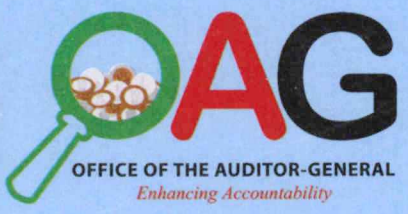
REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

MULTINATIONAL LAKE VICTORIA MARITIME COMMUNICATIONS AND TRANSPORT (MLVMCT)

FOR THE YEAR ENDED 30 JUNE, 2025

KENYA MARITIME AUTHORITY

PROJECT NAME: MULTINATIONAL LAKE VICTORIA MARITIME COMMUNICATION AND TRANSPORT (MLVMCT) PROJECT

IMPLEMENTING ENTITY: KENYA MARITIME AUTHORITY

PROJECT GRANT/CREDIT NUMBER: P-ZI-GB0-031

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

Table Contents Page

1. Acronyms and Definition of Terms

Acronym	Definition/Meaning
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year
AfDB	African Development Bank
ADF	African Development Fund
KMA	Kenya Maritime Authority
MLVMCT	Multinational Lake Victoria Maritime Communication and Transport Project
SAR	Search and Rescue
MRCC	Maritime Rescue Coordination Centre
LVBC	Lake Victoria Basin Commission
EAC	East African Community

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Multinational Lake Victoria Maritime Communication and Transport Project

Objective

The key objective of the project is to encourage increased transport and trade on Lake Victoria by improving maritime transport infrastructure including maritime communications, navigation safety aids, and maritime emergency search and rescue services

Address

The project headquarters offices are in Mombasa City, Mombasa County, Kenya. The address of its registered office is P. O. Box 95076-80104, Mombasa

The project also has no other offices/branches.

Contacts: The following are the project contacts

P.O. Box: 95076-80104

Telephone: (254) 41 2318398/9

E-mail: info@kma.go.ke

Website: www.kma.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	18-05-2018
Project End Date:	30-04-2022
Project Coordinator:	Mr. Nicholas Munga
Project Development Partner:	African Development Fund (ADF)

2.3 Project Overview

Line Ministry or State departments/ County Department	The project is under the supervision of the Transport, Infrastructure, and Housing and Urban Development Ministry.
Project number	P-ZI-GB0-031
Strategic goals of the project	The strategic goals of the project are as follows: (i) Establish a maritime communications system for safety on Lake Victoria, including the implementation of a maritime coordination centre and search and rescue centres on the lake; and (ii) Produce a maritime transport strategy for EAC
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following strategies: The project management aims to achieve the goals through the following strategies: (i) Establishment of a Maritime communications system for safety on Lake Victoria. (ii) Undertake Maritime Transport for Lake Victoria Study (iii) Project Management and Capacity Building
Other important background information of the project	The project is being implemented by three East African Community (EAC) countries namely; the Republic of Kenya, the Republic of Uganda and the United Republic of Tanzania.

Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: (i) Resource Exploitation (ii) Navigation and Maritime Safety
Project duration	4 (Four) Years

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

(i) KCB Bank

2.5 Independent Auditor

The project is audited by the Office of the Auditor General-Kenya. *PO Box 30084-00100 Nairobi*

2.6 Roles and Responsibilities

No	Names	Title designation	Key qualification	Responsibilities
1	Nicholas Munga	Project Coordinator	Beng Naval Architecture, AMRINA, MSNAME, MIMarEST	Effective execution and day-to-day management and implementation of the project
2	Jamleck Mulalya	Project Accountant	MBA, BCOM, CPA, CISA, CIA	Preparation of The annual project financial statements as well as maintenance of project books of accounts.

2.7 Funding summary

The Project is for duration of 4 years from 2018 to 2022 with an approved budget of US$ 8,614,179 equivalent to Kshs. 858,241,040 as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30th June 2025)		Undrawn balance to date	
	Development Partner currency (USD)	Kshs	Development Partner currency (USD)	Kshs	Development Partner currency (USD)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Loan						
African Development Fund (ADF)	1,287,575	128,282,650	20,753	2,092,732	1,266,822	126,189,918
Total	**1,287,575**	**128,282,650**	**20,753**	**2,092,732**	**1,266,822**	**126,189,918**

Currency Equivalents
UA 1 = USD 1.41
UA 1 = KES 140.48

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30th June 2025)		Cumulative amount paid to date – (30th June 2025)		Unutilised balance to date (30th June 2025)	
	Development Partner currency (USD)	*Kshs*	Development Partner currency *(USD)*	*Kshs*	Development Partner currency (USD)	*Kshs*
	(A)	*(A')*	*(B)*	(B')	*(A)-(B)*	*(A')-(B')*
(i) Loan						
African Development Fund (ADF)	20,753	2,092,732	20,753	2,092,732	1,856	184,916
Total	**20,753**	**2,092,732**	**20,753**	**2,092,732**	**1,856**	**184,916**

Currency Equivalents

UA 1 = USD 1.41

UA 1 = KES 140.48

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

The project had no performance targets as it closed on 30th April 2022.

2.9 **Summary of Project Compliance:**

i) During the life of the project, there were no reported significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants.

ii) There are no consequences suffered or likely to be suffered on account of non-compliance

iii) Mitigation measures taken or planned to alleviate the adverse of actual or potential consequences of non-compliance- This is not applicable

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

The key development objectives of the Multinational Lake Victoria Maritime Communication and Transport Project 2018-2022 plan are to:

a) Establish a Maritime communications system for safety on Lake Victoria
b) Undertake Maritime Transport Study
c) Undertake Project Management and Capacity Building

Progress on the attainment of strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bund (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance	Pr
Multinational Lake Victoria Maritime Communication and Transport Project	Improve maritime transport infrastructure including maritime communications, navigation safety aids, and maritime emergency search and rescue services	Increased transport and trade on Lake Victoria	% Coverage of Maritime Communication Network (MCN) and No. of Search and Rescue Centres	Land for SAR Centre Sites have been availed by County Governments, Topographical and boundary surveys and geotechnical surveys have been done	*Public Wo Tra*

4. Environmental and Sustainability Reporting

Multinational Lake Victoria Maritime Communication and Transport (MLVMCT) Project exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability:

1. Sustainability strategy and profile

The fisheries and transport sectors of Lake Victoria generate substantial income and revenue which should partly be re-invested by participating countries in enhancing safety and security of the beneficiaries. International conventions/protocols place the responsibility for providing SAR services upon the State. Subsequently, a sustainable financial platform from which SAR services can operate has been discussed at various meetings of the East African Community level as well as at the national levels. Kenya and Tanzania have already ratified the relevant international maritime conventions and protocols on safety of navigation and are implementing them through various regulations. Uganda is in the process of finalising the process of ratifying the protocols. In view of this, participating countries' contribution to SAR services on the lake has been emphasized in the project for sustainability. Subsequently, the LVBC Council of Ministers has agreed that Partner States through the EAC organs including LVBC contributes to running of MRCCs and SARs through the EAC/LVBC. Part of the operational cost of the project (55%) will be met by contributions from participating countries which comes as counterpart funds (10%) and contribution in kind (14%). Upon completion of the project, LVBC will absorb the key PIU staff into its established structure and financial obligations will be reflected in the respective maritime administrations and LVBC annual budgets. In addition, when the Lake Victoria Transport Act, 2007 is fully implemented, the participating countries (governments and other stakeholders) will finance the safety functions on the lake through: (i) registration fee per registered fishing participating governments vessel (from the fishermen), (ii) landing fee per landed ton (from the fishing industry), (iii) safety fee per commercial vessel, (iv) grants from donors and other voluntary contributions. Further, the Council of Ministers of EAC has recommended that each Partner State to obtain contributions from the Rural Communications Development Fund (RCDF) to cover the operating expenses of the MRCC. Lake Victoria is now recognized as a rural area in all three countries, and projects aimed at improving connectivity would therefore be eligible for support. The proposed model is based on a "stakeholder

solidarity" basis and contains different sources of funding to provide a minimum level of financial stability to operate the MRCC and SAR organization.

2. Environmental performance

The project is a Category 2 type according to the Bank's Initial Environmental and Social Screening Checklist because it is not expected to generate significant negative impacts, and any that arise can be mitigated through implementation of the ESMP which has been prepared. In addition, the project will not result in the displacement of people through land uptake for its facilities. The sites for the facilities will be on a vacant piece of land (for MRCC) or on existing landing sites (for SARs) which have access roads with some having electricity and water supply connections. For the MCN, the enhancement of GSM coverage on the lake will be attained through repositioning of existing transmitter receivers as well as co-locating additional ones on existing Base Transmitters Stations whose erection and operations have been approved by the environment and communications regulatory agencies in the three countries.Overall, the project components and activities will likely have minimal environmental and social impacts

3. Employee welfare

The project will include in its design sensitization programs for men and women at the work place in order to create an atmosphere of self-respect among workers and between workers and employers. In addition, the contractor putting up the sheds shall be sensitized to offer at least 30% of semi-skilled and unskilled jobs to women and the youth in the project areas; and sourcing some of the construction materials and project goods from local artisans and suppliers. The contractor shall be obliged to train local youth (both men and women) to operate some of the construction machines and equipment. The design of the rescue boats (especially the larger ones) and construction of landing platforms shall provide rumps for use by people with disabilities and elderly, among the vulnerable.

4. Marketplace practices-

a) Responsible Supply chain and supplier relations-

Kenya Maritime Authority, as the Project's National Executing Agency, maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

b) Responsible ethical practices

Kenya Maritime Authority, as the Project's National Executing Agency, has put in place necessary measures to maintain ethical and anti- corruption practices and responsible political involvement in the implementation of the Project.

c) Regulatory impact assessment

Kenya Maritime Authority, as the Project's National Executing Agency, safeguards citizen and stakeholder's rights.

5. Community Engagements

This intervention shall involve construction of fish by-products handling sheds, advanced fish drying racks and smoking kilns. At the landing sites for SARs, women are engaged in mainly processing by-products of the Nile Perch from the fish factories where fish skins and smoked Nile Perch considered unsuitable for export markets are sold to markets on an informal basis. The backs and heads referred to as mgongo wazi are prepared and sold to local markets such as Nairobi. However, the salting and sun drying is done in an unhygienic environment i.e. on the ground and on dilapidated tables. Moreover, the working environment in the open air means experiencing frequent interruptions from rain and wind. It is proposed that the project should build some shed with concrete benches/slabs, pave the sites and put up some protective walls and storage space. This will shield the women from the sun and rain while they do the cleaning and salting of the fish by-products. The result will be increased output and quality of the products which would fetch better prices and increased sales.

5. Statement of Project Management Responsibilities

The *Director General of* Kenya Maritime Authority and the ***Project Coordinator*** for ***Multinational Lake Victoria Maritime Communication and Transport (MLVMCT) Project*** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2025.

This responsibility includes (i) Maintaining adequate financial management arrangement 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 project; (iii)Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud;(iv) safeguarding the assets of the project; (v) Selecting and applying appropriate accounting policies; and (v) Making accounting estimates that are reasonable in the circumstances.

The *Director General of* Kenya Maritime Authority and the *Project Coordinator* for ***Multinational Lake Victoria Maritime Communication and Transport (MLVMCT) Project*** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Director General of* Kenya Maritime Authority and the *Project Coordinator* for ***Multinational Lake Victoria Maritime Communication and Transport (MLVMCT) Project*** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2025, and of the Project's financial position as at that date. The *Director General of* Kenya Maritime Authority and the *Project Coordinator* for ***Multinational Lake Victoria Maritime Communication and Transport (MLVMCT) Project*** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Director General of* Kenya Maritime Authority and the *Project Coordinator* for ***Multinational Lake Victoria Maritime Communication and Transport (MLVMCT) Project*** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the *Director General of Kenya Maritime Authority* and the *Project Coordinator* for ***Multinational Lake Victoria Maritime Communication and Transport (MLVMCT) Project*** *on* 28/08/2025 and signed by:

.....	.....
Name CPA Omae NYARANDI	**Name Nicholas Munga**
Director General	**Project Coordinator**

REPUBLIC OF KENYA

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REPUBLIC OF KENYA
OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON MULTINATIONAL LAKE VICTORIA MARITIME COMMUNICATION AND TRANSPORT PROJECT (P-Z1-GPB0-031) FOR THE YEAR ENDED 30 JUNE, 2025 - KENYA MARITIME AUTHORITY

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 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 Government achieves value for money and that such funds are applied for 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, the risk management environment, and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Multinational Lake Victoria Maritime Communication and Transport Project (P-Z1-GPB0-031) - Kenya Maritime

Authority set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Multinational Lake Victoria Maritime Communication and Transport Project (P-Z1-GPB0-031) as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Loan Agreement No.2100150036247 between the Republic of Kenya and the African Development Fund (ADF) dated 9 January, 2017 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Multinational Lake Victoria Maritime Communication and Transport Project (P-Z1-GPB0-031) Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Unresolved Prior Year Audit Matters

In the audit report of the previous financial year, paragraph was raised under the Report on Financial Statements. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

Other Information

Conclusion

Management is responsible for the Other Information set out on page iii to xvi which comprise of Project Information and Overall Performance, Statement of performance

Against Project's Predetermined Objectives, Environmental and Sustainability Reporting and the Statement of the Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Project'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 and I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 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. Dormant Bank Balances

The statement of financial position and Note 17 to the financial statements reflects cash and cash equivalents balance of Kshs.61,403,989. However, review of the bank statements revealed that the bank balance has remained dormant and unutilized during the year under review except for bank charges amounting to Kshs.1,191. This was contrary to Regulation 83(2)(c) of Public Finance Management (National Government) Regulations, 2015 which requires accounting officers to ensure sound cash management through avoiding accumulation of idle balances.

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

2. Undrawn Loan Balance

The African Development Fund issued notice of cancellation of the Project on 17 May, 2022, indicating that the undrawn loan as at the Project end date of April, 2022 was $2,193,569.74 (UA. 1,555,723.23) or Kshs. 263,184,409 equivalents. The undrawn balance had attracted a commitment charge of 0.5% or $10,967.85 (Kshs.1,315,922.64) as at the project end date. Consequently, project management was in violation of Section 3.03 of Financing Agreement between the Republic of Kenya and the African Development Fund providing that the borrower pays a commitment charge at the rate of

0.5% on the undisbursed portion of the loan which was to begin to accrue 120 days after the date of signing the agreement leading to loss of public funds and failure to achieve value for money on the expenditure of Kshs.1,315,922.

In the circumstances, Management was in breach of the law while value for money has not been realized on the commitment fees on the undrawn portion of the loan.

3. Failure to Refund Funds utilized without Bank Authorization

The African Development Fund vide a letter dated 17 May, 2022 required Kenya Maritime Authority to return Kshs.187,159 (UA. 1,276.81) in which no objection by the bank was not granted for spending. However, as at 30 June, 2025, the amount was yet to be returned to the African Development Bank. This is contrary to the Bank (AFDB) Disbursement Handbook which required that when a project is closed, any balances remaining and any unjustified expenses to be returned to the Bank.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as the 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, the Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

The 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, the 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 Management is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the 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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 IFPP 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 also 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

03 October, 2025

7. Statement of Financial Performance for the Year Ended 30th June 2025.

	Notes	Insert Current FY
		Kshs
Revenue		
Revenue Transfers	6	-
Miscellaneous Revenue	7	-
Total revenue		-
Expenses		
Employee costs	8	-
Use of goods and services	9	1,191
Depreciation and amortization expense	10	-
Transfer to other Government Entities	11	-
Other Transfers/Subsidies/Grants	12	-
Certified Works	13	-
Total expenses		**1,191**
Other gains/(losses)		
Gain/Loss on sale of assets	14	-
Gain/Loss on foreign exchange transactions	15	-
Impairment loss	16	-
Surplus/ (deficit)		**(1,191)**

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

.....	.....	.....
Name CPA Omae NYARANDI	**Name Nicholas Munga**	**Name Jamleck Mulalya**
Director General	**Project Coordinator**	**Project Accountant**
		ICPAK Member No: 10290

8. Statement of Financial Position as at 30th June 2025

	Note	2024-2025	1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	61,403,989	61,405,180
Receivables	18	-	-
Inventories	19	-	-
Prepayment	20	-	-
Total Current Assets		**61,403,989**	**61,405,180**
Non-Current Assets			
Property, Plant and Equipment	20	-	-
Intangible Assets	21	-	-
Total Non- Current Assets		**-**	**-**
Total Assets (a)		**61,403,989**	**61,405,180**
Liabilities			
Current Liabilities			
Trade and Other Payables	22	-	-
Third Party Deposits	23	-	-
Deferred Income	24	-	-
Total Current Liabilities		**-**	**-**
Total Liabilities (b)		**-**	**-**
Net Assets (a-b)			
Represented By:			
Accumulated Surplus		61,403,989	61,405,180
Total Net Assets		**61,403,989**	**61,405,180**

The financial statements were approved on 28/08/2025 and signed by:

.....	.....	.....
Name CPA Omae NYARANDI	**Name Nicholas Munga**	**Name Jamleck Mulalya**
Director General	**Project Coordinator**	**Project Accountant**

ICPAK Member No: 10290

9. Statement of Changes in Net Assets

Description	Accumulated Surplus
	Kshs
As at 30th June 2024 (Cash Basis)	**61,405,180**
Adjustments:	
Asset Recognition	-
Liabilities recognition	-
As at 1st July 2024	**-**
Surplus/(Deficit) for the year	-1,191
As at 30th June 2025	**61,403,989**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The financial statements were approved on 28/08/2025 and signed by:

.....	.....	.....
Name CPA Omae NYARANDI	**Name Nicholas Munga**	**Name Jamleck Mulalya**
Director General	**Project Coordinator**	**Project Accountant**
		ICPAK Member No: 10290

10. Statement of Cashflow for the year ended 30th June 2025

Description	Note	FY 2024/25
		Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers		-
Miscellaneous Revenue		-
Total receipts		-
Payments		
Employee costs		-
Use of goods and services		(1,191)
Transfer to other Government Entities		-
Other Transfers/Subsidies/Grants		-
Certified Works		-
Total payments		**(1,191)**
Net cash flow from operating activities	26	(1,191)
Cashflow from investing activities		
Acquisition of non-financial assets		-
Proceeds from sale of Assets		-
Acquisition of Intangible assets		-
Net cash flows from investing activities		
Cash flow from financing activities		
		-
Net cash flow from financing activities		-
Net increase/Decrease in cash and cash equivalents		(1,191)
Cash and cash equivalent at 1st July 2024	**17**	**61,405,180**
Cash and cash equivalent at end June 2025	**17**	**61,403,989**

11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods		-	-	-	-	-
Receipts						
Revenue Transfers	-	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Payments	-	-	-	-	-	-
Employee costs	-	-	-	-	-	-
Use of goods and services	-	-	-	1,191	-1,191	-
Transfer to other Government Entities-	-	-	-	-	-	-
Other Transfers/Subsidies/Grants	-	-	-	-	-	-
Certified Works	-	-	-	-	-	-
Total Payments	-	-	-	1,191	1,191	-
Surplus	-	-	-	A	-1,191	-

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	61,403,989

12. Notes to the Financial Statements

1. General Information

Kenya Maritime Authority is established by and derives its authority and accountability from Kenya Maritime Authority Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to regulate, co-ordinate, and oversee maritime affairs in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1st/ 2nd/ 3rd/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

These financial statements were authorized for issue by the accounting officer on xxxx

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for	***Applicable 1st January 2025*** The Standard requires,

Standard	Effective date and impact:
Sale and Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.

Standard	Effective date and impact:
IPSAS 47-Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48-Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49-Retirement Benefit Plans	***Applicable 1st January 2026*** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	***Applicable 1st January 2027*** The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

ii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The Project had no budget for the FY2024/2025

c) Property, plant and equipment

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

Notes to the financial statements

d) Leases

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

obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

e) Intangible assets

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

f) Research and development costs

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

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

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

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

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

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

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

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

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx.*

Financial liabilities

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

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Project*.

i) Provisions

Provisions are recognized when the *Project* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

j) Nature and purpose of reserves

The *Entity* creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted).*

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation

m) Foreign currency transactions

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

n) Borrowing costs

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

o) Related parties

The *Entity* regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

p) 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.

q) Cash and cash equivalents

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

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

Estimates and assumptions.

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

Useful lives and residual 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 asset.
- Changes in the market in relation to the asset

Provisions

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

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.

6. Revenue Transfers

Description	2024/2025
	KShs
Unconditional Transfers	
GoK Counter Part funding	-
Transfers from Development partners	-
Other unconditional transfers (Specify)	-
Total Unconditional Transfers (a)	-
Conditional Transfers	
Transfers from Development partners 1	-
Transfers from Development partner 2	-
Other conditional transfers (specify)	-
Total Conditional Transfers (b)	-
Total Transfers for the Year (a + b)	-

(Explain the purpose of funding)

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers 2024/2025
	Kshs	Kshs	Kshs	Kshs
GOK Funding	-	-	-	-
Development Partner 1	-	-	-	-
Development Partner 2	-	-	-	-
Subtotal	-	-	-	-
Deferred Income realized	-		-	-
Transfers in Kind	-			-
Total	-	-	-	-

7. Miscellaneous revenue

Description	FY 2024/25
	Kshs
Interest Income	-
Others	-
Total	-

8. Employees Costs

Description	FY 2024/25
	Kshs
Basic salaries of permanent employees	-
Basic wages of temporary employees	-
Personal allowances paid as part of salary	-
Personal allowances paid as reimbursements	-
Personal allowances provided in kind	-
Pension and other social security contributions	-
Compulsory national social security schemes	-
Compulsory national health insurance schemes	-
Others	-
Total	-

9. Use of Goods and Services

De scription	FY 2024/25
c	Kshs
Utilities, supplies and services	-
Bank charges	1,191
Communication, supplies and services	-
Domestic travel and subsistence	-
Foreign travel and subsistence	-
Fuel and lubricants	-
General office supplies	-
Stationery, Printing, advertising, and information supplies	-
Office rent	-
Training payments	-
Hospitality supplies and services	-
Insurance costs	-
Specialized materials and services	-
Other operating payments(specify)	-
Routine maintenance – vehicles and other transport equipment	-
Routine maintenance- other assets	-

De scription	FY 2024/25
c	Kshs
Total	1,191

Notes to the financial statements

10. Depreciation and Amortization expense

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
Total	-

11. Transfer to Other Government Entities

Description	FY 2024/25
	Kshs
Ministry ABC	-
Project XYZ	-
Department xxx	-
County xxx	-
Total	-

12. Other Transfers/Subsidies/Grants

Description	FY 2024/25
	Kshs
Transfers to Non-Government Organizations	-
Subsidies	-
Others	-
Total	-

13. Certified Works

Description	FY 2024/25
	Kshs
Road Works	-
Water Works	-
Energy Infrastructure	-
Others	-
Total	-

14. Gain/Loss on Sale of Assets

Description	FY 2024/25
	Kshs
Property, plant and equipment	-
Intangible assets	-
Other assets not capitalised	-
Total gain/loss on sale of assets	-

15. Gain/Loss on foreign exchange transactions

Description	FY 2024/25
	Kshs
Gain on foreign exchange transactions	-
Loss on foreign exchange transactions	-
Total Gain/Loss	-

16. Impairment Loss

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
Others	-
Total Impairment Loss	-

17. Cash and Cash Equivalents

Description	FY 2024/25	1st July
	Kshs	Kshs
Cash in Bank	61,403,988.80	61,405,179.80
Cash on hand	-	-
Others	-	-
Total Cash and Cash Equivalents	**61,403,988.80**	**61,405,179.80**

Project Bank Accounts

Details	FY 2024/25	1st July 2024
	Kshs	Kshs
Local Currency Accounts		
Kenya Commercial Bank [A/c No. 1224214544]	61,403,988.80	61,405,179.80
Total local currency balances	61,403,988.80	61,405,179.80
Total bank account balances	**61,403,988.80**	**61,405,179.80**

18. Receivables

Description	FY 2024/25	1st July 2024
	Kshs	Kshs
Counter Part Funding	-	-
Contractor's Advance payments	-	-
Other Receivables (specify)	-	-
Total Receivables	-	-

Ageing analysis for Receivables

Description	FY 2024/25		1st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

19. Inventories

Description	FY 2024/25	1st July 2024
	Kshs	Kshs
Consumable stores	-	-
Construction stores	-	-
Others consumables (specify)	-	-
Less: allowance for impairment	-	-
Total inventories	-	-

20. Prepayments

Description	FY 2024/25	1st July 2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Others	-	-
Total inventories	-	-

21. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	X%	X%	X%	X%		
As At 1July 2024 (opening balances)	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
As at 30th June 2025	-	-	-	-	-	-
Depreciation And Impairment						
As at 1July 2025	-	-	-	-		-
Depreciation charge for the year	-	-	-	-		-
Impairment loss	-	-	-	-		-
Transfers/ Adjustments	-	-	-	-		-
As At 30th June 2025	-	-	-	-		-
Net Book Values						
As at 1st July 2024	-	-	-	-	-	-
As at 30th June 2025	-	-	-	-	-	-

Notes to the financial statements

22. Intangible Assets

Description	1st July 2024
	Kshs
Cost	
As at 1st July 2024	-
Additions	-
As At 30th June 2025	-
Amortization and impairment	
As at 1st July 2024	-
Amortization	-
Impairment loss	-
As At 30th June 2025	-
NBV as at 1st July 2024	-
NBV as at 30th June 2025	-

23. Trade and Other Payables

Description	FY 2024/25		1st July 2024	
	Kshs		Kshs	
Trade payables	-		-	
Employee payables	-		-	
Other payables	-		-	
Total trade and other payables	-		-	
Ageing analysis: (Trade and other payables)	**Current FY**	**% of the Total**	**Comparative FY**	**% of the Total**
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

Notes to the financial statements

24. Third-Party Deposits

Description	FY 2024/25		1st July 2024	
	Kshs		Kshs	
Contractor's Retention	-		-	
Gratuity	-		-	
Other deposits (specify)	-		-	
Total deposits	-		-	
Ageing analysis: (Refundable deposits)	**Current FY**	**% of the Total**	**Comparative FY**	**% of the Total**
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

(Provide brief explanation)

25. Deferred Income

Description	FY 2024/25	1st July 2024
	Kshs	Kshs
Development partner 1	-	-
Development partner 2	-	-
Others	-	-
Total Deferred Income	-	-

Deferred Income Movement Schedule

	Development Partner 1	Development Partner 2	Others specify	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1st July 2024	-	-	-	-
Additions	-	-	-	-
Transfers To Performance Statement as Revenue	-	-	-	-
Balance as at 30th June 2025	-	-	-	-

Notes to the financial statements

26. Cash Generated from Operations

Description	FY 2024/25
	Kshs
Surplus/Deficit for the year	-
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	-
Increase in payments received in advance	-
Net cash flow from operating activities	-

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

27. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th June 20XX are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule, which shows the flow of funds voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

Description	FY 2024/25	1st July 2024
	Kshs	Kshs
(i) A/C Name [A/c No.....]		
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn	-	-
Closing balance (*as per SDA bank account reconciliation attached*)	-	-
(ii) A/c Name [A/c No.....]		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn	-	-
Closing balance (as per SDA bank account reconciliation attached)	-	-

28.Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Notes to the financial statements

Other related parties include:

i) The Parent Ministry.
ii) County Governments
iii) Other SCs and SAGAs
iv) Key management.
v) Board of Directors.

Description	FY 2024/25
	Kshs
Transactions with related parties	
a) Sales to related parties	
Sales of electricity to govt agencies	-
Rent income from govt. Agencies	-
Others (specify) e.g. interest and bank charges	-
Total	-
B) purchases from related parties	
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Others (specify)	-
Total	-
b) Grants /transfers from the government	
Grants from national govt	-
Grants from county government	-
Donations in kind	-
Total	-
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	-
Payments for goods and services for	-
Total	
d) Key management compensation	
Directors' emoluments	-
Compensation to key management	-
Total	-

Notes to the financial statements

29.Events after the Reporting Period

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

30.Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of xxx. Its ultimate parent is the Government of Kenya.

31.Currency

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

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1	Unsupported Bank Reconciliation items	Reconciliations have since been availed to the auditors for review.	***Not Resolved***	Management awaits the decision of the Parliamentary Implementation Committee.
2	Opening Bank Account without approval from the National Treasury	Post-facto approval sought from the National Treasury for the opened bank account	***Not Resolved***	Management awaits the decision of the Parliamentary Implementation Committee.
3	Pre-payment of Geo-Technical Survey	The money was to facilitate Surveyors in undertaking the Survey exercise. The work was done and survey reports availed. Copies of the survey reports were availed during the audit	***Not Resolved***	Management awaits the decision of the Parliamentary Implementation Committee.

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)*
4	Excess and unbudgeted Commitment Charge	Management requested National Treasury to consider cancellation of the loan that had not been disbursing for more than three year and the loan was cancelled in August 2022	***Not Resolved***	Management awaits the decision of the Parliamentary Implementation Committee.
5	Unprocedural issuance of imprests	Corrective action was implemented. currently no imprest is issued without an imprest warrant being signed	***Not Resolved***	Management awaits the decision of the Parliamentary Implementation Committee.
6	Lack of Framework for the National Policy Steering Committee and the National Technical Committee	This matter will be addressed during the reformulation of the Project in order to address the identified gaps	***Not Resolved***	Management awaits the decision of the Parliamentary Implementation Committee.
7	Undisclosed and Unaccounted for	The Kshs. 1,022,760 expenditures were incurred on activities that cut across both	***Not Resolved***	Management awaits the decision of the

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)*
	Domestic Travel Expenses	Kenya Maritime Authority (KMA) and the Multinational Lake Victoria Maritime Communication and Transport Project. The Kshs. 529,200 said to be undisclosed and unaccounted for were disclosed and accounted for as KMA expenditure hence was not recognized in the Project's books of accounts		Parliamentary Implementation Committee.
8	Cash and Cash Equivalents - Unpresented Cheques	There were no unpresented cheques. Erroneous copies of the bank reconciliation statements had been presented as attachment to the FY2020/2021 Financial Statements. The anomaly was however corrected and the correct bank reconciliation statements were presented on 24th September 2021.	***Not Resolved***	Management awaits the decision of the Parliamentary Implementation Committee.
9	Budgetary Controls and Performance	The matter was addressed in the revised financial statements	***Not Resolved***	Management awaits the decision of the

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)*
				Parliamentary Implementation Committee.
10	Ineligible Expenditures	Expenses totaling Kshs. 5,026,654 that related to KMA's operational expenditures were inadvertently paid from the project bank account. However, the error has since been corrected and the money paid back to the Project's Account.	***Not Resolved***	Management awaits the decision of the P Committee.
11	Undrawn Loan Balance	The loan agreement for the MLVMCT Project was signed on 9th January 2017. The project was for a period of 4 years (April 2017 to April 2021), but during the mid-term review, the completion date was extended by one year. The last	***Not Resolved***	Management awaits the decision of the P Committee.

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)*
		disbursement deadline expired on 30th April 2022. The cancellation, therefore, was informed by the expiry of the last disbursement deadline.		
12	Unreturned Funds to the Bank	At time of the cancellation of the loan, African Development Bank (AfDB) and the National Treasury had indicated that they will provide the details of the account to which the unjustified balance should be returned. Having received the bank details vide letter dated 17th July 2025, KMA has since returned the loan amount to the National Treasury for onward transmission to AfDB.	***Not Resolved***	Management awaits the decision of the P Committee.

.....
Name CPA Omae NYARANDI
Director General

.....
Name Nicholas Munga
Project Coordinator

Annex 2: Reconciliation of inter-entity transfers

	Project Name:			
	Break down of transfers from the State Department of XXX			
a.	**Government Counterpart funding**			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
			-	
		Total	-	
B.	**Direct payments**			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
		Total	-	
C.	**Others**			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
		Total	-	
		Total (A+B+C)	-	

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

Project Coordinator

Sign ----------

Head of Accounting Unit

Sign----------

Annex 3: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment					
Machinery and Equipment					
Biological assets					
Infrastructure Assets- Roads, Rails					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
Total					

Annex 4: Other Support Documents

i. Bank Reconciliations statement as at 30th June 2025

KENYA MARITIME AUTHORITY
MLVMCT PROJECT AC 1224214544 RECONCILIATION
AS AT 30.06.2025

Date	Reference	Description	Amount (Kshs.)	Date Cleared
30.06.25		Balance as per Cash book	61,403,989.00	
	Add: Direct deposits			
		Total	-	
			-	
		Total	0.00	
		Total	-	
30.06.25		Balance as per Bank statement	61,403,989.00	

Prepared by:

Name: Leah Mukchenei
Designation: Assistant Project Accountant
Signature: .. .. Date: 04.07.2025

Reviewed By:

Name: Jamleck Mulalya
Designation: Project Accountant
Signature: ..... Date: 04.07.2025

1218 CA 41 BRANCHES

CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

CERT2418500883

KCB KILINDINI 03 JUL 2024

Certified that the balance at the CREDIT Of MULTINATIONAL LAKE VICTORIA MARITIM

A/C 1224214544

at the close of business on 30 JUN 2024 Was KES

SIXTY ONE MILLION FOUR HUNDRED AND FIVE THOUSAND ONE HUNDRED AND SEVENTY NINE CENTS EIGHTY

KES 61,405,179.80

For: KCB BANK KENYA LTD.

Branch Manager
KILINDINI

Examined by

For: KCB BANK KENYA LTD.

Manager Service Quality $ Compliance Branch Manager

KILINDINI

24 July 2024
14:19:49

ACCOUNT STATEMENT
Customer:
Account: 1224214544 MULTINATIONAL LAKE VICTORIA MARITIM
Product Name: Local Government
Statement Period: 01 JUL 2023 - 30 JUN 2024
Balance at Period Start 56,379,591.10 KES **Balance at Period End:** 61,405,179.80 KES

TXN DATE	DESCRIPTION	VALUE DATE	MONEY OUT	MONEY IN	LEDGER BALANCE
01 JUL 2023	BALANCE B/FWD	01 JUL 2023			56,379,591.10
03 JUL 2023	Certificate Of Balance Charge CERT2318401282	03 JUL 2023	-1,065.00		56,378,526.10
04 JUN 2024	Transfer pv1436 KENYA MARITIME AUTHORITY FT2415	04 JUN 2024		5,026,653.70	61,405,179.80
			==========	==========	==========
	BALANCE AT PERIOD END:		-1,065.00	5,026,653.70	61,405,179.80

MULTINATIONAL LAKE VICTORIA MARITIME COMMUNICATION AND TRANSPORT PROJECT (MLVMCT) PROJECT CASH BOOK FOR THE FINANCIAL YEAR 2024-2025

			BEGIN	END	INCREASE (or DECREASE)
CLOSING BALANCE | CASH AT BANK			61,405,180	61,403,989	1,191
DATE	PAYEE	PARTICULARS	DEBIT	CREDIT	BALANCE
1-Jul-24	N/A	Opening Balance	-	-	61,405,180
3-Jul-24	KCB	Bank Charges Certificate of Balance	1,065	-	61,404,115
5-Jun-25	KCB	Bank Charges	21	-	61,404,094
5-Jun-25	KCB	Bank Charges	105	-	61,403,989
TOTAL			1,191	-	

PREPARED BY:

NAME: Leah Cherono SIGNATURE:

DESIGNATION: **Assistant Project Accountant**

CHECKED BY:

NAME: Jamleck Mulalya SIGNATURE:

DESIGNATION: **Project Accountant**

APPROVED BY

NAME: Ellyne Chepngetich SIGNATURE:

DESIGNATION: **Asst. Director, Finance and Accounts**