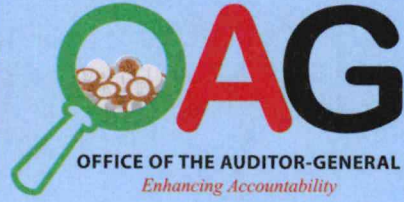


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ON

**KENYA MARINE AND FISHERIES
RESEARCH INSTITUTE**

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



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KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
30 JUNE 2025**

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

100



KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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ACRONYMS AND DEFINITION OF KEY TERMS

A: Acronyms and Abbreviations

ACA	Anti-Counterfeit Authority
AG	Attorney General
AGPO	Access to Government Procurement Opportunities
BoM	Board of Management
BVM	Bachelor of Veterinary Medicine
CEO	Chief Executive Officer
CPA	Certified Public Accountant
CS	Corporation Secretary
CSR	Corporate Social Responsibility
DR	Doctor
DOJ	Department of Justice
EEZ	Exclusive Economic Zone
EMCA	Environmental Management and Coordination Act
EPZA	Export Processing Zones Authority
FY	Financial Year
HELB	Higher Education Loans Board
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KEBS	Kenya Bureau of Standards
KIRDI	Kenya Industrial Research and Development Institute
KMFRI	Kenya Marine and Fisheries Research Institute
MSc	Master of Science
MCIPS	Member Chartered Institute of Procurement & Supply
MKISIM	Member Kenya Institute of Supplies Management
MOU	Memorandum of Understanding
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund
OAG	Office of the Auditor General
PAYE	Pay As You Earn
PFM	Public Finance Management
PhD	Doctor of Philosophy
PIC	Public Investments Committee
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PROF	Professor
SAGA's	Semi-Autonomous Government Agencies
SCAC	State Corporations Advisory Committee
SDBE&F	State Department for Blue Economy & Fisheries
VAT	Value Added Tax
WARMA	Water Resources Management Authority

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B: Definition of Key Terms

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

Comparative Year - Means the prior period

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1. KEY INSTITUTE INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Marine and Fisheries Research Institute (KMFRI) was established by an Act of Parliament (The Science and Technology Act, Cap 250 of the Laws of Kenya) in 1979 after the dissolution of the East African Community. However, Cap 250 has since been repealed by the Science, Technology and Innovation Act, No.28 of 2013. KMFRI is domiciled in Kenya and has branches in Mombasa, Kisumu, Naivasha, Baringo, Kegati, Sangoro, Sagana, Shimoni, Turkana, Mutonga and a research substation at Gazi and the Nairobi liaison office.

(b) Principal Activities

KMFRI's main role is to undertake research in "marine and freshwater fisheries, aquaculture, environmental and ecological studies" to provide scientific data and information for sustainable exploitation, management and conservation of Kenya's fisheries and aquatic resources, and contribute to National strategies of food security, poverty alleviation, clean environment, and creation of employment as provided for under Vision 2030. Elaborately, the roles of KMFRI include:

- i. To conduct multidisciplinary and collaborative research of fish ecology, population dynamics, stock assessment and general aquatic ecology.
- ii. To collect and disseminate scientific information on fisheries and other aquatic resources and related natural products.
- iii. To study and identify suitable species for culture including development, adoption and transfer of rearing technology and procedure.
- iv. To study chemical and physical processes that affect productivity of aquatic ecosystems.
- v. To monitor water quality and pollution in fresh and marine water environments.
- vi. To carry out socio-economic research on aspects relevant to fisheries, environment, and other aquatic resources.
- vii. To establish a marine and freshwater collection for research and training purposes.
- viii. To conduct research on fish quality control, post-harvest preservation and value addition technologies.

Vision

A World Class Centre of Excellence in innovative research for sustainable Blue Economy and Fisheries development.

Mission

To generate and disseminate scientific information for sustainable development of the Blue Economy and Fisheries.

Strategic Objectives

KMFRI's Strategic Objectives for the period 2023-2027 are as below:

- i. To promote research and innovation to drive transformation of Blue Economy (BE) towards

**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
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sustainable development;

- ii. To transfer knowledge and information to support policy development and uptake of research findings and innovations;
- iii. To mobilize and manage human and financial resources to strengthen institutional capacity;
- iv. To strengthen national, regional, and international collaboration and partnerships; and
- v. To strengthen community participation and integration of indigenous knowledge in research development.

(c) Key Management

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

Board of Management

No.	Name	Role	Date Appointed
1.	Hon. John Safari Mumba	BoM Chairman	6 October 2021 (Retired 5 October 2024)
2.	Amb. Dr. Wenwa Akinyi Oranga Odinga		15 November 2024
3.	Mr. Valentine Mwaisaka Mwakamba	BoM Member	3 May 2022 (Retired 2 May 2025)
4.	Prof. Francis Kimani Njonge, BVM, MSc, PhD	BoM Member	3 May 2022 (Retired 2 May 2025) (Re-Appointed 16 May 2025)
5.	Dr. Nancy C. Tuimising - Tele	BoM Member	1 September 2023
6.	Eng. Erastus Njoroge Kimuri	BoM Member	13 October 2023 (Retired 12 October 2024)
7.	Hon. Hassan Abdi Dukicha	BoM Member	9 November 2023
8.	Mr. Nelson Dzuya	BoM Member	7 June 2024
9.	Mr. Christopher Nyaga Nkoroi	BoM Member - Representative, PS State Department for Blue Economy and Fisheries	18 January 2021
10.	Mr. Jalfred Erima Maliro	BoM Member - Representative of the Office of the Attorney General	17 March 2022
11.	Ms. Emmah Mburu	BoM Member - PS, The National Treasury	28 March 2024

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(d) Key Management

No.	Designation	Name
1.	Ag. Director General & CEO	Dr. James Mwaluma, PhD
2.	Director, Corporate Services	CPA. Abraham Kagwima
3.	Director, Aquaculture Research	Dr. Jonathan Munguti, PhD
4.	Ag. Director, Oceans and Coastal Systems and Blue Economy Research	Dr. Jacqueline Uku, PhD
5.	Director, Freshwater Systems Research	Dr. Christopher Aura, PhD
6.	Director, Socioeconomics Research	Dr. Jacob Ochiewo, PhD
7.	Corporation Secretary & Director of Legal Services	CS. Caroline Mukiira
8.	Director Internal Audit	CPA. Bernard Kichakuri
9.	Ag. Supply Chain Manager	Isack Owiti Kojo Ombwayo, MCIPS/MKISM

(e) 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. Director General & CEO	Dr. James Mwaluma, PhD
2.	Director, Corporate Services	CPA. Abraham Kagwima
3.	Director, Aquaculture Research	Dr. Jonathan Munguti, PhD
4.	Director, Freshwater Systems Research	Dr. Christopher Aura, PhD
5.	Director, Socioeconomics Research	Dr. Jacob Ochiewo, PhD
6.	Corporation Secretary & Director of Legal Services	CS. Caroline Mukiira
7.	Director Internal Audit	CPA. Bernard Kichakuri
8.	Ag. Director, Oceans and Coastal Systems and Blue Economy Research	Dr. Jacqueline Uku, PhD
9.	Ag. Supply Chain Manager	Isack Owiti Kojo Ombwayo, MCIPS/MKISM

(f) Fiduciary Oversight Arrangements

Fiduciary oversight of the Institute's activities is carried out by the following:

Board Finance and Planning Committee

Its main function is to review and monitor the Institute's financial position on behalf of the Board, including review of the liquidity status, all the Institute'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 Institute.

Board Audit and Risk Management Committee

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 Institute's operations and reviewing the risk management framework and the periodic performance contract reports.

Public Investments Committee (PIC)

The Public Investments Committee is constituted pursuant to the provisions of Standing Orders No. 206, and it consists of a chairperson and not more than sixteen other members. The functions of the Committee are to examine the reports and accounts of public investments, to examine the reports, if any, of the Auditor General on the public investments and to examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments are being managed following sound financial or business principles and prudent commercial practices.

(g) Headquarters

Dr. Ludwig von Krapf Road, Mkomani Mombasa
P.O. Box 81651 - 80100
Mombasa, Kenya

(h) Contacts

Telephone: +254 (20) 8021560/1, 0712003853
E-mail: director@kmfri.go.ke
Website: <http://www.kmfri.go.ke>

(i) Bankers

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

Kenya Commercial Bank,
P.O. Box 48400 – 00100
Nairobi, Kenya

(j) Independent Auditors

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

(k) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice

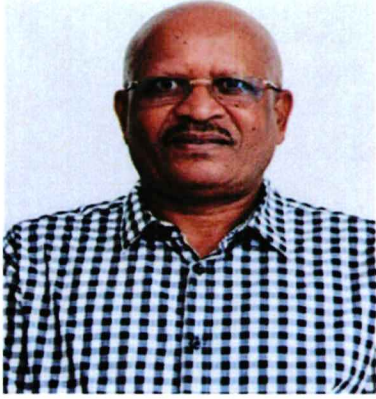
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Harambee Avenue
P.O. Box 40112 - 00200
Nairobi, Kenya

2. THE BOARD OF DIRECTORS

 <p>Hon. John Safari Mumba Chairman, Board of Management</p> <p>Key Qualifications</p> <ul style="list-style-type: none"> • Bachelor of Science in Zoology & Botany, Makerere University • Postgraduate Diploma in Education, University of Nairobi • Postgraduate Diploma in Fisheries Management, Grimsby College of Technology, UK • Postgraduate Diploma in Management of Public Enterprises, Harvard University (HIID), USA 	<p>Date of Birth 1946</p> <p>Date of Appointment 6 October 2021</p> <p>Date of Retirement 5 October 2024</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Bahari MP from 1992 to 1997 • Former Managing Director and CEO of Kenya Cashew Nuts Ltd • Coast Provincial Director of Fisheries, from 1975 to 1982 • Directorships held: <ul style="list-style-type: none"> ○ Kenya Bixa Limited ○ Industrial Commercial Development Corporation (ICDC) ○ Tototo Home Industries ○ Centre for Multiparty Democracy (CMD), Kenya • Chairman, Cashew Nuts Industry Revitalisation Task Force
 <p>Amb. Dr Wenwa Akinyi Odinga Oranga Chairman, Board of Management</p> <p>Key Qualifications</p>	<p>Date of Appointment: 15 November 2024</p> <p>Work Experience:</p> <ul style="list-style-type: none"> • Board member - Kenya Medical Research Institute (KEMRI) • Board member - Kenya National Archives • Board member - Bondo Technical Training Institute • Board member - Maseno School • Commissioner - Homabay County Revenue Board • Director, Pan African Petroleum • Consul General at the Kenya Consulate - Los Angeles, California, United States • Senior Lecturer Organic Chemistry, University of Nairobi



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<ul style="list-style-type: none"> • PhD – Chemistry, Organic and Natural Products, University of Nairobi • Master of Science (MSc) • Bachelor of Science (BSc) 	<ul style="list-style-type: none"> • Chief Chemist, Pyrethrum Board of Kenya • Senior Assistant Commission Secretary - Commission for Higher Education
 <p>Mr. Valentine Mwaisaka Mwakamba Independent Board Member Chairman, Board Audit and Risk Management Committee</p> <p>Key Qualifications</p> <ul style="list-style-type: none"> • Code of Corporate Governance – SCAC • Certified Trustee by Retirement Benefits Authority (RBA)- School of Insurance • Diploma, Business Administration – Mombasa Polytechnic; 1978-1979 • Bookkeeping and Accounts-Pitman's Institute, London; 1977-1978 	<p>Date of Birth 6 November 1958</p> <p>Date of Appointment 3 May 2022</p> <p>Date of Retirement 2 May 2025</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Kenya Ports Authority, Audit and Risk Committee of the Board - Chairman • The National Alliance Party of Kenya, (Mombasa) - Chairman • Kenya International Freight and Warehouse Association (KIFWA) – Chairman • Kenya National Chamber of Commerce & Industry (KNCCI), (Mombasa) - Branch Secretary • Star of The Sea School Board, Mombasa – Chairman • Linu Agencies, Mombasa - General Manager • Coffee Marketing Board (U) Limited, (Uganda, Dar es Salaam, Mombasa) - Stocks Controller


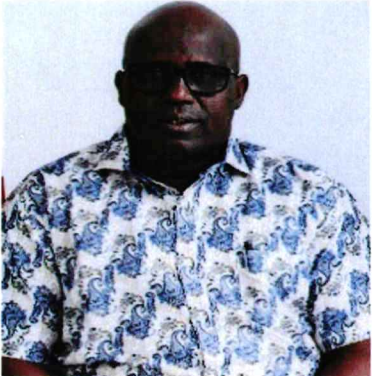
**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
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 <p>Mr. Nelson Dzuya Board Member Key Qualifications:</p> <ul style="list-style-type: none"> • BA Political Science and Public Administration • Diploma Hotel and Restaurant Management 	<p>Date of Birth 1977</p> <p>Date of Appointment 7 June 2024</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Board member, Public Benefit Organisations Regulatory Authority, October 2023 to date • CEO Pawn Security Services Limited, October 2022 to date • National Chairman, Jubilee Party of Kenya, 2016 to date • Businessman, Petroleum & Transport Sector.
 <p>Mr. Christopher Nyaga Nkoroi Board Member (PS Representative-The SDBE&F) Key Qualifications:</p> <ul style="list-style-type: none"> • BSc. Chemistry & Zoology 	<p>Date of Birth 1977</p> <p>Date of Appointment: 18 January 2021</p> <p>Work Experience</p> <ul style="list-style-type: none"> • PS Representative, the SDBE&F

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 <p>Ms. Emmah Mburu Board Member (Cabinet Secretary Representative, The National Treasury) Key Qualifications:</p> <ul style="list-style-type: none"> • Bachelor’s Degree – Administration, International Relations, Geography, Religion. 	<p>Date of Birth 1 July 1965</p> <p>Date of Appointment 28 March 2024</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Resource Mobilisation Department, Public Debt Management Directorate, The National Treasury • Cabinet Secretary Representative, the National Treasury
 <p>Prof. Francis Kimani Njonge, BVM, MSc, PhD Independent Board Member Chairman, Board Scientific and Technical Committee Key Qualifications:</p> <ul style="list-style-type: none"> • PhD – Parasitology, JKUAT • Masters Degree – Reproductive Physiology, James Cook University, Australia • Bachelor’s Degree – Veterinary Medicine, University of Nairobi 	<p>Date of Birth: 1960</p> <p>Date of Appointment: 3 May 2022</p> <p>Date of Retirement 2 May 2025</p> <p>Date of Re-Appointment 16 May 2025</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Director, Graduate School • Dean School of Natural Resources and Animal Sciences (SONRAS) • Associate Professor, Department of Animal Sciences, JKUAT

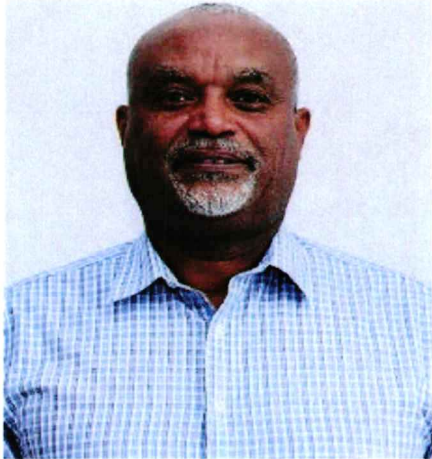
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 <p>Mr. Jalfred Erima Maliro Board Member (Representative of the Office of the Attorney General)</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of Law Degree – Moi University • Post Graduate Diploma in Law 	<p>Date of Birth: 13 July 1979</p> <p>Date of Appointment: 17 March 2022</p> <p>Work Experience:</p> <ul style="list-style-type: none"> • Head Office of the Attorney General and Department of Justice (OAG & DOJ) Malindi Regional Office • Representative of the Office of the Attorney General
 <p>Hon. Hassan Abdi Dukicha Board Member Chairman, Board Finance and Planning Committee</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of Business Management • Diploma in Business Administration • Certificate in Human Resource 	<p>Date of Birth 22 August 1971</p> <p>Date of Appointment: 9 November 2023</p> <p>Work Experience</p> <ul style="list-style-type: none"> • MP - Galole Constituency, from 2013 to 2017 • Telkom Kenya from 1992 and 2005

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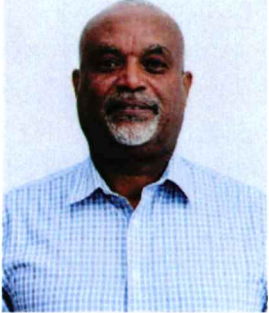


 <p>Eng. Erastus Njoroge Kimuri Board Member</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • MSc. In Chemical Engineering – Moscow State University of Fine Chemical Technologies (Russia) 	<p>Date of Birth 25 December 1955</p> <p>Date of Appointment 13 October 2023</p> <p>Date of Retirement 12 October 2024</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Director of Industries, Ministry of Industrialization & Ministry of Trade & Industry Kenya from Feb 2008 to Dec 2016 • Ag. Industrialization Secretary - Ministry of Industrialization & Ministry of Trade & Industry Kenya, July 2013 - April 2014 • Deputy Director of Industries - Ministry of Industrialization & Ministry of Trade, Jan 2003 - Feb 2008 • Board Chairman Accreditation Committee of the Kenya National Accreditation Service (KENAS) • Board of Director of: KEBS, KIRDI, East African Portland Cement, EPZA, ACA, Numerical Machining Complex, Kenya Leather Development Council, WARMA
 <p>Dr. Nancy C. Tuimising Tele, PhD Board Member</p> <p>Key Qualifications:</p>	<p>Date of Birth 8 December 1975</p> <p>Date of Appointment 1 September 2023</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Lecturer - Daystar University, 2021-Current • Lecturer - Management University of Africa, 2018 - Current • Lecturer - Bridgeworld College, 2020 – May 2023 • Project Officer - World Vision, 2012 -2016

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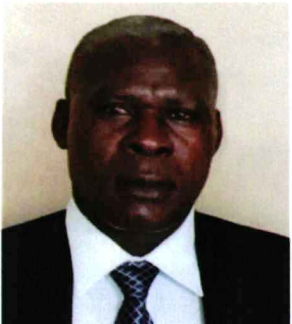
<ul style="list-style-type: none"> • PhD – Clinical Psychology, Daystar University • MA in Counseling Psychology – Daystar University • BA in Community Development – Daystar University • Diploma in Administration and Development – Daystar University 	<ul style="list-style-type: none"> • Sponsorship Officer - World Vision, 2001 - 2012 • Research Supervisor - Population Services International, 2000 – 2001 • Project Supervisor - Deliverance Church Children’s Care Centre, 1998 – 1998 • Accounts Clerk - Community Initiative Support Services, 1996 – 1997 • Input and Reconciliation Clerk - Signon Freight Limited, 1994 - 1996
<div style="text-align: center;">  </div> <p>Dr. James Mwaluma, PhD Secretary to the KMFRI Board of Management</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • PhD Zoology (Ecology), Moi University • MSc (Hydrobiology), University of Nairobi • Bachelor of Science (BSc), Panjab University 	<p>Date of Birth: 1965</p> <p>Area of Responsibility</p> <ul style="list-style-type: none"> • Ag. Director General & CEO of the Institute • Secretary to the KMFRI Board of Management

**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
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3. KEY MANAGEMENT TEAM

Name	Qualifications	Position in the Management
 <p>Dr. James M. Mwaluma, PhD</p>	<p>Key Qualifications:</p> <ul style="list-style-type: none"> • Ph.D. Zoology (Ecology), Moi University • M.Sc. (Hydrobiology), University of Nairobi • Bachelor of Science (BSc), Panjab University 	<p>Ag. Director General & CEO</p>
 <p>CPA. Abraham John Kagwima</p>	<p>Key Qualifications:</p> <ul style="list-style-type: none"> • Master of Business Administration (Finance Option) • Certified Public Accountant (K) • ICPAK Reg. No. 2954 	<p>Director, Corporate Services</p>
 <p>Dr. Jonathan B. Munguti, PhD</p>	<p>Key Qualifications</p> <ul style="list-style-type: none"> • PhD - Natural Resources and Applied Life sciences Vienna, Vienna, Austria • MSc. environmental science and technology IHE. Delft the Netherlands • B. Ed Sc. Hons (Zoology/Chemistry), Moi University 	<p>Director, Aquaculture Research</p>

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 <p>Dr. Christopher M. Aura, PhD</p>	<p>Key Qualifications:</p> <ul style="list-style-type: none"> • PhD in Marine Bioresource and Environmental Science • Masters Degree in Aquatic Sciences from Moi University • BSc in Fisheries and Aquatic Sciences from Moi University • Diploma in International Environmental Leadership, Sustainability Science 	<p>Director, Freshwater Systems Research</p>
 <p>Dr. Jacqueline Uku, PhD</p>	<p>Key Qualifications:</p> <ul style="list-style-type: none"> • PhD Plant Physiology, Botany Department, Stockholm University Sweden • MSc Biology of Conservation, University of Nairobi • BSc Zoology, University of Nairobi 	<p>Ag. Director, Oceans and Coastal Systems and Blue Economy Research</p>
 <p>Dr. Jacob O. Ochiewo, PhD</p>	<p>Key Qualifications:</p> <ul style="list-style-type: none"> • Ph.D. Development Studies, Jomo Kenyatta University • Master of Arts in Economics • Bachelor of Arts 	<p>Director, Socioeconomics</p>
 <p>CS. Caroline M. Mukiira</p>	<p>Key Qualifications:</p> <ul style="list-style-type: none"> • Master of Laws (LL.M), University of Nairobi • Bachelor of Laws (LL.B), University of Nairobi • Certified Public Secretary (CPS); and • ICS Reg. No. 2421 and LSK Reg. No. P.105/6645/07 	<p>Corporation Secretary, Director of Legal Services</p>

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 <p>CPA Benard Kichakuri</p>	<p>Key Qualifications:</p> <ul style="list-style-type: none"> • Master of Business Administration, University of Nairobi • Bachelor of Commerce, University of Nairobi • Diploma, Oracle Database Administration and Development, Institute of Software Technologies • Certified Public Accountant • ICPAK Reg. No. 7990. 	<p>Director Internal Audit</p>
 <p>Isack Owiti Kojo Ombwayo, MCIPS/MKISM</p>	<p>Key Qualifications:</p> <ul style="list-style-type: none"> • Master of Science in Procurement and Logistics, Jomo Kenyatta University of Agriculture and Technology • Bachelor of Commerce, Catholic University of Eastern Africa • Professional Diploma in Purchasing and Supplies, The Chartered Institute of Purchasing and Supply • KISM Reg. No KISM/69527 CIPS Reg. No. 00536628/M 	<p>Ag. Supply Chain Manager</p>

4. CHAIRMAN'S STATEMENT

It is a pleasure to present to you the 2024/2025 FY Annual Report and Financial Statements for the Kenya Marine and Fisheries Research Institute, on behalf of the Board of Management. This report captures the key activities undertaken, notably successes, the future outlook of the Institute, and the financial performance for the financial year 2024/2025. I extend my gratitude to the government for its continued support through research grants, enabling our scientists to develop innovative technologies that enhance fish production, marine conservation, and sustainable aquaculture in line with Kenya Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA).



**Amb. Dr. Wenwa Akinyi Odinga Oranga
Chairman, KMFRI Board of Management**

Corporate Governance

The Board of Management acknowledges its overall responsibility for good corporate governance across the Institute to ensure that KMFRI's governance instruments and policies are aligned with its mandate. As a fundamental principle of its commitment to full and transparent compliance, the Board ensures adherence to the standards and practices of good corporate governance, the principles and recommendations set out under Mwongozo, the Code of Corporate Governance, as well as all applicable laws. The Board has also established internal procedures and monitoring systems to promote compliance. The Statement of Corporate Governance included in this report sets out in greater detail the various corporate governance initiatives undertaken by the Board.

Successes

KMFRI successfully implemented its 2024/2025 Performance Contract, signed by the Board of Management and key government ministries, reinforcing its commitment to strategic research and institutional accountability. The Institute disseminated the contract outcomes to stakeholders as scheduled, demonstrating transparency and alignment with national priorities.

Regionally and internationally, KMFRI played a prominent role in advancing the Blue Economy. It actively participated in the African Scientific Conference hosted by UNESCO-IOCAFRI in Nairobi, contributing insights on marine spatial planning, fisheries governance, and ecosystem resilience. The Institute also took part in the 8th IOCAFRI Sub-Commission session, further cementing its leadership in regional ocean governance. Internationally, KMFRI represented Kenya at the Global Seaweed Summit in Busan, South Korea, showcasing innovations in seaweed farming, climate adaptation, and bio-stimulant opportunities.

In its stakeholder engagement efforts, KMFRI made notable contributions during the Madaraka Day celebrations in Homa Bay County, donating fishing boats to local Beach Management Units to support fisherfolk livelihoods. The Institute also handed over a modern administration block to Nyakwere Primary School in Kisumu County, reflecting its commitment to inclusive growth and community empowerment within the Blue Economy framework. A major milestone was the presidential launch of the Kenya Marine Spatial

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Plan (MSP) for Lake Victoria, developed by KMFRI to guide sustainable fisheries governance, aquaculture zoning, and resource conservation. The Institute's innovation and research excellence were further recognized at the Mombasa ASK International Show, where KMFRI received five prestigious awards, including Best Stand in Research and Education and Most Innovative Blue Economy Projects.


On infrastructure development, KMFRI commissioned the Mutonga Research Centre in Tharaka Nithi County, enhancing its inland research capacity in aquaculture and freshwater systems. The commissioning was graced by the Cabinet Secretary for Mining, Blue Economy & Maritime Affairs; Principal Secretary, State Department for the Blue Economy and Fisheries; and the Governor of Tharaka Nithi County, underscoring national support for KMFRI's expansion. Additionally, the Institute's laboratories underwent a rigorous evaluation by NEMA, confirming their technical capability in environmental analysis and positioning KMFRI for designation as a National Reference Centre for pollution monitoring and science-based policy support.

Challenges

Although we achieved much this year, we also faced challenges which included budgetary constraints, inadequate staffing, ageing workforce. However, these challenges have also presented opportunities for us to innovate and improve. We remain committed to our mission and are confident that the initiatives we have implemented will position the Institute for continued success in the years to come. The obligations of KMFRI as the only government research institute in the aquatic environment have expanded based on opportunities arising from increased national and county blue economy needs, emerging and re-emerging aquatic systems challenges and the need to implement blue economy flagship projects.

Future Outlook

The Board of Management continually seeks new approaches to enable the Institute to conduct research that would create more impact on the livelihoods of communities living around the aquatic resources in line with the KMFRI Strategic Plan 2023 - 2027. The Institute has also been identified as the clearing house for research in developing the Blue Economy in the country. In conclusion, I would like to express my gratitude to my fellow Board Members, the Management Team and all staff for their unwavering support and commitment. Their commitment contributed immensely to our performance, and I am confident that they will continually spare no effort to attain and surpass the targets set for the new financial year. With new resolve and a determined team, we venture forward into the new financial year 2025/2026, God bless us all.



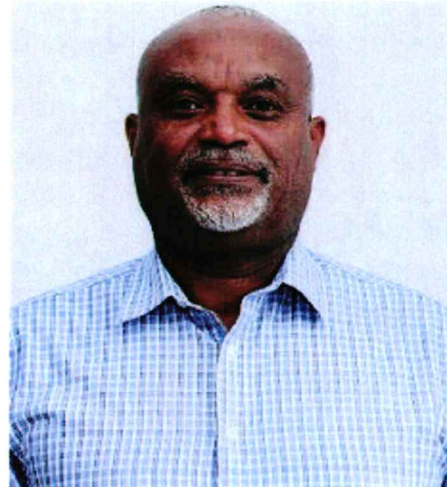
Amb. Dr. Wenwa Akinyi Odinga Oranga
Chairman
KMFRI Board of Management

Date: 23/10/2025

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5. REPORT OF THE DIRECTOR GENERAL

I am honoured to present this Annual Report and Financial Statement for Kenya Marine and Fisheries Research Institute for the financial year 2024/2025. The Institute remained on course in undertaking aquatic research activities within its mandate to contribute to the management and sustainable exploitation of aquatic resources to alleviate poverty and enhance food security while creating employment through multidisciplinary and collaborative research in marine and freshwater aquatic systems. For the period under review, the Institute continued to actively collect and disseminate scientific information on aquatic resources to all stakeholders.



**Dr. James M. Mwaluma, PhD
Ag. Director General & CEO**

OPERATIONAL PERFORMANCE

During the year, KMFRI successfully implemented and evaluated its 2024/2025 Performance Contract, with a mid-year review conducted in collaboration with the State Department for Blue Economy and Fisheries. This ensured alignment with national research and operational priorities, followed by the dissemination of targets to stakeholders. The Institute maintained its ISO 9001:2015 Quality Management System certification, originally awarded in 2012, with consistent surveillance and re-certification audits by KEBS. In line with the Strategic Plan 2023–2027, KMFRI initiated the onboarding of Kisumu and Sagana Centres into the QMS framework to replicate the benefits realized at Mombasa and Headquarters. KMFRI provided technical support for mud crab restorative aquaculture in Lamu County, training communities on cage site selection, crab biology, and innovative cage fabrication. This initiative aimed to reduce post-harvest mortality and enhance the market readiness of farmed crabs. Additionally, the Institute recorded a breakthrough in breeding trials for the Indian White Prawn (*Fenneropenaeus indicus*), with two successful spawning runs yielding over 600,000 seeds at the Shimoni Hatchery. As a thought leader in the Blue Economy, KMFRI co-launched the Mombasa Flood Management Strategy under the Mombasa City LAB program, offering scientific and technical support through flood risk assessments and stakeholder consultations.

Internationally, KMFRI engaged the Norwegian Environment Agency and NEMA in strategic discussions on marine and coastal research, building on the Kenya-Norway MOU. These talks explored collaboration in Marine Spatial Planning and mangrove restoration, culminating in the presidential launch of Kenya's Marine Spatial Plan for Lake Victoria. The Institute also hosted a ten-day taxonomy training in partnership with FAO and Norwegian institutions, preparing participants for the Dr. Fridtjof Nansen cruise in the Western Indian Ocean. The training emphasized ecosystem-based fisheries management and climate impact awareness. KMFRI launched the Mikindani Constructed Wetlands in Mombasa, a nature-based wastewater treatment project promoting sustainable development and marine conservation. The Institute further demonstrated its commitment to community empowerment by donating fishing boats to BMUs in Homa Bay and constructing a modern administration block for Nyakwere Primary School in Kisumu.

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On infrastructure, KMFRI commissioned the Mutonga Centre in Tharaka Nithi County to support aquaculture and inland freshwater research. It also completed the Naivasha Laboratory and advanced the Kisumu Laboratory, reinforcing its inland research capacity.

FINANCIAL PERFORMANCE

During the FY 2024/2025, KMFRI demonstrated prudent financial stewardship and strategic resource utilization that aligned with its mandate to advance marine and fisheries research. Notable strides were made in operational efficiency through the continued implementation of the ERP 365 Business Central System. While the establishment of internal audit tracking mechanisms ensured compliance and governance. The Institute realized total Revenues of Kshs 1,669,885,604 during the year under review compared to Kshs 1,910,657,338 (FY 2023/2024) while total expenditure net of depreciation was Ksh. 1,848,439,159 compared to Ksh. 1,823,499,831 (FY 2023/2024). During the period under review, the Institute was also able to receive Kshs. 900million allocated towards undertaking marine stock assessment. However, the Institute faced budget reductions that have impacted our research activities. These strained resources have affected the scope and scale of our blue economy initiatives, slowed the progress and limited our ability to pursue new opportunities and achieve long-term research goals. We continue to mobilize resources to undertake our mandate in marine and freshwater research effectively.

RISK MANAGEMENT

Given the nature of work undertaken by KMFRI and the size of its operations, there are risks that are peculiar to the Institute's operations. Risk Management aims to identify such risks early before they mature and develop strategies to mitigate them. The Institute has undertaken capacity building and training on risk management and data protection for staff, management, and the Board, and each department developed a risk register, which has been incorporated into the quality operating system processes and continues with periodic reviews to incorporate emerging business trends.

SAFETY, HEALTH, AND ENVIRONMENT

KMFRI reaffirmed its commitment to environmental sustainability by integrating responsible practices into its core business strategy. The Institute emphasized reducing environmental impact and continuously improving performance, while actively encouraging customers, suppliers, and partners to adopt similar standards. Notably, the year recorded zero fatalities, underscoring KMFRI's dedication to workplace safety. In compliance with the Occupational Safety and Health Act of 2007, the Institute prioritized the proactive management of health and safety risks. Employees were tasked with upholding high safety standards, with efforts focused on mitigating risks related to fires, accidents, and injuries across research premises. KMFRI also advanced its operational efficiency through infrastructure development, equipment modernization, and innovative process improvements.

A major environmental milestone was the launch of the wastewater treatment plant in Mikindani, Mombasa County. Previously, residents had resorted to using untreated wastewater for irrigation, posing serious health risks due to contamination with pathogens, heavy metals, and organic pollutants. The new facility now purifies effluent from shallow streams, addressing both public health concerns and environmental degradation. This intervention is particularly critical given the rapid population growth and industrialization in Mikindani, which had adversely affected the water quality of Tudor Creek and its surrounding mangrove ecosystem due to unchecked sewage discharge.

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Compliance with the Laws and Regulations

During the 2024/2025 financial year, the Institute complied with all statutory obligations and further the set budgetary levels for the year. All the funds released by the government to the Institute were expended towards the intended and approved core activities of the Institute. In addition, KMFRI enhanced monitoring and evaluation of research programmes and support activities to ensure compliance with the allocated budget and set performance targets.

Challenges

Despite the increased Blue Economy research coverage, the Institute experienced several challenges which include but not limited to research and, ageing work force, inability to attract and retain qualified staff to perform the expanded obligations and roles in the Blue Economy due to low remuneration, climate change and pollution of aquatic environment which has affected the research work.

Future Outlook

With the continued experience on challenges and the changing business environment more so calls for continuous improvement of the quality of research information provided to customers and stakeholders. To support the specialized fields of Blue Economy Research the Institute is required to employ marine geologists, climatologists, geo-physicists, hydrographers, engineers, anthropologists, sociologists, economists, development studies experts, physical oceanographers as advised by Blue Economy Committee.

As I welcome you to study this report, I wish to express sincere gratitude to the Board of Management, management and staff for their commitment and dedication that are well evident in the outlined achievements. Additionally, I appreciate all stakeholders, who continue to play a critical role towards the achievement of our strategic goals. We look forward to continued support as we strive to transform Blue Economy Sector. Thank you and God bless you.



**Dr. Paul Sagwe Orina, PhD
Director General & CEO**

Date: 23/10/2025

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/25

KMFRI is responsible for ensuring the successful execution of Planning and Organisational Performance Management activities for the Financial Year 2024/2025. Key activities for this period include the Performance Contracting for FY 2024/2025 and the implementation of the Strategic Plan for FY 2023-2027. The performance targets have been established in alignment with the Institute's Strategic Plan for 2023-2027. The Institute underwent an external evaluation by experts from the Public Service Performance Management Unit (PSPMU). The team awarded the Institute a Composite Score of **2.8486** for the Performance Contract of the 2023/2024 Financial Year, achieving a **"Very Good"** rating. This score marks an improvement from the **2.8659** score attained in the 2022/2023 Financial Year. The preliminary results from self-evaluation indicate further improvement, achieving a **"Very Good"** rating in FY 2024/25. The Performance Contract evaluation is based on a composite score scale ranging from 1 to 5, where a lower score indicates better performance.

The performance trend of the PC is as shown below:



KMFRI has five strategic pillars/themes/ issues and objectives within the current Strategic Plan 2023 - 2027. These strategic pillars/themes/issues are as follows:

- Research and Innovations
- Knowledge Management and Dissemination
- Resource mobilisation and institutional capacity building
- Collaboration and Partnerships
- Community and Private Sector engagement.

KMFRI develops its annual work plans based on the five pillars/Themes/Issues above. The Institute's performance is assessed against its annual work plan every quarter. The Institute achieved its

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performance targets set for the FY 2024-2025 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Research and Innovation	To promote research and innovation to drive transformation of Blue Economy towards sustainable development.	Level of implementation of Citizens' Service Delivery Charter	Implement Citizens' Service Delivery Charter	The Service Charter was fully implemented in the FY 2024/25 – 100%
		Level of application of Service Delivery Innovations	Apply Service Delivery Innovations	The Service Delivery Innovations were fully applied in the FY2024/25 – 100%
		Level of Implementation of Performance Contract	Implement the Performance Contract	The Performance Contract was fully implemented in the FY2024/25 – 100%
Knowledge Management and Dissemination	To transfer knowledge and information to support policy development and uptake of research findings and innovations	Number of new peer-reviewed scientific papers published	Publish 68 new peer-reviewed scientific papers	92 new peer-reviewed scientific papers published
Resource mobilization and institutional capacity building	To mobilize and manage human and financial resources to strengthen institutional capacity.	Number of new funded research proposals	21 new research proposals funded to support research activities	22 new proposals were funded
Collaboration and Partnerships	To strengthen national, regional and international	Number of collaborations and partnerships	Enter new collaborations and partnerships	Over and above the 22 new funded donor research

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
	collaboration and partnerships.			projects, one new MoU was signed with the County Government of Kakamega
Community and Private Sector Engagement	To strengthen community participation and integration of indigenous knowledge in research development	Number of community participations	Enhance stakeholder involvement	KMFRI conducted Public Complaints Committee (PCC) awareness sessions for seaweed farmers in Kwale County. These efforts are geared towards ensuring KMFRI stakeholders in the communities understand the Institute's mandate, products/services offered and timelines for delivery, rights in accessing information, official communication channels, how to market and add value to products

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.

7. CORPORATE GOVERNANCE STATEMENT

Good corporate governance entails establishing and enhancing sustainable value for stakeholders through adopting 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 the leadership and governance of the Institute. The Board of Management and KMFRI Management remain steadfastly committed to adopting corporate governance best practices to support 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 Institute and the actions taken to achieve our goals.

Board of Management

The KMFRI Board of Management consists of five (5) independent non-executive members appointed by the Parent Ministry Cabinet Secretary and the Chairman by the President on a triennial cycle, Representatives of the National Treasury, State Department for Fisheries and the Blue Economy and the Attorney General and the CEO-KMFRI, who is the Board Secretary. The Board composition draws a good mix of skills, experience, and proficiencies in various fields.

Appointment, removal and succession of the Board

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

The Board Charter and Manual

The KMFRI Board Charter was revised in January 2024 to align it with the Mwongozo Code of Governance. 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 direct the Institute to maximize the long-term value of service provided for all stakeholders. The Board manual 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, Chief Executive Officer, and the Corporation Secretary;
- iii) Conduct of Board and Committee meetings;
- iv) Directors' Code of Conduct;
- v) Governance audits and
- vi) Terms of reference for all Board Committees.

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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 Institute'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 Management dedicated adequate time and met as required to provide the required leadership effectively. During the year 2024/2025, the Institute had eight (8) Board meetings and various board committee meetings.

The increase in the number of board meetings was necessitated by the process of interviewing for the position of Director General & Chief Executive Officer.

The attendance at the Board meeting is as indicated below:

Board Member	Role	Full Board	Special Session	Board Committee				
				Human Resources & Administration		Finance & Planning	Scientific & Technical	Audit & Risk Management
				No. of Meetings attended	No. of Meetings attended	No. of Meetings attended	Shortlisting Review Meetings	No. of Meetings attended
Hon. John Safari Mumba	Chairman	3/3	-	N/A	N/A	N/A	N/A	N/A
Amb Dr. Wenwa Akinyi Odinga Oranga	Chairman	3/3	1/1	N/A	N/A	N/A	N/A	N/A
Mr. Valentine Mwisaka Mwakamba	Member	6/6	1/1	4/4	1/1	N/A	N/A	5/5
Prof. Francis Kimani Njonge	Member	7/7	1/1	N/A	N/A	6/6	5/5	N/A
Mr. Nelson Dzuya	Member	7/7	1/1	4/4	2/2	N/A	N/A	5/5
Mr. Jalfred Erima Maliro	Member	7/7	1/1	5/5	2/2	N/A	N/A	6/6
Mr. Christopher Nyaga Nkoroi	Member	7/7	1/1	4/4	2/2	5/5	5/5	N/A

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Eng. Erastus Kimuri	Member	3/3	N/A	1/1	N/A	3/3	1/1	N/A
Ms. Emma Mburu	Member	5/5	1/1	N/A	N/A	6/6	N/A	6/6
Dr. Nancy Tuimising Tele	Member	7/7	1/1	4/4	2/2	N/A	5/5	2/2
Hon. Hassan Dukicha	Member	7/7	1/1	N/A	1/1*Co-opted Member	6/6	5/5	N/A

Board Committees

The Board has four standing committees that assist to effectively discharge various business functions and responsibilities. An ad hoc committee can be constituted to deal with pertinent issues as they arise. 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:

COMMITTEE	MEMBERS	FUNCTIONS
1. The Board Audit and Risk Management Committee	<ul style="list-style-type: none"> i. Mr Nelson Dzuya ii. Mr Jafred Maliro iii. Ms Emmah Mburu iv. Mr Valentine Mwaisaka Mwakamba – Retired 2 May 2025 v. Dr Nancy Tuimising Tele (Reshuffled to Board Human Resource and Administration Committee) 	<ul style="list-style-type: none"> • Acts as the oversight Board Committee. • 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 system. • The Board Audit Committee is also responsible for reviewing financial information as well as monitoring the effectiveness of management information systems and the reporting thereof. • It reviews all significant findings of the internal and

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COMMITTEE	MEMBERS	FUNCTIONS
		external auditors and provides policy direction as appropriate.
2. Scientific and Technical Committee	<ul style="list-style-type: none"> i. Prof Francis Kimani Njonge ii. Dr Nancy Tuimising Tele iii. Hon Hassan Dukicha iv. Eng Erastus Kimuri – Retired 12 October 2024 	<ul style="list-style-type: none"> • It is charged with the responsibility of providing policy direction. • Ensures that the Institutional Research Agenda is in line with the Corporate Strategic Plan. • It is responsible for approving proposed research funding and recommending manning of research functions. • It is linked with the National Development Policies including the Kenya Vision 2030, Big Four Priority Agenda and Third Medium Term Plan.
3. Board Human Resource and Administration Committee	<ul style="list-style-type: none"> i. Dr Nancy Tuimising Tele ii. Mr Nelson Dzuya iii. Mr Jalfred Erima Maliro iv. Mr Christopher Nyaga Nkoroi v. Mr Valentine Mwaisaka Mwakamba – Retired 2 May 2025 vi. Eng Erastus Kimuri – Retired 12 October 2024 	<ul style="list-style-type: none"> • Provides policy direction to the Institute's in human resource and administration management matters. • It is responsible for the establishment of the terms and conditions of service and scheme of service for the Institute employees, and making regulations governing the appointments, remuneration, conduct and discipline of institute employees. • The committee regularly reviews and evaluates the adequacy and

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COMMITTEE	MEMBERS	FUNCTIONS
		<p>effectiveness of the Institute's personnel policies.</p> <ul style="list-style-type: none"> • It reviews and deliberates on staff matters and provides guidelines in the implementation of the personnel policies.
4. Board Finance and Planning Committee	<ul style="list-style-type: none"> i. Hon Hassan Dukicha ii. Prof Francis Kimani Njunge iii. Mr Christopher Nkoroi iv. Ms Emmah Mburu v. Eng Erastus Kimuri– Retired 12 October 2024 	<ul style="list-style-type: none"> • The Committee reviews and approves the Institute's annual budget. • It administers the recurrent and development annual budgets and ensures the budgets are aligned to the government printed estimates. • It deliberates on and approves the Institute's annual report and financial statements. • It regularly reviews and evaluates the adequacy and effectiveness of the Institute's finance and planning policies.

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 members' emoluments during the year are shown on note fourteen (14) in the notes of 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

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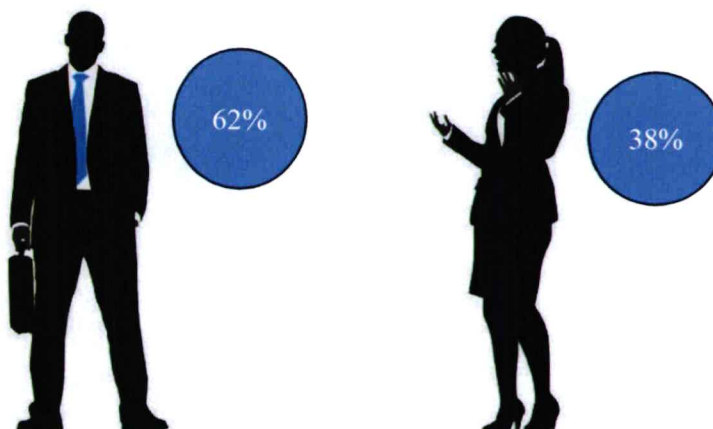
improvement, but confirmed the need to address the training, which is currently receiving attention as indicated in the Board work plan.

Board Induction & capacity development

To ensure that all directors remain informed, continual training and updates based on skills and competence requirements are conducted. A detailed induction programme is conducted for newly appointed Directors to enhance their understanding of the nature of the Institute'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 programs focusing on leadership, governance, finance, and other relevant areas.

Gender Diversity

The Board upholds gender diversity enshrined under the Constitution 2010, which requires that the Institute implement the two-thirds gender rule. The Board gender parity is represented as follows.



Code of Business Conduct & Ethics

KMFRI 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 of the Institute are expected to avoid activities and financial interests that could undermine their responsibilities to the Institute.

The Board ensured that the Institute has in place an approved whistleblowing policy that ensures it protects and prohibits victimization of those who disclose or provide information in good faith. In addition, there is also an approved communication policy that outlines guidelines on the extent, quality and output of communication with the Institute's external stakeholders and on the adherence to and quality of internal and external communications.

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Conflict of Interest

The Board applies a Conflict-of-Interest policy. A Director with an actual or potential conflict of interest in 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.

Governance Audit

The Mwongozo Code of Governance mandates the Board in State Corporations to undertake annual governance audit. During the year 2024/2025, the annual governance audit could not be undertaken due to austerity measures, but the Board is committed to have a legal audit in the forthcoming year 2025/2026 where it will establish implementation tools for the findings of governance audit and establish a mechanism to address the gaps identified.

Communication Policy

The Board ensured that the Institute has in place an approved communication policy that defines and provides guidance on the extent, quality and output of communication with KMFRI's external stakeholders and on the adherence to and quality of internal communication in line with KMFRI's Strategic Plan.

Financial Accountability and Audit

During the year, the Board ensured that the Institute maintained proper, reasonable, and accurate accounting records showing and explaining the transactions and financial position of the Institute in compliance with the *Public Finance Management Act No.18 of 2012* and the prescribed accounting standards.

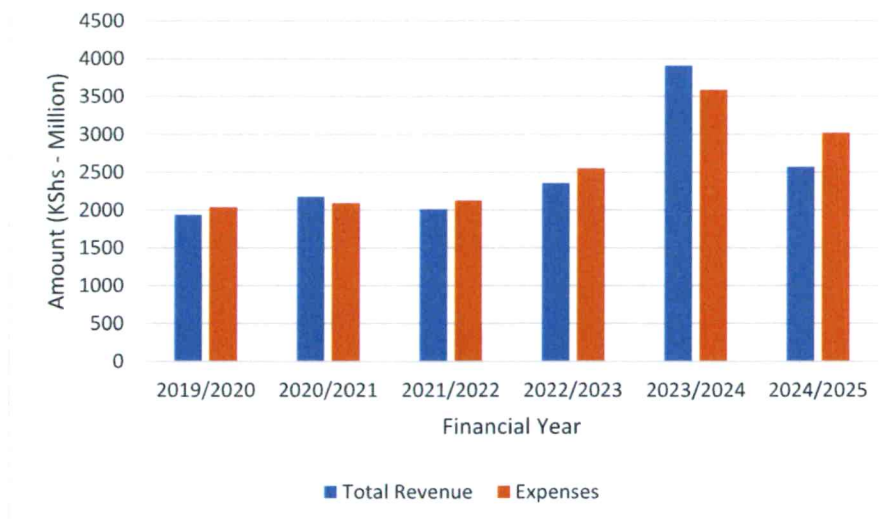
The Institute Financial Statements are audited by the Office of the Auditor-General. The Auditor-General is an independent office whose role and responsibilities are defined under the Constitution of Kenya. The Board, in furtherance of its duties, ensures that the process, structure, and internal controls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

8. MANAGEMENT DISCUSSION AND ANALYSIS

A. Operational and Financial Performance

The revenue composition over the five-year period from FY 2020/21 to 2024/25 reveals a nuanced trajectory: Government grants excluding the marine stock assessment grants have remained relatively stable with notable year-on-year fluctuations, with the FY 2024/2025 registering a decline of 12.6%. KMFRI experienced its highest revenue in the fiscal year 2023/2024, reaching KShs 1.91 billion. However, this peak was followed by a decline to KShs 1.67 billion in the unaudited 2024/2025. Internally generated revenue has steadily decreased since FY 2021/2022; the management has noted the need to revitalize operational efficiency and explore alternative income avenues. Donor grants have exhibited sharp volatility, spiking by 92.5% in FY 2023/2024 before falling by 43.7% the year under review mainly due to time-bound funding cycles and changes in the external donor dynamics.

During the five-year period under review (FY 2019/2020 to FY 2024/2025), operational expenditures exhibited a mix of stability and variability across categories. Personnel costs though slightly declining in FY 2024/2025, remained the most significant expense, absorbing 57% of total resources in the period under review. Use of goods and services saw a notable uptick in the latest unaudited year, representing 46% of the total expenditure net of depreciation despite revenue contraction. Depreciation expenses have steadily decreased over time, due to a reduced capital investment and assets reaching their full life cycle. The five-year period (FY 2020/21 to 2024/25) revenue and expenditure comparison is provided in the graph below:



B. Compliance with Statutory requirements

During the period, the Institute complied with all statutory obligations including but not limited to: remittances of PAYE, NHIF, NSSF, VAT, HELB, Housing Levy and Withholding tax within the stipulated

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deadlines. The institute 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 Institute

The Board of Management is responsible for the Institute's risk management. KMFRI has put in place comprehensive risk management mechanisms to continuously identify, assess, evaluate and mitigate risks. The risk management measures are designed to either eliminate the risks or minimize their negative impact, as detailed in Matrix below:

KMFRI Risk Level Rating

Risk levels between 1 - 4 shall be ranked as low, 5 - 14 as medium and 15 - 25 as high. Risk management treatment actions for high and medium risks are categorized into:

a) Risk Reduction

Risk reduction involves taking a preventive action to reduce the likelihood and/or negative consequence of the risks.

b) Risk Transfer

In some cases, the risk identified is best managed and assumed by a third party. KMFRI in such cases transfers the risks through outsourcing, developing contracts with service providers or insuring against the risks.

c) Risk Avoidance

Table: KMFRI risks management matrix:

Risk Category	Risk	Consequences	Risk Level	Rating	Mitigation measures	Responsible
Governance & Institutional Risks	Lack of Land Ownership Docs	Risk of land loss	High	20	Engage relevant Government Ministries	CEO
	Ineffective Succession Management	Loss of tacit knowledge	Medium	6	Succession plans, mentorship	CEO
	Unfair Administrative Practices	Litigation	Medium	6	Policy reviews and sensitization	CEO
Technology & Cybersecurity	Cybersecurity (AI/SM hacks)	Operational & reputational damage	Medium	9	Cyber frameworks, compliance; Upgrade ICT infrastructure & backups	CEO
Political, Legal & Regulatory Risks	Geopolitical/Resource Risks	Donor Funding withdrawal, complex supply chain	Medium	9	Diversify funding, localization	CEO

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Risk Category	Risk	Consequences	Risk Level	Rating	Mitigation measures	Responsible
Environmental, Energy & Infrastructure	Environmental/Climate Risks	Extreme weather, displacement	Medium	6	Early warning, infrastructure resilience	CEO
	Non-renewable Energy Dependency	Costly, disruptive, not eco-compliant	Medium	6	Invest in solar & backup systems	CEO
Institutional Capacity & Operational Risks	Weak Business Continuity Plan	Data/research loss, safety issues	High	15	ISO 22301 certification, awareness	CEO
	Occupational Health & Safety Gaps	Legal & safety noncompliance	High	20	OSH policy, training & drills	CEO
Research Integrity & Reputation Risks	Plagiarism/IP Infringement	Legal, reputational damage	Medium	6	IP policy, training, and detection tools	CEO
	Fake Research Calls	Data theft, fraud	Medium	6	Frequent grant review & verification	CEO
	Publication in Predatory Journals	Reputational loss	Medium	6	Use ISI-index journals, capacity building	CEO

The institute also determines and selects opportunities for improvement and implements necessary actions to meet customer requirements and enhance customer satisfaction.

Table: Opportunities Identified

S/No.	Opportunity	Proposed Action Plan	Responsibility
1.	NEMA Designation for KMFRI Mombasa Laboratories	NEMA assessment successfully completed awaiting gazette	CEO
2.	ISO 9001:2015 QMS Scope expansion to other KMFRI Centres (Sagana + Kisumu)	ISO 9001:2015 QMS Implementation and Internal Auditors training. Steps remaining: i. Documentation of processes ii. Roll out staff sensitization and internal auditor training for EHS systems iii. Implementation iv. Internal quality audit v. Audit report writing vi. Address of resultant gaps & nonconformities vii. Audit by KEBS Recertification	CEO
3.	Rehabilitation of the reverse osmosis system	i. Conduct technical assessment of existing RO system condition and operational gaps. ii. Source budget and funding for rehabilitation (e.g., through capital development or donor support). iii. Procure necessary parts or new RO system components through compliant procurement procedures. iv. Contract certified engineers for refurbishment and testing.	CEO

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S/No.	Opportunity	Proposed Action Plan	Responsibility
		Train relevant staff on operations and maintenance to ensure long-term efficiency.	
4.	Successful wetlands projects	<ul style="list-style-type: none"> i. Documentation of past wetlands research outputs and best practices. ii. Engage communities, counties, and conservation agencies in co-implementation and knowledge uptake. iii. Seek additional funding through proposals to climate finance instruments (e.g., GEF, Adaptation Fund). iv. Develop community-based monitoring and restoration frameworks. Publish and disseminate findings to stakeholders and policy platforms (e.g., NEMA, county forums).	CEO
5.	Proposal to have KMFRI Mombasa Centre Laboratory as a regional Nuclear Analysis Centre	<ul style="list-style-type: none"> i. Engage IAEA and NUCLEONICS regulatory bodies to align lab with nuclear analytical safety requirements. ii. Conduct capability gap analysis and align infrastructure and instruments to regional standards. iii. Prepare a proposal outlining KMFRI's capacity, relevance, and value-add for nuclear analysis in marine research. iv. Collaborate with Ministry of Energy and relevant agencies for endorsement and regional recognition. Train lab staff in nuclear methods and safety under IAEA technical cooperation.	CEO
6.	KMFRI NAMARET centre	<ul style="list-style-type: none"> i. Finalize physical infrastructure development and equipment installation at the NAMARET Centre. ii. Recruit or second specialized researchers and support staff. iii. Develop NAMARET's strategic plan and operational framework aligned to blue economy and regional integration goals. iv. Launch pilot regional research projects and partnerships (e.g., EAC, COMESA, WIOMSA) Brand and promote the centre as a hub for marine resource research and capacity building in the region.	CEO
7.	KMFRI Policy on Environment, Health and Safety and certification such as ISO 45001, ISO 14001	<ul style="list-style-type: none"> i. Draft and approve KMFRI EHS Policy, including commitment to sustainability, occupational safety, and regulatory compliance. ii. Conduct gap analysis to assess conformity to ISO 45001 (OHSMS) and ISO 14001 (EMS) requirements. iii. Develop integrated management system documentation (manuals, registers, procedures). iv. Roll out staff sensitization and internal auditor training for EHS systems. v. Implement pilot EHS programs in selected centres (e.g., Mombasa, Kisumu, Nairobi). Engage certification bodies for initial audits and certification rollout.	CEO

KMFRI has made significant progress in mitigating several of the key risks identified in the risk management matrix. Through strategic interventions and continuous monitoring, the Institute has managed to reduce the impact of various threats to its operations. However, due to resource constraints, some risks remain under active management and are being closely monitored as mitigation efforts continue. In addition, KMFRI remains committed to leveraging the opportunities identified during the risk assessment process, aligning them with its strategic objectives to enhance institutional resilience, improve operational efficiency, and support sustainable marine and fisheries research.

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D. Material arrears in statutory/financial obligations

The Institute has been managing a financial obligation amounting to Kshs. 119 million, arising from staff salary arrears awarded by the courts in Case Nos. 186 of 2016 and 55 of 2020. In light of budgetary constraints, the Institute entered into a structured settlement agreement with UNRISK to discharge the liability in four equal instalments, with annual budgetary provisions commencing in the Financial Year 2022/2023. The table below outlines the payments made to date, as well as the final instalment scheduled for settlement in the Financial Year 2025/2026

Financial Year	Amount paid (Kshs.)	Status
2022/2023	25,857,807	Paid
2023/2024	26,992,575	Paid
2024/2025	27,606,312	Paid
2025/2026 (Planned)	38,726,236	Pending
Total	119,182,931	

This phased approach has enabled the Institute to honour its legal obligations while maintaining fiscal sustainability

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 Institute are disclosed accordingly when they arise.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Kenya Marine and Fisheries Research Institute 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 Institute 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 KMFRI.

ii. Environmental performance

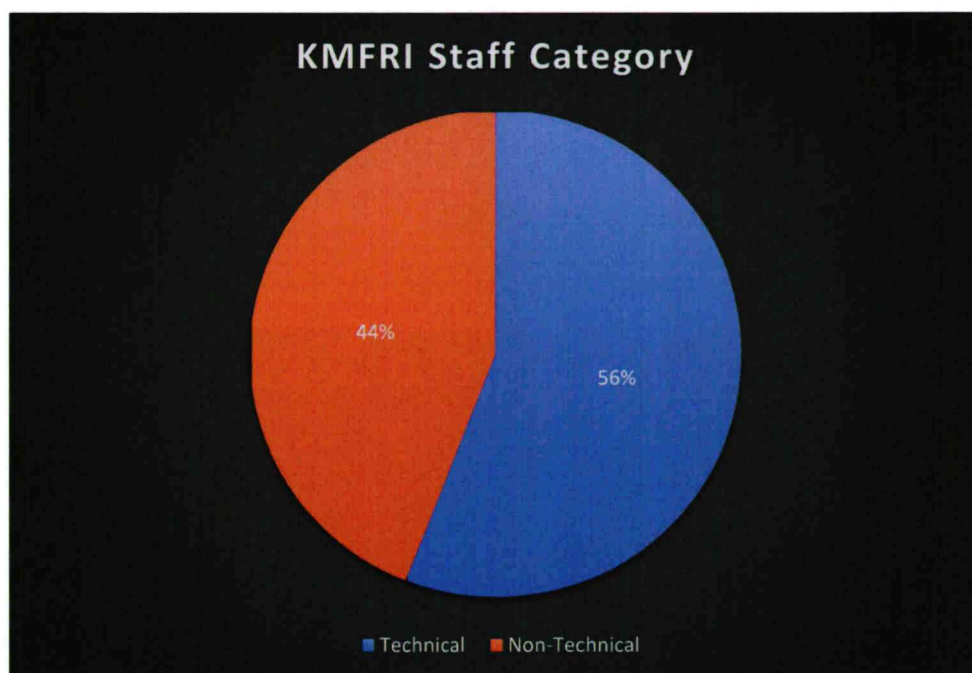
The Institute is fully compliant with the Environmental Management and Coordination Act Cap 387 (EMCA) Revised edition 2012 (1999). The Institute has in place the KMFRI Marine Debris Volunteer Program (KMDVP) that undertakes beach clean ups along the coast and inland waters where KMFRI sensitizes the community waste management and proper waste disposal. The Institute also plants trees to increase forest cover by 30% by 2032 as part of the Presidential Directive, in a bid to reduce greenhouse emissions, stop and reverse deforestation.

iii. Employee welfare

The Institute has approved the Balance Score Card; and the Rewards, Recognition and Sanctions Policies that meet Public Service Commission requirements on rewards, recognition and sanction framework. The Institute values the welfare of her employee and therefore ensures their safety through compliance with the Occupational Safety and Health Act of 2007.

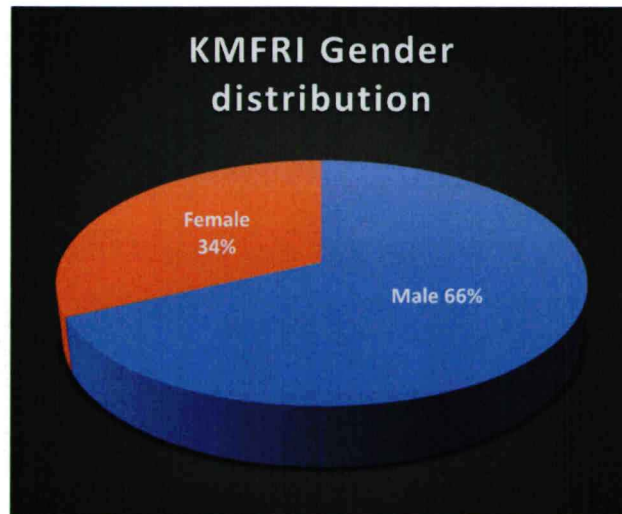
As of 30th June 2025, the Institute had a total of Five Hundred and Seventy-Seven, (577) employees. Four Hundred and Ninety-Four (494) were employees serving on permanent while Thirteen (13) were on fixed contract terms of service. Seventy (70) were engaged on temporary basis. The Chart below shows the distribution of technical and non-technical personnel:

Chart: Technical and non-technical employees Staff as of 30th June, 2025 in KMFRI.

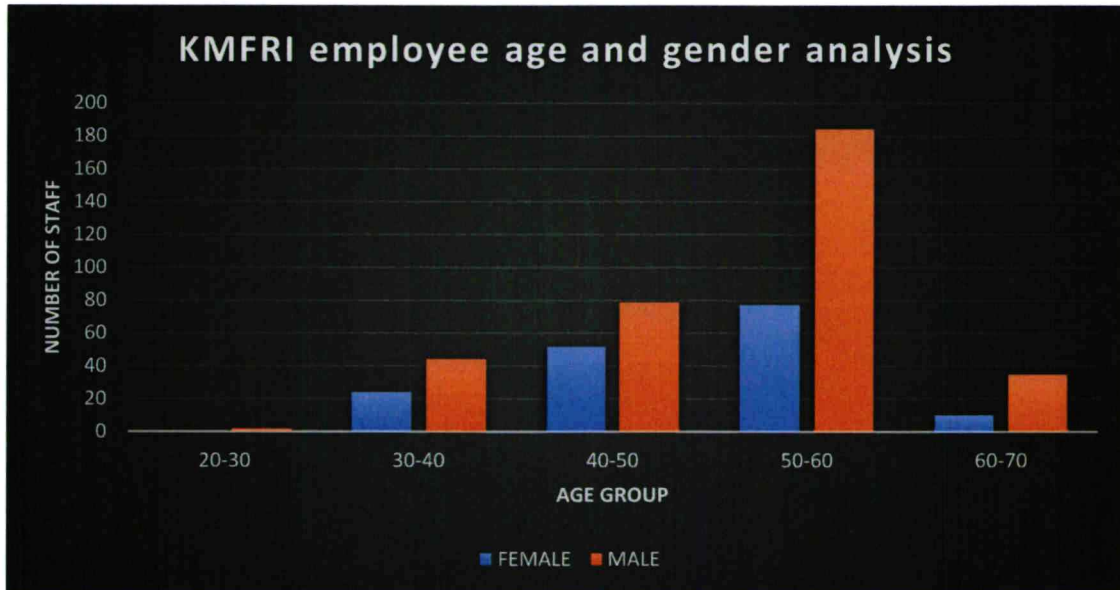


a) Staff Categories: By Gender

As of 30th June 2025, KMFRI has a total workforce of 577 members of staff, One hundred and Ninety-Six (196) were female while three hundred and Seventy-four (381) were male as per the gender distribution table below:



b) Staff Categories: By Age



The workforce is predominantly aging, with over half of the staff aged between 50-60 years, and a minimal proportion aged between 20-35 years, indicating low youth representation. A potential retirement surge is looming, especially among staff born between 1961 and 1965, which may lead

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to loss of institutional knowledge. Additionally, a noticeable staffing gap exists between the 50-60 years, reflecting past hiring gaps and posing risks to continuity and succession.

c) Staff Qualifications

KMFRI has endeavored to provide a supportive environment for academic and professional growth by placing a strong emphasis on education, capacity building and personal development as core components of its mission.

Table: Analysis by Staff Qualifications as at 30th June 2025

Education Level	2024/25
Ph. D	44
Masters	74
Bachelor's Degree	70
Higher Diploma & Ordinary Diploma	96
Certificates	293
Total	577

d) People with Disability (PWD) Mainstreaming

KMFRI's recognition of Persons with Disabilities as a group requiring special attention is not merely a constitutional obligation, it is an Institutional value. Through inclusive policies, infrastructure improvements and stakeholder collaboration, KMFRI seeks has ensured that PWDs are not just passive beneficiaries, but active participants in marine and Fisheries Research and the broader Blue Economy. The Institute has employed Twenty-two (22) employees, 4.0% who are persons with disabilities.

S/NO	Category In Respect of Disability	Total	Percentage (%)
1.	Employees who are not PWDs	555	96.61%
2.	Employees who are PWDs	22	3.39%
	TOTAL	577	100.00%

e) Alignment with Other Legal and Policy Frameworks

In addition to the Constitution, KMFRI aligns with:

- The Persons with Disabilities Act, 2003
- The Employment Act, 2007
- The UN Convention on the Rights of Persons with Disabilities (CRPD)
- Vision 2030 and the SDGs, particularly SDG 10 (Reduced Inequalities) and SDG 8 (Decent Work and Economic Growth)

f) Occupational Safety and Health (OSH)

KMFRI is committed to maintaining a safe and healthy work environment in line with the Occupational Safety and Health Act, 2007 and related regulatory frameworks.

g) Staff Wellness

KMFRI recognizes that staff productivity and satisfaction are directly linked to their physical, mental and emotional well-being, ensuring that all employees are adequately provided with comprehensive medical insurance and protected against occupational risks, in compliance with the Work Injury Benefits Act (WIBA), 2007 and best practices in workplace insurance.

h) Inclusivity - Ways of promoting inclusivity

KMFRI is committed to fostering an inclusive work environment where all employees regardless of gender, age, ability, or background can thrive professionally and personally. In alignment with the Constitution of Kenya (Article 27 on equality and non-discrimination) and global best practices, the Institute continues to take deliberate steps to create a workplace that is diverse, inclusive, and equitable.

Key Strategies for Promoting Inclusivity at KMFRI

i) Gender-Inclusive Facilities

- **Lactation Room:** Establishment of private, clean, and comfortable lactation rooms for breastfeeding mothers to support work-life balance and the health of nursing infants.
- **Sanitary Facilities:** Adequate and accessible gender-specific washrooms equipped with necessary hygiene products, including sanitary dispensers.

ii) Disability Inclusion

- **Physical Accessibility:** Installation of ramps, lifts, handrails, and accessible restrooms in compliance with the Persons with Disabilities (Amendment) Act, (2025).
- **Assistive Technologies:** Provision of screen readers, ergonomic workstations, and hearing aids for staff with disabilities.
- **Inclusive Recruitment:** Actively encourage qualified persons with disabilities to apply for positions at KMFRI through targeted job advertisements.

iii) Work-Life Balance and Flexibility

- **Flexible Working Hours:** Where operationally feasible, allow adjusted work schedules or remote work to accommodate employees with family, health, or mobility needs.
- **Leave Policies:** Ensure fair implementation of maternity, paternity, adoption, and compassionate leave, aligned with both labor laws and staff needs.

iv) Cultural and Ethnic Diversity

- **Equitable Representation:** Promote ethnic diversity in hiring and promotions, avoiding dominance by a single group.

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- **Cultural Sensitivity:** Celebrate national diversity days, promote respect for different cultures and languages, and accommodate religious observances in planning work schedules.

v) Inclusive Leadership and Training

- **Diversity and Inclusion Training:** Regular sensitization sessions for staff and management on unconscious bias, inclusive language, and equitable workplace practices.
- **Inclusive Leadership:** Ensure diversity in leadership roles, decision-making committees, and institutional boards.

vi) Youth and Early Career Inclusion

- **Graduate Trainee Programs:** Provide mentorship, internships, and entry-level training to young graduates to promote inclusivity across age and experience levels.
- **Cross-generational Engagement:** Promote mentorship programs that link senior researchers with early-career staff.

vii) Safe and Inclusive Reporting Mechanisms and Conflict Resolution

- **Anti-Harassment Mechanism:** Enforce zero tolerance for sexual harassment bullying, or discrimination, with clear channels for reporting and redress.
- **Whistleblower Protections:** Protect employees who report unethical behavior or inclusivity violations.

i) Performance Management

For the financial year 2024/25, staff appraisal at the Institute was carried out using the Balanced Scorecard (BSC) framework, a strategic planning and management tool that aligns individual performance with institutional goals. The process aimed to ensure transparency, accountability and objectivity in performance evaluation across all departments and cadres.

The BSC framework evaluates performance based on four key perspectives:

- **Financial Perspective:** Evaluation of how well resources were utilized, cost-efficiency and budget adherence.
- **Customer/Stakeholder Perspective:** Assessment of the quality-of-service delivery, responsiveness to stakeholders, and impact of research outcomes.
- **Internal Business Processes:** Examination of workflow efficiency, innovation, project implementation timelines and adherence to procedures.
- **Learning and Growth:** Consideration of staff development, training, knowledge sharing and contributions to institutional capacity building.

Each staff member's targets and achievements were assessed against agreed performance indicators under these perspectives, ensuring a comprehensive and fair evaluation.

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The appraisal process was conducted in accordance with the KMFRI Recognition, Rewards and Sanctions Policy, which ensures consistency in how performance results are handled, promotes a performance-driven culture, and encourages continuous improvement among staff providing a framework for:

- **Recognition:** Identifying and acknowledging exceptional performance, innovation, and outstanding contributions by staff.
- **Rewards:** Administering both monetary and non-monetary rewards to motivate high performance, including promotions, bonuses, commendations, and professional development opportunities.
- **Sanctions:** Addressing underperformance or misconduct through corrective measures, which may include warnings, training interventions, or other disciplinary actions, in line with due process.

iv. Market place practices-

a) Responsible competition practice

KMFRI has implemented several strategies to measure, monitor, and improve customer experience:

Service Charters

Clearly defined service delivery standards are published in KMFRI's Service Charter, outlining turnaround times and expected quality levels for key services. Periodic reviews ensure that services are aligned with customer expectations and evolving needs.

Customer Feedback Mechanisms

Satisfaction Surveys: Regularly conducted to gather feedback on responsiveness, quality of services, communication, and overall experience.

Suggestion Boxes & Online Platforms: Available at stations and on the website for real-time feedback and complaints.

Follow-up Protocols: Customer concerns are logged, tracked, and addressed systematically.

b) Responsible Supply chain and supplier relations

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

c) Responsible marketing and advertisement

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

d) Product stewardship

The Institute 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

KMFRI 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 her research activities conducted across the Institute's stations in Mombasa headquarters, Kisumu, Sagana, Kegati, Naivasha, Sang'oro, Gazi, Shimoni, Turkana and Baringo. The community comprises fisherfolks who are the major consumers of KMFRI's research findings. Others include pupils, students, residents, and government and state corporations.

In the financial year that ended 30 June 2025, KMFRI was involved in various corporate social responsibility initiatives aimed at positively impacting on the lives of the communities involved, as indicated here below:

Donated fishing boats to Beach Management Units in Migori and Homa Bay Counties

KMFRI donated two fishing boats to local Beach Management Units (BMUs) in Migori and Homa Bay Counties during the Madaraka Day Celebrations on 1st June 2025 to promote sustainable fishing in Lake Victoria.



By: Jane Kiguta

KMFRI donates boats to Homa Bay ahead of Madaraka Day 2025 celebrations



Two Fishing vessels donated by KMFRI



KMFRI Acting CEO Dr. James Mwaluma (PhD), accompanied by senior management, led the official handover at the shores of Lake Victoria. The vessels were received by Homa Bay County Executive for Fisheries and Blue Economy Ms. Sarah and the Beach Management Unit (BMU) Chairperson.

Homa Bay County controls 80 percent of Kenya's portion of Lake Victoria, making this donation a significant boost to local fishing communities and the region's blue economy potential.

As Kenya prepared to mark Madaraka Day 2025 in Homa Bay County, the Kenya Marine and Fisheries Research Institute (KMFRI) donated two fishing vessels to the county government. The gesture is part of KMFRI's Corporate Social Responsibility (CSR) initiative to promote sustainable fishing in Lake Victoria. The donation came just a day after President William Samoei Ruto launched a Marine Spatial Plan for the lake, a move hailed as a critical step toward sustainable blue economy development.

During the panel discussion

During the Blue Economy Summit held earlier in the week, county officials revealed plans to expand cold storage capacity and upgrade fish processing facilities. Key discussions also focused on modernizing fish landing sites and enhancing post-harvest value addition.

Sustainable practices to seaweed farmers

KMFRI in partnership with The Nature Conservancy (TNC) and other Blue Economy stakeholders in the Coast of Kenya trained seaweed farmers in Kwale County so as to acquire new knowledge and skills. The partners and the communities completed an eight-day field-based training on Seaweed Best Management Practices in Kenya, which brought together diverse scientists from different areas, including from Zanzibar. Zanzibar is famed for advancements in seaweed farming and development of value-added seaweed products



BY Dr David Mirera, Brian Isoe, and Phionalorna Nzikwa Edits: Jane Kiguta

Restorative aquaculture project brings sustainable practices to Shimoni seaweed farmers



KMFRI researcher with TNC research associate planting seaweed in Mtimbwani, Kwale county.

Kenya Marine and Fisheries Research Institute (KMFRI) in partnership with The Nature Conservancy (TNC) and other Blue Economy stakeholders in the Coast of Kenya pitched camp in Shimoni – Kwale county to train and equip seaweed farmers with new knowledge and skills.

The partners and the communities completed an eight-day field-based training on Seaweed Best Management Practices in Kenya, which brought together diverse scientists from different areas, including from our neighboring Zanzibar. Zanzibar is famed for advancements in seaweed farming and development of value-added seaweed products.

The training organized by TNC in collaboration with KMFRI and local partners, saw devoted and ready-to-learn farmers drawn from Kijiweni, Changai, and Mtimbwani villages eager to acquire requisite skills and benefit from the training. The training entailed in-person class sessions for three days where the farmers were taken through the history of seaweed farming in



TNC staff from Zanzibar monitoring lines of already planted seaweed in Mtimbwani.

Kenya, selection of farmed seaweed species, site selection, significance of Coastal ecosystems such as corals, seagrass, and

Launched the Mikidani Wastewater Treatment Plant

The Mikindani Constructed Wetland Sewage Treatment Plant is a groundbreaking nature-based infrastructure that uses vegetation, soil, and microbial processes to treat wastewater. Unlike conventional treatment systems, it integrates seamlessly into the surrounding environment, enhancing biodiversity and aesthetic appeal while reducing pollution entering the ocean.



By: John Father Small

Mikindani Wastewater Treatment Plant launched to tackle ocean pollution



In a momentous step toward enhancing environmental sustainability and marine ecosystem protection, the Kenya Marine and Fisheries Research Institute (KMFRI), under the leadership of Board Chair Dr. Wenwa Akinyi and Acting Chief Executive Officer Dr. James Mwaluma, proudly joined hands with partners and the local community for the official launch of the Mikindani Constructed Wetland Sewage Treatment Plant in Mombasa County.



KMFRI Board Chair Amb. Dr. Wenwa Oranga Odinga

The event, held in Mikindani, was a significant milestone in Kenya's ongoing commitment to implementing nature-based solutions under the Blue Economy agenda. The launch attracted a high-level delegation of government officials, diplomats, development partners, and community leaders.

Key dignitaries in attendance included the Cabinet Secretary for Mining, Blue Economy and Maritime Affairs, H.E. Ali Hassan Joho; Principal Secretary for Blue Economy and Fisheries, Ms. Betsy Njagi; Mombasa Governor H.E. Abdulswamad Sherrif Nassir; Jomvu MP Hon. Badi Twalib; Mombasa Senator Hon. Mohamed Faki Mwinyihaji; and Mombasa Woman Representative Hon. Zamzam Mohammed.

Tree Planting Initiatives

KMFRI Participated in tree planting exercise in Kipini. The event also included the groundbreaking ceremony for the Kipini Fish Landing Site, enhancing both marine infrastructure and ecological restoration objectives in the Tana Delta. The Institute also coordinated a mangrove planting exercise at Tana Salt Mangrove in Tana Delta Sub County, Tana River County. The successful execution of these exercises were made possible through the collaboration and support of Kipini Community Forest Association and Chara Community Forest Association whose members were able to assist in the planting efforts. These initiatives aimed to restore degraded coastal ecosystems, enhance fish breeding habitats, and strengthen shoreline protection. This collaborative effort reinforced KMFRI's commitment to climate resilience and sustainable



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10. REPORT OF THE DIRECTORS

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

i) Principal activities

The principal activities of the Institute are to undertake research in "marine and freshwater fisheries, aquaculture, environmental and ecological studies and physical oceanography", in order to provide scientific data and information for sustainable exploitation, management and conservation of Kenya's fisheries and aquatic resources, and contribute to National strategies of food security, poverty alleviation, clean environment and creation of employment as provided for under Vision 2030 and set out by the Science and Technology Act, Cap 250 of the Laws of Kenya.

ii) Results

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

iii) Directors

The members of the Board of Directors who served during the year are shown on page vii – xiii.

iv) Auditors

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

By Order of the Board



**Dr. Paul Sagwe Orina, PhD
Secretary to the Board/ Director General & CEO**

11. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, requires the Institute 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 Institute keeps proper accounting records which disclose with reasonable accuracy, its financial position. The Directors are also responsible for safeguarding the assets of the Institute.

The Directors are responsible for the preparation and presentation of the Institutes 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 Institute; (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 institute assets; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

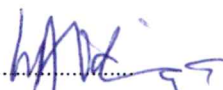
The Directors accept responsibility of the Institute’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required 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 KMFRI’s financial transactions during the financial year ended 30th June 2025 and of the financial position as of that date. The Directors further confirm the completeness of the accounting records maintained for the Institute, 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 Institute, which have been relied upon in the preparation of the Institute’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 Institute will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Institute’s financial statements were approved by the Board on 23 October 2025 and signed on its behalf by:


.....
Amb. Dr. Wenwa Akinyi Odunga Oranga
Chairman – KMFRI Board of Management


.....
Dr. Paul Sagwe Orina, PhD
Director General & CEO

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA MARINE AND FISHERIES RESEARCH INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Marine and Fisheries Research Institute set out on pages 1 to 41, 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 Marine and Fisheries Research Institute as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the UNEP grant Agreement Number UNEP/PCA/Ecosystems Division/2022/5923, Science, Technology and Innovation Act, No. 28 of 2013, the state corporation Act, Cap 446 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Doubtful Receivables from Non – Exchange Transactions

The statement of financial position and Note 22 to the financial statements reflect receivables from non - exchange transactions balance of Kshs.440,406,159. The balance includes Kshs.17,672,827 due from eight (8) former employees who breached their bonding contracts and exited before full redemption of their individual bonds. However, the Institute has not instituted any formal recovery measures including notifying the new employers or instituting legal action, as required under Paragraphs 2.9 (i) and (ii) of the guidelines on the Bond for training public servants, 2018. The recoverability of the balance is doubtful.

In the circumstances, the accuracy and fair statement of receivables from non - exchange transactions balance of Kshs.440,406,159 could not be confirmed.

2. Land without Ownership Documents

The statement of financial position and Note 24 to the financial statements reflect property, plant and equipment balance of Kshs.1,266,396,740 which includes land valued at Kshs.337,500,000. However, review of the asset register revealed that the Institute has five (5) parcels of land; one in Kisumu County and two each in Baringo and Turkana Counties which did not have ownership documents.

In the circumstances, the accuracy, completeness and rightful ownership to the land valued at Kshs.337,500,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Marine and Fisheries Research Institute 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.

Key Audit matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the 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 Matters

Unresolved Prior Year Matters

In the audit report of the previous year, several issues as listed below were raised under the Reports on Financial Statements, Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, although management disclosed the progress made on resolving the matters, no evidence was provided in support of the reported status as at 30 June, 2025.

1. Unrecognized receivables from non-exchange transactions.
2. Lack of land valuation and ownership documents.
3. Unsupported legal expenditure.
4. Irregular transfer of land and non-compliance with requirements on finance leases.
5. Inconsistencies and breach of contract on contingent assets.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Procurement of Insurance Policy Without Valuation Reports

During the year under review, the Institute procured for marine hull insurance cover for one of its vessel and equipment on board at a cost of Kshs.11,285,276 based on the sum insured value of Kshs.450,000,000. However, the basis for the sum insured value was not supported by way of a valuation report contrary to Section 139(1) of the Public Finance Management (National Government) Regulations, 2015, which requires Accounting Officers to ensure proper control systems exist for assets, including mechanisms to prevent losses, wastage, or misuse, and to maintain accurate valuations.

In the circumstances, the management was in the breach of the law while value for money on the insurance cost could not be confirmed.

2. Delays in Implementation and Commissioning of ERP System

The Institute spent an amount of Kshs.9,097,060 on the acquisition of the Enterprise Resource Planning (ERP) system which was to be delivered within the contract period of eight months later extended to nine months. Although, more than four years after have lapsed since the award of the contract and the contractor having been paid in full, the project remained incomplete as at 30 June, 2025. Management did not provide evidence of approval for the prolonged delays contrary to the provisions of Section 139(2) of the Public Procurement and Asset Disposal Act, 2015, which permits extensions of contract periods only upon recommendation by the evaluation committee and with adequate justification.

In the circumstances, management was in breach of the law while value for money has not been realized from the investment on the ERP project.

3. Dormant Bank Accounts

Review of the cash books and bank statements revealed that the institution maintained several bank accounts with balances totaling Kshs.789,597 which had remained inactive for a prolonged period contrary to Section 28(1) of the Public Finance Management Act, 2012 on operations and closures of the banks accounts.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Board Composition Deficiencies

Review of the Board composition revealed that the Institute has representation in ecology, hydrobiology, chemistry, parasitology, veterinary sciences, zoology, law, and corporate governance and lacks critical expertise in fisheries economics and policy analysis, food science and post-harvest value addition, ICT and data analytics, environmental toxicology and pollution control. The absence of these specialized skills undermines the Board's ability to provide oversight and strategic direction across the Institute's research, innovation, and resource management functions.

In the circumstances, effectiveness of internal controls, risk management and governance could not be confirmed.

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

Responsibilities of the Management and Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the Institute'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

26 November, 2025


**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2025

	NOTES	YEAR ENDED 30-06-2025	YEAR ENDED 30-06-2024
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfer from other Government Entities	6	2,342,000,000	3,507,950,001
Public Contribution and Donations	7	217,952,861	387,281,611
Revenue from Exchange transactions			
Rendering Services	8	579,950	706,350
Sales of goods	9	4,508,440	11,435,047
Rental revenue from facilities and equipment	10	2,839,782	2,098,734
Other Income	11	2,004,571	1,185,595
Total Revenue		2,569,885,604	3,910,657,338
Expenses: -			
Use of Goods and Services	12	842,727,179	767,331,146
Employee Costs	13	953,536,579	973,368,177
Remuneration of directors	14	29,940,551	29,968,289
Depreciation and amortization expense	15	160,903,927	195,787,257
Repairs and maintenance	16	20,523,809	51,656,898
Hire of Research Vessel for Fish Stock Assessment	17	1,010,848,979	1,565,839,429
Finance Costs	18	1,706,441	1,175,321
Total Expenses		3,020,187,465	3,585,126,518
Surplus for the Period		(450,301,861)	325,530,820

The notes set out on pages 7 to 37 form an integral part of these Financial Statements.

Sign: 
Director General & CEO
 Dr. Paul Sagwe Orina

Sign: 
Director, Corporate Services
 CPA Abraham John Kagwima
 ICPAK Member Number: 2954

Sign: 
Chairman of the Board
 Amb. Dr. Wenwa Akinyi Odinga Oranga

Date: 23/10/2025

Date: 23/10/2025

Date: 23/10/2025

**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
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14. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

	Note	FY 2024/2025	FY 2023/2024
ASSETS		Kshs.	RESTATED Kshs.
Current Assets: -			
Cash and Cash Equivalents	19	157,277,963	323,924,233
Prepayments	20	60,631,691	88,557,297
Receivables from exchange transactions	21	5,005,235	7,598,281
Receivables from non- exchange transactions	22	440,406,159	554,445,746
Inventory	23	20,969,470	20,969,470
Total Current Assets		684,290,518	995,495,027
Non-current Assets: -			
Property, Plant & Equipment	24	1,266,396,740	1,397,149,822
Intangible Assets	25	27,378,335	27,283,100
Total Non-Current Assets		1,293,775,075	1,424,432,922
Total Assets		1,978,065,593	2,419,927,949
LIABILITIES			
Current Liabilities: -			
Trade & Other Payables	26	164,995,708	156,556,202
Total Current Liabilities		164,995,708	156,556,202
Non-Current Liabilities: -			
Total Liabilities		164,995,708	156,556,202
NET ASSETS		1,813,069,885	2,263,371,746
Capital Fund	29(v)	584,810,971	584,810,971
Donations Reserve	29(v)	345,364,707	345,364,707
Revaluations Reserve	29(v)	537,997,254	537,997,254
Accumulated Surplus	29(v)	344,896,953	795,198,814
Total Net Assets and Liabilities		1,813,069,885	2,263,371,746

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by

Sign: 

Director General & CEO
Dr. Paul Sagwe Orina

Sign: 

Director, Corporate Services
CPA Abraham John Kagwima
ICPAK Member Number: 2954

Sign: 

Chairman of the Board
Amb. Dr. Wenwa Akinyi Odinga Oranga

Date: 23/10/2025

Date: 23/10/2025

Date: 23/10/2025

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
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15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2025

	Note	Capital Reserve Kshs.	Donations Reserve Kshs.	Reval. Reserve Kshs.	Accumulated Surplus Kshs.	TOTAL Kshs.
Balance as at 1 July 2024	29(v)	584,810,971	345,364,707	537,997,254	795,198,814	2,263,371,746
Additions						
Deficit for the period		-	-	-	(450,301,861)	(450,301,861)
Balance as at 30 June 2025	29(v)	584,810,971	345,364,707	537,997,254	344,896,953	1,813,069,885
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024						
	Note	Capital Reserve Kshs.	Donations Reserve Kshs.	Reval. Reserve Kshs.	Accumulated Surplus RESTATED Kshs.	TOTAL RESTATED Kshs.
Balance as at 1 July 2023	29(v)	584,810,971	345,364,707	537,997,254	447,909,442	1,916,082,374
Add: Restatement of Receivables					21,758,552	21,758,552
Surplus/Deficit for the period					325,530,820	325,530,820
Balance as at 30 June 2024	29(v)	584,810,971	345,364,707	537,997,254	795,198,814	2,263,371,746
<p><i>NOTE: Capital Reserves constitute the cumulative amounts disbursed to KMFRI over the years by the Government for capital expenditure.</i></p> <p><i>Donations constitutes cumulative values of donated assets to KMFRI over the years</i></p> <p><i>Revaluation Reserve constitutes the cumulative values of revalued assets over the years.</i></p> <p><i>Accumulated surplus/deficit constitutes cumulative amounts of surplus/ deficits as realized in KMFRI's statements of financial performance over the years.</i></p>						

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16. STATEMENT OF CASHFLOW FOR THE YEAR ENDED JUNE 30, 2025

	NOTE	FY 2024/2025	FY 2023/2024
Cash flows from Operating Activities		Kshs.	RESTATED Kshs.
Receipts			
Transfer from other Government Entities		2,459,166,664	3,151,358,766
Public Contribution and Donations		217,952,861	387,281,611
Rendering Services		825,550	455,000
Sales of goods		6,850,885	7,909,748
Rental revenue from facilities and equipment		2,844,782	2,340,234
Other Income		2,004,571	1,185,595
Total Receipts		2,689,645,314	3,550,530,954
Payments			
Use of Goods and Services		826,905,189	788,282,608
Employee Costs		891,950,930	944,660,652
Board of Management Costs		30,140,131	29,875,156
Repairs and Maintenance		66,200,274	16,087,104
Hire of Research Vessel for Fish Crew Training		1,010,848,979	1,636,331,511
Total Payments		2,826,045,504	3,415,237,031
Net cashflows from/ (used in) operating activities	27	(136,400,190)	135,293,923
Cash flows from Investing Activities			
Purchase of PPE and intangible assets		(30,246,079)	(82,692,789)
Net cash flows from Investing Activities		(30,246,079)	(82,692,789)
Cash Flows from Financing Activities			
Remission to The National Treasury		-	-
Net cash flows from Financing Activities		-	-
Net Increase in Cash and Cash Equivalents		(166,646,269)	52,601,134
Cash and cash equivalents at period Start		323,924,233	271,323,099
Cash and cash equivalents at period end		157,277,963	323,924,233

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

GRANTS AND A.I.A	Original Budget 2024/2025	Adjustments	Final Budget 2024/2025	Actual Cumulative to date	% of Utilization
	a	B	c = a+b	d	e=d/c%
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Budget carryovers from the previous year	584,300,175	-	584,300,175	584,300,175	100%
Receipts					
Transfer from other Government Entities	1,442,000,000	-	1,442,000,000	1,442,000,000	100%
Public Contribution and Donations	331,439,381	-	331,439,381	217,952,861	66%
Rendering Services	500,000	600,000	1,100,000	579,950	52%
Sales of goods	4,000,000	8,800,000	12,800,000	4,508,440	35%
Rental revenue from facilities and equipment	2,100,000	2,000,000	4,100,000	2,839,782	69.9%
Other Income-Miscellaneous	1,400,000	600,000	2,000,000	2,004,571	100%
Marine Fish Stock Assessment	600,000,000	300,000,000	900,000,000	900,000,000	100%
Total	2,965,739,556	312,000,000	3,277,739,556	3,154,185,779	96%
Expenses: -					
Use of goods and services	841,547,127	18,739,610	860,286,737	842,727,179	98%
Compensation of employees	994,706,183	4,456,312	999,162,495	953,536,579	95%
Remuneration of Directors	30,000,000	0	30,000,000	29,940,551	100%
Repairs and Maintenance	61,044,245	(13,000,000)	48,044,245	20,523,809	43%
Capital Expenditure	28,442,0000	1,804,079	30,246,079	30,246,079	100%
Marine Fish Stock Assessment	1,010,000,000	300,000,000	1,310,000,000	1,010,848,979	77%
Total Expenses	2,965,739,556	312,000,000	3,277,739,556	2,887,823,176	88%

Budget Notes

Public contributions and donations

This constitutes funds received from development partners for innovative research proposals by the Institute's researchers. During the FY 2024/2025, the Institute was unable to mobilize more grants from various development partners to undertake research programmes as anticipated, mainly due to time-bound funding cycles; and changes in the external donor dynamics and preferences, which resulted in slow disbursements as well as the cancellation of a major project after only the first funds disbursement

Rendering of Services

The shortfall was primarily attributed to the disruption of the academic calendar caused by the lecturer's strike between September and December 2024, which significantly reduced the turnout of students on industrial attachment—a key source of this revenue. Traditionally, the Institute experiences a surge in student placements during Q4; however, the delayed resumption of learning in January 2025 shifted attachment schedules, thereby deferring expected income.

Sale of Goods

The production of fish feeds and the sale of fingerlings were significantly constrained by budgetary limitations during the FY under review. This hindered the procurement of essential production inputs for fish feeds and fingerlings production, which directly impacted output levels and revenue realization. Additionally, efforts to dispose of bonded equipment through public advertisement yielded minimal interest, as prevailing economic hardships resulted in reduced purchasing power, leading to low or no offers for most of the equipment listed for disposal.

Rental Revenue from facilities and equipment

The underperformance was primarily attributed to the premature termination of the tenancy lease for the Institute's canteen, which had originally been projected to run for twelve months. The tenant experienced low patronage from her targeted clientele due to inadequate service delivery, resulting in sustained financial losses. Consequently, she formally requested early termination of the contract, which had been factored into the Institute's annual budget projections. Additionally, budgetary constraints across public institutions (which are the institute's primary clientele for conference facility bookings) further contributed to the decline in these revenue streams' performance.

Repairs and Maintenance

Due to budgetary constraints experienced earlier in the financial year and the subsequent reinstatement of funds in the fourth quarter, the majority of planned repair works could not be procured within the required timelines. This delay hindered contractors from executing the repairs and submitting invoices before the close of the financial period. As a result, most anticipated expenditures on repairs were recorded as commitments rather than actualized payments.

Marine Fish Stock Assessment

The Institute has been undertaking Marine stock assessment in the Indian Ocean covering the South-East monsoon (April - October) and the North-East monsoon season (November to March). During the period under review, there was an ongoing South-East monsoon assessment which crossed the financial period, yet the payment could only be made after the assessment was completed.

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**Reconciliation of Expenditure in Statement of Financial Performance to the Expenditure in the
Budget Comparative report**

	Ksh.
Expenditure in Statement of Financial Performance	3,020,187,465
Less:	
Depreciation	(160,903,927)
Exchange Loss	(1,706,441)
Add Use of goods and Services expenses items in Statement of Financial Position	
Capital Expenditure	30,246,079
Total actual on comparable basis	2,887,823,176

18. NOTES TO THE FINANCIAL STATEMENTS

1) General Information

Kenya Marine and Fisheries Research Institute (KMFRI) is established by and derives its authority and accountability from The Science and Technology Act Cap.250 (20). The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. KMFRI's principal activity is to undertake research in "marine and freshwater fisheries, aquaculture, environmental and ecological studies, and marine research including chemical and physical oceanography", in order to provide scientific data and information for sustainable development of the Blue Economy.

2) Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying KMFRI's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of KMFRI. 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 2025.

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

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

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 and 1 January 2026.

- **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 KMFRI's annual financial statements.
- **IPSAS 44- Non-Current Assets held for sale and discontinued operations** - The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of

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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 KMFRI's annual financial statements.

- **IPSAS 45 – Property, Plant and Equipment** - The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g., valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets. These amendments had no impact on KMFRI's annual financial statements.

- **IPSAS 46 - Measurement** – The objective of this standard was to improve measurement guidance across IPSAS by:
 - Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.
 - Clarifying transaction costs guidance to enhance consistency across IPSAS;
 - Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.The standard also introduces a public sector specific measurement bases called the current operational value. These amendments had no impact on KMFRI's annual financial statements.

- **IPSAS 47 – Revenue** - This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. These amendments had no impact on KMFRI's annual financial statements.

- **IPSAS 48 – Transfer expenses** - The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. These amendments had no impact on KMFRI's annual financial statements.

- **IPSAS 49 – Retirement Benefits Plans** - The objective of the standard is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the

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financial statements that should be presented by a retirement benefit plan. These amendments had no impact on KMFRI's annual financial statements.

- **IPSAS 50 – Exploration For & Evaluation of Mineral Resources** - The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:
 - Limited improvements to existing accounting practices for exploration and evaluation expenditures.
 - Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.
 - Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

These amendments had no impact on KMFRI's annual financial statements.

iii. Early adoption of standards

KMFRI did not early – adopt any new or amended standards in year 2024/2025.

4) Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

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 realised 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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii. Revenue from exchange transactions

Rendering of services

KMFRI 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

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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 Institute.

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 in June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, KMFRI recorded additional appropriation on the 2024/25 budget following the Board of Management's approval.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 6 these financial statements.

c) Taxes

Current income tax

KMFRI is established under The Science and Technology Act Cap.250 (20) and is fully funded by the exchequer. 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 KMFRI 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

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situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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, KMFRI 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.
- v. Depreciation on property, plant and equipment is calculated on the 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	Infinity	-
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%
Computer Software	3.33	30%

e) Leases

Leases under which the Institute is the Lessee

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Institute. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Institute also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. After initial recognition, lease payments are apportioned between finance charges and

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reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that KMFRI will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. The value of leasehold interests in land used by the Institute is treated as a finance lease and is amortised over the period of the lease.

Leases under which the institute is the Lessor

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Institute. Payments received under operating leases are recognised as income in the statement of financial performance on a straight-line basis over the lease term.

f) Intangible assets

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

g) Research and development costs

KMFRI expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Institute 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.

h) Trade and other receivables

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

i) Provisions

Provisions are recognized when KMFRI has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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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.

j) Contingent liabilities

KMFRI 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.

k) Contingent assets

KMFRI 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.

l) Nature and purpose of reserves

The Institute creates and maintains reserves in terms of specific requirements. KMFRI maintains the following reserves:

Capital Reserve

This constitutes the cumulative amounts disbursed to KMFRI 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 KMFRI 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.

m) Changes in accounting policies and estimates

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

n) Employee Benefits -Retirement Benefit Plans

The Institute provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold

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sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Institute operates a defined contribution pension scheme for her employees, both unionizable and non-unionizable. The scheme is administered by an independent Board of Trustees, and it is funded by contributions from KMFRI and its employees. KMFRI contributes 20% of the employees' basic pay to the scheme and the employees contribute 10% of their basic pay. Contributions to the scheme from KMFRI are charged to the statement of financial performance in the year to which they relate. The scheme is managed by an External Administrator (CPF Financial Services) and the scheme assets managers/custodian is Kenindia Assurance Co. Ltd. The Institute contributed Ksh. 97,437,142 as Employer Contribution and Ksh. 48,718,571 as Employee Contribution during FY 2024/2025.

The Institute also contributes to the statutory defined contribution pension scheme, the National Social Security Fund. Contributions to the scheme are determined by statute. The Institute contributed Ksh. 17,891,793 Employer Contribution and Ksh. 17,891,793 as Employee Contribution during the FY 2024/2025. During the FY 2024/2025, the Institute effected NSSF TIER II deductions rates as per the provisions of the amended NSSF Act 2013 that came into effect in February 2025. The management also obtained approval to remit the NSSF TIER II deductions to the KMFRI Pension Scheme.

o) Foreign currency transactions

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

p) Related parties

The Institute 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 Board of directors, the CEO and Senior managers.

q) Cash and cash equivalents

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

r) Comparative figures

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

s) 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 KMFRI'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 Institute 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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6) Transfers from Other Government Entities

Description	Period ended 30 June 2025	Period ended 30 June 2024
	KShs	KShs
Unconditional grants		
Operational grant	1,442,000,000	1,507,950,001
Total Unconditional Grants	1,442,000,000	1,507,950,001
Conditional grants		
Other Organizational Grant	900,000,000	2,000,000,000
Total government grants and subsidies	2,342,000,000	3,507,950,001

The transfers received are to fund the operations of the Institute

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

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the period ended 30 June 2025 KShs	Total grant income during the period ended 30 June 2024 KShs
SDF & BE	1,442,000,000			1,442,000,000	1,507,950,001
SDF & BE	900,000,000			900,000,000	2,000,000,000
Total	2,342,000,000			2,342,000,000	3,507,950,001

The details of the reconciliation have been included under appendix III.

7) Public Contributions and Donations

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Research donations		
Western Indian Ocean Marine Science Association(WIOMSA)	8,563,508	12,857,503
Food Agricultural Organization (FAO)	20,326,375	7,204,682
United Nations Environmental Programme(UNEP)	45,838,154	55,845,860
The Nature Conservancy(TNC)	-	54,460,395
General Bathymetric Chart of the Oceans(GEBCO)	28,053,330	15,405,003
EUROPEAN UNION (EU)	-	75,946,239
Other Small Projects-IOC,AORA,PLAN,GATSBY ETC	115,171,493	165,561,929
Total Research donations	217,952,861	387,281,611
Donations in Kind – land, boat & Library books	-	-
Total transfers and sponsorships	-	-
Reconciliation of public contributions and donations		
Balance unspent at beginning of the year		
Current year receipts	217,952,861	387,281,611
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

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Research donations represent funds mobilized by KMFRI Researchers the funding by donors of the innovative research proposals by KMFRI Research scientists under the KMFRI Strategic pillar of resource mobilisation and institutional capacity building. These grants are operational in nature and do not constitute development expenditure in the context of capital formation or infrastructure. The grants are specifically earmarked to support research activities and mainly cover recurrent expenditures such as fieldwork logistics, laboratory consumables, stakeholders' engagement meetings, and dissemination of findings.

8) Rendering of Services

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Students' educational visits and attachment fees	579,950	508,350
Consultancy fees for services	-	198,000
Total revenue from the rendering of services	579,950	706,350

This revenue is generated from bench fee from educational visits by students and learning institutions, as well as students on attachment and consultancies carried out by the Institute.

9) Sale of Goods

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Sale of fish fingerlings & brooders	2,817,690	2,737,305
Sales of fish feeds	754,000	3,244,018
Sale of value-added products	67,930	323,786
Disposal of bonded equipment / wares	868,820	2,399,576
Sale of Aquarium	-	2,730,362
Total revenue from the sale of goods	4,508,440	11,435,047

Through innovative research, the Institute produces products aligned to fisheries research which are then sold to the public to generate revenue.

10) Rental Revenue from Facilities and Equipment

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Operating lease revenues	550,000	570,000
Contingent rentals	2,289,782	1,528,734
Total rentals	2,839,782	2,098,734

The contingent rentals above relate to revenue generated from the hire of research vessels and conference facilities.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11) Other Income

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Miscellaneous income	2,004,571	1,185,595
Total other income	2,004,571	1,185,595

Miscellaneous income includes Training levy deductions from staff.

12) Use of Goods and Services

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Electricity	12,861,676	17,678,993
Water	5,316,943	5,284,969
Gas Expenses	-	90,285
Communication services and supplies	8,462,299	7,963,216
Transportation, travelling and subsistence	84,231,052	64,106,121
Advertising, printing, stationery, and photocopying	10,534,049	46,407,805
Rental of produces assets	7,185,155	8,929,794
Staff training	25,294,793	28,850,570
Hospitality supplies and services	14,539,217	13,472,787
Insurance costs	141,236,534	127,711,096
Bank charges and commissions	226,600	281,204
General Office supplies and services	7,338,058	9,510,417
Legal, Arbitration and Compensation	5,765,733	3,382,550
Audit Fees	811,200	811,200
Fuel Oil and Lubricants	3,984,096	7,032,012
Subscription to Professional bodies	1,387,610	617,033
Contracted Technical Services	38,280	475,297
Licensing fee - Drivers	14,250	22,535
Contracted Guards and Cleaning	31,941,271	28,192,551
Other General Expenses		
Bad debts written off	-	165,112
Taxation charges	-	743,003
Donor Funded Research	320,102,786	288,349,293
Seed Research	35,606,884	55,254,464
Research Vessel Mtafiti	122,216,308	36,901,081
Parking Charges	7,030	10,457
Specialized Materials and Supplies	2,525,656	13,451,553
Business Wing	1,099,699	1,635,747
Total Goods and Services	842,727,179	767,331,146

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13) Employee Costs

	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Salaries and wages	563,675,056	603,525,061
Employer contribution to pension schemes	118,523,459	101,577,630
Travel, car, accommodation, subsistence & other allowances	83,395,538	83,670,600
Housing benefits and allowances	151,625,838	156,380,214
Social contributions	17,891,793	10,009,667
Housing Levy	11,404,365	10,755,243
Gratuity	7,020,530	7,297,785
Total Employee Costs	953,536,579	973,368,177

14) Board of Management Costs

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Chairman/Directors' Honoraria	1,465,163	1,023,419
Sitting allowances	8,520,000	6,770,000
Medical Insurance	2,002,011	1,186,456
Induction and Training	4,879,326	2,869,119
Travel and accommodation	12,579,884	11,683,333
Other allowances	494,167	116,303
Board of Management related costs	-	6,319,660
Total	29,940,551	29,968,289

15) Depreciation and Amortization

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Property, plant, and equipment	156,834,883	192,254,496
Intangible assets	4,069,045	3,532,761
Total depreciation and amortization	160,903,927	195,787,257

16) Repairs and Maintenance

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Property	8,949,704	31,423,177
Equipment and machinery	2,853,597	5,283,830
Vehicles	6,756,392	10,934,440
Furniture and fittings	-	31,600
Computers and accessories	722,414	2,351,977
Others	1,241,702	1,631,874
Total repairs and maintenance	20,523,809	51,656,898

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17) Hire of Research Vessel

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Marine Fish Stock Assessment	1,010,848,979	1,565,839,429
Total	1,010,848,979	1,565,839,429

18) Gain/Loss on foreign exchange transactions

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Loss on foreign exchange	1,706,441	1,175,321
Total	1,706,441	1,175,321

19) Cash and Cash Equivalents

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Current account	157,277,963	323,904,263
Others – Cash in hand	-	19,970
Total cash and cash equivalents	157,277,963	323,924,233

Detailed Analysis of the Cash and Cash Equivalents

		Period ended 30 June 2025	Period ended 30 June 2024
Financial institution	Account number	Kshs.	Kshs
a) Current account			
National Bank of Kenya	Various	153,391,432	317,132,029
Kenya Commercial bank	Various	3,886,531	6,772,233
Sub- total		157,277,963	323,904,262
b) Others(specify)			
Cash in hand		-	19,970
Grand total		157,277,963	323,924,233

20) Prepayments

	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Insurance	60,631,691	88,557,297
Total current receivables	60,631,691	88,557,297

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21) Revenue from Exchange Transactions

	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs
Exchange debtors	5,005,235	7,598,281
Total current receivables	5,005,235	7,598,281

Ageing analysis of Receivables from Exchange Transactions

Description	Current FY	% of the total	Period ended 30 June 2024	% of the total
	Kshs.		Kshs	
Less than 1 year	-	-	3,781,649	49.80%
Between 1-2 years	1,188,603	20%	3,816,632	50.20%
Over 3 years	3,816,632	80%	-	-
Total current receivables	5,005,235	100%	7,598,281	100%

22) Receivables from Non-Exchange Transactions

Description	Period ended 30 June 2025	Period ended 30 June 2024
		RESTATED
	Kshs.	Kshs
Staff Debtors	7,935,757	3,071,380
Medical Advance	2,130,905	2,940,939
Non-Staff Advance	17,672,827	18,600,094
GOK Recurrent grants receivable	412,666,669	529,833,333
Less: Impairment allowance	-	-
Total receivables form non – exchange transactions	440,406,159	554,445,746

Ageing analysis of Receivables from Non-Exchange Transactions

Description	Current FY	% of the total	Period ended 30 June 2024	% of the total
	Kshs.		Kshs	
Less than 1 year	420,029,953	95%	532,272,520	96%
Between 1-2 years	39,300	0 %	647,932	0.12%
Over 3 years	20,336,906	5%	21,525,294	4%
Total current receivables	440,406,159	100%	554,445,746	100%

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23) Inventory

Description	Period ended 30 June 2025	Period ended 30 June 2024
Inventory	Kshs.	Kshs
Library Books	20,969,470	20,969,470
Total Inventory	20,969,470	20,969,470

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

24) (a) Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture & fittings	Computers	Plant & equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2023	337,500,000	864,140,900	158,251,013	65,579,196	81,139,486	1,350,920,193	77,944,323	2,935,475,111
Additions		-	7,410,000	6,469,918	10,410,132	893,328	52,977,598	78,160,976
Disposals/ Assets write off			(2,000,000)			(1,069,022)		(3,069,022)
Transfers/adjustments		24,534,010	-	1,270,200	5,531,000	11,419,124	(42,754,334)	-
As at 30th June 2024	337,500,000	888,674,910	163,661,013	73,319,314	97,080,618	1,362,163,623	88,167,587	3,010,567,065
Additions			18,170,000	2,589,304	947,740	4,374,756		26,081,800
Disposals/ Assets write-off			(5,170,008)	(163,495)				(5,333,503)
Transfer/adjustments		36,218,019					(36,218,019)	(0)
As at 30th June 2025	337,500,000	924,892,929	176,661,005	75,745,123	98,028,358	1,366,538,379	51,949,568	3,031,315,362
Depreciation & impairment								-
At 1 July 2024	-	(184,659,127)	(144,098,514)	(48,289,881)	(77,897,775)	(969,286,472)	-	(1,424,231,769)
Depreciation		(22,216,873)	(6,570,000)	(6,055,597)	(7,319,902)	(150,092,124)	-	(192,254,496)
Disposals			2,000,000			1,069,022		3,069,022
As at 30th June 2024	-	(206,876,000)	(148,668,514)	(54,345,478)	(85,217,677)	(1,118,309,574)	-	(1,613,417,242)
Depreciation		(23,122,323)	(11,112,500)	(5,933,309)	(5,767,810)	(110,898,940)		(156,834,883)
Disposals			5,170,008	163,495				5,333,503
As at 30th June 2025	-	(229,998,323)	(154,611,005)	(60,115,292)	(90,985,487)	(1,229,208,514)	-	(1,764,918,622)
Net book values								-
As at 30th June 2025	337,500,000	694,894,606	22,050,000	15,629,831	7,042,871	137,329,865	51,949,568	1,266,396,740
As at 30th June 2024	337,500,000	681,798,910	14,992,500	18,973,836	11,862,941	243,854,049	88,167,587	1,397,149,823

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24 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	337,500,000	-	337,500,000
Buildings	924,892,928	229,998,323	694,894,606
Plant And Machinery	1,366,538,379	1,229,208,514	137,329,865
Motor Vehicles, Including Motorcycles	176,661,005	154,611,006	22,050,000
Computers And Related Equipment	98,028,358	90,985,487	7,042,871
Office Equipment, Furniture, And Fittings	75,745,123	60,115,292	15,629,831
Total	2,979,365,794	1,764,918,622	1,214,447,172

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

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	770,499,491	110,898,940
Motor Vehicles including Motorcycles	144,669,305	11,112,500
Computers and Related Equipment	81,109,486	5,767,810
Office Equipment, Furniture and Fittings	33,081,226	5,933,309
Total	1,029,359,508	133,712,559

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25) Intangible Assets

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs.
Cost		
At beginning of the year	29,142,128	23,395,525
Additions	4,164,279	5,435,803
Total	33,306,407	28,831,328
Additions—internal development	-	310,800
At end of the year	33,306,407	29,142,128
Amortization and impairment		
At beginning of the year	23,658,466	20,125,705
Amortization	4,069,045	3,532,761
At end of the year	27,727,511	23,658,466
At beginning of the year	5,483,662	3,262,822
Net Book Value A	5,578,897	5,483,662
WIP Beginning of year	21,799,438	23,014,238
WIP within the year	-	(904,000)
Total WIP within the year B	21,799,438	22,110,238
Transfers C	-	(310,800)
Total Intangible (A+B+C)	27,378,334	27,283,100

26) Trade and Other Payables

Description	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	RESTATED Kshs.
Trade payables	51,585,897	108,110,700
Third-party payments	90,718,951	452,789
Other payables	22,690,860	47,992,714
Total trade and other payables	164,995,708	156,556,204

Ageing analysis of Trade payables

Description	Period ended 30 June 2025	% of the total	Period ended 30 June 2024	% of the total
	Kshs.		Kshs.	
Under one year	27,467,547	51%	97,505,474	90%
1-2 years	3,537,516	7%	1,202,890	1%
2-3 years	14,797,177	30%	9,402,336	9%
Over 3 years	5,783,657	12%	-	-
Total (tie to above total)	51,585,897	100%	108,110,700	100%

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27) Cash Generated from Operations

	Period Ended 30 June 2025	Period ended 30 June 2024
		RESTATED
	Kshs.	Kshs.
Surplus for the year before tax	(450,301,861)	325,530,820
Add:		
Restated Staff debtors	-	72,866
Restated Non-Staff debtors	-	17,717,076
Restated Liabilities	-	151,978
Depreciation and amortisation	160,903,927	195,787,257
Net cash flow from operating activities	(289,402,533)	539,259,998
Working Capitals adjustments		
Decrease in Receivables	144,558,239	(418,659,451)
Increase in Payables	8,439,504	14,693,376
Net cashflows from/ (used in) operating activities	(136,400,190)	135,293,923

28) Restatement of Financials Statements FY 2023/2024

Restatement of Liabilities: Expenses in relation to the UNRISK salary arrears were overstated which resulted in reduced surplus and increased liabilities in form of accrued expenses in FY 2023/2024. The financial statement has been restated to correct the error. The effect of the restatement on those financial statements is summarized below. There is no effect in FY 2024/2025.

	Effect in FY 2023/2024
	Kshs.
Decrease in expenses	151,978
Increase in Surplus	151,978
Decrease in liabilities/ Accrued expenses	151,978
Increase in accumulated surplus/net assets	151,978

Restatement of receivable from Exchange transactions: Receivables from receivable from Exchange transactions of Ksh. 3,816,632 relating to ex-gratia payment made to NHIF previously had not recognised in the financial statements of FY 2023/2024. The financial statement has been restated to implement the recommendations of the Auditor General's. The effect of the restatement on those financial statements is summarized below. There is no effect in FY 2024/2025

	Effect in FY 2023/2024
	Kshs.
Decrease in expenses	3,816,632
Increase in Surplus	3,816,632
Increase in Non-Staff Debtors	3,816,632
Increase in Accumulated Surplus/Deficit	3,816,632

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Restatement of Staff debtors: An amount of Ksh. 158,900 which had been paid out as Domestic Subsistence Allowance and later qualified to be ineligible prompting the need for recovery from staff had not been recognised as staff debtors in the F/Y 2023/2024. Equally, during the uploading of data into the new ERP system, an amount of Ksh. 31,566 relating to petty cash had not been recognised as staff debtors in the FY 2021/2022. The financial statement has been restated to correct the errors. The effect of the restatement on those financial statements is summarized below. There is no effect in FY 2024/2025

	Effect in FY 2023/2024
	Kshs.
Decrease in Donor Expenses	158,900
Increase in surplus	158,900
Increase in Staff Debtors	158,900
Increase in Accumulated Surplus/Deficit	158,900
Increase in Staff Debtors	31,566
Increase in Accumulated Surplus/Deficit	31,566

Restatement of Staff debtors: Staff debtors previously reported in the financial statements was erroneously overstated by Ksh. 117,600 in the FY 2022/2023. The financial statement has been restated to correct the error. The effect of the restatement to the Institute's financial statements is summarised below:

	Effect in FY 2023/2024
	Kshs.
Increase in Surplus	117,600
Decrease in DSA expense	117,600
Increase in Accumulated Surplus/Deficit	117,600
Decrease in Staff Debtors	117,600

Restatement of Non-Staff debtors: Receivables of Ksh. 17,717,076 relating to non-staff debtors which occurred as a result of unpaid training bonding from the trained and bonded staff, had initially been disclosed as contingent assets and not recognised in the financial statements of FY 2023/2024. During the F/Y 2023/2024 the Auditor General recommended that the amount of Ksh. 17,717,076 should be recognised as receivables in the statement of the financial position. The financial statement has been restated to implement the recommendations of the Auditor General's. The effect of the restatement on those financial statements is summarized below. There is no effect in FY 2024/2025

	Effect in FY 2023/2024
	Kshs.
Decrease in expenses	17,717,076
Increase in Surplus	17,717,076
Increase in Non-Staff Debtors	17,717,076
Increase in Accumulated Surplus/Deficit	17,717,076

29) Financial Risk Management

KMFRI's activities are exposed to a variety of financial risks, including credit and liquidity risks and the effects of changes in foreign currency. The Institute's overall risk management programme focuses on

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unpredictability of changes in the economic and social environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. KMFRI does not hedge any risks. KMFRI's financial risk management objectives and policies are detailed below:

i. Credit risk

KMFRI has exposure to credit risk, which is the risk that advances made to her staff members in terms of salary advance, medical advance, and imprest will not be fully paid or accounted for when due. Credit risk arises from cash and cash equivalents, as well as trade and other receivables. The Institute structures the level of credit risk it undertakes by placing limits on the amount of money that can be advanced to a staff member in a given period of time. Such risks are monitored on a revolving basis and are subject to frequent review. In addition, KMFRI's financial condition may be adversely affected as a result of a failure by a supplier or contractor to perform their contractual obligations. To mitigate such risks, the Institute applies strategies such as the requirement of performance bonds to provide significant protection against the downside risk of a failure to perform the work. The carrying amount of financial assets recorded in the financial statements representing the Institute's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
As at 30 June 2025	Kshs	Kshs	Kshs	Kshs
Receivables from exchange transactions	5,005,235	5,005,235	-	-
Receivables from non-exchange transactions	440,401,559	440,401,559	-	-
Bank balances	157,277,963	157,277,963	-	-
Total	602,684,757	602,684,757	-	-
As at 30 June 2024			-	-
Receivables from exchange transactions	7,598,281	7,598,281	-	-
Receivables from non-exchange transactions	554,445,746	554,445,746	-	-
Bank balances	323,924,233	323,924,233	-	-
Total	885,968,260	885,968,260	-	-

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

ii. Liquidity risk management

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

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
As at 30 June 2025	Kshs	Kshs	Kshs	Kshs
Trade payables	21,104,900	3,792,364	26,688,633	51,585,897
Total	21,104,900	3,792,364	26,688,633	51,585,897
As at 30 June 2024				
Trade payables	93,457,524	4,047,950	10,605,223	108,110,700
Total	93,457,524	4,047,950	10,605,223	108,110,700

iii. Market risk

KMFRI has put in place an internal audit function to assist it in assessing the risk faced by the Institute on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Institute's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

KMFRI has dollar and euro bank accounts hence its affected by currency movement. The Institute also has transactions currency exposures which arises through purchases of goods and services that are done in currencies other than the local currency. Invoices dominated in foreign currency are paid using a conversation at the time of payment is done using the prevailing exchange rate.

b) Interest rate risk

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

Management of interest rate risk

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

iv. Fair Value of Financial Assets and Liabilities

Financial Instruments Measured at fair value - KMFRI does not hold any financial instruments hence no disclosure of fair values of financial instruments not measured at fair value has been made.

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v. Capital Risk Management

The objective of the capital reserve is to safeguard the Institute's ability to continue as a going concern. KMFRI's capital structure comprises the following funds:

	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs	Kshs
Capital Fund	584,810,971	584,810,971
Donations reserve	345,364,707	345,364,707
Revaluation reserve	537,997,254	537,997,254
Accumulated Surplus	344,896,953	795,198,814
Total funds	1,813,069,885	2,263,371,746
Total borrowings		-
Less: cash and bank balances	157,277,963	323,924,233
Net debt/ (excess cash and cash equivalents)	(157,277,963)	(323,924,233)
Gearing	0%	0%

30) Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) The Parent Ministry;
- ii) County Governments
- iii) Other SCs and SAGAs

Relates Party Disclosures

- iv) Key management;
- v) Board of directors;

	Period ended 30 June 2025	Period ended 30 June 2024
	KShs	KShs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Govt agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
b) Purchases from related parties		

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	Period ended 30 June 2025	Period ended 30 June 2024
	KShs	KShs
Purchases of electricity from KPLC	12,228,936	17,678,993.40
Purchase of water from govt service providers	4,963,219	5,284,969.28
Rent and rates expenses paid to govt agencies	2,798,929	500,000
Training and conference fees paid to govt. agencies	17,182,660	8,424,662
Total	37,173,744	31,888,624.68
b) Grants /Transfers from the Government		
Grants from National Govt	1,442,000,000	1,507,950,001
Grants for Marine stock Assessment	900,000,000	1,600,000,000
Grants for Marine Fish Crew Training	-	400,000,000
Total	2,342,000,000	3,507,950,001
c) Expenses incurred on behalf of related party		
Payments for Marine stock assessment	1,010,848,979	1,565,839,429
Total	1,010,848,979	1,565,839,429
d) Key management compensation		
Directors' emoluments	8,048,717	7,793,419
Compensation to key management	39,746,917	40,071,931
Total	47,795,634	47,865,350

31) Contingent Liabilities

	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	KShs
Industrial court award for former Director Dr Ezekiel Okemwa	120,707,110	120,707,110
Civil Suit No 483 of 2016 Mwanaisha Nassoro, Athuman Tezi Vs KMFRI	1,910,407	1,910,407
Total	122,617,517	122,617,517

32) Capital Commitments

	Period ended 30 June 2025	Period ended 30 June 2024
	Kshs.	Kshs.
Authorised & contracted for under Property Plant and Equipment	51,949,567	88,167,587
Authorised & contracted for under Intangible Assets	21,799,438	22,110,238
Total	73,749,005	110,277,825

33) Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into the Consolidated Fund ninety per cent of their surplus funds reported in the audited financial statements after the end of each financial year. In line with this legal requirement, the is not regulatory body and hence no remittance to the Consolidated Fund.

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34) Events after the Reporting Period

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

35) Ultimate and Holding Entity

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

36) Currency

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

19. APPENDICES

APPENDIX I: Implementation Status of Auditor General Recommendations

Reference No on the external audit Report	Issue /Observations from Auditor	Management comments	Status: (Resolved/Not Resolved}	Timeframe: (Put a date when you expect the issue to be resolved)
BASIS OF QUALIFICATION				
1.Undisclosed receivables from Non-Exchange transactions	The statement of financial position and Note 24 to the financial statement reflects receivables from non-exchange transactions of Kshs536,655,803 which includes Kshs.29,98,514 as staff debtors. Information obtained from the human resource department indicate that nine (9) members of staff failed to adhere to the terms of bonding contracts and owed the Institute amount totaling Kshs.17,867,077. However, the amount was not disclosed as receivables in the financial statements as staff debtors but instead was reflected as contingent assets under Note 35 to the financial statements. In the circumstances, the accuracy and completeness of the receivables from non-exchange transactions of Kshs.2,998,514 on staff debtors could not be confirmed.	Financial Statements for the FY 2024/2025 have been restated to recognise the receivables	Resolved	30 th June 2025

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Reference No on the external audit Report	Issue /Observations from Auditor	Management comments	Status: (Resolved/Not Resolved}	Timeframe: (Put a date when you expect the issue to be resolved)
2. Lack of Land valuation and Ownership documents	The statement of financial position and Note 22 to the financial statements reflect property, plant and equipment balance of Kshs.1,397,149,822 which include land valued at KShs.337,500,000. However, examination of the asset register revealed that the Institute has five (5) parcels of land, one in Kisumu and two in Baringo and Turkana each, that were not supported with ownership documents and two (2) out of the five parcels of land were not valued. In the circumstances, the accuracy, completeness and ownership of land valued at KShs.337,500,000 could not be confirmed.	The management is actively following up with the relevant government institutions to obtain the ownership documents. Title for Sangoro land have been acquired.	Partially resolved.	In one year
3.Unsupported Legal Expenditure	The statement of financial performance and Note 14 to the financial statements reflects use of goods and services of KShs.767,331,146 which includes legal expenses of KShs.3,382,550. Review of the legal payments revealed that an amount of KShs.250,000 paid to a legal firm was not supported with; approval from the Attorney-General's office on the engagement of the service provider, evidence on how the service provider was identified and engaged, signed contract with the service provider and details of how much he has paid to the advocates and what is owed. Further, included in the legal expenses of KShs.3,382,550 is KShs.350,000 incurred on a case filed by an advocate who later withdrew the claim. However, Management did not	To support the payments, please find the following with regards to the legal firms: <ul style="list-style-type: none"> • Approval from the Attorney General's office on the engagement of external law firms is provided in Annex 5a. • Evidence on how the service providers were engaged and included in the list of prequalified legal firms from FY 2023-2024 for a period of three years is provided in Annex 5b which includes Tender document no. KMF/HQS/06/2023-2024, letter of appointment for the Tender Opening and Evaluation Committees, bid opening checklists, 	Not resolved	The Issue to be handled jointly with the Auditor General during the audit of FY 2024/25.

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Reference No on the external audit Report	Issue /Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	explain the reasons for paying the lawyer for a case which had been withdrawn. In the circumstances, the regularity and completeness of legal expenses totaling KShs.600,000 could not be confirmed.	<p>Bid evaluation report and recommendation of award contract, individual tender evaluation sheets, minutes of evaluation committee, the professional opinion and letters of notification to the successful prequalified legal firms.</p> <ul style="list-style-type: none"> • Instruction from KMFRI to Ham Lagat and V Chokaa authorizing them to take up the cases are provided in Annex 5c. • Documents as when the writs to appear in court were served to KMFRI are provided in Annex 5d • Evidence of agreement as to the estimated costs or contract signed with the advocates is provided in Annex 5e • The legal status report provided in Annex 5f has been updated to include how much has been paid and how much is owed to the legal firms. 		
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES				
Transfer of Land	The statement of financial position and Note 22 to the financial statements reflect property, plant and equipment balance of KShs.1,397,149,822. Review of the board minutes for the year ended 30 June, 2024			

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Reference No on the external audit Report	Issue /Observations from Auditor	Management comments	Status: (Resolved/Not Resolved}	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>revealed that on 27 March, 2024 the board agreed to the transfer of land valued at KShs.76,000,000 to Kenya Roads Board (KRB), a state corporation established under the Kenya Roads Board Act, 1999. The transfer was signed on the 3 April 2024. However, the following anomalies were noted;</p> <p>1.1 Irregular Transfer</p> <p>No reason was provided for the transfer of an asset for use by another Government agency that did not include the functions of the Institute and Cabinet approval. This contrary to, Section 72(3) of the Public Finance Management Act, 2012 that prohibits national government entity to loan or transfer assets to any person or organization or permit any person or organization to use assets for purposes other than carrying out the functions of the entity, except in accordance with an Act of Parliament enacted pursuant to Article 227 of the Constitution and also Regulation 216(8) of the Public Finance Management (National Government) Regulations, 2015 which provide that no national state corporation shall vest its assets in another entity without prior approval of the Cabinet. In the circumstances, Management was in breach of the law.</p>	<p>KMFRI has not transferred its land to KRB and therefore may not require Cabinet approval. The agreement is for Kenya Roads Board (KRB) to finance, develop, rehabilitate, manage, operate, maintain and optimize the office building until the end of 15 years Lease. Further, KMFRI will utilize One (1) floor to set up the KMFRI Graduate School.</p>	<p>Not resolved</p>	<p>The Issue to be handled jointly with the Auditor General during the audit of FY 2024/25.</p>
	<p>1.2 Non-compliance with Requirements on Finance Leases</p>	<p>KMFRI has sought approval from the National Treasury to operate the lease. The National Treasury provided</p>	<p>Not Resolved</p>	<p>The Issue to be handled jointly with the Auditor</p>

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Reference No on the external audit Report	Issue /Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Clause 2.3 of the agreement signed on 3 April, 2024 states that upon completion of the office building, the parties shall consider entering a long-term lease of fifteen years, whereby KRB shall have quiet possession of the building located at KMFRI property at nominal rent to be recovered in accordance with Clause 2.4. Clause 2.4 states that advance payments made by KRB towards development of the property shall be utilized to satisfy any rent payable and shall be accounted for as prepaid installments of the monthly rent payable for the entire lease period. The agreement classifies the transaction as finance lease, as IPSAS 13 qualifies a finance lease as one that at inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset. IPSAS 13 states that finance leases transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Management was therefore in violation of Regulation 128(3) of Public Finance Management (National Government) Regulations, 2015 providing that the accounting officer of a state or county department may under no circumstances enter into finance leases (non-operating lease) without the approval of the relevant National</p>	<p>guidance to the Institute and the management has followed up with the guidance as provided.</p>		<p>General during the audit of FY 2024/25.</p>



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Reference No on the external audit Report	Issue /Observations from Auditor	Management comments	Status: (Resolved/Not Resolved}	Timeframe: (Put a date when you expect the issue to be resolved)
	Treasury. In the circumstances, Management was in breach of the law.			
REPORT ON EFFECTIVENESS OF INTERNAL RISK MANAGEMENT AND GOVERNANCE				
Contingent Assets	<p>Note 35 to the financial statement reflects contingent assets of KShs.22,367,077 comprising of contingent asset on nine staff members who failed to adhere to the terms of bonding contracts and owes the Institute amount totaling KShs.17,867,077 and an amount of KShs.4,500,000 for breach of contract. Review of the report on the status of legal matters revealed the following unsatisfactory issues;</p> <p>1.1 Inconsistency between the Financial Statements and Report on the Status of Legal Matters</p> <p>The report on the status of legal matters under Part 10.3.9 indicates that eight (8) staffs were bonded but failed to honour the contract terms of training bond and KMFRI filed court cases against four for the breach for amount totaling KShs.11,019,898. However, no explanation was provided for the inconsistency between what is report in the financial statements and the status report and why cases were filed against only four (4) employees instead of all those who had breached the training bond contracts. Also information from the human resource department indicated that two (2) members of</p>	<p>The four officers, who were not sued, Mr. Stephen Mwakai Mwakiti, Mr. Stanley O. Onyango, Dr. Thomas M. Dzeha and Dr. Eric Ochieng Ogello agreed to settle their bond liabilities and as such it was not necessary to have their matters filed in Court. The Institute preferred to file Court proceedings against their Officers who defaulted to comply with Bond Liabilities. Before this, the Institute had tried to engage with the officers on several occasions internally, but this did not bear any fruits. This is what informed the decision to file Court proceedings. We, however, note that the matter could have been amicably handled through an out-of-</p>	Not Resolved	The Issue to be handled jointly with the Auditor General during the audit of FY 2024/25.

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Reference No on the external audit Report	Issue /Observations from Auditor	Management comments	Status: (Resolved/Not Resolved}	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>staff who were not sued had refunded total of KShs.1,398,572. However, no evidence was provided in support of the said refund. In the circumstances, the effectiveness of controls on debts recovery could not be confirmed and recoverability of the owed amount is doubtful.</p>	<p>court settlement. The Institute will endeavour to adopt out-of-court settlements of similar issues as much as possible. Payment advice documents for the two officers, Mr. Stephen Mwakai Mwakiti and Dr. Robinson Mugo are provided in Annex 9a for your review.</p>		



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Reference No on the external audit Report	Issue /Observations from Auditor	Management comments	Status: (Resolved/Not Resolved}	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>1.2 Breach of Contract Note 35 to the financial statements reflects KShs.4,500,000 as contingent assets on breach of contract. Information maintained by the Institute indicates that the amount was a payment to the then City Council of Mombasa after a court judgement on accumulated land rates. The payment made through a legal firm was never remitted to the intended payee and the report on the status of legal matters indicate that the matter is currently at tribunal sitting. However, the said tribunal was not identified and the details or information on the matter was not provided for audit review and no action has been taken by the Management against the lawyer for breach of contract. In the circumstances, effectiveness of internal controls and governance could not be confirmed.</p>	<p>It is true that an amount of Kshs. 4.5 million was ordered to be paid for KMFRI to then City Council of Mombasa by L.N Momanyi Advocates representing KMFRI in land sale as accumulated land rates and it was not paid. For the breach of trust the Institute initiated legal proceedings against the L N Momanyi on Nairobi DTC No. 100 of 2019 KMFRI vs L N Momanyi which is currently at the tribunal sitting. The tribunal details are provided in Annex 9b. Further, the legal status report provided in Annex 5f has been updated to include the amount of Ksh. 4,500,000.</p>	<p>Not resolved</p>	<p>The Issue to be handled jointly with the Auditor General during the audit of FY 2024/25.</p>

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APPENDIX II: Projects implemented by Kenya Marine and Fisheries Research Institute

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

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

APPENDIX III : Status of Projects completion

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



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APPENDIX IV: Transfers From Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent / Development / Other	Total Amount KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
SDF & BE	9/12/2024	Recurrent	101,333,333						101,333,333
SDF & BE	9/13/2024	Recurrent	101,333,333						101,333,333
SDF & BE	10/16/2024	Recurrent	101,333,333						101,333,333
SDF & BE	11/11/2024	Recurrent	101,333,333						101,333,333
SDF & BE	12/9/2024	Recurrent	101,333,333						101,333,333
SDF & BE	1/6/2025	Recurrent	101,333,333						101,333,333
SDF & BE	2/10/2025	Recurrent	101,333,333						101,333,333
SDF & BE	3/12/2025	Recurrent	101,333,333						101,333,333
SDF & BE	4/8/2025	Recurrent	101,333,333						101,333,333
SDF & BE	5/6/2025	Recurrent	208,666,667						208,666,667
SDF & BE	6/16/2025	Recurrent	208,666,667						208,666,667
SDF & BE	7/3/2025	Recurrent*	112,666,669						112,666,669
SDF & BE	11/15/2024	AIE	600,000,000						600,000,000
SDF & BE	7/3/2025	AIE *	300,000,000						300,000,000
Total			2,342,000,000						2,342,000,000

SDF & BE - State Department of Fisheries & Blue Economy

Recurrent* and AIE* were receivables as at 30th June 2025 and was received on 3rd July 2025.

APPENDIX V- Inter- Entity Confirmation Letter

Name of Transferring entity: STATE DEPARTMENT OF FISHERIES AND BLUE ECONOMY...

Name of Beneficiary entity...KENYA MARINE AND FISHERIES RESEARCH INSTITUTE.

Confirmation of amounts received by Kenya Marine and Fisheries Research Institute as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A) – Kshs.	Development (B)	Total (C)=(A+B) – Kshs.	Remarks
25RC000034/25RC000035	9/12/2024	101,333,333	-	101,333,333	
25RC000047/25RC000048	9/13/2024	101,333,333	-	101,333,333	
25RC000075/25RC000076	10/16/2024	101,333,333	-	101,333,333	
25RC000091/25RC000092	11/11/2024	101,333,333	-	101,333,333	
25RC000098	11/15/2024	600,000,000	-	600,000,000	
25RC000120/25RC000121	12/9/2024	101,333,333	-	101,333,333	
25RC000128/25RC000129	1/6/2025	101,333,333	-	101,333,333	
25RC000510/25RC000511	2/10/2025	101,333,333	-	101,333,333	
25RC000578/25RC000579	3/12/2025	101,333,333	-	101,333,333	
25RC000626/25RC000627	4/8/2025	101,333,333	-	101,333,333	
25RC000805/25RC000806	5/6/2025	208,666,667	-	208,666,667	
25RC000954/25RC000955	6/16/2025	208,666,667	-	208,666,667	
26RC000001/26RC000002*	7/3/2025	112,666,669	-	112,666,669	
26RC000004*	7/3/2025	300,000,000	-	300,000,000	
Total		2,342,000,000		2,342,000,000	

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

Head of Accounts Department - Disbursing Entity:

Name Mathew Ouko Sign [Signature]

Date 1/08/2025

Head of Accounts Department - Beneficiary Entity:

Name Nabwire Elizabeth Sign [Signature]

Date 1/08/2025

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Appendix VI: Reporting of Climate-Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
National Tree Growing Restoration Campaign	Tree Planting Initiative	Plant 16,500 tree seedlings	Planting of trees	-	-	60,000	1,561,350	Recurrent	Kenya Forestry Service
Solar Installation at NAMARET	Install a solar plant at KMFRI Shimoni	Green energy utilization	Installed solar panels at KMFRI Shimoni hatchery	-	-	-	5,000,000	Recurrent	National Research Fund
Pollution Eradication	Construct a wetland at Mikindani	Pollution reduction	A constructed wetland installed at Mikindani	-	-	-	3,000,000	Recurrent	UNEP

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster-related Activity that requires expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
Occupational Safety and Health Compliance	Occupational Safety and Health initiatives	Fire, general accidents	Occupational Safety and Health Training & Registration	Training	1,084,450	
			Maintenance of fire safety equipment	Maintenance	980,000	
			Renewal of WIBA, Life, and Asset Insurances	Insurance	24,217,933	
Sea Level Monitoring	Sea Level Monitoring	Tsunami	Indian Ocean level monitoring and production of tide tables	Maintenance & Data collection	2,000,000	