed that the following ten (10) issues remained unresolved;

No.	Financial Year	Audit Issue
1	2023/2024	Undisclosed material uncertainty related to going concern
2	2023/2024	Land and buildings without ownership documents
3	2023/2024	Non-amortization of intangible assets
4	2023/2024	Unsupported and doubtful recovery of trade and other receivables
5	2023/2024	Long outstanding Trade and other payables

No.	Financial Year	Audit Issue
6	2023/2024	Un supported contingent liabilities balance
7	2023/2024	Budgetary control and performance
8	2023/2024	Failure to remit payroll deductions
9	2023/2024	Redundant computer software
10	2023/2024	Nugatory expenditure

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with the Fiscal Responsibility Principles

The statement of profit or loss and other comprehensive income reflects total revenue of Kshs.2,181,446,072, while staff costs amount to Kshs.1,620,428,262 as reflected in Note 7(a) to the financial statements. This amount represents 74.3% of total revenue. This was contrary to Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which prescribes a limit of 35%.

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

2. Overstaffing Beyond Approved Establishment

The Corporation's approved staff establishment for 2024 provides for one thousand six hundred and fifty-two (1,652) positions. However, as at 30 June, 2025 the Corporation had two thousand and sixty (2,060) employees, resulting in an excess of four hundred and eight (408) staff or 25 % above the approved structure contrary to Section 5.1.1 of the Public Service Human Resource Policies and Procedures Manual, 2016.

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

3. Failure to Remit Payroll Deductions

The statement of profit or loss and other comprehensive income reflects administrative expenses amount of Kshs.1,707,869,403 as disclosed in Note 7 to the financial statements. However, as previously reported, a review of trade and other payables revealed that the Corporation did not remit payroll deductions amounting to Kshs.4,594,060,260 as tabulated below: -

Type	Amount (Kshs)
PAYE and Excise Duty	1,501,535,928
Pensions and Gratuities	2,426,785,810
Cooperatives	153,988,417
Staff Bank Loans	322,196,978
NSSF	189,553,127
Total	4,594,060,260

This is contrary to Section 19(4) of the Employment Act, 2007, which requires an employer who deducts an amount from an employee's remuneration to pay the amount deducted and remit within the stipulated time.

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

4. Leased Asset for Over Twenty (20) Years

The Corporation leased a portion of undeveloped open space for property in Kisumu to a company. The lease was to be for a period of twenty (20) years with effect from 1 October, 2022 to 30 October, 2042. The current rent per annum inclusive of Value Added Tax is Kshs.4,662,000. This is contrary to the Postal Corporation of Kenya leasing procedure manual which states that maximum leasing period should be five (5) years. Otherwise, the lease should be registered with the Ministry of Lands if exceeding 5 years. Further, the lease was not subjected to technical report which takes into account the market price and set up a reserve price as the minimum acceptable price below the market value.

Further, at Likoni Post Office in the coastal region, it was noted that the lease agreement for one company is for twenty (20) years effective from 01 September, 2022 to

31 August, 2042 despite the Board, in its meeting on 14 July, 2022, explicitly deferring the request for a long-term lease pending submission of justifying information by the tenant. No evidence of subsequent Board approval was provided for audit review. It is therefore unclear how the 20-year lease was granted without the requisite Board approval, contrary to the guidelines.

In the circumstances, Management breached the Corporation leasing procedure requirements.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weaknesses in Rental Income Recognition

Review of leasing records and documentation maintained by the Corporation revealed that Management uses outdated leasing guidelines which was due for review after five (5) years upon signing it on 04 June, 2020. In addition, it was noted that Management continues to recognize rental income amounting to Kshs.39,316,947 from one hundred and seven (107) sampled lease agreements whose contractual terms had expired. The original lease contracts were explicit on the lease term and the requirement for tenants to revert possession of the premises to the landlord upon expiry. Despite this, tenants have continued to occupy the premises and remit rent at the last applicable escalated rate. There has been no evidence of formal renewal, extension or communication between the landlord and tenants of these expired leases. In addition, the rental rates have remained unchanged since expiry, despite escalation provisions that applied every two years during the lease term, resulting in loss of potential income.

In the circumstances, existence of effective management of revenue could not be confirmed.

2. Inadequacies in the Leasing of Corporation Properties

Review of the financial and operational activities of the Corporation for the year ended 30 June, 2025 revealed that the Corporation had leased out land and property across various Regional Offices for revenue generation purposes. However, no proof was

provided to show that notices or advertisements were done to notify the public on the existence of those leases. In addition, no evaluation documents were provided to show how the lessees were identified and competitive bidding process of potential lessee were done. Further, no rental assessment reports were made available to indicate whether the rental amounts agreed upon reflect the fair market value.

In the circumstances, the internal controls in the management of the revenue could not be confirmed.

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

Responsibilities of Management and Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the Corporations' 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

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16. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025.

	Notes	2024/2025 KSHS	2023/2024 KSHS
OPERATING REVENUES			
Operating revenue	2	2,164,299,139	1,952,910,872
Finance income	3	585,691	336,876
Other Income	4	19,830,262	27,242,750
Other gains and losses	5	(3,269,021)	17,681,092
		<u>2,181,446,072</u>	<u>1,998,171,590</u>
Grants & Donations	6	-	3,096,500
Total revenue		<u>2,181,446,072</u>	<u>2,001,268,090</u>
OPERATING EXPENSES			
Administrative expenses	7	1,707,869,403	1,805,629,700
Operational expenses	8	1,353,677,678	1,113,265,832
Finance costs	9	171,889,827	169,223,066
Total operating expenses		<u>3,233,436,908</u>	<u>3,088,118,598</u>
Operating Surplus/(Deficit)		(1,051,990,836)	(1,086,850,508)
Extra-Ordinary Item-Huduma Rent	18	1,540,732,478.00	
Net surplus/(Deficit) before tax		488,741,642	(1,086,850,508)
Income tax expense		-	-
Net Surplus/(Deficit) after Tax		<u>488,741,642</u>	<u>(1,086,850,508)</u>

17. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

		2024/2025.	2023/2024.
		KSHS	KSHS
Assets	Notes		
Non- Current Assets			
Plant Property and Equipment	10.a	11,429,699,543	11,533,302,069
Intangible asset	10.b	-	313,554,473
		<u>11,429,699,543</u>	<u>11,846,856,542</u>
Current Assets			
Trade and Other Receivables	11	3,084,650,426	1,638,844,702
Cash and Bank	12	104,587,018	182,050,298
		<u>3,189,237,444</u>	<u>1,820,895,000</u>
Total Assets		<u>14,618,936,987</u>	<u>13,667,751,542</u>
Reserves and Liabilities			
Current liabilities			
Trade & Other payables	13	10,072,961,798	9,569,549,115
		<u>10,072,961,798</u>	<u>9,569,549,115</u>
Reserves			
General reserve	14	(6,834,298,501)	(7,323,040,143)
Revaluation Reserve	15	11,318,554,398	11,318,554,398
Total Reserves		<u>4,484,255,896</u>	<u>3,995,514,254</u>
Non Current liabilities			
CBA Loan	16	61,719,293	102,688,174
Total Non Current liabilities		<u>61,719,293</u>	<u>102,688,174</u>
Total Reserves and Liabilities		<u>14,618,936,987</u>	<u>13,667,751,543</u>

The financial statements were approved by the Board on 28.08.2025 and signed on its behalf by:



John K. Tonui
Postmaster General & C.E.O



George K. Hinga
General Manager Finance

ICPAK M/NO: 13532



Hon. Sen. Dr. Rose A. Nyamunga
Chairman of the Board

18. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	Note	General Reserve	Revaluation Reserve	Total
As at 1 July 2023		(6,236,189,635)	11,318,554,398	5,082,364,763
Net profit / Deficit for the year		(1,086,850,508)	-	(1,086,850,508)
Write Down of Tax Recoverable				-
Revaluation Adjustments				-
Revaluation Gain				-
As at 30 June 2024		(7,323,040,143)	11,318,554,398	3,995,514,255
Revaluation Adjustments			-	-
Write Down of Tax Recoverable		-	-	-
Net profit / Deficit for the year		488,741,642		488,741,642
As at 30 June 2025		(6,834,298,501)	11,318,554,398	4,484,255,897

19. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024/2025. <u>KSHS</u>	2023/2024. <u>KSHS</u>
Cash receipts from customers		2,562,965,335	2,238,051,866
Cash paid to suppliers and staff		(2,561,080,285)	(2,229,410,450)
Cash generated from operations		<u>1,885,050</u>	<u>8,641,417</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of assets		3,491,100.00	2,066,000
Purchase of Property and Equipments	10	(14,465,060)	(3,895,101)
Interest income	3	585,691	22,033
Cash advanced to staff		(11,270,497)	(2,929,272)
Net cashflow from Investing activities		<u>(21,658,766)</u>	<u>(4,736,340)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Grants & Donations	16	-	3,096,500
Loan Repayments	16	(40,190,507)	(32,692,736)
Loan interests	16	(17,499,057)	(20,482,287)
Net cashflow from financing activities		<u>(57,689,564)</u>	<u>(50,078,523)</u>
Net Increase /Decrease in PCK Cash		(77,463,280)	(46,173,446)
Cash and Cash Equivalent at beginning		<u>182,050,298</u>	<u>228,223,744</u>
Cash and Cash Equivalent at year end		<u>104,587,018</u>	<u>182,050,298</u>

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20.STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2025

Description	Original budget	Adjustment	Final budget	Actuals	Performance difference	% of Utilization
	2024/2025.	2024/2025.	2024/2025.	2024/2025.		
REVENUE	3,558,193,000	-	3,558,193,000	3,722,178,550	163,985,550.05	
					-	
Less OPERATING EXPENDITURE					-	
Staff Cost	1,858,111,980	(143,005,935)	1,715,106,045	1,620,428,262	(94,677,783.04)	-6%
Administration Cost	169,197,920	(7,597,520)	161,600,400	73,212,119	(88,388,281.10)	-55%
Directors Expenses	21,160,000	7,500,000	28,660,000	14,229,022	(14,430,978.20)	-50%
Operational Cost	416,552,065	(61,566,015)	354,986,050	312,251,142	(42,734,907.72)	-12%
Conveyance of Mail	166,724,800	(77,162,900)	89,561,900	99,381,243	9,819,342.62	11%
International Services Exper	150,000,000	(10,000,000)	140,000,000	108,088,944	(31,911,056.00)	-23%
Rental Expenses	206,891,955	36,125,275	243,017,230	210,392,518	(32,624,712.25)	-13%
Maintenance Expenses	97,461,418	19,146,682	116,608,100	34,245,796	(82,362,304.03)	-71%
Training Expenses	14,400,000	400,000	14,800,000	4,610,823	(10,189,177.00)	-69%
Telephone and Data	41,282,500	(1,548,000)	39,734,500	32,895,905	(6,838,595.49)	-17%
Other expenses	190,983,885	35,817,178	226,801,063	66,678,762	(160,122,300.57)	-71%
	3,332,766,523	(201,891,235)	3,130,875,288	2,576,414,535	(554,460,752.78)	-18%
Provision for Depreciation				131,728,073		
Non operating expenditure				171,889,827		
Amortisation				313,554,473		
Provision for bad debts				39,850,000		
				3,233,436,908		
Surplus/(Deficit) for the year				488,741,642		

•Under-absorption was caused by cashflow challenges

21. NOTES TO THE FINANCIAL STATEMENTS

1. General Information.

Postal Corporation of Kenya is established and derives its authority and accountability from PCK Act Number 3 of 1998. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity Postal services, Postal financial services and any other duty as may be assigned to it.

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the PCK accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Postal Corporation of Kenya.

The financial statements have been prepared in accordance with the PFM Act, Postal Corporation of Kenya Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: <ul style="list-style-type: none"> i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs. 	1 January 2026

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

**Postal Corporation of Kenya
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Application of New and Revised International Financial Reporting Standards (IFRS)

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

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

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

iii. *Early adoption of standards*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a). Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the Corporation's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the Corporation's activities as described below.

- i. Revenue from the sale of goods and services** is recognised in the year in which the entity delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii. Grants from National Government** are recognised in the year in which the Corporation actually receives such grants.
- iii. Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- iv. Dividend income** is recognised in the income statement in the year in which the right to receive the payment is established.
- v. Rental income** is recognised in the income statement as it accrues using the effective lease agreements.
- vi. Other income** is recognised as it accrues.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b. In-kind contributions

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

c. Property, plant and equipment

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

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers. The last revaluation was done Wamae Mureithi & Associates on 30st June 2020.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

d. Depreciation and impairment of Property, Plant and Equipment

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

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

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Buildings and civil works	50 years or the unexpired lease period
Land	Nil
Motor vehicles, including motor cycles	6-9 years
Computers and related equipment	5 years
Office equipment, furniture and fittings	10 years

No depreciation is charged both in the year of asset purchase and in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

e. Intangible assets

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over four years.

f. Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of four years. All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

g. Investment property

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

h. 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. Right of Use Asset

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

j. Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under central bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. fixed interest investments are freely traded at the Nairobi securities exchange. the bonds are measured at fair value through profit or loss.

k. Quoted investments

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

l. Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

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m. Inventories

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

n. Trade and other receivables

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

o. Taxation

i. Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

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

p. 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

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available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

q) Borrowing costs

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

r) Cash and cash equivalents

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

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financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s). Borrowings

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

t). Trade and other payables

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

u). Retirement benefit obligations

PCK operates a defined contribution scheme for all full-time employees from January 1, 2010. The scheme is administered by an independent body and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the Retirement benefit Authority and National Social Security Act. The company's total obligation under the NSSF is currently at 6% from both the employee and the employer. The company contribution to National Social Security Fund (NSSF rates are currently capped at a maximum of Kshs.4,320 per employee per month.

v). Provision for staff leave pay

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

	<u>2024/2025</u>	<u>2023/2024</u>
Balance at beginning of the year (Kshs).	8,185,194.30	9,219,861.85
Staff leave pay	0	0
Additional provision at end of year (Kshs).	372,363.60	(1,581,741.30)
Balance at end of the year (Kshs).	<u>8,557,557.60</u>	<u>9,219,861.85</u>

Provision for annual leave pay is based on services rendered by full-time employees up to the end of the year.

w) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

x).Budget information

The original budget for FY 2024-2025 was approved by the National Treasury on 30th July 2024 Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 20 of these financial statements.

y) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the 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 recognized are 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.

z) Comparative figures

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

aa) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

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c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 7(j)

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.

Local debts that are over one year and international debts over seven years are provided at 100%.

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NOTE 2	2024/2025.	2023/2024.
Revenue Analysis	KShs	KShs
Postal Revenue		
Sale of stamps	73,133,253	92,491,167
Parcels	243,170,730	227,704,315
Postage in bulk	193,611,884	196,002,820
Receipts from Foreign Administra	104,369,997	79,602,307
EMS Service	519,432,254	419,584,588
Passports Delivery Services	-	1,698,140
Money order Commisson	1,553,829	3,973,482
Box/ bag Rentals	735,458,907	667,255,111
EFT commission	215,136	307,901
Posta Despatch	18,456,613	21,444,909
Direct Mail Marketing	882,578	210,420
Post Liner Bus services	21,119,450	12,661,800
Posta Pesa Comm.	569,585	768,541
E-commerce Delivery Services	28,718,598	3,008,965
Miscellaneous	2,317,431	3,082,979
TOTAL	1,943,010,245	1,729,797,446
Post shops		
Posta shops	1,561,069	2,314,188
Total	1,561,069	2,314,188
Total postage and Post shops	1,944,571,314	1,732,111,633
Rent Income	201,049,042.01	200,947,233.84
AGENCY SERVICES		
Customs and Clearing Commisioi	6,422,051.24	7,510,464.60
Mpesa and Airtel Commissions	4,128,405.88	4,299,190.27
Regional Agencies	8,128,326.00	8,042,350.00
Total Agency Revenue	18,678,783.12	19,852,004.87
Total Operating Revenue	2,164,299,139	1,952,910,872

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NOTES	2024/2025. <u>Kshs</u>	2023/2024. <u>Kshs</u>
3 Finance income		
Bank Interest	585,691	336,876
	<u>585,691</u>	<u>3,048,165</u>
4 Other income		
	2024/2025.	2023/2024.
	<u>Kshs</u>	<u>Kshs</u>
Forfeiture of Keys for Box Rentals	20,023,920	25,570,560
Increase in Provision for Staff Leave	(372,364)	1,581,741
Sale of Stores	178,706	90,449
Total	<u>19,830,262</u>	<u>27,242,750</u>
5 Other Gains & Losses		
	2024/2025.	2023/2024.
	<u>Kshs</u>	<u>Kshs</u>
Loss on disposal of Motor Vehicle/Cycles	965,544	(444,000)
National Lands Commission Compensation	-	6,307,497
Foreign exchange gain/loss	(4,234,565)	11,817,595
Total	<u>(3,269,021)</u>	<u>17,681,092</u>
6 Grants & Donations		
	2024/2025.	2023/2024.
	<u>Kshs</u>	<u>Kshs</u>
Donations from Trademark Africa	-	3,096,500
	<u>-</u>	<u>3,096,500</u>

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7. Administration Expense

		2024/2025.	2023/2024.
		<u>Kshs</u>	<u>Kshs</u>
Staff costs	7.a	1,620,428,262	1,707,276,473
Consultancy Charges		2,641,408	9,439,466
Bank Charges		2,377,391	3,852,993
Office Administration		15,588,775	17,194,878
Corporate Social Responsibility		208,640	1,554,279
Insurance		20,978,388	19,995,417
Security Charges		30,636,720	28,371,816
Miscellaneous expense		780,798	76,200
Directors expense		<u>14,229,022</u>	<u>17,868,178</u>
Total		<u>1,707,869,403</u>	<u>1,805,629,700</u>

		2024/2025.	2023/2024.
		KShs	KShs
7. a Staff costs			
Salaries and Allowances		1,048,075,797	1,115,889,063
House Allowance		362,199,181	383,213,043
Leave allowance		27,525,567	27,741,911
Medical		69,299,768	75,090,342
Pension expense		<u>113,327,949</u>	<u>105,342,114</u>
		<u>1,620,428,262</u>	<u>1,707,276,473</u>

The average number of employees at the end of the year was:

Permanent– Management staff	510	537
Permanent Unionisable staff	1,505	1,679
Contract and temporary staff	<u>47</u>	<u>126</u>
	<u>2,062</u>	<u>2,342</u>

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8. Operations Expense	Note	2024/2025.	2023/2024.
		KShs	KShs
Operation Expense	8(a)	312,251,142	353,399,293
Conveyance of mail	8(b)	99,381,243	88,830,521
International Services Expense	8(c)	108,088,944	63,993,631
Rental Expense	8(d)	210,392,518	244,629,908
Maintenance	8(e)	34,245,796	61,109,037
Training Expense	8(f)	4,610,823	9,176,678
Telephone and Data Communication	8(g)	32,895,905	36,394,203
Other Expenses	8(h)	66,678,762	92,415,147
Provision for bad debts	8(i)	39,850,000	35,500,970
Provision for depreciation	9.a	131,728,073	127,816,443
Impairment of Intangible Asset	9.b	313,554,473	-
		<u>1,353,677,678</u>	<u>1,113,265,832</u>

8(a). Operation Expense	2024/2025.	2023/2024.
	Kshs	Kshs
Postal Agencies	1,048,863	1,230,330
General Stores	15,943,860	41,257,427
Supply of Stamps	1,290,960	2,688,195
Vehicles Running Expenses	144,375,643	164,919,738
Compensation	236,299	744,663
Operating License	16,088,861	38,336,223
Transport hire, clearing and Freight charges	66,150,118	27,805,052
Travel subsistence allowances	67,116,538	76,417,664
Total	<u>312,251,142</u>	<u>353,399,293</u>

8(b). Conveyance of mail	2024/2025.	2023/2024.
	Kshs	Kshs
Road, Rail and Sea	7,227,429	6,481,620
Air International mail	97,822	113,676
Air International parcels	92,055,991	82,235,225
TOTAL	<u>99,381,243</u>	<u>88,830,521</u>

8(c). International Services Expense	2024/2025.	2023/2024.
	Kshs	Kshs
International Parcel Services -	78,640,392	48,954,438
International Mail Services -	29,448,552	15,039,193
Total	<u>108,088,944</u>	<u>63,993,631</u>

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8(d). Rental Expense	2024/2025.	2023/2024.
	KShs	KShs
Office Rentals	210,392,518	244,629,908
Total	210,392,518	244,629,908
8(e). Maintenance	2024/2025.	2023/2024.
	KShs	KShs
Equipment leasing	9,220,743	8,849,014
ICT maintenance and licences	6,267,130	26,874,898
Office Equipment Repairs	9,622,935	19,171,682
Building Maintenance	9,134,987	6,213,443
Total	34,245,796	61,109,037
8(f). Training Expense	2024/2025.	2023/2024.
	KShs	KShs
DIT	1,288,500	1,556,950
Training	3,322,323	7,619,728
Total	4,610,823	9,176,678
8(g). Telephone and Data Communication	2024/2025.	2023/2024.
	KShs	KShs
Telephone lines	10,884,790	10,734,872
Mobile lines	1,917,623	2,559,908
Data communication	20,093,492	23,099,423
Total	32,895,905	36,394,203

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8(h). Other Expenses	2024/2025.	2023/2024.
	KShs	KShs
Furniture and Fittings (Repairs)	117,590	181,569
Electricity/Water	31,124,569	38,425,612
PCK Sporting Activities	3,676,000	8,819,833
Legal Expenses	2,926,015	3,192,189
Health, Safety Environment (HSE)	18,351,412	19,819,642
Shows and Exhibitions	458,744	2,439,555
Electronic Media Adverts	0	2,051,917
Print Media Adverts	0	8,769,798
Outdoor advertisement	2,595,300	4,810,513
Entertainment	65,830	96,550
Audit fees	6,969,280	3,484,640
Tax on fringe benefits	394,023	323,329
Total	<u>66,678,762</u>	<u>92,415,147</u>

8(i). Provision for bad debts

The Corporation has increased the provision for bad debts by Kshs.39 million to cover long outstanding EMS and other debtors that have been outstanding for more than over one year.

	2024/2025.	2023/2024.
	KShs	KShs
Opening provision	1,566,892,243	1,531,391,273
Provision for bad debts	39,850,000	35,500,970
Decrease in Provision	-	-
TOTAL provision	<u>1,606,742,243</u>	<u>1,566,892,243</u>

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9. Finance Costs	2024/2025.	2023/2024.
	KShs	KShs
Interest on NCBA Loan	17,499,057	21,635,996
Interest on unpaid Pensions	<u>154,390,770</u>	<u>147,587,070</u>
	<u>171,889,827</u>	<u>169,223,066</u>

10. a. Property, Plant and Equipment

	LAND	BUILDINGS	VEHICLES	OFFICE EQUIP.	COMPUTERS	W. I. P	TOTAL
COST/VALUATION AS AT 01/07/2023	9,036,850,000	2,185,502,632	147,014,980	154,376,738	113,416,470	-	11,637,160,819
Additions	-	1,755,649	-	5,725,807	18,986,236	-	26,467,692
Disposals	-	-	(5,020,000)	-	-	-	(5,020,000)
Adjustments	-	-	-	-	-	-	-
COST/VALUATION AS AT 30.06.2024	9,036,850,000	2,187,258,281	141,994,980	160,102,545	132,402,706	-	11,658,608,511
DEPRECIATION							
BAL B/F 01/07/2023	-	138,921,213	61,051,105	60,514,214	43,191,436	-	303,677,968
Charge for the year	-	46,488,477	28,517,289	21,489,095	31,321,581	-	127,816,442
Disposals	-	-	(2,510,000)	-	-	-	(2,510,000)
Adjustments	-	-	-	-	-	-	-
AS AT 30/06/2024	9,036,850,000	2,140,769,804	115,987,691	138,613,450	101,081,125	-	11,533,302,069
BALANCE AS AT 30 JUNE 2024	9,036,850,000	2,140,769,804	115,987,691	138,613,450	101,081,125	-	11,533,302,069
COST/VALUATION AS AT 01/07/2024	9,036,850,000	2,140,769,804	115,987,691	138,613,450	101,081,125	-	11,533,302,069
Additions	-	-	-	3,300,330	27,350,773	-	30,651,103
Disposals	-	-	(6,110,000)	-	-	-	(6,110,000)
Adjustments	-	-	-	-	-	-	-
COST/VALUATION AS AT 30.06.2025	9,036,850,000	2,140,769,804	109,877,691	141,913,780	128,431,898	-	11,557,843,172
DEPRECIATION							
BAL B/F 01/07/2024	-	185,409,690	87,058,394	82,003,309	74,513,017	-	428,984,410
Charge for the year	-	47,204,169	27,343,400	22,061,676	35,118,828	-	131,728,073
Disposals	-	-	(3,584,444)	-	-	-	(3,584,444)
TOTAL DEPRECIATION AS AT 30.06.2025	-	232,613,859	110,817,350	104,064,985	109,631,845	-	557,128,039
NET BOOK VALUE AS AT 30.06.2025	9,036,850,000	2,093,565,636	86,118,735	119,852,104	93,313,069	-	11,429,699,543

10 b. Intangible asset

	SOFTWARES	WORK IN PROGRESS 1.ERP	WORK IN PROGRESS 2.POSTAPESA-CEVA	WORK IN PROGRESS 3.MOBILE APP	
01.07.2024		255,749,829	55,104,644	2,700,000	313,554,473
COMPUTER SOFTWARES					-
					-
					-
Impairment Loss					313,554,473
					-
BAL CFWD 30.06.2025	-	255,749,829	55,104,644	2,700,000	-

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Current Assets	2024/2025	2023/2024
	<u>Kshs</u>	<u>Kshs</u>

Note 11

Trade and Other Receivables

Service Debtors

Foreign Administration	844,752,678	838,396,096
E M S	992,431,172	1,126,069,785
Bulky Postage	187,197,548	219,978,399
Money Orders Inter-state	41,646,854	41,646,854
Postapay	177,695,268	177,695,268
Rent Receivable	348,777,958	266,501,159
Rent Deposits	434,889	434,889
Huduma Kenya	1,540,732,478	-
Total service Debtors	<u>4,133,668,844</u>	<u>2,670,722,448</u>

Agency:

Kenya post office Savings Bank	375,235,673	375,760,553
Telkom Kenya Ltd	46,794,737	37,387,365
Telposta Pension Scheme	17,585,070	17,585,070
Other Agency Debtors	56,761,153	57,210,469
Total Agency debtors	<u>496,376,633</u>	<u>487,943,457</u>

Other Debtors

Staff Advances	51,316,680	37,040,527
Other Deposits(court attachments)	8,630,513	8,630,513
Hospitals Deposits	1,400,000	1,400,000
Net Other Debtors	<u>61,347,193</u>	<u>47,071,040</u>

Total Debtors

Total Debtors	<u>4,691,392,669</u>	<u>3,205,736,945</u>
Provision for Bad debts	<u>(1,606,742,243)</u>	<u>(1,566,892,243)</u>
Total Net Debtors	<u><u>3,084,650,426</u></u>	<u><u>1,638,844,702</u></u>

Note 12

Cash and Bank Balance

Cash on Hand	22,181,120	18,533,048
Bank Balances	75,244,931	155,525,477
E-Value	7,160,968	8,222,232
Total	<u><u>104,587,018</u></u>	<u><u>182,280,757</u></u>

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Note 13. Trade and other Payables	2024/2025	2023/2024
	<u>Kshs</u>	<u>Kshs</u>
Service Creditors		
Foreign Administration	756,047,535	700,286,033
Money Orders/IFS	76,667,475	81,459,411
Postapay(Revenue Share and Network fe	92,544,072	92,544,072
New Posta pay EFT	1,190,219,101	1,193,620,865
Postal Orders	4,422,640	4,422,640
Key Letter Box Deposits	91,297,338	107,382,160
Rental Deposits	31,093,467	29,258,900
Conveyance of Mail	434,585,970	392,243,203
	<u>2,676,877,598</u>	<u>2,601,217,284</u>
Agencies		
Agency accounts	837,602,408	723,918,279
Kenya Post Office Savings Bank	602,447,551	602,447,551
	<u>1,440,049,960</u>	<u>1,326,365,830</u>
Other Creditors		
Statutory	1,500,721,322	1,052,313,261
Excise duty	814,606	1,250,827
NSSF	189,553,127	-
Gratuities	15,771,140	8,726,350
Pensions	2,411,014,670	2,142,006,559
Provision for staff leave	8,557,558	8,185,194
Institutions Insurances	7,548,047	8,235,478
Cooperatives	152,988,417	127,442,661
Bank Staff Loans	322,196,978	327,043,872
Administration	45,710,189	128,379,409
Operations	989,148,033	1,319,107,754
Rentals	23,047,683	68,899,398
Training	6,548,050	11,557,630
Contingent Liabilities	96,819,339	96,819,339
Suppliers:		
Other creditors	81,945,384	80,049,345
Miscellaneous	103,649,697.72	261,948,922
Total others	<u>5,956,034,239</u>	<u>5,641,966,000</u>
Total Current Payables	<u>10,072,961,797</u>	<u>9,569,549,114</u>

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14. General reserve	2024/2025	2023/2024
	<u>Kshs</u>	<u>Kshs</u>
As at 1 July	(7,323,040,143)	(6,236,189,635)
Revaluation adjustments	-	-
Net profit / Deficit for the year	488,741,642	(1,086,850,508)
As at 30 June	<u><u>(6,834,298,501)</u></u>	<u><u>(7,323,040,143)</u></u>

15. Revaluation reserve	2024/2025	2023/2024
	<u>Kshs</u>	<u>Kshs</u>
As at 1st July	11,318,554,398	11,318,554,398
Revaluation Adjustment	-	-
Revaluation Gain	-	-
As at 30th June	<u><u>11,318,554,398</u></u>	<u><u>11,318,554,398</u></u>

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16. Loan Balance

	2024/2025	2023/2024
Opening bank loan balance	102,688,173.57	137,615,462.12
Addition		
Repayment	<u>(40,968,880.71)</u>	<u>(34,927,288.55)</u>
closing balance	<u>61,719,292.86</u>	<u>102,688,173.57</u>

17. Pension fund

The Corporation operates a defined contribution pension scheme managed by a Board of trustee appointed by both the employer and the employees.

Interest of Kshs.148 million has been accrued for unpaid pensions.

18. Extra-Ordinary Income -Huduma kenya

The extra ordinary income relates to Huduma Kenya rent that has accrued from the year 2013 to 2025.Huduma Kenya has been occupying PCK premises from the year 2013 to date,The amount recognized relates to arbitrated agreed amounts that has been signed by both parties.Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer

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NOTES TO THE FINANCIAL STATEMENTS (Continued).

19. IAS 24 Related party disclosure

Government of Kenya

Postal Corporation of Kenya is wholly owned by The Government of Kenya. It has provided full guarantees to all long-term lenders of the entity. Other related parties include:

- i. The Ministry of ICT and Digital Economy
- ii. The Board of Directors
- iii. key Management personnel.

Transactions and benefits made to related parties during the year are as summarized below:

Transactions with related parties

2024-2025	
Kshs	
a) Sales to related parties	
EMS and agency fees from MOICT & DE	1,029,893.69
Box rentals revenue from MOICT & DE	75,600.00
Total	1,105,493.69
b) Purchases from related parties	
Purchases from related parties	
Other expense -	
Total	
b) Grants from the Government	
Grants from National Govt	Nil
Total	
c) Expenses incurred on behalf of related party	nil

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d) Key management compensation	
Directors' emoluments	14,029,002
Compensation to key management	54,523,478
Total	68,552,480

20. CAPITAL COMMITMENTS

Capital commitments at the year- end for which no provision has been made in these financial statements are:

Amounts authorised and contracted for	
Amounts authorizes but not contracted for	
Less: Amounts included in Work in progress	
	NIL
	=====

21. CONTINGENT LIABILITIES

There were no major cases that may give rise to contingent liabilities during the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

PCK 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.

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 company's management based on prior experience and their assessment of the current economic environment.

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (Continued)

	Total amount Kshs	Fully performing Kshs	Past due Kshs
At 30th June 2025			
Receivables from exchange transactions	4,630,045,477	4,133,668,844	492,831,939
Receivables from non-exchange transactions	61,347,193	51,316,680	10,030,513
Bank balances	104,587,018	108,131,711	0
Total	4,795,979,687	4,293,117,235	502,862,452
At 30th June 2024			
Receivables from exchange transactions	3,158,665,904	2,670,722,447	487,943,457
Receivables from non-exchange transactions	47,071,040	10,030,513	37,040,527
Bank balances	182,280,757	182,280,757	0
Total	3,388,017,701	2,863,033,717	524,983,984

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

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

ii) Liquidity risk management

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

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FINANCIAL RISK MANAGEMENT (Continued)

ii) Liquidity risk management (Continued)

	Total
	Kshs
At 30 June 2025	
Trade payables	7,584,456,695
Current portion of borrowings	61,719,293
Provisions	
Deferred income	
Employee benefit obligation	2,426,785,809
Total	10,072,961,797
At 30 June 2024	
Trade payables	7,316,128,031
Current portion of borrowings	102,688,174
Provisions	
Deferred income	
Employee benefit obligation	2,150,732,909
Total	9,569,549,114

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by PCK 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 PCK's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

a) Foreign currency risk

PCK 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 90 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2025			
Financial assets (investments, cash ,debtors)	844,752,678	0	844,752,678
Liabilities			
Trade and other payables	756,047,535	0	756,047,535
Borrowings	0	0	0
Net foreign currency asset/(liability)	88,705,143	0	88,705,143

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management (Continued)

(iii) Market risk (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company'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.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024-2025			
SDR	4%	(4,234,565)	(4,234,565)
2023-2024			
SDR	2%	11,817,595	11,817,595

b) Interest rate risk

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management (Continued)

iv) Capital Risk Management

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

	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	11,318,554,398	11,318,554,398
Retained earnings	(6,834,298,501)	(7,323,040,143)
Capital reserve		
Total funds	4,484,255,896	3,995,514,254
Total borrowings	61,719,293	102,688,174
Less: cash and bank balances	104,587,018	182,050,298
Net debt/(excess cash and cash equivalents)	4,317,949,585	3,710,775,782
Gearing	69%	70%

23. INCORPORATION

The Postal Corporation is a statutory body established by an Act of Parliament, PCK Act Number 3 of 1998 as a public Postal licensee and is domiciled in Kenya.

24. EVENTS AFTER THE REPORTING PERIOD

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

25. CURRENCY

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

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22.APPENDICES

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

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
1.0	Going concern	The cabinet approved the restructuring of PCK.	In Progress	FYR 2025/26
2.1	Land and Buildings without ownership documents	The management has written to CS Land and EACC	In progress	FYR 2025/26
2.2	Non-Amortization of intangible assets	Addressed	Resolved	FYR 2024/25
3.0	Doubtful recovery of trade and other receivables	The Corporation has engaged debt collectors to recover debt	In Progress	FYR 2025/26
4.1	Unsupported Contingent Liability	Court ruling available	Resolved	FYR 2023/24
4.1,	Long outstanding trade & other payables	The cabinet approved the restructuring of PCK.	In Progress	FYR 2025/26

.....
Name

POSTMASTER GENERAL

26.08.2025

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Appendix II: Projects implemented by PCK

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

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

APPENDIX III: Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Source of funds
1						

Appendix IV: Transfers From Other Government Entities

Name of the Donor	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KShs	Statement of Financial Performance	Where Recorded/Recognized				
					Capital Funded	Deferred Income	Receivables	Other assets - must be specified	Total Transfers during the year
Total									

Appendix V- Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:

Name Sign

Date

Head of Accounts Department - Beneficiary Entity:

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Name	Sign	Date.....
------------	------------	-----------

Appendix VI: Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of CEO/MD/Head

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

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				01	02	03	04	

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Appendix VII: Reporting Disaster Management Expenditure

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