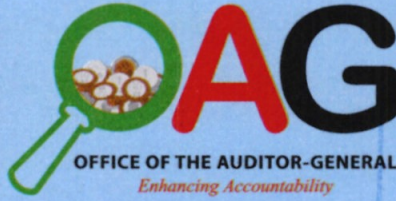


REPUBLIC OF KENYA



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REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 12 FEB 2026 DAY: Thursday

FILED BY: Hon. George Mung'ara, MP
On behalf of Hon. Clerk-at-the-Table

ON Kanda Tibe

**CAPACITY DEVELOPMENT PROJECT FOR
ENHANCEMENT OF RICE PRODUCTION IN
IRRIGATION SCHEME IN KENYA (CADPERP)
GRANT NO.1161001009**

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

STATE DEPARTMENT FOR AGRICULTURE

Revised 30th June 2025



**PROJECT NAME: CAPACITY DEVELOPMENT PROJECT FOR ENHANCEMENT OF RICE
PRODUCTION IN IRRIGATION SCHEMES IN KENYA (CADPERP 2)**

**IMPLEMENTING ENTITY: MINISTRY OF AGRICULTURE AND LIVESTOCK
DEVELOPMENT, STATE DEPARTMENT FOR AGRICULTURE**

PROJECT GRANT/CREDIT NUMBER: 1161001009

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

CaDPERP 2

Annual Report and Financial Statements for the financial year ended June 30, 2025

CaDPERP 2

Annual Report and Financial Statements for the financial year ended June 30, 2025

TABLE OF CONTENTS

1.	Acronyms and Glossary of Terms.....	ii
2.	Project Information and overall Performance.....	iii
3.	Statement of Performance against Project's predetermined objectives.....	ix
4.	Environmental and Sustainability Reporting.....	xi
5.	Statement of Project Management Responsibilities.....	xiii
6.	Report of the Independent Auditor on Financial Statements for CaDPERP Project.....	xv
11.	Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 th June 2025.....	5
13.	Annexes.....	31

CaDPERP 2 Project
Annual Report and Financial Statements for the year ended June 30, 2025

1. Acronyms and Glossary of Terms

AIRS	Ahero Irrigation Research Station
CaDPERP 2	Capacity Development Project for Enhancement of Rice Production in Irrigation Schemes in Kenya
CBK	Central Bank of Kenya
CT	County Treasury
Comparative FY	Financial Year Preceding the current financial year
FY	Financial Year
GoK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
KALRO	Kenya Agricultural and Livestock Research Organization
KCB	Kenya Commercial Bank
MSc	Master of Science
NIA	National Irrigation Authority
NT	National Treasury
PFM	Public Finance Management.
PhD	Doctor of Philosophy
PSASB	Public Sector Accounting Standards Board
WB	World Bank

CaDPERP 2

Annual Report and Financial Statements for the financial year ended June 30, 2025

2. Project Information and overall Performance

2.1 Name and registered office

Name

The project's official name is Capacity Development Project for Enhancement of Rice Production in Irrigation Schemes in Kenya (CaDPERP 2)

Objective

Domestic distribution of paddy produced in and around the target irrigation schemes is increased through enhancement of production and productivity of paddy and strengthening the domestic value chain.

Address

The project headquarters offices are at MIAD centre, KANDONG'U, Kirinyaga County, Kenya.

The address of its registered office is: P.O. BOX 477-10303, WANG'URU

The project also has offices/branches at National Irrigation Authority (NIA) offices at AHERO-NIA Premises

Contacts: The following are the project contacts

P.O Box 477, Wanguru

Telephone: (254) 795877257

E-mail: cadperp2@gmail.com

Project Information and Overall Performance (Continued)

2.2 Project Information

Project Start Date:	30/07/2024
Project End Date:	31/12/2028
Project Coordinator:	Dr. Wilson A. Oyange, PhD
Project Sponsor:	The Government of Kenya and the Government of Japan (JICA)

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the Ministry of Agriculture and Livestock Development, State Department for Agriculture
Project number	1161001009
Strategic goals of the project	The strategic goals of the project are as follows: (i) Robust market linkages among target value chain actors. (ii) Enhancement of productivity and quality rice.
Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following: (i) Develop, strengthen and maintain trading linkages among key actors (ii) Verify new varieties for Market demand and climate in target schemes (iii) Disseminate Customized techniques through core farmer approach. (iv) Improve human and institutional capacity on water management in target irrigation schemes.
Other important background information of the project	The project is a technical cooperation between the Government of Kenya and the Government of Japan (JICA). It draws staff from the Ministry of Agriculture and Livestock Development, National Irrigation Authority and the respective county Governments of Kisumu and Kirinyaga
Areas that the project was formed to intervene	Promote market linkages among value chain actors, appropriate rice production technologies, market demand climate resilient varieties and technology transfer.
Project duration	30/07/2024 to 31/12/2028 (4years 6 months)

CaDPERP 2 Project
Annual Report and Financial Statements for the year ended June 30, 2025

Project Information and Overall Performance (Continued)

2.4 Bankers

The following is the banker for the current year:

- (i) KCB –Mwea Branch Account Number 1269770764

2.5 Auditors

The project is audited by the Office of the Auditor General - Anniversary Towers, P.O. Box 30084-00100, NAIROBI

2.6 Roles and Responsibilities

The project is managed by The Project Manager and has presence both in Mwea and Ahero / West Kano Irrigation schemes, which are headed by Unit leaders, responsible for the day to day running of the stations. The Project coordinator works with a team of technical officers hereby referred to as counterparts, technical assistants and administrative staff. The project also has a team of NIPPON consultants who also work in other countries. The core counterpart staff are drawn from the Ministry of Agriculture and Livestock Development (State Department for Agriculture), County governments of Kirinyaga and Kisumu and National Irrigation Authority as listed below;

Names and Employer	Deployment	Qualification	Responsibilities
Dr. Wilson A. Oyange, PhD State Department for Agriculture	Project Manager	PhD-Agronomy MSc (Agronomy) BSc-Agriculture,	Coordinating day to day activities of the project.
Vincent Kipn'getich National Irrigation Authority	Unit Leader-Mwea	MSc. Crop protection	Coordinating the activities of Mwea project site
Daudi Aleri National Irrigation Authority	Unit Leader -Ahero	BSc, Agriculture. Msc agronomy	Coordinating project activities in Ahero Unit
Fiona Moke Agwata State Department for Agriculture	Monitoring and Evaluation/ Marketing	BSc, Agribusiness Management	Monitoring and Evaluation
Dishon Mwaura Kariuki	Driver	Defensive driving	Project Driver-Mwea
Edwin Muriithi	Driver	Defensive driving	Project Driver-Mwea
Patrick Goko	Driver	Defensive driving	Project driver-Ahero

CaDPERP 2 Project
Annual Report and Financial Statements for the year ended June 30, 2025

Moses Ondhoro	Driver	Defensive driving	Project Driver- Ahero
Joseph Tenge National Irrigation Authority	Water management	Diploma- Mechanical Engineering BSc Project Management	Water management - Ahero
Maureen kiriinya	Water management	BSc. Soil, Water & Environmental Engineering	Water management - Mwea
Joseph Maina Kirinyaga County Gvt	Extension and Cultivation	Diploma in Sustainable Agriculture BSc Agriculture	Extension and Cultivation- Mwea
Peter Otieno Aoko Kisumu County Gvt	Extension and cultivations	BSc, Agriculture Education and Extension	Extension and Cultivation – Ahero
Kevin Ochieng	Extension & marketing	BSc Agricultural Economics	Extension & marketing
Melvin Ochieng	Extension & Training	BSc Agribusiness Management	Extension & Training- Ahero
John Mbogo	Extension & Training	Dip. Agriculture	Extension & Dissemination
Stanley Ochieng	Cultivation	Bsc Agriculture	rice cultivation
Simon Anyanga	Rice cultivation	Dip. Agriculture	Rice cultivation
Charity W. Njagi State Department for Agriculture	Stores and procurement	Diploma-Purchase & Supplies Mgt	Procurement and Clerical duties
Vickline Muga	Office Administartor	Diploma in community Development	Office Administrator- Ahero
Bernadette Mnene	Office Administrator	CPA(K), Bsc. Accounting	Office Administration- Mwea

2.7 Funding summary

The Project is for a duration of 4 years 6 months from 2024 to 2028 with an estimated budget of KShs 150,000,000 million as highlighted in the Table below:

Project Information and Overall Performance

Below is the funding summary:

A. Source of funds

Source of funds	Development partner/ Commitment		Amount received to date – (30.06.2025)		Undrawn balance to date	
	<i>Development partner currency JY</i>	<i>KShs</i>	<i>Development Partner currency JY</i>	<i>KShs</i>	<i>Development Partner currency JY</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A)-(B)</i>
(i) Grant						
JICA	121,000,000	110,000,000	19,060,767	17,327,970	101,939,233	92,672,030
(ii) Counterpart funds						
GOK		40,000,000		10,000,000		30,000,000
Total	121,000,000.00	150,000,000.00	19,060,767	26,652,098	101,939,233	122,672,030

Currency conversion rate used; 1ksh = 1.10 JY

PERP 2 Project
Annual Report and Financial Statements for the year ended June 30, 2025

Project Information and Overall Performance (Continued)

B. Application of Funds

Application of funds	Amount received to date (30 th June 2025)		Cumulative Amount paid to date – (30 th June 2025)	Unutilised balance to date (30.06.2025)	
	<i>Development Partner currency JY</i>	<i>Kshs</i>		<i>Kshs</i>	<i>Development Partner currency JY</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
(i) Grant					
JICA	19,060,767	17,327,970	17,327,970	0	0
(i) Loan	0	0	0	0	0
(ii) Counterpart funds					
Government of Kenya		10,000,000	10,000,000	0	0
Total	19,060,767	27,327,970	27,327,970	0	0

1KSH = 1.1 0 JPY

Project Information and Overall Performance (Continued)**2.8 Summary of Overall Project Performance:****i) Budget performance against actual amounts for current year and for cumulative to-date.**

The project received Kshs. 10,000,000.00 and Kshs 17,327,970 from GOK and JICA respectively, against a final budget of Kshs. 30,000,000 for the financial year 2024/2025. During the year under review, the project incurred an expenditure of Kshs 27,327,970.

ii) Physical progress based on outputs, outcomes and impacts since project commencement**iii) Indicate the absorption rate for each year since the commencement of the project.**

In the FY 2024/2025, absorption was 100% and 83% for GoK and JICA funds, respectively.

iv) Implementation challenges and recommended way forward.

	Challenges	Recommendation/Way Forward
1.	Incomplete Irrigation infrastructure in the target Mutithi expansion area	New contractor appointed
2.	Delayed implementation of activities in west Kano arising from lack of irrigation water due to electrical faults	NIA has hastening of repairs to enable project activities take place on time.
3.	Delayed and reduced Counterpart funding	Timely and enhanced disbursement

2.9 Summary of Project Compliance

Compliance level so far rated at more than 85%. All activities carried out were in line with the work plan

3. Statement of Performance against Project's predetermined objectives**Introduction**

The key development objectives of the project's agreement/ plan are to:

- a) Enhance rice market linkages among value chain actors
- b) Identify and promote climate resilient market preferred rice variety.
- c) Disseminate good agronomic rice production practices in target irrigation schemes.
- d) Promote efficient irrigation water use in Mwea and Ahero irrigation schemes..

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes as shown below

Project	Objective	Outcome	Indicator	Performance
CaDPERP 2	Domestic distribution of paddy produced are increased through enhancement of production and strengthening the domestic value chain.	1. The capacity and linkages among rice value chain actors are strengthened through a rice marketing strategy and operation of Value Chain Platform in Ahero and West Kano Irrigation Schemes	A rice marketing strategy for rice value chain is prepared	Rice value chain actors convened in a workshop to deliberate on strategies to develop linkages in the rice value chain
		2. Recommended rice varieties are proposed, based on marketing strategies and agro-ecosystems	Identify suitable varieties with biotic/abiotic stress tolerance based on preference	4 new rice varieties under verification trails to identify suitable variety for customization
		3. Rice cultivation and post-harvest techniques introduced by RiceMAPP and CaDPERP are disseminated in the target areas	TOTs for trained, OFDs/demo plots set	TOT conducted for 45 county extension officers , A training conducted for 67 core farmers in Mwea and Ahero irrigation schemes
		4. Capacity for improved irrigation water use efficiency is developed through water management activities in the target areas.	IWUA farmers trained, gauges fabricated and installed	21 canal gauges installed and calibrated in Ahero and west kano irrigation schemes. 124 IWUA and NIA staff trained on water use efficiency.

CaDPERP 2

Annual Report and Financial Statements for the financial year ended June 30, 2025

4. Environmental and Sustainability Reporting

CaDPERP 2 exists to transform lives. This is the purpose, the driving force behind everything done and is what guides the deliver strategy. Below is a highlight of activities towards sustainability.

1. Sustainability strategy and profile

The project has drawn staff from the National Government, respective county Governments of operation (Kisumu and Kirinyaga,) and works in collaboration with Ahero Irrigation Research Station (AIRS) and Kenya Agricultural and Livestock Research Organization (KALRO)- Kibos and Mwea. Thus, upon exit, the respective institutional will create sustainability. The extension staff from the counties will continue with dissemination while KALRO & Ahero Irrigation Research Station (AIRS) will also continue with research on rice. The Rice Promotion Programme (RIPP) is expected to undertake nationwide dissemination. Other collaborates like NAVCDP are expected to continue strengthening the rice value chain and farmer producer organizations.

2. Environmental performance

The project undertakes capacity building within the existing developed Irrigation Schemes . It has no infrastructural activities, which require environmental impact assessments.

3. Employee welfare

The project has staff redeployed from the Ministry of Agriculture and Livestock Development, National Irrigation Authority and respective County Governments of Kirinyaga and Kisumu and are deployed by the respective Public Service Commission and Authorities, which undertake the appraisals based on the cascaded Accounting officers' performance contract. JICA staff are deployed based on the Technical Cooperation Agreement.

OSHA is key and the project undertakes to ensure safety of all staff at work place through; installation of fire safety equipment and periodic maintenance to ensure safety amongst others.

4. Market place practices-

The organization should outline its efforts to:

a) Responsible competition practice.

Whereas the project is not involved in significant competitive activities, it has put in place anti-corruption captions and corruption feedback boxes

CaDPERP 2 Project

Annual Report and Financial Statements for the year ended June 30, 2025

b) Responsible Supply chain and supplier relations-

The project ensures contraction of procurement and supplies activities are in line with the prudent Financial Management. The project ensures no pending bills and adheres to service charter.

c) Responsible marketing and advertisement-

The project undertakes capacity building of farmers for production and doesn't compete for goods and services. Individual farmers have liberty to sell their produce in the open market.

d) Product stewardship-

The project does not participate in efforts to safeguard consumer rights and interests

e) Community Engagements

The project engaged temporary labour and technical assistant staff drawn from the respective areas of work on its field trial and extension activities

5. Statement of Project Management Responsibilities

The *Principal Secretary, State Department for Agriculture*, in the Ministry of Agriculture and Livestock Development, and the *Project Manager* are responsible for the preparation and presentation of the Project's Financial Statements, which give a true and fair view of the state of affairs of the Project as at the end of the financial year ended June 30, 2025.

This responsibility includes (i) Maintaining adequate financial system and ensuring effectiveness during the reporting period; (ii) Maintaining proper accounting records, to disclose with reasonable accuracy, at any time, the financial position of the project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the project; (v) Selecting and applying appropriate accounting policies; and (v) Making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary, State Department for Agriculture*, in the Ministry of Agriculture and Livestock Development, and the *Project Manager* accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

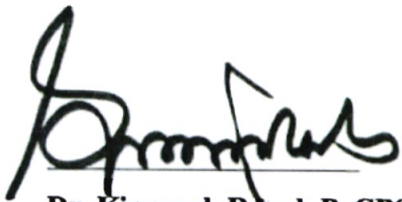
The *Principal Secretary, State Department for Agriculture*, in the Ministry of Agriculture and Livestock Development, and the *Project Manager* for **CaDPERP2**, are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2025, and of the Project's financial position as at that date. The *Principal Secretary* for the Ministry of Agriculture and Livestock Development, State Department for Agriculture and the *Project Manager* for **CaDPERP 2**, further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary, State Department for Agriculture*, Ministry of Agriculture and Livestock Development, and the *Project Manager* for **CaDPERP 2**, confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that the funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and are properly accounted for.

CaDPERP 2 Project
Annual Report and Financial Statements for the year ended June 30, 2025

Approval of the Project financial statements

The Project financial statements were approved by the *Principal Secretary*, State Department for Agriculture, Ministry of Agriculture and Livestock Development, and the *Project Manager* on 25/19 2025 and signed by:



Dr. Kipronoh Ronoh P, CBS
Principal Secretary



Dr. W.A. Oyange, PhD
Project Coordinator

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON CAPACITY DEVELOPMENT PROJECT FOR ENHANCEMENT OF RICE PRODUCTION IN IRRIGATION SCHEME IN KENYA (CADPERP) GRANT NO.1161001009 FOR THE YEAR ENDED 30 JUNE, 2025 – STATE DEPARTMENT FOR AGRICULTURE

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Capacity Development Project for Enhancement of Rice Production in Irrigation Scheme in Kenya (CADPERP) Grant No.1161001009 set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Capacity Development Project for Enhancement of Rice Production in Irrigation Scheme in Kenya (CADPERP) Grant No.1161001009 as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Agreement o Technical Cooperation between the Government of Kenya and the Government of Japan dated 29 April, 2004 and record of discussion between the Government of Japan International Cooperation Agency (JICA) dated 28 August, 2018 and the Government of Kenya (GoK) and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Capacity Development Project for Enhancement of Rice Production in Irrigation Scheme in Kenya (CADPERP) Grant No.1161001009 Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual Amounts for the year ended 30 June, 2025 reflects a final receipts budget of Kshs.34,000,000 and actual on comparable basis of Kshs.27,327,970 resulting to underfunding of Kshs.6,672,030 or about 20% of the Budget. Similarly, the Project spent Kshs.27,327,970 out of the approved expenditure budget of Kshs.34,000,000 leading to under expenditure of Kshs.2,672,030 or 11% of the budget.

The under-utilization will lead to slow implementation casting doubt on timely completion of the project.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page i to xxii which comprise of Project Information and Overall Performance, Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Statement of Project Management Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Other Non-Compliance

Failure to Set Up Steering Committee for Transition from IPSAS Cash to IPSAS Accrual

As at the time of audit in September, 2025 more than three (3) months since the financial year ended, it was noted that the Management had not set up a steering committee to oversee and direct the transition process over three (3) years and appointment of entity project manager from among the serving staff to oversee the transition.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with

the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and Board of Management

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

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

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

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

The Board of Management is responsible for overseeing the Project's, financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities

in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 November, 2025

CaDPERP 2 Project
Annual Report and Financial Statements for the year ended June 30, 2025

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

	Note	2024/2025 FY	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	553	00
Receivables	18	00	00
Inventories	19	00	00
Prepayment	20	00	00
Total Current Assets		553	00
Non-Current Assets			
Property, Plant and Equipment	21	58,028,720	00
Intangible Assets	22	00	00
Total Non- Current Assets		58,028,720	00
Total Assets (a)		58,029,273	00
Liabilities			
Current Liabilities			
Trade and Other Payables	23	00	00
Third Party Deposits	24	00	00
Deferred Income	25	00	00
Total Current Liabilities		00	00
Total Liabilities (b)		00	00
Net Assets (a-b)		58,029,273	00
Represented By:			
Accumulated Surplus		468,800	00
Reserves		57,560,473	
Total Net Assets		58,029,273	00



Dr. Kipronoh Ronoh P, CBS
Principal Secretary



Dr. W.A. Oyange, PhD
Project Coordinator

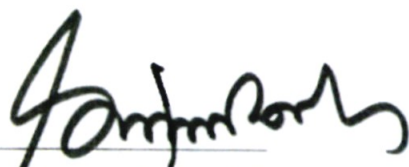



Irene K. Ndonga
Project Accountant
ICPAK Member number: 1089


CaDPERP 2 Project
Annual Report and Financial Statements for the year ended June 30, 2025

9. Statement of Changes in Net assets for the Year ended 30th June 2025

Description	Accumulated Surplus
	Kshs
As at 30th June 2024 (Cash Basis)	00
Adjustments:	
Asset Recognition	58,028,720
Liabilities recognition	(00)
As at 1st July 2024	58,029,273
Surplus/ for the year	468,800
As at 30th June 2025	58,497,520


 Dr. Kipronoh Ronoh P, CBS
 Principal Secretary


 Dr. W.A. Oyange, PhD
 Project Coordinator

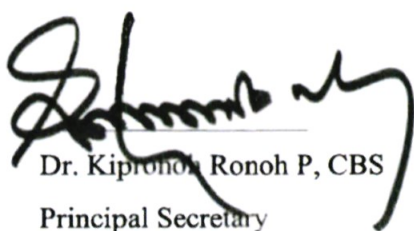

 Irene K. Ndonga
 Project Accountant
 ICPAK Member number: 10894


CaDPERP 2 Project
Annual Report and Financial Statements for the year ended June 30, 2025


10. Statement of Cash flow for the year ended 30th June 2025

Description	Note	2024-2025
		Kshs
Cashflow from operating activities		
Receipts		
Proceeds from domestic and foreign grants		10'000'000
Miscellaneous receipts		17'327'970
Total receipts		27'327'970
Payments		
Employee costs		6'085'698
Use of goods and services		20'773'472
Transfer to other Government Entities		
Other Transfers/Subsidies/Grants		
Certified Works		
Total payments		26'859'170
Net cash flow from operating activities		468'800
Cashflow from investing activities		
Acquisition of non-financial assets		-
Proceeds from sale of Assets		-
Acquisition of Intangible assets		-
Net cash flows from investing activities		-
Cash flow from financing activities		
<i>Specify the activity</i>		-
Net cash flow from financing activities		-
Net increase/Decrease in cash and cash equivalents		-
Cash and cash equivalent at 1st July 2024	17	00
Cash and cash equivalent at end June 2025	17	553

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


 Dr. Kiprono Ronoh P, CBS
 Principal Secretary


 Dr. W.A. Oyange, PhD
 Project Coordinator


 Irene K. Ndonga
 Project Accountant
 ICPAK Member No:10894

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

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	b	c=a+b	D	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	10,000,000	0	10,000,000.00	10,000,000.0	0	100%
Proceeds from domestic and foreign grants	24,000,000	0	24,000,000.00	17,327,970	6,672,030	72.3%
Proceeds from borrowings	0	0	0	0	0	0
Miscellaneous receipts	0	0	0	0	0	0
Total Receipts	34,000,000	0	34,000,000.00	27,327,970	6,672,030	80.4%
Payments						
Compensation of employee	6,550,000	0	6,550,000	6,085,698	441,000	93.6%
Purchase of goods and services	26,550,000	0	26,650,000	20,773,472	5,776,528	78%
Social security benefits	0	0	0	0	0	0
Acquisition of non-financial assets	950,000	0	950,000	468,800	481,200	49%
Transfers to other government entities	0	0	0	0	0	0
Other grants and transfers	0	0	0	0	0	0
Total Payments	34,000,000	0	34,000,000	27,327,970	2,672,030	88.8%

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Project implementation started late in November 2024	2,672,030
	Closing Cash and Cash Equivalent as per the statement of Cash flows	553

Notes to the Financial Statements

1. General Information

Capacity Development Project For Enhancement of Rice Production In Irrigation Schemes (CaDPERP), is a technical Cooperation Project, Between The Government of Kenya and Japan International Cooperation Agency (JICA), established under the Technical Cooperation Agreement, dated February 2004. The project is domiciled under the Ministry of Agriculture and Livestock Development, State Department for Agriculture, The principal Activity of the project is to enhance the distribution of locally produced paddy through; enhanced market linkages, better agronomic practices, market oriented varieties and irrigation water use efficiency.

2. Statement of compliance and basis of preparation

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

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1st year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33.

These financial statements were authorized for issue by the accounting officer on 24/10/2025

3. Adoption of new and revised Standards

The project has strived to adopted the new and amended standards and interpretations in issue effective in the year ended 30th June 2025

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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> <p><i>N/A</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</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 discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>(Steps put in place for Valuation of the Assets. This will reduce the net value due to depreciation)</i></p>
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> <p><i>N/A</i></p>

CaDPERP 2

Annual Reports and Financial Statements for the year ended June 30, 2025.

Standard	Effective date and impact:
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>NA</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>N/A, CaDPERP is only involved in financial transfers for unspent balances of Counterpart funds</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

CaDPERP 2

Annual Reports and Financial Statements for the year ended June 30, 2025.

Standard	Effective date and impact:
	<i>NA. CaDPERP is an entity under the Ministry of Agriculture hence not involved in this</i>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <i>NA</i>

4.. Summary of Significant Accounting policies

1. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on April 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 under Statement of comparison of budget and actual amounts for of these financial statements.

c) Property, plant and equipment

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

d) Leases

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

e) Intangible assets

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

f) Research and development costs

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

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

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

g) Financial instruments

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

Notes to the financial statements

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Notes to the financial statements

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

h) Inventories

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

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

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

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

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

i) Provisions

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the

obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

The *Entity* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Entity* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are

appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

j) Nature and purpose of reserves

The *Entity* creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted*).

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

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

payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Notes to the financial statements

m) Foreign currency transactions

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

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

o) Related parties

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

p) Service concession arrangements

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

Notes to the financial statements

q) Cash and cash equivalents

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

r) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 25

1. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions will be put in place later.

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.

(Through valuation, obsolete stocks will be estimated and determined).

5. Significant judgements and sources of Estimation of uncertainty

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

Estimates and assumptions.

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

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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. Additional disclosure of these estimates of provisions is included in Note xxx.

CaDPERP 2

Annual Reports and Financial Statements for the year ended June 30, 2025.

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

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

6. Revenue Transfers

Description	2024/2025 FY
	KShs
Unconditional Transfers	00
GoK Counter Part funding	10,000,000
Transfers from Development partners	17,327,970
<i>Other unconditional transfers (Specify)</i>	00
Total Unconditional Transfers (a)	27,327,970
Conditional Transfers	00
Transfers from Development partners 1	00
Transfers from Development partner 2	00
<i>Other conditional transfers (specify)</i>	00
Total Conditional Transfers (b)	00
Total Transfers for the Year (a + b)	27,327,970

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (Current FY)
	Kshs	Kshs	Kshs	Kshs
GOK Funding	00	00	00	00
Development Partner 1	00	00	00	00
Development Partner 2	00	00	00	00
Subtotal	00	00	00	00
Deferred Income realized	00	00	00	00
Transfers in Kind	00	00	00	00
Total	00	00	00	00

7. Miscellaneous revenue

Description	FY 2024/25
	Kshs
Interest Income	00
Others (specify)	00
Total	00

8. Employees Costs

Description	FY 2024/25
	Kshs
Basic salaries of permanent employees	00
Basic wages of temporary employees	5,478,098
Personal allowances paid as part of salary	607,600
Personal allowances paid as reimbursements	00
Personal allowances provided in kind	00
Pension and other social security contributions	00
Compulsory national social security schemes	00
Compulsory national health insurance schemes	00
Other specify*	00
Total	6,085,698

9. Use of Goods and Services

Description	FY 2024/25
	Kshs
Electricity	100,000
Telephone, Telex, mobile phones, facsimile	130,200
Internet connections	710,643
Courier and postal services	20,000
Travel costs	4,141,446
Accommodation- (domestic)	1,200,000
Daily subsistence allowances	2,740,675
Travel allowances	1,730,000
Remuneration of instructors	50,000
Hire of training facilities	136,160

CaDPERP 2

Annual Reports and Financial Statements for the year ended June 30, 2025.

Description	FY 2024/25
	<u>Kshs</u>
Catering services	814,928
Agricultural materials	1,001,920
Purchase of uniforms	100,000
Monitoring and Evaluation	1,070,000
General office supplies	537,820
Supplies and accessories for computers	862,688
Sanitary and Cleaning materials	168,676
Fuels and Lubricants	3,233,493
Motor vehicle maintenance	1,617,823
Maintenance of computers , software and networks	377,000
Water supplies and sewerage	30,000
Total	20,773,422

10. Depreciation and Amortization expense

Description	FY 2024/25
	<u>Kshs</u>
Property, Plant and Equipment	00
Intangible Assets	00
Total	00

11. Transfer to Other Government Entities

Description	FY 20xx/xx
	<u>Kshs</u>
Department State Department for Agriculture	553.00
Total	553.00

Notes to the financial statements (*Continued*)**12. Other Transfers/Subsidies/Grants**

Description	FY 20xx/xx
	Kshs
Transfers to Non-Government Organizations	00
Subsidies	00
<i>Others Specify</i>	00
Total	00

13. Certified Works

Description	FY 2024/25
	Kshs
Road Works	00
Water Works	00
Energy Infrastructure	00
<i>Others Specify</i>	00
Total	00

14. Gain/Loss on Sale of Assets

Description	FY 2024/25
	Kshs
Property, plant and equipment	00
Intangible assets	00
Other assets not capitalised	00
Total gain/loss on sale of assets	00

Provide brief explanation on gains on sale of fixed assets)

15. Gain/Loss on foreign exchange transactions

Description	FY 2024/25
	Kshs
Gain on foreign exchange transactions	00
Loss on foreign exchange transactions	(00)
Total Gain/Loss	00

16. Impairment Loss

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	00
Intangible Assets	00
<i>Others specify</i>	00
Total Impairment Loss	00

17. Cash and Cash Equivalents

Description	2024/2025 FY	1 st July
	Kshs	Kshs
Cash in Bank	553	00
Cash on hand	00	00
<i>Others (Specify)</i>	00	00
Total Cash and Cash Equivalents	553	00

Project Bank Accounts

Details	2024/2025 FY	1 st July 2024
	Kshs	Kshs
Foreign Currency Accounts		
Kenya Commercial Bank [A/c No.1269770764] Mwea Branch	00	00
Total Foreign Currency balances	00	<u>00</u>
Local Currency Accounts		
Kenya Commercial Bank [A/c No.1269770764] Mwea Branch	553	00
Total local currency balances	00	<u>00</u>
Total bank account balances	553	<u>00</u>

18. Receivables

Description	2024/2025 FY	1 st July 2024
	Kshs	Kshs
Counter Part Funding	00	00
Contractor's Advance payments	00	00
<i>Other Receivables (specify)</i>	00	00
Total Receivables	00	00

(There was a receipt of Kshs 10,000,000 in September 2024, as counterpart funds for facilitating activities

Ageing analysis for Receivables

Description	2024/2025 FY		1 st July 2024	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	00	%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total (a+b)	00	%	00	%

19. Inventories

Description	2024/2025 FY	1 st July 2024
	Kshs	Kshs
Consumable stores	00	00
Stationery	00	00
<i>Fuel</i>	00	00
Less: allowance for impairment	(00)	(00)
Total inventories	00	00

(The project started at the end of July 2024, hence there were no consumable at the beginning.

20. Prepayments

Description	2024/2025 FY	1 st July 2024
	Kshs	Kshs
Insurance	00	00
Rent	00	00
Total inventories	00	00

The project commenced on 30th July 2024 and there were no prepayments

*Notes to the financial statements(Continued)***21. Property, Plant and Equipment**

Cost	Transport and machinery	Furniture and fittings	ICT Equipment and electricals	Office block	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	0%	0%	0%	0%		
As At 1 July 2024 (opening balances)	9,013,000	1,265,525	2,303,395	45,000,000	00	57,578,920
Additions	00	365,800	81,000			446,800
Disposals	(00)	-	-	(00)	(00)	(00)
Transfers/Adjustments	(00)	00	(00)	(00)	00	(00)
As at 30th June 2025	9,013,000	1,631,325	2,384,395	45,000,000	00	58,028,720
Depreciation And Impairment						
As at 1 July 2025	(0%)	(0%)	(0%)	(0%)		
Depreciation charge for the year	(0)	(00)	(0)	(0)		(0)
Impairment loss	(0)	(0)	(0)	(0)		(0)
Transfers/ Adjustments	(0)	0	(0)	(0)		(0)
As At 30th June 2025	0	00	00	00		00
Net Book Values						
As at 1st July 2024	9,013,000	1,265,525	2,303,395	45,000,000	00	57,578,920
As at 30th June 2025	9,013,000	1,631,325	2,384,395	45,000,000	00	58,028,720

CaDPERP Project
Annual Report and Financial Statements
For the year ended June 30, 2024

Notes to the financial statements

22. Intangible Assets

Description	1 st July 2024
	Kshs
Cost	
As at 1 st July 2024	00
Additions	00
As At 30 th June 2025	00
Amortization and impairment	
As at 1 st July 2024	00
Amortization	00
Impairment loss	00
As At 30 th June 2025	00
NBV as at 1 st July 2024	00
NBV as at 30 th June 2025	00

23. Trade and Other Payables

Description	Insert Current FY		1 st July 2024	
	Kshs		Kshs	
Trade payables	00		00	
Employee payables	00		00	
Other payables (specify)	00		000	
Total trade and other payables	00		00	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	00	0%	00	0%
1-2 years	00	0%	00	0%
2-3 years	00	0%	00	0%
Over 3 years	00	0%	00	0%
Total (tie to above total)	00		00	

(Provide brief explanation)

Notes to the financial statements

24. Third-Party Deposits

Description	Insert Current FY		1 st July 2024	
	Kshs		Kshs	
Contractor's Retention	00		00	
Gratuity	00		00	
<i>Other deposits (specify)</i>	00		00	
Total deposits	00		00	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	00	%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total	00		00	

(Provide brief explanation)

25. Deferred Income

Description	Insert Current FY		1 st July 2024	
	Kshs		Kshs	
Development partner 1	00		00	
Development partner 2	00		00	
<i>Others specify</i>	00		00	
Total Deferred Income	00		00	

(Provide brief explanation)

Deferred Income Movement Schedule

	Development Partner 1	Development Partner 2	Others specify	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 st July 2024	00	00	00	00
Additions	00	00	00	00
Transfers To Performance Statement as Revenue	(00)	(00)	(00)	(00)
Balance as at 30 th June 2025	00	00	00	00

Notes to the financial statements

26. Cash Generated from Operations

Description	2024/2025 FY
	Kshs
Surplus/Deficit for the year	468,00
Adjusted for:	00
Depreciation	00
Non-cash grants received	(00)
Impairment	00
Gains and losses on disposal of assets	00(00)
Working capital adjustments	
Increase in inventory	(00)
Increase in receivables	(00)
Increase in deferred income	00
Increase in payables	00
Increase in payments received in advance	00
Net cash flow from operating activities	468,800

27. Special Deposit Accounts

The project operates no special deposit account

28. Related Party Disclosures**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 personnel, their associates and close family members.

Government of Kenya

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

Notes to the financial statements**Other related parties include:**

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors.

Description	Insert Current FY
	Kshs
Transactions with related parties	
a) Sales to related parties	
Sales of electricity to govt agencies	00
Rent income from govt. Agencies	00
Others (specify) e.g. interest and bank charges	00
Total	00
B) purchases from related parties	00
Purchases of electricity from KPLC	00
Purchase of water from govt service providers	00
Rent expenses paid to govt agencies	00
Others (specify)	00
Total	00
b) Grants /transfers from the government	00
Grants from national govt	00
Grants from county government	00
Donations in kind	00
Total	00
c) Expenses incurred on behalf of related party	00
Payments of salaries and wages for xxx employees	00
Payments for goods and services for xxx	00
Total	00
d) Key management compensation	
Directors' emoluments	00
Compensation to key management	00
Total	00

Notes to the financial statements

29. Events after the Reporting Period

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

30. Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Agriculture and Livestock development. Its ultimate parent is the Government of Kenya.

31. Currency

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

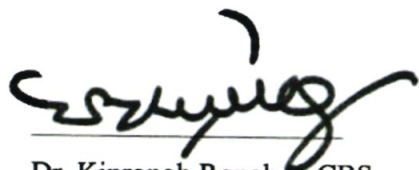
CaDPERP Project
Annual Report and Financial Statements
For the year ended June 30, 2024

13. Annexes

Annex 1: Prior Year Auditor-general 's Recommendations

There were no prior years Auditor generals' recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A	N/A	N/A	N/A	N/A



Dr. Kipronoh Ronoh I, CBS

Principal Secretary



Dr. W.A. Oyange, PhD

Project Coordinator


Annex 2: Reconciliation of inter-entity transfers

PROJECT NAME:		Capacity Development Project for Enhancement of Rice Production in Irrigation Schemes in Kenya (CaDPERP2)		
Break down of Transfers from the State Department for Agriculture				
a. Government Counterpart Funding				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	GOK	September 2024	5,000,000	2024/25
		January 2025	5,000,000	
		Total	10,000,000	
b. Direct Payments				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	
			0	
		Total	0	
c. Others				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	
			0	
		Total	0	
		TOTAL(a+b+c)	10,000,000	

The above amounts have been communicated to and reconciled with the State Department for Agriculture

Sign.....

Project Coordinator
CaDPERP

Sign.....

Head of Accounting Unit
State Department for Agriculture

ANNEX 3: Fixed Assets Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land	00	00	00	00	00
Buildings and structures	45,000,000	00	00	00	45,000,000
Transport equipment	3,500,000	00	00	00	3,500,000
Office equipment, furniture and fittings	1,265,525	365,800	00	00	1,631,325
ICT Equipment and electrical	2,303,395	81,000	00	00	2,384,395
Machinery and Equipment	5,513,000	00	00	00	5,513,000
Biological assets	00	00	00	00	00
Infrastructure Assets- Roads, Rails	00	00	00	00	00
Heritage and cultural assets	00	00	00	00	00
Intangible assets	00	00	00	00	00
Work in Progress	00	00	00	00	00
Total	57,581,920	446,800	00	00	58,028,720

Annex 4: Other Support documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities-NA
- ii. Bank Reconciliations statement as at 30th June 2025
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)-NA