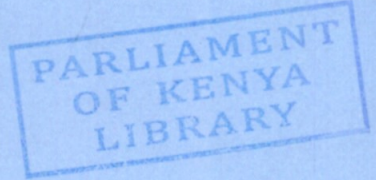
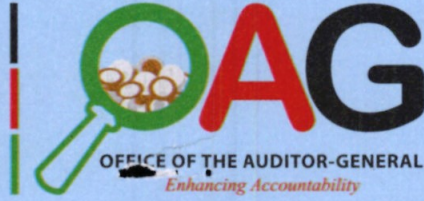


REPUBLIC OF KENYA



REPORT


OF

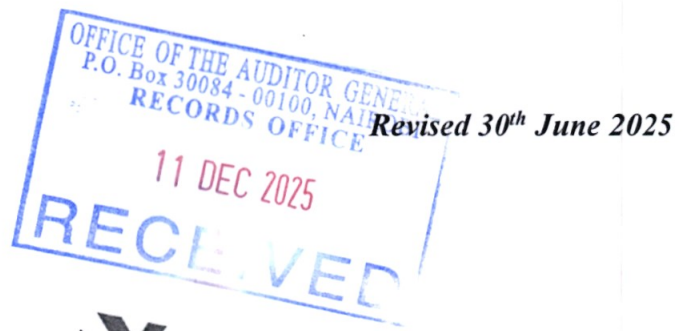
THE AUDITOR-GENERAL

ON

COMMUNICATIONS AUTHORITY OF KENYA

FOR THE YEAR ENDED

| | |
|--|--|
| 30 JUNE, 2025 | |
|  THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 11 FEB 2026 | DAY: WEDNESDAY |
| TABLED BY: | LEADER OF MAJORITY PARTY (HON. KIMANI ICHUNGWATH) |
| CLERK-AT-THE-TABLE: | J. LEMERELLE |



COMMUNICATIONS AUTHORITY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| Table of Contents..... | Page |
|---|-------------|
| 1. Acronyms and Definition of Key Terms..... | iii |
| 2. Key Authority Information and Management..... | iv |
| 3. The Board of Directors..... | x |
| 4. Key Management Team..... | xix |
| 5. Chairman's Statement..... | xxii |
| 6. Report of the Director General/Chief Executive Officer..... | xxiv |
| 7. Statement of Performance against Predetermined Objectives for FY 2024/2025..... | xxvi |
| 8. Corporate Governance Statement..... | xxxiv |
| 9. Management Discussion and Analysis..... | xl |
| 10. Environmental and Sustainability Reporting..... | xliii |
| 11. Report of the Directors..... | xlvi |
| 12. Statement of Directors Responsibilities..... | xlvii |
| 13. Report of the Independent Auditor for the Financial Statements of Communications Authority of Kenya (CA)..... | xlix |
| 14. Statement of Financial Performance for the year ended 30 June 2025..... | 1 |
| 15. Statement of Financial Position as at 30 June 2025..... | 2 |
| 16. Statement of Changes in Net Assets for the year ended 30 June 2025..... | 3 |
| 17. Statement of Cash Flows for the year ended 30 June 2025..... | 4 |
| 18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025..... | 5 |
| 19. Notes to the Financial Statements..... | 8 |
| 20. Appendices..... | 42 |

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

1. Acronyms and Definition of Key Terms

A: Acronyms

| | |
|-------|--|
| CEO | Chief Executive Officer |
| DG | Director General |
| CBK | Central Bank of Kenya |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| NT | National Treasury |
| OCOB | Office of the Controller of Budget |
| OAG | Office of the Auditor General |
| OSHA | Occupational Safety and Health Act of 2007 |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PSASB | Public Sector Accounting Standards Board |
| SAGAs | Semi-Autonomous Government Agencies |
| SC | State Corporations |
| CA | Communications Authority of Kenya |

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Authority Information and Management

(a) Background information

The Communications Authority of Kenya was incorporated/ established in 1998 by an Act of parliament through *Kenya Information and Communications Act, 1998 (Cap 411A)*. The Authority is domiciled in Kenya with its headquarters in CA Centre, Waiyaki Way, and has regional offices in Mombasa; Eldoret; Kisumu; and Nyeri.

(b) Principal Activities

The principal activity of the Authority is facilitating the development of the information and communications sectors including broadcasting, cybersecurity, multimedia, telecommunications, electronic commerce, postal and courier services on behalf of the Government of Kenya. The Vision of the Authority is: A Digitally Transformed Nation. Its mission is “Building a connected society through enabling regulation, partnership, and innovation.

(c) Key Management

The Authority’s day-to-day management is under the following key organs:

| No. | Designation | Name |
|------------|---|--|
| 1. | Chairperson of the Board of Directors | Mr. Charles Karondo (effective from August 2025) |
| 2. | Chairperson of the Board of Directors | Ms. Mary W. Mungai, EBS (until August 2025) |
| 3. | Board of Directors | Mr. Eric Langat |
| 4. | Board of Directors | Mr. Okeng’o Joel Nyambane |
| 5. | Board of Directors | Ms. Christine Bhoke Nchamah |
| 6. | Board of Directors | Mr. Paul Mureithi |
| 7. | Board of Directors | Dr. Musangi J. Mutua |
| 8. | Board of Directors | Ms. Ummu Bunu Ahmad |
| 9. | Board of Directors | Hon. Daniel Kipkogei Rono |
| 10. | Alternate Board Director | Mr. Waweru Kimani |
| 11. | Alternate Board Director | Mr. Frederick Muhul |
| 12. | Alternate Board Director | Mr. Henry Mutwiri Riungu |
| 13. | Chairperson of the Universal Service Advisory Council | Hon. James E.O. Ongwae, EGH |
| 14. | Universal Service Advisory Council | Ms. Lily Cherono Koech |

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

| No. | Designation | Name |
|------------|---|---|
| 15. | Universal Service Advisory Council | Dr. Ferdinand Chirure Nyongesa |
| 16. | Universal Service Advisory Council | Ms. Elizabeth Limagur |
| 17. | Universal Service Advisory Council | Dr. Amos Omolo |
| 18. | Universal Service Advisory Council | Ms. Frida Mutuma |
| 19. | Universal Service Advisory Council | Patrick Mwati CPA (K), CPS (K) |
| 20. | Universal Service Advisory Council | Mr. Benjamin Kiptanui Rop |
| 21. | Universal Service Advisory Council | Mr. Francis Parsimeu Gitau |
| 22. | Director General/CEO | Mr. David Mugonyi, EBS |
| 23. | Director/Legal Services & Corporation Secretary | CS. Lydia Sitienei |
| 24. | Director/ Competition Management, Consumer Protection & Corporate Communications Department | Mr. Christopher Wambua |
| 25. | Director/ Human Resources & Administration | CHRP Reginah Jemutai |
| 26. | Director/ Internal Audit | FCPA Rosalind Murithi |
| 27. | Director/ Universal Access and Service Strategy and Coordination | Mr. Christopher Kemei (until December 2024) |
| 28. | Director/ Licensing & Compliance | Mr. Matano Ndaro |
| 29. | Director/ Multimedia Licensing and Content Regulation and Universal Service Fund (USF) | Eng. Leo K. Boruett (USF effective December 2024) |
| 30. | Director/ Standards & Resource Management | Mr. Mohammed Haji |
| 31. | Director/ Supply Chain Management | Mr. Peter Mwangi |
| 32. | Director/ Information, Communications, and Technology | Mr. Martin Mirero |
| 33. | Director/ Multimedia Licensing and Content Regulation and Universal Service Fund (USF) | Eng. Leo K. Boruett (USF effective December 2024) |
| 34. | Director/ Standards & Resource Management | Mr. Mohammed Haji |
| 35. | Director/ Supply Chain Management | Mr. Peter Mwangi |
| 36. | Director/ Information, Communications, and Technology | Mr. Martin Mirero |
| 37. | Director/ Cyber Security | Dr. Vincent Ngundi |
| 38. | Ag. Director/ Finance & Accounts | Mr. Dominic Ooko |
| 39. | Director/ Strategy, Research & Project | Dr. James Njeru Management (Until May 2025) |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| No. | Designation | Name |
|-----|---|---|
| 40. | Director/Consumer Protection & Advocacy, Public Education and Awareness | Ms. Patricia Muchiri (Until November 2024) |
| 41. | Ag. Director/ Compliance & Enforcement | Mr. Peter Ikumilu Management (Until May 2025) |
| 42. | Ag. Director/ Competition Management | Mr. Lukas Musembi Management (Until May 2025) |
| 43. | Ag. Director/Monitoring, Inspection & Regional Coordination | Mr. Titus Cheptoo Management (Until May 2025) |

(d) Fiduciary Management

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

| No. | Designation | Name |
|-----|---|---|
| 1. | Director General/CEO | Mr. David Mugonyi, EBS |
| 2. | Director/Legal Services & Corporation Secretary | CS. Lydia Sitienei |
| 3. | Director/ Competition Management, Consumer Protection & Corporate Communications Department | Mr. Christopher Wambua |
| 4. | Director/ Human Resources & Administration | CHRP Reginah Jemutai |
| 5. | Director/ Internal Audit | FCPA Rosalind Murithi |
| 6. | Director/ Universal Access and Service Strategy and Coordination | Mr. Christopher Kemei (until December 2024) |
| 7. | Director/ Licensing & Compliance | Mr. Matano Ndaro |
| 8. | Director/ Multimedia Licensing and Content Regulation and Universal Service Fund (USF) | Eng. Leo K. Boruett (USF effective December 2024) |
| 9. | Director/ Standards & Resource Management | Mr. Mohammed Haji |
| 10. | Director/ Supply Chain Management | Mr. Peter Mwangi |
| 11. | Director/ Information, Communications, and Technology | Mr. Martin Mirero |
| 12. | Director/ Cyber Security | Dr. Vincent Ngundi |
| 13. | Ag. Director/ Finance & Accounts | Mr. Dominic Ooko |

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

| No. | Designation | Name |
|------------|---|---|
| 14. | Director/ Strategy, Research & Project | Dr. James Njeru Management (Until May 2025) |
| 15. | Director/Consumer Protection & Advocacy, Public Education and Awareness | Ms. Patricia Muchiri (Until November 2024) |
| 16. | Ag. Director/ Compliance & Enforcement | Mr. Peter Ikumilu Management (Until May 2025) |
| 17. | Ag. Director/ Competition Management | Mr. Lukas Musembi Management (Until May 2025) |
| 18. | Ag. Director/Monitoring, Inspection & Regional Coordination | Mr. Titus Cheptoo Management (Until May 2025) |

(e) Fiduciary Oversight Arrangements

The Board of Directors have the responsibility of acting in the best interest of the Authority. They are expected to act with due professional care and make good decisions; ensuring there is no conflict of interest. To enhance efficiency and effectiveness, the Board constitute standing committees with clearly defined terms of reference relating to key areas of the Authority. The committees operate on delegated authority without diluting the Board's accountability.

Finance, Planning, and Strategy Committee

The Finance and Planning Committee is established to give recommendations and advise the Board on financial management strategies and objectives to foster growth and development of the Authority.

Board Audit and Risk Assurance Committee

The Board Audit and Risk Assurance Committee is created to provide oversight by offering objective advice and recommendations to the Board on whether the Authority's governance, risk management, and internal control processes are suitably designed and working as intended to achieve objectives. The membership is non-executive/independent board members.

People and Culture Committee

The People and Culture Committee is established mainly to give recommendations and advise to the Board on personnel matters, policies and procedures and on issues of administration of the assets of the Authority.

Technical and Broadcasting Standards Committee

The Technical and Broadcasting Standards Committee is established mainly to give recommendations and advise to the Board on Technical, Regulatory and Broadcasting matters in the ICT sector. This committee is established vide KICA (Amendment) Act, 2013, section 7 (f) establishes the committee and such other committees as may be necessary to carry out its functions.

(f) Authority's Headquarters

P. O Box 14448 - 00800
CA Centre, Waiyaki Way
Nairobi, Kenya

(g) Authority's Contacts

Telephone: (254) 703 042 000
E-mail: info@ca.go.ke
Website: www.ca.go.ke

(h) Authority's Bankers

1. Kenya Commercial Bank
Sarit Centre Branch
P.O. Box 30081 – 00800
Nairobi, Kenya
2. Co-operative Bank of Kenya
Westlands Branch
P.O. Box 66589 – 00800
Nairobi, Kenya
3. Equity Bank Limited
Fourways Branch,
P. O. Box 75104 – 00200
Nairobi, Kenya
4. Citibank of Kenya
Upperhill Branch

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

P.O. Box 30711 – 00100

Nairobi, Kenya

5. Sidian Bank

Westlands Branch

P.O. Box 25363 – 00603

Nairobi, Kenya

(i) Independent Auditor

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

3. The Board of Directors



Mr. Charles Karondo, born in 1991, is the Chairperson of the Board of Directors of the Communications Authority of Kenya (CA) appointed on August 8th, 2025, is an accomplished governance leader with extensive experience and a proven track record in public administration, institutional transformation, and strategic leadership. He has consistently championed governance reforms, organizational efficiency, and advanced citizen-focused service in Kenya's public sector.

He previously served as the Board Chairman of Athi Water Works Development Agency, where he oversaw reforms that enhanced governance and service delivery. His exemplary leadership earned him the Champions of Governance Award – Chairman of the Year by the Institute of Certified Secretaries (ICS).

Mr. Karondo holds a Master's degree in Human Resource Management and a Bachelor of Business Management (HR option). He is an alumnus of the Leadership Development Program at the Kenya School of Government and a Certified Professional Mediator accredited by the Mediation Training Institute, with expertise in negotiation, conflict resolution, and stakeholder engagement. His appointment as Chairman of the Communications Authority of Kenya reflects his proven leadership and commitment to strengthening national institutions. He is dedicated to steering the Authority's governance agenda while supporting Kenya's digital transformation, fostering innovation, and promoting inclusive access to communication services for all citizens.



Ms. Mary W. Mungai, CBS, born in 1965, is the Chairperson of the Board of Directors of the Communications Authority of Kenya (CA) having been appointed on 2nd December 2022.

She is an experienced Chief Executive Officer with over 30 years of success in various industries. She is the owner and CEO of multiple businesses with over 500 direct employees, over 1000 direct and indirect employees and revenues of over \$30 million annually.

Ms. Mungai is a decisive and strategic leader with skills in strategic leadership, financial management, business operations and strategy, communication and delegation, and risk management. She has grown her companies rapidly from scratch through aggressive new market strategies and cultivated a performance-driven company culture to lead industry innovations.

She has served as a Board Member in several entities, including as a Board Member of Kenyatta National Hospital for seven (7) years, where she served as Chair of Finance and all Purposes Committee, and as Chair of Corporate Strategy and Enterprise Committee. She currently runs Purma Holdings, a company formed in 1996, among others. She also has interest in the hospitality industry and the real estate.

Ms. Mungai is also the proprietor of The Glee Hotel, a five-star postmodern hospitality facility in the heart of Kenya's capital, Nairobi, providing a world-class experience.

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

She holds a Bachelors degree in Business Administration from the Kenya Methodist University and a Diploma in Clearing & Forwarding from the Kenya Institute of Clearing and Forwarding. She was replaced on August 8th, 2025.



Mr. David Mugonyi, EBS, born in 1972, is the Director General/CEO of the Communications Authority of Kenya, appointed on 15th January 2024. With over 20 years of leadership experience in public service, media, and strategic communications, Mr. Mugonyi previously served as the Head of the Presidential Communication Service, where he played a pivotal role in developing and implementing communication strategies at the highest levels of government.

His expertise in perception and reputation management has been instrumental in shaping effective communication practices. Prior to his role in the Presidential Communication Service, Mr. Mugonyi served as the head of the parliamentary press unit, further honing his skills in strategic communication and media relations. He holds a Master's Degree in International Journalism from City University in the United Kingdom, a Bachelor's Degree in Education from the University of Nairobi, and a Postgraduate Diploma in Mass Communication from the same institution.



Mr. Stephen Motari Isaboke, EBS, born in is a former technology media, oil & gas, and renewable energy consultant in Kenya and the United Arab Emirates (UAE). He is an experienced and multi-disciplinary business executive with over twenty-five years' leadership in senior management and executive levels.

He has previously served as the Group Executive Director of Regulatory and Government Affairs for the Africa Region at MultiChoice Africa Holdings, based in Dubai, UAE. He has previously held senior leadership positions responsible for Kenya and East Africa for MultiChoice Group, Kenya Shell (Royal Dutch Shell PLC) Sara Lee and Unilever. He has also held non-executive directorships in various companies and served in the management board of the national football team, Harambee Stars.

Mr. Isaboke holds a Bachelor of Commerce B.Com (Hons) degree in Business Administration from the University of Nairobi, a Post-graduate Diploma in Marketing from the Chartered Institute of Marketing (CIM), United Kingdom, and a Master of Business Administration (MBA) degree in strategic management from the University of Nairobi. He is a fellow of the Chartered Institute of Marketing FCIM (UK) and a Member of the Institute of Directors (IoD) Kenya. He was appointed on April 23rd, 2025

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**



Prof. Edward Kisiang'ani, born in 1965, is the Principal Secretary, State Department for Broadcasting and Telecommunications, Ministry of Information, Communications, and Digital Economy.

He serves on the CA Board in his capacity as the Principal Secretary. He holds a PhD degree in Archaeology and Political Studies from Kenyatta University. Prof. Kisiang'ani has over 20 years of work experience and has extensive university experience in teaching History and Political Studies. He was appointed on 2nd November 2022 and replaced on March 30th, 2025.



Dr. Chris Kiptoo, CBS born in 1967, is the Principal Secretary for The National Treasury and Economic Planning. He serves on the CA Board in his capacity as the Principal Secretary. He holds a Ph.D in International Macroeconomics Finance specialization from the University of Nairobi.

He has several years experience in economic policy analysis particularly on areas related to: International Trade and Finance issues including BoP and exchange rate developments; Monetary policy, real sector and public finance issues; Policy and programme developments originating from multilateral and regional organizations;

Interrelations among macroeconomic accounts as well as macroeconomic modelling and forecasting issues. Dr Kiptoo is an accredited Fellow of the Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI) in the field of Macroeconomic Management. He is also an Associate of Kenya Chartered Institute of Bankers (A.K.I.B). He was appointed on 2nd November 2022.



Dr. Raymond Omollo, born in 1979, is the Principal Secretary for Ministry of Interior and National Administration. He serves on the CA Board in his capacity as the Principal Secretary. He holds a Ph.D in Applied Statistics from the University of Nairobi.

He has over 16 years of experience and previously served as a non-executive board member at Consolidated Bank of Kenya and Managing Director of the Lake Basin Development Authority (LBDA) since 2019. Dr. Omollo is a statistician and research professional and has previously worked in the non-profit Research and Development organization management industry with a keen focus in Data Management, Statistical Data Analysis, Epidemiology, and Statistical Modeling. He was appointed on 2nd November 2022.

INDEPENDENT BOARD DIRECTORS



Mr. Eric Langat Born in 1958, Mr. Langat holds of a Bachelor of Science degree in from the University of Eastern Africa Baraton.

He joined the defunct Kenya Posts and Telecommunications Corporation (KPTC) in 1985 and later the Postal Corporation of Kenya (PCK) where he served in various managerial positions in operations management, sales and marketing, logistics, strategy, and international postal affairs. In his long experience in the communication sector, spanning a period of over 30 years, he served as a Regional Postal Manager, Head of Courier/EMS, Logistics, and Property Management.

Mr. Langat also served in the international postal affairs where he was the technical advisor to the Chairman of the Universal Postal Union's Council of Administration from 2007 to 2012 and subsequently as advisor to the Director General of the International Bureau of the Universal Postal Union in Bern, Switzerland in 2013.

Mr. Langat was also a member of a Task force appointed to study challenges facing the designated operator (PCK) and recommend to the Minister for ICT a Revamping strategy for the Corporation. He also served as a member of the Steering Committee that was appointed by the Ministry of ICT to spearhead the Setting up of the National Addressing System for Kenya, representing the postal and courier sector until 2018.

He is currently in private business and is also a Board Member of a privately owned tea factory. He was appointed to the CA board on 24th February 2023 for a period of three (3) years. He is the chair of the Finance, Planning and Strategy Committee and a member of the Technical and Broadcasting Standards Committee.



Mr. Okeng'o Joel Nyambane, born in 1989, is a highly motivated and strategic professional with a strong background in law and political science. He holds a Bachelor of Law and Bachelor of Political Science degrees from the Catholic University of East Africa where he developed a comprehensive understanding of legal and political systems.

Throughout his academic career, Mr. Nyambane has demonstrated exceptional dedication and hard work. His ability to think critically and strategically has allowed him to excel in both his studies and his professional pursuits. He is highly skilled in legal research, analysis, and writing, and he possesses a keen understanding of political systems and policies.

In addition to his academic achievements, Mr. Nyambane has a proven track record of success in the workplace. He is a highly effective communicator and collaborator, and he possesses excellent interpersonal skills. His strategic thinking and problem-solving abilities have enabled him to overcome challenges and achieve his goals. Overall, Joel is a highly skilled and dedicated professional with a passion for law and politics. He is committed to making a positive impact on society through his work, and he is constantly seeking new opportunities to learn and grow.,

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

He was appointed to the CA board on 24th February 2023 for a period of three (3) years. He is the chair of the Board Audit and Risk Assurance Committee and a member of the Technical and Broadcasting Standards Committee.



Ms. Christine Bhoke Nchamah Born in 1979, Ms. Nchamah is a community developer, entrepreneur, and politician with a passion for women's rights and empowerment. She holds a Bachelor of Arts degree in Community Development and a Diploma in Community and Social Development from Kisii University.

Ms. Christine has a track record of advocating for vulnerable members of society and turning ideas into reality. She served as a board member of Lake Basin Development Authority from 2019-2022 and was the Secretary of Kuria West Constituency from 2013-2022.

In addition, she chaired the Kuria West Women Sacco from 2015-2020. Christine's love for lending a helping hand to the less fortunate in the community is evident in her work.

She was appointed to the CA board on 24th February 2023 for a period of three (3) year. She is the Chair of the People and Culture Committee and a member of the Finance, Planning and Strategy Committee.



Mr. Paul Mureithi Born in 1958, Mr. Mureithi is a board member after being appointed on 17th July 2021. He has 25 years' experience in telecommunications having worked in Telkom Kenya Limited. He has worked in cable network, fiber optic planning and construction in Nairobi Central and Nairobi North region as a Senior Manager.

Mr. Mureithi has a wealth of experience in various Engineering Departments since 1978. He has served as a technical trainee in Kenya Telkom's KRTS and KCCT Communications Engineering Schools, rising through the ranks as Senior Technician, Assistant Engineer, Senior Engineer, Senior Sectional Engineer, and Assistant Manager Engineering in charge of Kiambu County, Westlands, Kileleshwa, Parklands and Muthangari Telephone Exchanges.

He worked in the defunct Kenya Posts and Telecommunications Corporation (KPTC) and Telkom (K) Ltd for twenty-five (25) years.

He is a Director of Tymstar Motors Limited, Tymtrack Limited, Mweiga Homes Limited, Dualway Properties Limited, among others.

He was appointed to the CA board on 24th March 2023 for a period of three (3) years. He is the chair of the Technical and Broadcasting Standards Committee and a member of the Board Audit and Risk Assurance Committee.



Dr. Musangi J. Mutua Born in 1962, Dr. Musangi is an accomplished professional with extensive experience in public sector management, specializing in human capital management and organizational development.

Dr. Musangi J. Mutua was appointed a member of the Board on 27th June 2024. Prior to this appointment, she served as the Chair of Council of Masinde Muliro University of Science and Technology-MMUST between 2020-2023 and the Chair of Council of Pwani University between 2017-2020. She was the inaugural Chair of the Human Resource Committee of the University of Eldoret Council between 2013- 2017 while a member of the Governing Council. Dr. Musangi has a wide experience in Public Sector Management, specifically she is hands-on in matters Human Capital management and Organizational Development having served at the Directorate of Personnel Management-DPM, Post Office Savings Bank- Postbank and the East African Portland Cement Company-EAPCC heading the Human Resource Docket.

Dr. Musangi is well versed with corporate governance having been a member of Board of Directors among others, Central Agricultural Board, Kitui Teachers College and Kitui County Assembly Service Board. She has exceptional skills in Team leadership, Operational and People management.

Dr. Musangi is a Chartered Human Resource Professional- CHRP and holds a PhD in Business Administration specializing in Strategic Management from the University of Nairobi. She holds a Masters in Public Administration, Higher Diploma in Human Resource Management and Bachelor of Arts Degree - BA Government. She has attended programs leading to course certificates in Corporate Governance, Performance Management, Finance for Non-Finance Managers, National Cohesion and National Values, Transformation of Public Sector Management, Labour Laws, Human Resource Development among others. Dr. Musangi has published in the field of Business Process Outsourcing strategy and performance of Kenyan State Corporations among other publications in peer review journals.

Dr. Musangi is a full member of the Institute of Human Resource Management–IHRM and The Kenya Institute of Management-KIM. She is a Human Resources Management Practitioner Certified by the Institute of Human Resource Management-IHRM. Her appointment was revoked on August 8th, 2025. She was a member of the People and Culture Committee and the Board Audit and Risk Assurance Committee.



Ms. Ummu Bunu Ahmad, born in 1988, is a finance professional with a Bachelor of Business Administration, specializing in Finance and Banking. She currently holds the position of Acting Branch Manager and Relationship Manager at Gulf African Bank in Lamu, Kenya. With a strong background in financial services, Ms. Bunu is committed to driving business growth and enhancing customer relationships within her assigned market segments. She was appointed to the Board on 27th June 2024 for a period of three (3) years. She is a member of the Finance, Planning and Strategy Committee and the Technical and Broadcasting

Standards Committee.



Hon. Daniel Kipkogei Rono born 1963, was appointed to the Board of Directors of the Communications Authority of Kenya (CA) on 3rd October 2024 for a term of three years. A seasoned Administrator and Director, Hon. Rono boasts over 38 years of experience in leadership and business management spanning public service and the private sector, where is an accomplished entrepreneur.

From 2017 to 2022, Hon. Rono represented Keiyo South Constituency as a Member of the National Assembly (MNA) for a term. He is now the Director of Maestro Properties Limited. He has held other positions including as Chairman of the Board of Directors at the Kenya Medical Supplies Authority (KEMSA), Independent Director of Chemelil Sugar Company, Managing Director of Maestro Properties Limited, Manager at Dubai Bank Ltd, Bay Forex Bureau, Standard Chartered Bank and a secondary school teacher during my entry into the job arena.

Hon. Rono is passionate about leveraging opportunities for investment and wealth creation for the people of Kenya. Between 2015-2016, he served in the caretaker board of the United Assurance while it was under Statutory Management and currently sits on the board of the Africa Merchant Assurance Company Ltd. He holds a Bachelor's Degree in Business Administration from Riara University, a Bachelor's Degree and Diploma in International Hospitality and Management both from the University of Sunderland, and a Diploma in Business Education (Banking, Law and Economics). He was appointed on October 4th, 2024. He is a member of the People and Culture Committee and the Finance, Planning and Strategy Committee.

ALTERNATE BOARD DIRECTORS



Mr. Waweru Kimani, born in 1963, Mr. Kimani is an Alternate Board Director from the Ministry of Information, Communications and the Digital Economy. He has a distinguished career in public service with leadership roles across various government departments. He holds a Bachelor of Arts degree in Public Administration and Political Science from the University of Nairobi and a Master of Business Administration in Strategic Management from Jomo Kenyatta University of Agriculture and Technology. Mr. Kimani served as Deputy Ambassador to Beijing, China, from 2018 to 2022, strengthening bilateral relations. Currently, as Director of Administration at the Ministry, he oversees administrative functions and leads initiatives to advance Kenya's digital transformation and economic development. He was appointed to the Board on 9th January 2024. He is a member of the Finance, Planning and Strategy Committee and the Technical and Broadcasting Standards Committee.



Mr. Frederick Muhul, born in 1978, Mr. Muhul is a seasoned career civil servant with experience spanning over a decade in various capacities in different government agencies. He holds a Master of Business Administration, Bachelor of Commerce and Bachelor of Laws from the University of Nairobi. Mr. Muhul is also a Certified Public Accountant of Kenya, a Certified Secretary of Kenya and a holder of Postgraduate Diploma in Law from the Kenya School of Law. He is also a member of the Law Society of Kenya (LSK), Institute of the Certified Public Accountants of Kenya (ICPAK), Institute of the Certified Secretaries of Kenya (ICS) and the Institute of Internal Auditors (IIA). Mr. Muhul was appointed to the Board as the Alternate Director to the Principal Secretary State Department for Interior and National Administration. Mr. Muhul is a highly skilled, dedicated and pragmatic person whose passion is to make a difference for the people of Kenya. He joined the Board on 7th February 2023. . He is a member of the People and Culture Committee and the Board Audit and Risk Assurance Committee.

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**



Mr. Henry Mutwiri Riungu, born in 1969, As a financial professional with over 26 years of experience, Mr. Mutwiri has served in senior positions at the National Treasury, including as a Senior Finance Officer, Deputy Head of the World Bank Division in Resource Mobilization Department; Chief Intergovernmental Fiscal Re4lations Officer and Chief Investment Officer. He is currently the Assistant Director for Investment in the National Treasury under the Department of Government Investment in Public Enterprises (GIPE) in the Directorate of Public Investment & Portfolio Management (PIPM).

For over a decade, he was instrumental in reviewing financing and credit agreements for mobilization grants and donations, facilitating and monitoring the implementation of donor-funded projects and undertaking policy analysis on external resources mobilization to inform policy development. He also served as a member of Kenya Negotiating Delegation for external resources with development partners specifically the World Bank.

In his current position as the Assistant Director for Investment in the National Treasury, he is responsible for coordinating the review of state corporations' annual budgets, corporate plans and other strategic undertaking for approval by the National Treasury. He also assists in the evaluation of government investments in public enterprises, managing National Government On-lent and guaranteed loans to state corporations and other entities, including how to manage contingent liabilities and other fiscal risks relating to state corporations and government investments.

He has served as an alternate Board Member in various State Corporations cutting across various sectors namely banking, water, social services, leather processing and regulatory agencies.

Mr. Mutwiri holds an MBA in Finance from Maseno University, a Post Graduate Diploma in Finance from KCA University and a Bachelor of Commerce degree from the University of Nairobi. He has attended various short-term external trainings on public financial management conducted in Tanzania, Malawi, South Africa, Britain, Denmark, and the United States of America. He was appointed on July 22nd, 2024. He is a member of the Finance, Planning and Strategy Committee and the Board Audit and Risk Assurance Committee.



Ms. Lydia Sitienei is the Director Legal Services and Corporation Secretary. She is a Certified Secretary and a member of the Institute of Certified Secretaries, Member No. 3062.

4. Key Management Team



Mr. David Mugonyi, EBS, is the Director General/CEO of the Communications Authority of Kenya, appointed on January 15, 2024. With over 20 years of leadership experience in public service, media, and strategic communications, Mr. Mugonyi previously served as the Head of the Presidential Communication Service, where he played a pivotal role in developing and implementing communication strategies at the highest levels of government. His expertise in perception and reputation management has been instrumental in shaping effective communication practices. Prior to his role in the Presidential Communication Service, Mr. Mugonyi served as the head of the parliamentary press unit, further honing his skills in strategic communication and media relations. He holds a Master's Degree in International Journalism from City University in the United Kingdom, a Bachelor's Degree in Education from the University of Nairobi, and a Postgraduate Diploma in Mass Communication from the same institution.



Mr. Christopher Wambua is the Director, Competition Management, Consumer Protection & Corporate Communications. He holds a Master's in International Studies and a Postgraduate Diploma in Mass Communication, a Postgraduate Diploma in Public Relations from CIPR, and a Bachelor's in Education.



Ms. Lydia Sitienei is the Director, Legal Services and Corporation Secretary. She holds a Master's Degree in public policy & management, Bachelor of Laws Degree; Postgraduate Diploma in Law from the Kenya School of Law. She is a member of the Institute of Certified Secretaries of Kenya (ICSK) and the Law Society of Kenya (LSK).



CHRP Reginah Jemutai is the Director, Human Resource & Administration. She holds a Master's degree in Business Administration (Human Resource Management option) and is a Certified Human Resource Professional (Kenya) as well as a member of the Institute of Human Resource Management (IHRM).



FCPA. Rosalind Murithi is the Director, Internal Audit. She holds a Master's of Business Administration in Finance and a Bachelor of Commerce degree. She is a Certified Public Accountant – CPA (K).

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**



Mr. Christopher Kemei is the Director, Universal Access and Services Strategy and Coordination until December 2024.

He holds an MSc. in Operational Telecommunications and a

BSc. in Physics.



Mr. Matano Ndaro is the Director, Licensing and Compliance. He holds a bachelor's degree in economics and a postgraduate training in ICT Regulation in Developing & Transitional Economies from the University of

Westminster in the United Kingdom.



Eng. Leo K. Boruett, Director, Multimedia Licensing and Content Regulation; additionally appointed as Director, Universal Service Fund, effective December 2024.

He holds a BSc. in Electrical and Electronics Engineering, an Executive master's degree in business administration, and an MSc. in Project Management.



Mr. Mohammed Haji is the Director, Standards and Resources Management. He holds a Bachelor of Technology Degree and a Master of Science Degree in Telecommunications and Information Systems. He is

a member of the Engineers Board of Kenya (EBK), the Institute of Engineers of Kenya (IEK), Institute of Electrical and Electronics Engineers (IEEE).



Mr. Dominic Ooko is the Ag. Director, Finance and Accounts. He holds a Bachelor of Commerce and is a member of the Institute of Certified Public Accountants of

Kenya (ICPAK).



Mr. Peter Mwangi is the Director, Supply Chain Management. He holds a master's degree in strategic management and a Postgraduate Diploma in Purchasing and Supplies from the Chartered Institute

of Purchasing and Supply (CIPS), UK.



Mr. Martin Mirero is the Director, Information, Communications, and Technology. He holds an MSc in Computer Science (Distributed Information Systems), an MBA, and a BSc in Computer Science (Hons).

He is a member of the Information Systems Audit and Control Association (ISACA) and the Institute of Electrical and Electronics Engineers (IEEE).



Ms. Patricia Muchiri is the Director, Consumer Protection & Advocacy, Public Education and Awareness, until November 2024. She holds a Master of Science in Marketing and a Bachelor of Arts, Political

Science and English Literature.

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**



Dr. James Njeru is the Director, Research, Planning & Quality Management until May 2025. He holds a PhD in Agricultural Economics.



Dr. Vincent Ngundi is Director, Cyber Security. He holds a Bachelor of Science degree in Computer Science, a Global Executive MBA, and a PhD.



Mr. Peter Ikumilu is the Ag. Director Compliance & Enforcement until May 2025. He holds a master's degree in communications management, an MBA, and a Bachelor of Technology.



Mr. Lukas Musembi is the Ag. Director, Competition Management until May 2025. He holds a master's degree in economics and a Bachelor of Arts in Economics.



Mr. Titus Cheptoo is the Ag. Director Monitoring, Inspection & Regional Coordination until May 2025.

He holds a Master's degree in Operational

Communications and a BSc. in Electrical & Electronics Engineering.



Mr. Joseph Kirui is the Ag. Director Research, Planning & Quality Management. He holds an MBA and a Bachelor of Arts in Economics and Philosophy. He is a member of the Institute of

Certified Public Accountants of Kenya (ICPAK).

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

5. Chairman's Statement

On behalf of the Board of Directors, Management, and staff of the Communications Authority of Kenya (CA), I am pleased to present to you the Authority's Annual Report for the year ended 30th June 2025 as required by Section 22 (1) of the Kenya Information and Communications Act, 1998.

As the regulator of the ICT sector, the Authority is cognizant of the central role that the sector plays as a key enabler of growth in all other sectors of the economy and as one of the foundations of national transformation and realization of both Vision 2030 and the Bottom-up Economic Transformation Agenda (BETA).

During the FY 2023/24, the Authority, commenced implementing its 5th Strategic Plan 2023-2027, whose vision is to ensure *Digital Access for All* by creating a *Sustainable Digital Society through Responsive Regulation*. In line with this strategic direction, the Authority continued with its efforts to increase the coverage and penetration of ICT services, bridging the digital divide, and ensuring that everyone in Kenya, regardless of their location, has access to affordable and reliable ICT services. Towards this end, the Authority facilitated rapid growth of the sector and supported realization of BETA by fast-tracking ICT related regulatory and universal access initiatives.

A competitive and robust ICT sector contributes to the national economy and has the potential to transform traditional economies into digital economies. It also enhances consumer choice as well as availability of diverse and more affordable ICT services. In this regard, the Authority continued to implement forward-looking regulation to foster competitive and efficient markets in the ICT sector. Additionally, the Authority also undertook several consumer protection and empowerment initiatives in a bid to safeguard the rights and interests of consumers.

I would like to express my sincere gratitude to the Ministry of Information, Communication and the Digital Economy, ICT service providers, strategic partners and all other stakeholders for your continued invaluable support to the Authority as it strives to ensure digital access for all.

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

I further wish to acknowledge the dedicated service and commitment of the members of the Board, Management and the Staff of the Authority for their invaluable contribution and enthusiasm in supporting the organization's mandate.



**Mr. Charles Karondo
Chairperson of the Board**

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

6. Report of the Director General/Chief Executive Officer

The Authority is committed to enhancing the country's ICT sector by promoting connectivity, protecting consumers, fostering competitive markets, and improving its capacity organizational efficiency and effectiveness.

As part of advancing the country's Bottom-up Economic Transformation Agenda, particularly the Digital and Creative Economy pillar, the Authority, through the Universal Service Fund (USF) continued facilitation of deployment of ICT infrastructure across the country.

In light of the facilitative role, the Authority deployed 1,500km of last mile fibre connectivity across unserved and underserved areas of the country, bringing the total fibre deployed to 2, 161 out of the targeted 2,500km.

In the education sector, the Authority finalized the digitization of education content in collaboration with the Kenya Institute of Curriculum Development, that will see availability of high quality education content to learners across the country.

At the same time, to enhance access to mobile network connectivity across the country, the Authority deployed cellular mobile infrastructure in 52 sub-locations across 12 Counties. In the financial year under review, the Authority formally launched the Local Area Network (LAN) connectivity project that has connected 42 law courts across the country, enhancing access to justice, and embarking remote court proceedings in various parts of the country.

In the year, mobile subscriptions stood at 76.1 million, with the mobile penetration rate now at 145.3 per cent, mobile money subscriptions at 45.3 million, while data subscriptions stood at 57.1 million. The total number of mobile phones connected to mobile networks stood at 74.9 million out of which 42.3 million were smartphones and 32.6 million feature phones, pushing the mobile phone penetration at 143.0 percent.

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

The ICT sector in Kenya continues to demonstrate steady growth fueled by expansion of mobile network infrastructure across the country, and increased uptake in both smart and featurephones which can be attributed to the increased availability of mobile devices.

The advancement of broadcast technology has significantly expanded the availability of television channels, offering improved picture quality and wider coverage. This progress has driven increased adoption of both free-to-air (FTA) and subscription TV services.

The Authority, through the National Kenya Computer Incident Response Team (National KE-CIRT) continues to safeguard the country's cyber space through continuous monitoring and investment in new capabilities for detection and prevention of cyber threats.

Given that the Authority oversees a rapidly changing ICT ecosystem, we continue to adapt our regulatory frameworks to keep pace with technological advancements, promote innovation under emerging technologies, and encourage healthy competition. The ongoing review of the sector law and regulations seeks to ensure the Authority is responsive to emerging realities in the local and global ICT landscape

These achievements would not have been realized without the dedication of staff as well as strategic and policy guidance received from the Board of Directors and our parent Ministry of Information, Communication and Digital Economy.



David Mugonyi, EBS
Director General/CEO

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

The Authority's 5th Strategic Plan 2023-2027 has four (4) Strategic Goals (SGs), seven (7) Key Result Areas (KRAs), 17 Strategic Objectives (SOs), 36 Strategies and 104 Key Activities to be implemented from the FY 2023/24 to the FY 2027/28. These SGs are:

- (a.) SG1: Promotion of Meaningful Connectivity to ICT Services;
- (b.) SG 2: Empowerment and Protection of Consumers of ICT Services;
- (c.) SG 3: Fostering of Competitive ICT Markets and Emerging Technologies; and
- (d.) SG 4: Enhancement of Organizational Efficiency and Effectiveness.

The Authority develops its annual work plans based on the above Key Result Areas, Strategic Objectives and Strategies. The Corporate Annual Work Plan for FY 2024/25 had a total of 89 activities scheduled for implementation.

Assessment of the Board's performance against its Annual Work Plan (AWP) is done on a quarterly basis with best performance being recorded in the third quarter with an implementation of 25.65 per cent of the (AWP) while the first quarter recorded the lowest score with an implementation status of 16.28 per cent. The second and fourth quarter accounted for 19.55 per cent and 16.87 per cent implementation of the Annual Work Plan respectively.

The overall status of implementation of the Annual Work Plan for the FY 2024/25 was 78.35 percent. Out of the 89 activities scheduled for implementation, 55 activities were finalized 100 percent, 11 activities were at a middle stage of completion with a score between 58 percent and 99 percent while 23 activities were still at initial stages of implementation with a score below 50 percent as indicated in the table below:

Status of implementation of the Annual Workplan as at 30th June 2025

| Strategic Goal | Strategic Objectives | Key Activity | Implied Task | Output Indicator | Target FY 2024/25 | Score (%) | Achievement as at 30 th June 2025 |
|-------------------------|-----------------------|--|---|---------------------|-------------------|-----------|--|
| 1. Promotion of Meaning | 1.1. Increase Broadba | 1.1.1.1.1. Facilitate the rollout of basic and broadband | • Rollout of passive and active cellular mobile network | No of sub-locations | 100.00 | 47.33 | • The Authority rolled out passive infrastructure in |

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

| Strategic Goal | Strategic Objectives | Key Activity | Implied Task | Output Indicator | Target FY 2024/25 | Score (%) | Achievement as at 30 th June 2025 |
|-----------------------------------|---|---|--|---|-------------------|-----------|---|
| Full Connectivity to ICT Services | Expand Coverage and Usage | wireless networks and services in all remaining unserved and underserved areas | infrastructure in 81 and 88 sub-locations, respectively. | | | | 59 out of a target of 81 sub-locations. • Active infrastructure was rolled out in 21 out of 88 sub-locations. |
| | | 1.1.1.1.2. Undertake monitoring of the rollout obligations for broadband | • Monitor the rollout of services under license obligations for the identified sub-locations and the 38 sub-locations carried forward from the previous FY. | % Level of Compliance | 100.00 | 100.00 | • By the end of January 2025, Safaricom reported 100% coverage of its 563 sub-locations, though four (4) remained inactive and eight were destroyed due to insecurity. • Airtel reported full coverage of 40 sub-locations and partial coverage of 29, leaving 33 yet to be covered, with six being inaccessible due to security concerns. |
| | | 1.1.1.2.1. Facilitate the rollout of high-capacity national digital connectivity (superhighway) infrastructure in unserved and underserved areas. | • Monitor progress and prepare reports on the rollout of the 1,315 kms of fibre optic network infrastructure (ICTA) • Provide funding for 1,500 last mile sites (KPLC). | No. of KMs Rolled Out No. of sites | 100.00 | 77.44 | • During the year, the Authority rolled out 1,008.4 km of fibre optic network against a target of 1,315.4 km. • A total of 3,604.08 km of fibre optic infrastructure was deployed out of the 9,757.8 km targeted, providing connectivity to 1,173 out of 3,868 government institutions. |
| | | 1.1.1.2.3 Digitalization of the Authority's services offered to the Citizens | • Maintain the Authority's services on the E-citizen Platform. | No. of services | 100.00 | 80.00 | • The Authority identified 63 services under 21 modules for Business Process Re-engineering in the FY 2024/25. Subsequently, the Authority re-engineered and digitalized nine (9) services under two (2) modules. |
| | | 1.1.1.2.4 Facilitate digitalization of basic public services | • Finalize the establishment of Local Area Network (LAN) cabling infrastructure in 43 Court stations of the Judiciary. | No. of courts | 100.00 | 98.00 | • The Authority facilitated the deployment, Inspection and acceptance of the LAN cabling infrastructure in 42 Court stations. |
| | Increase Digital Terrestrial Television | 1.1.2.1.2. Harmonize identification of channels in DTT Networks | • Monitor DTT Population Coverage | % Level of DTT Coverage. | 93.00 | 92.01 | • The DTT coverage improved to 92.01 percent, up from 91.91 |

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

| Strategic Goal | Strategic Objectives | Key Activity | Implied Task | Output Indicator | Target FY 2024/25 | Score (%) | Achievement as at 30 th June 2025 |
|---|--|---|---|--|-------------------|-----------|---|
| | Population Coverage and Usage | 1.1.2.2.1. Support the implementation of relevant content and applications to serve the unserved and underserved communities. | <ul style="list-style-type: none"> Finalize the development of digital educational content for 16 learning areas and the Open Education Resource Portal in collaboration with KICD. | % Level of Completion | 100.00 | 100.00 | <ul style="list-style-type: none"> Content for 16 learning areas was developed and uploaded to the portal, and the portal itself was completed at 100 percent. In addition, a mobile application was developed and is now available on both the App Store and Play Store. |
| | | | <ul style="list-style-type: none"> Finalize the digitization of Agricultural content within 7 Agricultural Information Centers (AICs) and dissemination of the developed agricultural content in collaboration with KALRO. | % Level of Completion | 100.00 | 100.00 | <ul style="list-style-type: none"> A total of 16 agricultural value chains were digitized and disseminated to 2,590,160 farmers across 29 counties, 5,237 of whom received content in seven (7) local languages, while 2,584,923 accessed contents in English and Kiswahili. |
| | Expand Postal & Courier Services | 1.1.3.1.1. Review and implement the Postal and Courier market structure | <ul style="list-style-type: none"> Finalize the review of the Compliance and Enforcement Framework. | No. of Reviewed Framework | 100.00 | 100.00 | <ul style="list-style-type: none"> The Postal and Courier framework was approved by the Board in July 2024 and published on the Authority's website on September 3rd, 2024. |
| | Improve Cyber Security Management Infrastructure | 1.1.4.1.1. Review and Implement interventions for Critical Information Infrastructure (CII) as per the audit reports | <ul style="list-style-type: none"> Undertake Audits of the Critical Information Infrastructure (CII) providers. | % Level of Implementation of Audit Recommendations | 100.00 | 100.00 | <ul style="list-style-type: none"> The audits conducted showed high compliance levels: eMudra Technologies achieved 100%, while KENIC scored 96.5% and received a compliance certificate. Post-audit results recorded compliance levels of 84% for ICT Authority, 80% for TendaWorld, and 100% for GEDA. |
| Empowerment and Protection of Consumers of ICT Services | Improve Online Safety and Security. | 2.1.1.1.1. Implement the Authority's Child Online Protection programme | <ul style="list-style-type: none"> Undertake Seven (7) Programmes/Initiatives on Child Online Protection | No. of Programme/Initiatives | 100.00 | 100.00 | <ul style="list-style-type: none"> The Authority executed a total of eight (8) Programmes/Initiatives on Child Online Protection. |
| | | 2.1.2.1.1. Undertake Measurement of Quality of Service | <ul style="list-style-type: none"> Conduct QoS Monitoring in 47 counties | % Level of QoS | 84.00 | 74.00 | <ul style="list-style-type: none"> QoS Drive test measurements conducted in all 47 |

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

| Strategic Goal | Strategic Objectives | Key Activity | Implied Task | Output Indicator | Target FY 2024/25 | Score (%) | Achievement as at 30 June 2025 |
|--|--|---|---|---|-------------------|-----------|--|
| | Improve ICT Customer Experience | for communication services | | | | | counties as scheduled during the year. |
| | | 2.1.2.1.2. Resolve Consumer complaints and Enquiries | <ul style="list-style-type: none"> Undertake customer satisfaction survey | Customer Satisfaction Index | 88.00 | 80.10 | <ul style="list-style-type: none"> The Overall External Customer Satisfaction index for the FY 2023/2024 stood at 71.3% down from 80.1% recorded in the last survey (FY 2022/2023). |
| | Promote Digital Empowerment for Women, Youth, Elderly and PwDs | 2.2.1.1.2. Build cybersecurity capacity of leaders, technical officers and university students (boot-camps and hackathon) | <ul style="list-style-type: none"> Undertake hackathon series Undertake the CA Cybersecurity Bootcamp Train the National KE-CIRT/CC Cybersecurity Committee (NKCC) | No. of People Trained | 100.00 | 100.00 | <ul style="list-style-type: none"> During the year, the Authority trained 3682 people. |
| | | 2.2.1.2.1. Conduct annual cyber security awareness events | <ul style="list-style-type: none"> Conduct annual cyber security awareness events | No. of Annual Security Awareness Events | 100.00 | 100 | <ul style="list-style-type: none"> Symposium conducted on October 25th, 2024. |
| | Increase the Level of Consumer Awareness of ICT Services | 2.2.2.1.1. Implementation of the Authority's consumer education, empowerment and outreach programme | <ul style="list-style-type: none"> Carry out consumer education, empowerment and outreach programmes | No. of Programmes | 100.00 | 100.00 | <ul style="list-style-type: none"> The Authority conducted six (6) consumer education and outreach activities targeting children, youth, and PwDs. |
| | | 2.2.2.1.2. Production of content in emerging consumer issues for distribution (channels -Email, website, social media, mobile apps, gamification e.t.c) | <ul style="list-style-type: none"> Develop Content on seven (7) Emerging Consumer Issues | No. of Content Types Developed | 100.00 | 100.00 | <ul style="list-style-type: none"> Developed content on nine (9) out of seven (7) emerging consumer issues. Subsequently, a management paper on the same was presented and approved on April 15th, 2025. |
| Fostering of Competitive ICT Markets and Emerging Technologies | Increase ICT Sector Competitiveness | 3.1.1.1.1. Undertake competition market review | <ul style="list-style-type: none"> Undertake Tariff and promotions Management | No. of Days for Approval of Promotions /Tariffs | 100.00 | 100.00 | <ul style="list-style-type: none"> The Authority reviewed and approved a total of 68 tariffs and 45 promotions & special offers within an average of three days (3) two (2) days respectively. |
| | | 3.1.1.2.3. Review the National Spectrum Plan | <ul style="list-style-type: none"> Revise the National Spectrum Plan | No. of National Spectrum Plans Reviewed | 100.00 | 100.00 | <ul style="list-style-type: none"> The Authority revised the National Spectrum Plan in line with the World Radiocommunication Conference 2023 (WRC-23) Recommendations. |

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

| Strategic Goal | Strategic Objectives | Key Activity | Implied Task | Output Indicator | Target FY 2024/25 | Score (%) | Achievement as at 30 th June 2025 |
|--|--|---|--|--|-------------------|-----------|---|
| | Review and Adopt Legal and Regulatory Frameworks | 3.1.2.1.1. Review of Policy, Legal and Regulatory Frameworks | <ul style="list-style-type: none"> Review of ICT related bills, proposed legislation and circulars. | % Review of Regulatory Frameworks | 100.00 | 100.00 | <ul style="list-style-type: none"> During the year, the Authority published the Telecommunications and Subscriber Regulations and finalized the review of 15 revised sets of KICA regulations. |
| | Foster Adoption of New Technologies | 3.2.1.1.1. Review and adoption of updated existing ICT standards on reduction of carbon emissions | <ul style="list-style-type: none"> Facilitate the adoption of updated existing ICT standards on reduction of carbon emissions | % Level of Adoption | 100.00 | 50.00 | <ul style="list-style-type: none"> During the year, the Authority Assigned spectrum in 450 MHz to Cable Free Networks. During media capacity building workshop, provided presentations on 5G roadmap and implementation. |
| | | 3.2.1.2.3. Implement Regulatory Sandbox Framework | <ul style="list-style-type: none"> Operationalize the Global Innovation and Entrepreneurship Centre (GIEC) Incorporating the CA Regulatory Sandbox | % Level of Operationalization of the GIEC | 100.00 | 100.00 | <ul style="list-style-type: none"> The Authority finalised the development of the Design Document and the GIEC website, which is now accessible at giec.ca.go.ke. |
| Enhancement of Organizational Efficiency and Effectiveness | Improve Institutional performance | 4.1.1.1.1. Talent Sourcing | <ul style="list-style-type: none"> Recruit 109 additional staff | No. of Staff Vacancies Filled | 100.00 | 100.00 | <ul style="list-style-type: none"> The Authority recruited 177 staff against a target of 109, comprising 9 Deputy Directors, 31 CA and below, and 137 staff on contract to P&P. |
| | | 4.1.1.1.3. Rewards and Recognition Framework | <ul style="list-style-type: none"> Finalize and implement the Authority's rewards and recognition framework | % Level of Implementation | 100.00 | 100.00 | <ul style="list-style-type: none"> Rewards and Sanctions Policy was approved and circulated to staff on May 29th, 2025. |
| | | 4.1.1.1.4. Development of HR Policy and Instruments | <ul style="list-style-type: none"> Finalize the review of the organizational structure. Review of the career guidelines Review of the HR policy | No. of HR instruments reviewed and approved for implementation | 100.00 | 100.00 | <ul style="list-style-type: none"> During the FY, Organization & Grading Structure, Career Guidelines and HR Policy were developed and approved by PSC. The Authority transitioned to the revised instruments on May 9th, 2025. |
| | | 4.1.1.2.3. Monitor and evaluate implementation of Performance Contracts in line with the Strategic Plan and PC Guidelines | <ul style="list-style-type: none"> Undertake the evaluation of the Authority's performance contract for FY 2023/24. | % Level of Evaluation (Annually) | 100.00 | 100.00 | <ul style="list-style-type: none"> The PC for FY 2023/24 was evaluated by PSPMU on January 27th, 2025, based on the documented evidence. The Authority attained a |

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

| Strategic Goal | Strategic Objectives | Key Activity | Implied Task | Output Indicator | Target FY 2024/25 | Score (%) | Achievement as at 30 June 2025 |
|----------------|---------------------------------|---|--|---|-------------------|-----------|---|
| | | | | | | | composite score of 2.9823 (Very Good). |
| | | 4.1.1.3.1 Adherence to Mwongozo Code of Governance for State Corporations | <ul style="list-style-type: none"> Undertake Independent Legal Audits As per Mwongozo | % Level of Compliance | 100.00 | 100.00 | <ul style="list-style-type: none"> Legal Audit Exercise was concluded by December 31st 2024. The final Legal Audit presented to the BARAC on 16th January 2025 for approval of implementation of the Recommendations. |
| | | 4.1.1.4.1. Implementation of the procurement and disposal plans | <ul style="list-style-type: none"> Consolidation and implementation of Annual procurement plan for the FY 2024/25 in line with PC guidelines Consolidation and Implementation of the disposal plan for the FY 2024/2025. | <ul style="list-style-type: none"> % Level of Implementation of Procurement Plan % Level of Implementation of Disposal Plan | 100.00 | 73.26 | <ul style="list-style-type: none"> As of 30th June 2025, the implementation of the procurement plan stands at KES 1,057,816,497.23. The Authority Disposed of four (4) Motor vehicles worth KES 7,245,677.00 and other obsolete items worth KES 138,197.00. Further, the Authority disposed obsolete ICT equipment's to ICT Authority at zero (0) value. |
| | | 4.1.1.4.4. Maintenance of ISO certifications (internal and external audits of QMS and ISMS) | <ul style="list-style-type: none"> ISO QMS 9001:2015 internal and surveillance audits | % Level of Compliance | 100.00 | 100.00 | <ul style="list-style-type: none"> The authority conducted ISO QMS 9001:2015 internal and surveillance audits. |
| | | | <ul style="list-style-type: none"> ISO 27001:2013 (ISMS): Transition to the new ISMS Standard; Undertake Internal and surveillance audits. | % Level of Compliance | 100.00 | 50.00 | <ul style="list-style-type: none"> The Authority conducted re-certification audits towards the new standard. As a result, the Authority was officially re-certified to the ISO/IEC 27001:2022 Standard, effective from March 10th, 2025, to April 11th, 2028. |
| | | | <ul style="list-style-type: none"> Develop a roadmap towards BCM certification | % level of Completion | 100.00 | 100.00 | <ul style="list-style-type: none"> BCM certification roadmap was developed and approved by management on 1st October 2024. |
| | Nurture a Culture of Excellence | 4.1.2.1.3. Leadership, Mentorship and Development | <ul style="list-style-type: none"> Implement a Leadership and Mentorship programmes | No. of Programmes | 100.00 | 100.00 | <ul style="list-style-type: none"> The Authority carried out leadership and mentorship sessions for two groups of staff in |

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

| Strategic Goal | Strategic Objectives | Key Activity | Implied Task | Output Indicator | Target FY 2024/25 | Score (%) | Achievement as at 30 th June 2025 |
|----------------|--|--|--|--|-------------------|-----------|--|
| | | | | | | | July 2024 and September 2024. |
| | | 4.1.2.2.2. Develop and implement the Service Delivery Strategy | <ul style="list-style-type: none"> Implement the Service Delivery Strategy. | % Level of Implementation | 100.00 | 92.00 | <ul style="list-style-type: none"> The Authority undertook 23 out of 25 planned activities under the implementation of the Service Delivery Strategy. |
| | | 4.1.3.1.1. Feasibility study and project design on development of ICT Hub/Centre | <ul style="list-style-type: none"> Finalize the feasibility study for development of ICT hub, Convention Centre and Offices | % Level of Completion | 100.00 | 90.00 | <ul style="list-style-type: none"> The final feasibility study report was submitted and presented to the CIT on November 20th, 2024. Subsequently, the report was presented to Management on March 21st, 2025. Payment for the Feasibility study has been done. |
| | Establish a Centre of Excellence in ICTs Innovation and Leadership | 4.1.3.2.2. Establishment of a Data Centre | <ul style="list-style-type: none"> Finalize the establishment of a Data Centre. | % Level of Implementation | 100.00 | 100.00 | <ul style="list-style-type: none"> Data Centre upgrade Civil works completed, Equipment and electrical wiring installation done. Migration done. Project completed. |
| | Improve Brand Equity, Communications and Engagement. | 4.1.4.1.2. Implement Corporate Social Responsibility (CSR) Programmes. | <ul style="list-style-type: none"> Implement Corporate Social Responsibility (CSR) Programmes. | % Level of Implementation | 100.00 | 100.00 | <ul style="list-style-type: none"> During the year, the Authority facilitated the sponsorship of 19 CSR activities in the financial year. |
| | | 4.1.4.1.3. Strengthen Partnerships, Collaborations and Cooperation | <ul style="list-style-type: none"> Identify new areas of partnership | No. of Partnerships Identified and Implemented | 100.00 | 100.00 | <ul style="list-style-type: none"> The Authority coordinated the signing of intention to collaborate with the Universal Postal Union (UPU) on the Post4Health Project on April 13th, 2025 |
| | | 4.1.4.2.1. Formulation and articulation of National positions in ICT Fora | <ul style="list-style-type: none"> Formulate and articulate National positions in ICT Fora | No. of National Positions Formulated and Articulated | 100.00 | 100.00 | <ul style="list-style-type: none"> During the year, the Authority coordinated the formulation of national positions for key international policy meetings. |
| | | 4.1.4.2.2. Coordinate Kenya participation in ICT Fora | <ul style="list-style-type: none"> Participate in national, regional and international ICT for a | No. of Recommendations Domesticated | 100.00 | 100.00 | <ul style="list-style-type: none"> During the year, the Authority coordinated staff participation in 77 ICT fora. |
| | | 4.1.4.2.4 Secure and maintain leadership positions in ICT fora | <ul style="list-style-type: none"> Secure and maintain leadership positions in ICT fora | No. of Positions Secured | 100.00 | 100.00 | <ul style="list-style-type: none"> During the year, Kenya secured a total of seven leadership positions in |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| Strategic Goal | Strategic Objectives | Key Activity | Implied Task | Output Indicator | Target FY 2024/25 | Score (%) | Achievement as at 30 June 2025 |
|----------------|---|--|---|-----------------------|-------------------|-----------|---|
| | | | | and Maintained | | | regional and international ICT bodies. |
| | Promote Environmental Sustainability and Governance | 4.2.1.1.1. Develop and implement a green ICT framework. | <ul style="list-style-type: none"> Finalize the draft framework | No. of Frameworks | 100.00 | 100.00 | <ul style="list-style-type: none"> Green ICT Framework approved by the Board for implementation. |
| | | 4.2.1.1.2. Develop ICT Sector Environmental Impact Assessment Guidelines | <ul style="list-style-type: none"> Develop ICT Sector Environmental Impact Assessment Guidelines | No. of Guidelines | 100.00 | 87.50 | <ul style="list-style-type: none"> During the year, the Authority developed the ICT Sector Environmental Impact Assessment Guidelines. |
| | | 4.2.1.1.3. Grow Trees | <ul style="list-style-type: none"> Grow 369,000 trees | No. of Trees Nurtured | 100.00 | 21.68 | <ul style="list-style-type: none"> During the year, the Authority planted 80,000 trees. |

8. Corporate Governance Statement

The **Communications Authority of Kenya**, through its **Board of Directors**, remains firmly committed to upholding **good corporate governance** and aligning with **international best practices**. The Board recognizes that strong governance—grounded in **ethical leadership, effective oversight, competitive performance, and institutional legitimacy**—is essential for creating long-term value and advancing the Authority’s vision of **Digital Access for All**.

In promoting sound governance, the Board ensures that strategic decisions are guided by a balanced consideration of short-, medium-, and long-term outcomes, while aligning the interests of stakeholders, society, and the broader ICT ecosystem. Principles of **accountability, transparency, ethical conduct, and fairness** are embedded across the Authority’s operations to support inclusive, affordable, and high-quality communication services for all Kenyans.

a) Board Charter

The Board Charter was reviewed and aligned to the *Mwongozo* Code of Governance and approved by the Board on 17th May 2024. The conduct of the Board is governed by the terms of the Board Charter ensuring that its role is independent from that of Management and that there is no conflict of interest affecting the duties of the Directors to the Authority. The Board has delegated the responsibility for the day-to-day business of the Authority to the Director General.

b) Process of Appointment and Removal of Directors

The Appointment of the Chairperson of the Board rests with the President, while the Members of the Board are appointed by the Cabinet Secretary. Section 6(2) of the Kenya Information and Communications Act, Cap 411 (KICA) provides that in appointing the members of the Board under subsection (1)(e), the Cabinet Secretary shall ensure-

- (a) that the appointees to the Board reflect the interests of all sections of society;
- (b) equal opportunities for persons with disabilities and other marginalized groups; and
- (c) that not more than two-thirds of the members are of the same gender.

Section 6D of the Act also provides on how members may vacate office.

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

During the financial year 2024/2025, the CA Board was fully constituted. As at 30th June 2025, the Board had a membership of eleven (11) excluding the Director General. The members of the Board of Directors who served during the year are shown on page x to xviii.

During the year, the Cabinet Secretary, National Treasury, appointed Mr. Henry Mutwiri as the Alternate Member vide a letter dated 22nd July, 2024. Mr. Mutwiri came in to replace the former Alternate director Mr. Christopher Kirigua, MBS. Further, the Cabinet Secretary for Information, Communications and the Digital Economy appointed Mr Daniel Rono to the Board for a period of three (3) years with effect from 4th October 2024.

c) Roles and Functions of the Board

The Board of Directors has the oversight role on the governance of the Authority in the discharge of its responsibilities. It provides strategic direction and guidance for the Authority. The specific powers of the Board are provided for under section 7 of KICA.

The Board exercises leadership and good judgment in directing the Authority so as to achieve its objectives. The Board is responsible for ensuring that the Authority is financially viable and properly managed so as to protect and enhance its interests from time to time. The Directors personally strive to ensure that the Board fulfils its key purpose of ensuring that the Authority is able to achieve its objectives. The detailed roles and functions are provided in the Approved Board Charter.

d) Induction, Training and Development

Three Board members i.e., Dr. Musangi J. Mutua, Mr. Henry Mutwiri and Ms. Ummu Bunu Haji were taken through an induction program organized by the Authority and the State Corporation Advisory Committee (SCAC) from 28th to 30th October 2024 in Nairobi, Hon. Daniel Rono attended Management induction at the CA Centre on 15th October, 2024. Dr. Musangi J. Mutua and Hon. Daniel Rono attended the board induction programme organized by SCAC from 9th to 11th December 2024. Mr Henry Mutwiri also attended the Strategic Leadership and Governance Course from 30th June to 4th July 2025.

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

e) Board and Members' Performance

The Board operates under a Board Charter that outlines its governance framework and guides its activities. The Board Performance Evaluation for the FY 2024/25 was conducted by the State Corporations Advisory Committee (SCAC) on 4th July 2024. The overall rating was a score of 95.48%, which was very good performance for the Board. The following is a summary of the performance evaluation results for the financial year 2024/25:

f) Number of Board Meetings Held and Attendance

The table below indicates the number of Board Meetings and attendance by each of the Directors.

Board meetings attendance from 1st July 2024 to 30th June 2025

| Board Member | Full Board | Special Board | Full Board Recruitment – interviews | People and Culture Committee | Technical and Broadcasting Standards Committee | Finance, Planning and Strategy Committee | Board Audit and Risk Assurance Committee | Total No. of Meetings Attended |
|-----------------------------------|------------|---------------|-------------------------------------|------------------------------|--|--|--|--------------------------------|
| Ms. Mary Mungai | 7 | 4 | 5 | - | - | - | - | 16 |
| Mr. Waweru Kimani | 7 | 3 | 5 | 24 | 7 | 1 | - | 47 |
| Mr. Fredrick Muhul | 7 | 4 | 0 | 24 | | | 6 | 41 |
| Dr. Musangi J. Mutua | 6 | 4 | 5 | 23 | - | - | 3 | 41 |
| Mr. Eric Langat | 7 | 4 | 5 | - | 8 | 7 | - | 31 |
| Ms. Bhoke Christine | 7 | 4 | 5 | 24 | | 7 | - | 47 |
| Mr. Joel Nyambane | 7 | 4 | 5 | - | 8 | - | 5 | 29 |
| Ms. Ummu Bunu Ahmed | 6 | 4 | 5 | - | 3 | 6 | - | 34 |
| Mr. Paul Mureithi | 7 | 4 | 5 | - | 8 | | 6 | 29 |
| Mr. Henry Mutwiri | 6 | 3 | 5 | | | 5 | 5 | 24 |
| Mr. Daniel Rono | 4 | 3 | 5 | 16 | | 3 | | 31 |
| George Ombua (ISC Representative) | 1 | - | - | - | - | - | - | 1 |

g) Succession Plan

The Board reviewed, evaluated, and approved the overall Authority structure, the assignment of senior management responsibilities and plans for senior management development and succession.

h) Conflict of Interest Policy

During the year under review, the Authority maintained a Conflict-of-Interest Register in line with its Policy. At the commencement of every meeting, Board Members were required to declare both verbally and by signing in a Conflict of Interest Register any conflicts or potential conflicts of interest they may have had in relation to particular items of business. As a practice, Board Members abstain from discussion or decisions on matters in which they have an interest.

i) Board Remuneration

The Board of Directors are paid fees and allowances as remuneration for conducting official business that they may be called upon to undertake. Subject to Section 10 (1) of the State Corporations Act, Chapter 446 Laws of Kenya, allowances for members of the Board are paid out of the funds of the Authority. These include sitting allowances or other remuneration as the Board may, within the scales of remuneration specified from time to time by the State Corporations Advisory Committee and the Salaries and Remuneration Commission, approve.

j) Ethics and Conduct

The Authority has a Code of Conduct and Ethics, applicable to both members of staff and Board Members. The Code of Conduct and Ethics focuses on ethical conduct and integrity at the workplace. It defines Authority's commitment to the highest standards of behaviour so as to contribute to the achievement of the national development goals. The Code sets out expectations for individual behaviour necessary to meet these standards and includes requirements and guidance to help staff and Board members to carry out their role with integrity and in compliance with the law. Upon appointment, all Board members are required to accept, by signature, the terms of the Code of Conduct and Ethics, and agree to abide by its provisions which forms part of their Board appointments.

k) Governance Audit

During the financial year under review, the Authority's Governance Audit was conducted by M/S Robson Harris Advocates LLP with the Final Audit Report received at the end of the financial year. The governance audit covered the parameters articulated in the *Mwongozo* Code of Governance for State Corporations. The Authority will implement the recommendations of the Audit as contained in the Governance Audit Report dated 30th June 2025. The audit was conducted to ensure all governance standards, codes, internal controls and policies are continuously complied with and in line with the best practice.

l) Communications Policy

The Authority has developed a Corporate Communication Policy which sets a benchmark for the Authority's interactions with employees, the media, government bodies, and the wider society and is designed to bolster organisational efficiency and effectiveness. The objectives of the policy are to:

- a) Ensure that corporate communication is well coordinated, effectively managed and responsive to the diverse information needs of the public, consumers, investors, media and all other interested parties.
- b) Provide guidance and structure in disseminating corporate information to and in dealing with a wide array of the public.
- c) Ensure that CA's reputation is properly managed through positive communication and portrayal.
- d) Ensure that CA, as a public body, is visible, accessible and accountable to the public.

m) Terms of Reference of Committees

The Board Committees are guided by the respective Committee Charters which outline the purpose, objectives and membership of the committee; duties and responsibilities; guidelines of the committee as well as reporting requirements.

n) Multiple Directorships

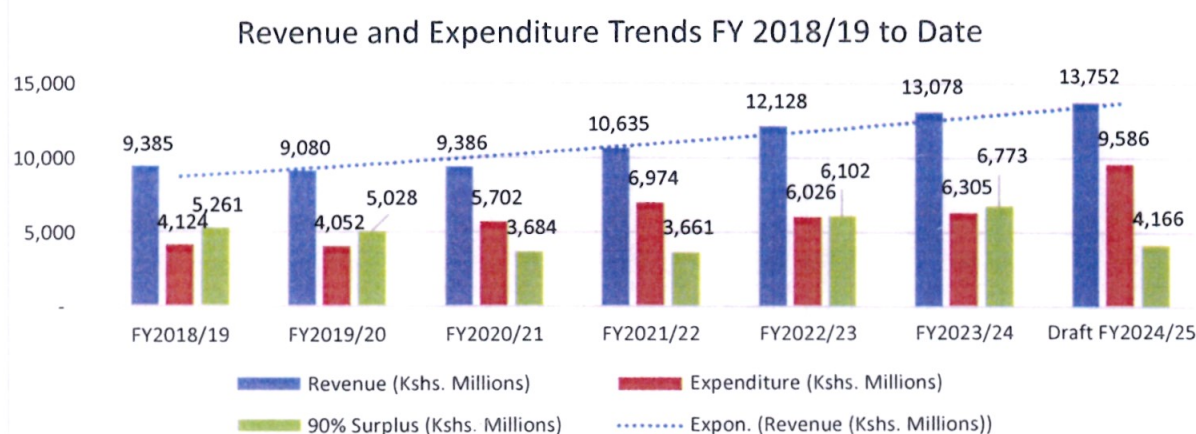
Board Members are prohibited from holding such position in more than two (2) State Corporations at any one time to ensure effective participation in the Board. All Board members are, upon appointment, required to sign a declaration of other directorship indicating other directorship held in other State Corporations and public entities as prescribed. During the year under review, no Member held more than two such positions.

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

9. Management Discussion and Analysis

Operational and financial performance

The Authority continued to discharge its mandate across the ICT sectors through licensing and frequency management. Revenues recorded steady growth, largely from licensing fees and finance income. Expenditures were contained within budget, with significant allocations to employee costs, regulatory operations, and asset depreciation. Overall, the trends point to strong revenue performance supported by prudent expenditure management.



Total revenue for FY 2024/25 grew by 5%, reaching Kshs. 13.75 billion compared to Kshs. 13.07 billion in FY 2023/24. This represents 106% of the Revised Budget 3 of Kshs. 12.99 billion.

Operating expenditure for FY 2024/25 grew by 87% to Kshs. 9.13 billion, up from Kshs. 4.89 billion in FY 2023/24. This translates to 89% of the Revised Budget 3 of Kshs. 10.30 billion. The significant increase is attributed to the National treasury remittance of Kshs. 4.5 billion.

Other gains and losses for FY 2024/25 reduced by 68% to Kshs. 448.11 million, down from Kshs. 1.40 billion in FY 2023/24. This performance is 85% of the Revised Budget 3 of Kshs. 530 million. The decrease in the provision for bad and doubtful debts is due to reduced billing to a Mobile Network Operator (MNO) following the shutdown of several of its transmission sites.

Capital expenditure for the year-to-date amounts to Kshs. 788.88 million, which is 27% of the Revised Budget 3 of Kshs. 2.90 billion. Key capital investments included the acquisition of the

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

Quality-of-Service System (Phase 2), TV/Radio loggers and National Intrusion Penetration and Detection System (NIPDS).

The **combined operating and capital expenditure** for the FY 2024/25 reduced by 6% to Kshs. 10.67 billion, compared to Kshs. 11.38 billion in FY 2023/24. This reflects 76% utilization of the overall Revised Budget 3 of Kshs. 14.03 billion.

Compliance with statutory requirements

The Authority has complied with statutory requirements and there are no known non-compliance issues that may expose the Authority to potential contingent liabilities. There are ongoing litigations out of the ordinary course of the business of the Authority. The litigations are part heard and accordingly, no contingent liabilities are anticipated in respect of the same that may be quantified, except for the following:

- i. High Court Civil Case No. 2071 of 2000: M-Link Communications Limited vs. CCK & Telkom Kenya Limited. The plaintiff is seeking damages based on a Trial Agreement with the defunct.

The directors believe, based on the information currently available, that the legal matter above is not likely to have material effect on the results of the Authority's operations, financial position or liquidity. Therefore, no contingent provision has been made in the financial statements.

Major Risks

The Authority developed and implemented the ERM framework as per guidelines based on ISO 31000 International Standard — Risk Management Principles and Treasury Circular No. 3.2009, Institutional Risk Management Framework. Further in FY 2024/25 the authority undertook a risk assessment review of the authority strategic/operational risks.

Key corporate risks

The Authority undertakes risk assessment on a continuous basis. In the course of the year, the following key corporate risks, associated risk levels as well as risk treatment options were identified.

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

Our top ten (10) risks

1. Inadequate content regulation leading to failure to detect non-compliance with content standards; 16
2. Failure to effectively manage interconnection between licensees; 15
3. Inadequate USF Project Models (project designing); 16
4. Delays in the completion implementation of the ICT Roadmap 2018 -2023; 16
5. Inability to recover ICT Systems and Services following a disaster or major disruption at the Authority; 16
6. Inadequate monitoring and analysis of cyber threats intelligence and cyber incidence; 16
7. Inadequate digital forensic capacity to address rising cybercrime; 16
8. Regulatory Gaps arising out of delays in review of the regulatory instruments; 15
9. Low funds absorption and 16
10. Failure to effectively prosecute and resolve cases arising from enforcement activities 16

The Authority uses a 5 by 5 Risk Matrix as shown below to rate its risks.

Risk Map of the Top Ten (10) Risks

| | | | | | | | |
|-------------------|----------------|---|--------------------|-------|----------|-------|-------------|
| Likelihood | Almost Certain | 5 | 5 | 10 | 15 | 20 | 25 |
| | Likely | 4 | 4 | 8 | 12 | 16 | 20 |
| | Possible | 3 | 3 | 6 | 9 | 12 | 15 |
| | Unlikely | 2 | 2 | 4 | 6 | 8 | 10 |
| | Rare | 1 | 1 | 1 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 |
| | | | Insignificant | Minor | Moderate | Major | Fundamental |
| | | | Consequence | | | | |

Material arrears in statutory/financial obligations

The Authority has continued to honour its financial obligations as and when they fall due. Remittance of statutory deductions, payment for supplies, staff payments and payments of other dues was done promptly; consequently, the Authority does not have material arrears as at 30th June 2025.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The Authority's Board and Management are committed to the 2030 Sustainable Development Goals (SDGs), focusing on:

- Goal 6: Sustainable water and sanitation
- Goal 13: Climate change action
- Goal 15: Terrestrial ecosystem management
- Goal 17: Strengthening global partnerships for sustainability

The Authority promotes sustainability by managing resources wisely, reducing waste, and ensuring quality and value for money in its development practices.

ii) Environmental performance

The Authority supports environmental sustainability through its Environmental Policy by:

1. **Planning:** Holding quarterly meetings and submitting reports to the National Environmental Management Authority (NEMA).
2. **Audits:** Conducting environmental audits to guide sustainability measures and staff training.
3. **Pollution Control:** Implementing waste management practices with segregation bins and recycling initiatives.
4. **Ecological Enhancement:** Engaging in CSR activities like tree planting and planting trees at remote stations.
5. **Partnerships:** Collaborating with the East African Communications Organisation (EACO), the International Telecommunication Union (ITU), NEMA, and other bodies on green ICT initiatives.
6. **Awareness:** Running training and sensitization programs on environmental issues.

iii) Employee welfare

The Authority's strong institutional capacity underpins its pursuit of performance excellence. By investing in resources, expertise, and technology, and aligning with strategic goals, the Authority fosters innovation and enhances its capabilities. This approach ensures high standards of performance. Key to this success is the recruitment, development, and retention of talented employees through training and professional development programs. The Authority supports staff development through structured training programs in management, regulatory, and technical skills, organizational

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

development, career growth, and performance contracting. It also ensures a safe work environment by complying with the Occupational Safety and Health Act (OSHA) of 2007 through continuous safety training and risk management.

iv) Human Resource Establishment

As of June 30, 2025, the Authority had 371 employees, with a 49:51 female-to-male ratio. During the year, 136 staff were hired or confirmed into permanent and pensionable terms, and 13 staff members left.

v) Organizational Learning

The Authority provided training in five areas: Management skills, Regulatory and Technical capacity, Organizational development, Career/professional development, and Performance Contracting, to enhance staff competency and service delivery.

vi) Market place practises

a) Responsible Competition Practice

The Authority, guided by the Constitution of Kenya, ensures fair competition across ICT sectors, manages frequency spectrum and numbering resources, and protects consumers. It follows the Mwongozo Code, its Code of Conduct, and supports cybersecurity through the Kenya Computer Incident Response Team (Ke-CIRT).

b) Responsible Supply Chain and Supplier Relations

The Authority's Service Charter outlines service quality expectations and ensures good practices with suppliers, including honouring contracts and adhering to payment practices.

c) Responsible Marketing and Advertisement

The Authority upholds corporate governance and ethical standards in marketing and advertising, adhering to all relevant codes and regulations.

d) Product Stewardship

Under the Kenya Information and Communications Act, 1998, the Authority ensures ICT providers establish customer care mechanisms, offer safe services, and protect consumer information, including child online protection.

vii) Consumer Research, Education, and Empowerment

The Authority safeguards ICT consumers by providing information on product quality, effective customer care, and secure communication services. The Authority's enhances consumer rights through education, distributing advisories during outreach activities, corporate events, and online platforms. The Authority handles consumer complaints while empowering consumers with information to make informed decisions.

viii) Consumer Empowerment

The Authority's program enhances consumer rights through education, distributing advisories during outreach activities, corporate events, and online platforms.

ix) Child Online Protection Programme

The Authority's Child Online Protection (COP) programme promotes online safety for children through partnerships and events, addressing issues such as cyberbullying and internet safety. Some of the notable events include participation at the Kenya Music Festivals, the Kenya National Drama and Film Festivals which provide an avenue to engage diverse audiences and learners on safe online practices

x) Corporate Social Responsibility/Community Engagements

As a responsible corporate citizen, the Authority seeks to foster positive impact and contribute to the wellbeing and sustainable development of the society. The Authority's Corporate Social Responsibility and Investment (CSRI) Policy seeks to make a positive investment on people, cultures, and local communities in which it operates, by supporting social causes in various areas of need. These programmes range from enhancing digital literacy, environmental conservation, youth empowerment, sports and recreational activities, community engagements and national events.

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the *Authority's* affairs.

i) Principal activities

The principal activity of the Authority is facilitating the development of the information and communications sectors including broadcasting, cybersecurity, multimedia, telecommunications, electronic commerce, postal and courier services on behalf of the Government of Kenya.

ii) Results

The results of the Authority for the year ended June 30, 2025, are set out on page 1 to 53

iii) Directors

The members of the Board of Directors who served during the year are shown from pages x to xviii above. **Mr. Charles Karondo** was appointed with effect from August 8th, 2025 to the Board as Chairperson, replacing **Ms. Mary Wambui Mungai, CBS** who had been appointed on 2nd December 2022.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety percent (90%) of its surplus funds reported in the audited financial statements after the end of each financial year.

v) Auditors

The Auditor-General is responsible for the statutory audit of the *Authority* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the *Authority* for the year/period ended June 30, 2025.

By Order of the Board



David Mugonyi, EBS
Director General/CEO

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, Kenya Information and Communications Act of 1998 (CAP 411A) require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority 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 Authority; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the KICA Act, PFM Act, 2012 and Public Audit Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2025, and of the Authority's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

In preparing the financial statements, nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on August 28th, 2025 and signed on its behalf by:



.....

Mr. Charles Karondo
Chairperson of the Board



.....

David Mugonyi, EBS
Director General/CEO

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COMMUNICATIONS AUTHORITY 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 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 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 Communications Authority of Kenya set out on pages 1 to 52, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in

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

In my opinion, 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 Communications Authority of Kenya 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 Kenya Information and Communications Act (KICA), 1998 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.20,523,442,000 as disclosed in Note 21 to the financial statements. However, the following audit observations were made:

1.1 Overstatement of the Value of Freehold Land

The property, plant and equipment balance of Kshs.20,523,442,000 include freehold land of Kshs.15,957,281,000 as reflected in Note 21(a) to the financial statement and contained in the valuation report of 30 June, 2018. The Authority's headquarters in Nairobi has a titled land whose size measures approximately 5.592 hectares. Review of documents revealed that the National Government compulsorily acquired 1.123 hectares of this parcel of land to facilitate the expansion of the James Gichuru – Rironi road. The Authority contracted a private valuer who valued the parcels of land and the property therein at Kshs.642,515,220. The remaining parcel of land ought to go through vesting and acquiring of a new title deed for the remaining 4.469 hectares. However, Management has not adjusted the reported balances to reflect the dispatch of parcel of land that was compulsorily acquired. Further, the Authority has not followed up on a vesting order for necessary changes in the title documents.

In the circumstances, the accuracy, ownership and completeness of property, plant and equipment balance of Kshs.20,523,442,000 could not be confirmed.

1.2 Lack of Ownership Documents for Land in Garissa County

As previously reported, the valuation report received on 30 June, 2018 includes a monitoring station in Garissa County with property development which includes two security houses and an old equipment house. However, the land where these developments sit is unregistered and, therefore, lacks evidence to show that the land is owned by the Authority.

A physical inspection by the audit team conducted in August, 2025 revealed several maintenance and security deficiencies, including a leaking ceiling in the security house, old furniture requiring replacement, worn out walls which requires repainting, a low-capacity septic tank, non-functional Closed-Circuit Television (CCTV) monitoring equipment and screens, a cracked water tank base, and a leaking overhead slab at the sentry post. In addition, the land is unfenced thus allowing unrestricted livestock grazing by local residents.

Further, as a result of the land being unregistered it was not valued and was excluded in the financial statements for the year under review leading to understatement of the property, plant and equipment balance of Kshs.20,523,442,000 by unknown amount.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.20,523,442,000 could not be confirmed.

2. Long Outstanding Accounts Receivables

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.290,113,000 as disclosed in Note 19 to the financial statements. The balance is net of cumulative provisions for bad and doubtful debts (general and specific), amounting to Kshs.7,116,519,000 which includes Telkom Kenya Ltd debt provision of Kshs.4,921,257,137. The Authority has engaged with The National Treasury since June, 2020, seeking their assistance to allocate resources to Telkom Kenya Limited (TKL) for the settlement of regulatory fees. The National Treasury provided commitments in June, 2020 and October, 2021 but these funds were not disbursed then. At the time of audit in the month of October, 2025 no evidence was provided to confirm that money had been received from The National Treasury.

Further, review of the ageing analysis schedule disclosed in Note 19 (b) to the financial statement revealed that a balance of Kshs.5,466,095 or 74% of the total receivables from non-exchange transactions which had been outstanding for more than two (2) years as at 30 June, 2025 as summarized below:

| Details | Amount (Kshs) | Percentage of Total Receivables from Non-Exchange Transactions |
|-------------------|----------------------|--|
| Less than 1 year | 866,576,000 | 12% |
| Between 1-2 Years | 1,073,962,000 | 14% |
| Over 2 years | 5,466,095,000 | 74% |
| Total | 7,406,632,000 | 100% |

In the circumstances, the recoverability of the receivables from the non-exchange transactions balance of Kshs.290,113,000 could not be confirmed.

3. Unsupported Loan Receivables from Employees

The statement of financial position reflects non-current receivables from exchange transactions balance of Kshs.628,886,000 as disclosed in Note 20(c) to the financial statements. These relate to staff receivables such as outstanding loan receivables from

Authority's Car Loan and Mortgage Scheme, outstanding imprest, salary advance and other staff debtors. However, loan principal balance of Kshs.15,130,080 were not supported by individual loan statements and evidence of loan repayment. Further, the Authority did not provide list of exited staff who have outstanding loans.

In the circumstances, accuracy, validity and completeness of non-current receivables from exchange transactions balance of Kshs.628,886,000 could not be confirmed.

4. Stalled Information, Communications and Technology Project

The statement of financial position, as disclosed in Note 21(a) to the financial statements, reflects property, plant and equipment with a carrying amount of Kshs.20,523,442,000. Included in this balance, is work in progress amounting to Kshs.2,663,849,000 relating to ICT projects out of which Kshs.21,739,798 relate to payments towards the design, supply, installation, testing, commissioning and training of the Device Management System solution in August, 2016 with a contractual delivery timeline of twenty (20) weeks. However, the project has stalled and remained unimplemented eight (8) years later due to various court cases.

In the circumstances, value for money for on the project investment of Kshs.21,739,798 may not be realized.

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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total revenue final budget and actual on a comparable basis of Kshs.12,992,209,000 and Kshs.13,752,813,000 respectively resulting in an over collection of revenue Kshs.760,604,000 or 6% of the approved budget. Similarly, the Authority spent Kshs.9,138,229,000 against actual receipts of Kshs.13,752,813,000 resulting in under-utilization of Kshs.4,614,584,000 or 34% of actual receipts.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. 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 audit report of the previous year, several issues were raised under the 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 Authority in 2024/2025 revealed that the following six (6) issues remained unresolved:

| | Financial Year | Audit Issue |
|---|-----------------------|--|
| 1 | 2023/2024 | Property Plant and Equipment- Overstatement of the Value of Freehold Land (CA HQ Nairobi) |
| 2 | 2023/2024 | Lack of Ownership Documents for Land in Garissa County |
| 3 | 2023/2024 | Existing Charge on Land in Trans-Nzoia County |
| 4 | 2023/2024 | Long Outstanding Accounts Receivables |
| 5 | 2023/2024 | Delay in Implementation of Supply, Delivery, Implementation and Maintenance of a Licensing Management System and the Associated Hardware |

Other Information

The Management is responsible for the Other Information set out on page iv to xlviii which comprise of Key Authority Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Director General/Chief Executive Officer, 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 Authority'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. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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 Kenya Information Communication Authority Broadcasting Regulations, 2009

Regulation 10 of the Kenya Information and Communications (Broadcasting) Regulations, 2009 requires that no person shall own directly or indirectly more than one broadcast frequency or channel for radio or television broadcasting in the same coverage area. Audit review of the radio frequency revealed non-compliance with Regulation 10 of the Kenya Information and Communications (Broadcasting) Regulations, 2009.

Further, audit review conducted a sampled comparative analysis of two (2) leading nationwide radio broadcaster one with thirteen (13) radio stations registered under one company name and another with six (6) radio stations registered with various company names in the Authority's books. It revealed that the broadcaster with six (6) radio stations registered under different company names was billed substantially lower fees due the application of the billing formula which factors in the number of radio stations per coverage area. This resulted in an under-charging the broadcaster by Kshs. 12,350,000 for sampled locations. The broadcaster thus circumvented the Authority's billing formula resulting in undue advantage compared to other broadcasters who have presented radio stations under one company name.

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

2. Non-Compliance With Tenure Staggering Requirements

Gazette Notice No. 15498, Vol. CXXV-No.243 dated 15 November, 2023 indicates that the Council Chairperson and eight (8) other members of the Universal Service Advisory Council (USAC) were all appointed on the same day, for a uniform term of three years effective from 15 November, 2023. This simultaneous appointment means their terms will end concurrently, violating the staggered tenure requirement under the Section 2 of the Fourth Schedule of KICA Act, 1998.

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

3. Non-Compliance with the Law on One-Third of Basic Salary Rule

Review of payroll records for the month of June 2025 revealed that forty-three (43) employees received less than one-third (1/3) of their basic salaries. This is contrary to Section 19(3) of the Employment Act, 2012 which provides that the total amount of all

deductions that may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds(2/3) of such wages of his additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employer or employees or any trade or industry.

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

4. Non-Compliance with Staffing Requirement of Persons with Disabilities

An analysis of the payroll data for the period under review revealed that the Communications Authority of Kenya had only eight (8) staff members falling under Persons with disabilities (PWD) category, representing approximately 2.2% of the total workforce of three hundred-eight (358). This was contrary to Section B.23(1) of Human Resource Policies and Procedures Manual for the Public Service, 2016 and Section 4(f) the Persons with Disabilities Act, 2025 which requires every national government entity to promote the inclusion and integration of persons with disability in the public service and put in place measures to ensure that at least five per centum (5%) of the employment positions are filled by persons with disabilities;

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

5. Idle and Unoccupied Director General's Official Residence

A physical verification of the official residence allocated to the Director General revealed that the house has remained unoccupied for a prolonged period. No official justification or documentation was provided to explain the continued non-occupancy of the residence. In the absence of occupancy and without documented justification, it was not possible to confirm that the Communications Authority of Kenya is deriving value for money from the investment made in constructing and maintaining this official residence.

In the circumstances, the efficiency and effectiveness in the utilization of public resources is in doubt.

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 and based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

The Board of Directors is responsible for overseeing the Authority's 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

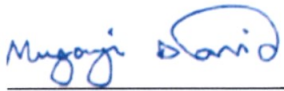
18 December, 2025

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

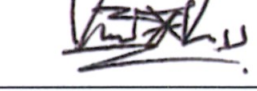
14. Statement of Financial Performance for the year ended 30 June 2025

| | NOTE | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|---|------|---|--------------------------------------|
| Revenue from non-exchange transactions | | | |
| License Fees | 6 | 12,275,932 | 11,554,879 |
| Revenue from exchange transactions | | | |
| Finance income | 7 | 1,464,335 | 1,468,370 |
| Rental Revenue from facilities | 8 | 4,019 | 3,900 |
| Other Income | 9 | 8,527 | 51,251 |
| Sub-Total | | 1,476,880 | 1,523,521 |
| Total revenue | | 13,752,813 | 13,078,399 |
| Expenses | | | |
| Employee costs | 10 | 1,895,527 | 1,583,392 |
| Remuneration of Directors & Advisory Council | 11 | 66,485 | 51,052 |
| Depreciation and Amortization Expense | 12 | 560,911 | 493,348 |
| Repairs and maintenance | 13 | 348,804 | 364,926 |
| Use of Goods and Contracted services | 14 | 6,266,502 | 2,405,654 |
| Total Expenses | | 9,138,230 | 4,898,372 |
| Surplus/(Deficit) from Operations | | 4,614,583 | 8,180,027 |
| Other gains/(losses) | | | |
| General Bad Debts Provision Allowance | 15 | (5,013) | (498,256) |
| Specific Bad Debts Provision Allowance | 15 | (525,528) | (919,837) |
| Gain/(Loss) on sale of assets | 16 | 7,353 | 388 |
| Gain/(Loss) on foreign exchange transactions | 17 | 75,075 | 10,841 |
| Total Other Gains/(Losses) | | (448,113) | (1,406,864) |
| Surplus / (Deficit) for the Period | | 4,166,470 | 6,773,164 |
| Remittance to The National Treasury | 23 | (3,219,282) | (6,085,006) |
| Net Surplus for the year | | 947,188 | 688,157 |

The notes set out on pages 8 to 38 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by


Director General
Mr. David Mugonyi, EBS


Ag. Director/Finance & Accounts
CPA. Dominic Ooko
ICPAK M/No: 6250


Chairperson of the Board
Mr. Charles Karondo

Date: August 28th, 2025

Date: August 28th, 2025

Date: August 28th, 2025

**Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.**

15. Statement of Financial Position as at 30 June 2025

| | NOTE | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|---|-------|---|--------------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 18 | 14,403,401 | 12,003,901 |
| Receivables from non-exchange transactions | 19 | 290,113 | 287,423 |
| Receivables from exchange transactions | 20(a) | 52,041 | 124,897 |
| Total Current Assets | | 14,745,555 | 12,416,221 |
| Non-Current Assets | | | |
| Receivables from exchange transactions | 20(c) | 628,886 | 702,850 |
| Property, plant and equipment | 21 | 20,523,442 | 20,293,092 |
| Intangible Assets | 22 | 615,332 | 620,925 |
| Total Non-Current Assets | | 21,776,660 | 21,616,867 |
| TOTAL ASSETS | | 36,513,215 | 34,033,088 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Provisional Dividend/Remittance Surplus | 23 | 1,219,282 | 3,085,006 |
| Trade and other Payables from exchange transactions | 24 | 4,490,151 | 3,822,614 |
| Payments received in advance | 25 | 52,215 | 57,501 |
| Total Current Liabilities | | 5,761,648 | 6,965,121 |
| TOTAL LIABILITIES | | 5,761,648 | 6,965,121 |
| Net Assets | | 30,751,561 | 27,067,969 |
| Owners Equity | 26(a) | 741,965 | 741,965 |
| Accumulated Surplus | 26(b) | 13,993,274 | 10,309,682 |
| Revaluation Reserve | 27 | 16,016,322 | 16,016,322 |
| Total Net assets and Liabilities | | 30,751,561 | 27,067,969 |

The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:



Director General
Mr. David Mugonyi, EBS



Ag. Director/Finance & Accounts
CPA. Dominic Ooko
ICPAK M/No: 6250



Chairperson of the Board
Mr. Charles Karondo

Date: August 28th, 2025

Date: August 28th, 2025

Date: August 28th, 2025

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

16. Statement of Changes in Net Assets for the year ended 30 June 2025

| | Note | Owners Equity Kshs'000 | Revaluation Reserve Kshs'000 | Accumulated Surplus Kshs'000 | Total Reserves Kshs'000 |
|---|-------|------------------------------|------------------------------------|------------------------------------|-------------------------------|
| At July 1, 2023 | | 741,965 | 16,016,322 | 7,299,558 | 24,057,845 |
| Surplus for the year | | 0 | 0 | 6,773,164 | 6,773,164 |
| Advance Remittance to Treasury- Paid | 23 | 0 | 0 | (3,000,000) | (3,000,000) |
| 90% Remittance Due to Treasury for the Year | 23 | 0 | 0 | (3,085,006) | (3,085,006) |
| Prior year adjustments | 26 | | | 2,321,967 | 2,321,967 |
| At 30 June 2024 | | 741,965 | 16,016,322 | 10,309,682 | 27,067,969 |
| At July 1, 2024 | | 741,965 | 16,016,322 | 10,309,682 | 27,067,969 |
| Surplus for the year | 23 | 0 | 0 | 4,166,470 | 4,166,470 |
| Reversal of General Provision of bad debts | 26(b) | | | 597,073 | 597,073 |
| Capital Reserve | 26(b) | | | 2,439,331 | 2,439,331 |
| 90% Remittance to The National Treasury for the Year | 23 | 0 | 0 | (3,219,282) | (3,219,282) |
| CA Staff Loan Scheme | 26(b) | | | (300,000) | (300,000) |
| At 30 June 2025 | | 741,965 | 16,016,322 | 13,993,274 | 30,751,561 |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

17. Statement of Cash Flows for the year ended 30 June 2025

| | Notes | Un-Audited FY 2024/25 KShs ('000) | Audited FY 2023/24 KShs ('000) |
|--|-----------|---|--------------------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| License Fees | | 14,831,648 | 12,382,993 |
| Interest income | | 1,464,335 | 1,468,370 |
| Rental Revenue | | 4,019 | 3,900 |
| Other Income | | 8,527 | 51,251 |
| Total receipts | | 16,308,529 | 13,906,514 |
| Payments | | | |
| Employee costs | | 1,852,466 | 1,564,296 |
| Remuneration of Directors & Advisory Council | | 66,485 | 51,052 |
| Repairs and maintenance | | 338,453 | 349,428 |
| Use of Goods and Contracted services | | 6,280,292 | 2,438,630 |
| Remittance to The National Treasury | | 4,330,700 | 9,037,147 |
| Related Party Transfers | | 1,649,351 | 0 |
| Total payments | | 14,517,747 | 13,440,553 |
| Net cash flows from/(used in) operating activities | 28 | 1,790,781 | 465,961 |
| Cash flows from investing activities | | | |
| Purchase of Property, Plant & Equipment (PPE) and Intangible assets | | (788,888) | (1,513,782) |
| Proceeds from sale of PPE | | 7,353 | 419 |
| Net cash flows from/(used in) investing activities | | (781,535) | (1,513,363) |
| Cash flows from financing activities | | | |
| Related Party collections | | 1,690,254 | 2,344,702 |
| Transfers to Communications Authority of Kenya Staff Loan Scheme (CSS) | | (300,000) | 0 |
| Net cash flows from/(used in) financing activities | | 1,390,254 | 2,344,702 |
| Net increase/(decrease) in cash & Cash equivalents | | | |
| Cash and cash equivalents at 1 July | 18 | 12,003,901 | 10,706,601 |
| Cash and cash equivalents at 30 June | 18 | 14,403,401 | 12,003,901 |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

| Description | Original Budget FY2024/25 Kshs (000) | Adjustments FY2024/25 Kshs (000) | Final Budget FY2024/25 Kshs (000) | Actual on Comparable Basis FY 2024/25 Kshs (000) | Utilization FY 2024/25 (%) |
|---|--|--|---|--|----------------------------------|
| Revenue | | | | | |
| License Fees | 12,377,648 | 0 | 12,377,648 | 12,275,932 | 99% |
| Finance Income | 610,360 | 0 | 610,360 | 1,464,335 | 240% |
| Other Income | 4,200 | 0 | 4,200 | 12,546 | 299% |
| Total Revenue | 12,992,209 | 0 | 12,992,209 | 13,752,813 | 106% |
| Operating Expenses | | | | | |
| Personnel emoluments | 1,652,035 | 384,399 | 2,036,434 | 1,895,527 | 93% |
| Remuneration of Directors & Advisory Council | 51,960 | 20,040 | 72,000 | 66,485 | 92% |
| Operating/Administrative expenses | 1,652,469 | 5,312,899 | 6,965,368 | 6,266,502 | 90% |
| Repairs & maintenance | 330,999 | 209,600 | 540,599 | 348,804 | 65% |
| Depreciation & Amortization Expenses | 702,000 | (12,000) | 690,000 | 560,911 | 81% |
| Total Operating Expenses | 4,389,463 | 5,914,938 | 10,304,401 | 9,138,229 | 89% |
| Surplus/(Deficit) from Operations | 8,602,745 | (5,914,938) | 2,687,807 | 4,614,584 | 17% |
| Other gain/losses | | | | | |
| Total Other gains/losses | 100,200 | 429,800 | 530,000 | (448,113) | -85% |
| Surplus / (Deficit) for the Period | 8,502,545 | (6,344,738) | 2,157,808 | 5,062,697 | 235% |
| Remittance to The National Treasury | 5,411,758 | (6,350,173) | (938,415) | (3,219,282) | 343% |
| Net Surplus | 3,090,787 | 5,435 | 3,096,222 | 8,281,979 | 267% |
| Capital Expenditure | | | | | |
| Total Capital Cost/Budget | 2,489,481 | 411,009 | 2,900,490 | 788,888 | 27% |
| Mortgage Fund | | 300,000 | 300,000 | 300,000 | 100% |
| Overall Expenditure Budget Realization | 2,489,481 | 711,009 | 3,200,490 | 1,088,888 | 34% |
| SURPLUS | 601,306 | | 601,306 | | 0% |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Budget notes

1. The changes between the original and final budget was due to budget revisions.
2. The variation in Board expenses is mainly due to the number of meetings and committee engagements during the year. Additional costs were incurred for strategic activities relating to the Authorities mandate.
3. The variation in repairs and maintenance costs is mainly attributed to scheduled servicing of aging infrastructure and equipment. Additional expenses were incurred for system upgrades to ensure operational continuity, with the underutilization attributed to delayed approval of the budget revisions by the National Treasury
4. Depreciation and amortization are accounting estimates dependent on the acquisition of assets, which was delayed due to budget approvals hence the low absorption.
5. Capital expenditure was below utilization due to delayed budget approvals and systems under implementation that were yet to achieve the milestone for payment.

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Budget Reconciliation

| Description | Amount in Kshs (000) |
|--|---------------------------------|
| Actual Surplus Amounts as per the statement of Budget | 4,614,583 |
| 1 Invoices to licensees | 5,321,949 |
| 2 Advance income | 52,215 |
| 3 Advance payment of surplus | 2,000,000 |
| 4 Work in Progress | 2,414,654 |
| Closing Cash and Cash Equivalent as per the statement of Cash flows | 14,403,401 |

19. Notes to the Financial Statements

1. General Information

Communications Authority of Kenya (CA) is established by and derives its authority and accountability from Kenya Information and Communications Act, 1998. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority is responsible for facilitating the development of the information and communications sectors including broadcasting, cybersecurity, multimedia, telecommunications, electronic commerce, postal and courier services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

| Standard | Effective date and impact: |
|--|---|
| IPSAS 43: Leases | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Authority.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The new standard has no impact on the Authority's financial statements.</p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The amendments will have an impact on the Authority's disclosures, but not on the measurement, recognition or presentation of any items in the Authority's financial statements.</p> |
| IPSAS 45: Property Plant and Equipment | <p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified</p> |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| Standard | Effective date and impact: |
|--|---|
| | <p>existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The amendments will have an impact on the Authority’s disclosures, but not on the measurement, recognition or presentation of any items in the Authority’s financial statements.</p> |
| <p>IPSAS 46: Measurement</p> | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The new standard has no impact on the Authority’s financial statements.</p> |
| <p>IPSAS 47: Revenue</p> | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The impact for the adoption of the new standards and interpretations on Authority are still being assessed.</p> |
| <p>IPSAS 48: Transfer Expenses</p> | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The impact for the adoption of the new standards and interpretations on Authority are still being assessed.</p> |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| Standard | Effective date and impact: |
|--|---|
| IPSAS 49: Retirement Benefit Plans | <p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The new standard has no impact on the Authority’s financial statements.</p> |
| IPSAS 50: Exploration For & Evaluation of Mineral Resources | <p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the Authority’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>The new standard has no impact on the Authority’s financial statements.</p> |

iii. Early adoption of standards

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

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for the current financial year was approved by the National Treasury on 24th 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. Accordingly, the Entity did not record any additional appropriations of on the 2025 budget.

The Authority'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

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under section 18 of these financial statements.

c) Taxes

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 Authority operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The PFM Regulations 2015 section 219 require National government entities referred to under regulation 211(3) and (4) to remit, ninety per centum (90%) of their surplus funds reported in the audited financial statements after the end of each financial year.

Sales tax

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

i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

ii) When receivables and payables are stated with the amount of sales tax included

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

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

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.

| Tangible Assets | Useful Life | Rate |
|---------------------------------|--------------------|-------------|
| ▪ Buildings and improvements | 40 years | 2.5% |
| ▪ Plant & machinery | 10 years | 10% |
| ▪ Radio equipment | 10 years | 10% |
| ▪ Telecommunications equipment | 10 years | 10% |
| ▪ Computers | 3 years | 33.3% |
| ▪ ICT Regulatory systems | 5 years | 20% |
| ▪ Motor vehicles | 5 years | 20% |
| ▪ Office furniture and fittings | 8 years | 12.5% |
| ▪ Office equipment | 5 years | 20% |

e) Leases

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

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. 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.

| Intangible Assets | Useful Life | Rate |
|-------------------------------|--------------------|-------------|
| ▪ ICT General Office Software | 3 years | 33.3% |
| ▪ ICT Regulatory software | 5 years | 20% |
| ▪ Telecommunications software | 10 years | 10% |
| ▪ Radio Monitoring software | 10 years | 10% |

g) 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 – The Authority has no biological assets.

h) Research and development costs

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Authority does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. 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

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

j) Financial assets

Classification of financial assets

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

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.

Fair value through surplus or deficit

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

Impairment

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

k) Financial liabilities

Classification

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

l) 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:

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

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

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

m) Provisions

Provisions are recognized when the Authority 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 Authority 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.

n) Social Benefits

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

o) Contingent liabilities

The Authority 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.

p) Contingent assets

The Authority 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.

q) Nature and purpose of reserves

The Authority creates and maintains reserves in line with its approved policies: a Revaluation Reserve arising from remeasurement of capital assets under the Asset Revaluation & Impairment Policy and Accumulated Surpluses/Deficits maintained under the Reserve & Distribution Policy.

r) 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.

s) Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees. 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.

t) Foreign currency transactions

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

u) 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.

v) Related parties

The Authority 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 Authority, or vice versa. The Government of Kenya is the principal shareholder of the Authority holding 100% of the Authority's equity interest.

w) Service concession arrangements

The Authority analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Authority 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 Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

x) Cash and cash equivalents

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

y) Comparative figures

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

z) Subsequent events

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

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 Authority'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 value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 15. 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. Assumptions were used in determining the provision for bad debtors based on long outstanding non-payment and various cancellations and revocation.

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Revenue From Non-Exchange Transactions

| 6. License Fee | Un-Audited | Audited |
|---|--------------------------|--------------------------|
| Description | FY 2024/25 | FY 2023/24 |
| | Kshs ('000) | Kshs ('000) |
| Annual Frequency License Fees | 10,071,177 | 9,590,444 |
| Multimedia License Fees | 87,295 | 100,778 |
| Postal-Courier Services Fees | 50,689 | 123,440 |
| Standard & Type Approval Fees | 3,550 | 3,818 |
| Cyber Security Fees | 15 | 10 |
| Telecommunications Services/(AoL) Fees | 2,063,206 | 1,736,388 |
| Total Revenue from Non-exchange Transactions | <u>12,275,932</u> | <u>11,554,879</u> |

This is income derived from regulating the communications sector in Kenya including broadcasting, multimedia, telecommunications, electronic commerce, postal and courier services

Revenue From Exchange Transactions

7. Finance Income

| Description | Un-Audited | Audited |
|---|-------------------------|-------------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs ('000) | Kshs ('000) |
| Interest income from bank deposits | 1,720,089 | 1,724,773 |
| Taxes | (255,755) | (256,403) |
| Total Revenue from exchange Transactions | <u>1,464,335</u> | <u>1,468,370</u> |

This is income derived from investments in term and call deposits interest and is computed using the effective interest method

8. Rental Revenue From Facilities

| Description | Un-Audited | Audited |
|----------------------------|---------------------|---------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs ('000) | Kshs ('000) |
| Rental Income | 4,019 | 3,900 |
| Total Rental Income | <u>4,019</u> | <u>3,900</u> |

The Authority's residential properties are owner occupied, and the rentals charged based on staff rates

9. Other Income

| Description | Un-Audited | Audited |
|---------------------------|---------------------|----------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs ('000) | Kshs ('000) |
| Sale of tender documents | 6 | 2 |
| Penalties | 0 | 51,224 |
| Other Income | 8,521 | 25 |
| Total Other Income | <u>8,527</u> | <u>51,251</u> |

This refers to other unclassified income and penalties charged on contraventions of licence conditions

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

10. Employee Cost

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|---|---|--------------------------------------|
| Employee related costs - salaries and wages | 1,476,775 | 1,230,481 |
| Contribution to pensions | 130,484 | 103,756 |
| Travel and other allowances | 137,645 | 119,599 |
| Housing benefits and allowances | 150,623 | 129,556 |
| Total Employee Costs | <u>1,895,527</u> | <u>1,583,392</u> |

The variation in employee costs is primarily due to the filling of previously vacant positions. Additional expenses were incurred from staff promotions and increased employer contributions to statutory schemes also contributed to the overall rise.

11. Directors & Advisory Council Expenses

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|---|---|--------------------------------------|
| Sitting allowance | 12,880 | 16,440 |
| Monthly fees | 960 | 960 |
| Telephone allowance | 4,060 | 4,246 |
| Traveling Expenses | 23,022 | 27,831 |
| Board Welfare | 660 | 250 |
| Training-Directors | 2,232 | 1,326 |
| Universal Service Advisory Council Expenses | 22,672 | 0 |
| Total Director emoluments | <u>66,485</u> | <u>54,664</u> |

The variation in Board expenses is mainly due to the number of meetings and committee engagements during the year. Additional costs were incurred for strategic activities relating to the Authorities mandate.

12. Depreciation and Amortization Expense

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|--|---|--------------------------------------|
| Depreciation & Amortization for the year | 560,911 | 493,348 |
| Total Depreciation and Amortization Expense | <u>560,911</u> | <u>493,348</u> |

13. Repairs and Maintenance

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|--------------------------------------|---|--------------------------------------|
| Property | 36,095 | 34,159 |
| Regulatory Equipment Repairs | 292,942 | 308,078 |
| Motor Vehicles | 19,767 | 22,688 |
| Total Repairs and Maintenance | <u>348,804</u> | <u>364,926</u> |

The variation in repairs and maintenance costs is mainly attributed to scheduled servicing of aging infrastructure and equipment. Additional expenses were incurred for system upgrades to ensure operational continuity.

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

14 a). Use of Goods and Services

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|--|---|--------------------------------------|
| Enforcement & Compliance | 134,237 | 180,407 |
| Training Expenses | 105,010 | 149,981 |
| Research, Innovation & Knowledge Management | 15,161 | 12,401 |
| Medical Expenses | 105,541 | 106,974 |
| Corporate Affairs & Hospitality | 5,462 | 13,192 |
| Corporate Affairs & Information Services | 149,728 | 301,464 |
| Stakeholders Education & Engagements | 103,760 | 148,046 |
| Consumer Affairs, Protection | 20,334 | 47,546 |
| Advertising & Publicity | 65,799 | 87,623 |
| Exhibitions | 13,101 | 50,642 |
| Utilities, Supplies & Services | 61,738 | 65,215 |
| Communications & Services | 15,993 | 25,302 |
| Rental Expenses | 33,715 | 26,421 |
| Performance And Quality Management Systems | 25,401 | 58,652 |
| Finance Costs | 1,906 | 2,844 |
| Insurance Expenses | 26,976 | 34,042 |
| Printing And Stationery | 9,313 | 7,919 |
| Periodicals And Publications | 1,130 | 8,465 |
| Staff Welfare | 91,729 | 114,296 |
| Transport Expense | 34,526 | 42,743 |
| Subscriptions To Affiliated Bodies | 147,137 | 138,196 |
| Corporate Social Responsibility | 24,928 | 42,159 |
| National Communications Secretariat | 152,000 | 152,000 |
| Communications & Multimedia Appeals Tribunal | 8,000 | 0 |
| Sporting Activities | 12,959 | 17,664 |
| Fund Administration Expenses | 14,107 | 28,195 |
| Land Rent & Rates | 2,554 | 2,023 |
| Universal Service Advisory Council Expenses | 0 | 12,602 |
| Total Use of Goods and Services | <u>1,382,244</u> | <u>1,877,014</u> |

The variation in the use of goods and services is mainly due to Treasury budget rationalization measures undertaken during the year. Management implemented mitigation measures and optimized resources.

14 b). Contracted Services

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|------------------------------------|---|--------------------------------------|
| Software Renewals & Connectivity | 141,730 | 153,643 |
| ICT Policy & Regulatory Frameworks | 105,633 | 233,814 |
| Financial Audit & Compliance Fees | 9,791 | 13,168 |
| Legal Fees | 49,880 | 47,194 |
| Security Services | 61,940 | 66,687 |
| House Keeping | 15,284 | 14,134 |
| Total Contracted Services | <u>384,257</u> | <u>528,640</u> |
| The National Treasury | 4,500,000 | 0 |
| | <u>6,266,502</u> | <u>2,393,052</u> |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

15. Provision of bad and doubtful debts

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|--|---|--------------------------------------|
| Bad & Doubtful Debts at the beginning of the year | 7,183,051 | 5,764,958 |
| Additional impairment for General Provision Allowance | 5,013 | 498,256 |
| Additional impairment for Specific Provision Allowance | 525,528 | 919,837 |
| Reversal of General Provision of Bad debts | (597,073) | 0 |
| Total Provision of bad and doubtful debts | <u>7,116,519</u> | <u>7,183,051</u> |

The Bad Debts Provision is as per the Policy (1Year - 25%, 1-2 Years - 50% & 2-3 Year - 100%). The specific provision relates to a Licensee's outstanding fees that Management is pursuing. The opening balance was adjusted to give the correct position as at 1st July 2024

16. Gain on sale of assets

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|--------------------------------------|---|--------------------------------------|
| Proceeds from Disposal | 7,353 | 419 |
| Acc. Depreciation on Disposed Assets | 8,260 | 346 |
| Cost of the Disposed Assets | (8,260) | (377) |
| Total Gain/(Loss) on Disposal | <u>7,353</u> | <u>388</u> |

This refers to disposal of boarded items where the proceeds from the disposals exceeded the net book value of the assets, resulting in a positive variance. The disposals were part of routine asset rationalization to enhance operational efficiency.

17. Gain on foreign exchange transactions

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|--|---|--------------------------------------|
| Gain/(Loss) on foreign Exchange | 75,075 | 10,841 |
| Total Gain on foreign exchange transactions | <u>75,075</u> | <u>10,841</u> |

The foreign exchange gain arose from the revaluation of foreign currency-denominated bank balances and transactions. Favorable exchange rate movements during the period resulted in a positive variance. This gain reflects unrealized and realized differences.

18. Cash and Cash Equivalents

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|-----------------|---|--------------------------------------|
| Current Account | 14,403,401 | 12,003,901 |
| Total | <u>14,403,401</u> | <u>12,003,901</u> |

The variation is mainly attributed to timing differences in disbursements and receipts, as well as prudent cash flow management. These funds remain available to support ongoing operations and short-term obligations.

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

18 (b) Detailed Analysis - Current Accounts

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|--|---|--|
| Kenya Commercial Bank (A/c Number 1106738608) - KES | 10,494,139 | 9,853,587 |
| Citibank N.A. (A/c Number 300042015)-KES | 69,161 | 43,653 |
| Citibank N.A. (A/c Number 300042007)-USD | 1,700,751 | 1,168,460 |
| Co-operative Bank of Kenya (A/c Number 01136151735800) | 784,377 | 701,099 |
| Equity Bank of Kenya (A/c Number 0010283899518) | 1,149,926 | 235,807 |
| Kenya Commercial Bank - (A/c Number 1322988412) - USD | 1,330 | 1,294 |
| Sidian Bank - KES (A/c Number 01054710004623) | 203,717 | 0 |
| Total | <u>14,403,401</u> | <u>12,003,901</u> |

18 (c) Detailed Analysis - Current Accounts & Deposits

| Financial Institution and Account Number | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|---|---|--|
| Kenya Commercial Bank (A/c Number 1106738608) - KES | | |
| Current Account | 10,494,139 | 9,853,587 |
| Short term deposits | 0 | 0 |
| Sub-Total | <u>10,494,139</u> | <u>9,853,587</u> |
| Citibank N.A. (A/c Number 300042015)-KES | | |
| Current Account | 69,161 | 43,653 |
| Treasury Bills | 0 | 0 |
| Short term deposits | 0 | 0 |
| Sub-Total | <u>69,161</u> | <u>43,653</u> |
| Citibank N.A. (A/c Number 300042007)-USD | | |
| Current Account | 1,700,751 | 1,168,460 |
| Short term deposits | 0 | 0 |
| Sub-Total | <u>1,700,751</u> | <u>1,168,460</u> |
| Co-operative Bank of Kenya (A/c Number 01136151735800) - KES | | |
| Current Account | 784,377 | 701,099 |
| Short term deposits | 0 | 0 |
| Sub-Total | <u>784,377</u> | <u>701,099</u> |
| Equity Bank of Kenya (A/c Number 0010283899518) | | |
| Current Account | 1,149,926 | 235,807 |
| Short term deposits | 0 | 0 |
| Sub-Total | <u>1,149,926</u> | <u>235,807</u> |
| Petty Cash | | |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| | | |
|--|-----------------------|---------------------|
| Petty Cash - KES | 0 | 0 |
| Petty Cash - USD | 0 | 0 |
| Sub-Total | <u>0</u> | <u>0</u> |
| E-Citizen | - | |
| E-Citizen Collection A/c - KES | 0 | 0 |
| E-Citizen Collection A/c - USD | | 0 |
| Sub-Total | <u>0</u> | <u>0</u> |
| Kenya Commercial Bank - USD (A/c Number 1322988412) | | |
| Current Account - USD | 1,330 | 1,294 |
| Short term deposits | 0 | 0 |
| Sub-Total | <u>1,330</u> | <u>1,294</u> |
| Sidian Bank - KES (A/c Number 01054710004623) | | |
| Current Account - KES | 203,717 | 0 |
| Short term deposits | 0 | 0 |
| Sub-Total | <u>203,717</u> | <u>0</u> |

19. Receivables from non-exchange transactions

| Description | Un- Audited | Audited |
|--|-----------------------|-----------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs (‘000) | Kshs (‘000) |
| Licensee fee receivables | 7,406,632 | 7,470,474 |
| Accumulated Provision for bad and doubtful debts | -7,116,519 | -7,183,051 |
| Total | <u>290,113</u> | <u>287,423</u> |

The variation is mainly due to timing differences in recognition and settlement of these receivables. Management continues to monitor and follow up on outstanding balances to ensure timely collection

19. (b) Ageing Analysis for Receivables from non-exchange transactions

| Description | Un- Audited | Audited |
|--------------------|-------------------------|-------------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs (000) | Kshs (000) |
| Less than 1 year | 866,576 | 1,247,569 |
| Between 1- 2 years | 1,073,962 | 1,157,923 |
| Over 2 years | 5,466,095 | 5,064,981 |
| Total | <u>7,406,632</u> | <u>7,470,474</u> |

20. (a) Receivables from exchange transactions

| Description | Un- Audited | Audited |
|------------------------------|----------------------|-----------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs (‘000) | Kshs (‘000) |
| Universal Service Fund (USF) | 51,796 | 124,897 |
| CA Staff Loan Scheme (CSS) | 245 | 0 |
| Total | <u>52,041</u> | <u>124,897</u> |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

20. (b) Ageing Analysis for Receivables from exchange transactions

| Description | Un- Audited | Audited |
|--------------------|----------------|----------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs (000) | Kshs (000) |
| Less than 1 year | 51,519 | 123,648 |
| Between 1- 2 years | 522 | 1,249 |
| Total | 52,041 | 124,897 |

20. (c) Receivables from exchange transactions

| Description | Un-Audited | Audited |
|--------------------|----------------|----------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs ('000) | Kshs ('000) |
| Deposits | 13,604 | 13,599 |
| Loans and Advances | 615,282 | 689,252 |
| Total | 628,886 | 702,850 |

20. (d) Ageing Analysis for Receivables from exchange transactions

| Description | Un-Audited | Audited |
|--------------------|----------------|----------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs (000) | Kshs (000) |
| Less than 1 year | 0 | 0 |
| Between 1- 2 years | 0 | 0 |
| Over 2 years | 628,886 | 702,850 |
| Total | 628,886 | 702,850 |

The Authority extends loan facilities to all staff including the key management staff. The advances are at preferential rates of interest determined by the Authority. The inhouse scheme was closed in the year 2022.

21. Property Plant & Equipment

| Description | Un-Audited | Audited |
|-----------------------------------|--------------------------|--------------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs ('000) | Kshs ('000) |
| Property Plant & Equipment - Cost | 20,152,280 | 20,451,958 |
| Accumulated depreciation | (2,292,687) | (1,896,314) |
| Property Plant & Equipment - WIP | 2,663,849 | 1,737,448 |
| Total | <u>20,523,442</u> | <u>20,293,092</u> |

Land and buildings/ Equipment were valued were revalued by Syagga & Associates professional valuers. These amounts were adopted by the Board on July 1st, 2018.

22. (b) Intangible Assets - Software

| Description | Un-Audited | Audited |
|----------------------------|-----------------------|-----------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs ('000) | Kshs ('000) |
| Intangible software - Cost | 1,688,057 | 1,534,335 |
| Accumulated amortization | (1,228,127) | (1,068,812) |
| Intangible software - WIP | 155,402 | 155,402 |
| Total | <u>615,332</u> | <u>620,925</u> |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Work in progress (WIP) in previous financial year relates to Supply, Installation and Commissioning of a Device Management System (DMS) & License Management System (LMS) for managing the licensing process.

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

21(a) Property, Plant and Equipment

| | Freehold Land Kshs'000 | Buildings and Civil Works Kshs'000 | Plant and Machinery Kshs'000 | Motor Vehicles Kshs'000 | Computers & Related Equipment Kshs'000 | Equipment, Furniture Fittings Kshs'000 | Capital Work In Progress Kshs'000 | Total Kshs'000 |
|--|----------------------------------|---|---|-----------------------------------|---|---|--|-----------------------|
| At 1 July 2023 | 15,957,281 | 1,004,936 | 140,257 | 206,826 | 396,493 | 1,959,447 | 1,163,924 | 20,829,163 |
| Assets Retirement | | | | - | (283) | (63) | | (346) |
| Additions | - | - | - | 38,933 | 85,626 | 257,562 | 978,122 | 1,360,243 |
| At 30 June 2024 | 15,957,281 | 1,004,936 | 140,257 | 245,759 | 481,836 | 2,216,946 | 2,142,046 | 22,189,058 |
| At 1 July 2024 | 15,957,281 | 1,004,936 | 140,257 | 245,759 | 481,836 | 2,216,946 | 2,142,046 | 22,189,058 |
| Assets Retirement | | | | - | | - | | - |
| Additions | - | - | - | - | 11,359 | 102,166 | 521,803 | 635,329 |
| Disposals | | | - | (8,097) | | (163) | - | (8,260) |
| At 30 June 2025 | 15,957,281 | 1,004,936 | 140,257 | 237,662 | 493,195 | 2,318,949 | 2,663,849 | 22,816,129 |
| Depreciation and Impairment | | | | | | | | |
| At 1 July 2023 | | 125,602 | 42,872 | 149,551 | 299,046 | 924,148 | | 1,541,219 |
| Depreciation | - | 25,123 | 10,973 | 16,400 | 58,195 | 244,704 | | 355,395 |
| Impairment | | | | | (283) | (33) | | (316) |
| Disposals | | | | | | | | |
| At 30 June 2024 | - | 150,725 | 53,845 | 165,951 | 356,958 | 1,168,819 | - | 1,896,298 |
| At 1 July 2024 | - | 150,725 | 53,845 | 165,951 | 356,958 | 1,168,819 | - | 1,896,298 |
| Assets Retirement | | | | | | | | - |
| Depreciation | - | 25,123 | 14,025 | 23,538 | 67,481 | 274,481 | | 404,648 |
| Disposals | | | | (8,097) | | (162) | | (8,259) |
| At 30 June 2025 | - | 175,848 | 67,870 | 181,392 | 424,439 | 1,443,138 | - | 2,292,687 |
| Net Book Values | | | | | | | | |
| At 30 June 2025 | 15,957,281 | 829,088 | 72,387 | 56,270 | 68,756 | 875,811 | 2,663,849 | 20,523,442 |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

22 (b) Intangible Assets - Software

| | Un-Audited FY 2024/25 Kshs (000) | Un-Audited FY 2023/24 Kshs (000) |
|--|--|--|
| Intangible Assets at Cost | | |
| Cost: | | |
| At the beginning of the year | 1,534,336 | 1,380,797 |
| Additions | 153,722 | 153,539 |
| At the end of the year | 1,688,058 | 1,534,336 |
| Works In Progress: | | |
| At the beginning of the year | 155,402 | 155,402 |
| At the end of the year | 155,402 | 155,402 |
| Total Intangible at the end of the year | 1,843,459 | 1,689,738 |
| Amortization and Impairment: | | |
| At the beginning of the year | 1,068,812 | 931,054 |
| Asset Retirement | | |
| Amortization for the year | 159,316 | 137,758 |
| Amortization at the end of the year | 1,228,127 | 1,068,812 |
| Net Book Values at end of the Year | 615,332 | 620,926 |

23. Remittance to The National Treasury

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|---|---|--------------------------------------|
| Surplus for the Current Financial Year | 4,166,470 | 6,773,164 |
| 90% on Surplus Due to The National Treasury - Current yr | 3,749,823 | 6,095,847 |
| Unrealized losses (Provision of Bad Debts) | (530,541) | (10,841) |
| Adjusted Surplus due to The National Treasury - Current Year | 3,219,282 | 6,085,006 |
| 90% Surplus Due for Past Year B/Fwd | 3,085,006 | 3,692,446 |
| Paid during the year for Past Year | (3,085,007) | (3,692,446) |
| Advance Remittance to The National Treasury - Current year | (2,000,000) | (3,000,000) |
| Total | 1,219,282 | 3,085,006 |

In line with Regulation 219(2) of the Public Financial Management Act Regulations, 2015, regulatory entities must remit 90% of their audited surplus funds to the Consolidated Fund each year. The Authority withholds increases in cumulative unrealized or non-cash losses and add back any subsequent decreases to the remittance.

24. (a) Trade and Other Payables

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|------------------------------|---|--------------------------------------|
| Trade payables | 2,804,826 | 864,087 |
| Universal Service Fund (USF) | 43,922 | 74,939 |
| CA Staff Loan Scheme (CSS) | 245 | 0 |
| The National Treasury | 1,596,852 | 2,863,001 |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| | | |
|------------------------------------|-------------------------|-------------------------|
| Statutory Audit expenses provision | 1,491 | 1,491 |
| Employee Remittances | 42,816 | 19,096 |
| Total | <u>4,490,151</u> | <u>3,822,614</u> |

24. (b) Ageing Analysis Trade and Other Payables

| Description | Un-Audited | Audited |
|--------------------|-------------------------|-------------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs (000) | Kshs (000) |
| Less than 1 year | 4,467,700 | 3,811,146 |
| Between 1- 2 years | 13,470 | 7,645 |
| Over 2 years | 8,980 | 3,823 |
| Total | <u>4,490,151</u> | <u>3,822,614</u> |

25. Payments received in advance

| Description | Un-Audited | Audited |
|------------------------------|----------------------|----------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs ('000) | Kshs ('000) |
| Payments received in advance | 52,215 | 57,501 |
| Total | <u>52,215</u> | <u>57,501</u> |

Payments received in advance relate income that will be recognized in the subsequent financial period when the license obligations associated with the advance payments are completed by the Licensees.

26(a). Owners Equity

| Description | Un-Audited | Audited |
|----------------|-----------------------|-----------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs ('000) | Kshs ('000) |
| Owner's Equity | 741,965 | 741,965 |
| Total | <u>741,965</u> | <u>741,965</u> |

26(b). Accumulated Surplus

| Description | Un-Audited | Audited |
|---|--------------------------|--------------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs ('000) | Kshs ('000) |
| Accumulated surplus B/fwd | 10,309,682 | 7,299,558 |
| Surplus for the Period | 4,166,470 | 6,773,164 |
| CA Staff Loan Scheme funding | (300,000) | 0 |
| Reversal of General Provision of Bad Debts | 597,073 | 0 |
| Capital Reserve | 2,439,331 | 2,321,967 |
| 90% on Surplus to The National Treasury (Note 23) | (3,219,282) | (6,085,006) |
| Total | <u>13,993,274</u> | <u>10,309,682</u> |

27. Revaluation Surplus

| Description | Un-Audited | Audited |
|--------------------------|--------------------------|--------------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs ('000) | Kshs ('000) |
| New value of Assets | 19,364,357 | 19,364,357 |
| Original value of Assets | (3,348,035) | (3,348,035) |
| Total | <u>16,016,322</u> | <u>16,016,322</u> |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

The revaluation surplus arose from the revaluation of land, buildings, and equipment conducted by Syagga & Associates, professional valuers. The updated asset values were formally adopted by the Board on July 1st, 2018.

28. Cash Generated from Operations

| | Un-Audited FY 2024/25 Kshs | Audited FY 2023/24 Kshs |
|---|---|--|
| Surplus before remittances | 4,166,470 | 6,773,164 |
| Adjustments: | | |
| Depreciation of property, plant & equipment | 560,911 | 493,348 |
| Loss/ (Gain) on sale of assets | (7,353) | (388) |
| General Bad Debts Provision Allowance | 5,013 | 498,256 |
| Specific Bad Debts Provision Allowance | 525,528 | 919,837 |
| Retained earning adjustments | (1,822) | 344,625 |
| Foreign Exchange Gain/ (Loss) | 0 | (10,841) |
| Sub-Total | 1,082,277 | 2,244,837 |
| b) Changes in Working Capital adjustments | | |
| Increase/Decrease in Receivables from Non-Exchange Transactions | 63,842 | 111,060 |
| Increase/Decrease in Receivables from Exchange Transactions | 146,642 | (11,316) |
| Increase/Decrease in Trade & Other Payables | 667,537 | 402,293 |
| Increase/Decrease in Advance Income | (5,286) | (16,929) |
| Sub-Total Working capital adjustments | 872,734 | 485,108 |
| Operating cashflow before Remittance to Treasury | 6,121,482 | 9,503,109 |
| Remittance to National Treasury | (4,330,700) | (9,037,147) |
| Net cash flows from operating activities | <u>1,790,782</u> | <u>465,961</u> |

29. Financial Risk Management

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority'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 Authority 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 Authority's financial risk management objectives and policies are detailed below:

i) Credit risk

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

29. (i) Credit Risk Management

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|--|---|--------------------------------------|
| Receivables from non-exchange transactions | 290,113 | 287,423 |
| Receivables from exchange transactions | 681,111 | 827,747 |
| Total | <u>971,224</u> | <u>1,115,170</u> |

Financial Risk Management

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

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

29. (ii) Financial Risk Management

| Description | Total Amount Kshs (000) | Fully Performing Kshs (000) | Past Due Kshs (000) |
|--|----------------------------|-----------------------------------|------------------------|
| At 30 June 2025 | | | |
| Receivables from non-exchange transactions | 290,113 | 29,011 | 261,102 |
| Receivables from exchange transactions | 681,111 | 681,111 | 0 |
| Cash and cash equivalents | 14,403,401 | 14,403,401 | 0 |
| Total | 15,374,625 | 15,113,523 | 261,102 |
| At 30 June 2024 | | | |
| Receivables from non-exchange transactions | 287,423 | 28,742 | 258,681 |
| Receivables from exchange transactions | 827,747 | 827,747 | 0 |
| Cash and cash equivalents | 12,003,901 | 12,003,901 | 0 |
| Total | 13,119,071 | 12,860,390 | 258,681 |

The licencees 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 Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Authority has significant concentration of credit risk on amounts due from Public Sector related entities. The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Authority 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.

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

29 (iii) Liquidity Risk Management

| Description | Total Amount | Less than 1 Month | Between 1-3 Months | Over 6 Months |
|-----------------------------------|------------------|----------------------|-----------------------|------------------|
| | Kshs (000) | Kshs (000) | Kshs (000) | Kshs (000) |
| At 30 June 2025 | | | | |
| Surplus Remittance | 1,219,282 | 1,219,282 | 0 | 0 |
| Trade payables and other payables | 4,490,151 | 4,265,644 | 134,705 | 89,803 |
| Payments received in advance | 52,215 | 47,516 | 2,089 | 2,611 |
| Total | 5,761,648 | 5,532,441 | 136,793 | 92,414 |
| At 30 June 2024 | | | | |
| Surplus Remittance | 3,085,006 | 3,085,006 | 0 | 0 |
| Trade payables and other payables | 3,822,614 | 3,631,483 | 114,678 | 76,452 |
| Payments received in advance | 57,501 | 52,326 | 2,300 | 2,875 |
| Total | 6,965,121 | 6,768,816 | 116,978 | 79,327 |

iii) Market risk

The *Authority* has put in place an internal audit function to assist it in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority'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 Authority'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 the Authority's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The *Authority* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Authority* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

The effect on the Authority'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.

29 (iv) Foreign Exchange Risk

| Description | Un-Audited | Audited |
|--|-----------------------|-----------------------|
| | FY 2024/25 | FY 2023/24 |
| | USD (000) | USD (000) |
| Current Account Balance - Citibank USD | 13,083 | 8,988 |
| Current Account Balance - KCB USD | 10 | 10 |
| Total | <u>13,093</u> | <u>8,998</u> |
| Effect in change in currency rate by 10% on Surplus before remittance to Treasury in (Kshs.) | <u>170,208</u> | <u>116,975</u> |

The conversion rate at the close of financial year 1 US Dollar = Kshs. 130
The opening balance was adjusted to give the correct position as at 1st July 2024

iv) Capital Risk Management

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

| Description | Un-Audited | Audited |
|--|--------------------------|--------------------------|
| | FY 2024/25 | FY 2023/24 |
| | Kshs ('000) | Kshs ('000) |
| Capital reserve | 741,965 | 741,965 |
| Retained earnings | 13,993,274 | 10,309,682 |
| Revaluation Reserve | 16,016,322 | 16,016,322 |
| Total funds | <u>30,751,561</u> | <u>27,067,969</u> |
| Total borrowings | 0 | 0 |
| Less: Cash and bank balances | 14,403,401 | 12,003,901 |
| Net debt/(excess cash and cash equivalents) | <u>14,403,401</u> | <u>12,003,901</u> |
| Gearing | <u>0.5</u> | <u>0.4</u> |

30. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Authority* 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.

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Government of Kenya

The Government of Kenya is the principal shareholder of the *Authority*, holding 100% of the *Authority's* equity interest.

Other related parties include:

- i) The Ministry of Information Communication and the Digital Economy (MOIDE).
- ii) Key management.
- iii) Board of directors & Advisory Council

30. Related Party Transactions

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|--|---|--------------------------------------|
| Transactions with related parties | | |
| a) Key management compensation | | |
| Directors' emoluments | 12,880 | 51,052 |
| Compensation to the CEO | 18,507 | 13,385 |
| Compensation to key management | 114,601 | 100,010 |
| Loans to CEO and key Management | 26,326 | 75,474 |
| Sub-Total | 172,314 | 239,922 |
| b) Other Entities | | |
| Due to Universal Service Fund | 43,922 | 74,939 |
| Due to CA Staff Loan Scheme | 245 | 0 |
| The National Treasury | 1,596,852 | 2,863,001 |
| Receivable from Universal Service Fund | 51,980 | 124,897 |
| Total | 1,692,999 | 3,062,837 |

31. Capital Commitments

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|-------------------------------|---|--------------------------------------|
| Authorised and contracted for | 247,442 | 0 |
| Total | 247,442 | 0 |

These are the material commitments for Works in Progress at the end of the year that are disclosed in the notes for budget execution and financial planning to help compare actual vs. budgeted performance

32. Owner's Equity

| Description | Un-Audited FY 2024/25 Kshs ('000) | Audited FY 2023/24 Kshs ('000) |
|--------------------------|---|--------------------------------------|
| Surplus | 4,166,470 | 6,773,164 |
| Remittance surplus (90%) | (3,219,282) | (6,085,006) |
| Net Surplus | 947,188 | 688,157 |

Notes to the Financial Statements (Continued)

33. Events after the Reporting Period

Subsequent to the reporting date June 30th, 2025, a new Chairperson **Mr. Charles Karondo** was appointed for a three-year term commencing on August 8th, 2025, while the appointment of **Dr. Musangi J. Mutua** was revoked. This is a non-adjusting event under IPSAS 14 and does not affect the amounts recognized for the year ended June 30th, 2025.

34. Ultimate And Holding Authority

The Authority is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Information Communication and the Digital Economy (MOIDE). Its ultimate parent is the Government of Kenya.

35. Currency

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

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

20. Appendices

Appendix 1: Implementation Status of Auditor-General’s Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|--|-----------------------------------|--|
| 1.1 | <p>Overstatement of The Value of Freehold Land (CA HQ Nairobi)</p> <p>The property plant and equipment balance include free hold land of Kshs 15,957,281,000 as contained in the valuation report of 30 June 2018. The Authority’s headquarters in Nairobi has a title number of L.R. 4393/19 with size measuring 5.592 hectares. Review of documents revealed that the National Government compulsorily acquired 0.8042 hectares of the Authority’s land in Nairobi to facilitate the expansion of the James Gichuru –Rironi road with a private valuer contracted by the Authority reported the values of the parcels of land and the property as Kshs 642,515,220. The remaining parcel of land which should go through vesting and acquiring of a new title deed is 4.7878 hectares. However, the Management has not adjusted the reported balances to reflect the acquisition of parcel of land that was compulsorily acquired. Further, the Authority has not followed up on a vesting order for changes in the title documents.</p> | <p>Following the dissolution of the defunct Kenya Post and Telecommunications Corporation (KPTC) in 1998, its assets and liabilities were apportioned among three successor entities being the Communications Commission of Kenya (now the Communications Authority of Kenya), the Postal Corporation of Kenya, and Telkom Kenya Limited pursuant to Legal Notice Nos. 155, 156, and 157 issued as a special supplement on 5th November 1999. Under the said Legal Notice, several parcels of land situated in Westlands were vested in the Authority. These include L.R. No. 4393/16/2, 4393/15/1, 4393/15/2, 4951, 9233, 4393/5, 4393/6, and 209/5883/2. Attached as Annex 1 is an excerpt of the Legal Notice.</p> <p>L.R. No. 4393/16/2, measures approximately 13.82 acres and houses the Authority’s headquarters. The Authority has no title deed for the property and has sought for assistance from National Land Commission (NLC).</p> <p>The other parcels namely L.R. Nos. 4393/15/2, 4951, 9233, 4393/5, 4393/6, and 209/5883/2 were amalgamated in 2010, resulting in the creation of L.R. No. 28644.</p> <p>L.R. No. 28644 measures approximately 30.91 acres and is currently the site of the AFRALTI headquarters, as Kenya was designated the host nation for AFRALTI. A lease for this parcel was granted to the Authority for 78 years effective 1st June 1948, and is set to expire on 31st May 2026. The Authority has already initiated the process for the renewal of the lease. In line with the Government’s land registration reform, which aims to standardize property identification under the Nairobi/Block/XXX format,</p> | Not resolved | June 2026 |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| 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) | | | | | | | | | | | | | | | |
|--|-----------------------------------|---|-----------------------------------|--|--------------------------|--------------------|--------------------|--------------|---------------------------------------|--------------|--------------|---------------|--------------|--------------|-------|--------------|--------------|--|--|
| | | <p>L.R. No. 28644 has been transitioned to Nairobi/Block 1/111, and L.R. No. 4393/16/2 has been transitioned to Nairobi/Block 1/2.</p> <p>In February 2016, through Gazette Notice No. 810 dated 12th February 2016 (attached as Annex 2), NLC notified the Authority of the Government's intention to compulsorily acquire portions of the Authority's land, specifically L.R. Nos. 4393/16/2, 4393/18 (an amalgamation of 4393/15/1 and 4393/15/2), and 4951, for the construction of the A104 James Gichuru Junction–Rironi Junction Road project. An addendum Gazette Notice No. 2532, issued on 16th March 2018 (Annex 3), revised the acreages to be acquired.</p> <p>The updated acreages were as follows: 0.5550 acres of L.R. No. 4393/16/2 (up from 0.4265), 0.2492 acres of L.R. No. 4393/18 (up from 0.2209), and 0.3189 acres of L.R. No. 4951 (up from 0.2334), bringing the total acquired area to 1.1231 acres, as summarised in table 1 below.</p> <p>Table 1: Revision of the acreage to be compulsary acquired</p> <table border="1" data-bbox="1059 906 1807 1150"> <thead> <tr> <th>Parcle</th> <th>Acreage gazetted in 2016</th> <th>Acreage gazetted in 2018</th> </tr> </thead> <tbody> <tr> <td>L.R. No. 4393/16/2</td> <td>L.R. No. 4393/16/2</td> <td>0.5550 acres</td> </tr> <tr> <td>L.R. No. 4393/18 (former 15/1 & 15/2)</td> <td>0.2209 acres</td> <td>0.2492 acres</td> </tr> <tr> <td>L.R. No. 4951</td> <td>0.2334 acres</td> <td>0.3189 acres</td> </tr> <tr> <td>Total</td> <td>0.8808 acres</td> <td>1.1231 acres</td> </tr> </tbody> </table> <p>During a meeting held with KeNHA officials on July 21st 2025, it emerged that additional portions of the Authority's land may have been affected during the road project's construction. Consequently, the Authority has requested the National Land Commission to undertake a detailed survey and remeasurement of the remaining land, and to facilitate</p> | Parcle | Acreage gazetted in 2016 | Acreage gazetted in 2018 | L.R. No. 4393/16/2 | L.R. No. 4393/16/2 | 0.5550 acres | L.R. No. 4393/18 (former 15/1 & 15/2) | 0.2209 acres | 0.2492 acres | L.R. No. 4951 | 0.2334 acres | 0.3189 acres | Total | 0.8808 acres | 1.1231 acres | | |
| Parcle | Acreage gazetted in 2016 | Acreage gazetted in 2018 | | | | | | | | | | | | | | | | | |
| L.R. No. 4393/16/2 | L.R. No. 4393/16/2 | 0.5550 acres | | | | | | | | | | | | | | | | | |
| L.R. No. 4393/18 (former 15/1 & 15/2) | 0.2209 acres | 0.2492 acres | | | | | | | | | | | | | | | | | |
| L.R. No. 4951 | 0.2334 acres | 0.3189 acres | | | | | | | | | | | | | | | | | |
| Total | 0.8808 acres | 1.1231 acres | | | | | | | | | | | | | | | | | |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| 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) |
|--|--|---|-----------------------------------|--|
| | | <p>the rectification and issuance of fresh titles that reflect the post-acquisition boundaries (Attached as Annex 4 is a letter to NLC dated July, 28th 2025)</p> <p>In summary;</p> <ul style="list-style-type: none"> i. the Authority’s headquarters is situated on Nairobi/Block 1/2 (formerly L.R. No. 4393/16/2), which measures 13.82 acres. ii. The AFRALTI site is located on Nairobi/Block 1/111 (formerly L.R. No. 28644), measures 30.91 acres, and is held under a lease that is due for renewal. <p>Lastly, the Authority continues to liaise with the National Land Commission to regularize land records affected by the A104 road project through survey, remeasurement, and issuance of updated titles.</p> | | |
| 1.2 | <p>The valuation report received on 30 June 2018 includes a monitoring station in Garissa County with property development which includes two security houses and an old equipment house. However, the land where these developments sit is unregistered and therefore no evidence to confirm that the land is owned by the Authority.</p> <p>Further, because of the land being unregistered no valuation was attached to the land leading understatement of the land balance in the property, plant and equipment balance.</p> | <p>In 1976, the Kenya Posts and Telecommunications Corporation (KPTC) set up the “Modika Radio Monitoring Station” in Garissa. The station was thereafter vested upon the Communications Commission of Kenya (CCK), and subsequently Authority upon its establishment as a regulator during the sector liberalization in 1999, which saw KPTC split into three entities including the CCK – the Authority’s predecessor.</p> <p>Since 2014, the Authority has engaged in discussions with the Garissa County Council (defunct) and later the current Garissa County Government regarding its acquisition. The discussions have been ongoing</p> | Not resolved | June 2026 |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| 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) |
|--|--|---|-----------------------------------|--|
| | | <p>since then as evidenced by the Minutes</p> <p>The Authority has engaged the National Land Commission (NLC) to assist with the acquisition of the land parcel</p> | | |
| 1.3 | <p>The Authority has a land and property in Trans-Nzoia County valued at approximately Kshs. 68,570,000. The land originally belonged to the Agricultural Finance Corporation but was transferred to the defunct Kenya Posts and Telecommunications in the year 1999, the ownership of the land was again transferred to Communications Authority of Kenya for construction of a monitoring station. However, review of the certificate of title revealed that the parcel of land had a charge of Kshs. 462,500,000 relating to Kenya Commercial Bank against Agricultural Development Corporation. The charge was registered on 12 October 2010 which is five (5) months after the title had been transferred to the Authority from Kenya Posts and Telecommunication.</p> <p>In the circumstances the accuracy, completeness and ownership of the freehold land valued at Kshs. 15,957,281,000 could not be confirmed.</p> | <p>In 1990, the defunct Kenya Post and Telecommunications Corporation (KPTC) commenced the acquisition of 40 acres from the Agricultural Development Corporation (ADC) at Sabwani Farm, Kitale, for the establishment of a frequency monitoring station. Although KPTC constructed its monitoring station on the property, the transfer of ownership had not been finalized by the time of KPTC's dissolution. Consequently, the property and associated infrastructure vested in the Communications Commission of Kenya (now the Communications Authority of Kenya) upon KPTC's dissolution.</p> <p>To enhance the monitoring station by deploying advanced technology, the Communications Authority of Kenya (the Authority) entered negotiations with ADC in October 1999 to purchase 30 acres of L.R. No. 2993 (I.R. No. 1156) at Sabwani Farm, Kitale. ADC's property measured approximately 2,041 acres (a copy of ADC's title deed is attached as Annex 5). Following these negotiations, ADC and the Authority executed a sale agreement, under which 30 acres were excised for transfer to the Authority.</p> <p>At the time, L.R. No. 2993 (I.R. No. 1156) was charged to Kenya Commercial Bank (KCB), together with other ADC lands, under a charge registered on November 12th, 1990 (entry no. 9 in the title deed). KCB later registered a further charge on May 23rd 1996 (entry no. 10). Pursuant to the agreement between ADC and the Authority, KCB, through its appointed legal representatives, granted consent for a partial discharge of the charges (entries 9 and 10) to enable the excision and sale of the 30 acres to the Authority (entry no. 11 in the title deed). This discharge facilitated the successful subdivision, transfer, and registration of the 30 acres (equivalent to 12.43 hectares) in the name of the Authority (entry</p> | Resolved | N/A |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| 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) |
|--|-----------------------------------|---|-----------------------------------|--|
| | | <p>no. 12). Subsequently, KCB reinstated its charge over the remaining ADC land under L.R. No. 2993 (I.R. No. 1156) (entry no. 13). The registration of the transfer in favor of the Authority resulted in the issuance of a new title deed, L.R. No. 2993/1 (I.R. No. 126183) (attached as Annex 6 is a copy of the Authority’s title deed). The Authority’s title deed was registered under the Registration of Titles Act (Cap. 281) and not under Registered Land Act (Cap. 300) both repealed by the Land Registration Act (Cap. 280) in 2012. A distinction between the two land registration regimes is necessary. The Registration of Titles Act (RTA), Cap 281 (now repealed), operated under the Torrens system—a land registration regime that provided a government-guaranteed certificate of title as conclusive evidence of ownership. This system was designed to simplify land transactions by making the registered title the definitive legal record of ownership, thereby minimizing the need for extensive historical title searches and reducing the risk of ownership disputes. Under this framework, each parcel of land was assigned a unique Land Reference (L.R.) number and an Inland Registry (I.R.) number, both of which were linked to a specific government-issued grant or certificate of title. In cases where land registered under the RTA was subdivided, the Commissioner of Lands would issue new Certificates of Title for each portion. However, the parent L.R. number was retained, and a numerical suffix or sub-number was added to differentiate the resulting parcels. For example, ADC’s property is registered as L.R. No. 2993, and upon transfer of a 30-acre portion to the Authority, the new title issued to the Authority was designated as L.R. No. 2993/1. This numbering convention reflects the historical integrity of the original parcel while ensuring unique identification of subdivided plots. The continuity of the L.R. number under the RTA reflects the structural principles of the Torrens system, where the subdivision does not result in a completely new root title but is managed through a derivative identification linked to the parent title.</p> | | |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| 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) |
|--|-----------------------------------|--|-----------------------------------|--|
| | | <p>Under the Registered Land Act (RLA), Cap 300 (now repealed), the process of subdivision results in the issuance of new absolute title deeds for each subdivided portion. Unlike the system under the Registration of Titles Act (RTA), the original title number is extinguished, and both the parent parcel and the resultant subdivisions are assigned entirely new title numbers. This approach often made land transactions more complex, as reconstructing the historical ownership or encumbrance trail for any land registered under RLA required a series of individual searches for each successive title. Consequently, tracing the lineage or history of such titles proved cumbersome and time-consuming.</p> <p>In contrast, titles registered under the Registration of Titles Act (RTA), Cap 281, followed the Torrens system, whereby land ownership was conclusively established by a government-issued certificate of title. Subdivisions under the RTA retained the parent Land Reference (L.R.) number with the addition of sub-numbers to identify the new portions. This allowed for a clearer audit trail of land ownership and simplified transaction processing, as the lineage of subdivided parcels remained visibly linked to the original parcel.</p> <p>In conclusion:</p> <ol style="list-style-type: none"> 1. The Agricultural Development Corporation (ADC)'s land is registered as L.R. No. 2993 (I.R. No. 1156) and carries a charge registered in favour of KCB Bank amounting to Kshs. 462,500,000 as at October 12th 2010. 2. The land owned by the Communications Authority of Kenya is known as L.R. No. 2993/1 (I.R. 126183) and, as evidenced by the attached title document, is free of any encumbrance. 3. The titles for both ADC (L.R. No. 2993) and the Authority (L.R. No. 2993/1) are separate and distinct, having been issued under | | |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| 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) |
|--|---|---|-----------------------------------|--|
| | | <p>the repealed RTA Cap 281 and currently recognized under the Land Act, Cap 280.</p> <p>4. Under the RTA system, subdivisions retain the original L.R. number with suffixes (e.g., L.R. No. 2993/1) to denote individual parcels, thus preserving the historical continuity of the land record.</p> <p>Under the RLA system, subdivision results in the complete replacement of the original title and the issuance of entirely new title numbers for each subdivided portion, complicating land history tracing.</p> | | |
| 2 | <p>Long Outstanding Accounts Receivables The statement of financial position reflects receivables from non- exchange transactions balance of Kshs.287,424,000 for the year ended 30 June, 2024 as disclosed in Note 19 to the financial statements. The balance is net of cumulative provisions for bad and doubtful debts, general and specific, amounting to Kshs.7,183,051,000 which includes Telkom Kenya Ltd debt of Kshs.4,921,257,137. The Authority has engaged with The National Treasury (TNT) since June 2020, seeking their assistance to allocate resources to Telkom Kenya Limited (TKL) for the settlement of regulatory fees. The National Treasury provided commitments in June 2020 and October 2021, but these funds were not disbursed then. At the time of audit in December, 2024 no evidence was provided to confirm that money had been received from the National Treasury.</p> <p>In the circumstances, the recoverability of the receivables from the non-exchange transactions balance of Kshs. 287,424,000 could not be confirmed.</p> | <p>Telkom Kenya’s assertion of a nil outstanding balance in their letter dated December 21st, 2020 (Ref: TKL/RA/CA/(LIC)) requesting a Compliance Certificate (Annex 10), was based on the National Treasury’s commitment (Ref: TNT/ZZ/331/02) dated June 29th, 2020. In this commitment, the Treasury undertook to provide Telkom Kenya Limited with the funds required to cover Frequency Spectrum Fees for the Financial Years 2019/20 and 2020/21 and further requested that the CA allow Telkom to continue utilizing the Frequency Spectrum. Additionally, National Treasury’s letter (Ref: TNT/ZZ/331/02) dated October 22nd, 2021, committed to make available to Telkom Kenya Limited the amount of money required to cover the Frequency Spectrum fees for the two (2) financial years amounting to Kshs. 2,213,077,093.62 and requested for CA’s forbearance to enable Telkom Kenya Limited access regulatory approvals it requires (Annex 11).</p> <p>However, in subsequent correspondence, Telkom Kenya acknowledged the debt (Annex 12). Specifically, in this letter dated January 11th, 2022, addressed to the National Treasury and copied to the Authority, Telkom</p> | Not resolved | On going |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| 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) |
|--|-----------------------------------|---|-----------------------------------|--|
| | | <p>Kenya requested expedited formalization and settlement of the outstanding regulatory fees amounting to Kshs. 3,198,172,691.62, quoting the national Treasury previous commitments (Ref: TNT/ZZ/331/02) dated June 29th, 2020, and letter (Ref: TNT/ZZ/331/02) dated October 22nd, 2021 that reiterated the commitment and requested CA to assist Telkom Kenya obtain regulatory licenses required to operationalize the new Telkom Group structure (Annex 11).</p> <p>The actions above by Telkom Kenya, clearly recognized the Authority’s claim and confirmed the outstanding regulatory fees, further noting that any enforcement action would adversely affect their operations.</p> <p>Justification for the full provision of bad and doubtful debts for FY 2019/20, 2020/21 & 2021/22 While the National Treasury, through its letter dated June 28th, 2020, Ref: TNT/ZZ/331/02, and letter (Ref: TNT/ZZ/331/02) dated October 22nd, 2021 (Annex 11), expressed commitment to support Telkom Kenya in meeting its spectrum fee obligations for FYs 2019/2020 and 2020/2021, the communication lacked:</p> <ol style="list-style-type: none"> a. Clear timelines for the release of funds, and b. An established mechanism through which the Authority would access the funds once disbursed to Telkom Kenya. <p>Considering this uncertainty, and in accordance with International Financial Reporting Standards (IFRS) 9—which mandates recognition of expected losses based on the amount, timing, and uncertainty of future cash flows—the Authority adopted a conservative accounting approach by</p> | | |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| | | | | |
|--|--|--|--|--|
| | | <p>fully provisioning the cumulative Telkom Kenya debt of Kshs.4,921,257,137 (Kshs. 1,072,656,734 for FY 2019/2020, Kshs. 1,039,152,996 for FY 2020/21, Kshs. 948,908,408 for FY 2021/22, Kshs. 940,702,378 for FY 2022/23 and Kshs. 919,836,621 for FY 2023/24) as bad and doubtful, due to the lack of a firm, time-bound settlement plan from The National Treasury. Notably, the debt remains unpaid to date and continues to grow due to ongoing annual billings.</p> <p style="text-align: center;">Current Status</p> <p>The Authority has consistently and actively pursued the recovery of the outstanding debt. On August 14th, 2020, a formal request was made to the National Treasury for the release of the committed funds to safeguard the validity of licenses held by Telkom Kenya Limited (Annex 13), with a copy shared with Telkom Kenya Limited (TKL). In parallel, the Authority engaged TKL directly through multiple follow-ups, including the issuance of demand letters, emails, convening of meetings and denial of additional frequency assignments until the outstanding payments are made (Annex 14). Additionally, the Authority, through a letter dated February 2nd, 2024 (Ref: CA/FA/048/1302) (Annex 15), formally requested the National Treasury and the Attorney General to prioritize the settlement of the outstanding debt during the transition process.</p> <p>In response to the formal demand letter, Telkom Kenya Limited (TKL), in a letter dated January 11, 2022 (Annex 12), wrote to the National Treasury—copying the Authority—requesting the expedited formalization and settlement of the outstanding amount. In this correspondence, TKL acknowledged the debt and noted that any enforcement action could adversely impact their operations.</p> <p>As at the date of this report, Telkom Kenya Limited owes the Authority Kshs. 5,695,935,298 as detailed in Table 1, the statement of account is attached (Annex 14) and US Dollars 40,079,861</p> | | |
|--|--|--|--|--|

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

| 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) |
|--|--|--|-----------------------------------|--|
| 3 | <p>Delay in Implementation of Supply, Delivery, Implementation and Maintenance of a Licensing Management System and the Associated Hardware</p> <p>The Authority embarked on a strategic initiative to procure and implement a Licensing Management System (LMS) which is aimed at automating the re-engineered Licensing Management Processes to enhance efficiency, customer experience and improve compliance. The contract was awarded to a firm on 19 April 2022 under contract number CA/PROC/070/55/03/2022 at a total contract price of Kshs. 649,609,922.</p> <p>The duration of the contract was fifteen (15) months which entailed the provision of a one-time supply, delivery and implementation of LMS inclusive of the licenses, post-implementation training for a minimum of 15 staff and 250 functional users on the system and supply, delivery and set-up of hardware and related accessories were to end by 19 July 2023 and go live then. These works were to take 53% of the contract price. The rest of the services amounting to Kshs.304,271,747 include providing annual comprehensive (24*7) on premise support, providing annual license renewals and providing annual maintenance of the LMS associated hardware for a period of seven (7) years starting from the lapse of the one (1) year warranty period.</p> <p>The project has six (6) milestones amounting to Kshs. 345,338,175 of which only 2 have been completed within the stipulated contract date. A total of Kshs. 155,402,178.75 has been paid so far towards the project which is 24% of the contract price.</p> | <p>The Communications Authority of Kenya (the Authority) initiated the procurement process for the Licensing Management System (LMS) and associated hardware through a public tender advertised in the MyGov publication on November 16th, 2021, (attached as Annex 7) with a closing date of January 19th, 2022. Following the closure of the tender, the evaluation process was conducted and finalized by January 31st, 2022.</p> <p>A professional opinion was subsequently submitted to the Director General on February 1st, 2022, recommending confirmation of the available budget to proceed. The Director General approved the conduct of competitive negotiations on February 4th, 2022.</p> <p>Following successful negotiations and due diligence, the Director General approved the award of the tender on February 28th, 2022. (A copy of the professional opinion is attached as Annex 8) The Authority issued a formal letter of award to the successful bidder, M/s Copycat Limited, on March 2nd, 2022, and the supplier accepted the offer on March 4th, 2022, attached as Annex 9 and Annex 10 respectively.</p> <p>A formal contract was signed on 19th April 2022, between the Authority and M/s Copycat Limited for the implementation of the LMS and supply of associated hardware at a total contract value of KES 649,609,922. This amount comprised a one-time implementation cost of KES 345,338,175, and a 7-year annual maintenance fee of KES 304,271,747. The original project implementation period was set at 15 months, with a completion target of July 2023.</p> <p>To date, payments totaling approximately KES 155,402,178, equivalent to 24% of the total project cost, have been disbursed against two completed milestones.</p> | Not resolved | June 2026 |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

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|--|---|---|-----------------------------------|--|
| | <p>Further, Addendum 1 to the contract was signed on 26 July, 2023 extending the contract for another seventy-five (75) days therefore the contract was to end by 9th October 2023. Despite the extension, the Contractor has not managed to complete the project and therefore it still hasn't gone live. The deliverables that have not yet been met include data migration, system software development, training and Go-Live. It is not clear why there is a delay in implementation of the project.</p> <p>In the circumstances, the Management is in breach of the contract agreement and the project may not be completed within the scheduled time.</p> | <p>However, the project experienced significant execution challenges. These included delays in system integration, underperformance by the vendor, and misalignment of the deployed solution with user and technical expectations. The vendor formally requested multiple extensions through letters dated 10th May 2023, 2nd October 2024, and 8th October 2024. These requests were considered and approved by the Authority, and corresponding contract addenda were issued to reflect the extensions.</p> <p>The purpose of the extensions was to allow for completion of outstanding activities, including process validation, system integration finalization, pre-User Acceptance Testing (UAT) readiness, and full deployment preparation. In March 2024, the Authority issued a formal Notice of Breach to the vendor due to continued non-performance. Following negotiations, the Authority approved a final extension of 95 calendar days, effective 7th February 2025, to facilitate the completion of all pending milestones.</p> | | |



David Mugonyi, EBS

Director General/Fund Administrator

Date: August 28th, 2025

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Appendix II: Projects implemented by the Authority
Status of project completion

| SN | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|----|-----------------------------|--------------------|------------------------|----------------------|-------------------|----------------------|------------------|
| 1 | Device Management System | Kshs. 220 million | Kshs. 20 million | 10% | Kshs. 220 million | Kshs. 20 million | CA |
| 2 | Licensing Management system | Kshs. 650 million | Kshs. 155.40 million | 24% | Kshs. 650 million | Kshs. 155.40 million | CA |

Communications Authority of Kenya
Annual Report and Financial Statements
for the year ended June 30, 2025.

Appendix III: Reporting of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | Amount (Kshs.) | Source of Funds | Implementing Partners |
|------------------------------|--|---|--|-----------------------|--------------------------------------|---|
| Tree Planting – Ngong Forest | Rehabilitation and conservation of degraded sections of Ngong Forest through indigenous tree planting. | <ul style="list-style-type: none"> - Restore forest cover - Enhance biodiversity - Contribute to climate change mitigation | <ul style="list-style-type: none"> - Site preparation and demarcation - Procurement of seedlings - Tree planting exercise - Maintenance and watering - Community sensitization | 3.5 Million | CA Environmental Conservation Budget | Kenya Forest Service (KFS), Community Forest Association (CFA), Ministry of Environment |
| Tree Planting – Kaptagat | Afforestation and restoration in Kaptagat Forest to increase carbon sequestration and protect water catchment areas. | <ul style="list-style-type: none"> - Increase forest cover in line with national targets - Protect water catchment areas - Promote community participation in environmental conservation | <ul style="list-style-type: none"> - Mapping and allocation of planting sites - Seedling production and procurement - Tree planting and staking - Post-planting care (watering, weeding, replacement) - Awareness and education campaigns | 1 Million | | Kenya Forest Service (KFS), Elgeyo Marakwet County Government, Local Community Groups |

Appendix IV: Reporting on Disaster Management Expenditure

| Programme | Sub-programme | Disaster Type | Category of Disaster-related Activity (Response / Recovery / Mitigation / Preparedness) | Expenditure Item | Amount (Kshs.) | Comments |
|----------------------------------|---------------------------------|----------------------|--|---|-----------------------|--|
| ICT Infrastructure Resilience | Network Continuity & Redundancy | Cyber-attack | Response | Procurement of firewall upgrade & intrusion prevention licenses | 40 Million | Acquisition to prevent breach |
| ICT Infrastructure Resilience | Emergency Power Systems | Power outage | Preparedness | Installation of UPS & generator capacity upgrade | 50 Million | To ensure uninterrupted service during outages |
| Regulatory Operations Continuity | Remote Work Enablement | Pandemic | Recovery | Purchase of secure VPN licenses and laptops | 10 Million | To facilitate staff productivity during office closure |