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REPORT

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ON

EXPORT PROCESSING ZONES
AUTHORITY

FOR THE YEAR ENDED 30 JUNE, 2024

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EXPORT PROCESSING
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EXPORT PROCESSING ZONES AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

Export Processing Zones Authority
Annual Reports and Financial Statements
For the year ended June 30, 2024

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1. ACRONYMS AND DEFINITION OF KEY TERMS

A: Acronyms and Abbreviations

Ag	Acting
EPZA	Export Processing Zones Authority
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
GM	General Manager
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KNCCI	Kenya National Chamber of Commerce and Industry
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

B: Definition of Key Terms

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

Comparative Year- Means the prior period

2. KEY EPZA INFORMATION AND MANAGEMENT

(a) Background information

The Export Processing Zones Authority (EPZA) was established under the EPZ Act (Cap 517) on 23 November, 1990 for the promotion and facilitation of export-oriented investments and the development of an enabling environment for investment in the export sector. EPZA is domiciled in Kenya and its head office located at the Athi River Export Processing Zone. It has regional offices in Mombasa and Kisumu Cities.

EPZA, being a state corporation, is governed by The State Corporations Act (Cap 446) in addition to the EPZ Act of the Laws of Kenya. It thus adheres to the rules and regulations stated in both Acts in addition to other relevant laws. EPZA is provided with general direction by a board comprising 14 members appointed from both private and public sectors. The board is headed by a chairman from the private sector, appointed by His Excellency, the President.

The day-to-day operations of EPZA are managed by a staff of 177 headed by the Chief Executive Officer, hereafter referred to as CEO, who is appointed by the Cabinet Secretary for the Ministry responsible for Investments, Trade and Industry, on recommendation by the Board. The CEO is charged with the direction of the affairs and transactions of EPZA, the exercise, discharge and performance of the Authority's objectives, functions and duties, and the administration and control of the employees of the Authority.

To discharge its mandate and functions effectively, the EPZ Authority has been structured into various directorates, departments, sections and units. The directorates and departments report directly to the CEO and are headed by General Managers and managers respectively.

The directorates are Operations and Investor Support; Investment and Corporate Communications; Research, Strategy and Compliance; Commercial and Technical Services; Finance, HR and Administration while departments are Corporate and Legal Services; Supply Chain Management and Internal Audit.

(b) EPZA Principal Activities

The principal objectives of the Authority are:

- a) The development of all aspects of the export processing zones with particular emphasis on provision of advice on the removal of impediments to, and creation of incentives for, export-oriented production in areas designated as export processing zones.
- b) The regulation and administration of approved activities within the export processing zones, through implementation of an administrative system in which the export processing zone enterprises are self-regulatory to the maximum extent.
- c) The protection of Government revenues and foreign currency earnings.

Vision Statement

The Preferred Globally Competitive Zones for Export-Oriented Investments.

Mission Statement

Develop, promote, regulate and administer incentivized export-oriented investment zones for sustainable development.

Core Values

Teamwork

Integrity

Transparency

Accountability

Tag Line

Your Investment & Trade Partner

(c) Key Management

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

- a. Board of Directors,
- b. Chief Executive Officer; and
- c. Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were.

No.	Designation	Name
1	Chief Executive Officer	Mr. Richard Omelu
2.	General Manager, Commercial & Technical Services	Mr. Peter Mutui
3	General Manager, Operations & Investor Support	Ms. Alice Atogo
4.	General Manager, Investment & Corporate Communications	Ms. Claire Terigin
5.	General Manager, Finance, HR & Administration	Mr. Denis Kinyua
6.	Corporate Secretary and Manager Legal Services	Ms Meyner Ashitiva
7.	Manager, Internal Audit	Mr. Jorum Ngunyi
8.	Manager, Research, Policy & Planning	Mr Benjamin Chesang
9.	Manager, Supply Chain	Mr Hussein Mohamed

(e) Fiduciary Oversight Arrangements

The Board has delegated some of its mandate to Board Committees. There are four standing committees of the Board which meet independently i.e. Board Audit Committee, Finance Board Committee, Human Resource & Administration Board Committee and Strategy Investments & Special Projects Committee.

Board Audit Committee

The functions of the Board Audit Committee will include:

- a. Reviewing audit scope and planning.
- b. Reviewing Annual Financial Statements for compliance with regulations and best practices.
- c. Discussing interim and final audits, management letters, and other matters with external auditors.
- d. Undertaking any other functions as decided by the Authority.

Finance Board Committee

The functions of the Finance and Staff Committee will include: -

- a. To approve and maintain budgetary systems of the Authority;
- b. To review and recommend to the Board approval of the Annual Procurement Plan
- c. To receive and review quarterly procurement reports and recommend to the Board approval of the reports
- d. To monitor all major capital project
- e. Monitor the financial reporting process to ensure compliance with all regulatory returns, and reports as required to be made to the Government;

Human Resource and Administration Board Committee

The functions of the Human Resource and Administration committee will include: -

- a. Continually examine the EPZA's structure, core functions, staff establishment and if necessary, make proposals for harmonization and rationalization in order to eliminate possible wastage arising from redundancy, overlaps and duplications;
- b. Examine the policy and procedures on employment and staff promotion;
- c. Examine the procedures for assessment of needs for employment, staff development and procedures, staff training for operational efficiency and capacity enhancement for further development.
- d. Examine and review the terms and conditions of service;
- e. Examine the adequacy of the performance and reward system;
- f. Examine and review the staff welfare policy and inter-station activities;
- g. Review the Collective Bargaining Agreement proposals (if any) and make recommendations for broad guidelines; and
- h. Propose innovative ideas for transformation of the Authority into a world-class enterprise and employer.

Strategy, Investments and Special Projects Board Committee

The functions of the Strategy, Operations and Investments Committee will include: -

- a. To adopt a strategic planning process and provide leadership in setting the Authority's strategic Direction;
- b. To review and recommend for the Board's approval the Authority's 5-year Strategic plan, objectives, budgets, performance indicators, business plans, annual work plans and Performance contracts established to achieve them;
- c. To review and monitor corporate performance against approved targets and measures;
- d. Review, approve or recommend to the Board as appropriate all matters pertaining to the preparation of performance contracts
- e. To receive, review and recommend the approval of the board the quarterly performance contract reports
- f. To make proposals to Government for enhancement of the EPZ programme

(f) EPZA Headquarters

Administration Building, Viwanda Road,
Off Nairobi-Namanga Highway,
Athi River, Kenya
P.O. Box 50563,
Nairobi 00200, Kenya.

(g) EPZA Contacts

Telephone: ISDN +254-45-6621000
VoIP Lines: 020-7606040/3
Cell phone: Safaricom: 0713-051172/3 Airtel: 0786-683222/0733-683222
E-mail: information.desk@epzakenya.com
Website: www.epzakenya.com

(h) EPZA Bankers

National Bank of Kenya
Haile Selassie Avenue
P.O. Box 45219-00100
Nairobi, Kenya

Kenya Commercial Bank
Kitengela Branch
Kajiado-Namanga Road
P.O. Box 126-00242
Kitengela, Kenya

Housing Finance
Rehani House, Kenyatta Avenue/Koinange Street
P.O. Box 30088-00100
Nairobi, Kenya

(i) Independent Auditors




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





(j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. THE BOARD OF DIRECTORS



Ref	Director's passport-size photo and name, and key profession/academic qualifications	Concise description of each Director's date of birth, Key qualifications and work experience
1	 <p>Richard K. Cheruiyot EPZA Chairman LLB and LLM</p>	<p>Mr. Richard Cheruiyot is the Board Chairman of the Export Processing Zones Authority (EPZA). Born on 26th September 1974, Mr Cheruiyot holds a Master's degree in International Trade and Investments law from the University of Nairobi. He is an Advocate of the High Court of Kenya, Notary Public and Commissioner of Oaths, with a wide experience specializing in commercial law, conveyancing, International Trade and investment law among other related fields.</p> <p>He is a registered real estate agent, investment advisor, a real estate developer and a consultant. Mr Cheruiyot is the founder of Allan & Bradley company ltd, Chepsoo Medical Centre and The White Crescent Hospitals. He is Passionate about making Kenya a preferred Export based manufacturing hub and destination.</p>
2	 <p>Abubakar Hassan Abubakar Principal Secretary-State Department of Investment Promotion, MBA (Strategic Management), CPA-K, CPS-K, CFE, CIFA</p>	<p>Abubakar Hassan Abubakar, is the Principal Secretary, State Department of Investment Promotion in the Ministry of Investment, Trade and Industry. He is a holder of a master's degree in Business Administration (Strategic Management) as well as a Bachelor's Degree in Law both from the University of Nairobi. He is an Advocate of the High Court of Kenya, Certified Public Accountant, Certified Public Secretary, Certified Fraud Examiner, Certified Investment & Financial Analysts and holds a Certification in the Management of Banking Risks. Abubakar is a Member of the Law Society of Kenya (LSK), Member of the Institute of Certified Public Secretaries of Kenya (ICPSK), Member of Association of Certified Fraud Examiners (USA) and Member of the Disciplinary Committee of the Institute of Certified Financial Analysts (ICIFA)</p> <p>PS Abubakar has wide experience in financial markets investigations, corporate due diligence, corporate governance and corporate resolutions. Before his appointment, PS Abubakar worked with Capital Markets Authority, he was engaged in Swaleh & Co Advocates, Grant Thornton Auditors, Central Bank of Kenya and Kenya Deposit Insurance Corporation</p>
3	 <p>Gertrude Nguku – Advocate Master of Advanced Studies in Peace & Conflict Resolution</p>	<p>Ms. Gertrude Nguku is the Vice Chair, National Lands Commission and an Advocate of the High Court. She has an interdisciplinary Master of Advanced Studies in Peace and Conflict Studies with focus on development, management and implementation of government programs to resolve land conflicts and other social justice issues. She has extensive experience in land policy, management and related dispute resolution. She has advised governments in Africa, Asia and Europe and is recognized as an expert legal and judicial security reform advisor for the United Nations Peacekeeping Missions Operations for appointment on availability as</p>

		<p>projects arise. She has excellent grasp of issues of Kenyan procedural and substantive land law gained as a defense lawyer who has represented public and private clients during litigation and arbitration of complex land cases and other criminal and civil cases for over 11 years. She has consulted extensively in Kenya including for People for Peace in Africa to address land disputes and for Kenya Chapter of International Commission of Jurists (ICJ) to research and present seminars for streamlining human rights in judicial processes and a vast experience in other areas relating to law.</p>
4	 <p>Willy Kenei BSC (Biochemistry)</p>	<p>Mr. Willy Kenei is a member from the private sector representing Kenya National Chamber of Commerce and Industry. Born on 9th July 1976, Mr. Kenei holds a Degree in Science (Biochemistry) from Jomo Kenyatta University of Agriculture and Technology. He is a quality focused management and leadership professional with skills in general business operations, business development, Project management and Financial administration. He has worked in various roles in different pharmaceutical organizations rising to the level of a Director and has enjoyed more than 20 years' experience in the field of Biochemistry. He is currently the Chairman KNCCI Uasin Gishu.</p>
5	 <p>Job Wanjohi Muriithi MA (International Studies)</p>	<p>Mr. Job Wanjohi Muriithi is an alternate member for Chief Executive Officer, Kenya Association of Manufacturers. Born in 1981, he holds a Master of Arts degree in International Studies and a Bachelor of Arts degree, majoring in Economics and French from University of Nairobi. Mr Muriithi is the head of policy, research and advocacy at Kenya Association of manufacturer. He has vast experience in leadership and team management, external relations and representation, effective partnerships across international organization, public and private sectors spanning over 15 years. He has written many publications and participated in electronic media interviews on manufacturing related matters.</p>
6	 <p>James Ndege MPPA</p>	<p>Mr. James Ndege is the representative of Commissioner General, Kenya Revenue Authority. James Ndege is an industrious, self-motivated team player with leadership strengths. He holds a Master's in Public Policy & Administration from Kenyatta University and a Bachelor's in Statistics from Moi University. He has attended various professional training programs, including Senior Management Leadership at Strathmore University Business School. Currently, he serves as the Chief Manager of Cargo Monitoring at the Kenya Revenue Authority.</p>

7	 <p>Francis Amuyunzu BBA and MBA</p>	<p>Mr. Francis Amuyunzu is the Alternate Director of the Cabinet Secretary, National Treasury. Francis Amuyunzu is a highly qualified accountant with extensive experience in financial management. He holds BBA and MBA degrees both from Kenya Methodist University. He has also achieved CPA K professional certifications. Throughout his career, Amuyunzu has demonstrated his expertise through various roles and accomplishments. He currently serves as the Senior Deputy Accountant General and Head of the Accounting Unit in the Pensions Department at The National Treasury and Economic Planning.</p>
8	 <p>Benta Were BA and MA (Economics)</p>	<p>Benta Were is the Ag. Managing Director Kenya Investment Authority (KENINVEST). Born on 22nd April 1982, Ms. Were holds a Bachelor of Arts and Master of Arts degrees both from Kenyatta University. She is an experienced economist having worked in Various organizations both in Private and Public sector and has acquired skills in Policy formulation and Analysis, strategic planning and management, budgeting and monitoring and evaluation.</p>
9	 <p>Grace Nzula BA - Journalism and Media Studies CHRP (K), CPM</p>	<p>Ms Grace Nzula is a member from the private sector. holds a Bachelor of Arts (Journalism and Media Studies) from the University of Nairobi and is currently pursuing Master of Science (Human Resource Management) at Moi University. Ms Nzula is an Experienced Human Resources professional specializing in Winning People and Culture (P&C) Strategies, Organization Learning & Development, Tailored (P&C) practices, Training, Compliance, and Employee Relations initiatives. She has over 12 years of experience in repeated success implementing best practices and building successful (P&C) Strategies and departments from the ground up.</p> <p>Ms Nzula chairs the Human Resource and Administration committee.</p>
10	 <p>Geoffrey Omenke Advocate, LLB</p>	<p>Mr. Geoffrey Omenke is a member from the private sector. Born in 1983, he holds Bachelor of Law from University of Nairobi and currently pursuing Bachelor of public policy & Administration at Kisii University. Mr Omenke is the Managing partner of Omenke Andeje & Co. Advocates and an advocate of High court</p> <p>Before joining EPZA Board, Mr Omenke had worked with Career Directions Ltd (CDL) as the legal service manager, MFI Group as the legal manager and National</p>

		<p>Cereals and Produce Board (NCPB). He brings wealth of experience to EPZA Board.</p> <p>Mr. Omenke chairs the Strategy, Operations and Investments Committee.</p>
11	 <p>Joe N. Muriuki MBA Finance Concentration/Business Management</p>	<p>Mr. Joe N. Muriuki is a member from the private sector. Born in 1959, Mr Muriuki is holder of Bachelor of Administration in Accounting/Business Management from Metropolitan University, Minnesota, USA and MBA in Finance Concentration/Business management from the same university. Mr Muriuki has held senior positions for over 40 years in reputable organizations in the world. He was very resourceful in setting accounting systems, putting in place systems of internal control, developments & implementation of organizational/operational strategies among other management aspects.</p> <p>Before joining EPZA Board, Mr. Muriuki had worked with many organizations amongst which are Kirinyaga County as County Secretary and head of public service, Rift Valley Railways (Kenya & Uganda), Central E.A Railways, NAFC Corporation-South Africa, Divine Schools-Kenya Africa Banking Corporation, Africa International insurance ltd. He brings wealth of experience to EPZA Board.</p> <p>Mr. Muriuki chairs the Finance Board Committee.</p>
12	 <p>CPA Dorothy Chepkoech MBA(Finance), CPA (K), CIA, CRMA</p>	<p>CPA Dorothy Chepkoech is a member from the private sector. She holds a MBA Finance from University of Nairobi and BCom Finance from Kenyatta University. She is a Certified Public Accountant – CPA (K), Member of Institute of Certified Accountants of Kenya (ICPAK), Certified Internal Auditor (CIA) among others. CPA Dorothy, is the Managing Partner at Dorte & Associates; a GRC and business consulting firm. CPA Dorothy chairs the Audit Committee for Kericho County Government (Executive) and was formerly a Governor at the Institute of Internal Auditors-Kenya, (IIA-K) where she chaired the Advocacy & Public Policy Committee. CPA Dorothy is a seasoned Banking, Risk, Audit and Compliance professional who brings onboard leadership, board and management experience. She is passionate about effective Corporate Governance.</p> <p>CPA Dorothy chairs the Board Audit Committee.</p>
13	 <p>Dr. Lydia Ndirangu Economist PhD (Development Economics)</p>	<p>Dr. Lydia Ndirangu is the representative of the Governor, Central Bank of Kenya at the Board. Born in 1966, Dr. Ndirangu holds a PhD in Development Economics and she is an Assistant Director, Research Department at Central Bank of Kenya. Dr.Ndirangu has over 25 years' experience in Research, Public Policy and Analysis.</p>

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<p>14</p>	 <p>Richard Ipero Omelu Chief Executive Officer MBA-Strategic Management</p>	<p>Mr Omelu is the Chief Executive Officer at EPZA. Born on 11 April 1982, Mr. Omelu holds Master's Degree in Business Administration Strategic Management from Moi University, Bachelor of Commerce (Finance option) from The University of Nairobi and a member of the Institute of Risk Management. He has diverse experience in the private and public sector. He is the immediate former Director Strategy, Planning and MSE Coordination in Micro and Small Enterprises Authority in the State Department for MSME Development, Ministry of Cooperatives and Micro, Small and Medium Enterprises Development.</p>
<p>15</p>	 <p>Meyner Ashitiva LLM Commercial Law Corporate Secretary & Manager Legal Services</p>	<p>Ms. Meyner Ashitiva is the Corporate Secretary and Manager Legal Services in the EPZA. She is an Advocate of the High Court of Kenya. Meyner holds LLB from Moi University and LLM Commercial Law from University of Cape Town and a Certified Public Secretary (CPS). She has vast experience in the legal field having previously worked with Ethics and Anti-Corruption Commission and Ashitiva Advocatess LLP as a Senior Associate.</p>

4. KEY MANAGEMENT TEAM

No	Passport-size photo, name, and key profession/academic qualifications	Main Area of Responsibility
1	 <p>Richard Ipero Omelu Chief Executive Officer MBA-Strategic Management</p>	<p>Mr Omelu is the Chief Executive Officer at EPZA. Born on 11 April 1982, Mr. Omelu holds Master’s Degree in Business Administration Strategic Management from Moi University, Bachelor of Commerce (Finance option) from The University of Nairobi and a member of the Institute of Risk Management. He has diverse experience in the private and public sector. He is the immediate former Director Strategy, Planning and MSE Coordination in Micro and Small Enterprises Authority in the State Department for MSME Development, Ministry of Cooperatives and Micro, Small and Medium Enterprises Development.</p>
2	 <p>Denis Kinyua GM-Finance, HR & Admin MSc-Finance & Investment, BCom-Finance, CPA-K, CIFA</p>	<p>Mr. Kinyua is the General Manager Finance, HR and Administration. He holds MSc in Finance & Investment, Bachelor of Commerce (Finance), CPA (K), CIFA and a member of Institute of Certified Public Accountants. Mr. Kinyua has over 10 years in Finance and Accounting field. Previously worked in Pinnacle International Consulting Ltd and Centre for Development Consultants Ltd firms based in Nairobi Kenya specializing in Financial Consultancy, Investment, Management Accounting and Auditing. He joined Export Processing Zones Authority as an Assistant Accountant in August 2010 and served as an Accountant, Principal Accountant, Management Accountant and, as Manager Finance & Accounts</p>
3	 <p>Peter Mutui GM-Commercial & Technical Services MA &BA(Economics), IPSAS, CPA-K, CCP-K, CIA</p>	<p>Mr. Mutui is the General Manager, Commercial & Technical Services at EPZA. He holds MA in Economics from University of Nairobi and BA in Economics from Moi University, IPSAS, CPA (K), CCP (K). He is a member of both the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Credit Management of Kenya (ICM-K). Before his current appointment he worked as assistant Manager, Finance and Accounts at EPZA. Mutui has over 10 years in Finance, Accounting and Audit field. Previously worked as an Accountant (EPZA), Audit Assistant at Mbai Ndeteni & Associates and in Equity Bank both as Relationship Officer and an Internal Auditor.</p>

<p>4</p>	 <p>Claire Terigin GM- Investment & Corporate Communications MComMrktg, PGradDipMrktg, BComms (Advtg &Mkt)</p>	<p>Ms. Claire Terigin is the General Manager Investments and Corporate Communications. Claire has more than 15 years' domestic and international experience in Marketing, Branding, Advertising and Communication; having worked in experiential marketing, hospitality, education and telecommunication industries. She holds a Bachelor of Communications in Advertising and Marketing from Edith Cowan University, Australia, a Postgraduate Diploma in Marketing and a Master of Commerce in Marketing from Curtin University, Australia. She is a member of Marketing Society of Kenya and Chartered Institute of Marketing. She has previously worked at Game Changer Marketing as an Account Director, Curtin University in Western Australia as a Marketing & Student Recruitment Advisor and in Sales, Marketing and Customer Management at Telstra and BP Australia</p>
<p>5</p>	 <p>Alice Atogo GM-Operations and Investor Support MBA, BA, CPS, CHRP(K), HDHRM</p>	<p>Ms Alice Atogo is the Ag. General Manager, Operations and Investor Support. She holds MBA in Finance and a BA in Economics and Sociology from Egerton University. She holds a CHRP (K), CPS. She holds a Higher National Diploma in Human Resource Management. She is a member of the Institute of Human Resource Management. She has 23 years of Experience in Management and HR practice. She has a vast experience in human resource management. Before joining EPZA, Ms Atogo worked with Ministry of East African Community as HR Officer, Lake Basin Development Authority as Human Resource Manager, Commission of Revenue Authority as a HR Officer before joining EPZA. She has worked in various capacities in the Authority both in HR Department and is currently deployed in the Operations and Investor Support Directorate as the Ag. General Manager, Operations and Investor Support.</p>
<p>6</p>	 <p>Meyner Ashitiva LLM Commercial Law Corporate Secretary & Manager Legal Services</p>	<p>Ms. Meyner Ashitiva is the Manager Corporate Secretary and Manager Legal in the EPZA. She is an Advocate of the High Court of Kenya. Meyner holds LLB from Moi University and LLM Commercial Law from University of Cape Town and a Certified Public Secretary (CPS). She has vast experience in legal field having previously worked with Ethics and Anti-Corruption Commission and Ashitiva Advocatess LLP as Senior Associate.</p>

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<p>7</p>	 <p>Benjamin Chesang Manager – Research, Policy & planning MA, BA (Economics)</p>	<p>Mr. Chesang is the Manager Research, Policy and planning. He holds a BA in Economics and an MA in Economics. He has over 20 years’ experience in public policy and senior management. He is in charge of Research, Policy, planning and strategy department.</p>
<p>8</p>	 <p>Hussein Adan Mohamed Head of Supply Chain MSC Procurement and Logistics</p>	<p>Mr. Hussein is the Head of Supply Chain and he holds an MSc. Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Bachelors of Business Management Procurement and Supplies Management from Mount Kenya University (MKU), Diploma in Purchasing and Supplies Management (MKU) and Certificate in Management from KIM. Mr. Hussein is an active member and co-opted council member of Kenya institute of supplies management (KISM) and holds a practicing license from the institute.</p>
<p>9</p>	 <p>Jorum Ngunyi Manager-Internal Audit MBA(Accounting), CPA(K), CSI</p>	<p>Mr. Jorum Ngunyi is the Internal Audit Manager. He holds MBA in Accounting, CPA(K), CSIA; a member of ICPAK and IIA, and has over 10 years of experience in risk management and auditing gained from Kenya National Audit Office, National Environmental Authority and Jomo Kenyatta Foundation.</p> <p>Mr. Ngunyi is in charge of internal audit, Risk management and assurance.</p>

5. CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report and Financial Statements for the year ended 30 June 2024, a period of both achievements and challenges for the Export Processing Zones (EPZ) Programme. Despite the tough operating environment, driven by reduced orders in the export market and rising costs, we continued to make significant progress in many areas of our mandate.

The year under review saw a mixed performance for the EPZ Programme. The total number of gazetted zones rose to 102 from 96 in the previous year, reflecting our commitment to expanding the EPZ footprint across the country. Exports stood at Kshs 115.7 billion, up from Kshs 111.8 billion in 2023, demonstrating the resilience of the program despite economic headwinds. However, sales to the domestic market dropped to Kshs 1.79 billion from Kshs 3.24 billion, primarily due to reduced demand for EPZ-produced goods especially textile and apparels.

Direct employment within the EPZ Programme grew to 74,981 persons from 70,839, driven by the entry of new apparel enterprises. The apparel sector continues to be a key contributor, accounting for over 80% of the total EPZ employment.

Cumulative investment in machinery, equipment, and infrastructure rose to Kshs 150.7 billion from Kshs 134.9 billion, as both new and existing firms expanded their operations. Imports, primarily of raw materials and equipment, increased to Kshs 58.3 billion from Kshs 57.1 billion, while local purchases grew to Kshs 16.3 billion from Kshs 15.4 billion.

Overall expenditure on local goods and services rose by 6%, injecting an average of Kshs 4.09 billion per month into the domestic economy. This expenditure has spurred economic growth in key areas surrounding EPZs, such as Athi River, Kitengela, Mtwapa and Changamwe.

The contribution of the EPZ Programme to the national economy has continued to grow, although there were some declines in certain areas. The EPZ Programme accounted for 10.42% of total national exports, down from 12.21% in the previous year, reflecting the reduced demand for apparel exports, especially to the USA. Its contribution to manufacturing sector output stood at 3.11% in 2023/24, compared to 3.67% in 2022/23.

The Bottom-UP Economic Transformation Agenda (BETA) 2022–2027 has identified manufacturing as a key driver for economic transformation. In line with this, EPZA is implementing six flagship projects to establish manufacturing hubs in Busia County, Uasin Gishu County, Nakuru County, Kirinyaga County, Muranga County, and Kwale County. These projects will contribute to promoting value addition, broadening and diversifying the exports base. Additionally, the projects will contribute to employment creation, attracting investments, expanding exports, and contributing to the GDP.

The performance of the EPZ Programme continues to be affected by several challenges, which we are actively addressing:

Water supply shortages: Inadequate water supply in the Athi River zone continues to hamper operations, with only 3 million litres available daily against a demand of 10 million litres. This has forced firms to source water at higher costs.

Shortage of industrial sheds: There is a 3 million square feet deficit of industrial sheds in Athi River, as many investors prefer ready-built facilities. This has delayed the establishment of new enterprises.

Inadequate raw materials: Agro-processing EPZ firms face shortages of essential raw materials such as macadamia nuts, avocado, and cashew nuts. The presence of brokers has also disrupted supply chains, affecting prices and quality.

To address these challenges and ensure the sustained success of the EPZ Programme, several key interventions are required:

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Increase water supply to Athi River by fast-tracking the Northern Collector Tunnel Water Project.

Expand industrial space by completing the construction of new sheds in Athi River and encouraging private developers to invest in additional facilities.

Address raw material shortages by encouraging agro-processing firms to subcontract local farmers, ensuring a stable supply of inputs.

Enhance marketing efforts to identify new export markets and products, ensuring that EPZ firms remain competitive in the ever-changing global marketplace.

Increase funding to the Authority to facilitate the timely implementation of key projects and programs, ensuring the continued growth and expansion of the EPZ Programme.

Despite the challenges, the EPZ Programme remains a cornerstone of Kenya's industrial development strategy. As we look to the future, we are committed to addressing the obstacles in our path and continuing in expanding the positive impact of the EPZ Programme on the national economy.

We look forward to working closely with all stakeholders to ensure the continued success of the EPZ Programme and to create a more favourable operating environment for our investors.



Richard Cheruiyot
Chairman Board of Directors

6. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am delighted to present to you EPZ Authority's Annual report and financial statements for the year ended 30th June, 2024.

Operating Results

The Authority's performance increased by 47% with a surplus of Kshs 4.28 million being realized during the period ending 30 June 2024 compared to the surplus of Kshs 2.90 million reported in the FY 2022/2023.

The revenue generated during the year was Kshs. 741.5 million surpassing the budget of Kshs. 684.46 million by 8%. Appropriation-in-Aid was Kshs 587.8 million for the period ending 30 June 2024 against a budget of Kshs 515.00 million representing an achievement of 114%.

The Authority's operating expenditure was Kshs 698.6 million against a revenue income of Kshs. 741.5 million recording an operating surplus of Ksh.42.85 million for the period ending 30 June 2024

Performance of EPZ Programme

The Export Processing Zones (EPZ) Programme, despite facing several challenges, continues to be a significant contributor to Kenya's industrial and economic growth. The year was marked by both progress and setbacks, as global and local market conditions fluctuated.

Performance Overview

1. **Exports and Sales:** The value of exports increased to **Kshs 115.7 billion** in 2024 from **Kshs 111.8 billion** in 2023, but this growth was tempered by reduced orders, especially in the apparel sector. Domestic sales decreased significantly to **Kshs 1.79 billion** from **Kshs 3.24 billion**, highlighting challenges in local market penetration.
2. **Employment Growth:** Employment grew by 5.9%, with **74,981 persons** employed in 2024, up from **70,839** in 2023. The **apparel sector**, which contributes over 80% of total EPZ employment, saw the highest gains due to the entry of new firms and expansion of existing enterprises.
3. **Investment:** Cumulative investment increased to **Kshs 150.7 billion**, up from **Kshs 134.9 billion** in 2023. This growth was driven by new capital inflows into the manufacturing and agro-processing sectors, showcasing continued investor confidence in the EPZ Programme.
4. **Local Expenditure:** The expenditure on local goods and services increased by 6%, totaling **Kshs 49.05 billion** in 2024. This spending stimulated local economies in areas surrounding EPZ zones, such as Athi River, Kitengela, Mtwapa and Changamwe, creating demand for housing, schools, and other public amenities.

Operational Challenges

1. **High Cost of Production:** The high cost of electricity, with EPZ firms paying **Kshs 20 per kWh**, remains a major constraint, especially compared to Special Economic Zones (SEZ), where firms enjoy tariffs between **Kshs 5 to 10 per kWh**.
2. **Water Shortages:** The **Athi River Zone** continues to face severe water shortages, receiving only **3 million liters** daily against a demand of **10 million liters**, forcing firms to procure water at inflated prices.
3. **Limited Industrial Space:** A shortage of **3 million square feet** of industrial sheds continues to hamper the entry of new investors and the expansion of existing firms, particularly those that prefer ready-built infrastructure to reduce production costs.

4. **Raw Material Supply Issues:** The agro-processing sector, particularly for macadamia nuts, avocado, and cashew nuts, has faced challenges due to raw material shortages and the disruptive role of brokers in the market.
5. **AGOA Expiry Concerns:** The impending expiry of the **African Growth and Opportunity Act (AGOA)** in September 2025 is causing anxiety among apparel firms, whose export to the U.S. market depends heavily on this agreement.
6. **Other Constraints:** Poor rural infrastructure, difficulties accessing affordable financing, and the imposition of new county taxes, particularly in Mombasa, further increase the cost of doing business for EPZ firms.

Way Forward

1. **Infrastructure Development:** The construction of additional industrial sheds in **Athi River Zone** is being fast-tracked to attract more investors. Furthermore, several private developers are also contributing to this effort.
2. **Cost Reduction Initiatives:** We are engaging with government stakeholders to reduce electricity costs for EPZ firms to between **Kshs 5 to 10 per kWh**, bringing them in line with SEZ tariffs.
3. **AGOA Renewal:** We are working closely with the national government to ensure timely renewal of AGOA, while also advocating for the inclusion of more products under this agreement.
4. **Raw Material Supply Stabilization:** Encouraging EPZ agro-processing firms to subcontract farmers directly will help ensure a stable supply of raw materials and mitigate the impact of brokers on the market.
5. **Local Market Expansion:** We are pushing for an increase in the allowable percentage of domestic sales for EPZ firms, especially within the **East African Community (EAC)**. The **49% for EAC and 51% for non-EAC** policy would provide flexibility for firms seeking to tap into local markets.
6. **New Market Development:** In addition to AGOA, we are continuously identifying new international markets and diversifying product offerings to enhance export potential.
7. **Funding and Project Implementation:** We are working with government and financial institutions to increase funding for infrastructure projects and provide affordable financing options for small and medium-sized enterprises (SMEs) within the EPZ Program.

Conclusion

The EPZ Programme remains a cornerstone of Kenya's industrial and export strategies. While challenges persist, our focus on infrastructure development, cost reduction, and market diversification will ensure that the Programme continues to grow and positively impact Kenya's economy. We remain committed to supporting our stakeholders and ensuring sustained progress for years to come.


Richard Omelu
Chief Executive Officer

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2023/2024

EPZA has six (6) Strategic pillars (KRAs) anchored by the Strategic Plan 2019-2023. The strategic pillars are as follows: -

1. Contributions to Economic Growth
2. Diversification of products and markets
3. Contribution to employment
4. Leadership and sound governance
5. Corporate Branding and image
6. Revenue growth and Financial management

EPZA develops its annual work plans based on the above 6 strategic pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The EPZA achieved its performance targets set for the FY 2023/2024 period for its 6 strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Contribution to Economic Growth.	To increase the EPZ contribution to the manufacturing sector output to 6 per cent from 3.21 per cent.	<ul style="list-style-type: none"> • value of sales/exports • Completion of CETP in Kinanie • Completion of Textile Hub Development with Athi River Zone • Development of EPZ priority Flagship Projects 	<ul style="list-style-type: none"> • EPZ promotion local and international to create awareness so as to attract investors to EPZ program • Implementation of projects like the CETP • Implementation of Textile Hub • Development of 4 priority EPZ Zones in Muranga, Kirinyaga, Uasin Gishu and Busia Counties. 	<ul style="list-style-type: none"> • Exports stood at Kshs 115,709 million in 2024 from Kshs 111,802 million recorded in June 2023. • Value of EPZ investments stood at Kshs 150,718 million as at June 2024 from Kshs 134,908 million. • Construction of Common Effluent Treatment Plant (CETP) was at 85% complete. • Construction of 5 industrial buildings measuring 33,750 square metres ongoing within the Athi River Zone • Development of phase 1 of the 4 priority zones that entailed fencing of land, surveying &

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
				physical planning, EPZA & Customs offices, ablution block, 4 industrial sheds, water connection, civil works and storm drainage
Diversification of The Products and The Markets.	To promote five new products and five new foreign markets	<ul style="list-style-type: none"> • No of new products • No of new foreign market. • No of zones gazetted. 	<ul style="list-style-type: none"> • EPZ promotion local and international to create awareness so as to attract investors to EPZ program • Undertook exploratory desk research on target market and product penetration. 	<ul style="list-style-type: none"> • Five new products were in the course of being introduced into the EPZ program. These are freeze dried fruits & vegetables; fish maws; coconut ashes; tobacco cigar and gum arabic essential oil for cosmetic industry. These will go a long way in the diversification of products within the program. This achievement is within the end-term target of having five new products. • The markets proposed for promotion are Burkina Faso, Ghana, Nigeria, Ethiopia, Ivory Coast, Mali, Estonia, Romania, Hungary, Poland and Japan among others. According to National Export and Development Promotion Strategy (NEDPS) 2018, one

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
				<p>of the key determinant of imports like for apparel by a country like Japan from the rest of the world vis- vis from Kenya reveal existence of export potential. Similarly, the government indicated its readiness to lobby for market access to a country like Estonia. This could be an entry of EPZ products to European markets and beyond.</p> <ul style="list-style-type: none"> • 11 zones gazetted, namely RTC Trucker EPZ Ltd, Wilson Smithett EPZ Ltd, Newvasha Development EPZ Ltd, Zebastian Oil Treasures EPZ Ltd, Vapco EPZ Ltd, Fresh Products EPZ Ltd, Hazina ya Ziwa EPZ Ltd, Limbua EPZ Ltd, Packed At Source EPZ Ltd, Nakuru County EPZ Ltd and Muranga County EPZ Ltd
Contribution to Employment	To increase employment opportunities in the EPZ's	<ul style="list-style-type: none"> • Number of employment created. 	EPZ promotion local and international to create awareness	<ul style="list-style-type: none"> • Employment by EPZ firms stood at 74,981 persons as at the end June 2024

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
	from 57,099 to 150,000	<ul style="list-style-type: none"> Value of local inputs 	so as to attract investors to EPZ program.	from 70,839 persons in June 2023. <ul style="list-style-type: none"> Value of local inputs by EPZ firms stood at Kshs 16,342 million in June June 2024 from Kshs 15,351 million in June 2023.
Leadership and sound governance	To strengthen Institutional capacity for organizational excellence.	<ul style="list-style-type: none"> Policies approved. No of staff trained 	Review of HR Tools Training	Undertook review of HR Tools where organization structure, grading and staff establishment have been reviewed in the FY 2023/2024. The HR tools were approved in December 2023
Corporate Branding and Image	To improve corporate image and brand	<ul style="list-style-type: none"> One Stop Shop CSR Quarterly Email News letters Branding 	<ul style="list-style-type: none"> Corporate Social Responsibility (CSR) Information dissemination of EPZ Program Promotion of locally manufactured textiles 	<ul style="list-style-type: none"> CSR activity at Dagoretti South, Kamukunji and Westlands donations for flood victims Netfund Kenya Tree Planting in Embu and Athi River Zone Quarterly Newsletters published.

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
				<ul style="list-style-type: none"> • Reception streaming EPZA Contents. • Procured 200 branded locally manufactured T-shirts for EPZA Staff
Revenue Growth and Financial Management	To increase internally and externally generated revenue to meet part of operational costs	Value of Appropriation in Aid (A-I-A)	Increase revenue collection	Value of A-I-A increased to Kshs 587.8 million in June 2024 from a target of Kshs 515 million.

These activities were successfully implemented and included in the Performance Contract for FY 2023/2024. They were tracked and documented in quarterly reports, evaluated annually, and directly linked to contract indicators to show the achievement of objectives.

8. CORPORATE GOVERNANCE STATEMENT

Corporate Governance Practices

The EPZA Board is committed to maintaining a high standard of corporate governance practices and devotes considerable effort to clarify and formalize best practices. The Authority is controlled by the Board of Directors who are committed to maintaining a high standard of corporate governance practices and devotes considerable effort to identify and formalize best practices.

Board Composition

The Board is currently comprised of 13 members whose biographical details are provided in the Board of Directors section of this annual report. Day to day operations of the Authority is delegated to the management led by the Chief Executive Officer. The management is closely monitored by the Board and is accountable for the performance of the Authority as measured against the corporate goals and targets set by the Board in the Authority's Performance Contract.

The Authority provides information on its operations to the Board and on a yearly basis organizes a Board and Management retreat to enable the Board meet with senior management so as to gain better understanding of the workings of the Authority and the general EPZ programme. The Board has in place a board charter that was revised and adopted in August, 2023.

The positions of Chairman and Chief Executive Officer of the Authority are separate to ensure a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Authority's affairs. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly established and set out in writing.

Practices of the Board

Board Responsibilities

The basic responsibility of the Board members is to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the Authority and its stakeholders. In discharging that obligation, the members should be entitled to rely on the honesty and integrity of the Authority's management, staff and its external professional advisors and auditors.

Board Meetings

The Board meets regularly, at least four times a year at quarterly intervals and holds special meetings as and when the Board thinks appropriate. During the Financial year 2023/2024, 5 quarterly meetings and 10 special meetings were held. Notices of at least 14 days were issued to the Directors, minutes of Board meetings prepared by the Corporate Secretary with details of decisions reached and resolutions passed by the Board. The Board members play an active role in participating at the Authority's meetings through contribution of their professional opinions and active participation in discussions.

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The attendance record of each of the Directors during the financial year is as follows: -

Meetings attended/held during the Financial Year

Name of Director	Board Meetings/ Special Meetings (15)	Finance and Staff Board Committee (5)	Strategy, Investments & Special Projects Committee (10)	Board Audit Committee (5)	Board HR and Admin Committee (15)
Richard Cheruiyot	15	N/A	N/A	N/A	N/A
Abubakar Hassan Abubakar Stephen Odua*	13	N/A	N/A	3	9
Dr. Lydia Ndirangu	14	5	10	N/A	N/A
Mr. Eric Korir	5	2	N/A	3	N/A
Francis Amuyunzu	7	1			1
Mr. Job Wanjohi	14	N/A	10	4	N/A
Mr. Willy Kenei	8	N/A	8	2	2
Ms. Grace Nzula	15	5	0	0	15
Mr. Geoffery Omeke	15	N/A	10	5	14
Ms. Dorothy Chepkoech	15	N/A	N/A	5	15
Ms. Benita Were	0	0	N/A	N/A	0
Ms. June Chepkemei	6	2			2
Mr. James Ndege	8	N/A	6	2	N/A
Ms. Gertrude Nguku Ms. Mercy Nyamweya*	15	N/A	10	N/A	15
Mr. Richard Omelu	6	2	4		1
Mr. Hussein Adan	5	2	2		8

*Representatives of Board Members

Board Committees

To effectively discharge its mandate, the Board has established committees with specific terms of reference. This is in order to ensure the operational efficiency and that specific issues are being handled with relevant expertise. The Board has appointed Committee members with requisite skills and competence to discharge allocated responsibilities. In the event that a committee lacks specific skills within its membership, the Board may with the approval of the oversight body, co-opt skilled non- Board members to serve on the Committee, provided the Chair of the Board is not co-opted member or Chair. The Board also has the mandate to rotate Board members between Committees.

The Board remains collectively responsible for the decisions and actions taken by any committee. The committees only perform tasks delegated to it by the Board and are not to exceed the authority or powers of the Board.

The committees report to the Board deliberations made during committee meetings through the Chair of the respective committee for the ratification and adoption by the Board.

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BOARD COMMITTEE MEMBERSHIP FINANCIAL YEAR 2023/2024

FINANCE BOARD COMMITTEE		
Chairperson	Mr. Joe Muriuki	Private Sector
Member	Dr. Lydia Ndirangu	Central Bank of Kenya
Member	Mr. Francis Amuyunzu	Representing Principal Secretary/The Treasury
Member	Grace Nzula	Private Sector
Member	Ms. Benita Were	Managing Director/Kenya Investments Authority
Member	Chief Executive Officer/EPZA	Member

STRATEGY INVESTMENTS AND SPECIAL PROJECTS BOARD COMMITTEE		
Chairman	Mr. Geoffrey Omenke	Private Sector
Member	Dr. Lydia Ndirangu	Central Bank of Kenya
Member	Willy Kenei	Representing KNCCI
Member	Mr. Job Wanjohi	Kenya Association of Manufacturers
Member	James Ndege	Alternative Member/Commissioner of Customs
Member	Ms. Getrude Nguku	Representing National Lands Commission
Member	Joe Muriuki	Private Sector
Member	Chief Executive Officer/EPZA	Member

HUMAN RESOURCE AND ADMINISTRATION BOARD COMMITTEE		
Chairperson	Grace Nzula	Member/Private Sector
Member	Dorothy Chepkoech	Private Sector
Member	Mr. Abubakar Hassan Abubakar	PS Investment Promotion/Ministry of Industrialization Trade & Enterprise Development
Member	Ms. Benita Were	Managing Director/Kenya Investments Authority
Member	Ms. Getrude Nguku	Representing National Lands Commission
Member	Chief Executive Officer/EPZA	Member

BOARD AUDIT COMMITTEE		
Chairperson	Dorothy Chepkoech	Private Sector
Member	Mr Francis Amuyunzu	Alternate Member/ Principal Secretary/The National Treasury
Member	Mr. Job Wanjohi	Kenya Association of Manufacturers
Member	Mr. Geoffrey Omenke	Private Sector
Member	Mr. Abubakar Hassan Abubakar	PS Investment Promotion/Ministry of Industrialization Trade & Enterprise Development

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Member	Mr. James Ndege	Alternative Member/Commissioner of Customs
Member	Willy Kenei	Representing KNCCI

Board Induction and Continuous Skills Development

The Board provides new Board members with an effective induction programme in order to familiarize them with their responsibilities as directors, general principles of corporate governance and Board practices. The induction programme also provides the Board members with an orientation of the organization, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics.

The Board also ensures that members of the Board attend at least two days of professional development.

Board Remuneration

Board members are remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant Government Authority.

Board Performance

The Board conducts an annual evaluation to appraise its performance. This evaluation will be carried out in accordance with the Board Evaluation Tool developed by the State Corporations Advisory Committee (SCAC).

Board and Management Succession

The board will put in place a succession plan for both the Board and management and review the same regularly.

Governance Audit

The Board should ensure that a governance audit of the organization is undertaken on an annual basis. The purpose of the governance audit is to ensure that the organization conforms to the highest standards of good governance.

9. MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

The Authority's performance saw a 47% increase, resulting in a surplus of Kshs 4.28 million for the period ending 30 June 2024. This is compared to the surplus of Kshs 2.90 million reported in the FY 2022/2023.

The revenue generated during the year was Kshs 741.5 million, surpassing the budget of Kshs 684.46 million by 8%. Appropriation-in-Aid stood at Kshs 587.8 million for the period ending 30 June 2024, exceeding the budget of Kshs 515.00 million, and representing an achievement of 114%.

The Authority's operating expenditure was Kshs 698.6 million against a revenue income of Kshs 741.5 million, resulting in an operating surplus of Kshs 42.85 million for the period ending 30 June 2024.

EPZA's Compliance with Statutory Requirements

During the FY 2023/2024, the Authority did not have any major non-compliance issue that was likely to expose it to potential contingent liabilities. However, the Authority has had ongoing disputes and defaults that may potentially impact negatively on the overall performance.

These include:

Prolonged contestation that EPZA is not a registered water supplies entity. This has impacted negatively on water sales and the Authority is not able to achieve the targeted revenue.

There is a litigation case regarding the ownership of a parcel of land Oloolokitikoshi/Kitengela/70 occupied by PCEA church Kitengela. The case is in Law Court and the Authority has to wait for the outcome. The land was valued at 2.25 million as at 30 June 2014.

Included in the trade and other receivables is an outstanding debt of Kshs 9.92 million relating to ex-staff (former CEO and Accounts Assistant). The Ethics and Anti-Corruption Commission is pursuing the case and Authority is awaiting the outcome. The debt has also been forwarded to the Authority's external debt collector.

Key Projects and Investment Decisions the Authority is implementing

The Authority is currently implementing the following key projects, Development of Athi River Textile Hub, Railway Siding and Related Infrastructure to connect Athi River Zone to the SGR, Construction of Investor Sheds to create more rental space for investors, Construction of an Effluent Treatment Plant- Kenanie to management solid waste and enhance environmental sustainability, and the development of 6 flagship projects as listed below.

- i) Sagana EPZ Hub in Kirinyaga County
- ii) Del Monte EPZ Hub in Kabati Muranga County
- iii) Egerton Industrial Park EPZ Hub in Nakuru County
- iv) Nasewa EPZ Hub in Busia County
- v) Eldoret ICDC Industrial Park EPZ Hub in Uasin Gishu County
- vi) Samburu (Kwale) Industrial Park EPZ Hub Kwale County

These projects are wholly funded by GoK.

Major Risks Facing EPZA

The Authority is exposed to various financial risks, including market risks such as foreign exchange risk, fair value interest rate risk, cash flow interest risk, and price risk, as well as credit risks and liquidity risks. The Authority's risk management strategy aims to minimize the potential adverse effects of financial market unpredictability on its performance.

Credit Risk

Included in the rent and license trade receivables are doubtful debts and bad debts. These debts have proved to be uncollectable and adequate provision for the doubtful debts should be made as well as writing-off bad debts.

Some EPZ companies are yet to recover from the effect of Covid -19 and the harsh economic times leading them to scale down their operations while others have closed down. The challenges faced by the EPZ firms may have an impact on our revenues. The firms' capacity to pay financial obligations to the Authority when they fall due may be impaired increasing the Authority's credit risk.

Liquidity Risk

Doubtful Debt and Bad Debt categories are unlikely to be collected and this poses a liquidity risk to the financial operations of the Authority.

The Authority's Appropriation-in-Aid accounts for 84% of its revenues. The reduced investment appetite from both foreign and local investors, attributed to the Coronavirus pandemic, has introduced downside risk to the projected cash inflows.

The Authority has recorded delays in payment from its clients with some clients requesting for reduction of prices of services, waivers and extension of their credit period. Lack of adequate cash flows will increase the Authority's liquidity risk which may result to disruption of the Authority's operations.

Capital Risk

The Authority is currently implementing major capital projects namely; Construction of New Industrial Sheds at Athi River, Construction of Common Effluent Treatment Plant in Kinanie Machakos and Implementation of the 6 EPZ flagship Projects. These projects are wholly funded by GoK. Their continuity is largely dependent on continued government funding and timely disbursement of funds by the government. Out of the approved Development budget allocation of Kshs 5.11 billion as 30th June 2024 only 1.085 billion was released by the National Treasury leaving a balance of Kshs 4.025 billion. The total amount had already been committed and this has resulted in pending bills, penalties and interests associated with delays in settling financial obligations.

Currency Risk.

Sixty percent (60%) of the Authority's A-in-A is denominated in US dollars. The foreign exchange market experienced some volatility during the year largely due to uncertainties with the oil prices and a significant strengthening of the US dollar in the global markets.

The Authority uses the Central Bank of Kenya (CBK) daily mean rate for conversation of the foreign currency transactions.

According to Central Bank Indicative Exchange Rates, the mean rate fluctuated throughout the Financial year recording a high of 163 in January 2024 and a low of 127 in June 2024 against the US dollar. Any appreciation / depreciation of the reporting currency (KSHS) will affect the cash flows emanating from those transactions.

Material Arrears in Statutory/Financial Obligations

Delayed disbursement and reduction in development grant has led to the incompleteness of the ongoing projects (Athi River Textile hub, Investor sheds, Railway siding and Industrial Leather Park at Kenani). This exposes the Authority to possible litigations by the contractors/ suppliers for delay to make payments for the works done. The CETP project for instance is due for handover but the contractor cannot release the project because of pending payments due to lack of funds and is demanding interests and penalties amounting Kshs 4 billion.

The Authority's Financial Probity and Serious Governance Issues

The Export Processing Zones Authority has designed and implemented governance arrangements, a financial reporting regime and internal control systems to enable the achievement of its objectives. These arrangements are designed to support the Authority's financial reporting requirements, the effectiveness and efficiency of its operations, and compliance with applicable legislative requirements.

The Authority has no financial probity and serious governance issues reported from the various oversight Agencies.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

In order to realize the impact of EPZA existence in areas of our jurisdiction, the EPZ Authority has invested in projects that have social benefits to the community during the financial year 2023-2024. The Authority has also been working with EPZ enterprises on how to employ measures towards environmental and sustainability reporting.

i) Sustainability strategy and profile

The Authority's environmental, social, and governance (ESG) commitments play a central role in our strategic decisions. The Authority is dedicated to integrating sustainability into all aspects of our operations. Our sustainability strategy is guided by the principles of environmental stewardship, social responsibility, and economic viability. Our goals include reducing our environmental impact, promoting social equity, and enhancing economic sustainability.

Key Trends Affecting Sustainability Priorities:

1. **Climate Change:** We are investing in renewable energy and energy-efficient technologies to reduce our carbon emissions.
2. **Resource Scarcity:** We are implementing measures to conserve resources and explore alternative materials.
3. **Regulatory Changes:** We are staying informed about evolving government regulations related to environmental protection and social responsibility and ensuring compliance.

International Best Practices and Key Achievements:

We have adopted international best practices in sustainability reporting, such as the Global Reporting Initiative (GRI) Standards. Some of our key achievements include reducing greenhouse gas emissions, improving water efficiency and recycling, solid waste management and promoting biodiversity.

Shortcomings and Areas for Improvement:

We are working to reduce our waste generation and improve our supply chain sustainability.

ii) Environmental performance

The Authority's sustainability efforts in the year under review focused on improving our energy efficiency, waste management and water efficiency.

In efforts to improve our energy efficiency and to create green energy source, the Authority invested in a Mega Solar System. The Solar System, which is an emissions-free, renewable energy source currently powers the Authority's Head office. This is one of the cost saving projects which will see the Authority's power costs reduce.

The Authority also operates an Effluent Treatment Plant (ETP), which runs from EPZ Athi River Zone through Mlolongo to Kenanie in Machakos County. The ETP line passes through the community and the Authority endeavours to maintain the line not to contaminate the ecosystem. To enhance a sustainable environment free of pollution, the Authority has invested in a modern Common Effluent Treatment Plant (CETP) which will ensure efficiency in waste management and discharge of recycled and clean water for usage at Kinanie zone and the neighbouring community in Machakos County.

The Authority is also having an ongoing rain water harvesting project, which will tap rain water within Athi River Zone and divert the water to useful activities.

iii) Employee welfare

Our hiring policies are designed to ensure a fair and inclusive workplace. We consider gender diversity and other relevant factors when making hiring decisions. Additionally, we actively seek feedback from stakeholders to continually improve our hiring practices.

Skills Development and Career Management:

We are dedicated to investing in the development of our employees. We offer various training and development programs to enhance their skills and prepare them for career advancement. Furthermore, we have a performance appraisal and reward system in place to acknowledge and reward employee contributions.

Safety and Health:

The safety and health of our employees are our top priorities. We adhere to all applicable occupational safety and health laws and regulations, including the Occupational Safety and Health Act of 2007 (OSHA). We have implemented safety measures and provide regular safety training to our employees.

iv) Marketplace Practices

a) Responsible Competition practice.

EPZA is committed to fair competition and adheres to all applicable antitrust laws and regulations while avoiding anti-competitive practices, such as price fixing or market manipulation and maintaining responsible political involvement and avoiding corruption.

b) Responsible Supply Chain and Supplier Relations

We are committed to maintaining strong and ethical relationships with our suppliers. We treat our suppliers fairly, honour our contractual obligations and work with our suppliers to ensure that they adhere to our sustainability standards.

c) Responsible Marketing and Advertisement

Our marketing practices are ethical and we avoid misleading or deceptive advertising. We respect consumer rights and interests and strive to provide accurate and transparent information about our products and services.

d) Product Stewardship

We are committed to safeguarding consumer rights and interests. We design our products and services with safety and quality in mind and provide clear instructions and warnings to consumers when necessary.

v) Corporate Social Responsibility / Community Engagements

The Authority participate in various Corporate Social Responsibility (CSR) activities notably:

a) Community engagement:

- **Flood Victim Donations (Q4):** The Authority provided material donations to flood victims in Dagoretti South, Kamukunji, and Westlands. This was a direct effort to alleviate the suffering of those affected by the floods which destroyed their livelihoods.
- **Support for Blind and Low Vision Network (BLINK) (Q1):** The Authority offered financial and material support, to BLINK, a community-based organization advocating for persons with disabilities in Machakos, Kitui, and Makeni. This aid contributed to improving the quality of life for people with visual impairments.

b) Corporate Social Investment (CSI):

- **Eye Screening Medical Camp (Q3):** The organization partnered with the Kenya Blind Society to hold an eye screening camp on March 4, 2024. This initiative provided crucial health services to the community, focusing on preventing and addressing eye-related conditions.
- **Collaboration with NetFund Kenya (Q4):** As part of environmental CSR activities, the organization partnered with NetFund Kenya, contributing to sustainable environmental practices. This collaboration exemplifies long-term corporate social investment aimed at environmental conservation.

c) Other Forms of Community Engagement:

- **Tree Planting Initiatives (Q4):** The organization engaged in tree planting activities in Embu and Athi River zones, promoting environmental conservation and community involvement in sustainability efforts. This initiative helps enhance ecological health and encourages local community participation in environmental stewardship.

11. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the EPZ Authority's affairs.

i) Principal activities

The principle activities of the EPZA are promotion and facilitation of export-oriented investments and the development of an enabling environment for such investments as stipulated in the EPZ Act Cap 517.

ii) Results

The results of the Authority for the year ended June 30, 2024 are set out on pages 1 to 27

iii) Directors

The members of the Board of Directors who served during the year are shown on pages vii to xi.

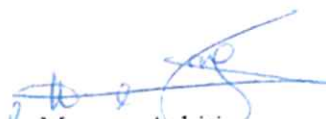
iv) Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Provisional draft Annual Financial Statement indicate that EPZA made a surplus of Kshs 42,851,970. The Authority will remit 90% of Kshs. 42,851,970 to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the Export Processing Zones Authority (EPZA) in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended 30 June 2024.

By Order of the Board:


Meyner Ashitiva
Corporate Secretary

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

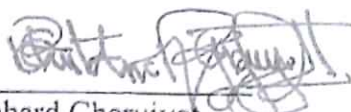
The Directors are responsible for the preparation and presentation of the EPZA's financial statements, which give a true and fair view of the state of affairs of the EPZA for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the EPZA; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for the EPZA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the EPZA's financial statements give a true and fair view of the state of EPZA's transactions during the financial year ended June 30, 2024, and of the EPZA's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the EPZA, which have been relied upon in the preparation of the EPZA's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The EPZA's financial statements were approved by the Board on 31 July 2024 and signed on its behalf by:


Richard Cheruiyot
Chairman of the Board


Richard Omelu
Chief Executive Officer

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 EXPORT PROCESSING ZONES AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Export Processing Zones Authority set out on pages 1 to 29, which comprise of the statement of financial position

as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, the statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Export Processing Zones Authority as at 30 June, 2024, and of its financial performance and of cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and complies with the Public Finance Management Act, 2012. and the Export Processing Zones Act, 1990.

Basis for Qualified Opinion

1. Lack of Ownership Documents and Valuation

The statement of financial position reflects property, plant and equipment balance of Kshs.13,925,302,648 which includes land balance of Kshs.5,455,260,000 as disclosed in Note 24(a) to the financial statements. However, as previously reported, the balance includes two parcels of land, measuring two hectares with a book value of Kshs.2,250,000, acquired through Gazette Notice Nos.2802 and 2803 of July, 1991. Further, and as previously reported, the Authority acquired land measuring 0.08 Ha at a purchase cost of Kshs.6,500,000 in 2015/2016 financial year. However, the Authority had not processed or obtained ownership documents for the parcel of land as at 30 June, 2023. In addition, the Authority had not valued its assets for the last ten (10) years. This was contrary to Paragraph 49 of International Public Sector Accounting Standard (IPSAS) No.17 on property, plant and equipment, which provides for revaluation of property, plant and equipment every three to five years.

In the circumstances, the accuracy, existence, ownership and valuation of the property, plant and equipment balance of Kshs.13,925,302,648 could not be confirmed.

2. Valuation of Biological Assets

The statement of financial position and as disclosed in Note17 to the financial statements reflects biological assets balance of Kshs.150,122,342 relating to trees. However, as previously reported, the balance has remained static for several years due to failure to undertake revaluation despite the passage of time.

In the circumstances, the accuracy and fair statement of the biological assets balance of Kshs.150,122,342 could not be confirmed.

3. Long Outstanding Trade Receivables

The statement of financial position reflects trade receivables balance of Kshs.924,363,457 as disclosed in Note 15 to the financial statements. However, as

previously reported, included in this balance is Kshs.674,962,037 that have remained outstanding for a period of more than one year with diminishing chances of recovery. Further, Note 24(b) (3) on other financial disclosures to the financial statements discloses salary advances of Kshs.7,709,867 and an imprest amount of Kshs.980,919 paid to the former Chief Executive Officer (CEO). However, the payment was made without the Board's approval. The former CEO's contract with the Authority was terminated and ordered to pay the Authority all outstanding monies and the case was forwarded to Ethics and Anti-Corruption Commission (EACC). The EACC completed investigations and the matter was referred to the Office of the Director of Public Prosecutions (ODPP) and criminal prosecution of the related cases commenced. The Authority is currently awaiting direction from the Anti-Corruption Court, Nairobi. Meanwhile, the Authority on the advice of the Inspectorate of State Corporations has also engaged the services of a Debt Collector to trace and recover the monies. The amount is included in other receivables in Note 15 (b) to the financial statements and has been outstanding since 2011 which casts doubts on the recoverability of the salary advance and imprest paid to former CEO

In the circumstances, the accuracy, recoverability and fair statement of the trade receivables balance of Kshs 924,363,457 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.684,460,000 and Kshs.741,518,976 respectively resulting to an over-collection of Kshs.57,058,976 of the budget. However, the Authority spent Kshs.698,667,006 against revenue of Kshs.741,518,976 resulting to an under-expenditure of Kshs.42,851,970 of the actual revenue.

The revenue over-collection is an indication of under budgeting on revenue sources, which may have affected priority planning of activities and impacted negatively on delivery of goods and services to the public

My opinion is not modified in respect of this matter.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above, provide the basis for my audit opinion on the accompanying financial statements.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has indicated that the issues have remained unresolved as Parliament has not met to deliberate on the same.

Other Information

The Management is responsible for the other information set out on page ii to xxxiv which comprise of Key EPZA Information and Management, The Board of Directors, Key management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives. Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority 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. In my opinion, except for the matter described below, I confirm that the other information is not materially inconsistent with the financial statements.

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 matter discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Delayed Projects Implementation

Review of projects implementation records revealed that ten (10) projects with a contract sum of Kshs.4,010,549,731 were behind schedule in their implementation.

In the circumstances, value for money on delayed projects could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of its services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's 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 for 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 IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I 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

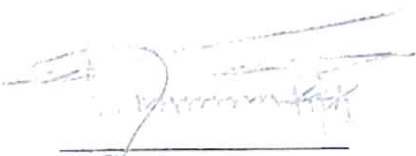
27 December, 2024

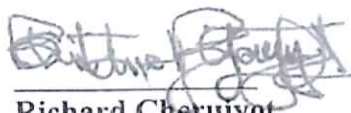
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023-2024 Kshs	2022-2023 Kshs
Revenues			
Revenue from non-exchange transactions	6a	242,575,812	152,166,715
Revenue from exchange transactions	6b	498,943,163	476,782,283
Total revenue		741,518,976	628,948,997
Expenses			
Use of Goods and Services	11	215,526,197	177,551,220
Employee costs	7	388,086,516	350,252,419
Remuneration of Board	8	26,315,858	21,121,963
Repair and Maintenance	9	13,625,905	8,948,559
Depreciation	12	37,090,189	34,398,427
Contracted Services	10	18,022,340	17,976,560
Operating Expenses		698,667,006	610,249,148
Operating Surplus (Deficit)		42,851,970	18,699,849
Other Items			
Foreign Exchange Loss/(Gain)	13	-	10,389,476
Sub Total		-	10,389,476
Surplus (Deficit) for the Period		42,851,970	29,089,324
Remission to National Treasury		38,566,773	26,180,392
Net Surplus for the year		4,285,197	2,908,932

The notes set out on pages 7 to 26 form an integral part of the Financial Statements. The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


Richard Omelu
 Chief Executive Officer


Denis Kinyua
 GM. Finance, HR & Admin
 ICPAK M/No.12041


Richard Cheruiyot
 Board Chairman

20/9/2024
 Date:

20/9/2024
 Date:


20/9/2024
 Date:

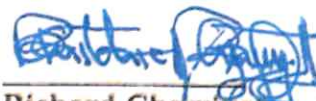
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

		2023-2024 Kshs	2022-2023 Kshs
ASSETS			
Current Assets			
Cash and Cash Equivalents	14	1,007,814,821	459,763,822
Trade Receivables and Other Receivables	15	924,363,457	858,999,000
Inventories	16	4,796,512	4,840,101
Sub Total		1,936,974,790	1,323,602,923
Non-current assets			
Property, plant and equipment	24	13,925,302,648	13,266,894,036
Biological assets	17	150,122,342	150,122,342
Sub Total		14,075,424,990	13,417,016,378
TOTAL ASSETS		16,012,399,779	14,740,619,301
LIABILITIES			
Current liabilities			
Trade and Other Payables	18	306,661,744	252,528,657
Unearned Rental Income	18	360,778,172	334,239,820
Current Provisions	18	-	9,712,805
Sub Total		667,439,917	596,481,282
Non-current liabilities			
Deposits and Bill payable	19	898,821,528	934,935,766
Differed Income	20	7,430,000,778	6,235,916,665
Sub Total		8,328,822,306	7,170,852,431
TOTAL LIABILITIES		8,996,262,222	7,767,333,714
NET ASSETS		7,016,137,557	6,973,285,587
Reserves			
Revaluation Reserves	21	6,728,206,312	6,728,206,312
Accumulated surplus	21	287,931,245	245,079,275
TOTAL NET ASSETS & LIABILITIES		7,016,137,557	6,973,285,587

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


Richard Omelu
Chief Executive Officer


Denis Kinyua
GM. Finance, HR & Admin
ICPAK M/No.12041


Richard Cheruiyot
Board Chairman

20/9/2024
Date:

20/9/2024
Date:

20/9/2024
Date:

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Revaluation Reserves Kshs	Accumulated Surpluses Kshs	Total Kshs
Balance as at July 1, 2022 (a)		6,728,206,312	215,989,951	6,944,196,264
Surplus for the period	21	-	29,089,324	29,089,324
Restatement of accumulated surplus		-	-	-
Transfers to accumulated surplus (b)	21	-	29,089,324	29,089,324
Balance as at 30 June 2023 (a+b)		6,728,206,312	245,079,275	6,973,285,587
Balance as at July 1, 2023 (a)		6,728,206,312	245,079,275	6,973,285,587
Surplus for the period	21	-	42,851,970	42,851,970
Transfers to accumulated surplus (b)	21	-	42,851,970	42,851,970
Balance as at 30 June 2024 (a+b)		6,728,206,312	287,931,245	7,016,137,557

17. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023-2024 Shs	2022-2023 Shs
A			
Cash flows from operating activities			
Receipts			
Application Fees	6a	2,378,298	2,751,803
Government Recurrent Grants	6a	153,716,666	84,140,000
License Fees	6a	86,480,849	65,274,912
Rental Income	6b	384,849,317	380,965,983
Sale of Water (Net of Cost)	6b	62,499,240	76,344,467
Other Incomes	6b	51,594,607	19,471,832
Total Cash flows from operating activities		741,518,976	628,948,997
Payments	7,8,9,10,11		
Compensation of Employees		388,086,516	350,252,419
Goods and Services		310,580,490	225,598,302
Total Cash outflows from operating activities		698,667,006	575,850,721
Changes in Working Capital Adjustments			
Trade Receivables & other receivables	15	(65,364,457)	(158,596,362)
Inventories	16	43,589	(1,600,103)
Trade & other Payables	18	81,018,407	13,040,879
Total Working Capital Adjustments		15,697,539	(147,155,586)
Net Cash Flows from Operating activities		58,549,509	(94,057,310)
B			
Cash flows from Investing activities			
Purchase of Property, Plant Equipment & Intangible Assets	24	(695,498,510)	(277,561,895)
Taxes Paid			
Total Cash outflows from Investing activities		(695,498,510)	(277,561,895)
C			
Cash flows from financing activities			
Development Grant Received	22	1,085,000,000	102,500,000
County Government Grant Received		100,000,000	100,000,000
Total Cash flows from financing activities		1,185,000,000	202,500,000
Net (decrease)/increase in cash and cash equivalents		548,050,999	(169,119,205)
Cash and cash equivalents at start of the Year		459,763,822	628,883,027
Cash and cash equivalents at end of Year	14	1,007,814,821	459,763,822

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024						
ITEMS	Original Budget	Adjustments	Final Budget	Actual amount	Performance difference	% Variance of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue	A	B	C = A+B	D	E=D-C	F=D/C
Application Fees	2,500,000	-	2,500,000	2,378,298	(121,702)	95%
Licence Fees	62,000,000	-	62,000,000	86,480,849	24,480,849	139%
Rental Income	326,964,395	-	326,964,395	384,849,317	57,884,922	118%
Water sales	81,510,605	-	81,510,605	62,499,240	(19,011,365)	77%
Other Incomes	42,025,000	-	42,025,000	51,594,607	9,569,607	123%
Government grant (Recurrent)	169,460,000	-	169,460,000	153,716,666	(15,743,334)	91%
Total income	684,460,000		684,460,000	741,518,976	57,058,976	108%
Expenses						
Use of Goods and Service	214,079,040	-	214,079,040	233,548,538	(19,469,498)	-9%
Employee Costs	389,740,960	-	389,740,960	388,086,516	1,654,444	0%
Remuneration of Directors	27,000,000	-	27,000,000	26,315,858	684,142	3%
Repairs and Maintenance	15,060,000	-	15,060,000	13,625,905	1,434,095	10%
Depreciation	38,580,000	-	38,580,000	37,090,189	1,489,811	4%
Total Operating Expenditure	684,460,000		684,460,000	698,667,006	(14,207,006)	-2%
Foreign Exchange Gain(Loss)	-		-	-	-	
Total Expenditure	-		-	698,667,006	(698,667,006)	0%
Surplus/ (Deficit) for the Period	-		-	42,851,970		
Capital Expenditure(GOK)	6,080,000,000		5,110,000,000	1,085,000,000	-	21%



Budget Notes

- a. The Authority Managed to generate Kshs. 628.95 million against the revenue target of Kshs. 564.46 million surpassing the target by 11% equivalent to 64.49 million.
- b. The Licenses fees revenue item increased and surpassed the target by 39% due to the renewal of more licences by investors who had scaled down operations in the previous year
- c. The revenue generated exceeded the budgeted amount as a result of increase in rental income in the FY 2023/2024 due to uptake of the completed industrial shades and investors who scaled down operations resumed.
- d. The water sales revenue was below the target by 23% due to the inadequate availability of water for the investors and low volumes of water supply from Nairobi Water Company
- e. The Capital budget was allocated Kshs. 5,110,000,000 and only kshs. 1,085,000,000 was disbursed to the Authority resulting in the huge variance. The non-disbursement of exchequer as resulted in carryovers of Kshs 4.025 billion from FY 2023/24.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Export Processing Zones Authority (EPZA) is established by and derives its authority and accountability from EPZ Act. The EPZ Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The EPZA’s principal activity is the promotion and facilitation of export-oriented investments and the development of an enabling environment for such investments as stipulated in the EPZ Act Cap 517.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the EPZA.

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

3. Adoption of New and Revised Standards

- (i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

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 cashflows 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>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>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:</p> <p>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</p>

Standard	Effective date and impact:
	discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</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>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</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>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

(ii) Early adoption of standards

The entity did not early-adopt any new or amended standards in year ended June 2024.

NOTES TO THE FINANCIAL STATEMENTS

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from Non-Exchange Transactions

Fees

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

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

ii. Revenue from Exchange Transactions

Rendering of Services

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the incurred are recoverable.

Sale of Goods

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Budget information

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 under section XV of these financial statements.

c) Taxes

Current income tax

d) The **Authority** is Zero rated in its tax status. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

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

d) Property, Plant and Equipment (PPE)

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

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

e) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any

incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

f) Intangible assets

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

g) 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 Authority.

h) Provisions

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

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) Contingent liabilities

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

j) Contingent assets

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

k) Nature and Purpose of Reserves

The Authority creates and maintains reserves in terms of specific requirements. Surplus made during the year is credited to the accumulated surplus reserve while deficit is debited to the accumulated reserve at the end of financial year.

l) Changes in Accounting Policies and Estimates

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

m) Employee benefits Retirement Benefit Plans

The Authority operates defined contribution retirement benefit scheme for its employees while employees who are on contract qualify for gratuity upon end of the contract. The Authority and all its employees also contribute to the appropriate national Social Security Fund, which are defined contribution schemes.

A defined contribution plan is a pension plan under which the Authority pays fixed contributions into a separate entity. The Authority has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Authority pays contributions to publicly or privately administered plans on a mandatory, contractual or voluntary basis. The Authority has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

n) Foreign Currency Transactions

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

o) Related Parties

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

p) 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 at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

q) Comparative Figures

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

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, 2024.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the EPZA'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 EPZA based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future

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 EPZA. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

REVENUE		2023-2024	2022-2023
		Kshs	Kshs
6a)	Revenue from Non-Exchange Transactions		
	Application Fees	2,378,298	2,751,803
	Licenses fees	86,480,849	65,274,912
	Recurrent Grant (Gok)		
	Unconditional Grant		
	State department of Investment	153,716,666	84,140,000
	Sub Total	242,575,812	152,166,715
6b)	Revenue from Exchange Transactions		
	Water Sales	62,499,240	76,344,467
	Rental Income	384,849,317	380,965,983
	Interest from-On-Call Deposit	11,395,789	6,762,751
	Other Incomes	40,198,818	12,709,081
		498,943,163	476,782,283
	Total	741,518,976	628,948,997
7	EMPLOYEE COSTS		
		2023-2024	2022-2023
		Kshs	Kshs
	Basic Salaries and Wages	175,334,778	159,329,111
	Personnel Allowances	130,233,084	119,690,113
	Medical Benefit	40,392,366	36,173,342
	Social Contributions	42,126,288	35,059,853
	Total	388,086,516	350,252,419
8	BOARD EXPENSES		
		2023-2024	2022-2023
		Kshs	Kshs
	Directors Emoluments	11,522,477	7,356,746
	Chairman Honoraria	1,037,000	1,218,000
	Boards Committees Expenses, Conferences and Seminars	13,756,381	12,547,216
	Total	26,315,858	21,121,963
9	REPAIR AND MAINTENANCE		
		2023-2024	2022-2023
		Kshs	Kshs
	Repairs and Maintenance		
	Property	4,724,094	1,904,546
	Equipment	2,831,218	1,188,440
	Vehicles	4,818,773	5,855,573
	Other	1,251,820	-
	Sub Total	13,625,905	8,948,559

Export Processing Zones Authority
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For the year ended June 30, 2024

10	CONTRACTED SERVICES		
	Contracted Professional Services	4,800	
	Contracted Technical Services	-	
	Consultancy Fee	293,975	315,000
	Contracted Guards	15,723,565	15,707,905
	Audit fee	2,000,000	1,953,655
	Total	18,022,340	17,976,560
11	USE OF GOODS AND SERVICES	2023-2024	2022-2023
		Kshs	Kshs
	Goods Utilities Supplies & Services	6,701,071	7,061,712
	Investment Promotion	30,692,325	19,153,736
	Communication Supplies & Services	3,421,190	4,055,863
	Domestic Travel & Other Transport Costs	21,379,045	18,653,375
	Printing Advert Info Supply & Service	3,226,958	5,923,288
	Rental of Produced Assets	5,639,383	9,514,539
	Training	11,007,808	4,167,542
	Hospitality Supplies and Services	7,797,673	7,174,810
	Insurance Costs excluding medical	6,677,327	6,090,453
	Specialized Materials and Supplies	18,110,116	8,355,382
	Fuel Oil & Lubricants	8,116,615	7,395,016
	Office General Supplies	5,557,936	4,910,215
	Legal fees	63,256,162	61,300,710
	Other Operating Expenses	23,942,589	13,794,577
	Total	215,526,197	177,551,220
12	DEPRECIATION	2023-2024	2022-2023
		Kshs	Kshs
	Buildings	8,359,583	8,359,583
	Computers and Printers	4,632,439	4,653,439
	Infrastructure	8,857,551	8,857,551
	Motor Vehicles & Other Moveable Equipment	9,730,358	7,297,768
	Office Equipment	3,005,862	3,005,862
	Office Furniture	2,504,396	2,224,223
	Total	37,090,189	34,398,427
13	FOREIGN EXCHANGE TRANSACTIONS	2023-2024	2022-2023
		Kshs	Kshs
	Gain on Foreign Exchange Transactions	-	10,389,476
		-	10,389,476
14	CASH AND CASH EQUIVALENTS	2023-2024	2022-2023
		Kshs	Kshs
	Current Account	706,559,697	338,850,371
	Others (Cash-in-Hand)	176,125	121,647
	Others (Accrued Interest)	1,765,914	1,765,914
	On-Call Deposits	240,000,000	50,000,000
	Staff Mortgage	59,313,084	59,313,084
	Employee Benefit Obligations (gratuity)	-	9,712,805
	Total	1,007,814,821	459,763,822

Export Processing Zones Authority
Annual Reports and Financial Statements
For the year ended June 30, 2024

a)	Detailed Analysis of the Cash and Cash Equivalents		
	Current Accounts		
	NBK-Hill Branch (01001031540800)	34,681,899	18,367,307
	NBK-Kitengela Water Deposit (010010315408010)	5,412,718	4,587,700
	NBK-Government Dev Grants-Kitengela (01001089587000)	501,014,620	105,863,122
	NBK-Sinking Fund Account-Kitengela (01001024633300)	8,257,787	8,257,787
	KCB Bank - Moi Avenue (1101641797)	107,232,190	123,758,276
	KCB Bank - Kitengela (1102736953)	1,051,443	37,655,238
	KCB Bank - Kitengela (1102737380)	48,909,040	40,360,869
	Sub- Total	706,559,697	338,850,371
b)	Cash in hand		
	Petty Cash - Athi River Head Office	43,074	36,119
	Petty Cash - Mombasa Office	98,559	51,036
	Petty Cash-Kisumu Office	34,492	34,492
	Sub- total	176,125	121,647
c)	On-Call Deposits		
	Kenya Commercial Bank	40,000,000	50,000,000
	Accrued Interest - NBK/KCB	1,765,914	1,765,914
	NBK (county transfer)	200,000,000	
	Sub-Total	241,765,914	51,765,914
d)	Staff Mortgage		
	Housing Finance Group (SD-200-0081210)	59,313,084	59,313,084
	Sub- total	59,313,084	59,313,084
e)	Staff Gratuity		
	Employee Benefit Obligations (gratuity)		9,712,805
	Sub- total		9,712,805
	Grand Total	1,007,814,821	459,763,822
15	TRADE AND OTHER RECEIVABLES		
		2023-2024	2022-2023
		Kshs	Kshs
a	Trade Receivables		
	Trade receivables	1,099,070,702	1,031,994,679
	Less: Impairment Allowance/Provisions	(225,722,542)	(225,722,542)
	Total Trade Receivables	873,348,160	806,272,137
b	Other Receivables		
	Staff debtors Imprest	3,072,640	2,754,212
	Staff debtors (medical)	427,700	427,700
	Staff debtors (Advances)	9,258,849	9,253,849
	Other Debtors	30,502,676	29,998,404
	Prepayments/Differed Expenses	7,753,431	10,292,697
	Total Other Receivables	51,015,297	52,726,863
	Total	924,363,457	858,999,000

16	INVENTORIES	2023-2024	2022-2023
		Kshs	Kshs
	Inventory - Water items	321,632	368,680
	Stationary	23,524	18,686
	Electrical Computer & Fire Accessories	4,451,356	4,452,735
	Total inventories	4,796,512	4,840,101
17	BIOLOGICAL ASSESTS	2023-2024	2022-2023
		Kshs	Kshs
	Cost at the start of the year.	150,122,342	150,122,342
	Additions during the year	-	-
	Total Biological assets	150,122,342	150,122,342
18	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	2023-2024	2022-2023
		Kshs	Kshs
	Trade Creditors	29,838,424	30,405,697
	Accruals	87,730,567	74,891,658
	Sundry creditors	44,138,485	40,913,301
	Retention Money (Contractors)	144,954,269	106,318,001
	sub-Total	306,661,744	252,528,657
	Unearned Income	360,778,172	334,239,820
	Total Trade Payables and Other Payables	667,439,917	586,768,477
18(B)	CURRENT PROVISIONS		
	Employee Benefit Obligations (gratuity)		9,712,805
	Sub Total		9,712,805
	Total	667,439,917	596,481,282
19	DEPOSITS AND BILLS PAYABLE		
19(a)	Refundable Customer Deposits	2023-2024	2022-2023
		Kshs	Kshs
	Rent Deposits	109,752,984	146,099,083
	Water Deposits	95,243,894	95,012,034
	Sewer Deposits	14,332,351	14,332,351
	Total deposits	219,329,230	255,443,468
19(b)	BILLS PAYABLE		
	Pending Bills - CETP	679,492,298	679,492,298
	Sub Total	679,492,298	679,492,298
	Total	898,821,528	934,935,766

20	DEFERRRED INCOME	2023-2024	2022-2023
		Kshs	Ks
	At start of the Year	6,235,916,665	6,033,416,665
	Development Grant Received	1,085,000,001	102,500,000
	County Governments' Grant Received	100,000,000	100,000,000
	Institutional Development Fund	9,084,112.24	-
	As at end of Year	7,430,000,778	6,235,916,665

21	RESERVES		
21a	Revaluation Reserves	2023-2024	2022-2023
		Kshs	Kshs
	Revaluation Reserves	6,728,206,312	6,728,206,312
	Accumulated Reserves at start of the Year	245,079,275	215,989,951
	Surplus remittance to treasury	-	-
	Current Year Deficit	42,851,970	29,089,324
	Adjustments for prior-Year items	-	-
21b	Accumulated Reserves at end of the Year	287,931,245	245,079,275
	Total Reserves	7,016,137,558	6,973,285,588

22 TRANSACTIONS WITH RELATED PARTIES

Nature of Related Party Relationships

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

EPZA's other related parties include:

- i) The National Government;
- ii) The Ministry of Investment, Trade and Industry (Parent Ministry);
- iii) County Governments;
- iv) Key Management;
- v) Board of Directors.

22a	Key Management Compensation	2023-2024	2022-2023
		Kshs	Kshs
	(i) Management Compensation (Salaries & Short-term Benefits)		
	Compensation to Key Management	98,557,259	89,391,561
	Sub Total Management compensation	98,557,259	89,391,561
	ii) Directors' remuneration		
	Board Allowances	11,522,477	7,356,746
	Chairman Honoraria	1,037,000	1,218,000
	Boards Committees Conferences and Seminars	13,756,381	12,547,216
	Sub-Total	26,315,858	21,121,963
	Total	124,873,117	110,513,524

22b(i)	Transfers from Departments of Industrialization		
		2023-2024	2022-2023
	i) Development Grant	Kshs	Kshs
	Quarter 1	-	-
	Quarter 2	-	102,500,000
	Quarter 3	490,000,001	-
	Quarter 4	595,000,000	-
	Sub-Total	1,085,000,001	102,500,000
	ii) County Governments' Grant	100,000,000	100,000,000
	Sub-Total	100,000,000	100,000,000
22b(ii)	iii) Recurrent Grant		
	Quarter 1	16,114,999	22,365,000
	Quarter 2	10,743,333	22,365,000
	Quarter 3	121,486,667	22,365,000
	Quarter 4	5,371,667	17,045,000
	Sub -Total	153,716,666	84,140,000
	Total Grant Received	1,338,716,667	286,640,000
23	Contingent Liabilities		
		2023-2024	2022-2023
		Kshs	Kshs
	Court cases against the EPZA	949,032,300	949,032,300
	Total	949,032,300	949,032,300

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24(a)

Export Processing Zones Authority
Schedule Of Property, Plant & Equipment
2023-2024 Financial Year

	Land	Buildings & Fixtures	Infrastructure	Motor Vehicles	Furniture	Computers	Office Equipment	Work-In-Progress	Total
Cost	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000
At 1 July 2022	5,455,260	864,454	1,775,444	83,703	30,113	61,560	67,200	4,259,287	12,597,022
Additions		-		25,043		5,965		304,037	335,045
Adjustment								679,492	679,492
Transfer	-	1,892,218	1,544,541		-	-	12,877	(3,449,636)	-
At 30 June 2023	5,455,260	2,756,672	3,319,985	108,746	30,113	67,525	80,077	1,793,180	13,611,559
Cost									
At 1 July 2023	5,455,260	2,756,672	3,319,985	108,746	30,113	67,525	80,077	1,793,180	13,611,559
Additions	-	26,101	39,284	(0)	280	8,647	41,835	579,352	695,499
Adjustment									
Transfer									
At 30 June 2024	5,455,260	2,782,773	3,359,269	108,746	30,393	76,172	121,912	2,372,532	14,307,057
Depreciation and impairment									
At 1 July 2022	-	74,286	85,245	69,565	16,063	46,616	18,490	-	310,265
Depreciation charge for the year	-	8,360	8,858	7,298	2,224	4,653	3,006	-	36,384
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2023	-	82,645	94,103	76,863	18,287	51,270	21,496	-	347,098
Depreciation and impairment									
At 1 July 2023	-	82,645	94,103	76,863	18,287	51,270	21,496	-	347,098
Depreciation charge for the year	-	8,360	8,858	9,730	2,504	4,632	3,006	-	37,090
Impairment	-	-	-	-	-	-	-	-	-
Adjustment									
At 30 June 2024	-	91,005	102,960	86,593	20,791	55,902	24,502	-	384,188
Net book values									
At 30 June 2024	5,455,260	2,691,768	3,256,309	22,153	9,602	20,270	97,410	2,372,532	13,925,302
At 30 June 2023	5,455,260	2,674,026	3,225,882	31,883	11,826	16,256	58,581	1,793,180	13,266,894

24 (b) OTHER FINANCIAL DISCLOSURES ON AUTHORITY'S ASSETS

1. Boreholes

In 2007, the then Ministry of Water and Irrigation sunk two boreholes on EPZA land, one at a parcel of land no: Kajiado/North Kaputiei 13552 and the other parcel of land no: Kajiado/North Kaputiei/70. The boreholes were handed over to EPZA to run and operate though no formal documentation was given. However, the boreholes are no longer viable and the Authority is not drawing any economic benefits from these boreholes. In addition, their values have not been recognized/measured and not included in the Authority's Financial Statements.

2. Land

Included in the property Plant & Equipment (PP&E) balance as at 30th June, 2024 are parcels of land without ownership documents. Two that are valued at Kshs. 2,250,000 were acquired in July 1991 where the third was acquired in the FY 2015/2016. The parcels of land were acquired legally through Gazette Notice Nos.2802 and 2803 of July, 1991. In the process of obtaining ownership, third parties claimed ownership and obtained title deeds for the parcels. The matter is in court and the Authority has submitted all supporting documents in relation to its claim over the land.

3. A salary advances of Kshs. 7,709,867 and an imprest amount of Kshs. 980,919 was paid to the former Chief Executive Officer of the corporation without Board approval

The former CEO's contract with the Authority was terminated and ordered to pay the Authority all outstanding monies and the case was forwarded to Ethics and Anti-Corruption Commission (EACC). The EACC completed investigation and the matter was referred to the Office of the Director of Public Prosecution (ODPP) and criminal prosecution of the related cases commenced. The Authority is currently awaiting direction from the Anti-Corruption Court, Nairobi. Meanwhile, the Authority on the advice of the Inspectorate of State Corporations has also engaged the services of a Debt Collector to trace and recover the monies.

4. Foreign Exchange Gain

Sixty percent (60%) of the budget A-in-A is denominated in US dollars. The foreign exchange market has recently experienced some volatility largely due to the witnessed shortage and significant strengthening of the US dollar in the global markets.

According to Central Bank Indicative Exchange Rates, the Kenyan shilling has slumped to its lowest levels in the past two years as the shilling was selling at 129.5228 against the US dollar on 30th June, 2024. Any appreciation / depreciation of the reporting currency (KSHS) will affect the cash flows emanating from those transactions because the Authority uses the Central Bank of Kenya (CBK) daily mean rate for conversation of the foreign currency transactions. This has been adjusted to reflect the fair value of these debts.

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25	Contingent Liabilities		
		2023-2024	2022-2023
		Kshs	Kshs
	Court cases against the EPZA	921,621,456	921,621,456
	Total	921,621,456	921,621,456

26. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity Sending the Grant	Amount Recognized to Statement of Comprehensive Income	Amount Deferred Under Deferred Income	Amount Recognized in Capital Fund.	Total Grant Income During the Year	30-Jun-24
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Industry, Trade and Cooperatives	153,716,666.34	-	1,085,000,001	1,238,716,667.34	1,238,716,667.34
County of Uasin Gishu	-	-	100,000,000	100,000,000	100,000,000
Total	153,716,666.34	-	1,185,000,001	1,338,716,667.34	1,338,716,667.34

27. FINANCIAL RISK MANAGEMENT

The EPZA's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Authority does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Authority's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

(ii) Liquidity risk management

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Authority's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the Authority's exposure to market risks or the manner in which it manages and measures the risk.

a) foreign currency risk

The Authority has transactional currency exposures. Such exposure arises through rendering of services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of receipt is done using the prevailing exchange rate.

The Authority manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

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

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

Sensitivity analysis

The Authority analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

28. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Description	2023-2024	2022-2023
	Kshs	Kshs
Court cases against the EPZA Total	921,621,456	921,621,456
	921,621,456	921,621,456

29. CAPITAL COMMITMENTS

Description	2023-2024	2022-2023
	Kshs	Kshs
Authorized and committed	5,118,000,000	5,880,000,000
Total	5,118,000,000	5,880,000,000

30. SURPLUS REMISSION

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Provisional draft Annual Financial Statement indicate that EPZA made a surplus of Kshs 42,851,970. The Authority will remit 90% of Kshs. 42,851,970 to the Consolidated Fund.

The Surplus Remission has been computed as follows:

	2023-2024	2022-2023
	Kshs.	Kshs.
Surplus for the period	42,851,970	29,089,324
90% Computation (Included in Statement of Financial Performance)	38,566,773	26,180,392

Surplus Remission Payable

	2023-2024	2022-2023
	Kshs.	Kshs.
Payable at the beginning of the year	-	-
Paid during the year	-	-
Payable at end of the year	38,566,773	26,180,392

31. EVENTS AFTER THE REPORTING PERIOD

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

32. ULTIMATE AND HOLDING ENTITY

The Export Processing Zones Authority is a State Corporation under the Ministry of Investments, Trade and Industry, State department for Investment Promotion. Its ultimate parent is the Government of Kenya.

33. CURRENCY

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

20. APPENDICES

**APPENDIX I: IMPLEMENTATION STATUS OF AUDITOR-GENERAL
RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	(i) Land as previously reported included in property, plant and equipment balance of Kshs. 11,945,670,389 as at 30 June 2020 are two parcels of land Ref .LR. No. Olooloitikoshi/ Kitengela/61 and 70, measuring 2 hectares and valued at Kshs 2,250,000. Although the parcels of land were acquired and gazetted through Gazette notice Nos.2802 and 2803 of 5 July 1991, the Authority had processed and obtained ownership documents as at 30, June 2020	(i) The Authority is in the process of obtaining ownership documents for LR. No. Olooloitikoshi/ Kitengela/61 measuring approx. 1 hectare. The land was surveyed and beacons placed on the ground with the concurrence of the owner. The Authority is currently following up with the owner to formally transfer the land to EPZA. (ii) On the issue of ownership of LR. No. Olooloitikoshi/Kitengela/70 the matter is in court and the Authority is awaiting a Court's decision. As of now, the Authority has to wait for the outcome of the court case.	Not Resolved	On going

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	(ii) Land L.R 337/2917 measuring 0.08Ha at purchase cost of Ksh 6,500,000 in 2015/2016. The Authority had not processed and obtained ownership documents as at 30 June 2020	Through a court order on 8/6/2017, the Authority obtained original title deed and original deed. The Owner passed on and a succession case is ongoing in court. Authority is following the transfer through court process.	CEO and Corporate Secretary	Not Resolved	Ongoing
	(iii) The Authority had not valued its assets for the last (8) years.	Through National Land commission the Authority has completed valuation of its assets	CEO and GM- Commercial & Technical Services	Partly Resolved	Ongoing
	(iv) Boreholes in 2007, the then Ministry of Water and Irrigation developed two (2) boreholes on EPZA land, one at the disputed parcel	i) The Authority is currently liaising with the Ministry of Environment, Water and	CEO and GM- Commercial & Technical Services.	Not Resolved	On going

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	<p>of land next to PCEA Church Kitengela Township and the other next to the EPZA police post. The management has indicated that ownership of boreholes was handed over to the Authority without formal documentation and that the boreholes have been tested and confirmed to be economically viable. However, no evidence has been provided for audit review to confirm that the two boreholes have been valued and recognized as the assets of the Authority. In the circumstances it has not been possible to confirm that the Property, Plant and Equipment balance of Kshs. 9,476,115,000 as at 30 June 2016 is fairly stated.</p>	<p>Natural Resources who dug and equipped the borehole at the elevated water tank to have the bore-hole's asset formally transferred to EPZA. Attached please find the relevant correspondence . ii) The Borehole next to EPZA police post is situated on EPZA land and ownership is further supported by implied and adverse possession over the years.</p>			
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Richard Omelu

Richard Omelu
 Chief Executive Officer

Date *20/09/2024*

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APPENDIX II: PROJECTS IMPLEMENTED BY THE AUTHORITY

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Development of Athi River Textile Hub	1177100200	N/A			No	Yes
Railway Siding and Related Infrastructure	1177100202	N/A			No	Yes
Construction of Investor Sheds	1177100203	N/A			No	Yes
Construction of an Effluent Treatment Plant- Kenanie	1177100204	N/A			No	Yes
Flagship Export Processing Zone Hubs (6No. hubs)	1177100600	N/A			No	Yes

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Development of Athi River Textile Hub	3,577,959,448	3,344,007,137	90%			GOK
2	Railway Siding and Related Infrastructure	96,818,400	43,568,280	3%			GOK
3	Construction of Investor Sheds	1,872,695,60	143,740,145	25%			GOK
4	Construction of an Effluent Treatment Plant-Kenanie	1,132,662,117	613,512,235	85%			GOK
5	Flagship Export Processing	5,000,000,000	153,670,734	30%			GOK

APPENDIX III: TRANSFERS FROM OTHER GOVERNMENT ENTITIES



Name of the MDA /Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Investments, Trade & Industry		Recurrent	153,716,667.00	153,716,667.00	-	-	-	-	153,716,667.00
Ministry of Investments, Trade & Industry		Development	1,085,000,001.00	-	1,085,000,001.00	-	-	-	1,085,000,001.00
Total			1,238,716,668.00	153,716,667.00	1,085,000,001.00	-	-	-	1,238,716,668.00

APPENDIX IV: INTER-ENTITY CONFIRMATION LETTER

Name of Transferring entity... Ministry of Investments, Trade & Industry

Name of Beneficiary entity.....Export Processing Zones Authority.....

Confirmation of amounts received by EPZA as at 30 th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
RC173932	29/08/2023	10,743,334.00		10,743,334.00	
RC174071	28/09/2023	5,371,666.00		5,371,666.00	
RC174365	13/12/2023	5,371,667.00		5,371,667.00	
RC174385	28/12/2023	5,371,666.00		5,371,666.00	
RC174858	08/01/2024	105,371,666.00		105,371,666.00	
RC174448	19/01/2024	5,371,667.00		5,371,667.00	
RC174607	14/02/2024	5,371,667.00		5,371,667.00	
RC174768	12/03/2024	5,371,667.00		5,371,667.00	
RC174921	05/06/2024	5,371,667.00		5,371,667.00	
RC174797	15/03/2024		490,000,001.00	490,000,001.00	
RC174991	15/04/2024		300,000,000.00	300,000,000.00	
RC174992	15/04/2024		295,000,000.00	295,000,000.00	
		153,716,667.00	1,085,000,001.00	1,238,716,668.00	

<p>Name: ESTHER Date: 20/9/2024</p>	
<p>Name: Charles Koech Date: 20/9/2024</p>	

APPENDIX V: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

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APPENDIX VI: REPORTING ON DISASTER MANAGEMENT EXPENDITURE

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh s.)	Comments
CSR		Floods	To support victims displaced by flood	Supply of Mattresses	175,000	



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