

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 26 NOV 2025

DAY
Wed

OF

TABLED
BY:

Hon. Robert Pukite

CLERK-AT
THE-TABLE:

Mado Atabo

THE AUDITOR-GENERAL

ON

**KENYA MARINE FISHERIES AND SOCIO-
ECONOMIC DEVELOPMENT PROJECT
(KEMFSED) (CREDIT NO.6540-KE)**

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

**STATE DEPARTMENT FOR BLUE ECONOMY
AND FISHERIES**



Revised Template 30/6/2026



PROGRAMME NAME:

**KENYA MARINE FISHERIES AND SOCIO-ECONOMIC DEVELOPMENT PROJECT
{KEMFSED}**

IMPLEMENTING UNIT:

**MINISTRY OF MINING, BLUE ECONOMY AND MARITIME AFFAIRS
STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES**

PROJECT CREDIT NUMBER 65400-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30th JUNE 2025

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

(Leave this page blank)

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Quarterly Reports and Financial Statement for the financial for the period ended 30th September, 2025

Table of Contents

1. Acronyms and Definition of Terms.....	ii
2. Project Information and Overall Performance	iii
5. Statement Of Project Management Responsibilities	xviii
6. Report of the Independent Auditor on Financial Statements for year ended 30 th June 2025(<i>the Project</i>)	xx
4.Statement of Financial Performance for the Year Ended 30 th June 2025	1
5.Statement of Financial Position as at 30th June 2025.....	2
6.Statement of Changes in Net Assets	3
7. statement of cashflow for the yearended 30 th June 2025	4
8.Statement of Comparison of Budget and Actual Amounts for the Year Ended 30th June 2025	5
12. Notes to the Financial Statements	6
13. Annex 1: Reconciliation of inter-entity transfers.....	30

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025

1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CTA	County Technical Assistant
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
KEMFSED	Kenya Marine Fisheries and Socio -Economic Development
IDA	International Development Association
CPIU	County project implementation unit
NPC	national Project Coordinator
CDP	County Development Plan
CIDP	County Integrated Development Plan
CIG	Common Interest Group
CPSC	County Project Steering Committee

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is **KENYA MARINE FISHERIES AND SOCIO-ECONOMIC DEVELOPMENT PROJECT,**

Objective

The key objective of the project is to improve management of priority fisheries and mariculture and increase access to complementary livelihood activities in coastal communities.

Address

The project headquarters offices are Nairobi (city), Nairobi County, Kenya.

The address of its registered office is:

State Department for Blue Economy and Fisheries.
P O Box 58187 – 00200
NAIROBI.

The project also has offices/branches as follows:

- National Project Coordination Unit – Nairobi
- National Project Coordination Unit – Satellite office Mombasa
- Kwale County Project Implementation Unit
- Mombasa County Project Implementation Unit
- Kilifi County Project Implementation Unit
- Lamu County Project Implementation Unit
- Tana River County Project Implementation Unit

Contacts: The following are the project contacts

Telephone: (254) 2716103/85

E-mail: kemfsed@kilimo.go.ke

Website: kemfsed.go.ke

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025

2.2 Project Information

Project Start Date:	10 th August 2020
Project End Date:	30 th September 2026
Project Manager:	Mr.Patrick Kiara
Project Sponsor:	The World Bank

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Mining, Blue Economy and Maritime Affairs.
Project number	P163980
Project Credit Number	65400-KE
Project Preparation Advance Number	V1310KE
Strategic goals of the project	The strategic goals of the project are as follows: (i) Improve Governance and Management of Marine Fisheries. (ii) Enhance Coastal Community Empowerment and Livelihoods. (iii) Efficient and effective Project Management.
Summary of project strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Ensuring coordinated and timely execution of project activities.
Other important background information of the project	The project has three components: <ul style="list-style-type: none"> • Component 1: Governance and Management of Marine Fisheries. The component will contribute to the PDO by supporting improvement of

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025

	<p>management of marine fisheries in Kenyan waters. Fisheries governance related interventions will be promoted through strengthened co-management of near shore fisheries and infrastructure development in relation to fisheries management at national and county levels.</p> <ul style="list-style-type: none"> • Component 2: Coastal Community Empowerment and Livelihoods. The component will contribute to the PDO by strengthening livelihoods in coastal communities through a combination of technical and financial support for the implementation of livelihood, social welfare, and environmental subprojects; provision of scholarship grants and complementary capacity-building and mentoring of beneficiaries. • Component 3: Project Management. The component will finance support for project management at both national and county levels to ensure coordinated and timely execution of project activities.
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <p>(i) Kenya’s fisheries sector plays a significant role in contributing to the country’s economic development in terms of employment, income generation, foreign exchange and food and nutrition security among others. The project is expected to result in sustainable management of fisheries and make a substantial contribution the development of Kenya’s blue economy.</p> <p>(ii) Noting that it will be implemented in a sector that is devolved, participating counties will play a key role in the execution of specific activities. The project is designed in a manner that is consistent with the principles of devolution a t both levels of</p>

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025

	<p>government and this will strengthen the fisheries sector management and development.</p> <p>(iii) Recognises that overfishing is an issue where several species are either at vulnerable levels or overfished. While it will be difficult for poor fishers to voluntarily reduce fishing efforts, the project will provide technical and financial incentives for complementary livelihoods and diversification of income sources, as well as capacity building and support to earn more value from existing artisanal fisheries</p>
Project duration	The project started on 10 th August 2020 and is expected to run until 30 th September 2026

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

2.4 Bankers

The following are the bankers for the current year:

	ACCOUNT NAME	ACCOUNT NUMBER
(i)	Central Bank of Kenya (NPCU)	1000392142
(ii)	Kenya Commercial Bank (NPCU)	1286647584
(iii)	Kenya Commercial Bank (MSA CPIU)	1280053283
(iv)	Kenya Commercial Bank (KWALE CPIU)	1280741570
(v)	Kenya Commercial Bank (KILIFI CPIU)	1280096039
(vi)	Kenya Commercial Bank (LAMU CPIU)	1280145323
(vii)	Kenya Commercial Bank (TANA RIVER CPIU)	1280139269
(viii)	Kenya Commercial Bank (MSA NPCU)	1283480573

2.5 Auditors

The project is audited by the Office of the Auditor General

2.6 Roles and Responsibilities

List the different people who will be working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Betsy Muthoni Njagi	Permanent Secretary	MA	Accounting Officer
Patrick Kiara	Project Coordinator	MSc	Overall supervision of project activities.
Robert Korir	Project Accountant	MBA, CPA(K), ACFE	Maintaining books of account and preparation of financial reports.

2.7 Funding summary

The Project is for duration of seven years from 10th August 2020 to 30th September 2026 with an approved budget of US\$ 100,000,000 (use donor currency) equivalent to KShs10,000,000,000 as highlighted in the table below:

3 Statement of Performance against Project's Predetermined Objectives

The Project Development Objective (PDO) is to improve management of priority fisheries and mariculture and increase access to complementary livelihood activities in coastal communities. The PDO is expected to be achieved through Improving Governance and Management of Marine Fisheries and infrastructure; technical and financial incentives for complimentary livelihoods and diversification of income sources for Coastal Communities and Project Management and coordination of project activities interventions.

4 Environmental And Sustainability Reporting

The Kenya Marine Fisheries and Socio-Economic Development (KEMFSED) project's development objective is to improve management of priority fisheries and mariculture and increase access to complementary livelihood activities in coastal communities. This PDO is explicitly stated in KEMFSED's Project Implementation Manual (PIM) and World Bank project pages, and it aligns with BETA's focus on jobs, value addition, food security, and shared prosperity. To operationalize this goal, KEMFSED pursues three components—(i) Governance and Management of Marine Fisheries, (ii) Coastal Community Empowerment and Livelihoods, and (iii) Project Management—with implementation across the five coastal counties (Kwale, Mombasa, Kilifi, Tana River, Lamu). The PDO and targets above are the official yardsticks against which Treasury can assess performance and value-for-money. ABDP's sustainability strategy incorporates economic, environmental, and social factors into the organization's policies, practices, and processes to create long-term benefits for the organization, its employees and all its stakeholders while being mindful of conserving and protecting resources including environment.

1. Sustainability strategy and profile

Over the financial year 2024/25, the KEMFSED Project was implemented against a backdrop of a stable global and domestic economic outlook. Global growth was projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023, reflecting recoveries in China, the Euro Area, and the UK,

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025

despite deceleration in the USA and Japan. Domestically, the Kenyan economy remained resilient in the face of multiple shocks. Guided by structural reforms and focused interventions under the Bottom-Up Economic Transformation Agenda (BETA), GDP growth accelerated to 5.6 percent in 2023, up from 4.9 percent in 2022, largely on account of a rebound in agriculture following two years of drought. As fisheries are embedded in the agriculture sector, the catalytic role of KEMFSED in boosting marine production, building value chains, and enhancing climate resilience has directly reinforced this recovery. Growth moderated to an estimated 4.6 percent in 2024 due to slowed credit uptake and global headwinds, but is projected to rebound to 5.3 percent in 2025 and remain on a stable medium-term trajectory. This momentum will be underpinned by enhanced agricultural and fisheries productivity, a resilient services sector, and BETA-driven flagship programs. KEMFSED is central to this trajectory: according to the May 2025 Implementation Support Mission Aide Memoire, the project has financed 1,263 community sub-projects across five coastal counties, directly benefitting 84,785 individuals—55 percent women—through KES 3.37 billion (US\$ 25.9 million) in grants. These investments in seaweed farming, mariculture, MSME processing, and climate-resilient fisheries have begun lifting household incomes, expanding women’s participation, and crowding in private capital along blue economy value chains. At the macro-fiscal level, KEMFSED contributes to economic stability by (i) reducing post-harvest losses through modern fish landing and cold storage infrastructure, (ii) creating new export opportunities in lobster, tuna, seaweed, and crab aquaculture, (iii) supporting Kenya’s first Marine Spatial Plan (MSP) to sustainably unlock marine resources, and (iv) strengthening governance instruments such as fisheries management plans and monitoring, control, and surveillance systems. With over 82% of its US\$100 million IDA allocation disbursed and major infrastructure—including Uvuvi House, NAMARET hatchery, and county fish landing sites—progressing steadily, the project is firmly aligned with BETA’s agenda of jobs-first, value-addition, and export-led growth.

2. Environmental performance

KEMFSED is implemented in full adherence to World Bank Environmental and Social Framework (ESF) policies and Kenya’s National Environment Policy (2013). The World Bank’s Environmental and Social Standards (ESSs), particularly ESS1 on Environmental and Social Assessment, ESS6 on Biodiversity Conservation, and ESS8 on Cultural Heritage, have particular significance for KEMFSED. In addition, the project aligns with the National Climate Change Strategy and contributes directly to its goal of maximizing Kenya’s resilience to climate impacts while sustaining blue economy growth. This is particularly relevant to two central objectives of the World Bank’s climate agenda: supporting innovative approaches that help coastal and fishing communities build resilience to climate shocks, and promoting

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025

coherent dialogue on climate change, rural development, fisheries, and food security. Over the medium term, KEMFSED has implemented multiple climate change adaptation measures, including mangrove rehabilitation to protect coastlines, community-led “tengefu” closures to restore depleted marine ecosystems, and promotion of climate-resilient mariculture (seaweed, mud crab, and finfish farming). The project has also invested in solar-powered cold storage facilities at fish landing sites, reducing post-harvest losses and ensuring renewable-energy use in coastal fisheries infrastructure. In FY 2025/26, as KEMFSED scales up investments in modern fish landing sites, cage aquaculture, and mariculture resource centers, emphasis will continue to be placed on solar technology, water harvesting innovations, and climate-smart aquaculture (including wooden ponds, solar pumps, and improved hatcheries). These interventions respond both to land-use limitations in coastal counties and to the needs of low-income earners and small-scale fisherfolk in peri-urban and rural settlements. As part of implementing the KEMFSED Environmental and Social Management Framework (ESMF) and project-level Environmental and Social Management Plans (ESMPs)—consistent with the World Bank’s Social, Environmental and Climate Assessment Procedures—the project has conducted Participatory Scenario Planning (PSP) exercises across the five implementing counties, sensitizing fisherfolk and community groups on the use of climate information for production decision-making. County and community-level staff have also been trained in environmental and social risk management, grievance redress mechanisms have been institutionalized, and project sub-grants are screened for environmental and climate risks before approval. In line with the Presidential directive on increasing national tree cover under the National Tree Growing Restoration Campaign, KEMFSED has actively mobilized coastal communities to participate in mangrove reforestation, beach vegetation restoration, and the establishment of kitchen gardens around ponds and water bodies for enhanced household nutrition. Looking ahead into FY 2025/26, KEMFSED will continue supporting the preservation of natural resources and energy efficiency by optimizing material use in construction, minimizing hazardous waste, scaling up recycling, and integrating renewable energy solutions in fisheries infrastructure. These actions not only advance Kenya’s climate resilience and blue economy agenda but also align with BETA’s focus on pro-poor, climate-smart growth, ensuring that small-scale fisherfolk and coastal households directly benefit from sustainable natural resource management.

3. Employee welfare

The KEMFSED project upholds the World Bank Environmental and Social Framework (ESF) standards, particularly ESS2 on Labor and Working Conditions, which emphasizes fair treatment, non-discrimination, and equal opportunity for all project workers. In line with Kenya’s constitutional two-

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025

thirds gender rule, the project staffing demonstrates gender inclusivity, with 435 males and 304 females engaged across technical and professional support roles, administration, construction works, and field operations. This balance underscores KEMFSED's commitment to equity and empowerment, fully aligned with the BETA social pillar of inclusive growth. KEMFSED is firmly committed to maintaining an injury-free workplace, anchored in a strong Occupational Safety and Health (OSH) program. In compliance with the Occupational Safety and Health Act (2007), the Work Injury Benefits Act (2007), and World Bank safeguard requirements, the project has instituted comprehensive safety training, awareness programs, and participatory monitoring mechanisms at all construction sites and community-driven subprojects. Employees and contracted workers are consistently trained to carry out activities in a safe and environmentally responsible manner, while supervision consultants and County Project Implementation Units (CPIUs) are mandated to enforce adherence to Contractor's Environmental and Social Management Plans (C-ESMPs). All staff and contracted workers are required to integrate environmental and social considerations into their daily tasks. The project actively encourages, recognizes, and rewards leadership initiatives that strengthen both environmental sustainability and occupational safety. In this way, employee welfare is directly tied to the broader climate resilience and environmental objectives of the project. Since inception, KEMFSED has ensured that every staff member has access to comprehensive medical cover, while implementing an alcohol and drug abuse prevention and management policy to promote workplace wellness and address vulnerabilities among employees, at-risk populations, and their dependents. By guaranteeing safe working conditions that meet or exceed national OSH standards and World Bank ESS2 requirements, KEMFSED reinforces a productive, safe, and inclusive workforce—a cornerstone of the BETA agenda for dignified work, fair labor practices, and social inclusion.

4. Marketplace practices-

a) Responsible Supply chain and supplier relations-

The KEMFSED project is implemented in alignment with the World Bank Procurement Framework (2016) and Kenya's Public Procurement and Asset Disposal Act (2015). In line with affirmative action measures, KEMFSED allocates at least 30 percent of its annual procurement budget to youth, women, and persons with disabilities (PWDs). In addition, the project actively promotes local content development by ensuring that a minimum of 40 percent of its procurement budget is directed toward goods, works, and services produced locally. These measures directly support the BETA agenda of inclusive economic participation and SME empowerment, particularly in coastal counties where unemployment and economic exclusion are prevalent. To strengthen a responsible supply chain,

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025

KEMFSED requires all contractors and suppliers to comply with Kenya’s environmental legislation, including the Environmental Management and Coordination Act (1999, revised 2015), as well as the World Bank’s Environmental and Social Standards (ESSs). Beyond baseline compliance, the project encourages suppliers to adopt practices that minimize environmental and social footprints, such as reducing waste, integrating renewable energy technologies, and applying fair labor standards across their operations. KEMFSED also conducts due diligence across its procurement and supply chain systems to ensure ethical sourcing and traceability of raw materials, particularly for construction inputs, fisheries equipment, and mariculture infrastructure. This approach safeguards against unsustainable exploitation of marine and terrestrial resources, while ensuring that suppliers uphold responsible and ethical business practices. By embedding inclusivity, local content promotion, and environmental accountability into procurement, KEMFSED ensures that every shilling spent in project delivery creates multiplier effects—expanding economic opportunities, strengthening community resilience, and supporting BETA’s broader objectives of jobs creation, value addition, and fair market systems.

b) Responsible ethical practices

KEMFSED applies World Bank governance and fiduciary standards in all its operations, thereby promoting transparency, accountability, and value-for-money in the use of public resources. The project is firmly committed to ensuring that all funds are deployed strictly for their intended purposes and that resources entrusted to it are managed with the highest levels of integrity and fiduciary responsibility. In line with the World Bank Anti-Corruption Guidelines (2006, revised 2011) and Kenya’s Public Finance Management Act (2012), KEMFSED has established robust systems for financial management, procurement oversight, and social accountability. The project has developed and operationalized corruption risk mitigation measures, which are continuously reviewed during Implementation Support Missions to ensure early detection and corrective action. KEMFSED operates a zero-tolerance policy for all forms of bribery, corruption, extortion, collusion, or embezzlement. Grievance Redress Mechanisms (GRMs) and community-driven monitoring tools are embedded at both national and county levels to enable beneficiaries and stakeholders to hold the project accountable. These measures not only safeguard fiduciary integrity but also foster public confidence in the delivery of blue economy investments, consistent with the BETA agenda of strengthening governance, fighting corruption, and ensuring efficient public investment for inclusive economic transformation.

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025

c) Regulatory impact assessment

The Kenya Marine Fisheries and Socio-Economic Development (KEMFSED) project discloses both financial and non-financial information in strict compliance with Government of Kenya regulations, the Public Finance Management Act (2012), and World Bank fiduciary and reporting requirements. This ensures transparency, accountability, and consistency with internationally recognized accounting and auditing standards.

As part of embedding risk management into its institutional culture, strategic planning, decision-making, and resource allocation, KEMFSED has adopted a structured Risk Management Policy Framework. This framework provides a consistent basis for risk identification, monitoring, and assessment to ensure the project remains within an acceptable risk appetite. The approach is fully aligned with the World Bank's Environmental and Social Framework (ESF) and Treasury's fiscal risk management standards, thereby reinforcing macroeconomic stability.

Specifically, KEMFSED is:

- Monitoring and reviewing risk levels across procurement, fiduciary management, and safeguards to remain within acceptable thresholds;
- Adopting cost-effective risk treatment strategies to mitigate implementation delays, fiduciary risks, and environmental/social non-compliance;
- Enhancing compliance with public service ethics and governance principles, in line with Kenya's Constitution (Chapter Six) and the BETA agenda of transparent, accountable governance;
- Promoting risk-informed decision-making through foresight analysis and scenario-based risk assessments, particularly in managing climate, social, and fiduciary risks that affect blue economy investments.

By institutionalizing risk management as a central part of project operations, KEMFSED safeguards the US\$100 million IDA investment, ensures sustainability of its 15-infrastructure project and 1,263 community sub-projects, and strengthens Kenya's capacity to deliver resilient, pro-poor, and inclusive economic transformation under BETA.

d) Community Engagements

To enhance gender empowerment, the KEMFSED project is guided by the World Bank Gender Strategy (2016–2023) and the Environmental and Social Framework (ESF), particularly ESS10 on Stakeholder Engagement and ESS2 on Labor and Working Conditions. Three precepts frame this approach:

- Promoting economic empowerment to ensure women and men in coastal communities participate in, and benefit equitably from, fisheries and blue economy opportunities;

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025

- Strengthening voice and influence of women and men in local institutions such as Beach Management Units (BMUs), Joint Co-Management Areas (JCMAs), and Common Interest Groups (CIGs);
- Achieving a fairer balance of workloads and benefits between women and men, thereby reducing gender gaps in incomes, decision-making, and access to productive resources.

To advance skills development and youth empowerment, KEMFSED facilitated 27 internships and 13 industrial attachments in FY 2024/25, with a commitment to expand to 18 internships and 10 industrial attachments in FY 2025/26 for degree and diploma students. This deliberate investment in human capital supports the BETA agenda of creating opportunities for youth employment, training, and entrepreneurship, particularly in the fisheries and marine sectors where skills gaps remain significant. As part of corporate social responsibility and giving back to society, KEMFSED organized its annual staff fundraising initiative in December 2024, where employees contributed both cash and in-kind support to vulnerable children through a community outreach program. Such initiatives not only reinforce staff cohesion but also strengthen the project's social license to operate in coastal counties. Going forward, KEMFSED will continue to provide employees, beneficiary communities, and all stakeholders with relevant and factual information about its environmental and social performance, consistent with World Bank disclosure requirements and Kenya's Access to Information Act (2016). This sustained transparency and community engagement deepen trust, enhance accountability, and ensure that the benefits of the blue economy are inclusive, sustainable, and transformative in line with the BETA vision

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Quarterly Reports and Financial Statement for the financial for the period ended 30th September, 2025

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date (30 th June 2025)		Undrawn balance to date (30 th June 2025)	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
LOAN SUMMARY						
World Bank Loan	100,000,000	10,000,000,000	63,845,591	8,299,926,880	13,077,486	1,700,073,120
Total Loans	100,000,000	10,000,000,000	63,845,591	8,299,926,880	13,077,486	1,700,073,120
Counter Part funds						
Counter Part funds Government of Kenya	15,000,000	1,500,000,000	10,277,373	1,329,558,472	1,311,089	170,441,528
Total counterpart funding	15,000,000	1,500,000,000	10,277,373	1,329,558,472	1,311,089	170,441,528
Total Funding Summary	115,000,000	11,500,000,000	74,072,964	9,629,485,352	14,388,575	1,870,514,638

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

B. Application of Funds

Application of funds	Amount received to date (30 th June 2025)		Cumulative Amount paid to date (30 th June 2025)	Unutilized balance to date (30 th June 2025)	
	<i>Donor currency</i>	<i>Kshs</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
(i) Loan					
World Bank	63,845,591	8,299,926,880	8,231,708,718	524,756	68,218,162
(ii) Counterpart funds					
Government of Kenya	10,277,373	1,329,558,472	1,329,558,472	-	-
Total	74,072,964	9,629,485,352	9,561,267,190	524,756	68,218,162

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.1 Summary of Overall Project Performance:

- i) The project has an absorption rate of 98% being the budget performance against actual amounts for current year and for cumulative to-date.
- ii) The project commenced with an effective date of 10th august 2020 and project launch took place on 26th June 2021 by the president; the output and outcomes are on course and shall be report in the subsequent financial years.
- iii) Value-for-money has been achieved through compliance to project implementation documents, the Financing Agreement, the Project Appraisal document, the Disbursement and Financial Information Letter and the Project Implementation Manual.
- iv) The project has an overall absorption of 98% during the year ended 30th June 2025.
- v) The major implementation challenges are exchequer processes and budget reviews. The recommended way forward would be that the National treasury involve stakeholder before budget reviews and at the same time provide information early in time.

1.2 Summary of Project Compliance:

- i) There are no significant cases of non-compliance with the project.
- ii) The project conducts at least two review missions in a financial year, where by all critical project covenants and compliance arrangements are discussed and mitigated in aide memoire.

5. Statement Of Project Management Responsibilities

The **Principal Secretary** for the State department for Blue Economy and Fisheries and the **Project Coordinator** for **Kenya Marine Fisheries and Socio-Economic Development project** (KEMFSED) are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on 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 project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the project; (v) Selecting and applying appropriate accounting policies; and (v) Making accounting estimates that are reasonable in the circumstances.

The **Principal Secretary** for the State department for Blue Economy and Fisheries and the **Project Coordinator** for **Kenya Marine Fisheries and Socio-Economic Development project** (KEMFSED) accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

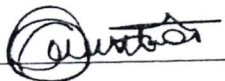
The **Principal Secretary** for the State department for Blue Economy and Fisheries and the **Project Coordinator** for **Kenya Marine Fisheries and Socio-Economic Development project** (KEMFSED) are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30th 2025, and of the Project's financial position as at that date. The **Principal Secretary** for the State department for Blue Economy and Fisheries and the **Project Coordinator** for **Kenya Marine Fisheries and Socio-Economic Development project** (KEMFSED) further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025


The *Principal Secretary* for the State department for Blue Economy and Fisheries and the *Project Coordinator* for *Kenya Marine Fisheries and Socio-Economic Development project* (KEMFSED) confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

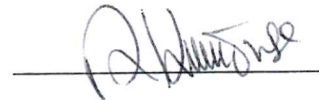
The Project financial statements were approved by **The *Principal Secretary*** for the State department for Blue Economy and Fisheries and the *Project Coordinator* for *Kenya Marine Fisheries and Socio-Economic Development project* (KEMFSED) on 21-10- 2025 and signed by them.



Betsy Muthoni Njagi, CBS
Principal Secretary



Patrick Kiara
Project Coordinator



Robert Korir
Project Accountant
ICPAK Member No. 20645

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 FISHERIES AND SOCIO-ECONOMIC DEVELOPMENT PROJECT (KEMFSED) (CREDIT NO.6540-KE) FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Marine Fisheries and Socio-Economic Development Project (KEMFSED) - State Department for Blue Economy

Report of the Auditor-General on Kenya Marine Fisheries and Socio-Economic Development Project (KEMFSED) (Credit No.6540-KE) for the year ended 30 June, 2025 - State Department for Blue Economy and Fisheries

and Fisheries set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2025, 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, the financial statements present fairly, in all material respects, the financial position of Kenya Marine Fisheries and Socio-Economic Development Project (KEMFSED) 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 Kenya Marine Fisheries and Social Economic Development Project Agreement IDA Credit No.6540 - KE dated 2 June, 2021, and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the Project in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1.	2023/2024	Slow absorption of Funds
2.	2023/2024	Delay in Completion of Uvuvi House Office Block

Other Information

Management is responsible for the Other Information set out on page iii to xviii which comprise of Project Information and Overall Performance and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delay in Project Implementation and Slow Progress of Works

1.1 Construction of Fisheries Headquarters - "Uvuvi House"

The contract for the construction of Fisheries Headquarters – "Uvuvi House" was awarded to a local contractor at a contract sum of Kshs.1,027,891,776 vide contract number MOALF-2021-001-CW-RFB. Review of documents provided for audit revealed that the building was initially expected to be completed on 25 September, 2025 which was beyond the program's expiry date of 31 March, 2025.

However, the program's period was extended to August, 2026 while the construction Project's completion date was revised to 13 February, 2026. Review of documents provided for audit, including the Project Manager's report revealed that the overall work that had been completed as at 31 July, 2025 stood at 54 % leaving 46% as incomplete. Additionally, it was noted that the amount payable for certified works on the same date

stood at Kshs.692,594,356 but only Kshs.561,501,473 had been paid during the year resulting to non-payment of certified works amounting to Kshs.131,092,883.

Further, physical verification conducted on 17 September, 2025 revealed that work was ongoing but the overall progress is behind schedule especially when compared with the time that has elapsed against the program of works submitted by the contractor.

In the circumstances, completion of the project within the stipulated time could not be confirmed.

1.2 Construction of the Lamu County Fisheries Office

The contract for the construction of Lamu County Fisheries Office was awarded to a local contractor for a sum of Kshs.125,116,200 vide contract number MOMBE&MA-LM-2024-011-CW. Review of documents provided for audit revealed that the office was initially expected to be completed on 30 July, 2025 but was later extended to 29 November, 2025.

However, review of documents provided for audit, including the consultant's report revealed that the overall work that had been completed as at 31 July, 2025 stood at 24% leaving 76% incomplete. Further, it was noted that the amount payable for certified works on the same date stood at Kshs.31,926,744 but only Kshs.22,346,500 had been paid during the year resulting to non-payment of certified works of Kshs.9,580,244.

Additionally, physical verification conducted on 9 September, 2025 revealed that works were behind schedule considering that the extended completion date is 29 November, 2025. Further, it was noted that the contractor's all risk insurance expired on 29 August, 2025 and no evidence for renewal was provided for audit verification.

In the circumstances, Project completion by 29 November, 2025 could not be ascertained.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by Financing Agreement Credit Number 6540-KE dated 2 June, 2021, between the International Development Association (IDA) and the Government of the Republic of Kenya, I report, based on my audit, that:

- i. 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.
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as 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 Project'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.

Those charged with governance are responsible for overseeing the Project'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

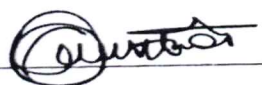
31 October, 2025

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

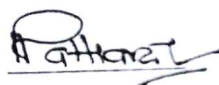
4.Statement of Financial Performance for the Year Ended 30th June 2025

	Notes	FY 2024/25
		Kshs
Revenue		
Revenue Transfers	6	523,000,000
Miscellaneous Revenue	6	3,538,468,639
Total		4,061,468,639
Expenses		
Employee costs	8	-
Use of goods and services	9	1,211,875,180
Depreciation and amortization expense	10	58,014,643
Transfer to other government entities	11	2,620,546,127
Other transfers/Subsidies/grants	12	4,048,440
Certified Works		-
Acquisition of non-financial assets		-
Total expenses		3,894,484,390
Other gains/ (losses)	14	
Gain/(loss) on sale of assets	15	
Gain/Loss on foreign exchange transactions	16	-
Impairment loss		-
Total gains/(losses)		-
Surplus/Deficit for the year		166,984,249

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



Betsy Muthoni Njagi, CBS
Principal Secretary



Patrick Kiara
Project Coordinator

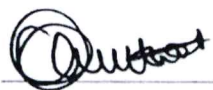
Robert Korir
Project Accountant
ICPAK Member No. 20645

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

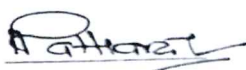
5.Statement of Financial Position as at 30th June 2025.

	Notes	FY 2024/25 Kshs	Opening Statement 1st July 2024 Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	757,467,385	749,431,393
Receivables	18	32,890,750	36,989,650
Inventories	19	-	-
Prepayments	20	-	-
Total Current Assets		790,358,135	786,421,043
Non-Current Assets			
Property, Plant, and Equipment	21	400,558,203	237,511,046
Intangible Assets	22	-	-
Total Non-Current Assets		400,558,203	237,511,046
Total Assets (A)		1,190,916,338	1,023,932,089
Liabilities			
Current Liabilities			
Trade and Other Payables	23	-	-
Third Party Deposits	24	-	-
Deferred Income	25	-	-
Total Current Liabilities		-	-
Total Liabilities (B)			
Net Assets (A-B)		1,190,916,338	1,023,932,089
Represented By:			
Balance brought forward		1,023,932,089	-
Accumulated Surplus		166,984,249	-
Net Assets (A-B)		1,190,916,338	1,023,932,089

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2025 and signed by:



Betsy Muthoni Njagi, CBS
Principal Secretary



Patrick Kiara
Project Coordinator



Robert Korir
Project Accountant
ICPAK Member No. 20645

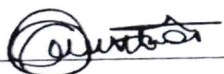
KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

6.Statement of Changes in Net Assets

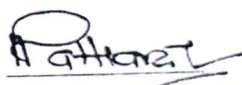
Description	Accumulated Surplus
	Kshs
As at 30 th September 2024 (Cash Basis)	786,421,043
Adjustments:	-
Asset Recognition	237,513,046
Liabilities recognition	-
As at 1st July 2024	1,023,932,089
Surplus/(Deficit) for the year	166,984,249
As at 30 th September 2025	1,190,916,338

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

The financial statements were approved on _____ 2025 and signed by:



Betsy Muthoni Njagi, CBS
Principal Secretary



Patrick Kiara
Project Coordinator

Robert Korir
Project Accountant
ICPAK Member No. 20645

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

7. STATEMENT OF CASHFLOW FOR THE YEARENDED 30TH JUNE 2025

Description	Notes	FY 2024/25
Cash flow from operating activities		Kshs
Receipts		
Transfer from government entities	6	523,000,000
Total receipts		523,000,000
Payments		
Use of goods and services	9	1,211,875,180
Transfers to other government entities	11	2,620,546,127
other transfers /grants	12	4,048,440
Certified Works (Work in progress)	13	196,737,280
Total Payments		4,033,207,027
Net receipts/(payments)		(3,510,207,027)
Net cash flow from operating activities		(3,510,207,027)
Adjustments made during the year		
Decrease/(increase) in accounts receivable		4,096,900
Cash flow from investing activities		
Acquisition of non-Current assets (ICT equipment)	21. a	(24,322,520)
Net cash flows from investing activities		(3,530,432,647)
Cash flow from financing activities		
Proceeds from foreign borrowings	6	3,538,468,639
Net cash flow from financing activities		8,035,992
Net increase in cash and cash equivalents		8,035,992
Cash & cash equivalent at 1 st July 2024	14	749,431,393
Cash and cash equivalent at 30th June 2025	14	757,467,585

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June,
2025

8.Statement of Comparison of Budget and Actual Amounts for the Year Ended 30th
June 2025

Description	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Utilization Variance	% of Utilization
	A	B	C=a+b	D	E=c-d	F=d/c %
Budget carry over from previous years						
Receipts						
Receipts from Government of Kenya	523,000,000		523,000,000	523,000,000	0	100%
Loan from Industrial Development Bank	2,071,590,750	1,500,000,000	3,571,590,750	3,538,468,639	33,122,111	99%
Total Receipts	2,594,590,750	1,500,000,000	4,094,590,750	4,061,468,639	33,122,111	99%
Payments						
Use of goods and services	869,590,750	375,405,433	1,244,996,183	1,211,875,180	33,121,003	97%
Acquisition of Non-Current Assets	25,000,000	-	25,000,000	24,322,520	677,480	97%
Certified works/infrastructure	200,000,000	-	200,000,000	196,737,280	3,262,720	98%
Other Grants and Other Payments	1,500,000,000	1,124,594,567	2,624,594,567	2,624,594,567	-	100%
Total Payments	2,594,590,750	1,500,000,000	4,094,590,750	4,057,529,547	37,061,092	99%
Surplus /deficit	0		0	3,937,092	-3,937,092	

(Budget carryovers this is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer/CRF. Budget carryovers should not include third-party funds such as contractors' retention.)*

(Entities can present the Statement of Comparison of Budget & Actual amounts in a different format/categorization as approved by the governing body.)

Budget Reconciliation

	Amount in Kshs
Actual surplus amount as per the statement of budget statement	3,937,092
Opening Balance Adjustment	749,431,393
Non-cash items (Depreciation)	4,098,900
Closing Cash and Cash equivalent as per the statement of cash flows	757,467,385

12. Notes to the Financial Statements

1. General Information

Kenya Marine Fisheries and Socio- Economic Development Project (KEMFSED) is established by and derives its authority and accountability from Fisheries Management and Development Act, 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The key objective of the project is to improve management of priority fisheries and mariculture and increase access to complementary livelihood activities in coastal communities.

2. Statement of Compliance and Basis of Preparation

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

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

3. Adoption of New and Revised Standards

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

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

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

Standard	Effective date and impact:
	<i>The Programme has no lease arrangements.</i>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>The Programme has no assets held for sale.</i>
IPSAS 45-Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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 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. <i>The programme doesn't have assets of s such status.</i>
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li data-bbox="507 1615 1503 1760">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. <li data-bbox="507 1771 1503 1877">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

Standard	Effective date and impact:
	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>There is no impact to the Programme.</i></p>

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

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an 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.</p> <p><i>The Programme a non-revenue collecting entity.</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>This will have no impact to the Programme</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector</p>

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

Standard	Effective date and impact:
	<p>employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>This will have no impact to the Programme</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the 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. <p><i>This will have no impact to the Programme</i></p>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Programme Steering Committee. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 actual as per the statement of financial performance has been presented on page 6 under section *II* of these financial statements.

c) Property, plant and equipment

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

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at

***KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June,
2025***

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

e) Intangible assets

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

f) Research and development costs

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

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

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

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (Amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

Subsequent measurement

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

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

h) Inventories

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

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

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

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

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

i) Provisions

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

Contingent liabilities

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

Contingent assets

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

j) Nature and purpose of reserves

The *Entity* creates and maintains reserves in terms of specific requirements. Entity does not maintain any reserves maintained.

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed, and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

o) Related parties

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

p) Service concession arrangements

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Cash and cash equivalents

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

r) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g., provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

6. Revenue Transfers

Description	FY 2024/25
	Kshs
Unconditional Transfers	-
Gok Counterpart Funding	523,000,000
Transfers From Development Partners	
Industrial Development Bank (IDA)	3,538,468,639
Total unconditional Transfers (a)	4,061,468,639
Conditional Transfers	-
Transfers From Development Partners	-
Total Conditional transfer(b)	-
Total Transfers for the year(a+b)	4,061,468,639

a) Details to Revenue Transfers

Name of the Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount Moved to Capital Funds	Total transfers FY 2024/25
	Kshs	Kshs	Kshs	Kshs
GOK Funding	523,000,000	-	-	523,000,000
Grant Transfer				
Loan Proceeds				
Industrial Development Bank (IDA)	3,538,468,639	-	-	3,538,468,639
Total	4,061,468,639	-	-	4,061,468,639

7. Miscellaneous revenue

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

Description	FY 2024/25
	Kshs
Interest Income	-
<i>Others (specify)</i>	-
Total	-

8. Employee cost

Description	FY 2024/25
	Kshs
Basic salaries of permanent employees	-
Basic wages of temporary employees	-
Personal allowances paid as part of salary	-
Personal allowances paid as reimbursements	-
Other specify*	-
Total	-

9. use of goods and services

Description	FY 2024/25
	KShs
Fuel, Oil and Lubricants	16,189,407
Communication, supplies and services	9,864,031
Domestic travel and subsistence	829,367,922
Printing advertising and information services	24,533,473
Rentals of produced assets	7,134,364
Training expenses	1,579,728
Hospitality supplies and services	2,603,418
Office and general supplies and services	70,151,690
Interns and consultancy services	108,683,241
Other operating expenses	87,081,210
Routine maintenance – vehicles and other transport equipment	1,487,216
Conference facilities	52,605,042
Total	1,211,875,180

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

10. Depreciation

Description	FY 2024/25		
	cost	Accumulated Depreciation	Net Book Values
	Kshs.	Kshs.	Kshs
Motor vehicles & other transport equipment	151,054,000	30,210,800	120,843,200
office furniture & general equipment	43,688,547	5,461,868	38,226,679
infrastructure	196,737,280	-	196,737,280
ICT, equipment	67,093,019	22,341,975	44,751,044
Total	458,572,846	58,014,643	400,558,203

11. Transfers to other government entities transfers

Description	FY 2024/25
	Kshs
Transfers to national govt entities- SAGAs & SC	2,620,546,127
Transfer to other Central Government entities	-
Total Transfers to Other Government Entities	2,620,546,127

Transfers to other government entities schedule

	FY 2024/25		
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments
	KShs	KShs	KShs
Transfers to CPIUs			
Kilifi CPIU	746,834,623	-	746,834,623
Lamu CPIU	355,802,565	-	355,802,565
Tana River CPIU	535,605,310	-	535,605,310
Kwale CPIU	466,641,030	-	466,641,030
Mombasa CPIU	515,662,599	-	515,662,599
Sub-Total	2,620,546,127	=	2,620,546,127

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June,
2025

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Other transfers

FY 2024/25	FY 2024/25
	Kshs
Membership dues and subscriptions to international organizations	-
Scholarships and other educational benefits	-
Emergency relief and refugee assistance	-
Grants to small businesses, cooperatives, and self employed-Groups	4,048,440
Grants to foreign government	-
Relief to the disabled, the sick, unemployed	-
Subsidies to Public entities	-
Subsidies to Private entities	-
Total grants and Subsidies	4,048,440

13. Certified Works

Description	FY 2024/25
	Kshs
builders and in Infrastructure	196,737,280
Road Works	-
Water Works	-
Energy Infrastructure	-
Total	196,737,280

14. Gain/Loss on Sale of Assets

Description	FY 2024/25
	Kshs
Property Plant and Equipment	-
Intangible Assets	-
Total Gain or Loss on sale of Asset	-

15. Gain/Loss on foreign exchange transactions

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

16. Impairment Loss

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

17. Cash and Cash equivalent

Description	FY 2024/25	1st July 2024
	KShs	KShs
Bank accounts (Note 5A)	757,467,385	749,431,393
Cash at Hand	-	-
Total Cash and Cash equivalent	757,467,385	749,431,393

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

17. a. Bank Accounts

Project Bank Accounts

Details	FY 2024/25	1 st July 2024
	KShs	KShs
<u>Foreign Currency Accounts</u>		
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No1000392142]	-	170,477
Kenya Commercial Bank [A/c No: 1286647584]-NPCU	75,246,668	150,518,973
Sub total	75,246,668	150,689,450
Kenya Commercial Bank [A/c No: 1280053283]-MSA CPIU	6,498,221	8,923,288
Kenya Commercial Bank [A/c No: 1280741570] KWALE CPIU	13,911,313	5,736,285
Kenya Commercial Bank [A/c No: 1280096039]-KILIFI CPIU	769,450	55,123,993
Kenya Commercial Bank [A/c No: 1280145323] LAMU CPIU	89,771,232	10,027,836
Kenya Commercial Bank [A/c No: 1280139629]- TANA RIVER CPIU	10,984,251	34,491,747
Sub-Total	121,934,467	264,992,669
Kenya Commercial Bank MSA CPIU CIGs/CBOs	66,803,556	137,115,853
Kenya Commercial Bank KWALE CPIU CIGs/CBOs	67,023,324	105,217,196
Kenya Commercial Bank KILIFI CPIU CIGs/CBOs	242,105,261	104,672,162
Kenya Commercial Bank LAMU CPIU CIGs/CBOs	133,209,969	56,144,138
Kenya Commercial Bank TANA RIVER CPIU CIGs/CBOs	51,144,140	81,289,375
Sub-Total	560,286,250	484,438,724
Grant Total	757,467,385	749,431,393

17 b. Cash in Hand

Cash in Hand	-	-
Description	FY 2024/25	1 st July 2024
	KShs	KShs
-	-	-
-	-	-
Total cash balances	-	-

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

18. Receivable

Description	FY 2024/25	1 st July 2024
	Kshs	Kshs
Counterpart Funds	0	0
imprest and advances	32,890,750	36,989,650
Contactors Advance payments	0	0
Total Receivables	32,890,750	36,989,650

Ageing analysis for Receivables

Description	FY 2024/25		1 st July 2024	
	Kshs		Kshs	
	Current Financial Year	% of the total	Comparative Year	% of the total
Less than 1 year	32,890,750	-	36,989,650	-
Between 1-2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	32,890,750	-	36,989,650	-

19. Inventories

Description	FY 2024/25	1 st July 2024
	Kshs	Kshs
Consumable stores	-	-
Less: allowance for impairment	-	-
Total	-	-

20. Prepayments

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

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

21. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Certified Works (Work in progress)	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	20%	12.50%	33.30%	0%	
As At 1 July 2024 (opening balances)	151,054,000	43,688,547	42,770,499		237,513,046
Additions	-		24,322,520	196,737,280	221,059,800
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
As at 30 th June 2025	151,054,000	43,688,547	67,093,019	196,737,280	458,572,846
Depreciation And Impairment					
As at 1 July 2025	0	0	0	0	0
Depreciation charge for the year	30,210,800	5,461,068	22,341,975		58,014,643
Impairment loss	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-
As At 30 th June 2025	120,843,200	38,227,479	44,751,044	196,737,280	400,558,203
Net Book Values					
As at 1 st July 2024	151,054,000	43,688,547	42,770,499		237,513,046
As at 30 th June 2025	120,843,200	38,227,479	44,751,044	196,737,280	400,558,203

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

	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles including Motorcycles	151,054,000	30,210,800
Computers and Related Equipment	67,093,019	22,341,975
Certified works	196,737,280	-
Office Equipment, Furniture and Fittings	43,688,547	5,461,068
Total	458,572,846	58,014,643

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial Statements for the financial for the year ended 30th June, 2025

22. Intangible Assets

Description	FY 2024/25
	Kshs
Cost	
As at 1st July 2024	-
Add: Additions	-
Less: Disposal	-
As at 30th June 2025	-
Amortization and impairment	
As at 1st July 2024	-
Amortization	-
As at 30th June 2025	-
NBV As at 1st July 2024	-
NBV As at 30th June 2025	

23. Trade and Other Payables

Description	FY 2024/25	1 st July 2024
	Kshs	Kshs
Trade payables	0	0
Employee payables	0	0
Total trade and other payables	0	0

Ageing analysis for:(Trade and other Payables)

Description	FY 2024/25		1 st July 2024	
	Kshs		Kshs	
	Current Financial Year	% of the total	Comparative Year	% of the total
Less than 1 year	-	-	-	-
Between 1-2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

24.Third-Party Deposits

Description	P FY 2024/25	1 st July 2024
	Kshs	Kshs
Contractors Retention	-	-
Gratuity	-	-
Total Deposits	-	-

Ageing analysis: (Refundable deposits)	Current Financial Year	% of the total	Comparative Year	% of the total
Under 1 year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

25.Deferred Income

Description	FY 2024/25	1 st July 2024
	Kshs	Kshs
GOK	-	-
IFAD	-	-
Total Differed Income	-	-

Deferred Income Movement Schedule

	GOK	IFAD	Total
	Kshs	Kshs	Kshs
Balance as at 1st July 2024	-	-	-
Additions	-	-	-
less; Transfers to Capital Fund	-	-	-
Less: Transfers to Income Statement	-	-	-
Less: Other Transfers	-	-	-
Balance as at 30th June 2025	-	-	-

Notes to the financial statements

26. Cash Generated from Operations

	FY 2024/25
	Kshs
Surplus for the period before tax	166,985,048
Adjusted for:	
Depreciation	58,014,643
Less: Non-cash grants received	-
Contributed assets	-
Impairment	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	4,096,900-
Increase in deferred income	-
Increase in payables	-
Increase in payments received in advance	-
Net cash flow from operating activities	113,067,305

27. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

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

28. Related Party Disclosures

There were no any related party disclosures during the period under review.

Government of Kenya

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

29. Events after the Reporting Period

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

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

30. Ultimate and Holding Entity

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

31. Currency

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

KENYA MARINE FISHERIES AND SOCIO- ECONOMIC DEVELOPMENT PROJECT
Annual Reports and Financial statements for the financial for the year ended 30th June, 2025

Notes to the financial statements

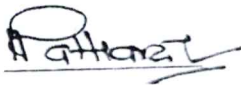
13. Annex 1: Reconciliation of inter-entity transfers

Kenya marine Fisheries and Socio-Economic Development Project				
Breakdown of Transfers from the State Department of Fisheries Aquaculture and the Blue Economy				
a.	Government Counterpart Funding			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		18/11/2024	130,750,000	FY 2024/2025
		04/12/2024	130,750,000	FY 2024/2025
		18/03/2025	261,500,000	FY 2024/2025
		Total	523,000,000	
b.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
c.	Others			
	World Bank	24/09/2024	1,139,503,900	FY 2024/25
		24/09/2024	887,140,189	FY 2024/25
		17/04/2025	1,453,452,341	FY 2024/25
		30/06/2025	58,372,209	FY 2024/25
		Total	3,538,468,639	

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

Patrick Kiara
 Project Coordinator
 KEMFSED PROJECT

Sign



Elijah Ombati
 Head of Accounting Unit
 SDBE&F

Sign

