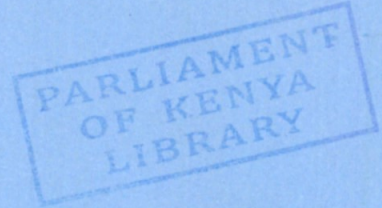


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT




OF

THE AUDITOR-GENERAL

ON

**KENYA FISHING INDUSTRIES
CORPORATION**

**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 ICHUNGUWA)
CLERK-AT-THE-TABLE:	J. LEMEREKE



KENYA FISHING INDUSTRIES CORPORATION

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)



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1. Acronyms and Definition of Key Terms

A: Acronyms

BMU	Beach Management Unit
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KFIC	Kenya fishing Industries Corporation
KMA	Kenya Maritime Authority
KPA	Kenya Port Authority
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

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 Entity Information and Management

(a) Background information

(b) Kenya Fishing Industries Corporation is a body corporate established via section 3(1) of the State Corporation's Act Cap 446 through a Presidential directive legal Notice No. 214 of 23rd November, 2018 and amended by Legal Notice No. 110 of 22nd May, 2020.

(c) Principal Activities

The mandate of the KFIC is to exploit fishery resources in the Kenya fishery waters and high seas by promoting the establishment, development and efficiency of businesses engaged in the fishing and fishing related activities.

The functions of the Corporation include;

- i. Exploit, buy, process, market, and sell marine resources and products, including aquatic plants.
- ii. Facilitate and promote the development and trade of fish and other marine products.
- iii. Establish and manage an auction Centre for fish and other marine resources.
- iv. Develop and operate facilities and establishments for the exploitation of fishery resources.
- v. Acquire, hold or dispose of assets, including equipment and accessories necessary for the capture, preservation, processing, selling and marketing of fish and fish products.
- vi. Undertake any other activities necessary or incidental to achieving the functions of the corporation.

It is the responsibility of the Management and Board of Directors to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. This undertaking ensures that Kenya Fishing Industries Corporation has a credible Strategic Plan and Performance Contract that will deliver its goals; while performing our responsibilities diligently and in the best of our abilities to support the achievement of the agreed performance targets.

Vision Statement.

To be a global leader in the sustainable exploitation of fishery resources.

Mission Statement

To exploit fishery resources in a sustainable manner for socio-economic development of the Country

Strategic Objectives

The strategic objectives of KFIC are to:

- i. Exploit, buy, process, market and sell marine resources and products including aquatic plants.
- ii. Facilitate and promote the development and trade of fish and other marine products.
- iii. Establish and manage an auction Centre for fish and other marine resources.
- iv. Develop and operate facilities and establishments for the exploitation of fishery resources.
- v. Acquire, hold or dispose of assets including equipment and accessories necessary for the capture, preservation, processing, selling and marketing of fish and fish products.
- vi. Undertake any other activities necessary or incidental to achieving the functions of the Corporations.
- vii. Build capacity in fisheries and aquaculture
- viii. Generate and mobilize financial resources

Key Management

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

No.	Designation	Name
1.	Board of Directors	Mr. Kadhua Jimmy Kahindi
		Mr. Golich Juma Wario,
		Mr. Adan Yusuf Deis,
		Mr. Darius Mobe,
		Mr. Dennis O. Olila,
		Mr. Rashid Imam,
		Mr. Emmanuel Makuto,
		Mrs. Elizabeth Wamai
		Dr. Mikah O. Nyaberi PhD.
2	Board of Directors whose terms lapsed	Mr. John Msafari (Term ended 4 th October 2024)
		Dr. Johnson Kazungu (Term ended 28th October 2024)
		Hon. Daisy Nyongesa (Term ended 28th October 2024)
		Mr. Donald Ajuoga, (Term ended 13th May 2024)
3.	Accounting Officer/ Ag. Chief Executive Officer	Dr. Mikah O. Nyaberi PhD.
4.	Assistant Director of Blue Economy and Fisheries	Mr. James Ndiritu

4.	Finance & Accounting Officer	Ms. Monica Nkatha
5.	Principal Blue Economy and Fisheries Officer	Mr. Japheth Musila

Key Entity Information and Management (continued)

(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.	Ag. Accounting Officer/ Chief Executive Officer	Dr. Mikah O. Nyaberi
2.	Assistant Director of Blue Economy and Fisheries	Mr. James M. Ndiritu
3.	Finance & Accounting Officer	Ms. Monica Nkatha
4.	Principal Blue Economy and Fisheries Officer	Mr. Japheth Musila

(e) Fiduciary Oversight Arrangements

Audit and Risk Committee

This Committee is comprised of 3 Directors of the Board and an internal auditor from the State Department of Blue Economy and Fisheries. Its main function is to consider and process on behalf of the Board all matters relating to audit, audit queries and Management Letters from the Office of Auditor General or the duly appointed external auditors. It also considers matters of quality assurance of systems and processes in the Corporation's operations and reviews the risk management framework and the periodic performance contract reports.

Finance and General-Purpose Committee

The Committee is comprised of 3 Directors of the Board and the Chief Executive Officer. Its main function is to review and monitor the Corporation's financial position on behalf of the Board, including a review of the liquidity status; all the Corporation's Accounts; Budgets, Financial Statements; and statutory reports as well as bank reconciliation. It also ensures compliance with the financial reporting requirements and proper keeping of all the financial records of the Corporation.

Office of the Inspector General State Corporations

The Inspector general of State Corporations has by law presence on the Board for the purpose of advising and ascertaining the activities carried out by the Board are in line with the set-out rules and regulations in line with the functions of the Corporation as set out in the State Corporation Act Cap 446 (18) of the Laws of Kenya.

(f) Entity Headquarters

Taib Abdulla Nassir Rd, Mombasa
P.O. Box 99775 – 80107
Mombasa, Kenya

(g) Entity Contacts

Tel/Fax: +254 742407768/+254786331616
E-mail: info@kfic.go.ke
Website: <http://www.kfic.go.ke>

(h) Entity Bankers

The following are the Bank Accounts owned by the Corporation during the year ending 30th June 2025

National Bank of Kenya,
P.O. Box 72866 – 00200,
Nairobi, Kenya,
Bank Branch: Bondeni.

(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

(a) Board of Directors newly appointed.




Ref	Directors	Details
1.	 <p>Hon. Kadhua Jimmy Kahindi MBS Chairman of Board of the Directors – KFIC</p> <p>Key Qualifications</p> <ul style="list-style-type: none"> • Masters of Law, LLM (International Trade Law) (University of Wales UK) • Bachelor of Law, LLB (University of Nairobi) • Post Graduate Diploma in Law (Kenya School of Law) • Diploma in Contemporary Public Administration Management (Galilee International Management Institute in Israel) • Diploma in Human Resource Management (Galilee International Management Institute in Israel) 	<p>Date of Birth: 1st January, 1983</p> <p>Date of Appointment 17th January 2025</p> <p>Work Experience The Chairman of the Board is a diligent Legal Expert and Public Servant with 15 years’ worth of professional legal experience and public service. He is a practicing Advocate and is in-charge of his own law firm, Jimmy Kahindi and Associates Advocate, since 2013. He has served the public as a National Election Board Member of the UDA Party, the Chairperson of the Public Procurement Regulatory Board, the County Assembly Speaker at the Kilifi County Government (two-terms), and the National Treasurer of the County Assembly Forum (CAF). In 2017 he was awarded the national award of the Moran of the Burning Spear (MBS) by the President of the Republic of Kenya for his exemplary performance. In his earlier career, He served as a Resettlement Officer at the UNHCR as well as a Part-Time Law Lecturer at Kenyatta University. During the course of his illustrious career, He has developed noteworthy skills in legal practice, electoral laws, governance, public administration and leadership, and constitutional/legislative/Parliamentary procedures.</p>


<p>2.</p>	 <p>Mr. Golich Juma Wario Chairperson of the Human Resource & Governnace Committee.</p> <p>Key Qualifications Bachelor of Education (Human resource Option)</p>	<p>Date of Birth 01.01.1972</p> <p>Date of Appointment 12th January 2024</p> <p>Work Experience He was working as a clerical officer in the office of the President, served as a Coordinator of BOMAS of Kenya undertaking Constitutional reviews. He also worked as a member of the Board of Directors at the Kenya Livestock Marketing Council and; vied as member of parliament Galole Constituency</p> <p>He serves as an independent Director</p>
<p>3.</p>	 <p>Mr. Adan Yusuf Deis Chairperson of Technical and Operations Committee</p> <p>Key Qualifications Diploma in Agriculture Engineering (Egerton Unviversity)</p>	<p>Date of Birth: 1952</p> <p>Date of Appointment: 08th November 2024</p> <p>Work Experience He is a qualified and result oriented Agricultural Engineer with in-depth knowledge on soil and Water Conservation, Agro-for-estry, Environmental conservation, Natural resource management, and sustainable development with a total of 32 years of working experience. From 1979 to 1980, he worked as a Contract Supervisor for Tractor Hire Service in Madianyi East Uyoma Siaya, then in Londiani Kericho, Giaki in Meru and lastly at Tot in Elgeyo Marakwet From 1980 to 1986, he served as Agricultural Workshop Manager and Irrigation Officer in Mandera and Garissa. From 1988 to 2003, he served at the National Soil and Water Conservation Project funded by GOK/SIDA as District Soil Con-</p>

		<p>ervation Officer dealing with soil and water conservation. During the last 8 years of carrier (from 2003 to 2011) he was seconded on contract to Arid Lands Resource Management Project- a GOK/World Bank funded project as a support to Local Development Officer where he gained considerable experience on multi- sectoral development projects management in partnership with other stakeholders.</p> <p>From January 2013 to March 2014, he worked on a contract with Good Stuff International Africa as a Coordinator of consultancy on the Preparation for Irrigation Development Master Plan on the Daua River Basin Kenyan side under the National Irrigation Board.</p> <p>From April 2014 to September 2016, by FAYBU Engineering as Support Services Coordinator for the construction of Guba large-scale water pan FAYBU</p> <p>From 2015 to 2018 he was appointed as The Chairman of Wajir County wildlife Conservation and compensation committee.</p>
4.	 <p>Mr. Darius Mobe Chairperson of the Finance and General Purpose Committee</p> <p>Key Qualifications</p>	<p>Date of Birth:</p> <p>Date of Appointment 08th November 2024</p> <p>Work Experience</p> <p>Darius Mobe is a career businessman with more than 15 years’ entrepreneurial experience with specialism in conceptualizing novel business ideas and developing the business ideas into successful businesses.</p> <ul style="list-style-type: none"> • He has participated in the successful establishment of businesses in Ethiopia, Kenya and South Sudan, in the following industries; ICT and digital financial services, real estate development, sustainable forestry management, commodity trading, hospitality, oil field services and logistics. • He offers consultancy services for start-up businesses ranging from formulating business structures, potential investor mapping, to fund raising.



<p>Business Administration (MBA) from The University of Sunderland in The United Kingdom and a Bachelor's Degree in Business Management.</p>	<ul style="list-style-type: none"> • He is the Founder and Chief Executive Officer of South Kensington Holdings Limited a company with business interests in technology development, digital financial services, trading and business consultancy services. • He holds Directorships in the following companies South Kensington Holdings Limited, Leavitt Holdings Limited, Fettan Holdings Limited, Koita International Limited, Keshi Holdings Limited and Moneta Technologies SC (Ethiopia). • He is Currently the Chairman of Moneta Technologies SC an Ethiopian FinTech company, trading under the trade name "Amole" which he cofounded. Moneta Technologies SC is a key player in the development of technology in the financial sector in Ethiopia, and boasts of more than five million customers on boarded on its digital wallet. • He is also the Chairman of Keshi Holdings Limited, a technology company that specializes in the development of payment processing systems and bespoke logistics management systems. • He is passionate about the harnessing of technology to improve the ease of doing business in Africa, promote financial inclusion and access to micro loans for SMEs, with the aim of opening up business opportunities for start-up businesses on the continent. • He advocates for the utilization of technology to unlock logistics bottlenecks with the aim of promoting intra-Africa trade. • He served from 2020 - 2023, as an independent Director of the Kenya Ports Authority (KPA), a government parastatal mandated to maintain, operate, improve and regulate all sea and inland waterway ports in Kenya.
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		<ul style="list-style-type: none"> • During his service at the KPA Board, he had the privilege of serving as a Session Chairman of the KPA Board of Directors for a period of Seven months, when there was no definitive Chairman, and also served as the Chairman of the Strategy and Operations Committee of the KPA Board.
5.	 <p>Mr. Dennis O. Olila Board of Director (Rep. National Treasury)</p> <p>Key Qualifications MSc. Agricultural and Applied Economics (UoN) BSc. Agricultural Education and Extension (UoN)</p>	<p>Date of Birth: 1985</p> <p>Date of Appointment 10th March 2022</p> <p>Work Experience Serves as a Director and Economist at the National Treasury.</p> <p>He is an alternate Director.</p>
6.	 <p>Mr. Emmanuel Makuto Board of Director (Rep. Attorney General)</p> <p>Key Qualifications Post graduate diploma Kenya school of law Graduate: Bachelor of Law LLB From Moi University.</p>	<p>Date of Birth: 14/09/1987</p> <p>Date of Appointment: 21st May 2024</p> <p>Work Experience Serves as a Senior State Counsel, Office of Attorney General and Department of Justice.</p> <p>He is an alternate Director.</p>
7.		<p>Date of Birth:</p>

	<p>Mr. Rashid Imam. Board of Director (Rep. PS State Department of Blue Economy and Fisheries).</p> <p>Key Qualifications Master of Science degree in International Studies in Aquatic Tropical Ecology – ISATEC (Bremen University, Germany). Bachelor’s degree in Biochemistry (Egerton University, Kenya).</p>	<p>Date of Appointment:</p> <p>Work Experience Currently serves as a Deputy Director and the Regional Coordinator – Coast Region, in the State Department for the Blue Economy and Fisheries. He has over 15 years of experience in Fisheries Management in Kenya. His experience crosscuts both capture fisheries and aquaculture, including enforcement of fisheries management measures. His main interest is in Fisheries Management and research, focusing on Aquatic Ecophysiology.</p> <p>He is an alternate Director.</p>
<p>8.</p>	 <p>Dr. Mikah O. Nyaberi, PhD Secretary to the KFIC Board of Directors</p> <p>Key Qualifications: PhD in Food Science and Technology MSc. Food Science and Technology BSc. Major Biochemistry and Minor Microbiology</p>	<p>Date of Birth: 1st January 1967</p> <p>Area of Responsibility Chief Executive Officer of the Corporation. Secretary to the KFIC Board of Directors</p>

(b) Board of Directors whose terms lapsed during the reporting period.

Ref	Directors	Details
9.	 <p>Mr. John G. Msafari, FICS, MIoD (K), CRG (Gambia) Former Chairman of The Board of Directors, KFIC.</p> <p>Key Qualifications Bachelor of Commerce (UON), Fellow of the Institute of Chartered Shipbrokers (UK)</p>	<p>Date of Birth: 20th September, 1950</p> <p>Date of Appointment: 04th October 2021</p> <p>Work Experience: Currently serves as the Administrative Director at East African Seafood Limited. He has vast knowledge in matters management, having served as a Commissioner General for the Kenya Revenue Authority, the Gambia Revenue Authority, Director at Kenya Ports Authority, Kenya Maritime Authority, and the Central Bank of Kenya, as well as a Director at the Agricultural Sector Network.</p> <p>The Director is independent.</p>
10.	 <p>Dr. Johnson M. Kazungu PhD Former Chairman, Technical and Operations Committee</p> <p>Key Qualifications PhD in Oceanography</p>	<p>Date of Birth 6th February 1958</p> <p>Date of Appointment 28th October 2021</p> <p>Work Experience Served as the Chief Executive Officer (CEO) for Kenya Marine and Fisheries Research Institute for a period of 15 years. He is a renowned scholar with strong excellence in research and science.</p> <p>The Director is independent and serves as the Chairperson of the</p>


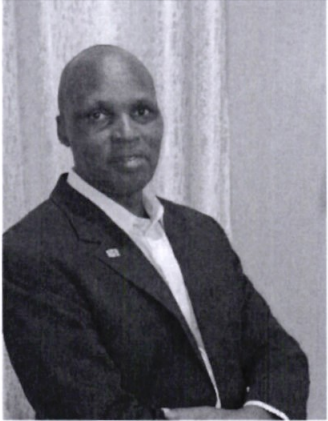
		<p>Technical and Operations Committee</p>
<p>11.</p>	 <p>Ms. Daisy Kanainza Nyongesa Former Chairperson, Human Resource Management Committee.</p> <p>Key Qualifications Master of Arts-diplomacy and Foreign Policy Bachelor of Education (ARTS)-MMUST Certified Professional Life Coach.</p>	<p>Date of Birth: 1989</p> <p>Date of Appointment 28th October 2021</p> <p>Work Experience Work Experience Serves as a consultant at the Ministry of Health. Former nominated Senator representing the youth in the Senate. She is an experienced public policy expert, Governance and Legislative Consultancy with over nineteen years of practice in both private and public institutions of policy formulations, strategic plan development, and implementation.</p> <p>Served as legislative consultancy of the Ministry of Health and a Senator representing the youth in the Senate (11th parliament).</p>
<p>12.</p>		<p>Date of Birth: 14th December, 1974 Date of Appointment 13th May 2022</p> <p>Work Experience Has vast experience in the marketing sector having served with various multinational organizations. Co-founder, CEO – Home Safety and Hygiene Solutions Ltd (East Africa) Founder, Director – Magoya Aquafarm Ltd. Country Head, Qatar Airways</p>



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	<p>Mr. Donald Ajuoga Former Chairman, Audit and Risk Committee</p> <p>Key Qualifications Master of Business Administration Bachelor of Commerce (Marketing).</p>	<p>Country Head, Kenya Airways Regional Sales Manager, British Airways – East and Central Africa</p> <p>He was an independent Director and served as the chairperson of the Audit and Risk Committee.</p>
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4. Management Team

	Management	Details
1.	 <p>Dr. Mikah O. Nyaberi, PhD Key Qualifications:</p> <ul style="list-style-type: none"> • PhD in Food Science and Technology • MSc. Food Science and Technology • BSc. Major Biochemistry and Minor Microbiology 	<p>Date of Birth 23rd February, 1968</p> <p>Area of Responsibility</p> <ul style="list-style-type: none"> • Director General and Chief Executive Officer • Accounting Officer of the Corporation
2.	 <p>Mr. James M. Ndiritu Key Qualifications: Bachelor of Science in Biochemistry</p>	<p>Date of Birth 17th February 1971</p> <p>Area of Responsibility</p> <ul style="list-style-type: none"> • Assistant Director of Blue Economy and Fisheries. • In-charge of Corporate services

<p>3.</p>	 <p>CPA- Monica Nkatha Thurania</p> <p>Key Qualifications</p> <ul style="list-style-type: none"> • Bachelor of Commerce (Finance Option) • ICPAK Reg No. 24649 	<p>Date of Birth</p> <p>2rd May 1985</p> <p>Area of Responsibility</p> <ul style="list-style-type: none"> • Head of Finance and Accounting • Responsible for all matters finance within the Corporation
<p>4.</p>	 <p>Mr. Japheth Musila</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of science (Coastal & Marine Resource Management) 	<p>Date of Birth</p> <p>30th January 1990</p> <p>Area of Responsibility</p> <ul style="list-style-type: none"> • Principal Blue Economy and Fisheries • Officer In-charge of production and Business Development

5. Chairman's Statement

As a global leader in the sustainable exploitation of fishery resources, KFIC continued to play its central role in exploiting fishery resources in Kenyan fishery waters and high seas by promoting the establishment, development, and efficiency of businesses engaged in fishing and fishing-related activities. I thank the Government of Kenya for committing funds in grants for a sustainable manner for the socio-economic development of the Country, which made it possible to improve food and nutritional security in line with the Bottom-Up Economic Transformation Agenda (BETA) and Vision 2030 to promote the Blue Economy Investments, anchor the Corporation on investment, processing and value addition in the fisheries sub-sector. This is in line with the overall government's plan on industrialization/manufacturing, smallholder farmers' income, and foreign exchange earnings, as well as job creation.

Achievements During the Financial Year 2024/2025

During this period, the Corporation achieved tremendous progress in contributing to the Government's total income generation. The key outputs include identifying and mapping stakeholders in the fish and fisheries business sector.

The Corporation successfully implemented the performance contract targets for the FY 2024/2025 and disseminated the findings to the various stakeholders as scheduled. The Performance Contract for the FY 2024/2025 was signed between the Board of Directors and the Cabinet Secretaries of the Parent Ministries and for countersigning by the Cabinet Secretary, National Treasury and Economic Planning.

Fish landing sites are critical infrastructure for handling and promoting food safety in various fish value chains. There is a need to improve the performance of these landing sites so as to reduce post-harvest losses. Currently, KFIC has been handling mainly the marine fish landed at Liwatoni Fish Port. Over time, the Corporation has generated over Kshs. 60 million in revenue since inception in November 2018. This means there exists more potential for generating even more revenues for the Government by the inclusion of portions of the landed fish and fish products from the other landing sites. The majority of these fish landing sites are under construction by State Department of BE &F, and it is expected that upon completion, the Corporation will ensure full utilization of the infrastructure for its investment portfolio.

Despite the above successes, the Corporation experienced several challenges, which include but not limited to operational and staff costs and funding gaps.

Ongoing Initiatives

As the global leader in the sustainable exploitation of fishery resources, the Corporation is currently installing Port facility security Systems, water supply to vessels which is 100% complete, rehabilitating the Uvuvi I fishing boat at 85%, Uvuvi II fishing boat at 30%, Installation of electric Perimeter wall at Liwatoni fish port at 100%. Renovation of Kipini, Kichwa cha Kati and Ngomeni BMUs ice making machines at 75%. The KFIC Service Charter was fully implemented in the FY 2024/2025, at 100%. The Corporation also continues to implement the Presidential Directive to support deep sea fishers in collaboration with the KeFS, KPA, KMA, and KMFRI as part of government efforts to build capacity for exploitation of the Blue Economy.

Future Outlook

KFIC continues to support exploitation of fishery resources in a sustainable manner for the socio-economic development of the country. The Board of Directors continually seeks new approaches to enable the Corporation to anchor on investment, processing, and value addition in the fisheries sub-sector. This is in line with the Government's BETA (2023-2027) on industrialization/manufacturing, Micro, Small, and Medium Enterprises (MSMEs), and foreign exchange earnings while addressing challenges affecting the discharge of its mandate.

Risk Management

The Board of Directors is committed to risk management aligned with the principles of best practice and corporate governance. KFIC's business strategy is based on taking calculated risks in a way that does not jeopardize the direct interests of the different stakeholders. Sound assessment of risk enables us to anticipate and respond to changes in our business environment, as well as make informed decisions under conditions of uncertainty.

In conclusion, I take this opportunity to thank the KFIC Board of Directors, Management, and Staff for their support in providing leadership during the reporting period. Their commitment contributed immensely to KFIC performance for the Financial Year 2024/25. As the Chairperson of the Board of Directors, I am confident that this team will continually spare no effort to attain and surpass the targets set for the coming Financial Year. God bless us all.

Signature _____



Date: 7.11.2025

Hon. Kadhua Jimmy Kahindi
Chairman of the Board Directors of KFIC

6. Report of the Chief Executive Officer

I have the pleasure to present the Annual Report and Financial Statements for the Kenya Fishing Industries Corporation (KFIC) for the period ended 30th June 2025. The Corporation remained on course to be a global leader in the sustainable exploitation of fishery resources within its mandate aimed at promoting establishment, and efficiency of business engagements in Fish and Fishing-related activities. This is achieved by increasing local participation and investment in the blue economy through private sector engagement and partnerships. It also provides overall policy for exploitation of agro-based marine resources and promoting Kenya as a centre for aquaculture, creating employment, alleviating poverty and enhancing food security. For the period under review, the Corporation continued to actively develop and operate facilities; and establishments for the exploitation of fishery resources.

Operational Performance

In execution of its mandate, KFIC has undertaken various activities as highlighted below:

The Corporation participated in the integration of all MDA's existing Pay bills to the gazetted government payment gateway systems (E-citizen). This was aimed at improving the Service delivery to KFIC stakeholders in compliance with the Presidential directive. The Corporation has continued sensitizing its stakeholders on the onboarding of services on the E-citizen platform.

The Corporation has signed a commercial agreement with BMUs namely Kipini-Ozi Chara Cooperative in Tana River county, Kichwa cha Kati BMU and Ngomeni BMU in Kilifi County. The main objective of this commercial agreement is to synergise efforts of the two institutions to ensure development and operationalization of Ice making facilities in the landing sites facilities.

On 1st August 2024, the Ag. CEO held a meeting at KFIC Boardroom on the Ideal Boats model design agreement brought together boat builders and key input from various stakeholders, including BMU representatives from all coastal regions. If this initiative succeeds, it is expected to solve many challenges that directly affect fishermen. It is also being prepared as part of the upcoming project, "TUVUWE BAHARI KUU PAMOJA." During the discussions, participants presented their business ideas and explored opportunities to create additional jobs for youth and women in the region.

On 1st August 2024, the Ag. CEO of KFIC, financiers, and BMUs are in finalized an agreement to purchase boats valued between Kshs 20 million and Kshs 35 million. These boats will have a holding capacity of 30-50 tons and a sea time of 14-30 days. The agreed-upon interest rates will be favorable

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to support the BMUs. Additionally, five landing sites from the ancient old port of Mombasa are ready for business.

On 19th August 2024, the Cabinet Secretary for Mining, Blue Economy, and Maritime Affairs Hon. Ali Hassan Joho, EGH accompanied by the Principal Secretary for Blue Economy and the Board Chairman of KFIC visited the Corporation.

On 21st July 2024, the Ag CEO and KFIC team toured Kisumu. The facilities at Sori include a fish market, offices, cold storage, and an ice plant producing 700 kg of ice daily. The BMU catches 2 tons of fish per day using artisanal fishing boats. However, ice production is not cost-effective due to high electricity costs compared to sales revenue. The group identified several challenges and areas for collaboration, including:

- Limited market access for fish
- Lower revenues due to spoilage, particularly during the peak season
- Non-functional cold storage due to mechanical issues
- Lack of access to information

On 23rd August 2024, the Management team and Director planning Team from SDBE&F conducted and performed a meeting at KFIC Board room for negotiated Performance Contract for the financial year 2024/2025.

On 10th September 2024, the Ag CEO and SDBE&F team participated meeting with Departmental Committee of Blue economy, Water and Irrigation regarding budget implementation for the FY 2023/2024 at Bunge Tower, Nairobi.

On date 2nd -4th October 2024, Ag CEO of Corporation participated in the Blue Economy innovation and investment summit at White sands Serova beach hotel at Mombasa;

The 4th day of every Month in the Corporation team Participated in the ministerial tree planting and the launching of Kipini landing site in Tana River County which was led by CS Hon Hassan Ali Joho EGH

The Consultative meeting to harmonize mandates between KFIC, KFMA and FLTF was held at Pwani University on date 23rd -24th October 2024.

The Corporation Management led by technical team, held a Stakeholders and inter agencies meeting to discuss and review of KFIC service charter on date 25th October 2024 at KFIC Board room.

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On date 28th October –8th November 2024, The Corporation team led by the Ag CEO, participated on National treasury retreat which was held at Lake Naivasha resort for resource sharing.

On date 18th -19th November 2024, The Corporation staff conducted a training with Ecitizen delegates for revision and putting things in the right angle for smooth operation while conducting payments through Pesa flow under Ecitizen platform.

On date 21st November 2024, the Corporation team Participating in the world fisheries day year 2024 which was held at Lwanda K otieno landing sites at Kisumu County.

On January 8–11/2025, the CEO and Finance Officer took part in the preparation of the supplementary budget, ensuring financial adjustments aligned with organizational priorities and operational needs.

On this date 9th January 2025 the CEO, technical staff and Finance Officer participated on Guideline for the second revision of the estimate of expenditure and revenue for the financial year 2024/2025 supplementary estimate,

On this date 16th January 2025 the CEO KFIC participated on the presentation of the national fish marketing strategy at Nairobi.

On this 24th January 2025 Visit by the newly appointed chairman of board of Directors Hon. Kadhua Jimmy Kahindi paid a familiarization orientation of the Corporation.

On this date 6th Feb 2025 KFIC Staff signing of performance contract appraisal held 6th -8th Feb 2025 KFIC chairman and Ag. CEO Participated in the Nyanza international investment conference much focus was in the blue economy at Kisumu.

On the 20th Feb 2025, The Ag CEO, Technical and finance team participated at Kenya school of government Kabete Meeting with the departmental committee on the blue economy, water and irrigation to consider the 2025 budget policy statement.

On this date 6th March 2025, the Public service and presidential team conducted a meeting at KFIC Board room for annual evaluation of performance contract for FY23/24

On **4th March 2025**, the Kenya Fishing Industries Corporation (KFIC) held a Public Service Implementation Performance Moderation session for FY 2023/2024 self-evaluation at the KFIC board-room, led by the Ag. CEO and attended by all staff. On **6th March 2025**, KFIC, alongside other SAGAs including KMFRI, KeFS, KFMA, and LFTF, participated in the Parliamentary Committee

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on Blue Economy and Fisheries at Bunge Towers. Between **17th – 24th March 2025**, preparations for the upcoming Madaraka Day in Homa Bay County under the theme *Blue Economy and Maritime* were spearheaded at SHA building by Mr. Japheth Musila. On **24th March**, a strategic meeting on the Mombasa Gate Bridge Project was held at the KFIC boardroom to address safety, navigation, investment, and site concerns with key stakeholders.

From **26th to 28th March 2025**, a technical team led by Mr. Japheth Musila, accompanied by KFIC Team conducted in-depth consultations at Kichwa cha Kati BMU, Ngomeni BMU, Kipini Ozi Chara Cooperative, and Rasini Cooperative (Faza Island). These engagements focused on collaborative agreements to operationalize ice flexing plants, reduce post-harvest losses, and create employment opportunities, aligning with KFIC's strategy to strengthen fisheries infrastructure and empower co-operatives.

On **15th April**, KFIC participated in a ministerial tree planting activity at Chara Community Forest Association, Tana River. From **15th – 16th April**, KFIC staff attended a PPIP and procurement training at Kilifi Bay Resort, while on **23rd April**, KFIC was represented at the Blue Economy Policy Summit at Dolphin Hall, KMFRI, alongside other key agencies.

In **May 2025**, on the **6th**, the WAFU research vessel was launched at SECO Jetty in the presence of KFIC CEO Dr. Nyaberi and KMFRI CEO Dr. James Mwaluma. On **7th May**, KFIC hosted an inter-agency meeting at the boardroom, followed by a stakeholder engagement on **8th May**. and on **14th May**, participated in another ministerial tree planting at Kipini, Tana River. On **15th May**, KFIC CEO Dr. Nyaberi attended the Mfangano Development Forum in Homa Bay. On **18th – 19th May**, KFIC teams engaged in Madaraka Day preparations at SHA Building, Nairobi, and later held a consultative meeting with the Deputy President at Karen Residence.

On **19th – 21st May**, KFIC joined the Gender Mainstreaming Conference in Machakos, while **20th – 23rd May** was dedicated to a documentary on KFIC services in Kipini, Ngomeni, and Mombasa. On **26th May**, KFIC board chaired a special meeting on acquiring two deep-sea fishing vessels, followed by the **26th – 30th May** exhibition at Tom Mboya University, Homa Bay County, under the theme *Blue Economy and Maritime Affairs*, officiated by the President.

In **June 2025**, KFIC participated on the **62nd Madaraka Day celebrations** which was held in Homa Bay County, Launched by the President, Cabinet Secretaries, and heads of SAGAs. On **3rd June**, KFIC departments prepared the draft performance contract, while on **4th June**, the CEO and technical

officers inspected Shimoni Fishing Port. Between **11th – 13th June**, KFIC signed commercial agreements to refurbish ice plants at Kichwa cha Kati, Ngomeni, and Kipini. On **18th June**, KFIC participated in the commissioning of a new ferry by Kenya Shipyards Limited in Kisumu, presided over by CSs Soipan Tuya and Hassan Joho.

On **25th – 28th June**, KFIC oversaw the official handover of BMU sites (Ngomeni, Kichwa cha Kati, and Kipini) to contractors. Finally, on **30th June**, KFIC hosted a high-level courtesy visit by the Kwale Youth Assembly (KYA) led by H.E. President Omar Salim Mbwana, Prime CS Hon. Hamadi Madzore, and other leaders, where discussions centered on the TUVUWE BAHARI KUU PAMOJA project, deep-sea fishing vessels, and youth empowerment through opportunities at Shimoni Fishing



Port.

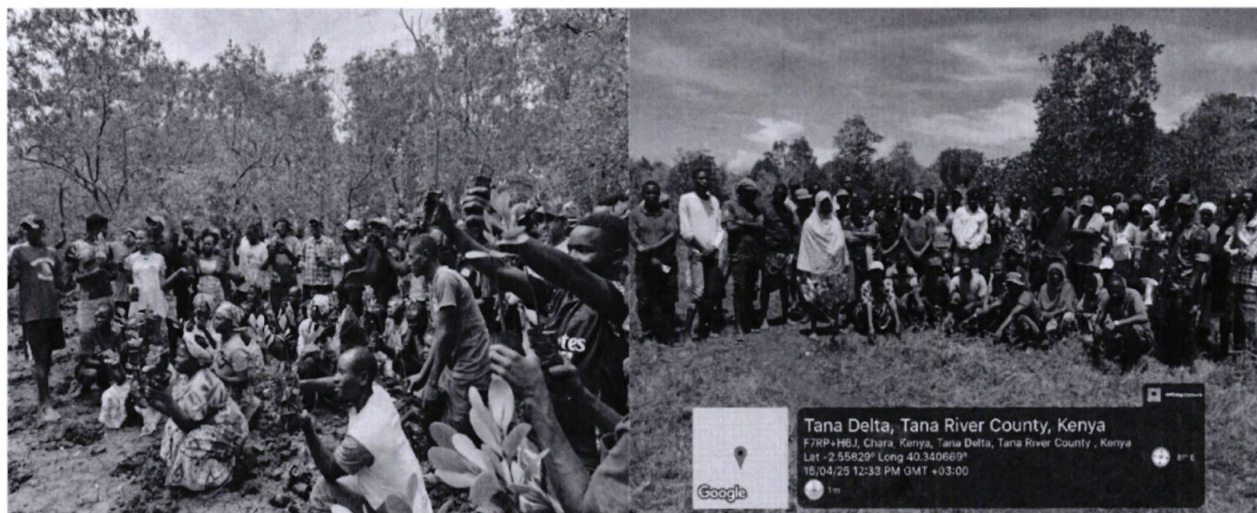


The above images show the signing of the Commercial agreements between KFIC and BMUs.

KFIC is developing the Environmental Social Impact Assessment report and the concept note for the Liwatoni Fishing Port. This is a requirement as per the Public Private Partnership engagements. The activity is in collaboration with teams drawn from KMFRI, KeMFSED, State Department and KeFS. The Corporation took part in the Medium-Term Expenditure Framework IV for budget preparation process as per the National Treasury guidelines and negotiation on resource sharing.

In collaboration with teams drawn from KMFRI and KeFS undertook the development of Kenyan offshore Fisheries stock status report for investment in the Exclusive Economic Zone as a basis for operationalization for Liwatoni Fishing Port.

During the FY 2024/2025, the Corporation participated in the National tree growing exercises in Witu forest in Lamu County, Kipini Mangroves and Tana Salt Mangroves in Tana River County. The total trees planted during the year amounted to 45,500. This is in line with the Presidential Directive for green initiative to achieve 15 billion trees by 2030.



The above images show some tree planting exercises where KFIC participated.

To facilitate and promote the capture, preservation, selling and marketing of fish and fish products, the Corporation conducted a consultative meeting between its interagency and stakeholders for designing an ideal boat for deep sea fishing. During the year the Corporation initiated the renovation and remodeling of Uvuvi I and II which will promote deep sea fishing.

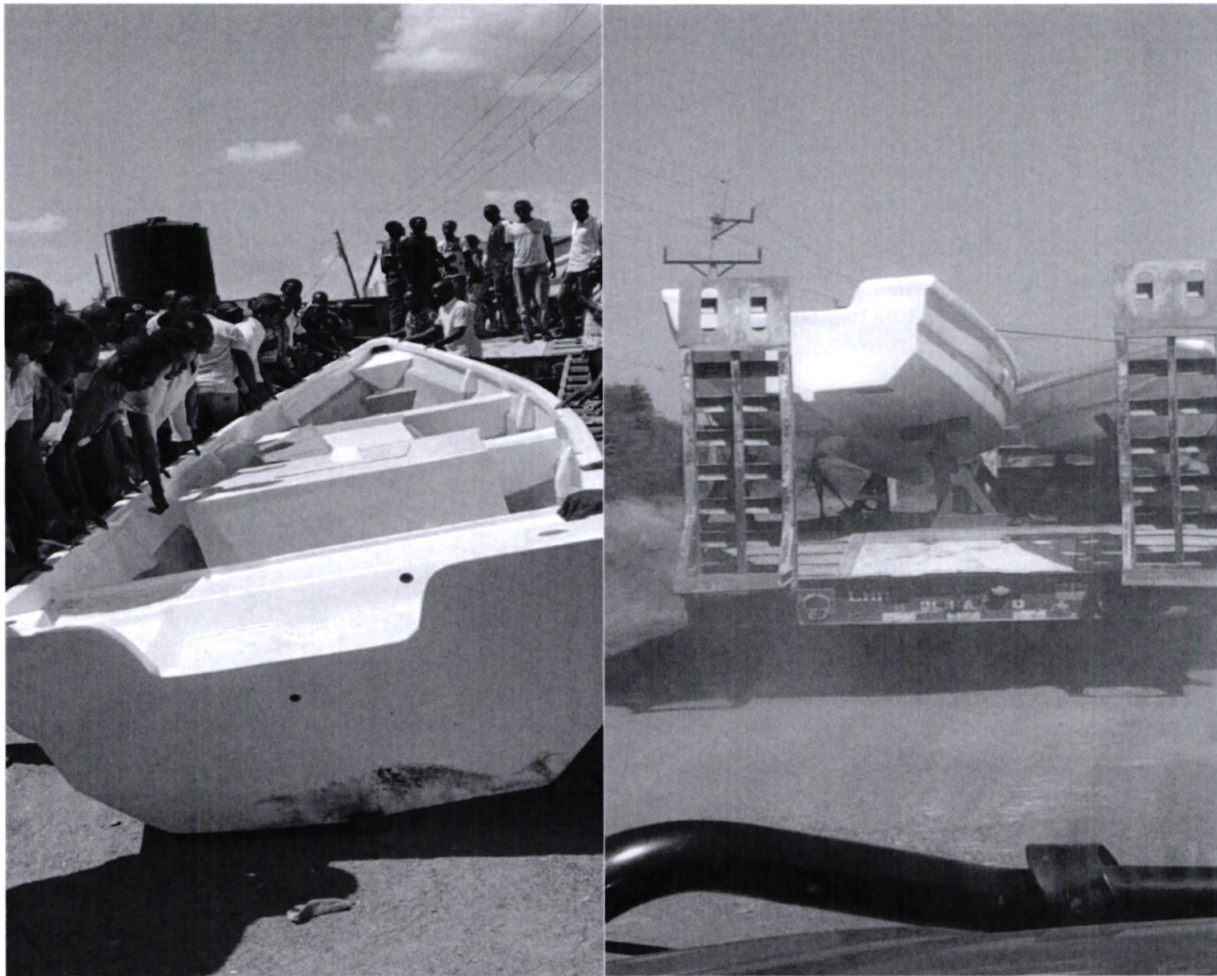
In reference to the performance contract for the year, KFIC staff were trained on productivity mainstreaming and matrix development. This was envisioned in measuring of the productivity of the Corporation Staff performance and targets.

The Corporation has participated in Kenya's Madaraka Day Blue Economy Summit which took place at Tom Mboya University in Homa Bay County, as part of the national Madaraka Day celebrations under the theme "Blue Economy and Maritime Affairs." The summit sessions explored comprehensive strategies across the aquatic value chain such as sustainable fishing, marine transport, cold storage, digital connectivity in lakeside communities, and youth and MSME engagement. These forums

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were envisioned in the exploitation of fisheries resources and KFIC gave two fishing Boats and their accessories to Nyang'wina Beach Management Units



The above images show the donated two boats to Nyang'wina Beach Management Unit

KFIC conducted surveys in the fish landing sites to ascertain the status of the facilities in the landing sites in the country with the aim of operationalization of the dormant facilities. The Corporation has

initiated collaborations, partnership and agreements with County governments, financial institutions and Beach Management Units with an aim of supporting businesses in fisheries sector. The Corporation also initiated the development of fleet management plans for deep sea fishing vessels, sea weed business plans, Ice and fish trade business plans. The main objective of the exercise is to promote the sustainable exploitation of fisheries resources for social economic development.

KPA, KFIC and KMA officers participated in the establishment of the Liwatoni Port Facility security plan in with the International Ship and Port facility security code. This would enable the maintaining of security measures and services for vessels landing at the Liwatoni fish port thus ensuring efficiency.

Officers attended a sensitization training on relevant regulations pertaining registration of vessels and safety, based on the Merchant Shipping Act at KMA. This was to promote and enhance safety of vessels at the Liwatoni fishing port.

The Corporation developed its Strategic plan 2023-2027 to guide in the implementation of the Corporations programmes and enhance efficiency and effectiveness of service delivery to KFIC stakeholders.

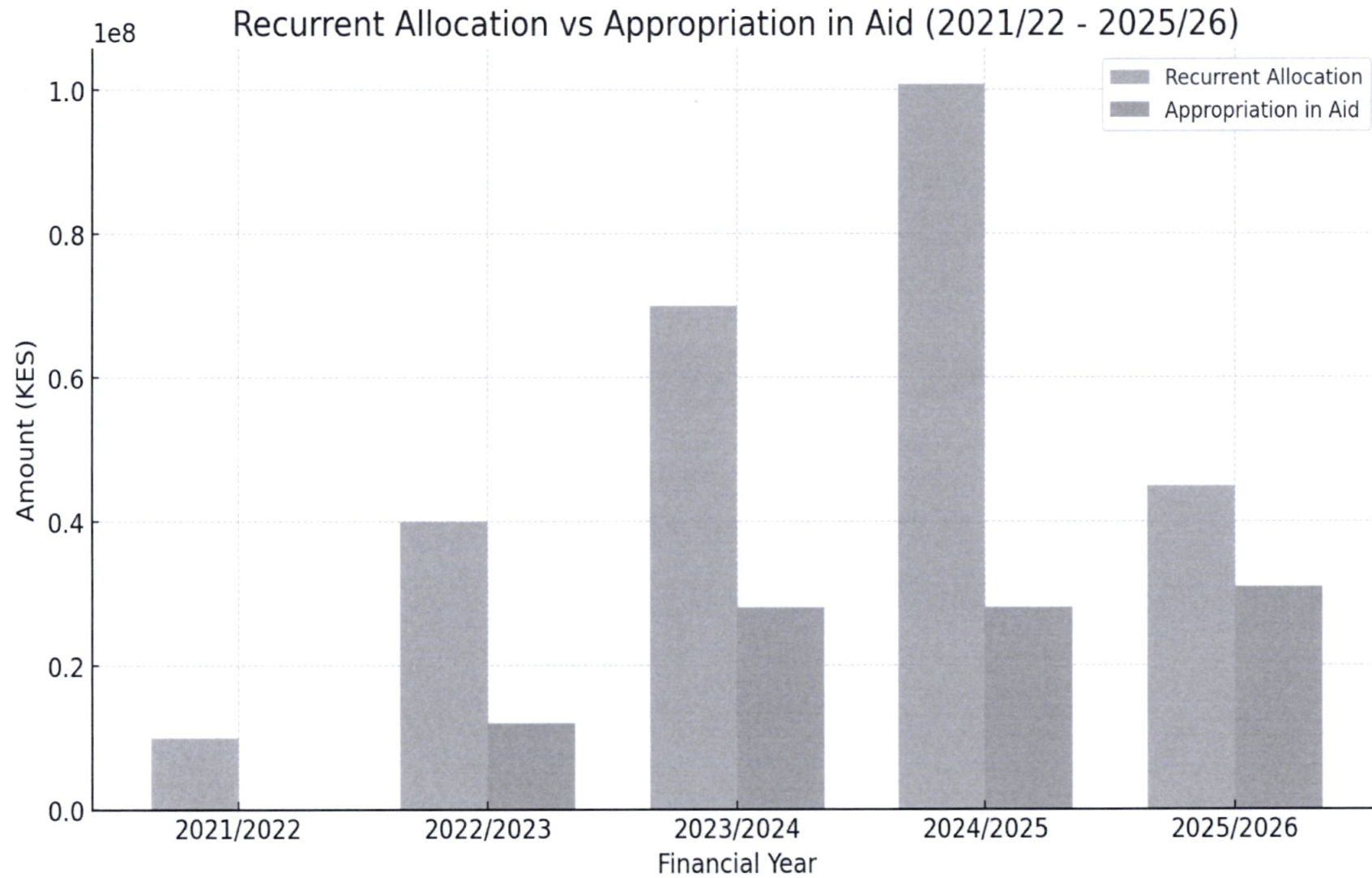
2. Financial Performance

Compliance with the Laws and Regulations

During the FY 2024-2025, the Corporation complied with the set budgetary levels for the year. All the funds released by the government to the Corporation were expensed towards the intended and approved work-plan of the Corporation.

The financial performance for the period is as shown in Figure 1 below:

Figure 1: KFIC Recurrent and AIA Allocation



A-in-A

During the period under review, the Corporation collected Appropriation In Aids (AIA) totaling to Kshs. **16,229,589** which comprises: interest from Central Security Depository (CSD) (Kshs. 5,600,030), security charges (Kshs. 9,644,539), Electricity charges (Kshs. 129,250), Fish Offloading Charges (Kshs. 128,500), Quay fees (Kshs 130,000), Port access fees (Kshs 213,388), Main land parking fees Kshs 100,000, Student/Visit Attachments (Kshs. 5,000), and Storage fees (Kshs 278,882). As captured in Note 7&9, and 16

Expenditure

During the period under review, the Corporation received a total of Kshs. 72,800,000 as captured in Note 6. Total expenditure **Kshs. 94,517,933** which includes general operating, administrative Kshs 36,956,611, personnel emoluments expenses Kshs 7,989,141, board expenses Kshs 11,283,813, Repairs and maintenance Kshs 15,177,726, Contracted services Kshs 4,349,730 and capital expenditure of Kshs. 18,760,912 As captured in Note 10,11,12 ,14,15, 19(b) while total expenditure is net of depreciation was Kshs. 6,234,631 as captured in Note 13

Risk Management

In view of the nature of work undertaken by KFIC and the size of its operations, there are risks that are peculiar to the Corporation's operations. The purpose of Risk Management is to identify such risks early before they mature and develop strategies to mitigate them. The Corporation has undertaken capacity building and training on risk management for the Board, management, staff. Each Corporation department developed a risk register, which has been incorporated in the quality operating system processes and continues with periodic reviews to incorporate emerging business trends.

Safety, Health, and Environment

Businesses are responsible for achieving good environmental practice and operating in a sustainable manner. The Corporation is therefore committed to reducing environmental impact and continually improving environmental performance as an integral and fundamental part of business strategy and operating methods. It is our priority to encourage our customers, suppliers, and all business associates to do the same. Pleasingly, no fatalities were reported in the Corporation in the reporting financial year.

To ensure safe work practices in compliance with Occupational Safety and Health Act of 2007, the maintenance of appropriate health and safety standards remains a key responsibility of all employees, and the Corporation is committed to the proactive management of health and safety risks associated

with operations. Our objective is to identify, reduce and control material risks relating to fires, accidents or injuries to employees, customers, and the research premises. The Corporation further continued to develop new infrastructure, acquire, and modernize its equipment that will improve and sustain efficiency.

To conserve the environment, the Corporation undertook tree planting and beach cleaning exercise. These exercises were aimed at mitigating pollution effects, climate change and enhance green initiatives

Compliance with statutory requirements

During the FY 2024/2025, the Corporation complied with all statutory obligations including but not limited to: remittances of PAYE, NHIF, NSSF, VAT, Housing Levy and Withholding tax within the stipulated deadlines. The Corporation was also in compliance with regulatory requirements including PFM Act 2012, The Public Procurement and Asset Disposal Act, 2015 and the State Corporations Act.

Challenges

Despite the increased Blue Economy research coverage, the Corporation experienced several challenges which include insufficient funds, limited space for expansion and lean staff employed.

Future Outlook

The Management continually seeks new approaches to enable operationalize the Corporation that would create more impact on the livelihoods of fisherfolk communities and create opportunities. Taking advantage of the expanded mandate, the Corporation continues to lobby the government for increased support as an enabler in realization of the Blue Economy exploitation initiatives.

I thank our stakeholders, the Board of Directors, our dedicated and talented staff for their support as well as their effort in making sure the Corporation achieves its goals and objectives. I also appreciate our service providers, the national & county governments, and all other stakeholders for their respective contributions to the Corporation during the year. I look forward to continued support as we strive to transform the Blue Economy Sector.



Dr. Mikah O, Nyaberi, PhD

Ag. Chief Executive Officer/KFIC

Date: 07/11/2025

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

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Entity's performance against predetermined objectives.

KFIC has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024/2025. These strategic pillars/ themes/ issues are as follows:

- Development / renovation and operationalize of facilities
- Establishment of collaboration and Partnerships
- Development/Review of the operational documents
- Human resource capacity building
- Resource Mobilization

Kenya Fishing Industries Corporation's performance against predetermined objectives is a critical measure of an organization's effectiveness and efficiency in achieving its strategic goals. By evaluating outcomes against clearly defined targets, we gain valuable insights into areas of success, identify gaps in execution, and enhance accountability across all levels. This assessment not only informs decision-making and resource allocation but also supports continuous improvement and alignment with our mission and vision. KFIC Strategic objectives includes

1. To Acquire relevant equipment and development / renovate facilities
2. To establish collaboration and Partnerships
3. To develop/review the operational documents
4. To build human resource capacity
5. To mobilize financial resources

KFIC develops its annual work plans based on the above 4 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Corporation Identification of the performance indicators was guided by the projected Strategic Plan 2023/27 targets and the FY 2024/25 PC targets implementation progress.

The identified indicators include is shown below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Development / renovation and operationalization of facilities	To Acquire relevant equipment and development / renovate facilities	Level of implementation of Citizens' Service Delivery Charter	Implement Citizens' Service Delivery Charter	The Service Charter was fully implemented in the FY 2024/2025,100%
				On boarding KFIC services at E-Citizen Platform 100%
				Undertake quarterly meetings to sensitize stakeholders on KFIC service delivery commitments
		Level of development/ renovation and operationalization of facilities	Initiation development/ renovation operationalization facilities	KFIC renovated Uvuvi 1 Vessel in the FY 2024/2025 95 %
				Renovation of Kipini, Kichwa cha Kati and Ngomeni BMUs ice making machines 75%
				Installation fresh water supply system to the jetty/berth 100%

				Installation of electric Perimeter wall at Li-watoni fish port 100%
				Finalize the business plans for fish trade and ice selling business to enhance viable operationalization's of facilities 100%
		Level of implementation of Performance Contract	Implement the Performance Contract	The Performance Contract was fully implemented in the FY2024/25 – 100%
Collaboration and Partnerships	To establish collaboration and Partnerships	Number of collaborations and partnerships	Enter new collaborations and partnerships	KFIC has reached an agreement with County Government of Tana River and Kilifi to operationalize Ice making Plants in the three Landing sites. 100%
Human resource capacity building	To build capacity of Human Resource.	Level of capacity of Human Resource build	Build Capacity of Human Resource	KFIC has one Ag. CEO, Two technical Officers from SDBE&F, One Finance & Accounting, one clerical officer, 1 Driver and an additional 9 contracted staff and 11 interns

				from PSC during the period under review.
				Undertake Staff Training Needs Assessment and prepare annual staff training projections 100%
				Undertake Institutional Gap Analysis 100%
Resource mobilization	To mobilize and manage financial resources	Amount resources mobilised to support KFIC activities	Deep sea Fishing vessel proposal has been developed to seek financial Resource	Services from port facility, Generation of interest through Government Treasury Bill.

Over and above being in our annual work plan, the above items have been captured in the Institute’s Performance Contract under specific categories such as Financial Stewardship & Discipline, Service Delivery Indicators, Core Mandate, Implementation of Presidential Directives, Access to Government Procurement Opportunities (AGPO), Promotion of Local Content in Procurement, Cross-cutting, Competency Development and Public Awareness.

8. Corporate Governance Statement

Good corporate governance entails establishment and enhancement of sustainable value for stakeholders through adoption of ethically driven procedures and processes. The Board ensures that corporate governance guidelines and best practices are followed, and that all corporate affairs are managed in a fair and transparent manner. In this regard, we believe it is our inherent responsibility to disclose timely and accurate information on our financials and performance as well as leadership and governance of the Corporation. The Board of Directors and KFIC Management remains steadfast and committed to the adoption of corporate governance best practices in support of our vision to provide world-class services that delight our customers, create value and meet stakeholders' expectations. This statement sets out the main corporate governance practices and structures in the Corporation and actions taken towards achievement of our goals.

During the reporting period the Board held the following meeting and developed three policy documents: namely the Board Charter; the Audit and Risk Management Policy;

S/No	Type of Meeting	Frequency
1.	Full Board	7
2.	Technical and operational Committee	6
3.	Finance and General- Purpose Committee	6
4.	Audit, risk and Management Committee	3
5.	Human Resource and Governance Committee	2
6.	Board Self Evaluation	1

i. Board of Directors

The KFIC Board of Directors consists of four (4) independent non-executive members, appointed by the Parent Ministry Cabinet Secretary, the Chairman appointed by the President on a triennial cycle. It also consists of representatives of the National Treasury, State Department for Blue Economy and fisheries, the Attorney General, Inspector General of State Corporations and the Corporation CEO who is also the Board Secretary. The Board composition draws a good mix of skills, experience, and proficiencies in various fields.

ii. Appointment of the Board

Every appointment for independent non-executive board member shall be by name and by notice in the Kenya Gazette and membership shall cease as set out in the State Corporations Act. To manage succession management, appointments are staggered to ensure there is business continuity in the Board of Directors.

iii. The Board Charter

The charter defines the Board’s roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight functions. It helps the Board in directing the Corporation to maximize the long-term value of services provided to all stakeholders. The Board charter spells out important governance arrangements including the following:

- i) Appointment, skills requirement, gender mix and capacity development for Board Members;
- ii) Functions and responsibilities of the Board, the Chairman and the Chief Executive Officer;
- iii) Conduct of Board and Committee meetings;
- iv) Directors’ Code of Conduct; and
- v) Terms of reference for all Board Committees

iv. Board work plan and meetings

Dates for Board meetings in the ensuing year are decided in advance and scheduled in the Board’s work plan (ALMANAC). The Board meets at least four times in a financial year to monitor and transact the Corporation’s business. Board Members receive adequate notice and detailed papers on issues to be discussed in good time to enable them to prepare for the meetings.

In compliance with the *Mwongozo Code*, the Board of Directors dedicated adequate time and met as required to effectively provide the required leadership. During the year 2024/2025, the Corporation had six (6) regular Board meetings with several committees of the Board meetings.

The attendance of the Board meeting is as indicated below:

		Full Board	Board Committees			
			Human Resource & Governance	Finance-General & Purpose	Technical and Operational	Audit & Risk Management
Board Member	Role	No. of Meetings attended	No. of Meetings attended	No. of Meetings attended	No. of Meetings attended	No. of Meetings attended
Mr. John G. Msafari, FICS, CRG (Gambia)	Previous Chairperson	2	-	-	-	-
Prof. Johnson M Kazungu, PhD	Previous Member	2	-	3	2	-
Mr. Donald Ajuoga,	Previous Member	6	-	-	4	3

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Ms. Daisy Kan-ainza Nyongesa	Previous Member	2	-	4	-	-
Hon. Kadhua Jimmy Kahindi	Chairman	3	-	-	-	-
Mr. Darius Mobe	Member	5	1	1	-	-
Mr. Adan Yusuf Deis	Member	5	-	1	1	-
Mr. Dennis Olila	Member	7	-	5	3	3
Mr. Golich Juma Wario	Member	7	2	-	-	2
Mr. Emmanuel Makuto	Member	6	2	-	2	-
Ms. Elizabeth Wamae	Member	4	-	2	-	-
Mr. Rashid Imam	Member	7	1	4	4	2

v. Board Committees

The Board has four standing committees that assist to effectively discharge various business functions and responsibilities. The Board defines terms of reference under which the respective committees operate. The committees submit reports of their activities to the Board. During the year, the Board established the following committees:

a) Technical and Operations Committee

The Committee is charged with the responsibility of providing policy direction and ensuring that the Corporation Agenda is in line with the Corporate Strategic Plan, and it is linked with the National Development Policies including the Kenya Vision 2030, Bottom-Up Economic Transformation Agenda and Third Medium Term Plan. The Committee is also responsible for approving proposed development projects and recommending development functions.

b) Human Resource and Governance Committee

The Committee is responsible for providing policy direction to the Corporation's in human resource and administration matters. The Committee is also responsible for the establishment of the terms and conditions of service and scheme of service for the employees, and making regulations governing the appointments, remuneration, conduct and discipline of Corpora-

tion's employees. The committee regularly reviews and evaluates the adequacy and effectiveness of the Corporation's personnel policies. The committee reviews and deliberates on staff matters and provides guidelines in the implementation of the personnel policies.

c) Finance and General-Purpose Committee

The Committee reviews and approves the Corporation's annual budget, administers the recurrent and development annual budgets and ensures the budgets are aligned to the government printed estimates. The Committee deliberates on and approves the Corporation annual report and financial statements. The committee regularly reviews and evaluates the adequacy and effectiveness of the Corporation's finance and planning policies.

d) Audit and Risk Committee.

The Committee acts as the oversight board committee and responsible for evaluating the effectiveness of the internal control procedures and risk management procedures. It is responsible for establishing an internal audit function and ensuring that there is an effective risk based internal audit systems. This committee is also responsible for reviewing financial information as well as monitoring the effectiveness of management information systems and the reporting thereof. The committee reviews all significant findings of the internal and external auditors and provides policy direction as appropriate.

Board Remunerations

During every Board meeting, members are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable within government set limits for State Corporations. The Chairman receives a monthly honorarium. Details of Director's emoluments during the year are shown on note **twelve (12)** in the notes the financial statements.

Board Evaluation

During the year, the Board carried out a self-evaluation exercise assisted by the State Corporations Advisory Committee (SCAC) who designed and implemented the process. The Board self-evaluation questionnaire was based around the five main principles of the Code, namely: leadership, effectiveness, accountability, training and relations with stakeholders. The Board identified no material areas for improvement, but confirmed the need to address the training, which is currently receiving attention as indicated in the Board work plan.

Board capacity development

To ensure that all directors remain informed, continual training and updates based on skills and competency requirements are conducted. A detailed induction programme is conducted for newly appointed Directors to enhance their understanding of the nature of the Corporation's business, performance, and strategy. Each year the Board prepares a training calendar where specific training needs are identified and scheduled. During the year, Members attended various capacity building programmes focusing on leadership, governance, finance, and other relevant areas.

Code of Conduct & Ethics

KFIC is committed to the highest standards of integrity, behavior, and ethics in dealing with all its stakeholders. A formal code of ethics has been approved by the Board and is fully implemented to guide the Board, management, employees, and stakeholders on acceptable behavior in conducting business. All Board members and employees are expected to avoid activities and financial interests that could undermine their responsibilities to the Corporation.

In addition, the Board applies a Conflict-of-Interest policy. A Director with an actual or potential conflict of interest in relation to a matter before the Board is required to disclose such interest and excuse himself or herself from the Board for discussion relating to the matter in question, such conflicts are registered.

Accountability and audit

Accounting records showing and explaining the transactions and financial position of the Corporation in compliance with the Public Finance Management Act 2012 and the prescribed accounting standards.

The Corporation's Financial Statements are audited by the Office of the Auditor-General. The Auditor-General is an independent office whose role and responsibilities are defined under the Constitution of Kenya. The Board in furtherance of its duties, ensures that the process, structure, and internal controls are maintained and adhered to and has internal risk and audit staff to carry out such functions.

9. Management Discussion and Analysis

a. Operational Performance

During the period under review, KFIC continued to implement its Performance Contract for the financial year 2024/2025 as negotiated with the Parent Ministry and vetted by the Performance Contracting Secretariat. With regards to budgetary resources, the government released exchequer grants to the Corporation, though with unprecedented delays as per the government printed estimates and supplementary budget for the 2024/2025 Financial Year.

b. Compliance with Statutory requirements

During the period, the Corporation complied with all statutory obligations including but not limited to: remittances of PAYE, NHIF, NSSF, VAT, and withholding tax within the stipulated deadlines. The Corporation was also in compliance with regulatory requirements including PFM Act 2012, The Public Procurement and Asset Disposal Act, 2015 and the State Corporations Act.

c. Major Risks facing the Corporation

The Board of Directors is responsible for the Corporation risk management. KFIC while implementing its mandate identified key corporate risks, the associated risk levels, and their mitigation strategies as defined below:

- i.** The Corporation shall collaborate with relevant stakeholders, inter-agencies, BMU on investor education and awareness programmes on new Facility/services to support successful implementation and maintain an updated database on necessary reforms and continuously review the rendered services to provide guidance to the relevant stakeholders.

- ii.** Sub-optimal staff capacity – The Corporation is still awaiting guidance from the parent Ministry through Public service, as per the issued circular, to enable the implementation of effective learning and development programs.

d. Material arrears in statutory/financial obligations

The Corporation has no statutory arrears and promptly meets all its statutory obligations.

e. Financial probity and serious governance issues

There are no issues of financial improbity reported by Management, any board committee or by external auditors. There are no governance issues and conflicts of interest at the Board or top management of the Corporation are disclosed accordingly when they arise.

10. Environmental and Sustainability Reporting

Kenya Fishing Industries Corporation exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i. Sustainability strategy and profile

The Corporation has set out strategic intent in the performance contract to put all efforts towards contributing effectively and efficiently to the achievement of the national developments agenda as espoused in the Vision 2030, keeping in mind the specific priorities of KFIC.

ii. Environmental performance

The Corporation is fully compliant with the Environmental Management and Coordination Act Cap 387 (EMCA) Revised edition 2012 (1999).

iii. Employee welfare

The Corporation values the welfare of her employee and therefore ensure the safety and compliance with Occupational Safety and Health Act of 2007.

iv. Market place practices-

a) Responsible Supply chain and supplier relations

KFIC values its stakeholders and for suppliers the Corporation always ensures that payments are made in time and information is symmetrical.

b) Responsible marketing and advertisement

Marketing and advertisement are done in compliance with the government set regulations mainly through the Government Advertising Agency.

c) Product stewardship

The Corporation ensures conformity with commitments and standards in the charter as a performance contract target under service delivery; implementation of Citizens' service charter.

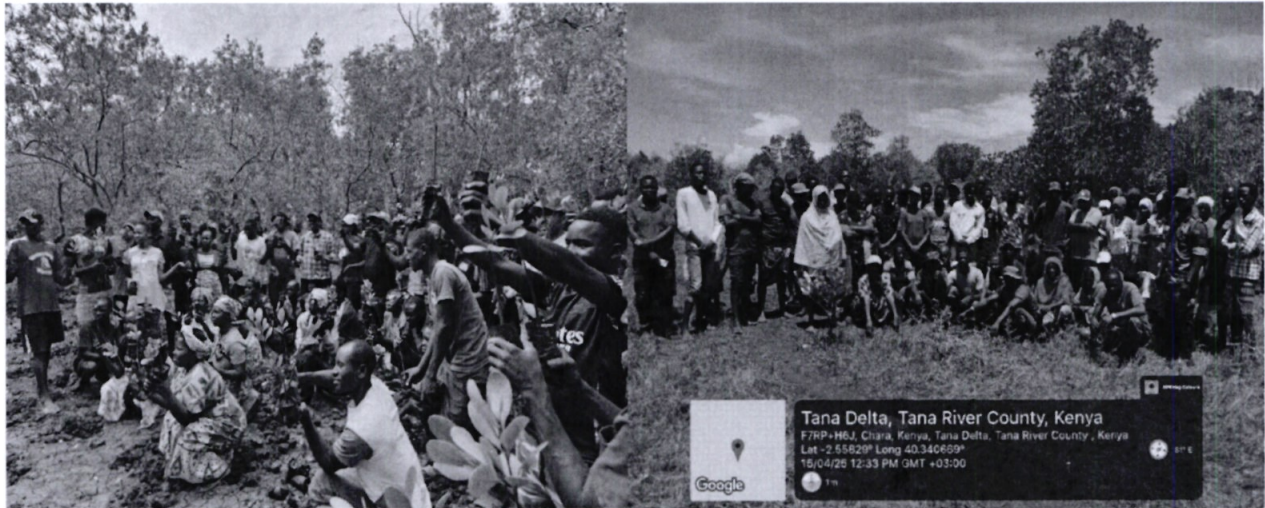
v. Corporate Social Responsibility / Community Engagements

KFIC acknowledges the need to give back to society to promote harmonious relations given the contribution made by surrounding communities in creating a conducive environment for its activities conducted at the Corporation's headquarters in Liwatoni Mombasa. The community comprises fisherfolks who will be the major suppliers of fish and fish products to KFIC. Others include pupils, students, residents, and government and state corporations.

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In the financial year ended 30th June 2024, KFIC was involved in various corporate social responsibility initiatives aimed at impacting positively on the lives of the communities involved as indicated here below:

During the FY 2024/2025, the Corporation participated in the National tree growing exercises in Witu forest in Lamu County, Kipini Mangroves and Tana Salt Mangroves in Tana River County. The total trees planted during the year amounted to 45,500. This is in line with the Presidential Directive for green initiative to achieve 15 billion trees by 2030.



11. Report of the Directors

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

i) Results

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

ii) Directors

The members of the Board of Directors who served during the year are shown on page viii - xii.

iii) Auditors

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

By Order of the Board



Dr. Mikah Nyaberi, PhD
Ag. Chief Executive Officer / Secretary to the Board

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, requires the Corporation Directors to prepare financial statements which give a true and fair view of the state of affairs at the end of the financial year and the operating results thereof. The Directors are also required to ensure that the Corporation keeps proper accounting records which disclose with reasonable accuracy, its financial position. The Directors are also responsible for safeguarding the assets of the Corporation.

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

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

The Directors further confirms the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the Corporation's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the annual financial statements

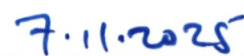
The Corporation's annual financial statements were approved by the Board on 15th July 2025 and signed on its behalf by:

Signature _____



Hon. Kadhua Jimmy Kahindi
CHAIRMAN OF THE BOARD - KFIC

Signature _____



Dr. Mikah O. Nyaberi, PhD
Ag. CEO – KFIC



REPORT OF THE AUDITOR-GENERAL ON KENYA FISHING INDUSTRIES CORPORATION FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on the Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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 Kenya Fishing Industries Corporation set out on pages 1 to 38, 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 Kenya Fishing Industries Corporation as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with State Corporations Act Cap 446 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in the Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents balance at 30 June, 2025 of Kshs.64,674,530. However, recomputation yielded balance of Kshs.62,681,728 resulting in an unexplained variance of Kshs.1,992,802.

In the circumstances, the accuracy and completeness of the cash and cash flows statement could not be confirmed.

2. Unsupported Revaluation Reserve Balance

The statement of financial position reflects revaluations reserve balance of Kshs.3,417,548 with no corresponding disclosure Note. However, the balance has not been supported.

In the circumstances, the accuracy and fair statement of revaluation reserve balance of Kshs.3,417,548 as at 30 June, 2025 could not be confirmed.

3. Misstatements in Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.30,169,606 as disclosed in Note 19 to the financial statements. The balance includes additions during the year of Kshs.18,760,915 but excludes assets acquired during the year at a cost of Kshs.3,255,172. Further, assets valued at Kshs.12,905,740 delivered after the closure of the year were included in the additions for the year resulting to an overstatement.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.30,169,606 as at 30 June, 2025 could not be confirmed.

4. Inaccuracy in Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.64,628,776 as disclosed in Note 17 to the financial statements. Included in the

balance is Kshs.58,985,763 held in Central Bank of Kenya Central Security Depository account which differs with the bank statement balance of Kshs.60,000,000 resulting in an unexplained and unreconciled variance of Kshs.1,014,237.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.64,628,776 as at 30 June, 2025 could not be confirmed.

5. Unsupported Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.36,644,481 as disclosed in Note 18 to the financial statements. However, review of the receivables aging analysis report provided revealed a balance of Kshs.33,458,589 resulting in an unexplained variance of Kshs.3,185,892.

In the circumstances, the accuracy and completeness of receivables from non-exchange transactions balance of Kshs.36,644,481 as at could not be confirmed.

6. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.78,343,010 as disclosed in Note 20 to the financial statements. Analysis of the balance revealed accrued expenditure items totalling to Kshs.7,695,349 which were unsupported as they could not be traced to their respective expenditure ledgers.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.78,343,010 as at 30 June, 2025 could not be confirmed.

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

Budget and Budgetary Controls

The statement of comparison of budget and actual amounts reflects final revenue budget and actual amounts on comparable basis of Kshs.100,800,000 and Kshs.89,029,589 respectively, resulting in underperformance of Kshs.11,770,411 or 12% of the budget.

The underperformance affected planned activities and may have impacted negatively on service delivery to the citizens.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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 Audit Matters

In the audit report of the previous financial year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on the Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Corporation in 2024/2025 revealed that the following twelve (12) issues remained unresolved as at 30 June, 2025:

No.	Audit Issue
1.	Understatement of revenue from rendering of services
2.	Inaccurate expenditure on employee costs
3.	Unsupported and long outstanding receivables from exchange transactions
4.	Understatement of trade and other payables
5.	Inaccurate statement of changes in net assets
6.	Failure to recognize revenue from non-exchange transactions
7.	Property, plant and equipment
8.	Excess budgetary allocation on board expenses
9.	Over expenditure on travel, accommodation, subsistence and other allowances budget
10.	Unsupported procurement of refined fuel and lubricants for transport
11.	Failure to appoint substantive chief executive officer
12.	Lack of approved staff establishment

Other Information

The Management is responsible for the Other Information set out on page iv to xlvii which comprise of Key Entity Information and Management, The Board of directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against the Predetermined Objectives for the FY 2024/2025, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and the Statement of Director's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Corporation's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement

of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Excessive Budgetary Allocation to Remuneration of Directors

The statement of comparison of budget and actual amounts reflects final approved remuneration of directors' budgeted expenditure of Kshs.11,343,000 and operation and maintenance budget of Kshs.54,666,247. The board expenses budget represents 21% of the operations and maintenance expenditure contrary to the Presidential Circular Ref. No. OP/CAB/1A dated 11 March, 2020 which capped board expenditure at Kshs.30,000,000 or 5% of the operations and maintenance expenditure.

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

2. Staff Holding Multiple Imprests

Review of the imprest register provided for audit revealed that the date when imprests were due was not indicated to monitor and control the surrender dates. Further, four (4) employees received multiple imprests before surrendering the previously held amounts contrary to Regulation. 93.(4) of the Public Finance Management (National Government) Regulations, 2015 which requires that before issuing temporary imprests, the accounting officer ensures that the applicant has no outstanding imprest.

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

3. Construction of Liwatoni Ultra-Modern Fish Hub

Review of documents provided for audit revealed that the State Department of Fisheries entered into a contract with a contractor on 29 March, 2022 for the construction of proposed hazard analysis critical control point compliant ultra-modern Tuna fish hub at a contract sum of Kshs.1,498,169,658 for a period of 26 weeks. At the time of audit in May 2025, the Corporation had paid Kshs.702,760,937 and Kshs.64,283,415 was held in the development account as retention money.

However, the transfer documents and details of amounts received from the State Department of Fisheries and spent on the project was not provided for audit review. Further, the amount was not accounted for in the Corporation's financial statements. This is contrary to Regulation 23 of the Public Finance Management (National Government) Regulations, 2015 which states that the accounting officer is responsible for maintaining effective systems of internal controls and the measures taken to ensure that they are effective and for measures taken to prepare the financial reports that reflect a true and fair financial position of the entity.

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

4. Failure to Reserve 30% of Procurement Opportunities for Special Groups

Review of the annual procurement plan revealed that the entity did not reserve a prescribed percentage of its procurement budget to the disadvantaged group of Youth, Women and Persons with Disabilities. This is contrary to Section 157(5) of the Public Procurement and Asset Disposal Act, 2015 which requires that an accounting officer of a procuring entity, when processing procurement, to reserve a prescribed percentage of its procurement budget, which is not less than thirty per cent, to the disadvantaged groups.

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

5. Failure to Appoint Substantive Chief Executive Officer

Review of human resource documents revealed that the position of the Chief Executive Officer has been held on an acting capacity since 3 March, 2021. The position was advertised on 13 December, 2022, interviews subsequently conducted and board recommendation for appointment made with three (3) follow up correspondences for the appointment. However, the approval to appoint was still pending as at the time of the audit.

The continued acting of the Chief Executive Officer contravenes part C.14 (1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires that acting allowance not be paid for a duration of more than six months.

In the circumstances, Management was in breach of the law while decisions required of holder of the Office may not be made in absence of substantive office holder.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and Board of Management

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 Corporation'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 Management is responsible for overseeing the Corporation's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 December, 2025

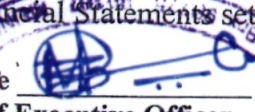
Kenya Fishing Industries Corporation
Annual Report & Financial Statements for the year ended 30th June 2025


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

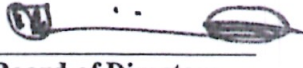
Description	Notes	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Transfers from other government entities	6	72,800,000	70,000,000
Levies, Fines, and penalties		-	-
Public contributions and donations		-	-
Property taxes revenue		-	-
		72,800,000	70,000,000
Revenue from exchange transactions		-	-
Rendering of services	7	10,629,559	7,439,819
Sale of goods	-	-	-
Rental revenue from facilities and equipment	8	-	-
Finance income (Interest (CSD))	9	5,600,030	5,154,723
Other income	-	-	-
Total revenue		89,029,589	82,594,542
Expenses			-
Use of goods and services	10	36,956,611	41,624,297
Employee costs	11	7,989,141	6,781,292
Board Expenses	12	11,283,813	13,562,489
Depreciation and amortization expense	13	6,234,631	5,197,032
Repairs and maintenance	14	15,177,726	5,026,067
Contracted services	15	4,349,730	4,272,616
Total expenses		81,991,652	76,463,793
Other gains/(losses)			
Gain/Loss on sale of assets	-	-	-
Gain/Loss on foreign exchange transactions	16	355,727	(207,508)
Surplus/ (deficit) before tax		7,393,664	5,923,241
Taxation	-	-	-
Surplus/(deficit) for the period/Quarter		7,393,664	5,923,241
Remission to SDBE&F (accumulative)	21	(725,771)	(264,890)
Net Surplus for the period		6,667,893	5,658,351

The notes set out on pages 7 to 31 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

Signature 
 Ag. Chief Executive Officer
 Dr. Mikan Q. Nyaberi, PhD

Signature 
 Finance & Accounting
 CPA A. Monica Nkatha
 ICPAK Mbr. 24649

Signature 
 Chairman of the Board of Directors
 Hon. Kadhua Jimmy Kahindi

Date:

Date: 07.11.2025



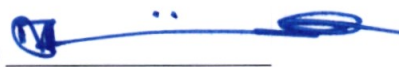
Date: 7.11.2025

Kenya Fishing Industries Corporation
Annual Report & Financial Statements for the year ended 30th June 2025

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

	Notes	FY 2024/2025	FY 2023/2024
			Kshs
Assets			
Cash and Cash Equivalents	17	64,628,776	68,170,072
Receivables from non-exchange transactions	18	36,644,481	-
Receivables from exchange transactions			22,630,847
Total Current Assets		101,273,257	90,800,919
Non-current Assets: -		-	-
Property, Plant & Equipment and donated assets	19	30,169,606	22,504,316
Intangible Assets	-	-	-
Total Non-Current Assets		30,169,606	22,504,316
Total Assets		131,442,863	113,305,235
LIABILITIES			-
Current Liabilities: -			-
Trade & Other Payables	20	78,343,010	70,290,823
Total Current Liabilities		78,343,010	70,290,823
Non-Current Liabilities: -		-	-
Total Liabilities		78,343,010	70,290,823
NET ASSETS		53,099,853	43,014,412
			-
Capital Reserve	Note.19	17,726,680	17,726,680
Donations Reserve		8,362,500	8,362,500
Revaluations Reserve		3,417,548	-
Accumulated deficit/ Surplus		23,593,125	16,925,232
Total Net Assets and Liabilities		53,099,853	43,014,412

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

Signature  Signature  Signature 
 Ag. Chief Executive Officer Finance & Accounting Chairman of the Board of Directors
 Dr. Mikah O. Nyaberi, PhD CPA. Monica Nkatha Hon. Kadhua Jimmy Kahindi
 ICPAK Mbr. 24649
 Date: 07/11/2025 Date: 07/11/2025 Date: 7.11.2025

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

Description	Capital Reserve Kshs.	Donations Reserve Kshs.	Reval. Reserve Kshs.	Accumulated Surplus Kshs.	TOTAL Kshs.
	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	10,134,298	5,371,486	-	11,266,881	26,772,665
Additions	7,592,382	2,991,014	-	-	10,583,396
Deficit /surplus for the period	-	-	-	5,658,351	5,658,351
Balance as at 30 June 2024	17,726,680	8,362,500	-	16,925,232	43,014,412

Description	Capital Reserve Kshs.	Donations Reserve Kshs.	Reval. Reserve Kshs.	Accumulated Surplus Kshs.	TOTAL Kshs.
	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2024	17,726,680	8,362,500	-	16,925,232	43,014,412
Additions		-	3,417,548	-	3,463,302
Deficit /surplus for the period	-	-	-	6,667,893	6,667,893
Balance as at 30 June 2025	17,726,680	8,362,500	3,417,548	23,593,125	53,099,853
	-	-	-		-

NOTE:

- i. Capital Reserves constitute the cumulative amounts spend over the years on capital expenditure.
- ii. Donations constitutes cumulative values of donated assets by KEMSFED, Parent Ministry and Liwatoni Project over the years
- iii. The Corporation has no any Revaluation Reserve
- iv. Accumulated surplus/deficit constitutes cumulative amounts of surplus/ deficits as realized in KFIC's statements of financial performance over the years.

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

	Notes	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities (SDBE&F)	6	72,800,000	70,000,000
Levies, fines, and penalties	-		
Public contributions and donations	-		-
Rendering of services	7	10,629,559	7,439,819
Sale of goods	-	-	-
Rental revenue from facilities and equipment	8	-	-
Finance income (Interest from Central Security Depository (CSD))	9	5,600,030	5,514,723
Other income			-
Total receipts		89,029,589	82,594,542
Payments			-
Use of goods and services	10	36,956,611	41,624,297
Employee costs	11	7,989,141	6,781,292
Board Expenses	12	11,283,813	13,562,489
Repairs and maintenance	14	15,177,726	5,026,067
Contracted services	15	4,349,730	4,272,616
Total payments		75,757,021	71,266,761
Net cash flows from/(used in) operating activities	-	13,272,568	11,327,781
Cash flows from investing activities			
Purchase of PPE and Intangible assets	19	(18,760,912)	(7,592,382)
Proceeds from sale of PPE			-
Purchase of investments			-
Sale of investments			-
Net cash flows from/(used in) investing activities		(5,488,344)	3,735,399
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)
Proceeds from issue of shares		-	-
Net cash flows from financing Activities		-	-
Net increase/(decrease) in cash & Cash equivalents		(5,488,344)	3,735,399
Cash and cash equivalents at 1 st July 2024	22	68,170,072	64,735,764
Cash and cash equivalents at 30th June 2025	16	64,674,530	68,170,072

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfer from other Government Entities	20,000,000	52,800,000	72,800,000	72,800,000	-	100%
Transfers from other agencies	-	-	-	-	-	0%
Public Contribution and Donations	-	-	-	-	-	0%
Rendering Services	23,000,000	-	23,000,000	10,629,559	12,370,441	46%
Rental revenue from facilities & equipment	-	-	-	-	-	-
Other Income (Central Security Depository (CSD))	5,000,000	-	5,000,000	5,600,030	(600,030)	112%
Total Revenue	48,000,000	52,800,000	100,800,000	89,029,589	11,770,411	88%
					-	-
Expenses: -						
Use of Goods and Services	13,013,672	20,760,551	33,774,223	36,956,611	-3,182,388	109%
Employee costs	6,371,000	1,929,167	8,300,167	7,989,141	311,026	96%
Remuneration of Directors	12,256,893	(913,893)	11,343,000	11,283,813	59,187	99%
Repairs and Maintenance	7,500,000	12,989,634	20,489,634	15,177,726	5,311,908	74%
Contracted Services	4,083,783	318,607	4,402,390	4,349,730	52,660	99%
Grants and Subsidies	-	-	-	-	-	-
Total Expenditure	43,225,348	35,084,066	78,309,414	75,757,021	2,552,393	97%
Surplus for the period	4,774,652	17,715,934	22,490,586	13,272,568	9,218,018	59%
Capital Expenditure	13,013,672	17,715,934	22,490,586	18,760,912	3,729,674	83%

Budget Notes

Transfers from Other Government Entities

The actual transfer from other government entities includes **Kshs.72,800,000.00** which was received from State Department of the Blue Economy and Fisheries to enable KFIC undertake its' administrative mandate, to meant its annual target align in work plan and operationalization of Corporation.

Rendering of Services

The main contributor to this AIA stream is the security charges from vessels docking at the Corporation jetty. In 2024/2025, the Corporation did not achieve its' target due to the change of the paying point from direct to outstanding debts of services rendered to clients/ owner of vessels which still under court order proceeds

Other Income

The other main contributor to other income was the interest earned from Government treasury bill. The Corporation exceeded its target, achieving 12% of the projected AIA. This contributed to the corporation surpassing its AIA for the FY 2024/2025.

Employee costs

These were over spent by 8% primarily due to payment of entertainment allowance arrears for the Ag. Chief Executive Officer.

Repairs and Maintenance

The corporation underspent by 15% of the allocated budget for repairs and maintenance. This was due to a delay from the Kenya Shipyard Company Limited for completion of work and delay of procurement process

Contracted Services

The spent was caused due to a cost variation

Capital Expenditure

The corporation spent on capital expenditure by 83% due to lower than expected AIA collections, which were meant to fund most of the capital projects for the FY 2024/2025

Changes between Original and Final budget

All adjustments were due to budget reallocations.

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Reconciliation of Actual on comparable basis to the Statement of Financial performance

The total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis; statement of financial performance is accrual). The reconciliation is provided low:

	Kshs.
Expenditure in Statement of Financial Performance	81,991,652
Less: Depreciation	(6,234,631)
Exchange loss	355,727
Add use of good and services items in Statement of Financial Position	
Capital Expenditure	18,760,912
Total actual on comparable basis	94,873,660

19. Notes to the Financial Statements

1. General Information

Kenya Fishing Industries Corporation is a body corporate established via section 3(1) of the State Corporation's Act Cap 446 through a Presidential directive legal Notice No. 214 of 23rd November, 2018 and amended by Legal Notice No. 110 of 22nd May, 2020. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

The mandate of the KFIC is to exploit fishery resources in the Kenya fishery waters and high seas by promoting the establishment, development and efficiency of businesses engaged in fishing and fishing-related activities.

Board of Directors

The Board of Directors were appointed on **24/06/2022,10/03/2022,21/05/2024,21/01/2024, 12/01/2024/08/11/2024,17/01/2025 and 08/11/2024** and all board members are active to their functions and execute the responsibilities.

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 proper judgement in the process of applying KFIC 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 KFIC. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

The International Public Sector Accounting Standards Board (IPSASB) has published the following new and amended standards that were originally to be effective on 1 January 2022 but were subsequently delayed and are now effective from 1 January 2023:

- **IPSAS 41** – Financial Instruments and subsequent amendment. This standard will replace the existing IPSAS 29 – Financial Instruments and sets out new requirements for recognition and measurement of financial instruments, including impairment, derecognition and general hedge accounting. This standard had no impact on KFIC’s annual financial statements.
 - **IPSAS 42** – Social Benefits. This standard provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include State retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment. KFIC does not foresee a significant impact on the annual financial statements resulting from this standard.
 - **Amendments to IPSAS 5** provides clarification on what constitutes borrowing costs;
 - **Amendments to IPSAS 30** provides illustrative examples on how items designated as hedged items might be disclosed credit risk disclosures as well in an entity’s financial statements while.
 - **Amendments to IPSAS 30**, provides guidance the relevant disclosures that may be included when accounting for financial guarantee contracts.
 - **Amendments to IPSAS 33** provides the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. These amendments had no impact on KFIC’s annual financial statements.
 - **IPSAS 39 – Employee Benefits.** The amendments delete the term composite social security benefits as it is no longer defined in IPSAS. These amendments had no impact on KFIC’s annual financial statements.
- ii. **New and amended standards and interpretations in issue but not effective in the year ended 30 June 2023.**

The International Public Sector Accounting Standards Board (IPSASB) has published the following new and amended standards that were originally to be effective on 1 January 2025.

- **IPSAS 43** - The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. These amendments had no impact on KFIC’s annual financial statements.

- **IPSAS 44** - 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. These amendments had no impact on KFIC's annual financial statements.

iii. Early adoption of standards

KFIC has adopted a new or amended standards in year 2024/2025.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Fees, taxes and fines

The *Corporation* recognizes revenues from fees, taxes 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

Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free

from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

(ii) Revenue from exchange transactions

Rendering of Services

The Corporation 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 Corporation.

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.

The Corporation Finance department increased efforts has resulted in more opportunities by depositing retained funds for retention in fixed deposit for generation of AIA. The funds are invested under Government treasury bill at Central Bank of Kenya.

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 FY 2024/2025 was approved by the National Assembly on June 2024. Subsequent revisions or additional appropriations, if need be, will be made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations will be added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The Corporation budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget

and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 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 Corporation 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.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

d) Property, plant and equipment

- i. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.
- ii. Full depreciation is charged on assets in the year of purchase, and none is made in the year the assets are disposed. Depreciation charge for leasehold land is apportioned evenly over the lease period. No depreciation is charged on freehold land and as it is deemed to have an indefinite life.
- iii. Property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued.
- iv. Motor vehicles that have a book value of less than Kshs. 100,000 are not depreciated.

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- v. Depreciation on property, plant, and equipment is calculated on a straight-line basis to write down the cost of the assets to their residual values over their estimated useful life. The estimated assets useful lives and rates used are as shown below:

Asset Description	Estimated useful life in years	Rate % or apportionment
Leasehold Land	99	Apportioned evenly over the lease period
Buildings	40	2.5%
Plant & Lab Equipment	8	12.5%
Research Vessels	8	12.5%
Motor Vehicles	4	25%
Furniture, Fittings & Office Equipment	8	12.5%
Computers	3.33	30%
Library Books	5	20%
Computer Software	3.33	30%

e) Intangible assets

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

f) development costs

During period under review no development expenses has incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential

- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

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

g) Provisions

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

h) Contingent liabilities

KFIC 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.

I) Contingent assets

KFIC 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.

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. KFIC maintains the following reserves:

Capital Reserve

This constitutes the cumulative amounts disbursed to KFIC over the years for development expenditure. The funds were spent on construction works and purchase of assets.

Donations Reserve

This constitutes the cumulative donations disbursed to KFIC over the years for development expenditure.

Revaluation Reserve

This constitutes the cumulative values of assets revalued over the years.

Accumulated Surplus

This constitutes the cumulative amounts of surpluses realized over the years.

I) Changes in accounting policies and estimates

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

J) 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.

a) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the Entity or vice versa. Members of key management are regarded as related parties and comprise the members of the Board of Directors/Ag. CEO.

b) Cash and cash equivalents

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

b) Comparative figures

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

c) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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6. Transfers from Other Government entities

Description	FY 2024/2025	2022/2023
Unconditional Grants		
Operational Grant	72,800,000	70,000,000
Unconditional development grants	-	-
Other Grants	-	-
Total Unconditional Grants	72,800,000	70,000,000

Note: The GOK Grants received was from July, August, September, October, November & December 2024 and January, February, March, April, May and June 2025. The transfers received are to fund the operations of the Corporation

7. Rendering of Services

The revenue collected is generated from various sources i.e. Security charges, electricity charges, Offloading Charges, Quay fees, Port access fees, Student visit, Main land parking fees and Storage fees from fishing vessels docking at the jetty of Liwatoni.

Description	FY 2024/2025	FY 2023/2024
	Kshs	KSHS
Security Charges	9,644,539	6,741,129
Fish Offloading Charges	128,500	181,090
Electricity Charges	129,250	-
Conference fees	-	47,000
Quay fees	130,000	433,800
Port Access Fees	213,388	
Main land parking fees	100,000	36,800
Miscellaneous Income	-	-
Student/Visit Attachments	5,000	-
Storage fees	278,882	-
Total Revenue from the Rendering of Services	10,629,559	7,439,819

8. Rental Revenue from Facilities and Equipment

The contingent rentals above relate to revenue generated from the leasing of space land.

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Rental Income	-	-
Total Finance Income	-	-

9. Finance Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Interest Generated from (Central Security Depository (CSD))	5,600,030	-

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Interest on Fixed Deposit (accumulative interest)		5,154,723
Total Finance Income	5,600,030	5,154,723

10. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Electricity Expenses	4,720,709	3,148,243
Water and Sewerage Expense	636,481	867,462
Gas Expenses	4,400	5,800
Telephone, fax and email	240,000	338,560
Internet Connection	77,649	91,098
Courier and postal Services	48,427	18,248
Travel, accommodation, subsistence, & other allowances	20,944,967	26,766,884
Publishing and Printing	226,780	289,606
Advertising, Awareness and publicity	-	80,000
Trade, shows and Exhibitions	74,040	-
Hire of Transport (Kenatco)	292,582	119,315
Training Expenses	168,212	628,500
Catering services	455,504	569,230
Conference, Seminar & Workshop	2,452,552	3,738,538
Insurance of Motor vehicles	332,160	333,665
Purchase of Uniforms and Cloth	-	420,000
General Office Supplies	17,938	334,970
Computer supplies & Accessories	53,500	221,720
Sanitary & Cleaning materials	3,915	121,850
Refines fuel and & lubricants for Transport	2,781,236	2,436,990
Bank charges	57,085	22,418
Licensing fee - Driver	6,100	-
Supplies for production	3,362,374	1,071,200
Total use of Goods & Services	36,956,611	41,624,297

Note, under expenditure of Electricity expenses of an amount of Kshs 448,869 and hire of transport, but has been corrected

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11. Employee Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries and wages	4,689,003	4,297,953
Employer contribution to health insurance schemes	-	-
Employer contribution to pension schemes (remittance to KMFRI Pension scheme)	287,320	276,278
Travel, accommodation, subsistence, & other allowances (Entertainment Allowance)	1,920,000	976,000
Housing benefits and allowances and commuter allowance	270,000	337,500
Overtime payments		-
Performance and other bonuses		-
Social contributions (NSSF Kshs. 521,105, SHIF Kshs 140,395 &HSE Levy Kshs 161,318)	822,818	893,561
Gratuity		-
Other employee related costs *		-
Employee costs	7,989,141	6,781,292

Note: The cost of employees includes acting, entertainment and wages allowance.

12. Board Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chairman/Directors' Honoraria	673,807	1,020,000
Sitting Allowances	2,541,000	4,641,000
Medical Insurance	239,139	600,000
Induction and Training	150,000	-
Travel cost and Accommodation	7,624,867	6,794,889
Other Allowances (millage, lunch and other Allowances)	55,000	506,600
Total Board Expenses	11,283,813	13,562,489

Note: Board expenses has been corrected to reflect the right position

13. Depreciation of fixed asset

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Motor Vehicles	3,816,698	2,768,000

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Furniture and Fittings	121,053	118,132
Computers	922,215	327,375
Plant and Equipment	1,098,047	61,54
Boat (Medium Size)	276,618	-
Donations Reserve	-	1,921,983
Total depreciation and amortization	6,234,631	5,197,032

Note: the depreciation figure has been corrected to reflect the right position

14. Repair and maintenance

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Maintenance of motor vehicle	671,884	847,672
Maintenance of plant /equipment	43,746	7,540
Maintenance of Bio-digester	72,678	55,205
Maintenance of Furniture and Fitting	1,500	
Maintenance of Building	9,110,634	90,600
Repair & maintenance of boat (Uvuvi I)	1,478,284	4,025,050
Repair & maintenance of boat (Uvuvi II)	3,799,000	
Total Repairs and Maintenance	15,177,726	5,026,067

Note: The expenditure for Maint of boat has been corrected as per expenditure schedule

15. Contracted services

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Contracted Security guards (Services Lakeshore Port & Harbours Security Agencies East Africa & Limited)	4,092,780	4,015,666
Contracted Prof. Fees for Audit	256,950	256,950
Total Contracted services	4,349,730	4,272,616

16. Gain/Loss on foreign exchange transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Realization of gain or Loss on foreign exchange	355,727	(207,507)
Gain on foreign exchange transactions		
Total Gain or Loss	355,727	(207,507)

Note: the table below indicates the analyses of realization of gain of foreign exchange

Date of receipts	USD	Mkt Rate	KSHS	Date of transfer/sale	USD	Negotiable exchange rate	KSH
Bal c/f as at 01/07/2024	499.40	129.38	64,613				

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22/07/2024	1,300	131.00	170,300				
26/08/2024	11,980	129.00	1,545,420	28/08/2024	13,500	128.00	1,728,000
25/09/2024	1,000	129.01	129,010				-
16/10/2024	2,073	129.00	267,417				-
29/10/2024	135	128.89	17,400	28/10/2024	3,100	129.00	399,900
12/11/2024	82	129.00	10,578				-
25/11/2024	340	129.50	44,030				-
29/11/2024	2,500	129.50	323,750				-
02/12/2024	4,040	129.60	523,584	03/12/2024	3,890	129.30	502,977
04/12/2024	385	129.55	49,877				-
06/12/2024	4,850	129.25	626,863	06/12/2024	8,690	128.00	1,112,320
07/12/2024	700	129.25	90,475				-
16/12/2024	2,630	120.16	316,021				-
17/12/2024	1,060	129.25	137,005	21/12/2024	4,390	128.50	564,115
07/01/2025	30.00	129.38	3,881.40				
13/01/2025	30.00	129.48	3,884.40				
14/01/2025	15.00	129.50	1,942.50				
17/01/2025	15.00	129.56	1,943.40				
16/01/2025	4,000.00	129.53	518,120.00				
20/01/2025	30.00	129.56	3,886.80				
21/01/2025	390.00	129.56	51,176.20				
				22/01/2025	4,100	128.50	526,850
24/01/2025	60.00	129.26	7,755.60				
27/01/2025	90.00	129.25	11,632.50				
31/01/2025	350.00	129.22	45,227.00				
05/02/2025	109.00	129.21	13,567.05	05/02/2025	900	128.00	115,650
06/02/2025	330.00	129.19	42,632.70				
10/02/2025	40.00	129.21	5,168.40				
13/02/2025	60.00	129.2	7,752.00				
19/02/2025	30.00	129.35	3,880.50				
20/02/2025	6,244	129.45	806,008	22/02/2025	7,435	128.50	955,398
25/02/2025	400.00	129.48	51,792.00				
03/03/2025	165.00	129.15	21,309.75				
04/03/2025	45.00	129.19	5,813.55				

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14/03/2025	350.00	129.51					Dollar was transferred to Parent Ministry as USD
			45,328.50	26/02/2026	2,474.98		
19/03/2025	1,630.00	129.39	210,905.70				
19/03/2025	30.00	129.39	3,881.70	19/03/2025	2,000	128.50	257,000
27/03/2025	90.00	129.3	11,637				
01/04/2025	240.00	129.2	31,008	02/04/2025	3,460	128.50	444,610
10/04/2025	30.00	129.5	3,885				
10/04/2025	315.00	129.5	40,793				
16/04/2025	470.00	129.8	61,006	17/04/2025	817	128.50	104,986
09//05/2025	14,069.00	129.2	1,817,715				
19/05/2025	105.00	129.2	13,566				
28/05/2025	1,320.00	129.2	170,544				
04/06/2025	1,160.00	129.2	149,872				
11/06/2025	80.00	129.2	10,336				
13/06/2025	20.00	129.2	2,584				
18/06/2025	25.00	129.2	3,230				
20/06/2025	30.00	129.3	3,879				
24/06/2025	85.00	129.3	10,991				
				30/06/3025	16,800	128.50	2,158,800
Total dollar receipt vs Sold			8,514,879				8,870,606
Realization on loss exchange rate							355,727

Note: Dollar of 26/02/2026, USD 2,474.98 was transferred to parent Ministry as usd and other USD of 16,800 has been collected as per your recommendations

17. Cash and Cash Equivalents as per Cash book

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Account		
Recurrent account	2,032,150	322,113
Revenue Account -Kshs	1,536,992	4,569

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Revenue Account –USD (@ ER 98.51*129.28)	12,735	64,519
Sub. Total	3,581,877	391,200
Others (Specify)		-
Development account –retention fund	2,061,136	67,778,872
Central Bank of Kenya (Central Security Depository (CSD))	58,985,763	-
Total Cash and Cash Equivalents	64,628,776	68,170,072

Note: the cashbook balance and the reconciliation errors has been reconciled, corrected and reflect the right position

17. (a) Detailed Analysis of the Cash and Cash Equivalents as per Cash book

Financial Institution	Account number	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
a) a) Current Account			
Current Account	1071242828000	2,032,150	322,113
NBK-Recurrent a/c	1071242828000	1,536,992	4,569
NBK- Revenue Account -Kshs		12,735	64,519
NBK- Revenue Account -USD	1071242828400		
Sub- Total		3,581,877	391,200
Others (Specify)			
b) NBK-Development account (Fixed deposit retention fund (principal plus accumulative interest)	1071242828200	2,061,136	67,778,872
c) Central Bank of Kenya (Central Security Depository (CSD))	288567-0004	58,985,763	-
Total Cash and Cash Equivalents		64,628,776	68,170,072

(a) Below expenditure for the development account incurred during the period under review

Remittance of 2% Withholding tax was paid on 02nd August 2024	(2,583,052)
Bank charges as 30th June 2025	(2,198.43)

Note: The procurement process of the capital expenditure on the Ultra-Modern Tuna Fish Hub project is usually done at the State Department level. In cases where the awards were given, the payment of contractors was forwarded by the Parent Ministry to the Corporation Development account for payment. The funds were transferred to KFIC Development account accompanied with Authority to Incur Expenditure (AIE).

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At the beginning of the FY 24/25, the retained funds for retention was **Kshs 63,631,100** and on **02nd August 2024**, the Corporation remitted **Kshs 2,583,052** to KRA as 2% Withholding tax for advance payment which was made to the contractor on **28th April 2022**.

As at 31st March 2025, KFIC Development account held **Kshs 61,048,049** funds as a retention funds for the Contractor. The funds have continually been invested in treasury bill on renewal for every three Months. The generated interest was used as an Appropriation In Aids AIA for the Corporation operation

On date **26th June 2025**, Corporation reinvested **Kshs 60,000,000** under Central Security Depository (CSD) in Central Bank of Kenya, the interest rate was **8.9180%** of period of three Months. The below indicates the breakdown of deposits and generated interest. The Table 1 below indicates

Table 1

S/NO	Description	Re-invested Principal amount	Interest generated	WHT tax	Net Interest amount generated
1.	Transferred to Central Bank of Kenya (Central Security Depository (CSD) for period of 3 Months from the period 18/09/2024 to 18/12/2024	61,000,000.00	2,313,181	(346,977)	1,966,204
2.	Transferred to Central Bank of Kenya (Central Security Depository (CSD) for period of 3 Months from the	61,000,000.00	1,776,870	(266,531)	1,510,339

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	period 28/11/2024 to 28/02/2025				
3.	Transferred to Central Bank of Kenya (Central Security Depos- itary (CSD) for period of 3 Months from the period 17/03/2025 to 18/06/2025 at Mkt rate of 8.9180%	60,000,000.00	1,305,000	(195,750)	1,109,250
4.	Transferred to Central Bank of Kenya (Central Security Depos- itary (CSD) for period of 3 Months from the period 26/06/2025 to 29/09/2025	60,000,000.00	1,193,220	(178,983)	1,014,237
	Grand total		6,588,271	(988,241)	5,600,030

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18. Trade and Receivables

Description	FY 2024/2025	FY 2024/2025	FY 2023/2024
	USD	Kshs	Kshs
MV Mfalme (Security Charges)	49,350	6,379,968	4,027,695
Mv Horakhty (Security Charges)	37,650	4,867,392	4,894,005
Mv Horakhty- (Electricity Charges)	49,482	6,397,033	5,816,173
Mv Ocean Eagle (Security Charges)	37,150	4,802,752	3,167,850
Mv Ocean Eagle (Electricity plug to vessel)	50,340	6,507,955	1,036,469
Mv Ocean Sniper (Security Charges)	17,650	2,320,576	833,085
Mv Ocean Sniper (Electricity plug on containers)	29,360	3,794,368	1,146,891
Mv miss Jane (security Charges)	1,500	342,592	717,615
Mv Jonas (Security Charges)	1,500	193,920	717,615
Mv New found land alert	1,500	193,920	
Mv Marine Ace 1	1,500	193,920	
Mv Marine Ace 2	1,500	193,920	
Sub -Total Current Receivables		36,002,153	22,358,297
b) Other Trade Receivables		-	
E-Citizen platform – docking services	4,968.50	642,329	272,550
Sub- Total other trade receivables		642,329	272,550
Grand -Total Current and other Receivables		36,644	22,630,847

Note: The exchange rate was computed as per Mkt exchange rate of Kshs 120

Note: the Mv re- Horakhty error has been corrected to reflect the right figure

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19. Property, Plant and Equipment

Description	Free-hold Land	Build-ing	Motor vehi-cles	Furniture and fittings	Computers & printers	Plant, Machine and office equipment	Boat (Me-dium size)	Capital Work in pro-gress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs.		Shs	Shs
As at 1 July 2024			11,072,000	950,000	965,310	-	-	-	10,134,298
Additions	-	-	-	141,500	1,857,630	1,380,000	-	1,485,852	7,592,382
Donations	-	-	4,190,393	-	972,000	4,812,275	-	-	9,974,668
Disposals/ Assets write off	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
As at 30th June 2024	-	-	15,262,393	1,086,552	3,674,276	6,192,275		1,485,852	27,701,348
Additions/Acquired	-	-	-	-	-	3,255,175	2,600,000	12,905,740	18,760,915
Donations	-	-	-	-	-	-	-	-	-
Disposals/ Assets write	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
As at 30th June 2025	-	-	15,262,393	1,086,552	3,674,276	9,447,450	2,600,000	14,391,592	46,462,263
At 1 July 2024	-	-	8,680,994	4,948	120,644	-	-	-	8,806,586
Depreciation	-	-	-	118,132	600,225	663,076	-	-	1,381,433
As at 30th June 2025	-	-	8,680,994	118,132	600,225	663,076	-	-	10,062,427
Depreciation	-	-	3,816,698	121,053	922,215	1,098,047	276,618		6,234,631
Disposals	-	-	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	-	-
As at 30th June 2025	-	-	12,497,692	239,185	1,522,440	1,761,123	276,618	-	16,297,058
Net book values	-	-					-		
As at 30th June 2024	-	-	11,446,795	968,420	3,074,051	5,529,199	-	1,485,852	22,504,316
As at 30th June 2025	-	-	2,769,101	847,368	2,151,836	7,686,327	2,323,382	14,391,592	30,169,606

Note: The reason why the Motor vehicle was not charged depreciation during FY 2022/23, it was acquired and delivered on 30th June 2023 Note: all donated reserve asset is included to asset register

Note; Boat, Water tanks and tv has been updated and corrected to assist register, depreciation has also been corrected to reflect right position

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Property plant and Equipment includes the following assets:

a. Summary of Existing asset as at 30th June 2025

Description	Cost or valuation	Net book value as 30 th June 2025	Normal depreciation as 30 th June 2025
Motor Vehicles	15,262,393	11,446,795	3,816,698
Furniture and Fittings	1,086,552	968,420	121,053
Computers & printers	3,674,276	3,074,051	922,215
Plant and Equipment	6,192,275	5,529,199	1,098,047
Boat (Medium Size)	2,600,000	2,600,000	276,618
Installation water for supply (work in progress not yet capi-	1,485,852	1,485,852	-
	27,701,348	25,104,317	6,234,631

(b) Additional assets as per 30th June 2025

Description	Supplier/contractor	Account Item	Cost or valuation
Purchase of tv	Wood creek ltd	Plant and equipment	275,17
construction of perimeter wall	Narf Logistics Ltd	work in progress not yet capitalized	3,996,74
Install of water supply System	Jogang perfect Engineering ltd	work in progress not yet capitalized	3,910,00
Install and supply of water tank	Nelipascal Ltd	Plant and equipment	2,980,00
Operationalization of Land-ing site	Blue mayors ltd	work in progress not yet capitalized	4,999,00
Purchase of medium size	Kenya Shipyard	Purchase of boat	2,600,00
		Total additional asset	18,760,91

20. Trade and Other Payables

(a) Trade Payables

S/NO	Description	Account item	Period as at September/December/March/June ,2025	Audited FY 2023/24
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			Kshs	Kshs
1.	Kenya Shipyard Ltd	Maint of Boats for (Uvuvi I)	3,242,160	3,242,160
2.	Kaylan tours and travel	Board expenses and Travel cost	351,680	-
3.	KSG	Training expenses	32,680	-
4.	Pwani University	Conference and Hosp	47,600	-
5.	Africa Savana Tours	Travel cost	39,600	-
6.	CIC Group Insurance	Board medical insurance	-	235,185
7.	Bio-Lift Water Tech	Maint of biodigester	75,864	75,864
8.	Aziz Fibreglass Boat Builders	Maint of Boats for (Uvuvi II)	5,901,000	-
9.	Blue Mayors Ltd	Operationalization of Landing site	2,499,000	-
10.	L-mira Accord ltd		1,474,500	-
11.	Pago airways services Ltd	Board expenses	-	1,690,885
12.	Attic Tours	Board expenses	-	842,750
13.	Silver Africa	Board expenses	-	428,100
14.	Lavida Investment	Printing and publication	199,969	-
		Sub – total	13,864,053	6,514,944

(b) Other payables

S/NO	Description	Account item	FY 2024/2025	Audited FY 2023/24
			Kshs	Kshs
1.	Personal claims	DSA	1,230,800	253,400
2.	Retention funds for Contractors	Retention funds	2,200,108	-
3.	Arrears for Entertainment allowance for Ag. CEO	Entertainment allowance	-	960,000
4.	Retention funds for SDBE&F	Retention funds	61,048,049	63,522,479

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	Sub – total of other payables	64,478,957	64,735,879
	Grand total of Trade and Other Payables	78,343,010	70,290,823

Note: the retention funds for contractors are for: Ms. Narf Logistics Ltd, Jogang perfect Engineering ltd, Huduma POA Co. Ltd, Blue mayors ltd, Josami Smart waste Management and Aziz Fibreglass Boat Builders

Noted: on the other trade payables of previous year, there is restatement for omission of **Kshs 960,000** being the payment entertainment arrears

21. Remission to the SDBE&F

Description	Source of Income	Period as at September/December/March/June,2025	Audited FY 2023/24
		Kshs	Kshs
1ST to 4th Quarter for the FY 2024/2025			
SDBE&F	Fish Offloading Charges	128,500	181,090
SDBE&F	Port Access Fees	213,388	-
SDBE&F	Student/Visit Attachments	5,000	-
SDBE&F	Storage fees	278,882	-
SDBE&F	Parking fees	100,000	36,800
SDBE&F	Hire of Conference	-	47,000
Total Remission to the SDBE&F		725,771	264,890

22. Balance brought forward at the Beginning of FY

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Balance c/f at the beginning as at 01.07.2024 under the recurrent account	322,113	100,412
Balance c/f at the beginning as at 01.07.2024 under Revenue a/c (USD)	64,519	1,029,379
Balance c/f at the beginning as at 01.07.2024 under Revenue account (Kshs)	4,568	-
Total Balance brought forward at start of the 01.07.2024	391,200	1,129,785

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Others(specify)		
Balance c/f at the beginning as at 01.07.2024 under Development account (payment for contractor and retained funds as retention for the on-going project for the ultra-modern fish hub financed by the Parent Ministry)	67,778,872	63,605,980
Total Balance brought forward at start of the 1st July 2024 and July 23	68,170,072	64,735,765
Remittance of 2% Withholding tax was paid on 02nd August 2024	(2,583,052)	
Bank charges as 30th June 2025	(2,198.43)	
Total Balance brought forward at start of the 1st July 2024	65,584,822	

24. Events after the Reporting Period

No event has occurred

25. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Mining, Blue Economy and Maritime Affairs. Its ultimate parent is the Government of Kenya.

26. Currency

The financial statements are presented in Kenya Shillings (Kshs)

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the External Audit Report	Issue/Observations from Auditor	Management Comments	Focal Point Person to resolve the issue (Name & Designation)	Status:(Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Understatement of revenue from rendering services. There was an income amounting to Kshs 5,889,615 omitted from the reported revenue in respect to rendering services</p>	The management has verified and corrected the error	Finance officer	Restatement has been done FY 2024/2025 and Resolved	The issue to be handled jointly with the office of the Auditor General.
	<p>Inaccurate expenditure on Employee The reported employee costs of Kshs 6,781,292 could not be verified due to a Kshs 718,117 discrepancy. This arises from comparing contracted employee costs of Kshs 3,235,927, as shown in the schedule provided, with a payroll total of Kshs 2,517,810. The management reported that the issue arose from the annual salary increments. The increment schedule was provided to auditors, and the issue has since been resolved.</p>	The management has verified and corrected the error under employee cost	Finance officer	Resolved	The issue to be handled jointly with the office of the Auditor General.

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	<p>Unsupported and long-outstanding receivables from Exchange transactions Trade receivables totalling Kshs 12,253,313 have remained outstanding for two years. Additionally, it has been observed that the corporation has not established a debt management policy, nor is there any evidence indicating that measures have been implemented to recover the outstanding debts</p>	<p>The management has initiated the process of developing debt management policy</p>	<p>Officer In-charge of production and Business Development</p>	<p>Resolved</p>	<p>management policy developed</p>
	<p>Understatement of Trade and Other Payables/pending bills Pending bills were underreported by Kshs 656,880. The origin of this amount was not clear to the members of the ARGC.</p>	<p>The management has verified and corrected the error under trade and other payables</p>	<p>Finance officer</p>	<p>Resolved</p>	
	<p>Inaccurate statement of changes in Net Assets Discrepancy in Net Assets: A discrepancy of Kshs 1,612,168 was noted between the Net Assets reported in the statement of changes in net assets (Kshs 44,626,580) and those in the statement of financial position (Kshs 43,014,412).</p>	<p>The management has verified and corrected the error under statement of changes in net assets since Corporation has no share capital</p>	<p>Finance officer</p>	<p>Restatement has been done FY 2024/2025 and Resolved</p>	

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	<p>Issue of Share Capital: An amount of Kshs 10,583,396, classified as an issue of new share capital, was revealed in the statement. However, this figure is not supported by any documentation. It is important to reiterate that KFIC does not possess any share capital.</p> <p>The management has acknowledged that the inclusion of the share capital issue was due to an error in posting.</p>				
	<p>Failure to recognize revenue from non-exchange transactions</p> <p>It was noted that the corporation is recognizing retention money of Kshs 70,000,000 in the Corporation's Bank A/C but not recognizing the receipt of Kshs 702,760,937 from the State Department for Blue Economy & Fisheries. This money is in respect to the payment of the contractor for the construction of the Hazard Analysis Critical Control Point (HCCP) complaint ultra-modern tuna fish hub at Liwatoni Mombasa County (Phase1).</p>	<p>The management has verified and forwarded the matter to parent Ministry</p>	<p>The Ag. Chief Executive Officer</p>	<p>Resolved</p>	

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	<p>Property, Plant, and Equipment The current balance of PPEs, as reported in the statement of financial position, does not include items donated from the State Department of Blue Economy & Fisheries. It was noted that these donated items have not been included in the Assets register and have not been subjected to depreciation since their receipt by the corporation.</p> <p>Additionally, there is a variance of Kshs 756,293, which reflects an overstatement in both PPEs and depreciation expenses</p>	<p>The management has verified and corrected the error under PPEs</p>	<p>Finance officer</p>	<p>Restatement has been done FY 2024/2025 and Resolved</p>	<p>The issue to be handled jointly with the office of the Auditor General.</p>
	<p>Budget control and performance The shortfall in revenue collection and overspending may have impacted the quality-of-service delivery within the corporation</p>	<p>The management has noted and collected</p>	<p>The Ag. Chief Executive Officer</p>	<p>Resolved</p>	
	<p>Unresolved prior year's Audit Matter Management reported that the issues had been resolved, but no evidence was provided to the External Auditors in support of this status</p>	<p>The management has noted and collected</p>	<p>Finance officer</p>	<p>Resolved</p>	<p>The issue to be handled jointly with the office of the Auditor General.</p>
	<p>Report on lawfulness and effectiveness in the use of public resources</p>	<p>The management has noted and forwarded the matter to CS through PS to advice</p>	<p>The Ag. Chief Executive Officer</p>	<p>Resolved</p>	

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	<p>Instances where the management was in breach of the law are as follows;</p> <ul style="list-style-type: none"> ✓ Excess budgetary Allocation on board expenses, which was at 27% against the capped board expenditure at 5%. ✓ The over expenditure on travel, accommodation subsistence, and other Allowances budget by Kshs 8,959,667. <p>The management reported that the 8M was paid per diem to the project Engineers, which was agreed to be backed by the State Department for Blue Economy & Fisheries.</p> <ul style="list-style-type: none"> ✓ Non-provision of the Contract agreement and procurement documents for the procurement of refined, fuel, and lubricants to the External Auditors for transport of Kshs 2,436,990. ✓ Failure to appoint a substantive CEO. The current CEO has been in an acting capacity for more than two years and continued to receive acting 		Board of Directors	Matter is under CS	
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	allowance even after the allowed 6 months contravening the law.				
	<p>Report on effectiveness of Internal controls, Risk management, and Governance</p> <p>There is no approved staff establishment to enable management to determine the optimal number of employees and inform the number of vacancies, promotions, re-designations, and planning on employee development. This issue is aggravated by the lack of a substantive CEO.</p>	<p>The management has noted and follow-up with Board of Directors</p>	<p>Board of Directors</p>		


27: Appendix I: Inter-entity Transfers

KENYA FISHING INDUSTRIES CORPORATION				
Breakdown of Transfers from the State Department for the Blue Economy and Fisheries				
FY 2024/2025				
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs)	FY to which the Amounts Relate
1	Recurrent Grants	12.09.2024	1,666,666.70	2024/2025
2	Recurrent Grants	13.09.2024	1,666,666.70	2024/2025
3	Recurrent Grants	15.10.2024	1,666,666.60	2024/2025
4	Recurrent Grants	08.11.2024	1,666,666.70	2024/2025
5	Recurrent Grants	09/12/2024	1,666,666.60	2024/2025
6	Recurrent Grants	03/01/2025	1,666,666.60	2024/2025
7	Recurrent Grants	10/02/2025	1,666,666.60	2024/2025
8	Recurrent Grants	10/03/2025	1,666,666.65	2024/2025
9	Recurrent Grants	04/04/2025	1,666,666.70	2024/2025
10	Recurrent Grants	02/05/2025	29,666,666.65	2024/2025
11	Recurrent Grants	16/06/2025	14,066,666.70	2024/2025
12	Recurrent Grants	30/06/2025	14,066,666.10	2024/2025
Grand Total			72,800,000.00	

KENYA FISHING INDUSTRIES CORPORATION				
Breakdown of Transfers from the State Department for the Blue Economy and Fisheries				
FY 2024/2025				
B.	Development Grants	Bank Statement Date	Amount (Kshs)	FY to which the Amounts Relate
1	Development Grants	-	NIL	FY 2024/2025
Grand Total			NIL	

The above amounts have been communicated to and reconciled with the parent Ministry


 Sign: Mikah O. Nyakwaya, PhD
 CEO, KEFC


 Sign: _____
 Head of Accounting Unit
 State Department for the Blue
 Economy and Fisheries.

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28. Appendices

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount KES	Where Recorded/recognized					Total Transfers during the annual FY
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
SDBE&F	12.09.2024	Recurrent Grants	1,666,666.70	1,666,666.70	-	-	-	-	1,666,666.70
SDBE&F	13.09.2024	Recurrent Grants	1,666,666.70	1,666,666.70	-	-	-	-	1,666,666.70
SDBE&F	15.10.2024	Recurrent Grants	1,666,666.60	1,666,666.60	-	-	-	-	1,666,666.60
SDBE&F	08.11.2024	Recurrent Grants	1,666,666.70	1,666,666.70	-	-	-	-	1,666,666.70
SDBE&F	09/12/2024	Recurrent Grants	1,666,666.60	1,666,666.60	-	-	-	-	1,666,666.60
SDBE&F	03/01/2025	Recurrent Grants	1,666,666.70	1,666,666.60	-	-	-	-	1,666,666.60
SDBE&F	10/02/2025	Recurrent Grants	1,666,666.60	1,666,666.60	-	-	-	-	1,666,666.60
SDBE&F	10/03/2025	Recurrent Grants	1,666,666.65	1,666,666.65	-	-	-	-	1,666,666.65
SDBE&F	04/04/2025	Recurrent Grants	1,666,666.70	1,666,666.65	-	-	-	-	1,666,666.65
SDBE&F	02/05/2025	Recurrent Grants	29,666,666.65	29,666,666.65	-	-	-	-	29,666,666.65
SDBE&F	16/06/2025	Recurrent Grants	14,066,666.40	14,066,666.40	-	-	-	-	14,066,666.40
SDBE&F	30/06/2025	Recurrent Grants	14,066,666.10	14,066,666.10	-	-	-	-	14,066,666.10
Total			72,800,000.00	72,800,000.00					72,800,000.00

