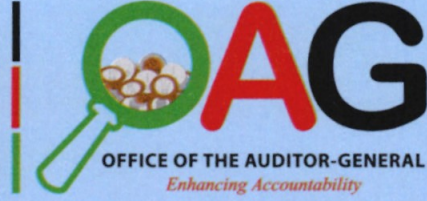


REPUBLIC OF KENYA



REPORT

NATIONAL ASSEMBLY PAPERS LAID	
DATE: 01 APR 2026	DAY: wed
TABLED BY: OF	Hon. Naomi waqo Deputy majority whip
CLERK-AT THE-TABLE:	Mado Atabo

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

COAST DEVELOPMENT AUTHORITY

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

02 DEC 2025



COAST DEVELOPMENT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

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

Coast Development Authority
Annual Report and Financial Statements
For the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
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
VC	Vice Chancellor

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

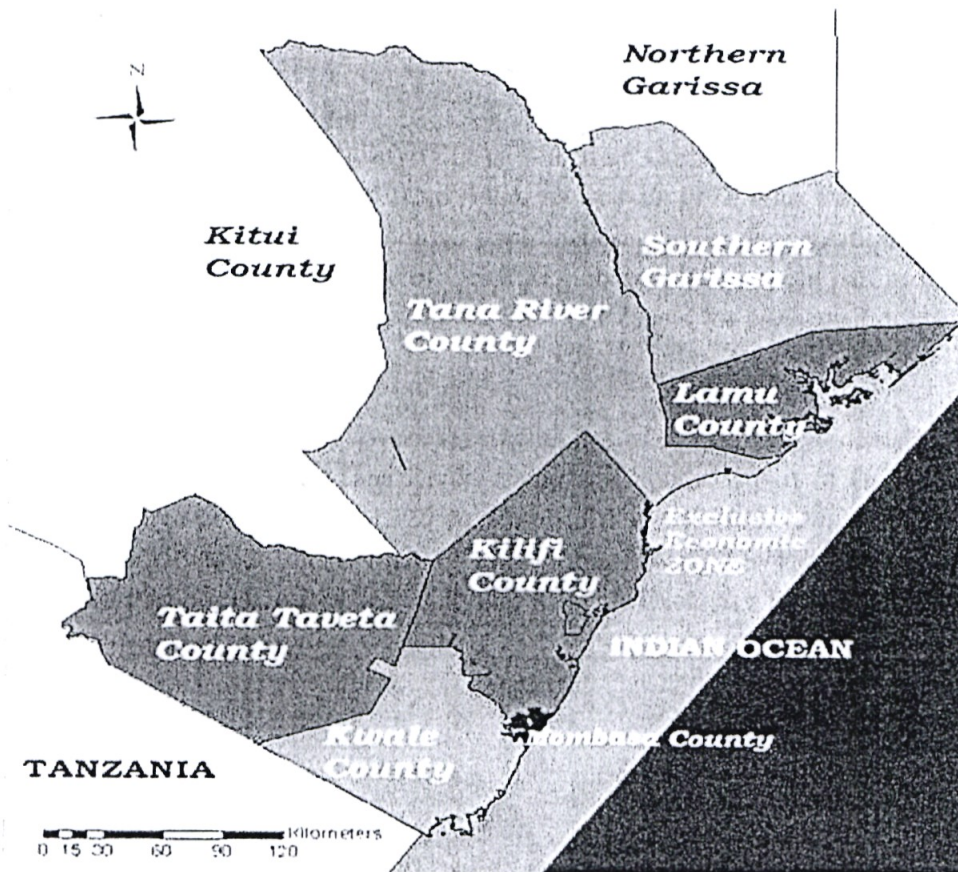
2. Key Entity Information and Management

(a) Background information

Coast Development Authority (CDA) is a State Corporation established by an Act of Parliament No. 20 of 1990 (Cap 449), revised in 1992 with the mandate to provide integrated development planning, coordination and implementation of projects and programmes within the whole of Coast Region and the southern part of Garissa County and the Kenya's Exclusive Economic Zone (EEZ) and for connected purposes.

Area of Jurisdiction

CDA's area of jurisdiction covers seven counties in coastal Kenya namely: Taita Taveta, Kwale, Mombasa, Kilifi, Tana River, Lamu and Southern part of Garissa County. The estimated area covered is 103,326 sq. km (Kilifi 13,013km², Kwale 8,322 km², Taita - Taveta 16,556 km², Mombasa 282 km², Tana-River 38,694 km², Lamu 6,814 km², Southern Part of Garissa 19,465 km²) and Kenya's Exclusive Economic Zone (EEZ) (200 Nautical Miles of the Indian Ocean).



Our Vision

To be the lead agency in implementing sustainable integrated development

Our Mission

To accelerate socio-economic development through innovation, planning, coordination and partnerships in implementation of integrated programs, value-addition and environmental management

Our Core Values

- Efficiency and effectiveness
- Transparency,
- Accountability
- Integrity
- Professionalism
- Good Leadership
- Respect
- Dignity
- Team Work
- Empowerment
- Commitment

Core Objectives

- Promote ownership and commercial sustainable exploitation of the region's natural resources
- Enhance food security in the region
- Reduce poverty and improve livelihoods of the community in the region
- Reduce unemployment in the region
- Conserve the environment and manage the natural resources for sustainable development.

(b) Principal Activities

Based on the general functions as outlined in section (8) of the CDA ACT CAP.449, the functions of the authority are: -

1. Plan for the development of the Area and initiate project activities identified from such planning in the development and through the Government generally;
2. Develop an up-to-date long range development plan for the Area;
3. Initiate such studies, and carry out surveys of the Area as may be considered necessary by the Government or the Authority and to assess alternative demands within the Area on the natural resources thereof, and initiate, operate, or implement

- such projects as maybe necessary to exploit those natural resources including Agriculture (both irrigated and rain fed), forestry, wildlife and tourism industries, electric power generation, mining and fishing, and to recommend economic priorities;
4. Coordinate the various studies of schemes within the Area such that human, water, animal, land and other resources are utilized to the best advantage and to monitor the design and execution of planned projects within the Area;
 5. Effect a programme of both monitoring and evaluating the performance projects within the Area so as to improve such performance and establish responsibility thereof, and to improve future planning;
 6. Coordinate the present abstraction and use of natural resources, especially water within the Area and to set up effective monitoring of the abstraction and usage;
 7. Cause and effect the construction of any works deemed necessary for the protection and utilization of the water and soils of the Area including hydro-power development for the multipurpose utilization of water resources;
 8. Ensure landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area;
 9. Identify, collect, collate and correlate all such data related to the use of water and other resources and also economic and related activities within the Area as maybe necessary for the efficient forward planning of the Area;
 10. Maintain a liaison between the Government, the private sector and other interested agencies in the matter of the development of the Area with a view to limiting the duplication of effort and ensuring the best use of the available technical resources
 11. Examine the hydrological effects and the subsequent ecological changes on the development programmes and evaluate how they affect the economic activities of the persons dependent on river environment;
 12. Implement development projects and programmes whose primary objective is to promote socio-economic development of the Coast Province in particular and Kenya in general;
 13. Plan and liaise with the relevant authorities as necessary in exploration and development of the extensive fishing and marine activities in Kenya especially in the exclusive economic zone.

(c) Key Management

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

No.	Designation	Name
2.	Ag. Managing Director	Ms. Pamela Maghema Ngure
3.	Directors	Mr. Griffin Muthomi Dr. Geoffrey Rono Ms. Christine Aqua Mududa
4.	Deputy Directors	Mr. Mohamed Adan Abdi Ms. Violet Indiazi Mr. William Fondo Ms. Maximilla Kakuko Mr. Wainaina Mburu Dr. Susan Mulewa Dr. Mwanasiti Bendera

(d) Fiduciary Management

(e) The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Acting Managing Director	Ms. Pamela Maghema Ngure
2.	Director Business Development Partnerships & Collaborations	Mr. Griffin Muthomi
3.	Director Research and Strategic Planning	Dr. Geoffrey Rono
	Corporation Secretary/ Legal Director	Ms. Christine Mududa
4.	Deputy Director, Finance & Accounts	Mr. Mohamed Adan Abdi
5.	Manager, Supply Chain Management.	Ms. Violet Indiazi
6.	Deputy Director, Natural Resource Management	Mr. William Fondo
7.	Deputy Director, Research and Strategic Planning	Dr. Mwanasiti Bendera
8.	Deputy Director, Marketing and Investment Promotion	Dr. Susan Mulewa
9.	Deputy Director, Infrastructure Development & Management	Mr. Wainana Mburu

Key Entity Information and Management (continued)

(f) Fiduciary Oversight Arrangements

1. Human Resource Advisory Committee
2. Project Implementation Unit
3. Project Appraisal Unit
4. Management Committee
5. Corruption and Prevention Committee

(g) Entity Headquarters

Coast Development Authority
Mama Ngina Drive,
P.O. Box 1322-80100
Mombasa
Kenya

(h) Entity Contacts

 + 254 0794 100000
 cda@cda.go.ke
 www.cda.go.ke
 @CoastDev
 Coast Development Authority

(i) Entity Bankers

National Bank of Kenya
Nkrumah Road Branch
P.O. Box 90363 – 80100
Mombasa

Kenya Commercial Bank
Treasury Square
P.O. Box 90254-80100
Mombasa

Equity Bank
Mombasa Supreme Centre
UTC Building,
P. O. Box 84618-80100
Mombasa

Absa Bank Kenya PLC
P.O Box 30120, 00100 GPO
Nkrumah Road
Mombasa

Key Entity Information and Management (continued)



(j) Independent Auditor





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




(k) 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	Directors	Details
1.	 <p>CHAIRMAN Mr. Mzee Mwinyi Mzee Gazette Notice No.1363 of 3rd February,2023</p>	<p>Date of birth 7/11/1987</p> <p>Work experience</p> <p>Accountant by profession with experience in the private sector.</p>
2.	 <p>Mr. Robert Mue Kisyula Gazette Notice No.1367 of 3rd February,2023</p> <p>Education</p> <p>Holds a B.Sc. in Agriculture (Horticulture) from Egerton University.</p>	<p>Date of birth 10/30/1965</p> <p>Work experience</p> <p>Previously served as Makueni County CECM for Devolution, Water and Sanitation, Agriculture and Irrigation and Gender. Children and Social Services. Was member of the Makueni County Executive Committee (Cabinet) involved in annual budgeting, development of strategic documents such as County Integrated Development Plans (CIDP), procurement procedures and contract management, project delivery, audit process, performance contracting, staff management, policy formulation & working with the County Assembly in drafting of Bills and enactment of the same into laws. Was also involved in working with the national Government and building partnerships development partners, donors, NGOs and United Nations agencies. From February 2014 to August 2016 he served as National Director, World Vision Malawi and has extensive experience in east and central Africa.</p>


3.	 <p>Ms. Dorcas Jibrán Gazette Notice No.1367 of 3rd February, 2023</p>	<p>Date of Birth 9/30/1962</p> <p>Work experience</p> <p>Chairperson of Sauti Ya Wanawake Pwani. Trained in small-scale business management. Involved in community development of rural women. Is passionate about affirmative action for women, human rights advocacy and finding solutions to gender-based violence (GBV).</p>
4.	 <p>Mr. Ricky W. Kambi Gazette Notice No.1367 of 3rd February, 2023</p>	<p>Date of birth 4/2/1978</p> <p>Education</p> <p>Accountant by profession and holds a Master's in Business Administration (MBA) from Jomo Kenyatta University of Agriculture and Technology (JKUAT).</p> <p>Work experience</p> <p>Previously worked with Kenya Marine and fisheries Institute (KEMFRI).</p>
5.	 <p>Mr. Toash George Amuma Gazette Notice No.1367 of 3rd February, 2023</p>	<p>Date of birth 1/1/1977</p> <p>Work experience</p> <p>Experienced in strategic planning and execution of projects. Skilled in vehicle inspection and motor vehicle mechanics</p>
6.	 <p>Ms. Bibi Salim Masha Gazette Notice No.1367 of 3rd February, 2023</p>	<p>Date of birth 8/28/1988</p> <p>Work experience</p> <p>Experienced in budgeting at county level and in supply chain management. Skilled in nurturing women and youth in small-scale business ventures and assisting them to upscale. Previously worked with Kwale County in preparation of county strategic plans, and county fiscal strategy paper</p>

7.	 Mr. Benson Muema Kilonzo Gazette Notice No.1367 of 3 rd February, 2023	Date of birth 8/31/1963 Work experience Accountant by profession and has extensive experience in management. Is passionate about farming and believes in making farming and agriculture priority in transforming the economy
8.	 Mr. Ikhwan Omar Bwanaadi Gazette Notice No.1367 of 3 rd February, 2023	Date of birth 10/6/1997 Work experience Represents people living with disabilities in Lamu Youth Assembly. Holds a Diploma in Information Technology from Mount Kenya University. Is currently Chair of Lamu Special School. Is also Chair of Lamu Organization for Youth and People Living with Disabilities (LOYD). Is passionate about community service and has previously initiated programmes for high school students such as planting trees, civic education and economic empowerment for women.
9.	 Mr. Samuel Mgandi Kalinga Gazette Notice No.7507 of 7 th June, 2023	Date of birth 9/26/1985 Work experience Mr Kalinga has served as Lead Proponenet for Grievances Redress Committee (GRC) on Mombasa Development Projects Phase (II)-MPDP (11) National Technical Committee Member for Shipping and Maritime Technology, Kenya Bureau of Standards, Secretary Education Committee Likoni Constituency Development Fund (CDF), Volunteer Project Developer with Hatua Likoni Organization. Managing Director, Fujairah Investment Company (UAE), Panel Secretary for Mathematics teacher at Mtongwe Girls and Shikadabu CDF Secondary School
	Director /Alternate	
10.	Ms. Charles Kisingu	Date of birth 10/12/1966


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For the year ended June 30, 2025


		Representing CS National Treasury and Planning
11.	Ms. Rhoda Onyancha	Date of birth 12/1/1970 Regional Commissioner, Coast
12.	Mr. Livingstone Mburu	Date of birth 15/10/1977 Representing Inspector General, State Corporations
13.	Eng. Martin Tsuma	Date of birth 21/11/1975 Representing PS, Ministry of Water and Sanitation
14.	Mr. Paul Murayah Mwangi	Date of birth 12/8/1979 Representing PS, State Department for ASAs and Regional Development
15.	Ms. Pamela Maghema Ngure	Date of birth 7/29/1971 Ag. Managing Director (UPTO 17 th July 2025)
16.	Dr. Mwanasiti Bendera Mohamed	Date of birth 5/3/1979 Ag. Managing Director (From 29/07/2025 UPTO date)
17.	Hafsa Mukhatar Thabit	Date of Birth 08/03/1984 Senior Legal Officer/ Corporation Secretary

4. Key Management Team


	Management	Details
1.	 <p>Ms. Pamela Maghema Ngure Ag. Managing Director (Upto 17th July 2025) B. Com (Accounting) University of Nairobi Strategic Leadership development Program- Kenya School of Government, Kabete. MBA Public Policy and Administration (on- going) Member Association of Chartered Certified Accountants IPSAS Reporting -Public Sector Accounting, Deloitte & Touché /National Treasury, Kenya School of Government, Nairobi Kenya Corruption Prevention and Good Adaptation, Transparency International Kenya ISO 19011: IFS System Certified Trainer . Kenya Tax Risk Management, KPMG, SAP R/3 Systems Certified Trainer, A.P. Moller – Maersk, Cape Town South Africa</p>	<p>The Ag. Managing Director is the Chief Executive Officer (CEO) is responsible to the Board of Directors for day-to-day management and coordination of activities in the Authority.</p> <p>Duties and responsibilities</p> <ul style="list-style-type: none"> (i) Coordinating the operations and administrative functions (ii) Developing policies and programmes (iii) Managing funds and property and other resources (iv) Managing and developing staff (v) Developing operations plans and programmes for achieving the Authority's objectives (vi) Co-operating with lead agencies and organizations locally and globally (vii) Developing economic, efficient and cost-effective internal management structure (viii) Formulating, implementing and reviewing the Strategic Plan, business plan and annual plans (ix) Ensuring implementation and fulfillment of the policies and agreed objectives; performance targets and service standards of the Authority (x) Providing advice as required on all matters within the Authority's mandate (xi) Performing any other duty necessary as stipulated in the Act.


<p>2.</p>	 <p>Dr. Mwanasiti Mohamed Bendera Deputy Director Research and Strategic Planning (Upto 17th JULY 2025) Ag. Managing Director(29th JULY 2025-TO DATE) Ph.D (Chemistry – Chemical Ecology) Jomo Kenyatta University College of Agriculture and Technology M.Sc.(Chemistry Natural Products) Egerton University, Njoro B.Sc. General , Egerton University, Njoro KCSE (High School Certificate) Strategic Leadership & Development Programme (SLDP -Kenya School of Government Matuga Capacity Building on PPP Project Proposal Development for Contracting Authorities Organized by National Treasury – PPP Unit Capacity Building Programme for Corporation Secretaries & Board Secretariat Staff Organized by SCAC and ICPS Senior Management Course-Kenya School of Government -Mombasa Innovative Technology for Sustainable Development Environment Impact Assessment and Audit training for EIA Experts Certification</p>	<p>The Ag. Managing Director is the Chief Executive Officer (CEO) is responsible to the Board of Directors for day-to-day management and coordination of activities in the Authority.</p> <p>Duties and responsibilities</p> <ul style="list-style-type: none"> (i) Coordinating the operations and administrative functions (ii) Developing policies and programmes (iii) Managing funds and property and other resources (iv) Managing and developing staff (v) Developing operations plans and programmes for achieving the Authority's objectives (vi) Co-operating with lead agencies and organizations locally and globally (vii) Developing economic, efficient and cost-effective internal management structure (viii) Formulating, implementing and reviewing the Strategic Plan, business plan and annual plans (ix) Ensuring implementation and fulfilment of the policies and agreed objectives; performance targets and service standards of the Authority (x) Providing advice as required on all matters within the Authority's mandate (xi) Performing any other duty necessary as stipulated in the Act.
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	<p>Public Procurement Regulations Procedures training, Mombasa Beach Hotel</p> <p>Quality Management System Internal Auditor Course, ISO 9001:2015</p> <p>Biocom12 Conference on Semiochemicals involving plants organized by Phytochemical Society of Europe</p> <p>Member of Western Indian Ocean Marine Science Association (WIOMSA)</p> <p>Member of Research gate Group</p> <p>Member of <i>ICIPE</i> Scholar Association (IScA)</p>	
3.	 <p>Mr. Griffin Muthomi Aritho Director Business Development Partnerships & Collaborations</p> <p>Masters in Economics – Finance & International Trade option – Kenyatta University</p> <p>Bachelor of Arts in Economics – Economics and Finance</p> <p>Certificate in Risk and compliance – Centre for Corporate Governance</p> <p>Certificate in Corporate Governance and Ethics from Institute of Certified Public Accountants (ICPAK)</p> <p>Computer Proficiency</p> <p>Attended training and Empowerment for enhanced Customer Service organized by Power Play</p>	<p>(i) Advising the Management on Viable Business and investment options and on related matters;</p> <p>(ii) Ensure development of policies, regulations, guidelines and strategy for Business Development and investments;</p> <p>(iii) Ensure development of CDA’s investment plans;</p> <p>(iv) Coordinate implementation and compliance with the CDA investment plans and strategies;</p> <p>(v) Advising Management of strategic investments opportunities;</p> <p>(vi) Ensure Establishment and linkages with strategic financial partners;</p> <p>(vii) Coordinate Regularly meeting with investment analysts and financial strategic partners to discuss investment opportunities;</p> <p>(viii) Ensure Development of Business and investment reports</p> <p>(ix) Coordinate Investment negotiations;</p>


		<p>(x) Oversee prudent management of all investment portfolios for the Authority;</p> <p>(xi) Oversee identification and monitoring of Risk and development of hedging mechanism and diversification strategies;</p> <p>(xii) Ensuring investment opportunities are aligned with CDA's strategic objectives;</p> <p>(xiii) Overseeing the undertaking of Portfolio and Investment Research;</p> <p>(xiv) Liaison with external parties including, project developers and advisers;</p> <p>(xv) Ensuring that the Authority is adequately Advised on money markets;</p> <p>(xvi) Manage and supervise department staff;</p> <p>(xvii) Ensuring prudent utilization of the resources of the division;</p>
4.	 <p>Dr. Geoffrey Kipchirchir Rono Director, Research and Strategic Planning</p> <ul style="list-style-type: none"> • Ph.D, Business Administration (DBA) (Strategic Management Option) • Master of Business Administration (MBA) (Strategic Management Option) • Bachelor of Arts in Economics and Business Studies 	<ul style="list-style-type: none"> • Oversee development of research and development strategies, tools, management processes and methodologies for effective identification, evaluation and implementation of projects • Coordinate development of research and planning policy, procedures and incentives for system approach to research and planning • Coordinate, build and sustain corporate wide capability to innovate so as to improve Authority's business spectrum. • Oversee screening and sequencing of innovative ideas

<ul style="list-style-type: none"> • Senior Leadership Development Course - Kenya School of Government, Mombasa • Senior Management Course- Kenya School of Government, Mombasa • Diploma in Project Management • Diploma in SME's Management and Development Training • Diploma in Management of Micro Enterprises with special emphasis on Modern Marketing strategies • Performance Management Training • Capacity Building on ISO 9001:2015 Certification • ISO 9001: 2008 Internal Auditors Training on ISO 19011 Guidelines on Auditing Management Systems • Science, Technology and Innovation (STI) Mainstreaming champion • Productivity Mainstreaming champion • Integrated Coastal Management Training • Business Plan and Strategic Plan Development expert • Capacity Building on Trustee Development Program Kenya (TDPK) • Capacity Building on Designing and Managing Public Private Partnership PPP Projects • Training of Trainers (TOT) course on Farmers Field Schools (FFS) • Capacity Building on Participatory Integrated Community Development • Integrating Gender into USAID/Kenya's Programs for Agriculture, Business and the Environment • Integrity Assurance Officer <p>Rapid Results Initiative</p>	<p>in line with the overall strategic direction.</p> <ul style="list-style-type: none"> • Coordinate implementation of quick wins and rapid results initiatives • Coordinate development of skills, tools and management process to support research and planning • Ensuring monitoring and evaluation of projects in so far as its documented in the Environmental Management Plan. • Ensure development of networks and collaborations with partners to leverage on strategic partnerships for financial support. • Coordinating the preparation of quality assurance plans • Ensure monitoring, evaluation and progress reporting of projects to the management and key stakeholders • Coordinate implementation of Performance Management withing the Authority • Monitoring and coaching staff
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5.	 <p>Ms. Hafsa Mukhatar Thabit Senior Legal Officer</p> <ul style="list-style-type: none"> • Bachelor of Laws & Shariah • Advocate of the High Court of Kenya • Commissioner for Oaths • Diploma in Law 	<ul style="list-style-type: none"> • Advising the Authority on various legal matters and monitors the compliance of the Authority with various regulations issued by the Regulatory Bodies. • Advising the Authority and coordination with the functional areas in relation to various legal requirements which must be complied with the legal obstacles which must be overcome in order to obtain the Authority's targeted results. • Overseeing and managing compliance issues with the Authority. • Responsibility for the timely release of legal advice to assist the Authority in making an informed decision • Ensuring timely compliance with rules and regulations affecting the Authority, including the Code of Conduct and Ethics. • Attending to all legal matters of the Authority including advising, vetting and drafting of legal agreements in relation to the Authority's operations. • Liaising with functional units on queries or legal matters that should arise that relate to the Authority's affairs. • Undertake all litigation for the Authority
6.		<p>i) Formulating environmental and social strategies and action plans that ensure sustainable development;</p>

	 <p>William Fondo Deputy Director, Infrastructure Development & Management</p> <p>B.Sc. Control and Instrumentation, Jomo Kenyatta University of Agriculture and Technology Diploma in Agriculture Engineering-Farm Power Machinery, Egerton University Higher Diploma Mechanical Engineering, Mombasa Polytechnic</p>	<ul style="list-style-type: none"> ii) Ensuring compliance with the relevant environmental laws and social regulations; iii) Ensuring environmental and social concerns are properly addressed; iv) Reviewing progress on environmental and social performance systems; v) Overseeing the preparation of periodic reports on status of environment with a view to ensuring compliance with corporate standards; vi) Providing support to project development initiatives in the authority and ensuring environmental and social development issues are addressed; vii) Reviewing environmental priorities for the authority in collaboration with other stakeholders with a view to managing associated risks; viii) Monitoring emerging environmental regulatory and legislative policy changes and/or initiatives and facilitating incorporation and implementation of those changes within the authority's activities; ix) Establishing linkages with consultants and other stakeholders on environmental and social matters for mutual benefit of the Authority
7.		(i) Overseeing the development and implementation of supply chain management Policies, plans and strategies;

	 <p>Violet Indiazi Manager, Supply Chain Management B.A Purchasing and Supplies Management, Jomo Kenyatta University of Agriculture and Technology Diploma in Supplies Management, Railway Institute Member Kenya Institute of Supplies Management</p>	<ul style="list-style-type: none"> (ii) Overseeing the preparation and submission of timely procurement reports; (iii) Resolving procurement issues with contractors and consultants; (iv) Ensuring that procurement and disposal functions are implemented in full compliance with statutory provisions by the authority; (v) Providing technical/secretariat services to the authority's tender, procurement and disposal committees; (vi) Ensuring timely implementation of decisions of tender, procurement and disposal committees; (vii) Submitting statutory reports and ensuring compliance to budget guidelines (viii) Formulating and developing policies, plans and strategies in the areas of supply chain, (ix) Overseeing procurement, activities in the authority; (x) Developing and maintaining supply chain, capability and culture that reflect the values which facilitates performance, professionalism and initiative by staff throughout the authority; (xi) Championing value-for-money and model cost-effective measurement techniques for assessing output quality delivered by supply chain; (xii) Coordinating all procurement activities in the authority and discharge its duties in line with procurement and disposal laws; (xiii) Providing advice to the authority as required in relation to
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		<p>procurement of goods, works and services and contract management: (xiv) Maintaining a sound procurement policy that ensures acquisition of goods, services and works is executed.</p>
8.	 <p>CPA Mohamed Adan Abdi Deputy Director, Finance & Accounts Bachelor of Economics and Statistics University of Nairobi MBA Finance Mt Kenya University (on going) Certified Public Accountant (CPA-KASNEB) Member of Institute of Certified Public Accountant of Kenya (ICPAK) Diploma in Business Management Mt. Kenya University Senior Management Course Kenya School of Government Quick book and Computer packages from Horn of Africa Management Role of Accountant in achieving vision 2030 from KCA University Basic vegetable dehydration and equipment training from Egerton University IFRS Training- ICPAK</p>	<p>(i)Manage all issues regarding the financing. (ii)Participate in Development and implementation of sound financial management policies and procedures. (iii)Consolidating the Authority’s printed budget estimates and revised budget as per guidelines issued by The National Treasury. (iv)Forecasting annual cash flow requirements and coordinating preparation of annual budgets. (v)Ensure budgetary and cost control by reviewing expenditure returns from departments, prepare variance analysis and recommend corrective action; (vi)Guide other departments by interpreting government accounting policy and applying it consistently in all operations of the Authority. (vii)Plan and coordinate timely preparation of annual Work Plans and budget estimates. (viii)Develop and manage internal controls and ensuring compliance. (ix)Analyze and interpret financial reports. (x)Ensure prudent and optimal utilization of Authority’s funds and assets; (xi)Maintain proper records (xii)Oversee preparation of the Annual Financial Report in</p>

5. Chairman's Statement

Introduction

The Coast Development Authority (CDA) is a State Corporation established under Act of Parliament No. 20 of 1990 (Cap 449), revised in 1992. Our mandate is to drive integrated development planning, coordination and implementation of projects and programs across the Coast region. This area includes six coastal counties, southern part of Garissa County and the Kenya's Exclusive Economic Zone. CDA is one of Kenya's six Regional Development Authorities, a network that also includes the Tana & Athi Rivers Development Authority (TARDA), Lake Basin Development Authority (LBDA), Kerio Valley Development Authority (KVDA), Ewaso Ngiro North Development Authority (ENNDA), and Ewaso Ngiro South Development Authority (ENSDA). The Authority is under the oversight of the State Department for the ASALs and Regional Development.

Our Governance Commitment

The Board is resolute in its duty to ensure robust corporate governance, legal compliance and ethical conduct across the Authority.

Key Governance Milestones

- **Strategic Execution:** Progressed the implementation of the Authority's Strategic Plan.
- **Financial Transparency:** Delivered timely and relevant disclosures and financial reporting.
- **Audit Integrity:** Sustained strong audit procedures and guaranteed audit independence.
- **Board Development:** Enhanced director competency through induction programs for new members.

All Board activities have been guided by the Mwongozo Code of Conduct for State Corporations.

CDA's Key Achievements

The 2024/2025 fiscal year saw significant achievements in building community resilience and infrastructure across the Coast Region.

We successfully launched a Drought Mitigation Programme to provide a reliable water supply for households, irrigation, and livestock. This initiative is a critical step toward improving food security, stabilizing incomes, and strengthening resilience to climate change. Substantial progress was also made under the Malindi Integrated Social Health Development Project-II (MISHDP-II), delivering new schools, classrooms, and JSS laboratories to enhance education. In healthcare, the project achieved a major milestone with the construction of a new ICU, HDU, and operating theatre, significantly upgrading critical and surgical care for residents.

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For the year ended June 30, 2025

We extend our sincere gratitude to the Government of Kenya, our development partners, and the National Treasury, whose support was essential to this success. We also commend our dedicated staff for their role in implementing these transformative projects.


Mzee Mwinyi Mzee
CHAIRMAN

6. Report of the Ag. Managing Director

Overview

CDA is one of the six regional development authorities with mandate to initiate, plan and implement development projects and programmes within the coastal counties, southern half of Garissa County and the exclusive economic zone.

The Authority's fifth Strategic Plan (2023-2027) has been finalized upon undertaking stakeholder engagements in an effort to comprehensively address the development aspirations of the communities in CDA's area of jurisdiction. The Plan is therefore aligned to the Authority's mandate, the constitution, Vision 2030 and other government policies including the Bottom-up Economic Transformation Agenda (BETA) 2022-2027, Regional Development Policy and the Integrated Coast Region Master Plan (ICRMP) 2010-2030. The Strategic Plan focuses on six Key Result Areas (KRAs) namely: Basin Based Development; Blue Economy and Exclusive Economic Zone; Environmental management; Resource mobilization and investment; Community Support and empowerment; Cross Cutting Issues:

The major sources of funding for the programmes/projects was largely from the National government, development partner and self-generated resources. Public Private Partnerships was embraced in promoting and implementation of these projects in line with Vision 2030. These projects are awaiting review from the PPP Unit at the National Treasury.

Corporate Governance

The Authority's Board of Directors was appointed in February 2023 and comprises of the Chairman and eight (8) independent board members, representation from The National Treasury, State Department for ASAL's and Regional Development, Ministry of Water and Sanitation, Regional Commissioner Coast and Inspector of State Corporations.

Performance Contracting

The Authority is on performance contracting with the Ministry East African Community (EAC), the Arid and Semi-Arid Lands (ASALs) and Regional Development.

Human Resource

CDA enhances diversity, equity and inclusion at all levels of the Authority. Our qualified and dedicated staff are the driving force behind the high-quality services and achievements.

Our culture is grounded in our core values i.e. efficiency and effectiveness, transparency, accountability, integrity, professionalism, good leadership, respect, dignity, team work,

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empowerment and commitment. The Authority encourages staff to enhance their managerial and leadership skills by continuous professional development through undertaking professional courses, workshops and seminars. The Authority financed some of the trainings within the available budget during the financial year.

During the financial year the Authority accommodate several Interns from the Public Service Commission and attaches from the various colleges and universities. The Interns and attaches are actively involved the activities and projects of the Authority and in the process were able to build their capacity through the practical experience.

Financial Status

During the financial year 2024/2025 the Authority was allocated a total Kshs.236,830,000 Recurrent and Kshs 342,000,000 for Development expenditure. The development budget suffered a budget cut. The Authority has been able to pay salaries and all statutory payments within the stipulated deadlines.

Project Implementation

The Authority implemented the following projects during the financial year

- Modernization of Wananchi Cottages - Kilifi Town, Kilifi County
- The Drought Mitigation Projects
- Small holder Irrigation Schemes
- Malindi Integrated Social and Health Development Project Phase II (MISHDP II)
- Mwache Catchment Conservation Project
- Integrated Fruit and Honey Processing Plant. - Galole Constituency, Tana River County

Malindi Integrated Social and Health Development Project (MISHDP II)

The Malindi Integrated Social and Health Development Project (MISHDP II) is a project implemented by CDA is funded by the Italian Government through the Italian Agency for Development Cooperation (AICS). Phase II funding is a concessional loan of Euro 6,395,373 (Kshs.7866 M) Loan Agreement and Financial Agreement were signed by both the Italian Government and the Kenya Government on 26th January 2022 and the loan agreement came into force in May,2022.The implementation period for the project is three (3) years. The Project activities commenced and are at advanced level. The budget absorption for the project is at 80% and most structures will be completed within the stipulated timelines.

Legal Matters

Coast Development Authority (CDA) was sued in Mombasa High Court Civil Suit number 11 of 2017, Endebess Development Company Limited Versus Coast Development Authority. The matter was ruled against CDA and the Authority has a liability to pay of Kshs.140,706,164 .CDA appealed against the ruling but the Court of Appeal upheld the High Court ruling.

E Citizen Compliance

Coast Development Authority (CDA) has fully transitioned its paid services to the eCitizen platform and the Government Paybill No. 222222. A total of ten (10) services, under the income-generating units of the Fruit Processing Plant, Farm Produce, Wananchi Cottages, and CDA General Services, have been migrated. All active paid services now operate through the Government Paybill 222222, and the use of previous Safaricom Ltd paybills has been discontinued

Appreciation

Finally, we wish to acknowledge and appreciate the support from Cabinet Secretary for East African Community, Arid and Semi-Arid Lands (ASALs) and Regional Development, the Principal Secretary, State Department for Arid and Semi-Arid Lands (ASALs) and Regional Development during the year. The support from the CDA Board of Directors and members of staff has been instrumental in to ensure the Authority ability to deliver on projects and improved performance for CDA.



Dr. Mwanasiti Mohamed Bendera
AG. MANAGING DIRECTOR

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

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

The Authority objectives are aligned to the Strategic Plan, Vision 2030 and BeTA.

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements Performance
Ownership and Commercial Exploitation of Natural Resources	To operationalize Integrated Fruit processing Plant at Hola in Tana River County	<ul style="list-style-type: none"> Business plan for the IFPP facility reviewed Partnership and collaboration framework 250,000 litres of bottled water produced and supplied to the market 	<ul style="list-style-type: none"> Reviewing of Business plan for the IFPP facility Developing Partnership and collaboration framework production and supply of 250,000 litres of bottled water to the market 	<ul style="list-style-type: none"> Draft Business plan for the IFPP facility done awaiting management review Initiated the process for Partnership and collaboration framework with KVDA, Excel Chemicals production and supply of 250,000 litres of bottled water to the market
	Modernize Wananchi Cottages and Conference facility at Kilifi	<ul style="list-style-type: none"> Land scaping and Exterior décor completed Branding/Signage and online marketing Ten (10) rooms of the accommodation furnished and equipped Annual environmental audit for the Wananchi cottages conducted 	<ul style="list-style-type: none"> Undertaking landscaping and Exterior decor Branding/Signage and online Marketing of Wananchi conference facility Furnishing and equipping the ten (10) rooms of the accommodation block Conducting environmental 	<ul style="list-style-type: none"> Tree trimming; Extension of planting trees and flowers, Planting of additional palm trees, Yolanda and Waithera flowers, Interior and exterior décor is an ongoing process. Cabro installation at the parking and driveway is yet to be done. Internal and external signage in place

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements Performance
			audits.	<ul style="list-style-type: none"> Online marketing- Updating of social media sites/ website/email marketing is continuous and an ongoing process. Development of TOR's Process initiated
Integrated Development Programmes and Projects	Boji, Chakama, Challa, Bura and Vanga Small Holder Irrigation Project	<ul style="list-style-type: none"> Three (3) MOUs entered with private and public institutions on enhancing food security 200 small holder farmers linked to Providers of agricultural services, technical support and market access. 	<ul style="list-style-type: none"> Fostering collaborations with stakeholders Market linkages 	<ul style="list-style-type: none"> Collaboration of CDA and county agricultural extension officers for scheme farmer support 20% increase in farmers income Reduced post-harvest loses
	Malindi Integrated Social Health Development Project - Phase II	<ul style="list-style-type: none"> 40% of the 12 Km Mjanaheri - Ngomeni road tarmacked CDA HQ technical building renovated. Constructed classrooms in 4 schools (Ngomeni secondary, Ngomeni primary, Rasi primary and Burangi primary) equipped and furnished. Constructed JSS Laboratory in 3 	<ul style="list-style-type: none"> Commence Construction of Mjanaheri— Ngomeni road Renovate CDA HQ technical building Construction furnishing and equipping of classrooms in 4 schools Ngomeni secondary, Ngomeni primary, Rasi primary and Burangi primary). Construction 	<ul style="list-style-type: none"> Road Contract awarded awaiting disbursement for commencement of construction CDA HQ technical building Renovated (roof replacement) Classrooms Constructed furnished and equipped in 4 schools Ngomeni secondary, Ngomeni primary, Rasi primary and

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Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements Performance
		<p>Schools (Rasi primary, Burangi primary, and Midodoni primary) equipped and furnished</p> <ul style="list-style-type: none"> • Constructed Malindi Sub-County Hospital ICU block equipped and furnished 	<p>equipping and furnishing of JSS laboratory in 3 schools(Rasi primary, Burangi primary, and Midodoni primary)</p> <ul style="list-style-type: none"> • Construction equipping and furnishing of Malindi Sub-County Hospital ICU block 	<p>Burangi primary).</p> <ul style="list-style-type: none"> • JSS laboratories Constructed equipped and furnished in Rasi primary, Burangi primary, and Midodoni primary • Malindi Sub-County Hospital ICU block Constructed awaiting equipping and furnishing.
	Mwache Multipurpose Dam Integrated project implemented- Mwache Catchment Management	<ul style="list-style-type: none"> • No of KM of Mechanized terracing Km of terraces • Plan on Catchment Management. 	<ul style="list-style-type: none"> • Develop Catchment Management Plan (CMP) • Participation in tree planting 	<ul style="list-style-type: none"> • 3km of mechanized Terracing • Partnership tree planting and growing for over 10,000 trees
National Government Strategic Programmes	Support to resilience and mitigation measures for development of adverse calamities- Drought Mitigation Project	<ul style="list-style-type: none"> • No. of water pans/Earth-fill dams constructed in drought prone areas • No. of boreholes drilled and equipped. 	<ul style="list-style-type: none"> • 3 No. Earth Fill Dams constructed • 3 No. water pans constructed • 3 No. borehole drilled and equipped 	<ul style="list-style-type: none"> • Commencement of Construction of 9 No water structures (Earth fil pan, Waterpan and Boreholes) • Mwalashi Dam, Capacity - 10,000m3 • Kirutai Solarised Borehole6m³/hr • Wololo solarised Borehole at,

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Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements Performance
				<p>Estimated yield: 8m³/hr</p> <ul style="list-style-type: none"> • Machungwani, Borehole Estimated yield: 15m³/hr • Hambaressa earth fill dam 60,000m³ • Miidi earth fill 60,000m³ • Hirbay village water pan • Kaltum village water pan, Dam capacity 20,000m³ • Gure water pan 20,000m³,
Cross Cutting Issues	Institutional Capacity developed	<ul style="list-style-type: none"> • No. of Staff capacity build • Training needs assessment report 	<ul style="list-style-type: none"> • Carry out training needs assessment • Providing short courses to staff 	<ul style="list-style-type: none"> • Staff training assessment done • Staff attended short courses under various disciplines on personal sponsorship
	National Cohesion and Values	<ul style="list-style-type: none"> • Report on national values and principles of governance 	<ul style="list-style-type: none"> • Fast track implementation of programmes, projects and activities • Submit Annual Report on measures taken and progress achieved in the realization of National Values and Principles of Governance 	<ul style="list-style-type: none"> • Report on national values and principles of governance submitted and achieved a score of 100% from the Directorate of National Cohesion and Values

8. Corporate Governance Statement

The Authority's Board comprises the Chairman and Eight (8) independent board members. The Board also includes the Principal Secretaries to The National Treasury, State Department of Regional Development and Northern Corridor of the East Africa Community and Regional Development, Ministry of Agriculture and Livestock Development, Ministry of Water and Sanitation and Regional County Commissioner. The Managing Director is an ex-officio member and Secretary to the Board. The Board brings together members with vast experience from different professional backgrounds with diverse skills.

The Board is responsible and accountable to the Government through the National Treasury and Planning and adheres to the highest standards of corporate governance and ethics as well as ensuring compliance with all applicable laws. It is committed to ensuring that the Authority's obligations, roles and responsibilities to its various stakeholders are fulfilled through its corporate governance practices. The Members and Management perform their duties with impartiality, honesty, transparency and accountability, professionalism, integrity, care and due diligence and act in good faith to the best interests of the public. Further, the Board is committed to ensuring that ethics and integrity remain at the core of the Authority's operations. It recognizes that ethical management is key to the Authority's sustainability and is therefore, continuously putting in place practices, systems and processes to integrate ethics in all its operations. All new Members and staff equally undergo mandatory induction training that includes ethical conduct and are required to sign the Code of Ethics and to adhere to its principles and provisions.

Role of the Chairman of the Board

The Chairman provides leadership and governance of the Board and creates conditions for overall Board and individual Director's effectiveness by ensuring that all key and appropriate issues are discussed by the Board in a timely manner. He ensures that the Board plays a full and constructive part in the development and determination of the Authority's strategies and policies. He also ensures that the Board is supplied with timely and sufficient information to enable it to discharge its duties effectively. In furtherance of the above, the Chairman ensures adherence to good corporate governance practices and procedures, and continuously promotes the highest standards of integrity, probity and corporate governance throughout the Authority and particularly at Board level.

Role of the Board

The Board is responsible for overall strategic direction and operational guidance of the Authority. In this regard, the responsibilities of the Board include:

Establishing short and long-term goals of the Authority and develop strategies to achieve these goals;

Monitoring the Authority's performance against these set goals;

Overseeing the preparation of annual financial statements and reports;

Approving annual budgets;

Ensuring that the Authority has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

The Board's key achievements during the FY 2024/25 were: -

- Approved and continually monitored the implementation of the Authority's Annual operating Plans and Budget;
- Implemented the Authority's Performance Contract with The National Treasury and Planning;
- Filled the vacancies for Directors
- Reviewed and approved the Authority's Strategic Plan 2023- 2027
- Drought Mitigation-Initiated Water pans, Boreholes and Rehabilitation of Strategic Water Facilities in, Tana River County, Kilifi County, Taita Taveta and Garissa County.

Board Membership and Attendance

Board Committees

The Board meets at least once every quarter depending on the exigencies of the business.

The Board has established three (3) standing committees to assist in the execution of its responsibilities: Finance and Establishment, Projects and Planning and Audit.

a) Finance and Establishment Committee

The Finance and Establishment is responsible for reviewing budgeting process and oversight of financial reporting. This Committee is mandated to review Human Resource policies and succession planning aspects of the Authority, review of Human Resources compliance with national legislation, organize the structuring and performance evaluation of Senior Staff, oversee and advise the Board on recruitment and promotion of staff.

b) Projects and Planning Committee

The Projects and Planning Committee's mandate is to guide on strategic planning and related technical aspects of the operational performance of the Authority. This involves review of the Strategic Plan, Annual Development Budget, monitoring of projects under implementation and operation strategies.

c) Audit Committee

The Audit Committee is mandated to periodically review the Authority's financial statements in liaison with the External Auditors, review the financial statutory and non-statutory reporting obligations, advice on risk identification and mitigation measures and check on effectiveness and robustness of internal control measures. The Authority's internal auditor attends all meetings of the committee.

Capacity Building for the Board

Training and development programs were organized to equip the Board with the necessary skills for effective discharge of their mandate. During the year, members also attended

various capacity building programs focusing on Corporate Governance, Internal Audit, Leadership and Public Finance.

Board Evaluation

Board evaluation is key in assessing the performance, efficiency and effectiveness of an organization. The Authority undertakes regular annual performance evaluation of its Board to enable it review its strategies to ensure continuous growth and sustainability. The evaluation exercise was undertaken during the year in review.

Board Remuneration

Members are entitled to a sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable. This is done within the limits set by the Government for State Corporations. In addition, the Chairman is paid a monthly honorarium and airtime.

Statement of Compliance and Conflict of Interest

Conscious of its responsibilities to Members, service providers, suppliers, creditors, employees and the society, to the best of the Authority and management's knowledge, no person, employee or agent acting on behalf of the Authority, with the knowledge of authority of the Authority or management, committed any offence under the Prevention of Corruption Act or indulged in any unethical behaviour in the conduct of the Authority's business, or been involved in money laundering, or any practice or activity contrary to national laws or international conventions.

Code of Conduct

Each Member of the Authority derives his/her authority and position from a legitimate nomination procedure. However, on becoming a member, he/she becomes bound by the overriding fiduciary duty to act in good faith in pursuit of the best interests of the Authority Members as a whole. In the discharge of their duties, Members operate within the framework of a collective Authority. In order to enable the Members to operate effectively and in the best interest of the Authority, all Members observe rules and regulations governing the conduct of Authority as contained in its manual.

Risk Management

The Members of the Authority are committed to a process of Risk Management that guides in the identification of strategic and operational risks through a structured, systematic, proactive and integrated process. This is done through a risk management framework, which enables management to focus in a comprehensive and holistic manner on all risks faced by Authority. A risk management policy established by the Authority is one of the important steps in ensuring that the management identifies and manages all risks, and further that the Members of the Authority provide oversight, as well as policy direction in managing risks.

Risk Management Structure and Roles

Risk management requires an integrated approach between the various risk related specialists, department and staff. The risk management structure of the Authority comprises; The Audit Committee and the management team.

Role of the Audit Committee

The Authority established committees among them, the Audit Committee, whose mandate is to monitor implementation of risk management framework established by the Authority. The Committee also ensures that the risk management system implemented by management meets the requirements set out in the policy.

Role of Internal Audit and Risk

In addition to implementation of the risk management framework, the Authority has an independent Internal Audit Department, whose function is to provide independent assurance to the Authority and management through structured audits, reviews, testing and other techniques, carrying out risk-based audits, reporting on effectiveness and efficiency of risk management process, as well as reporting on the Authority's compliance with the risk policy. Continuous risk assurance audits were conducted during the year to review the Authority risk status. A review of the strategic and operational risk registers were undertaken.

Role of Management Team

The Management team's role in risk management is that of implementing the risk framework established by the Authority. In addition, the management receives and approves quarterly reports on operational risk management issues, and reports to the Audit Committee and the board, on any strategic risks identified. The management team also approves risk mitigating actions to be taken by the Authority, contributes to the development of the Risk Management System.

Risk Categories

The Authority has identified and categorized risks as follows:

1. Strategic risks: These arise out of the Authority's strategic plan.
2. Financial risks: They are associated with the financial operations of the Authority
3. Operational risks: These are risks associated with the operations of the Authority.
4. Legal and regulatory risks: Legal risks can arise from non-compliance with the legal and regulatory requirements.

Risk Training and Awareness

The Authority's commitment to risk management has also been evidenced by the awareness and continuous training offered to the Members of the board, management and staff of the Authority throughout the year.

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Code of Conduct

The Authority has continued to observe and implement the provisions of the Code of Conduct as stipulated in the Mwongozo. The Code binds both the Board Members and staff who commit to its requirements upon joining the Authority.

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Board Member	Gen der	Classification	Designation	Research & Planning Committee	Finance & Establishment Committee	Audit Committee	Full Board Meeting
				(Total no of meetings held 3)	(Total no of meetings held 18)	(Total no of meetings held 3)	(Total no of meetings held 5)
Mr.Mzee Mwinyi Mzee	M	Independent Member	Board Chairman	n/a	n/a	n/a	1
Mr. Dorcas Jibrán	F	Independent Member	Chairperson Finance & Establishment Committee	n/a	6	n/a	6
Mr.Robert Mue Kisyula	M	Independent Member	Chairperson Projects and Planning Committee	n/a	n/a	6	6
Mr. Toash George Amuma	M	Independent Member	Chairperson Audit Committee	n/a	6	n/a	6
Ms. Bibi Salim Masha	F	Independent Member	Member	n/a	6	n/a	6
Mr.Ikhwan Omar Bwanadi	M	Independent Member	Member	n/a	n/a	6	6
Mr.Benson Muema Kilonzo	M	Independent Member	Member	4	n/a	n/a	4
Mr. Ricky W. Kambi	M	Independent Member	Member	n/a	n/a	4	4
Mr.Samuel Kalinga Mgandi	M	Independent Member	Member	n/a	n/a	6	6
Mr. Paul Muraya Mwangi	M	Representing PS, State Department for ASALs and Regional Development,	Member	n/a	6	n/a	6
Eng.Martin Tsuma	M	Representing the PS - Ministry of Water and Sanitation	Member	4	n/a	n/a	4
Mr,Charles Kisingu	M	Representing PS, The National Treasury	Member	n/a	n/a	6	6
Ms.Rhoda Onyancha	M	Regional County Commissioner	Member	4	n/a	n/a	4
Mr. Livingstone Mburu	M	Representing Inspector General Corporations	Member	n/a	6	n/a	6
Pamela Maghema Ngure	F	Ex Officio Member	Secretary to the Board	4	4	n/a	6
Dr. Mwanasiti Mohamed Bendera	F	Ex Officio Member	Secretary to the Board	1	1	n/a	1

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9. Management Discussion and Analysis

The Authority is currently implementing its strategic plan, which covers the period Strategic Plan 2023 – 2027, which coincides with the implementation of the government’s Bottom-Up Economic Transformation Agenda (BETA) and the Forth Medium-Term Plan (MTP) 2023/2027 of Kenya’s Vision 2030. This is geared towards economic turn around and economic growth towards value chain approach. The goals and initiatives of the strategic plan will provide guidance to the Authority as it develops activities to realize the stated objectives. These activities support the Key Result Areas of Ownership and commercial exploitation of natural resources, Integrated Regional Development Planning, Integrated Development Programmes and projects - Conservation and Environmental management, Basin-based resource studies, information and technology transfer, Community Support and Empowerment, Blue Economy and Exclusive Economic Zone of Kenya and National government strategic programmes

a) Operational Performance

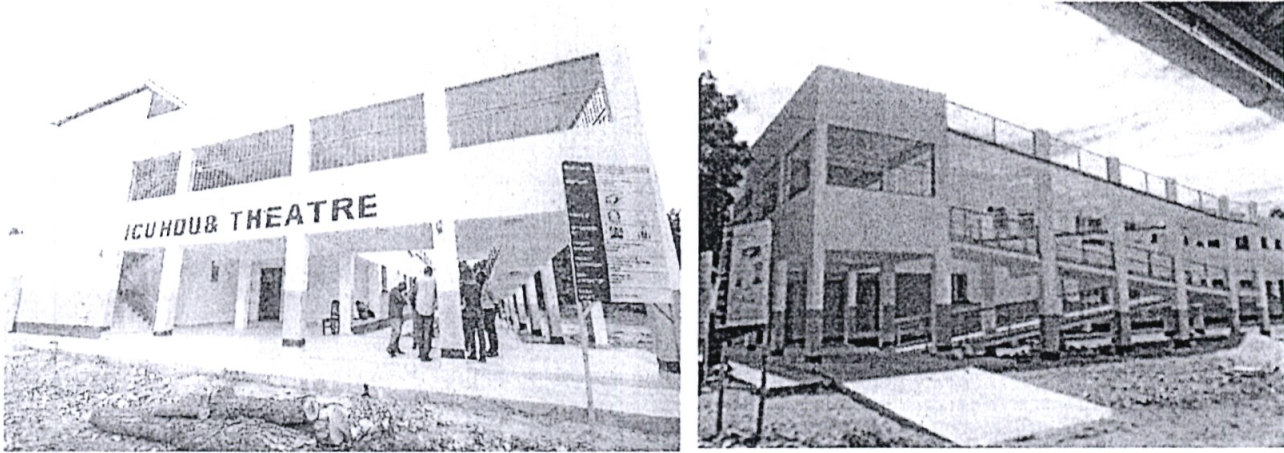
During the financial year 2024-2025 the approved budget for the Authority was Gross Ksh 236,830,000 for recurrent expenditure, Appropriation in Aid Ksh 18,000,000 and Ksh 342,000,000 for development expenditure. The projects for implementation under the Gok funding were Small Holder farmers Irrigation Scheme, Integrated Fruit Processing Plant, Wananchi Cottages, Water pans, Strategic Water Structures, Borehole. The Authority has been able to meet obligations as they fall due.

b) Key Projects Implemented

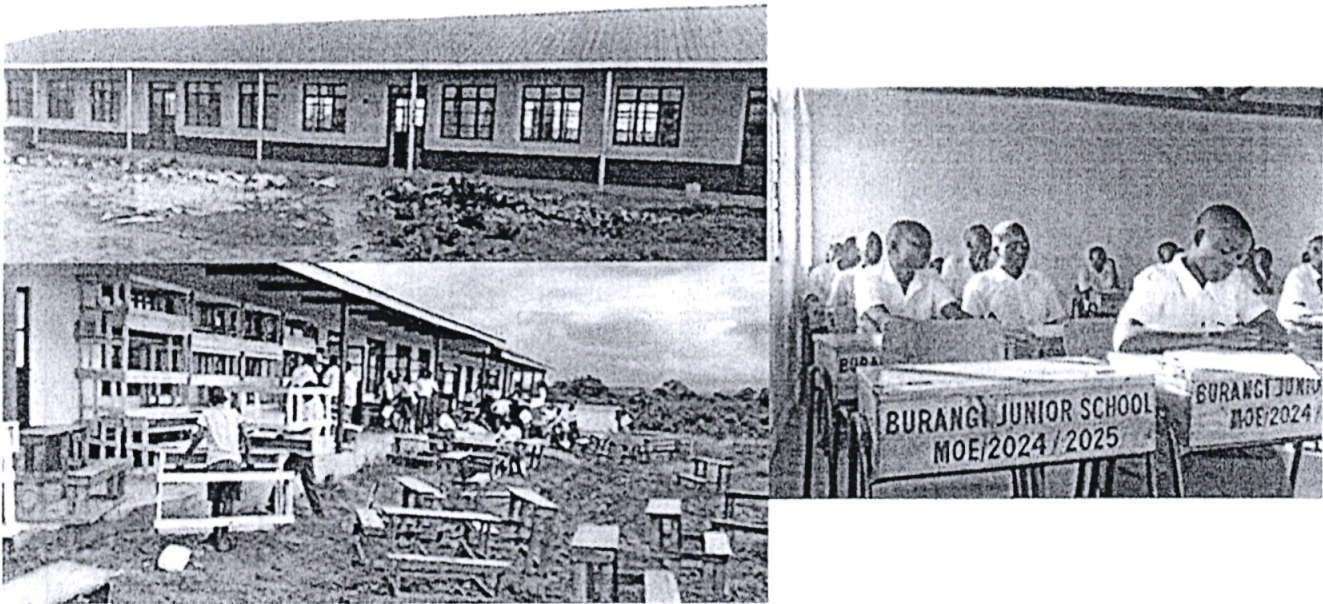
Project	Achievement (30 06 2025)
Integrated Fruit and Honey Processing Plant	90%
Small holder Irrigation Schemes	91%
Drought Mitigation	10%
Modernization of Wananchi Cottages	80%
Rehabilitation of Strategic Water Facilities	10%

PROJECT PICTORIALS

i) Malindi Integrated Social & Health Development Programme Phase II



Construction of Intensive Care Unit (ICU), High Dependence Unit (HDU) & Theatre completed awaiting equipping and commissioning at Malindi Sub-county Hospital Malindi under the Malindi Integrated Social & Health Development Programme Phase II.



Students from Burangi Primary and Burangi Junior School relocate to the newly constructed Burangi Primary and Junior Secondary under the MISHDP-II in Malindi.

ii) Drought Mitigation / Rehabilitation of Strategic Water Facilities



Building communities' resilience against the effects of climate change: Construction of Earth fill pans and drilling of boreholes.

c) Financial Performance

i) Budget Performance

The Authority had an approved budget of Ksh 236,830,000 for recurrent. For Development Budget FY 2024/25 the Authority approved was Ksh 342,000,000 GOK Development.

ii) Expenditure

The Expenditure of the Authority is as per below analysis

Expenditure Item	2024/2025	2023/2024
Compensation to Employees	168,978,529	200,127,135
Board Expenses	14,251,568	18,712,377
Use of goods and services/project expenses/repairs and maintenance/grants and subsidies and audit fees	115,267,396	144,481,009
Depreciation	30,540,103	31,099,510
Total	329,037,596	394,420,031

The Authority reported a Deficit of KSh 87,126,229 in the year under review compared to a deficit of KSh 68,616,297 in the previous year. This translated to a change of 27 %.

d) Compliance with Statutory Requirements

The Authority is required to comply with various laws and constitutional provisions, which include the Constitution, the CDA Parliament No. 20 of 1990 (Cap 449), revised in 1992, the PFM Act, Income Tax Act, NSSF Act and the National Hospital Insurance Fund (NHIF) Act, among others. Further, provisions of Article 226 (1a) of the Constitution requires that the Authority to prepare annual report and financial statements, which should be submitted to the Auditor General. Other provisions of the laws such as the NHIF Act, NSSF Act and Income Tax Act have also been complied with by the Authority, and the

related monthly and annual deadlines for returns observed as per the requirements of each Act.

e) Major Risks Facing the Authority

The Authority has identified risks affecting which are categorized as below

- Strategic risks: These arise out of the Authority’s strategic plan.
- Financial risks: They are associated with the financial operations of the Authority.
- Operational risks: These are risks associated with the operations of the Authority.
- Legal and regulatory risks: Legal risks can arise from non-compliance with the legal and regulatory requirements.

The Authority further adopted various mitigation measures against the identified risks.

The major risks identified are as follows

No	Nature of Risks	Description	Risk Rating	Mitigation Measures
1	Strategic risks	Changing economic and political environment	Medium	The Authority to invest in public sensitization and stakeholders’ involvement forum at every stage of the strategic programmes’ implementation
		Community Opposition to projects		
		Inadequate legal interventions in the legal framework, which interfere with the implementation of the strategic objectives of the Authority		
2	Operational Risks	Loss of skilled workforce	Low	Authority to hire high calibre staff, train and motivate them in terms of remuneration in order to increase retention of staff.
		Inadequate support from major stakeholders and partners		Inadequate and regular collaborations and sensitization of stakeholders and partners on the essence of the Authority’s mandate in achievement of national goals.
		Inadequate understanding of the Authority’s mandate by customers.		Sensitization of the Authority’s customers on the mandate of the Authority.
3	Financial Risks	Inadequate funding from GoK and insufficient support from	High	Continuous engagement with the NT and

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		development partners.		development partners for optimal funding of the Authorities' activities.
4	Technological Risk	Rapid technological changes.	Low	Regular training on technological changes
		Cyber Crime		Monitoring and implementation of latest technology and enhancement of knowledge in cyber security
5	Legal	Policy Changes	Medium	Partner with the Attorney General and National Assembly for necessary support
		Law Suits		

f) Financial Probity and Serious Governance Issues

There are no issues of financial improbity reported by any board committee or by external auditors. There are no governance issues and no undisclosed conflicts of interest at the Board or top management of the Authority

10. Environmental and Sustainability Reporting

Coast Development Authority (CDA) is a State Corporation with the mandate to provide integrated development planning, coordination and implementation of projects and programmes within the whole of the Coast region, Southern Garissa and Kenya's Exclusive Economic Zone (EEZ).

CDA works with stakeholders in the planning, formulation, implementation, monitoring and evaluation of its projects/programmes with the aim to improve the socio-economic well-being of the communities through sustainable exploitation and management of the natural resources. This is in line with the vision and mission. The Coast region is endowed with natural resources however; the poverty level is still high. In addition to poverty levels, the region experiences other development challenges such as poor infrastructure, environmental degradation, unemployment, food deficit and high prevalence rate of HIV/AIDS. In order to address these challenges, CDA has been adopting a participatory and integrated approach in implementing its development projects for sustainable utilization and management of the natural resources. CDA therefore, will continue working with all relevant stakeholders in the planning, formulation, implementation, monitoring and evaluation of its projects/programmes. In so doing, the Authority hopes to improve the socio-economic well-being of the community in line with its mandate and vision.

i) Sustainability Strategy and Profile

The Authority deployed resources in the implementation of various development and income generation projects.

The implementation of these programmes is continuous and will be enhanced in the FY 2024/2025 to ensure the Authority's sustainability. The Authority is completing construction of the Wananchi Cottages which will have 41 accommodation rooms, modern restaurant, 2 conference rooms for 400 participants. Additionally, Integrated Fruit Processing Plant in Hola was commissioned by H.E the President on FY 2023/2024 to reduce post-harvest losses, boost income for fruit farmers, establish market linkages.

ii) Environmental Performance

The Authority undertook programmes to ensure that its environmental activities remain sustainable in the long run. This effort is demonstrated by implementing Presidential Directive of Tree planting. All projects undertaken by the Authority are subjected to Environmental Impact Assessment (EIA) audits.

iii) Employee Welfare

Human Resources Policy Instruments

The Authority has approved human resource instruments that guide human resource planning, Recruitment, Training, compensation and performance appraisal. The Authority adheres to the Employment Act. The Authority advertises for posts using different media platforms i.e., Daily Newspapers (My Gov) and through the Authority website. CDA is an equal opportunity employer committed to gender and disability mainstreaming.

- **Staff Performance and Training**

Staff are subjected to a fair performance appraisal system whose output, amongst other aspects, is the identification of areas of improvement and training aligned to the Performance Contract and annual workplans for the department.

- **National Cohesion and Equal Opportunity**

The Authority submits an annual report to the Directorate of National Cohesion and Values on the measures taken and progress achieved in the realization of national values and principle of governance. The Authority ensures inclusivity in all its programmes.

- **Staff Insurance and Safety**

The Authority has developed policy on safety and compliance and initiates annual safety Audit in all the Authority work stations. The Authority offices are a certified registered place of work with the Ministry of Labour, and thus, it is in conformity with the requirements of the Occupational Safety and Health Act of 2007, (OSHA, 2007). The Authority has adequate insurance cover for all its employees (medical, life, injury etc). All staff are well equipped with appropriate protective equipment.

iv) Market Place Practices

The Authority is pursuing public private partnerships and has signed MOUs with various investors interested in undertaking projects conceptualised by CDA. The National Ethics and Anti-Corruption Policy is anchored on the Political BeTA agenda of Kenya Vision 2030. The MTP IV identifies National Values and Ethics as one of the cornerstones of the Country's overall development through a value-based system. The Authority adheres to the Anti-Corruption Policy. The Authority has in place a Corruption Risk Mitigation Plan

a) Responsible Supply Chain and Supplier Relations.

The procurement process for the Authority is guided by the Public Procurement and Asset Disposal Act (No. 33 Of 2015) The Public Procurement and Asset Disposal Regulations, 2020.

All open tenders are advertised and updated on the Authority's website. The office is open for all suppliers during working hours of 8am to 5pm Monday to Friday hence ready to receive clarifications, complaints and any compliments which are acted on promptly.

The special groups also compete among themselves on reserved tenders which are set aside by the Authority and pays within 15 days as directed. CDA has given procurement opportunities to various supplies and settles all payables within 30 days. CDA does not hesitate to issue information on the winning supplies as well as regret letters to those that were not successful encouraging them for any future engagements during the tendering process.

b) Responsible Marketing and Advertisement

The Authority endeavours to act in an ethical manner when providing services to the citizens. The Authority maintains the balance of interests of all the stakeholders as well as in providing benefits to various stakeholder groups. The Authority reputable media channels which have ethical backgrounds for all its advertisements and communication.

11. Report of the Directors

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

i) Principal activities

The principal activities of the entity continue to be

- Mwache Multipurpose Dam Development Project
- Lake Challa Water Resources Project
- Integrated Water and Coastal Management Project (Adaptation to climate change)
- Integrated Community Water Supply (Water pans, dams and boreholes)
- Integrated Fruit Processing Plant Project
- Integrated Community Development Projects (Mineral Exploration and Promotion).
- Dry Port
- Integrated Livestock improvement
- Boji Irrigation Scheme
- Wananchi Cottages

ii) Results

The results of the Authority for the year ended June 30, 2025 are set out on page 1-5.

iii) Directors

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


iv) 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. The entity did not make any surplus during the year (FY 2024/2025).

v) Auditors

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

By Order of the Board


.....

Name: Hafsa Thabit
Corporation Secretary/Secretary to the Board

Coast Development Authority
Annual Report and Financial Statements
for the year ended June 30, 2025.

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 15 (1) of the State Corporations Act, 1986 requires that the Directors shall be responsible for the proper management of the affairs of the state corporation and shall be accountable for the moneys, the financial business and the management of the state corporation.

The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on 30th June, 2025. This responsibility includes:

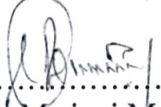
- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing 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 Authority;
- (v) selecting and applying appropriate accounting policies;
- (vi) making accounting estimates that are reasonable in the circumstances.

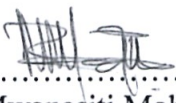
The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and State Corporations Act, 1986. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended 30th June, 2025 and the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority'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 Authority 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 Authority's financial statements were approved by the Board on 27th August 2025 and signed on its behalf by:


.....
Mzee Mwinyi Mzee
Chairman of the Board


.....
Dr. Mwanasiti Mohamed Bendera
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 COAST DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Coast Development Authority set out on pages 1 to 67, which comprise of the statement of financial position as at

30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Coast Development Authority 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 Coast Development Authority Act, 1990 (Revised 2012) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1. Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects initial and final budgeted transfers from other government entities of Kshs.252,830,000 and Kshs.517,862,475 respectively with nil adjustments resulting to an unexplained adjustment of Kshs.265,032,475 or 105% of the original budget.

In addition, the statement reflects nil final budget for capital expenditure while supplementary estimates II-Development Expenditure for 2024/2025 indicated that Parliament had appropriated Kshs.342,000,000 to eight (8) projects to be implemented by the Authority.

1.2. Statement of Cash Flows

The statement of cash flows reflects net cash flow from investing activities of Kshs. (4,046,203) which in turn includes decrease in inventory of Kshs. (692,545). However, the decrease in inventory is recognized both under operating activities and as investing activities in the statement of cash flows. Further, the decrease in inventory under Note 30 is an amount of Kshs.2,833,855 which differs with the decrease in inventory of Kshs. (692,545) in the statement of cash flows by an amount of Kshs.3,526,400.

In the circumstances, the accuracy and completeness of the financial statements as prepared and presented could not be confirmed.

2. Unsupported Cash and Cash Equivalents

The statement of financial position and Note 18 to the financial statements reflects cash and cash equivalents balance of Kshs.355,377,224. Included in this balance is Kshs.7,924.25 held in a local bank account. However, bank reconciliation statements in support of the bank accounts were not provided for audit review.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.355,377,224 as at 30 June, 2025 could not be confirmed.

3. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.720,623,647 as disclosed in Note 23 to the financial statements. The balance includes land valued at Kshs.334,580,485 which includes value of ten (10) parcels of valued at Kshs.24,300,000 whose ownership documents were not provided for audit review. Further, the asset register provided in support of the balance was incomplete as it was not up to date.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.720,623,647 as at 30 June, 2025 could not be confirmed.

4. Unsupported Prior Year Adjustment

The statement of changes in net assets reflects accumulated surplus of Kshs.1,130,736,662 as at 30 June 2025. The balance is arrived at after prior year adjustment of Kshs.8,914,926 and surplus for the year of Kshs. (87,126,229) to the opening balance of Kshs. (1,052,525,362). However, the prior year adjustment was not supported by way of approved journal vouchers and the restated prior year financial statements.

In the circumstances, the accuracy and completeness of the accumulated surplus of Kshs.1,130,736,662 as at 30 June, 2025 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.585,277,997 and Kshs.657,264,920 respectively, resulting to over-funding of Kshs.71,986,923, or 12% of the budget. Similarly, the Authority expended Kshs.380,129,593 against actual receipts of Kshs.657,264,920 resulting in under-expenditure of Kshs.277,135,327 or 42% of the actual receipts.

The over-realization and under-expenditure may be indicative unrealistic budgeting and may result to unauthorized expenditure.

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. Except for the effect of the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Prior Year Audit Issues

In the prior year's audit report several issues were raised under the Report on the Financial Statements, Lawfulness and Effectiveness in Use of Public Resources which remained unresolved as 30 June, 2025. Review of the status during audit of the Authority in 2024/2025 revealed that the following nine (9) issues remained unresolved as at 30 June, 2025.

No.	Audit Issue
1.	Unsupported financial statement balances
2.	Unexplained variance on property, plant and equipment
3.	Undisclosed source of public contributions and donations
4.	Undisclosed prepayments
5.	Misstatement of biological assets
6.	Budgetary control and performance
7.	Lack of affirmative action for persons living with disabilities
8.	Lack of ethnic diversity in staff establishment
9.	Irregular procurement of medical insurance cover

Other Information

The Directors are responsible for the Other Information set out on page iii to xlv which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Ag. Managing Director, Statement of Performance against Predetermined Objectives for the FY 2024/2025, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and the Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Adherence to Gender Balance in Staff Establishment

Review of the human resource records shows that the Authority had 157 permanent, contract and casual employees out of whom 108 or 69% were male which exceed the prescribed 67% as stipulated in article 27(8) of the constitution which states that not more than two-thirds of the members of elective or appointive bodies shall be of the same gender.

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

2. Non-Adherence to Ethnic Diversity in Staff Establishment

Review of the human resource records shows that the Authority had forty-six (46) or 39% of the one hundred and nineteen (119) employees from the same dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

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

3. Non-Adherence to Affirmative Action for Persons Living with Disabilities

Review of the June 2025 payroll revealed that the Authority engaged thirteen (13) and thirty-seven (37) staff on contract and casual terms respectively. However, only one or 2% of the staff engaged in both terms were persons living with disabilities. This is contrary to Section 13 of the Persons with Disabilities Act, 2003 which requires reservation of five (5) per cent of all casual, emergency and contractual positions in employment in the public and private sectors for persons living with disabilities.

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

4. Long Outstanding Imprest

Review of imprest register revealed that twenty-six (26) former employees of the Authority held imprests amounting to Kshs.13,403,070 which had remained unsurrendered over eight years. Although Management sent demand letters to the affected individuals during the 2018/2019 financial year, evidence of subsequent follow-up including alternative debt recovery measures were not provided for audit review. This is contrary to Regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015 which states that a holder of a temporary

imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

In the circumstance, recoverability of the outstanding imprest of Kshs.13,403,070 could not be confirmed.

5. Quarterly Financial Reports Not in the Prescribed Format

Review of the records maintained revealed that the Authority prepared quarterly financial reports using the Government Investment Management Information System (GIMIS). However, the quarterly reports were not prepared in conformity with the reporting templates stipulated by the Public Sector Accounting Standards Board (PSASB) and were not submitted to the Auditor-General. This is contrary to Section 83(2)(b) of the Public Finance Management Act, 2012 which requires an accounting officer for a National Government Entity to prepare a report for each quarter of the financial year in respect of the entity in a form that complies with the standards prescribed and published by the Accounting Standards Board from time to time.

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

6. Failure to Maintain Project Implementation Status

Note 22 to the financial statements reflects capital work in progress / community projects balance of Kshs.1,019,451,730. However, Management did not provide a project implementation status report detailing the name or title of the project, source of funding, location, contractor name, contract sum, total payments to date and the percentage progress of the works. This is contrary to Section 151(2)(i) of the Public Procurement and Asset Disposal Act, 2015 which tasks the contract implementation team with ensuring that all contract administration records are complete, up to date, filed and archived as required.

In the circumstances, the Authority 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 Directors

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

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

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

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

The Board of Directors is responsible for overseeing the 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 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

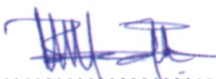
15 December, 2025

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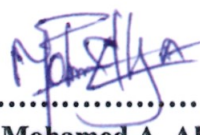
14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6(a)	175,862,475	226,029,998
Public Contributions & Donations	7	941,969	13,635,735
		176,804,444	239,665,733
Revenue from exchange transactions			
Other income	8	71,306,923	86,138,000
Total revenue		248,111,367	325,803,733
Expenses			
Use of goods and services	9	37,868,800	64,314,045
Employee costs	10	168,978,529	200,127,135
Board Expenses	11	14,251,569	18,712,377
Depreciation and amortization expense	12	30,540,103	31,099,510
Repairs and maintenance	13	1,655,741	4,269,536
Project Expenses	14	74,144,886	51,099,529
Grants and subsidies	15	941,969	13,635,735
Audit Fees	16	656,000	656,000
Provision for Court Award-Endebes	17	6,200,000	10,506,164
Total expenses		335,237,597	394,420,031
Surplus/(deficit) for the period/year		(87,126,229)	(68,616,297)
Net Surplus for the year		(87,126,229)	(68,616,297)

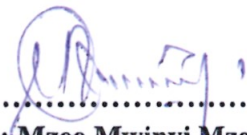
The notes set out on pages 9 to 54 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


 Name: Mwanasiti M. Bendera
 Accounting Officer

Date 1/12/2025


 Name: Mohamed A. Abdi
 Head of Finance

ICPAK M/No: 33079
 Date 1/12/2025


 Name: Mzee Mwinyi Mzee
 Chairman of the Board

Date 1/12/2025


Coast Development Authority
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15 Statement of Financial Position as at 30 June 2025


	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	18	355,377,224	48,473,553
Receivables from Exchange Transactions	19(a)	18,027,919	28,987,836
Receivables from Non-Exchange Transactions	20	26,318,683	37,507,807
Inventories	21	691,247	3,525,102
Total Current Assets		400,415,073	862,385,301
Non-Current Assets			
Property, Plant and Equipment	23	720,623,647	747,720,092
Biological Assets	24	2,340,000	2,250,000
Receivables from Exchange Transactions	19b	1,974,009	12,962,619
Work in progress/ Community projects	22	1,019,451,730	743,891,003
Total Non- Current Assets		1,744,389,386	762,932,711
Total Assets (A)		2,144,804,459	1,625,318,012
Liabilities			
Current Liabilities			
Trade and Other Payables from exchange	25 (a)	50,421,582	62,503,215
Trade and other payables from non-exchange	25 (b)	7,525,786	10,300,239
Deferred Income	26	267,746	872,571
Employee Benefit Obligation	27	5,168,249	6,275,563
Total Current Liabilities		63,383,363	79,951,588
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	28	28,992,222	22,378,178
Non-Current Provisions/Provision for audit fees	29	3,936,000	3,280,000
Court Award-Endebes	17	140,706,164	134,506,164
Total Non- Current Liabilities		173,634,386	160,164,341
Total Liabilities (B)		237,017,749	237,341,476
Net Assets (A-B)		1,907,786,710	1,387,976,536
Represented by:			
Revaluation Reserves		342,786,314	342,786,314
Accumulated Surplus		(1,130,736,664)	(1,052,525,362)
Development Grants		2,695,737,060	2,335,057,060
Net Assets		1,907,786,710	1,625,318,012

Coast Development Authority
Annual Report and Financial Statements
for the year ended June 30, 2025.


The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


.....
Name: Mwanasiti M. Bendera
Accounting Officer

Date 1/12/2025


.....
Name: Mohamed A. Abdi
Head of Finance
ICPAK M/No: 33079

Date 1/12/2025


.....
Name: Mzee Mwinzi Mzee
Chairman of the Board

Date 1/12/2025

Coast Development Authority
Annual Report and Financial Statements
for the year ended June 30, 2025.

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

Description	Revaluation reserve	Accumulated Surplus	Development Grants	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	342,786,314	(982,904,895)	2,445,412,168	1,805,293,587
Revaluation gain	-	(1,004,169)	-	(1,004,169)
Deferred tax on excess depreciation	-	-	-	-
Fair value adjustment on investments	-	-	-	-
Surplus/ deficit for the year	-	(68,616,297)	-	(68,616,297)
Capital/development grants received during the year	-	-	161,180,002	161,180,002
MISHDP II	-	-	(271,535,110)	(271,535,110)
Interim dividends paid	-	-	-	-
Proposed final dividends	-	-	-	-
As at June 30, 2024	342,786,314	(1,052,525,362)	2,335,057,060	1,625,318,012
As at July 1, 2024	342,786,314	(1,052,525,362)	2,335,057,060	1,625,318,012
Issue of new share capital	-	-	-	-
Revaluation gain	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-
Fair value adjustment on investments	-	-	-	-
Surplus/ (deficit) for the year	-	(87,126,229)	-	(87,126,229)
Capital/development grants received during the year	-	-	360,680,000	360,680,000
Prior year adjustment	-	8,914,926	-	8,914,926
Net GoK Grants	-	-	360,680,000	360,680,000
As at June 30, 2025	342,786,314	(1,130,736,664)	2,695,737,060	1,907,786,710

Coast Development Authority
Annual Report and Financial Statements
for the year ended June 30, 2025.

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

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		175,862,475	226,029,998
Public contributions and donations		941,969	13,635,735
Other income		71,306,923	86,138,000
Total receipts		248,111,367	325,803,732
Payments			
Project Expenses		74,144,886	64,314,045
Employee costs		168,978,528	200,127,135
Board Expenses		14,251,568	18,712,377
Repairs and maintenance		1,655,740	4,269,536
Use of goods and services		37,868,800	51,099,529
Grants and subsidies		941,969	13,635,735
Total payments		297,841,491	352,158,356
Net cash flows from/(used in) operating activities		(49,730,126)	(26,354,624)
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(3,443,658)	(64,959,547)
Work in progress		-	(122,296,303)
Disposal of Biological Assets		90,000	304,793
Decrease in Inventory		(692,545)	-
Prepayment Medical		-	(13,763,063)
Net cash flows from/(used in) investing activities		(4,046,203)	(200,714,120)
Cash flows from financing activities			
Development grant		360,680,000	161,180,002
MISHDP PHASE 11		-	(271,535,110)
Net cash flows from financing Activities		360,680,000	(110,355,108)
Net increase/(decrease) in cash & Cash equivalents		306,903,671	(337,423,852)
Cash and cash equivalents at 1 July 2024	18	48,473,553	385,897,405
Cash and cash equivalents at 30 June 2025	18	355,377,224	48,473,553

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	48,473,553	48,473,553	48,473,553	-	-
Receipts						
Transfers from Other Governments entities	252,830,000	-	517,862,475	536,542,475	(18,680,000)	
Levies, Fines and Penalties	-	-	-	-	-	-
Public Contributions and Donations	941,969	-	941,969	941,969	-	-
Property Taxes Revenue	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Rendering of Services	-	-	-	-	-	-
Sale of Goods	-	-	-	-	-	-
Rental Revenue from Facilities and Equipment	-	-	-	-	-	-
Finance Income	-	-	-	-	-	-
Agency Income	-	-	-	-	-	-
Other Income	18,000,000	-	18,000,000	71,306,923	(53,306,923)	396.15%
Total Receipts	271,771,969	-	585,277,997	657,264,920	-	-
payments						
Use of Goods and Services	-	-	-	-	-	-
Employee costs	179,734,272	-	179,734,272	168,978,528	(10,755,744)	94%
Remuneration of Directors	-	-	-	-	-	-
Other expense	55,095,728	-	55,095,728	127,920,996	(72,825,268)	232.2%
Contracted Services	-	-	-	-	-	-

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	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	n
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	48,473,553	48,473,553	48,473,553	-	-
Grants and Subsidies	941,969		941,969	941,969	-	-
Total Payments	235,771,969	0	235,771,969	297,841,493	(62,069,254)	-
Capital Expenditure Payments	36,000,000	-	-	82,288,100	-	-
Surplus	271,771,969			359,423,428	-	

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	359,423,428
1	Net cashflow from investing activities	(4,046,203)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	355,377,224

Note;

- The 396.15% difference in income is due the operationalisation of wananchi conference facility which attracted a good number of guests during the year than what the Authority anticipated thus resulting to overcollection of ksh.53,306,923.
- The 232.2% is due to increased expenditure as a result of increased collection. The performance difference of Ksh.18,680,000 is a prior year receivable which was received at the beginning of FY 2024/2025

19. Notes to the Financial Statements

1. General Information

Coast Development Authority is established by and derives its authority and accountability from CDA Act. CDA is wholly owned by the Government of Kenya and is domiciled in Kenya. CDA's principal activity is to accelerate socio-economic development through innovation, planning, coordination and partnerships in implementation of integrated programs, value-addition and environmental management.

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 CDA's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

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

- i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has 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.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under

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	<p>which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
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>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <p>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</p> <p>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.</p> <p>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p>

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ii. Early adoption of standards

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

Notes to the financial statements

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

b) Budget information

The original budget for the Current FY2024/2025 was approved by the National Assembly on 30th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority did not record additional appropriations of budget following the governing body's approval.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Budget information (continued)

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 a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under section xxx of these financial statements.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 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. Buildings- 2%, Computer-30%, Furniture and fittings- 12.5%, Plant & Equipment- 12.5% and Motor vehicles- 25%.

d) 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.

e) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

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:

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

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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.

a) Financial assets

Classification of financial assets

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 irrevocable election at initial recognition for particular investments in equity instruments.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

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*.

b) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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

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

j) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

k) 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.

l) 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements that include; Development Grants, Revenue Reserves and Retained Earnings.

n) 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.

o) 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

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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) 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.

q) 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 CEO and senior managers.

r) Service concession arrangements

The *Entity* analyses all aspects of service concession arrangements that it enters 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 (Continued)

Summary of Significant Accounting Policies (Continued)

s) 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.

t) Comparative figures

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

u) Subsequent events

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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 value

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) 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 40. 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)

6. a) Transfers from Other Government entities

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional Grants		
Recurrent Grant	175,862,475	226,029,998
Total Unconditional Grants	175,862,475	226,029,998
Total Government Grants And Subsidies	175,862,475	226,029,998

b) Transfers from other Government entities

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional Grants		
Development grants	360,680,000	161,180,002
Total Unconditional Grants	360,680,000	161,180,002
Total Government Grants And Subsidies	360,680,000	161,180,002

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

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2024/2025	Total transfers 2023/2024
	KShs	KShs	KShs	KShs	KShs
Ministry of East African Community	175,862,475	-	360,680,000	536,542,475	387,210,000
- Ministry					
Total	175,862,475	-	360,680,000	536,542,475	387,210,000

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Notes to the Financial Statements (Continued)

7. Public Contributions and Donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Donations transferred to revenue on conditions being met.	941,969	13,635,735
Total Transfers and Sponsorships	941,969	13,635,735
Reconciliation Of Public Contributions and Donations		
Balance Unspent at Beginning of The Year	872,571	257,806,628
Current Year Receipts	158,500	13,770,680
Conditions Met - Transferred to Revenue	941,969	13,635,735
Conditions To Be Met - Remain Liabilities	89,102	285,213,043

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Notes to the Financial Statements (Continued)

8. Other Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Wananchi cottages	68,151,462	82,099,910
IFPP	897,766	3,141,131
Other income	2,257,696	896,959
Total Other income	71,306,923	86,138,000

9. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Electricity	1,069,016	1,281,367
Water	-	427,122
Advertising	1,383,584	1,336,245
Admin Fees	2,622,643	1,535,373
Internet	564,754	1,520,271
General Office Supplies	783,226	963,692
Official Entertainment	95,637	672,950
Insurance	557,179	823,608
Legal Expenses	379,111	11,895,015
ISO Audit	40,000	351,970
Transport & Operation	616,570	773,279
Monitoring & Evaluation	734,100	459,096
Postage	143,891	124,687
Printing and Stationery	454,187	2,248,412
Reports	2,020,262	1,238,290
Land Rates	-	-
Work Environment	646,806	1,350,785
Finance Stewardship	5,786,862	9,356,540
Project Concept	26,000	-
County Coordination	14,000	588,880
Regional Planning & Coordination	1,610,429	2,833,620
Strategic Planning Implementation	176,200	3,592,477
Performance Contracting	1,254,450	683,457
Budgeting	1,609,151	1,901,080
Competence Development	-	-
Licence and subscriptions	686,256	-
Telecommunication	90,273	1,069,639

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Description	2024/2025	2023/2024
	Kshs	Kshs
Stamp Duty	-	622,478
Board of survey	-	741,430
Tender Evaluation	1,237,800	1,020,600
Travel, accommodation, subsistence, & other allowances	11,389,571	14,712,439
Corporate Social Responsibility	-	30,000
Bank charges	55,583	159,241
Other General Expenses – ASK Expenses	1,821,259	-
Total	37,868,800	64,314,045

10. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries and wages	161,441,180	170,086,379
Employer contribution to health insurance schemes	5,807,292	23,387,410
Employer contribution to pension schemes	-	148,350
Travel, accommodation, subsistence, & other allowances	-	14,494,130
Subscription to Professional Bodies	145,320	458,043
Training	791,700	1,324,691
Work Man Compensation	-	1,654,120
NITA	-	28,300
Staff Policies and Reports	493,837	717,765
Group Personal Accident	-	622,478
Funeral Expenses	299,200	475,500
Group Life Insurance	-	1,224,100
Employee costs	168,978,529	200,127,135

11. Board Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman/Directors' Honoraria	753,200	896,400
Sitting Allowances	3,573,380	4,157,648
Medical Insurance	-	-
Travelling Expense	3,741,987	4,427,582
Induction and Training	69,600	490,424
Travel and Accommodation	4,602,950	6,260,445
Other Allowances	1,510,452	2,479,878
Total	14,251,569	18,712,377

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Notes to the Financial Statements (Continued)

12. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	30,540,103	31,099,510
Total depreciation and amortization	30,540,103	31,099,510

13. Repairs and Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property and equipment	-	-
Investment Property	-	-
Equipment and Machinery	22,900	114,950
Vehicles	1,399,820	3,318,926
Furniture and Fittings	-	-
Computers and Accessories	233,021	835,660
Others (specify)	-	-
Total Repairs and Maintenance	1,655,741	4,269,536

14. Project expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Wananchi Cottages	69,441,670	36,139,459
Coral Block	-	132,298
Kazi Kwa Vijana (KKV)	28,000	2,376,542
Samburu Ranch	390,976	493,873
Water Boozer	-	-
IFPP	3,895,578	11,891,887
Shimoni	388,662	65,470
Others (specify)	-	-
Total Contracted Services	74,144,886	51,099,529

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Notes to the Financial Statements (Continued)

15. Grants and Subsidies

Description	2024-2025	2023-2024
	Kshs	Kshs
Kenya Climate change Adaptation Programme	269,115	173,351
KWSCRIP Mwache	672,854	13,462,384
MISHDP PHASE 11	-	-
Total Grants and Subsidies	941,969	13,635,735

16. Audit Fees

Description	2024-2025	2023-2024
	Kshs	Kshs
Audit fees	656,000	656,000
Total finance costs	656,000	656,000

17. Court Award-Endebes

Description	2024-2025	2023-2024
	Kshs	Kshs
Court Award-Endebes	134,506,164	124,000,000
Court Award-Endebes-Interest	6,200,000	10,506,164
Total	140,706,164	134,506,164

18. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	355,377,224.27	48,473,553
Savings Account	-	-
Cash in hand	-	-
Mpesa paybill Account	-	-
Others (Specify)	-	-
Total Cash and Cash Equivalents	355,377,224.27	48,473,553

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs

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Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
a) Current Account			
Barclays Coral Block	2022577967	-	
Barclays Coral Block B	2024191144	7,924.25	7,924.25
Barclays Wananchi Cottages	2024191047	1,983,406.95	10,826,324.85
Equity Bank-KWSCRIP	1560267200967	138,665.87	511,900.87
Equity Kilifi	1060299686735	33,872.10	184,052.90
KCB Kenya Climate Change	1166235319	129,080.13	375,145.13
KCB Main Account	1166235173	10,048,783.03	4,297,692.50
KCB Try Sq Farms	1105622029	339,302,597.45	31,332,474.60
KCB Wananchi	1334852855	3,404,588.90	-
NBK -Malindi Integrated Project II	01071247283300	-	-
NBK Development	01002008243100	28,866.23	30,066
NBK -Malindi Integrated Project	01002009182400	54,517.65	64,357.65
NBK EEZ Project	01002008243101	18,147.40	17,007.40
NBK FFS	01002057026205	170,781.73	239,335.73
NBK FFS RH	01002057026208	30,705.05	31,905.05
NBK Main Account	01004007563400	17,188.53	18,388.53
Sub- Total		355,369,125.27	47,940,638.20
b) Others (Specify)			
Cash Account -Wananchi		8,099	-
Cash Account-KCB Main		-	-
Mpesa Paybill Account		-	532,915
Sub- Total		8,099	532,915
Grand Total		355,377,224	48,473,553.19

19.Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2024-2025	2023-2024
	Kshs	Kshs
Receivables		
Wananchi cottage receivables	16,644,019	27,563,436
Coral block receivables	1,383,900	1,424,400
Total Current Receivables	18,027,919	28,987,836

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(b) Receivables from Exchange Transactions (Long-term)

Description	2024/2025	2023/2024
	Kshs	Kshs
Total receivables		
Other Staff Receivables	445,221	445,221
Staff Telephone	-	-
Provision for bad debts	-	-2,774,453
Staff Advances	-	-
Service Deposits	1,528,788	1,528,791
Service Deposits-Medical	-	13,763,063
Total receivables	1,974,009	15,737,075
Current portion transferred to current receivables	-	-
Total non-current receivables	1,974,009	12,962,619
Total receivables (a+b)	20,001,929	41,950,455

(c) Ageing analysis for Receivables from exchange transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current 2024/2025	% of the total	Comparative 2023/2024	% of the total
Less than 1 year	16,644,019	82.9%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	3,429,510	17.1%	-	%
Total (a+b)	20,001,929	%	-	%

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Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

20.Receivables from Non-Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Imprests Outstanding	21,736,150		33,556,438	
Claims Reg CDA Main	22,604		536,710	
Claims IFFP	5,200		-	
Claims Wananchi	925,667		-	
Claims FFS	167,200		-	
Other Advances CMDP	-		-	
Advances to other RDA's	123,734		123,734	
Advance to MRD	510,336		510,336	
Pambazuko Dev Co	1,018,317		1,018,317	
Pledges	6,132		6,132	
Ukunda Showground	1,756,136		1,756,136	
Staff Advances	47,207		1,318,696	
Total receivables from non- exchange transactions	26,318,683		37,507,808	
Ageing Analysis- Receivables from non-exchange transactions	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	9,453,753	36%	-	%
Between 1-2 years	-	%	-	%
Over 3 years	16,864,932	64%	-	%
Total	26,318,683	100%	-	%

21. Inventories

Description	FY2024/2025		FY 2023/2024	
	Kshs		Kshs	
Inventory	691,247		3,525,102	
Total inventories at the lower of cost and net realizable value	691,247		3,525,102	

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Detailed disclosure on inventories

	2024/2025
Opening balance	3,525,102
Additional Inventory in the year	-
Inventory expensed in the year	(2,833,855)
Closing balance	691,247

22. Work in progress/ Community projects

Description	2024/2025	2023/2024
	Kshs	Kshs
Community Projects /Work in Progress		
Boji Irrigation Scheme	51,611,627	51,611,627
Project Account – AbaQ Qiiq Dam	78,645,197	73,346,713
Integrated Community Enterprise: Coral Block Cutting	8,268,956	8,268,956
Wananchi Cottages – Building	-	-
Integrated Fruit Processing	-	-
Lake Challa	160,772,147	160,772,147
Livestock Development	-	-
Malindi Integrated Project	6,885,659	6,885,659
Milk Cooling Plant	1,488,207	1,488,207
ASK Show	5,266,235	5,266,235
Minor Irrigation- Chakama	122,016,737	122,016,737
Mwalache Dam	2,574,460	2,574,460
Mariakani Milk Scheme	8,211,693	8,211,693
Drought Mitigation Programme	573,710,812	303,448,569
IFPP	-	-
MISHDP	-	-
Total Community Projects	1,019,451,730	743,891,003

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23. Property, Plant and Equipment

Cost Depreciation Rate	Land	Buildings 2%	Motor vehicles 25%	Furniture and fittings 12.5%	Computers 30%	Plant & Equipment 12.5%	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 30 th July 2024	334,580,485	361,850,180	-	19,968,347	16,193,073	125,044,930	857,637,015
Additions	-	2,552,069	-	-	891,589	-	3,443,658
Disposals	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-
Mv Write off	-	-	-	-	-	-	-
As at 30 th June 2025	334,580,485	364,402,249	-	19,968,347	17,084,662	125,044,930	841,112,326
Depreciation And Impairment							
As At 30 th June 2024	-	34,123,115	-	5,883,976	8,488,604	61,421,228	109,916,923
Depreciation for the year	-	7,288,045	-	2,496,043	5,125,399	15,630,616	30,540,103
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-
Accumulated dep. As at 30 th June 2025	-	41,411,160	-	8,380,019	13,614,003	77,051,844	140,457,026
Net Book Values							
As at 30 th June June 2025	334,580,485	322,991,089	-	11,588,328	3,470,659	47,993,086	720,623,647
As at 30 th June June 2024	334,580,485	327,727,065	-	14,084,371	7,704,469	63,623,703	747,720,093

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Valuation

Land and buildings/ Equipment were valued by professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). The assets Have not been revalued in the current year.

23 (b) Property, Plant and Equipment at Cost

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

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	334,580,485	-	334,580,485
Buildings	364,402,249	41,411,160	322,991,089
Plant And Machinery	125,044,930	77,051,844	47,993,086
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	17,084,662	13,614,003	3,470,659
Office Equipment, Furniture, And Fittings	19,968,347	8,380,019	11,588,328
Total	861,080,673	140,457,026	720,623,647

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Notes to the Financial Statements (Continued)

24. Biological Assets

Description	2024/2025	2023/2024
	Kshs	Kshs
Cost	2,250,000	1,895,000
At beginning of the year	-	-
Additions	90,000	355,000
At end of the year	-	-
At end of the year	-	-
NBV	2,340,000	2,250,000

25. (a) Trade and Other Payables from Exchange

Description	2024/2025		2023/2024	
	Kshs	% of the Total	Kshs	% of the Total
Trade payables	50,421,582		62,503,215	
Total trade and other payables	50,421,582		62,503,215	
Ageing analysis: (Trade and other payables)				
Under one year	35,295,107.40	70%	-	%
1-2 years	15,126,474.60	30%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

(b) Trade and other payables from non-exchange

Description	2024/2025	2023/2024
	Kshs	Kshs
Wetland lagoon liability	2,440,146	2,440,146
VAT liability	2,295,597	2,295,597
MISHDP liability	2,790,043	2,790,043
Provision for bad and doubtful debts	-	2,774,453
Total trade and other payables	7,525,786	10,300,239

26. Deferred Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Public Contributions and Donations	267,746	872,571
Total Deferred Income	267,746	872,571

Additional Details

	National government	International funders	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	-	-	872,571	872,571
Additions	-	-	-	-
Transfers To Capital Fund	-	-	-	-
Transfers To Income Statement	-	-	-	-
Other Transfers	-	-	604,825	604,825
Balance Carried Forward	-	-	267,746	267,746

27. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2024/ 2025	2023/2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	5,168,249	6,275,563
Total Employee Benefits Obligation	-	-	-	5,168,249	6,275,563

Retirement benefit Asset/ Liability

The Authority operates a defined benefit scheme for all full-time employees from July 1, 2025. The scheme is administered by ICEA LION pension scheme while are the custodians of the scheme. The scheme is based on 7.5% of employer and 15% of employee percentage of basic salary of an employee at the time of retirement. An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at annually by actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

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Description	2024/2025	2023/2024
Discount Rates	-	-
Future Salary Increases	-	-
Future Pension Increases	-	-
Mortality (Pre- Retirement)	-	-
Mortality (post-retirement)	-	-
Withdrawals	-	-
Ill Health	-	-
Retirement	-	-

Recognition of Retirement Benefit Asset/ Liability

- a) Amounts recognized under other gains/ Losses in the statement of Financial Performance:

Description	2024/2025	2023/2024
	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

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Notes to the Financial Statements (Continued)

b) Amounts recognised in the Statement of Financial Position

Description	2024/2025	2023/2024
	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded status (=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net asset or liability arising from defined benefit obligation	-	-

The Authority also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 2,160 per employee per month. Other than NSSF the Entity also has a defined contribution scheme operated by ICEA LION Pension Fund. Employees contribute 7.5% while employers contribute 15% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

28. Non-Current Employee Benefit Analysis

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2024/2025	2023/2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Non-Current Benefit Obligation	-	-	-	28,992,222	22,378,178
Total Employee Benefits Obligation	-	-	-	28,992,222	28,653,741

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29. Provision for Audit Fees

Description	2024/2025	2023/2024
	Kshs	Kshs
Provision for Audit fees	3,936,000	3,280,000
Total	3,936,000	3,280,000

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Notes To The Financial Statements (Continued)

30. Cash Generated from Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Deficit for the year before tax	(87,126,229)	(68,616,297)
Adjusted for:		
Depreciation	30,540,103	31,099,510
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets		
Contribution to provisions	6,856,000	10,506,164
Purchase of biological assets	-	-
Working capital adjustments		
Decrease in inventory	2,833,855	-
Decrease in receivables	10,959,917	-
Increase in deferred income	(604,825)	-
Increase in payables	(12,081,633)	-
Increase in Community projects		-
Decrease in Employee Benefit Obligation	(1,107,314)	
Net cash flow from operating activities	(49,730,126)	(26,354,624)

ii. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity'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 Entity 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 Entity'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,

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estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Receivables from exchange transactions	28,987,836	-	-	-
Receivables from non-exchange transactions	37,507,807	-	-	-
Bank balances	48,473,553	-	-	-
Total	114,969,196	-	-	-
As at 30 June 2025	-	-	-	-
Receivables from exchange transactions	18,027,919	-	-	-
Receivables from non-exchange transactions	26,318,683	-	-	-
Bank balances	355,377,224	-	-	-
Total	399,723,826	-	-	-

Financial Risk Management

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

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due

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within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	11,765,035	7,843,358	30,813,189	50,421,582
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	267,746	267,746
Employee benefit obligation	5,168,249	-	-	5,168,249
Total	16,933,284	7,843,358	31,080,935	55,857,577
As at 30th June 2024				
Trade payables	20,834,405	13,889,603	27,779,207	62,503,215
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	872,571	872,571
Employee benefit obligation	6,275,563	-	-	6,275,563
Total	27,109,968	13,889,603	28,651,778	69,651,349

Notes to the Financial Statements (Continued)

Financial Risk Management

iii) Market risk

The *Entity* 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 Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and 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 payment is done using the prevailing exchange rate. The *Entity* 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.

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Financial Risk Management

The carrying amount of the *Entity's* foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

2024/2025

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2025			
Financial Assets	-	-	-
Investments	41,968,635	-	-
Cash	355,377,224	-	-
Debtors	18,027,919	-	-
Total Financial Assets	415,373,778	-	-
Financial Liabilities	-	-	-
Trade And Other Payables	50,421,582	-	-
Borrowings	-	-	-
Total Financial Liabilities	50,421,582	-	-
Net Foreign Currency Asset/(Liability)	364,952,196	-	-

Foreign currency sensitivity analysis

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2025			
Financial Assets	-	-	-
Investments	41,968,635	-	-
Cash	355,377,224	-	-
Debtors	18,027,919	-	-
Total Financial Assets	373,405,143	-	-
Financial Liabilities	-	-	-
Trade And Other Payables	50,421,582	-	-
Borrowings	-	-	-
Total Financial Liabilities	50,421,582	-	-
Net Foreign Currency Asset/(Liability)	364,952,196	-	-

2024/2025

Financial Risk Management

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of

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the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
Current FY			
Euro	10%	-	-
USD	10%	-	-
Previous FY			
Euro	10%	-	-
USD	10%	-	-

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 Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

The Entity 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. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs (Current FY: Kshs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs (Current FY – Kshs)

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

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- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

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Notes to the Financial Statements (Continued)

Financial Risk Management

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	41,986,635	-	-	-
Total	41,986,635	-	-	-
As at 30th June 2024				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	187,255,750	-	-	-
Total	187,255,750	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation Reserve	342,786,314	342,786,314
Retained Earnings	(1,130,736,662)	(1,052,525,362)
Development Grants	2,695,737,060	2,335,057,060
Total Funds	1,907,786,712	1,625,318,012
Total Borrowings	-	-
Less: Cash and Bank Balances	(355,377,224)	(48,473,553)
Net Debt/(Excess Cash And Cash Equivalentents)	-	-
Gearing	100%	100%

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Notes to the Financial Statements (Continued)

iii. 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.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Coast Development Authority
- v) Key management.
- vi) Board of directors.

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Rent income from govt. Agencies	-	-
Water sales to govt. Agencies	-	-
Others (specify) e.g. interest and bank charges	-	-
Total	-	-
B) purchases from related parties		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	-	-
Others (specify)	-	-
Total	-	-
b) Grants /transfers from the government		
Grants from national govt	-	-
Grants from county government	-	-
Donations in kind	-	-

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Description	2024/2025	2023/2024
	Kshs	Kshs
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for - employees	-	-
Payments for goods and services for -	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	-	-
Total	-	-

iv. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity's performance and allocation of resources to different segments)

v. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2024/2025	2023/2024
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	-	-
Assets Arising from Determination Of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables From Other Government Entities	-	-
Others (Specify)	-	-
Total	-	-

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Contingent Liabilities

Description	2024/2025	2023/2024
	Kshs	Kshs
Contingent Liabilities	-	-
Court Case xx against the Entity	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
Total	-	-

vi. Capital Commitments

Capital Commitments	2024/2025	2023/2024
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

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vii. Program for Results (PforR) Disclosure

This disclosure note is for entities implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

Name of PforR: --		Name of Financing Partners: - and -				
Expenditure Details*	Opening Cumulative for Previous FYs		Current FY		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code						
Sub-program						
Sub-program						
Sub-total						
Program code						
Sub-program						
Sub-program						
Sub-total						
Total	-	-	-	-	-	-

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viii. Events after the Reporting Period

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

ix. Ultimate And Holding Entity

The Authority is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of East African Community, ASALs & Regional Development Authorities. Its ultimate parent is the Government of Kenya.

x. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General's 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	Unsupported Financial Statement Balances			
1.1	<p>Cash and Cash Equivalents</p> <p>The statement of financial position and Note 29 to the financial statements reflects cash and cash equivalents of Kshs.48,473,553. Review of expenditure records shows that the Authority held fifteen (15) bank accounts in different commercial banks, out of which two (2) had adjustments in balances of Kshs.6,147 and Kshs.296,936 in the revised financial statements but without the respective revised bank reconciliation statements.</p>	<p>The reconciliation of these two (2) accounts has been done and variance corrected. These two accounts were Barclays/ABSA Coral Block and Barclays /ABSA Wananchi Cottages.</p>	Resolved	1 July 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.2	<p>Deferred Income</p> <p>The statement of financial position reflects deferred income of Kshs.872,571 as at 30 June, 2024 after additions of Kshs.13,770,000 to the opening balance of Kshs.737,632 and transfers of Kshs.13,635,735. However, the additions and the transfers were not supported or explained.</p>	<p>During the year under review, there were addition of Kshs 13,770,000 under public contribution and donations. The amount utilized during the year was Kshs. 13,635.735 under grants and subsidies under note 22 of the financial statement. The support schedules are hereby submitted to your office for confirmation.</p>	Resolved	30 September 2024
1.3	<p>Provision for Audit Fees</p> <p>The statement of financial performance and Note 23 to the financial statements reflects accrued expenses on audit fees of Kshs.656,000. However, the statement of financial position and Note 43 reflects provision for audit fees of Kshs.3,280,000 which has not changed from the</p>	<p>This has been noted and corrections were effected in the subsequent financial year</p>	Resolved	1 July 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	previous year's provision of the same amount.			
1.4	<p>Receivables from Non-exchange Transactions – Outstanding Imprests</p> <p>The statement of finance position and Note 31 to the financial statements reflects receivables from non-exchange transactions of Kshs.37,507,807 which includes outstanding imprests of Kshs.33,556,438. However, Management did not provide the detailed listing indicating the staff name, imprest warrant number, date given and date due for surrender, amount surrendered and amount outstanding. Further, there was no imprest register provided for audit review.</p>	<p>The updated imprest registered has been availed for your audit and verification.</p>	Resolved	July 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.5	<p>Transfer to Accumulated Deficit</p> <p>The statement of changes in net assets reflects transfer to accumulated deficit of Kshs.1,004,169. However, this amount has not been explained through a Note to the financial statements. In the circumstances, the accuracy and completeness of the respective financial statements balances could not be confirmed.</p>	<p>The amount of Kshs. 1,004,169 relates to prior year adjustments that were transferred to retained earnings/Accumulated deficit.</p>	Resolved	July 2024
2.	<p>Unexplained Variance on Property, Plant and Equipment</p> <p>The statement of financial position reflects net book value of Kshs.747,720,092 for property, plant and equipment (PPE) and Note 34 to the</p>	<p>The variance of Kshs. 142,586 was an oversight amounts on Works in Progress and office Equipment, Furniture and fittings. The classification of Work in Progress will be reclassified in the subsequent financial year.</p>	Resolved	July 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>financial statements reflect the PPE at cost of Ksh.s.985,793,218. However, Note 34(b) to the financial statements reflects the assets cost of Kshs.985,935,805, resulting to an unexplained variance of Kshs.142,586. Further, the capital work in progress (WIP) balance of Kshs.743,891,003 under the statement of financial position has been erroneously clarified as current assets instead of non-current assets.</p> <p>In the circumstances, the accuracy and completeness of the property, plant and equipment balances of Kshs.747,720,092 could not be confirmed.</p>			
3.	Undisclosed Source of	The amounts relate to receipts from	Resolved	July 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Public Contributions and Donations.</p> <p>The statement of cash flows and Note 8 to the financial statements reflects an inflow of Kshs.13,635,735 in respect of public contributions and donations. Further, the amount also appears as receipts under the statement of financial performance. However, the source of the fund has not been disclosed.</p> <p>In the circumstances, the accuracy and completeness of the public contributions and donations balance of Kshs.13,635,735 could not be confirmed.</p>	<p>various donor funded projects i.e Mwache- World bank, Kenya Climate Change Adaptation program (KCCAP) -Adaptation Fund as indicated in note 22 as grants and subsidies. The support schedules are submitted to your office for confirmation.</p>		
4.	<p>Undisclosed Prepayments</p> <p>The statement of cash flows</p>	<p>The medical insurance prepayment of Kshs. 13,763,063 has been reflected in the Statement of Financial Position</p>	Resolved	July 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>and Note 30(b) to the financial statements reflects cash flow used in investing activities of Kshs.13,763,063, being prepayment of medical insurance. However, the amount was not reflected as prepayments in the statement of financial position under current assets and was not supported by a ledger.</p> <p>In the circumstances, the accuracy and completeness of the prepayments of Kshs.13,763,063 could not be confirmed.</p>	<p>under Receivables from Exchange Transactions refer to note 30(b) for details.</p>		
5.	<p>Misstatement of Biological Assets</p> <p>The statement of financial position and Note 35 to the financial statements reflects an amount of Kshs.2,250,000</p>	<p>The correction has been made and adjustment made in the subsequent Financial Year.</p>	Resolved	July 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>in respect to biological assets. The increase of biological assets by Kshs.355,000 has erroneously been recorded as Kshs.304,793 under the statements of cashflow thus contributing to overall misstatement of the cashflow statements by Kshs.659,793.</p> <p>In the circumstances, the accuracy and completeness of the biological assets of Kshs.2,250,000 could not be confirmed.</p>			
	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final revenue budget and actual amounts on comparable basis of</p>	<p>Over collection: At the time of budgeting, the Authority's income Generating project were performing poorly since wananchi cottage was not yet operationalized. However, after operationalization of part of the facility, the facility attracts a good number of guests, thus, performed better than anticipated which resulted</p>		<p>June 2026</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs.313,864,883 and Kshs.293,654,264 respectively, resulting to under-funding of Kshs.30,203,619, or 10% of the budget. Similarly, the Authority expended Kshs.170,818,191 against actual receipts of Kshs.313,864,883 resulting in under-expenditure of Kshs.143,046,692 or 46% of the actual receipts.</p> <p>The over-realization and over expenditure may imply unrealistic budgeting and may result to unauthorized expenditure.</p>	<p>to over collection of revenue.</p> <p>Over Expenditure The over expenditure relates to depreciation charges for the year amounting to Ksh 31,099,510 and Endebess court award interest provision of ksh 10,506,164. In addition, included in the recurrent expenditure, were expenses related to development activities such as project inspection, monitoring and evaluation, stakeholder engagement and public participation that were financed through capital grant whose related income remain in the capital grant.</p>		
1.	Lack of Affirmative Action for Persons Living with Disabilities	1. Casuals are sourced from the local community by the field supervisors in conjunction with the local elders. The	Unresolved	June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>Review of the June 2024 payroll revealed that the Authority engaged fourteen (14) and thirty-eight (38) staff on contract and casual terms respectively. However, none of the staff engaged in both terms were persons living with disabilities. This is contrary to Section 13 of the Persons with Disabilities Act, 2003 which states that the National Council for Persons with Disabilities shall endeavour to secure the reservation of five per cent of all casual, emergency and contractual positions in employment in the public and private sectors for persons living with disabilities.</p> <p>In the circumstances,</p>	<p>nature of work at the field offices determines the type of a person to be engaged. However, Management will adhere to the Law to ensure that during engagement of casual's persons livings with disabilities are considered.</p> <p>2. For the permanent staff, the Management adheres to the Law in that during advertisement of different positions includes a note in the advert as below.</p> <p>'Person with disability, youth and women are highly encouraged to apply'</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Management was in breach of the law.			
2.	<p>Lack of Ethnic Diversity in Staff Establishment</p> <p>Review of the human resource records shows that the Authority had fifty-two (52) or 40% of the one hundred and twenty-nine (129) employees form the same dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration act, 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>Majority of the employees were employed long before the act of National Cohesion and Integration was enacted in 2008. Filling of vacant positions is based on response from applicants where Advertises for vacant positions are placed on local dailies and authority website. The Authority has no control on the responses received from the various ethnic communities in Kenya.</p>	Unresolved	June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.	<p>Irregular Procurement of Medical Insurance Cover</p> <p>Review of expenditure records reflects that the Authority awarded contract for the provision of staff medical insurance cover at contract price of Kshs.23,180,995 on 17 April 2024. The contract was for the provision of medical insurance to Board of Directors and staff, from 1 April 2024 to 30 March 2025 and 5 May 2024 to 3 May 2025 respectively. However, a scrutiny of the procurement file revealed that the Technical Evaluation Requirement TR – 6 required proof of presence of the tenderer in remote towns</p>	<p>The Management has noted the observations made on Annual Procurement plan and Regret letters issued without reasons for rejections. Going forward, this oversight shall not be repeated.</p> <p>On Technical Evaluation requirement TR-6 required proof of presence of the Firm/tenderer in remote towns within the Authority’s area of jurisdiction that is in Garissa, Lamu, Hola, Taveta and Voi.</p> <p>The criteria above were unanimously agreed by the evaluation committee to consider proof of health providers with active MOU in the remote towns mentioned above instead of the tenderer presence.</p> <p>This was adopted and was used across on all bidders and the winning bidder M/s Trident Insurance Company was able to prove presence of health providers in the mentioned remote towns hence qualified for the full marks awarded.</p>	Unresolved	June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>within the Authority's area of jurisdiction in Garissa, Lamu, Hola, Taveta and Voi and on which five (5) marks were allocated. Review of the tender evaluation report revealed that the successful tenderer was awarded the 5 marks for this requirement despite having indicated that it was in the final stages of opening and setting up branches and satellite branches in the identified areas. The bidder eventually was awarded 76 marks, inclusive of the marks for the establishment of the offices as per TR-6, thus implying that the bidder ought to have scored 71 marks, which is below the 75 marks specified to proceed to the financial</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>evaluation.</p> <p>Further, the regret letters dated 8 March, 2024, sent to the unsuccessful bidders did not indicate the reasons for their bids' rejection.</p> <p>In the circumstances, the Management was in breach of the law.</p> <p>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</p>			

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

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Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for the implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to the National Treasury.



Dr. Mwanasiti Mohamed Bendera
AG. MANAGING DIRECTOR

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Appendix II: Projects implemented by Coast Development Authority

Projects implemented by the Coast Development Authority

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)
Proposed Construction of HDU Malindi subcounty hospital. Kilifi county		AICs	6months	-	Yes	No

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completi on % to date	Budget	Actual	Sources of funds
CDA T 004/2024/2025	Proposed Construction of Hambaresa Earth Fill Dam in Sala Location, Sala Ward, Bangale Sub-County Tana River County.	93,978,506.61	-	-	100M	-	GOK
CDA T 005/2024/2025	Proposed Construction of Miidi Earth Fill Dam In Miidi Location, Chewele Ward, Tana North Sub-County, Tana River County.	95,826,090	-	-	100M	-	GOK
CDA T 006/2024/2025	Proposed Construction of Hiribay Village Waterpan in Galmagalla Location, Bura East Sub-County, Garissa County.	45,801,200	-	-	50M	-	GOK
CDA T 007/2024/2025	Proposed Construction of Kaltum Water Pan, Warable Location, Nanighi Ward, Bura East Sub-County, Garissa County.	17,747,876.56	-	-	20M	-	GOK
CDA T 008/2024/2025	Proposed Construction of Gure Water Pan, Gure Village, Fafi Location, Fafi Sub-County, Garissa County.	17,800,448.27	-	-	20M	-	GOK
CDA T 009/2024/2025	Proposed Construction of Mwanda Dam (Mwalashi), Mwanda Sub Location, Wundanyi Sub-County, Taita Taveta County.	19,124,692.14	-	-	22M	-	GOK
CDA T 010/2024/2025	Proposed Drilling and Equipping of Wololo Borehole in Wololo Village, Mahandakini Sub-location, Chala Location, Taveta Sub-County , Taita Taveta County.	8,926,727.17	-	-	10M	-	GOK
CDA T 011/2024/2025	Proposed Drilling & Equipping of Kirutai Borehole, in Kirutai Village, Mbaru-Kirutai Sub Location, Mbololo Location, Voi Sub-County, Taita Taveta County.	6,884,770.24	-	-	10M	-	GOK
CDA T 012/2024/2025	Proposed Drilling and Equipping of Machungwani Borehole in Machungwani Village, Mahandakini Sub-location, Chala Location, Taveta Sub-County , Taita Taveta County.	9,098,106.78	-	-	10M	-	GOK

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ 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	
State department of Asals and Regional Development	-	Recurrent	175,862,475	-	-	-	-	-	175,862,475
State department of Asals and Regional Development	-	Development	360,680,000	-	-	-	-	-	360,680,000
USAID	-	Donor Fund	-	-	-	-	-	-	-
Ministry of Planning and Devolution	-	Direct Payment	-	-	-	-	-	-	-
Total			536,542,475	-	-	-	-	-	536,542,475

Appendix V- Inter-Entity Confirmation Letter

Name of Transferring entity; State department of Asals and Regional Development

Name of Beneficiary entity; Coast Development Authority

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Confirmation of amounts received by Coast Development Authority as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	08/08/2024	7,988,540		7,988,540	
	11/09/2024	7,988,539		7,988,539	
	16//10/2024	31,954,159		31,954,159	
	08/11/2024	15,977,079		15,977,079	
	01/12/2024	15,977,079		15,977,079	
	31/01/2025	15,977,079		15,977,079	
	11/04/2025	80,000,000		80,000,000	
	02/07/2024		18,680,000	18,680,000	
	28/11/2024		5,000,000	5,000,000	
	23/05/2025		10,000,000	10,000,000	
	26/05/2025		327,000,000	327,000,000	
		175,862,475	360,680,000	536,542,475	

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Mohamed Adan Abd Sign [Signature] Date 1/12/2025

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments