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REPORT
OF
THE AUDITOR-GENERAL
ON
STATE DEPARTMENT FOR TRADE
FOR THE YEAR ENDED
30 JUNE, 2025

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 FEB 2026	DAY: WEDNESDAY
TABLED BY:	LEADER OF MAJORITY PARTY (HON. KIMANI ICHUNGWAH)
CLERK-AT-THE-TABLE:	S. LEMERELLE



MITI
MINISTRY OF INVESTMENTS,
TRADE & INDUSTRY

STATE DEPARTMENT FOR TRADE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

Transitional IPSAS Financial Statements Under International Public Sector Accounting Standards (IPSAS)

State Department for Trade

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 and Abbreviations

<i>AfCFTA</i>	<i>African Continental Free Trade Area</i>
<i>AGOA</i>	<i>African Growth and Opportunity Act</i>
<i>AGPO</i>	<i>Access to Government Procurement Opportunities</i>
<i>A.I.A</i>	<i>Appropriation in Aid</i>
<i>AIE</i>	<i>Authority to Incur Expenditure</i>
<i>BETA</i>	<i>Bottom-Up Economic Transformation Agenda</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>CEPA</i>	<i>Comprehensive Economic Partnership Agreement</i>
<i>CET</i>	<i>Common External Tariff</i>
<i>CFO</i>	<i>Chief Finance Officer</i>
<i>CFTA</i>	<i>Continental Free Trade Area</i>
<i>COMESA</i>	<i>Common Market for Eastern and Southern Africa</i>
<i>CS</i>	<i>Cabinet Secretary</i>
<i>EAC</i>	<i>East African Community</i>
<i>EPA</i>	<i>Economic Partnership Agreement</i>
<i>FDI</i>	<i>Foreign Direct Investment</i>
<i>FTA</i>	<i>Free Trade Area</i>
<i>FY</i>	<i>Financial Year</i>
<i>HAU</i>	<i>Head of Accounting Unit</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>INEDPS</i>	<i>Integrated National Export Development and Promotion Strategy</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>KenHA</i>	<i>Kenya National Highways Authority</i>
<i>KETRA</i>	<i>Kenya Trade Remedies Agency</i>
<i>KOMEX</i>	<i>Kenya National Multi-Commodities Exchange</i>
<i>KPC</i>	<i>Kenya Pipeline Company</i>
<i>KYEOP</i>	<i>Kenya Youth Empowerment Opportunities Project</i>
<i>MTP</i>	<i>Medium Term Plan</i>
<i>MOU</i>	<i>Memorandum of Understanding</i>
<i>MSME</i>	<i>Medium Small and Micro Enterprise</i>
<i>NTBs</i>	<i>Non-tariff barriers</i>

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<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OSHA</i>	<i>Occupational Safety and Health Act of 2007</i>
<i>PBB</i>	<i>Program Based Budgeting</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PPAD</i>	<i>Public Procurement and Disposal</i>
<i>PPE</i>	<i>Property Plant & Equipment</i>
<i>PS</i>	<i>Principal Secretary</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>SAGAs</i>	<i>Semi-Autonomous Government Agencies</i>
<i>SC</i>	<i>State Corporations</i>
<i>SDT</i>	<i>State Department for Trade</i>
<i>SMEs</i>	<i>Small and Micro Enterprise</i>
<i>STIP</i>	<i>Strategic Trade and Investment Partnership</i>
<i>TNT</i>	<i>The National Treasury</i>
<i>WB</i>	<i>World Bank</i>
<i>UNCTAD</i>	<i>UN Trade and Development</i>
<i>WTO</i>	<i>World Trade Organization</i>
<i>ACP</i>	<i>African, Caribbean and Pacific</i>
<i>FSD</i>	<i>Finance Sector Deepening</i>
<i>IFC</i>	<i>International Finance Corporation</i>
<i>GHRIS</i>	<i>Government Human Resource Information System</i>
<i>JITC</i>	<i>Joint Investment and Technical Committee</i>
<i>UAE</i>	<i>United Arab Emirates</i>
<i>CEPA</i>	<i>Comprehensive Economic Partnership Agreement</i>
<i>TFTA</i>	<i>Tripartite Free Trade Area</i>
<i>UK</i>	<i>United Kingdom</i>
<i>US</i>	<i>United States</i>
<i>SADC</i>	<i>Southern African Development Community</i>
<i>EU</i>	<i>European Union</i>
<i>PPRA</i>	<i>Public Procurement Regulatory Authority</i>
<i>GD</i>	<i>Gross Domestic Product</i>
<i>PC</i>	<i>Performance Contract</i>

<i>MDA</i>	<i>Ministries, Departments and Agencies</i>
<i>RTM</i>	<i>Route- to- Market</i>
<i>KNTC</i>	<i>Kenya National Trading Corporation</i>
<i>WRSC</i>	<i>Warehouse Receipts System Council</i>
<i>M \$ E</i>	<i>Monitoring and Evaluation</i>
<i>PTA</i>	<i>Preferential Trade Agreement</i>
<i>MTEF</i>	<i>Medium Term Expenditure Framework</i>

B: Definition of Key Terms

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

The State Department: This refers to the State Department for Trade

Trade: This is a primary economic concept which involves buying and selling of commodities and services, along with compensation paid by a buyer to a seller. In another case, trading can be an exchange of commodities/services between two or more parties at wholesale or retail. Trade can occur between producers and consumers within an economy or beyond the borders.

2. Key MDA Information and Management

(a) Background information

The Ministry of Investments Promotion, Trade and Industry was created through Presidential Executive Order No. 1 of 2025 on Organization of the Government of the Republic of Kenya. During the period under review, at the Cabinet level, the State Department for Trade was represented by the Cabinet Secretary Hon. Lee Kinyanjui who is responsible for providing the general policy and strategic direction of the Ministry. The State Department of Trade is domiciled in Kenya and has Commercial attachees in various international stations.

The Ministry is made up of three State Departments namely: The State Department for Investments Promotion; State Department for Trade and the State Department for Industry. Each of the State Department is headed by a Principal Secretary responsible for coordination of formulation and implementation of policies, programmes and projects.

The following are the Principal Secretaries in charge of the three State Departments:

- i. Mr. Abubakar Hassan Abubakar, CBS - State Department for Investments Promotion
- ii. a.) Ms. Regina Akoth Ombam - State Department for Trade from 16/04/2025
- b.) Mr. Alfred Ombudo K'Ombudo - State Department for Trade up to 16/04/2025

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iii. Dr. Juma Mukhwana, PhD, CBS -State Department for Industry

(b) Mandate

The Executive Order No. 1 of 2025 on Organization of the Government of the Republic of Kenya, placed the function of trade under the State Department for Trade in the Ministry of Investments Promotion, Trade and Industry. Specifically, the functions of State Department for Trade include: Trade Policy; Export Development and Promotion; Promote E-Commerce; Trade Negotiations and Advisory Services; Champion Trade Integration in the Common Market for Eastern and Southern Africa (COMESA), Continental Free Trade Area (CFTA), Economic Partnership Agreements (EPA), African Continental Free Trade Area (AfCFTA) etc.; Liaising and coordinating with UNCTAD and WTO on Trade Matters; Enforcement of International Trade Laws, Negotiations and Agreements; Protection of Kenyan goods against Dumping and Subsidized imports and recommending of Countervailing Measures; Coordination of Multi-Agency Task Force on the Elimination of Illicit Trade and Counterfeits; Liaison with International Trade bodies for National Development; Management of Weights and Measurement in Trade; Promotion and Regulation of the Wholesale and Retail Trade; and Promotion of Fair-Trade Practices and Consumer Protection.

The following is the Vision, Mission, Core Values and Core Mandate of the State Department for Trade:

Vision

To be a globally competitive and sustainable trade sector.

Mission Statement

To facilitate domestic and external trade, private sector development and regional integration by championing an enabling environment for domestic and export trade to thrive and creating opportunities for new markets.

Core values

- i. Integrity
- ii. Professionalism
- iii. Collaboration
- iv. Citizen-centered
- v. Respect for Diversity
- vi. Team work
- vii. Responsiveness
- viii. Ethical

(c) Key Management

The State Department for Trade implements its core mandate through four (4) Technical Departments while the General Administration Directorate which provides auxiliary services to support the technical departments achievement the set objectives as spelt out in the Strategic Plan. The technical departments

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are coordinated by the Office of Secretary Trade while support function is coordinated by Office of Secretary Administration. The following are the directorates responsible for the implementation of the core mandate of the State Department:

- i. Department of Internal Trade;
- ii. Department of External Trade;
- iii. Department of Weights and Measures;
- iv. Department of Trade Policy Research and Analysis; and
- v. General Administration, Planning and Support Services.

Semi-Autonomous Government Agencies/ Institutions

In order to deliver on its mandate, the State Department for Trade is supported by a number of Semi-Autonomous Government Agencies (SAGAs) and one advisory committee. These include:

- i. Kenya Export Promotion and Branding Agency (KEPROBA);
- ii. Kenya National Trading Cooperation Limited (KNTC);
- iii. Kenya Trade Remedies Agency (KETRA);
- iv. Warehouse Receipt Systems Council (WRSC);
- v. Kenya National Multi-Commodities Exchange Limited (KOMEX); and
- vi. Kenya Consumers Protection Advisory Committee (KECOPAC).

(d) Fiduciary Management

The key management personnel who held office during the period ended 30th June, 2025 and who had direct fiduciary responsibility were:

No	Designation	Name	Date of Appointment
1.	Cabinet Secretary	Hon. Lee Kinyanjui	17/01/2025
2	Principal Secretary	Mr. Alfred Ombudo K'Ombudo	Up to 16/04/2025
3.	Principal Secretary	Ms. Regina Akoth Ombam	16/04/2025
4.	Ag. Secretary Trade	Mr. Michael Sali Mandu	31/03/2023
5.	Ag. Secretary of Administration	Mr. M'mbetsa Omar Bejah	02/04/2024
6.	Director Research and Trade Policy Analysis	Dr. Fred Masibo Simiyu	28/07/2017
7.	Senior Deputy Accountant General Head, Accounts Unit	CPA Tom M. Odundo	07/03/2023
8.	Senior Chief Finance Officer Head of Finance Department	Ms. Beldine Omolo	05/11/2024
9.	Ag. Director Internal Trade	Ms. Elizabeth Miguda	21/02/2025

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No	Designation	Name	Date of Appointment
10.	Ag. Director External Trade	Mr. Josiah Rotich	29/11/2023
11.	Ag. Director: Weights and Measures	Mr. John B. Wamwana	23/09/2024
12.	Senior Assistant Internal Auditor General Head, Internal Audit Unit	Mr. Lucas O. Otieno	07/03/2023
13.	Director , Central Planning and Project Monitoring Department (CPPMD)	Mr. Aloyce Marube Ratemo	22/06/2023
14.	Head, Legal Services	Mr. Robert Kungu	12/07/2020
15.	Head, Supply Chain Management Services	Mr. Sebastian John Mookua, HSC	15/02/2024
16	Director, Human Resource Management and Development	Mr. Denis Kabuka Mirwoba	08/02/2024

(e) Fiduciary Oversight Arrangements

i. Audit and finance committee activities

The Audit and Finance Committees form a key element in the governance process by providing an independent expert assessment of the activities of top management, the quality of the risk management, financial reporting, financial management and internal audit.

ii. Public Finance Management Committee-

The State Department for Trade Public Finance Management Committee is responsible for overseeing the financial management and budgetary processes related to the Trade sector. Their primary goal is to ensure transparency, accountability, and responsible use of public funds within the State Department.

Key responsibilities include:

- **Budgetary Control:** The committee is responsible for reviewing and approving the State Department's budget proposal, ensuring that it aligns with the government's overall financial priorities and objectives.
- **Financial Reporting and Auditing:** Regular financial reporting is crucial for transparency and accountability. The committee receives periodic financial reports detailing the State Department's income, expenses, and budgetary performance. Additionally, an independent audit of financial records is done regularly to ensure compliance with financial regulations and identify any irregularities.

- **Internal Controls:** The committee performs internal controls to prevent financial mismanagement and fraud.
- **Risk Management:** The committee assesses and manages financial risks associated with SDT' activities. This involves identifying potential risks, developing risk mitigation strategies, and monitoring their effectiveness.
- **Compliance and Legal Obligations:** It ensures compliance with relevant financial laws, regulations, and policies as a key responsibility. The committee ensures cognizance with any legal obligations and work to avoid violations.
- **Conflict of Interest Management:** Committee members should act with impartiality and integrity. Effective conflict of interest policies should be in place to prevent any personal or financial interests that could influence decision-making.
- **Ethics and Code of Conduct:** Establishing and upholding ethical standards and a code of conduct for all staff involved in financial management is crucial. This helps maintain professionalism, honesty, and integrity within the State Department.
- **Capacity Building:** The committee works on improving the financial literacy and capacity of staff involved in financial management. This can involve and not limited to training programs and workshops to enhance financial skills and knowledge.
- **Public Accountability:** The committee engages with the public and stakeholders, providing information about financial management practices and performance in the Spirit of Transparency, open communication, building trust and public confidence.

iii. Ministerial Human Resource Advisory Committee

The State Department for Trade Ministerial Human Resource Advisory Committee is responsible for effective Human Resource Management in the State Department. The key Functions of the Committee include:

- Recruitment, selection and appointment;
- Promotions;
- Confirmation in appointment;
- Training and Development;
- Training and Impact Assessment;
- Management of skills inventory;
- Establishment and Complement Control;
- Payroll management;
- Deployment;
- Promotion of Values and Principles of Public Service and ensuring compliance;

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- Administration of declaration of income, assets and liabilities and the public officer code of conduct and ethics for officers in job group 'M' and below;
- Monitor and report quarterly on compliance with National Values and Principles of Governance and Values and Principles of Public Service;

iv. Senior Management Committee

The State Department for Trade Senior Management Committee is responsible for providing strategic leadership, decision-making, and operational guidance within the State Department. Fiduciary oversight arrangements are put in place to ensure prudent financial management, transparency, and accountability in handling the State Department's resources.

v. **Other oversight activities**

These include;

1. **External Audits:** The State Department for Trade will undergo external audits conducted by independent audit firms or Government auditors. These audits assess the financial statements, internal controls, and compliance with financial regulations. The findings and recommendations from external audits help identify areas for improvement and ensure transparency and accountability.
2. **Parliamentary Oversight:** The Parliament exercises oversight over Government institutions, including the State Department for Trade. This includes scrutinizing the State Department's budget proposals, financial performance, and adherence to financial laws and regulations. Parliamentary committees conduct hearings and inquiries to assess the financial management practices.
3. **Office of the Auditor General (OAG):** The OAG is an independent constitutional body responsible for auditing and reporting on the use of public resources. The OAG will audit Government institutions, including the State Department for Trade, to ensure financial probity, transparency, and adherence to financial regulations.
4. **Public Financial Management (PFM) Reforms:** The State Department for Trade will participate in Government-wide PFM reforms to improve financial management practices. These reforms aim to enhance budgetary processes, financial reporting, internal controls, and overall financial governance.
5. **Public Finance Management Standing Committee (PFMSC):** This is among other things charged with providing strategic guidance on Public Finance Management matters and 100% compliance and achievement of the Zero Fault Audit status for the FY 2023/24.
6. **Financial Reporting to Treasury:** The State Department is required to submit periodic financial reports to the National Treasury, detailing its financial performance, budget utilization, and adherence to fiscal policies. This reporting helps central authorities monitor and evaluate the financial management of the State Department.
7. **Internal Audit Unit:** The State Department has its own internal Audit Unit responsible for conducting regular audits of financial processes and controls. Internal audits help identify weaknesses and suggest improvements to enhance financial management.
8. **Financial Performance Evaluation:** The State Department for Trade evaluates the financial performance of its various programs and projects. This evaluation helps determine whether allocated funds were utilized effectively and whether the intended outcomes were achieved.
9. **Capacity Building and Training:** Capacity-building programs are necessary to enhance the financial literacy and skills of its staff involved in financial management. This ensures that employees have the knowledge and tools to handle financial responsibilities effectively.

(f) MDA Headquarters

P.O.BOX 30430-00100
Teleposta Towers
Kenyatta Avenue
Nairobi, KENYA
Nairobi, Kenya

(g) MDA Contacts

State Department Contacts
Telephone: (254) 020-315001/2-4
E-mail : ps@trade.go.ke
Website: www.trade.go.ke

(h) MDA Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3. Profile of Cabinet Secretary



Mr. Lee M. Kinyanjui
Cabinet Secretary
Ministry of Investments, Trade and Industry
(MITI)

Mr. Lee M. Kinyanjui, is a distinguished Kenyan politician and public servant with a robust academic and professional background. He has extensive experience spanning over 18 years in public service. He served as the Governor of Nakuru County from 2017 to 2022. During his tenure, he oversaw the elevation of Nakuru Municipality to city status and was named the most business-friendly governor in Africa by the African Leadership Magazine. He also chaired the Lands, Planning, Urban Development, and Infrastructure Committee as well as the Energy Committee at Kenya's Council of Governors.

Academic Qualifications: He holds a Bachelor's degree from Kenyatta University and Master of Business Administration (MBA) from the University of Nairobi.

Professional Experience: Lee has served as an Assistant Minister for Roads, Chairperson, National Transport and Safety Authority (NTSA), Governor of Nakuru County (2017–2022), and is currently the Cabinet Secretary for Investments, Trade, and Industry (2025–Present):


Throughout his career, Kinyanjui has demonstrated a strong commitment to public service, focusing on infrastructural development, economic growth, and policy reforms aimed at improving the livelihoods of Kenyans.

4. Profiles of Accounting Officer and Key Management.

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

Accounting Officer and Key Management

	<p>Ms. Regina Akoth Ombam is the Principal Secretary, State Department for Trade from 16/04/2025.</p> <p>Ms. Ombam is a distinguished economist and public policy expert with extensive experience in economic modeling, trade policy, transport economics, health financing and strategic planning.</p> <p>Her career spans roles in both national, regional and global institutions. As a former Regional Health Financing Expert at the East African Community (EAC) Secretariat, she played a pivotal role in advancing sustainable healthcare funding across member states in the African region. Her leadership as an EAC Health Financing Dialogue Facilitator saw her working alongside Ministers of Health and Finance to establish the region's Health Financing Hub and advocate for increased domestic investments in health through high level health financing dialogues in the Regional Economic Communities (EAC, SADC, IGAD, ECOWAS) in Africa.</p> <p>Previously, she served as Deputy Director for HIV Investments at Kenya's National AIDS Control Council (NACC), where she was instrumental in mobilizing domestic and international resources for the HIV/AIDS program in the country as well as developing evidence based investment cases for health. Ms. Ombam also served as one of the Technical Experts at the Council of Governors Secretariat on matters Health Financing in the context of Devolution.</p> <p>Her advocacy efforts significantly influenced national, regional and global health financing frameworks and strengthened Kenya's presence on global health platforms particularly when she served as the Vice Chair of the Technical Review Panel of the Global Fund and Advisor to the World Bank President and UNAIDS Executive Director on Sustainable Financing for Health.</p> <p>Ms. Ombam's expertise extends across extensive macroeconomic and microeconomic analysis, implementation science, negotiations, results-based management and institutional governance.</p> <p>Her strategic insight has made her a key driver in enhancing trade policy, fostering public-private partnerships, and promoting economic integration across the continent, including engagements at the African Union, European Union and with other Bilateral partners.</p> <p>Ms. Ombam holds a Bachelor of Arts degree in Anthropology and a Master of Arts degree in Economics from the University of Nairobi and a Master's Degree in Public Administration from Columbia University.</p>
<p>Ms. Regina A. Ombam Principal Secretary State Department for Trade</p>	

	<p>With a proven track record in economic policy and strategic planning her leadership at the State Department is instrumental in enhancing Kenya's trade environment, attract investment and strengthen economic ties both regionally and globally.</p>
 <p>Mr. Michael Sali Mandu Ag. Secretary Trade</p>	<p>Michael Sali Mandu is a committed and dedicated civil servant who has a distinguished career in the public service of the Republic Kenya. His work spans over thirty years and covers a wide spectrum of national and international assignments. He leads a team of 150 technical officers dealing with Kenya's trade at both domestic and international level. He has served in the trade sector and risen through the ranks from entry level to current level as the acting Trade Secretary. The role includes overseeing implementation of Kenya's domestic trade policy to ensure the trade sector contributes significantly to Kenya economic, growth and employment creation.</p> <p>It also ensures on the global front, that the country maintains an international view on export trade performance and investment relations with international partners by addressing policy challenges in foreign countries that could impact negatively on Kenya's trade, investment and tourism, and supervision of trade officials based at Kenyan Missions Abroad; and overseeing implementation of international trade agreements, etc.</p> <p>He also served a seven and half year stint in the Foreign Service, as a trade representative at the Kenya High Commission in London. He was also the secretary to the Committee and Taskforce that merged the Export Promotion Council and Brand Kenya Board into the Kenya Export Promotion and Branding Agency.</p> <p>During the outbreak of the Covid-19 pandemic, he co-chaired the Business Situation Room established by the former CS Betty Maina for industrialization, Trade and Enterprise Development to develop policy guidelines and other interventions that enabled businesses operate through the pandemic. He as well as headed the technical Secretariat negotiating the recently concluded and signed Economic Partnership Agreement between Kenya and the United Kingdom, and Economic Partnership Agreement between Kenya and the European Union.</p>

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Mr. M'mbetsa Omar Bejah
Ag. Secretary of Administration

Mr. M'mbetsa Omar Bejah is a highly accomplished professional with extensive experience in public administration. Currently serving as the Acting Secretary of Administration at the State Department for Trade, he plays a crucial role in ensuring the department's efficient operations.

Educational Background

Mr. Bejah holds a Bachelor of Arts in Political Science from Moi University.

Professional Experience

Over the past 30 years, Mr. Bejah has amassed significant expertise in managing government affairs. His distinguished career includes roles such as District Officer, District Commissioner, County Commissioner, and Senior Deputy Secretary in addition to his current role. His leadership and administrative acumen have consistently contributed to the effective governance and execution of public service initiatives.



Dr. Fred Masibo Simiyu
Director Research and Trade Policy Analysis

Dr. Fred Masibo Simiyu is the Director of, the Research and Trade Policy Analysis Directorate under the State Department of Trade.

He has a Ph.D. degree in Entrepreneurship from Jomo Kenyatta University, an MSC degree in Entrepreneurship from Moi University, and a BSC degree in Chemistry from Kenyatta University

He has attended several management courses locally and internationally such as the Strategic Leadership Development programme from Kenya School of Government, Business Development Services from Jomo Kenyatta University, Machinery, and Electronic Industry for Developing Countries from the Institute of International Business Relations, Beijing, China alongside other courses. He has experience in financial and project management attained in both National and County Governments with 30 years of service/experience.



CPA Tom M. Odundo
Senior Deputy Accountant General
Head, Accounts Unit

CPA Tom M. Odundo a Senior Deputy Accountant General is currently the Head of Accounts Unit, State Department for Trade

He holds a Master's Degree in Business Administration from The University of Nairobi and a Bachelor's Degree in Commerce from the Catholic university of Eastern Africa.

CPA Odundo is a member of Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Certified Investment and Financial Analysts Kenya (ICIFA) in good standing. He has vast experience in accounting in the civil service for over 25 years.



Ms. Beldine Omolo
Senior Chief Finance Officer
Head of Finance Department

Ms. Beldine Omolo is an Economist serving as the Head of the Finance Department within the State Department for Trade.

Education: She is holding a Master of Arts in Economics and Bachelor of Commerce degree both from University of Nairobi.

Professional Membership:

She is a distinguished Member of the Economics Society of Kenya, maintaining an impeccable standing within the institute.

Extensive Experience:

She has over 30 years of dedicated service in the Civil Service,

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Ms. Elizabeth G. Miguda
Ag., Director Internal Trade

Ms. Miguda is a seasoned trade officer with a wealth of experience in both Internal and External Trade matters. Over the years she has been involved in engaged in the formulation of domestic trade policy, as well as shaping international trade policy through negotiations at bilateral and regional levels and promotion of bilateral trade relations, particularly with Europe. Ms. Miguda has also successfully led Kenya's trade, tourism and investment promotion efforts while serving as a Trade Attache in the foreign service.

Ms Miguda holds a Master of Arts Degree from the University of St. Andrews and a Bachelor of Laws Degree from the University of London. She has received further training on trade related matters, as well as in leadership courses such as the Strategic Leadership Development Programme and the Senior Management Course.



Mr. Josiah Rotich
Ag., Director External Trade



Mr. Joseah Rotich has long-term experience in Trade and Development Policy spanning over 30 years. In addition, he has wide experience in spearheading negotiation for trade agreements, among them as lead negotiator and/or Kenya's Chief Negotiator are:

EAC-EU EPA, Kenya-UK, Kenya – EU, AfCFTA, COMESA—EAC-SADC Tripartite FTA, Review of EAC- Rules of Origin, EAC-CET review-in 2015 & 2022,

Chaired AfCFTA Technical Working Group on Rules of Origin for three terms; He has also worked at the Kenya Embassy in Brussels, as a Commercial Counselor for over 6 years (2002-2009) accredited to the European Union, Belgium and Luxemburg, and covering activities of the African, Caribbean, and Pacific (ACP) Group of States and World Customs Organizations (WCO) activities.

Holder of Post Graduate Degree on International Economic Law from University of Brussels (ULB), Diploma in Multilateral Diplomacy (Effective Conferencing) from United Nation Institute for Trade and Research (UNITAR) and a Bachelor of Arts (Economics) from Moi University, among other several training on trade policy, statistical analysis, including WTO among others.

Also a Trainer of Trainers on Rules of Origin, and Trade Policy and Trade and Business Development filed among others.

	<p>Current Duties: Ag. Director, External Trade- Coordinating Regional (EAC, COMESA, COMESA-EAC-SADC Tripartite FTA (TFFA), AfCFTA, AGOA, IORA, EAC-EU, Multilateral and Bilateral Trade Relations etc;</p>
 <p>Mr. John B. Wamwana Ag., Director: Weights and Measures</p>	<p>Mr. John B. Wamwana is the Director of Weights and Measures. Academic Qualification: Bsc Microprocessor technology and Instrumentation- University of Nairobi Professional Qualification: Advanced Certification of the Institute of trade Standards Administration(K) Professional Affiliation: Member of the Institute of Trade Standards Administration (ITSA), Has a career in legal metrology spanning 35 years having joined the Department as a trainee in 1991. Has a wealth of experience in legal metrology both locally and internationally. Has trained legal metrology professionals for EAC Partner States of Uganda, Tanzania, Rwanda and Burundi. He is the CIML (International Committee of Legal Metrology) Member for Kenya, the governing council of the OIML(International Organization of Legal Metrology) He is Chair to the AFRIMETS (Intra-Africa Metrology Systems) Legal Metrology Technical Committee on Policy and Legislation He is Chair to the EAC Legal Metrology Experts</p>
 <p>Mr. Lucas O. Otieno Senior Assistant Internal Auditor General Head, Internal Audit Unit</p>	<p>Mr. Lucas O. Otieno a Senior Assistant Internal Auditor General is currently the Head of Internal Audit Unit, State Department for Trade. He holds a Master's Degree in Business Administration (Accounts) from the Maseno University and a Bachelor's Degree in Business Administration (Finance) from the Kenya Methodist University. He is a member of Institute of Internal Auditors - Kenya (IIA) and in good standing. He has vast experience in Auditing in the Public Sector for over 20 years.</p>

State Department for Trade

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Mr. Aloyce Marube Ratemo
Director Planning,
Central Planning and Project Monitoring
Department (CPPMD)

Aloyce Marube Ratemo is an Economist with a Master's Degree in Economic Policy Management (EPM) from Makerere University, Graduate with Bachelor of Arts Degree (Economics) from the University of Nairobi, Diploma in Monitoring and Evaluation from Institute of Applied Manpower Research, India. He has attended Senior Management Course (SMC), Strategic Leadership Development Program (SLDP) Course and Transformative Leadership Course from Kenya School of Government. He is a registered member of Economist Society of Kenya (ESK). He has thirty years (30) years hands-on progressive experience in Project Planning, Coordination, Implementation and Monitoring and Evaluation in the Public Sector. During the review period was the Director for Planning in the State Department for Trade.



Mr. Robert Kungu
Head, Legal Services

Robert Kungu currently serves as a Chief State Counsel whose responsibility is provision of legal advice to the State Department.

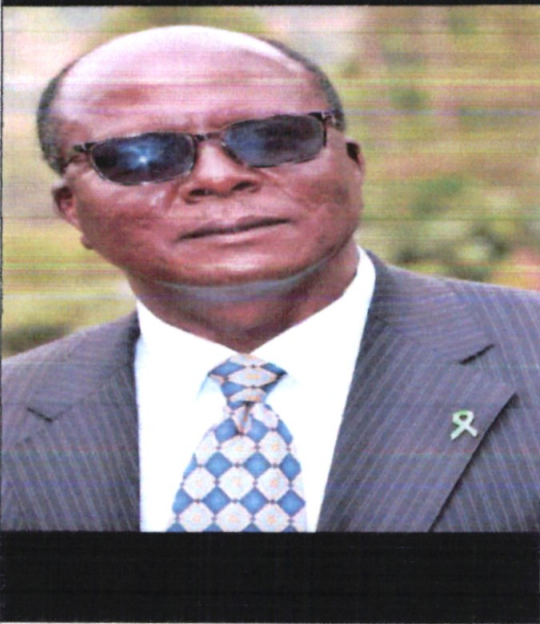
Holds a Bachelors of laws Degree and MA in International Studies.

Robert is an advocate for the High Court of Kenya and a member of the Law Society of Kenya.



Mr. Sebastian John Mokua, HSC
Head, Supply Chain Management Services

Mr. Sebastian J. Mokua, HSC is a Senior Deputy Director, Supply Chain Management Services is the Head of Supply Chain Management Services at the State Department for Trade. He holds a Master's Degree in Business Administration. He has served as Supply Chain Management Professional for more than thirty (30) years in various sectors in Government of Kenya at both the National and County Level.



Mr. Denis Kabuka Mirwoba
Director, Human Resources Management

Mr. Denis Kabuka Mirwoba is the Director Human Resources Management. He holds a Master's Degree in Economics, SLDP, Project Management (Monitoring and Evaluation) and SMC. He has a work experience of 35 Years since 1990.

5. Statement by the Cabinet Secretary

I present this Annual Report and Financial Statements of the State Department for Trade for the Financial Year ended 30th June 2025 with pleasure. The report captures the accomplishments and an assessment of progress towards the realization of the mandate of the State Department for Trade. It also highlights the objectives of the Fourth Medium Term Plan 2023-2027 and Bottom-Up Economic Transformation Agenda during Financial Year 2024/25.

The assessment further seeks to demonstrate a causal relationship between outputs and outcomes and the level of performance using Key Performance Indicators (KPIs). This is, essentially, a continuum-based measure of progress that gives a sense of how much was achieved compared to the set targets for the period in reference. This Report was prepared against a backdrop of the Russia-Ukraine and Israel-Palestine conflicts in view of the disruptions that came about as a result particularly in global supply chains. This disruption affected livelihoods adversely while impacted the country's economic growth negatively. The twin conflicts have led socio-economic crisis, affecting aspects of communication, production, trade and consumption. This, coupled with inadequate funds, implementation of most activities scheduled for the Financial Year in focus either slowed down, suffered non-implementation of planned activities or were rescheduled to the next Financial Year (2025/26).

Kenya is signatory to a number of multilateral and bilateral trade agreements as part of her trade policy. Kenya is also a member of the World Trade Organization (WTO). In addition, Kenya is member to several trade arrangements and beneficiary to trade-enhancing schemes that include the Africa Growth and opportunity Act (AGOA), ACP-EU Trade Agreement and Common Market of Eastern and Southern Africa (COMESA). Free Trade Agreements (FTAs) signed by Kenya help in securing better market access for Kenyan products and services overseas. Towards that end, the Financial Year 2024/25 was a momentous chapter in Kenya's trade sector. That Financial Year yielded remarkable achievements that contributed directly to poverty reduction by creating new employment opportunities.

Some of the notable achievements include:

- a.) Development of coherent standalone E-commerce Policy anchored in an act of Parliament
- b.) Legal Metrology Bill and the Trade Descriptions Bills were drafted and forwarded to the Attorney General's Office and the National Treasury for their consideration.
- c.) Kenya-UAE CEPA was signed during the period. The signing of the Kenya-UAE CEPA is expected to unlock new opportunities, enhance bilateral relations, and contribute to the economic transformation of both nations.
- d.) Kenya-EU EPA was concluded and is under implementation. Kenya-EU Economic Partnership Agreement (EPA) sensitization Forums were held in Nakuru, Kirinyaga, Machakos, Isiolo, Eldoret, Kisumu, Mombasa & Nairobi to provide insights, identify the gaps and provide a clear framework on how Kenyan exporters can harness opportunities unlocked by the EPA. Kenya-EU EPA implementation strategy was developed; Kenya-EU EPA Council gazetted and held its inaugural meeting: Fisheries Subsidies Agreement was ratified by parliament now wait for signature by the Cabinet Secretary

e.) Organized tree planting sessions planting more than twenty thousand trees.

During the year under review, the State Department faced a number of challenges. Inadequate funding, weak policy and legal framework and external factors such as weakening currency, changes in international trade regulations and intrusive geopolitical dynamics among others affected the Ministry's performance. In the coming year the State Department will embark on a number of initiatives to resolve identified bottlenecks. These will include, sensitizing our exporters on market requirements and opportunities for various products, aggressive resource mobilization strategies and enhanced stakeholder engagements.

In conclusion our achievements for the period in review were made possible by a number of actors, among them the Government of Kenya, the National Treasury and Economic Planning, Parliamentary Committees (Parliament Departmental Committee on Trade, Industry and Cooperatives, Senate Standing Committee on Trade, Industrialization, and Tourism). Other supportive parties on the non-state actors (private sector and development partners) side played their part in creating an enabling environment for domestic and export trade to thrive

Finally, I take this opportunity to thank the Principal Secretary, State Department for Trade for providing leadership and facilitating the preparation and completion of this Report. Thank you for your continued trust and partnership on this journey of transformation.

Sincerely



.....
Hon. Lee Kinyanjui
Cabinet Secretary
Ministry of Investments, Trade and Industry

6. Statement by the Accounting Officer



Ms. Regina A. Ombam
Principal Secretary/Accounting Officer

I am pleased to present the Annual Financial Report for the State Department for Trade for the fiscal year 2024-2025. During this period, the State Department's contribution to the aspirations under Bottom-Up Economic Transformation Agenda (BETA) have been primarily two-fold: ensuring enabling legal and regulatory environment and focus on export development of BETA priority value chains for increased market access for Kenyan goods and services, demonstrated its commitment to promoting sustainable trade practices and fostering economic growth

The Constitution of Kenya 2010 obliges the State to facilitate provision of information to the citizens. Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Further, Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time. It is in keeping with this constitutional provision and the tenets of good governance that the State Department for Trade produces the Annual Progress Reports and Financial Statements on the implementation of the Medium-Term Plan of the Kenya Vision 2030.

Key Achievements:

a.) Domestic Trade Promotion and Regulation – key notable achievement during the period under review include, development of coherent standalone E-commerce Policy anchored in an act of Parliament, 5 Route-to-market (RTM) strategies for Red Meat and Leather was developed in collaboration with other MDAs, the private sector, and with support from Development Partners. Further, during the review period, WRSC certified 7 Warehouse Operators. The Council in partnership with Hello tractor, International Finance Corporation (IFC Africa) and Financial Sector Deepening Kenya (*FSD Kenya*) launched the newly certified Mauka Warehouse in Njoro, Nakuru County. Further, Kipkenyo, Uasin Gishu County AgriBORA- Agri-Ghala warehouse was launched

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in the same period. In addition, the State Department formed 13 BETA value Chain Teams specializing in specific value chains so as to effectively support the specific value chains.

b.) Fair Trade Practices and Compliance of Standards - achievements include, Legal Metrology Bill and the Trade Descriptions Bills were drafted and forwarded to the Attorney General's Office and the National Treasury for their consideration. Celebrated World Metrology Day, 2025. In addition, during the period, the National Consumer Protection Policy was reviewed and subjected to stakeholder's inputs.

c.) International Trade Development and Promotion – notable achievements included Kenya-UAE CEPA was signed during the period. The signing of the Kenya-UAE CEPA is expected to unlock new opportunities, enhance bilateral relations, and contribute to the economic transformation of both nations. In addition, Kenya-EU EPA was concluded and is under implementation. Kenya-EU Economic Partnership Agreement (EPA) sensitization Forums were held in Nakuru, Kirinyaga, Machakos, Isiolo, Eldoret, Kisumu, Mombasa & Nairobi to provide insights, identify the gaps and provide a clear framework on how Kenyan exporters can harness opportunities unlocked by the EPA. Kenya-EU EPA implementation strategy was developed; Kenya-EU EPA Council gazetted and held its inaugural meeting; Fisheries Subsidies Agreement was ratified by parliament now awaiting for signature by the Cabinet Secretary, OPCS&FA; African Continental Free Trade Area (AfCFTA) Agreement and Phase I Protocols reviewed; 2nd Edition EU-Kenya Business Forum 2025 held; Collaboration meetings held between Kenya and Ukraine; Kenya and US, Kenya and Germany delegation; Kenya-Hungary Joint Investment and Technical Committee (JITC) meeting held; Participated in Expo 2025 Osaka Japan. During the review period, the total value of Kenya's exports increased from KShs. 1,007.9 billion in 2023 to KShs. 1,112.3 billion in 2024, this represents 10%.

d.) General Administration, Support Services and Planning – achievements include 5,000 Trees grown in the period, 9 Financial Management Statutory Reports prepared and submitted, 9 Planning and SDT Priorities coordinated, Targets set through GHRIS (Government Human Resource Information System). Three (3) quarterly Public Procurement Regulatory Authority (PPRA) reports were prepared and submitted; SDT Strategic Plan 2023-2027 reviewed; SDT Organization structure developed; Organized tree planting sessions planting more than twenty thousand trees.

Emerging Issues:

Geopolitical tensions: Geopolitical shocks continue to have a widespread impact on global trade, with the risk of armed conflict and trade wars remaining high. With the continuation of both the Israel-Hamas war and the Russia-Ukraine war, the global economy is potentially facing a heightened risk environment, due to the inflationary effects from lower regional trade volume in the Middle East and Europe. Russia-Ukraine conflict led to heightened trade restrictions and a reconfiguration of Europe's energy market, and that of global commodities. It propagated supply-chain reconfigurations and further aggravated the macroeconomic landscape. While the full impact of the rising tension in the Middle East is still unknown, timely access to potentially higher-priced commodities and raw

materials exports such as natural gas, oil coupled with rising shipping costs could hinder international trade growth.

Key Risk Management Strategies:

To navigate these challenges, we have adopted a range of risk management strategies, such as comprehensive risk assessments, diversification of trade partners, and investing in cybersecurity measures. Our focus on continuous capacity building and sensitizing our exporters on available markets opportunities and requirements for dairy value chain, edible oils, garments/textile, leather and leather products, rice and tea value chains. We shall also strive to expand markets for our products and services by taking advantage of the Country's membership in regional organizations such as East Africa Community (EAC), Common Market for Eastern and Southern Africa (COMESA), African Continental Free Trade Area (AfCTA), COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) which will be operationalized in the next FY. TFTA will pave way for expanded market opportunities for Kenya's private sector across various African countries. We are also exploring resource mobilization from development partners by developing project proposals.

Conclusion and Way Forward:

Trade Sub-sector plays a significant role in the Country's economic growth and development through its contribution to the Gross Domestic Product (GDP). In addition, trade creates employment opportunities in the informal, wholesale and retail trade thus contributing to poverty reduction. During the MTP IV period, the Sub-sector is expected to contribute in the Government's efforts in creation of new job opportunities using a value chain approach. This will be achieved through creating an enabling environment for domestic and export trade to thrive; Enhanced growth of domestic trade and sustainable development and promotion of BETA Priority Value Chains; Improved fair trade and consumer protection; and Expanded exports trade. This calls for additional funding. The State Department shall also continue strengthening strategic linkages, partnerships and collaborations with a view to resource mobilization from development partners.



.....
Ms. Regina A. Ombam
Principal Secretary / Accounting Officer
State Department for Trade
Ministry of Investments Promotion, Trade and Industry

7. Statement of Performance Against Predetermined Objectives for FY2024/25

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer presents a statement of performance against predetermined objectives of the State Department for Trade.

The State Departments' annual work plan for 2024/25 was aligned to the budget programmes and government priorities under BETA. In addition, the performance contract for 2024/25 was aligned to the approved work plan with targets for the core mandate drawn from the annual work plan. Implementation of Access to government procurement opportunities (AGPO), local content in procurement and the four cross-cutting indicators in the Performance Contract (PC) were also implemented through the work plan.

Key priorities for FY 2024/25 include:

- i. Enabling environment for business growth;
- ii. Development, Promotion and Regulation of the Wholesale and Retail Trade;
- iii. Development and Promotion of BETA Priority Value Chains;
- iv. Enforcement of Trade Remedies Measures;
- v. Enforcement of Legal Metrology;
- vi. Consumer Protection;
- vii. Market Access and Diversification; and
- viii. Export Trade Development & Promotion and Nation Branding.

Table 7.1: Programme performance

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Modernization of standards Laboratory	To develop and maintain laboratories that are up to global standards	Improved Quality of Testing and Calibration Services	Upgraded Laboratory Equipment and Instruments	No. of Upgraded Laboratory Equipment and Instruments	900.00	8.70	891.30	70.00	8.70	891.30	In the FY 2021/2022, State Department for Public Works was officially contacted to start preparations of the BQs, unfortunately the entire process stalled out of budget cuts the project did not receive funding in the FY 2024/25 therefore it stalled.
Establishment of Commodities Exchange Platform	To establish Commodities Exchange Platform that is of global standards	Increased Market Transparency	Fully Operational Commodities Exchange Platform	Number of commodities successfully traded on the platform	5,060.00	422.99	4,637.01	5,060.00	422.99	4,637.01	In the FY 2024/25, validation workshops for the Central Registry's business re-engineering processes were carried out Inadequate funding coupled

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											with delays and inconsistency in disbursement of funds and budget cuts
Warehouse Refurbishment (KNTC)	To develop and maintain warehouses that are up to global standards	Improved storage capacity, efficiency, and safety, reducing post-harvest losses and supporting structured trade systems.	Renovated and structurally improved warehouses	Number of warehouses refurbished	1,170.00	232.20	937.80	1,170.00	232.20	937.80	The project implementation was affected by budget cuts in the FY 2024/25 supplementary No 1 and in the FY 2023/24 the project did not receive adequate funding
Warehouse Receipt System Council	To develop and maintain a warehouse Receipt System that are up to global standards	A transparent, regulated, and efficient warehouse receipt system that improves commodity trade, facilitates access to finance, and reduces post-harvest losses.	Licensing and accreditation of warehouses	Number of compliance inspections/audits conducted	1,200.00	200.00	1,000.00	1,200.00	200.00	1,000.00	In FY 2024/25 Bill of quantities were done (BQ) awaiting procurement process to be initiated by the user department. Inadequate funding coupled with delays and inconsistency in disbursement of funds and budget cuts

State Department for Trade

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8. Governance Statement

The key management personnel who held office during the period ended 30th June, 2025 and who had direct fiduciary responsibility were:

No	Designation	Name	Date of Appointment
1	Principal Secretary	Mr. Alfred Ombudo K'Ombudo	Up to 16/04/2025
2	Principal Secretary	Ms. Regina Akoth Ombam	16/04/2025
3	Ag. Secretary Trade	Mr. Michael Sali Mandu	31/03/2023
4	Ag. Secretary of Administration	Mr. M'mbetsa Omar Bejah	02/04/2024
5.	Director Research and Trade Policy Analysis	Dr. Fred Masibo Simiyu	28/07/2017
6.	Senior Deputy Accountant General Head, Accounts Unit	CPA Tom M. Odundo	07/03/2023
7.	Senior Chief Finance Officer Head of Finance Department	Ms. Beldine Omolo	05/11/2024
8.	Ag. Director Internal Trade	Ms. Elizabeth Miguda	21/02/2025
9.	Ag. Director External Trade	Mr. Josiah Rotich	29/11/2023
10.	Ag. Director: Weights and Measures	Mr. John B. Wamwana	23/09/2024
11.	Senior Assistant Internal Auditor General Head, Internal Audit Unit	Mr. Lucas O. Otieno	07/03/2023
12.	Director, Central Planning and Project Monitoring Department (CPPMD)	Mr. Aloyce Marube Ratemo	22/06/2023
13.	Head, Legal Services	Mr. Robert Kungu	12/07/2020
14.	Head, Supply Chain Management Services	Mr. Sebastian John Mokua, HSC	15/02/2024
15.	Director, Human Resource Management and Development	Mr. Denis Kabuka Mirwoba	08/02/2024

i.) Audit and finance committee activities

The Audit and Finance Committees form a key element in the governance process by providing an independent expert assessment of the activities of top management, the quality of the risk management, financial reporting, financial management and internal audit.

ii.) Risk Management Policies within the MDA

Risk Management: The committee assesses and manages financial risks associated with SDT' activities. This involves identifying potential risks, developing risk mitigation strategies, and monitoring their effectiveness.

The MDA's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The MDA'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 MDA does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

iii.) Report on Recent Training and Development on Governance for those in Key Leadership Positions

The state department provides opportunities for career growth and skills development, the organization provides ongoing training opportunities, mentorship programs, and learning platforms tailored to departmental needs. The welfare of the employees is guaranteed and they are provided a safe working environment for the employees. It was engaged in the training of staff and supported fifty-one (51) of its employees in various training programs.

iv.) Public Participation Activities

In line with the Public Finance Management Act (2012), Section 125 (2), the State Department for Trade conducted an online public participation due to inadequate funds where members of the public were invited to give their inputs in regard to the Medium Term Expenditure Framework for the State Department.

v.) Compliance with Laws and Regulations

The state department has established a committee that ensures compliance with relevant financial laws, regulations, and policies as a key responsibility. The committee ensures cognizance with any legal obligations and work to avoid violations.

vi.) Other Committees

a) Public Finance Management Committee

The State Department for Trade Public Finance Management Committee is responsible for overseeing the financial management and budgetary processes related to the Trade sector. Their primary goal is to ensure transparency, accountability, and responsible use of public funds within the State Department.

Key responsibilities include:

- **Budgetary Control:** The committee is responsible for reviewing and approving the State Department's budget proposal, ensuring that it aligns with the government's overall financial priorities and objectives.
- **Financial Reporting and Auditing:** Regular financial reporting is crucial for transparency and accountability. The committee receives periodic financial reports detailing the State Department's income, expenses, and budgetary performance. Additionally, an independent audit of financial records is done regularly to ensure compliance with financial regulations and identify any irregularities.
- **Internal Controls:** The committee performs internal controls to prevent financial mismanagement and fraud.

- **Risk Management:** The committee assesses and manages financial risks associated with SDT' activities. This involves identifying potential risks, developing risk mitigation strategies, and monitoring their effectiveness.
- **Compliance and Legal Obligations:** It ensures compliance with relevant financial laws, regulations, and policies as a key responsibility. The committee ensures cognizance with any legal obligations and work to avoid violations.
- **Conflict of Interest Management:** Committee members should act with impartiality and integrity. Effective conflict of interest policies should be in place to prevent any personal or financial interests that could influence decision-making.
- **Ethics and Code of Conduct:** Establishing and upholding ethical standards and a code of conduct for all staff involved in financial management is crucial. This helps maintain professionalism, honesty, and integrity within the State Department.
- **Capacity Building:** The committee works on improving the financial literacy and capacity of staff involved in financial management. This can involve and not limited to training programs and workshops to enhance financial skills and knowledge.
- **Public Accountability:** The committee engages with the public and stakeholders, providing information about financial management practices and performance in the Spirit of Transparency, open communication, building trust and public confidence.

b) **Ministerial Human Resource Advisory Committee**

The State Department for Trade Ministerial Human Resource Advisory Committee is responsible for effective Human Resource Management in the State Department. The key Functions of the Committee include:

- Recruitment, selection and appointment;
- Promotions;
- Confirmation in appointment;
- Training and Development;
- Training and Impact Assessment;
- Management of skills inventory;
- Establishment and Complement Control;
- Payroll management;
- Deployment;
- Promotion of Values and Principles of Public Service and ensuring compliance;
- Administration of declaration of income, assets and liabilities and the public officer code of conduct and ethics for officers in job group 'M' and below;
- Monitor and report quarterly on compliance with National Values and Principles of Governance and Values and Principles of Public Service;

c) **Senior Management Committee**

The State Department for Trade Senior Management Committee is responsible for providing strategic leadership, decision-making, and operational guidance within the State Department. Fiduciary oversight arrangements are put in place to ensure prudent financial management, transparency, and accountability in handling the State Department's resources.

d) **Other oversight activities**

These include;

1. **External Audits:** The State Department for Trade will undergo external audits conducted by independent audit firms or Government auditors. These audits assess the financial statements, internal controls, and compliance with financial regulations. The findings and recommendations from external audits help identify areas for improvement and ensure transparency and accountability.
2. **Parliamentary Oversight:** The Parliament exercises oversight over Government institutions, including the State Department for Trade. This includes scrutinizing the State Department's budget proposals, financial performance, and adherence to financial laws and regulations. Parliamentary committees conduct hearings and inquiries to assess the financial management practices.
3. **Office of the Auditor General (OAG):** The OAG is an independent constitutional body responsible for auditing and reporting on the use of public resources. The OAG will audit Government institutions, including the State Department for Trade, to ensure financial probity, transparency, and adherence to financial regulations.
4. **Public Financial Management (PFM) Reforms:** The State Department for Trade will participate in Government-wide PFM reforms to improve financial management practices. These reforms aim to enhance budgetary processes, financial reporting, internal controls, and overall financial governance.
5. **Public Finance Management Standing Committee (PFMSC):** This is among other things charged with providing strategic guidance on Public Finance Management matters and 100% compliance and achievement of the Zero Fault Audit status for the FY 2023/24.
6. **Financial Reporting to Treasury:** The State Department is required to submit periodic financial reports to the National Treasury, detailing its financial performance, budget utilization, and adherence to fiscal policies. This reporting helps central authorities monitor and evaluate the financial management of the State Department.
7. **Internal Audit Unit:** The State Department has its own internal Audit Unit responsible for conducting regular audits of financial processes and controls. Internal audits help identify weaknesses and suggest improvements to enhance financial management.
8. **Financial Performance Evaluation:** The State Department for Trade evaluates the financial performance of its various programs and projects. This evaluation helps determine whether allocated funds were utilized effectively and whether the intended outcomes were achieved.
9. **Capacity Building and Training:** Capacity-building programs are necessary to enhance the financial literacy and skills of its staff involved in financial management. This ensures that employees have the knowledge and tools to handle financial responsibilities effectively.

9. Management Discussion and Analysis

State Department's key Programs/projects or investment decisions implemented or on-going

In the FY 2024/25, the State Department implemented four Key programmes namely:

- a.) Domestic Trade Promotion and Regulation – key notable achievement during the period under review include, development of coherent standalone E-commerce Policy anchored in an act of Parliament, 5 Route-to-market (RTM) strategies for Red Meat and Leather was developed in collaboration with other MDAs, the private sector, and with support from Development Partners. Further, during the review period, WRSC certified 7 Warehouse Operators. The Council in partnership with Hello tractor, International Finance Corporation (IFC Africa) and Financial Sector Deepening Kenya (*FSD Kenya*) launched the newly certified Mauka Warehouse in Njoro, Nakuru County. Further, Kipkenyo, Uasin Gishu County AgriBORA- Agri-Ghala warehouse was launched in the same period. In addition, the State Department formed 13 BETA value Chain Teams specializing in specific value chains so as to effectively support the specific value chains.

- b.) Fair Trade Practices and Compliance of Standards - achievements include, Legal Metrology Bill and the Trade Descriptions Bills were drafted and forwarded to the Attorney General's Office and the National Treasury for their consideration. Celebrated World Metrology Day, 2025. In addition, during the period, the National Consumer Protection Policy was reviewed and subjected to stakeholder's inputs.

- c.) International Trade Development and Promotion – notable achievements included Kenya-UAE CEPA was signed during the period. The signing of the Kenya-UAE CEPA is expected to unlock new opportunities, enhance bilateral relations, and contribute to the economic transformation of both nations. In addition, Kenya-EU EPA was concluded and is under implementation. Kenya-EU Economic Partnership Agreement (EPA) sensitization Forums were held in Nakuru, Kirinyaga, Machakos, Isiolo, Eldoret, Kisumu, Mombasa & Nairobi to provide insights, identify the gaps and provide a clear framework on how Kenyan exporters can harness opportunities unlocked by the EPA. Kenya-EU EPA implementation strategy was developed; Kenya-EU EPA Council gazetted and held its inaugural meeting; Fisheries Subsidies Agreement was ratified by parliament now awaiting for signature by the Cabinet Secretary, OPCS&FA; African Continental Free Trade Area (AfCFTA) Agreement and Phase I Protocols reviewed; 2nd Edition EU-Kenya Business Forum 2025 held; Collaboration meetings held between Kenya and Ukraine; Kenya and US, Kenya and Germany delegation; Kenya-Hungary Joint Investment and Technical Committee (JITC) meeting held; Participated in Expo 2025 Osaka Japan.

- d.) General Administration, Support Services and Planning – achievements include 5,000 Trees grown in the period, 9 Financial Management Statutory Reports prepared and submitted, 9 Planning and SDT Priorities coordinated, Targets set through GHRIS (Government Human Resource Information System), Drafting of Trade description bill and Business laws amendment(act) was published in December 2024. Three (3) quarterly Public Procurement Regulatory Authority (PPRA) reports were

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prepared and submitted; SDT Strategic Plan 2023-2027 reviewed; SDT Organization structure developed; Organized tree planting sessions planting more than twenty thousand trees.

The State Department is implementing four (4 No.) capital projects. These projects include: Modernization of Legal Metrology Standards Laboratory; Establishment of commodities exchange platform; KNTC Warehouse Refurbishment; and Warehouse Receipts System Development (WRSC). Most of these projects are on-going. In FY 2024/25 only one project: Establishment of commodities exchange platform was allocated budget amounting to Kshs 290 million. Despite several requests to the National Treasury requesting for the funding of its capital projects, the State Department has not been allocated funds and also experienced budget cuts in the previous financial years to enable it undertake the planned capital projects. Other programs being spearheaded by the State Department include: – Development of Digital (Services) Export Strategy: In the period the Terms of Reference were and shared with World Bank to support. The on boarding of a consultant to spearhead the development of the strategy is ongoing. Continuous Capacity Building and sensitization of the Private Sector: The State Department continually undertakes sensitization and capacity building programmes with stakeholders from the private and public sectors to ensure that they are aligned to leverage on opportunities arising from concluded trade agreements.

Table 9.1 Projects Details (Amount in Kshs. Millions)

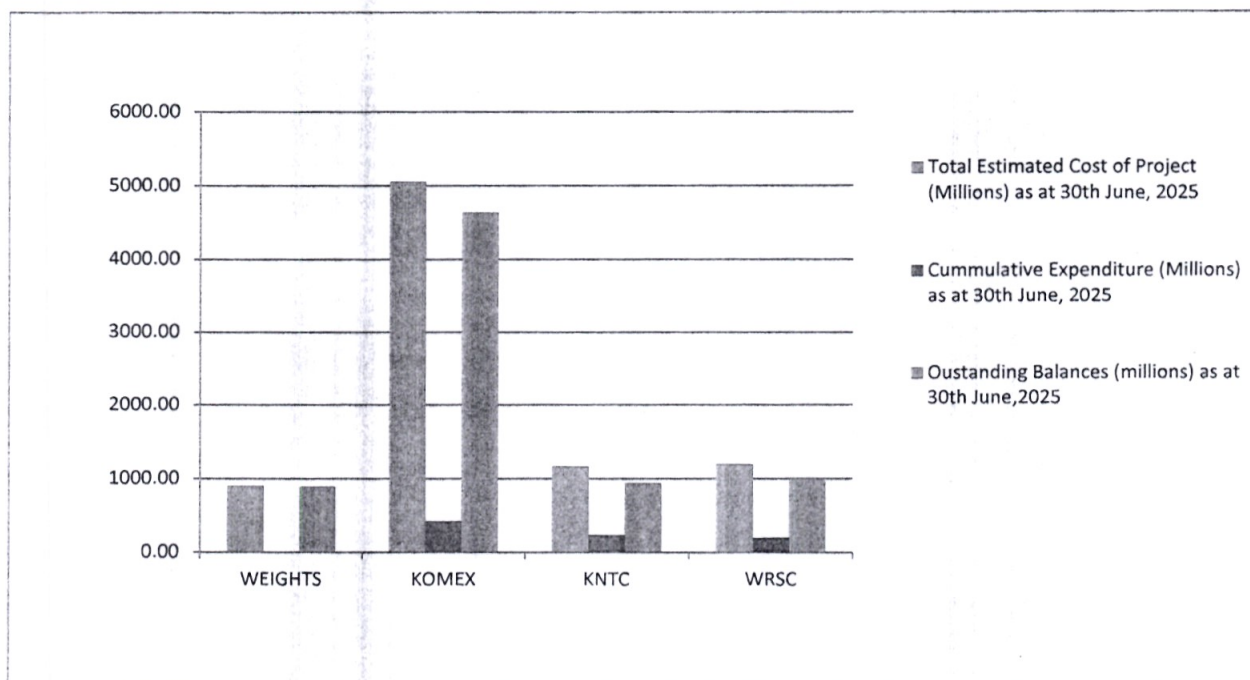
Project Code & Project Title	Estimated cost of the project (Financing)			Timeline					Approved Budget FY 2024/2025		Allocation for FY 2025/26		Allocation for FY 2026/27		Allocation for FY 2027/28	
	Total Cost of Project (a)	Est. of GO K	Foreign Financed	Start Date	Expected Completion Date	Completion status as at 30 th June, 2025 (%)	Cumulative Expenditure as at 30 th June, 2025	Outstanding Balance as at 30 th June, 2025	GO K	Foreign	GO K	Foreign	GO K	Foreign	GO K	Foreign
Modernization of standards Laboratory	900.00	900.00	-	01-Jul-16	30-Jun-28	0.97%	8.70	891.30	-	-	70.00	-	500.00	-	321.30	-
Establishment of Commodities Exchange Platform	5,060.00	3,000.00	2,060.00	01-Jul-23	30-Jun-28	8.36%	422.99	4,637.01	290.00	-	35.00	-	509.54	-	961.47	-

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Warehouse Refurbishment (KNTC)	1,170.00	1,170.00	-	01-Jul-20	30-Jun-28	19.85%	232.20	937.80	-	-	30.00	-	300.00	-
Warehouse Receipt System Council	1,200.00	1,200.00	-	01-Jul-20	30-Jun-28	16.67%	200.00	1,000.00	-	-	35.00	-	200.00	-
Totals									290.00	170.00	1,509.54	1,782.77		

Graph: Project Implementation Status as at 30th June, 2025



State Department's Compliance with Statutory Requirements

The State Department has continued to comply with PFM Act 2012 and PPAD Act 2015 and their respective regulations. It has also complied with other legal requirements such as submission of statutory deductions namely: timely remittances of NHIF, NSSF, PAYE, HELB, VAT, withholding and income tax.

State Department for Trade

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

Major risks facing the organization.

The main risks facing the State Department for Trade:

- i. **Funding:** The State Department for Trade in most cases has not been able to implement all planned activities (negotiations of trade agreements outside the country, presidential directives), conducting M&E, etc., due to either inadequate funds from exchequer or budget cuts.
- ii. **Staff shortage:** The number of positions filled is far less than the approved staff establishment. The currently staffing level being 55.45%. Coupled with inadequate training opportunities has heavily affected optimal service provision.;
- iii. **External Factors:** Geopolitical tensions: Geopolitical shocks continue to have a widespread impact on global trade, with the risk of armed conflict and trade wars remaining high. With the continuation of both the Israel-Hamas war and the Russia-Ukraine war, The M23-DR Congo wars, tension in Southern Sudan, US trade policy shifts the global economy is potentially facing a heightened risk environment, due to the inflationary effects from lower regional trade volume in the Middle East and Europe.
- iv. **Low level of awareness on market Opportunities/Benefits:** There is generally low level of awareness by the business community on the socio-economic benefits and provisions of the EPA, EAC, AfCFTA, TFTA and COMESA integration processes.

Material arrears in statutory and other financial obligations.

S/ No.	ITEM	Budget Requirement (KSHS. M)	Justification
1.	WRSC Settlement of rent arrears and pending bills	20	Kshs 20 million to settle accrued rent arrears and pending bills
2.	Subscriptions to international organizations	645	To settle payment arrears and annual subscriptions to: WTO; International Organization of Legal Metrology; COMESA programs; and Indian Ocean Rim Association.
	TOTAL	665	

Review of the economy and sector.

Table 9.2: Trade Sub-Sector Outcome Results for FY 2024/2025

MTP IV Outcome	MTP IV Outcome Indicator	MTP IV Outcome Target	Actual Achievement	Remarks on Achievement Variance
Increased value of Domestic Trade	Value of wholesale and retail trade (Kshs Million)	1,083	1,219 (trn)	Due to conducive business environment
	Jobs created in wholesale and retail trade (No. 000)	374.0	315.1	This massive increase is because the indicator combines Wholesale and Retail trade, Hotels and restaurants in the Economic Survey 2024.
Capitalization of the KOMEX Exchange System	Small scale holder farmers integrated to the WRS	1,000	-	To be realized in the next FY once capitalization of KOMEX is completed
Increased Kenyan Exports	Total value of exports (Kshs. Billion)	917	1,112.3	Aggressive marketing campaigns, product market diversification and favourable exchange rate to the USD.
	Total value of exports to the EAC (Kshs. Billion)	238	321.4	Enhanced promotion activities and resolution of NTBs

Total export value of leather and leather products (Kshs. Million)	2,091	2,133.6	The leather and leather products is among the priority value chains in BETA, which is expected to spur the contribution of manufacturing to GDP and employment
Total export value of edible oils (Kshs. Million)	28,295	30,346.9	Unfavourable weather conditions led low levels of productions
Total export value of tea (Kshs. Million)	171,442	199,120.4	Increased volume of exports coupled with favourable exchange rate to the USD and stable prices
Total export value of apparel and textile (Kshs. Million)	49,676.90	57,883	Kenya's apparel market is experiencing a surge in demand for sustainable and ethically produced clothing, driven by a growing awareness of environmental and social responsibility among consumers.
Total export value of horticulture (Kshs. Million)	159,883	203,638.1	This was due to favourable weather conditions that characterized the better part of 2023. High demand for Kenyan produce in Europe, Middle East and Far East markets.

Data Sources: 2025 Economic Survey, Departmental Progress Reports

Future developments and any other information considered relevant to the users of the financial statements.)

The State department will continue to undertake its mandate and its planned activities. Most importantly, the State Department currently is engaged in the ongoing discussions and negotiations with the World Trade Organization (WTO). The Kenya-USA Strategic Trade & Investments Partnership (STIP), the Kenya-UAE Comprehensive Economic Partnership, (CEPA); ongoing negotiations at regional level on AfCFTA, COMESA, EAC; & Tripartite and recently agreed, Kenya-Indonesia Preferential Trade Agreement (PTA) amongst other, to enable retention and expansion of the market share of Kenya's BETA priority value chains in existing and potential export destinations especially in UAE, UK and US markets. Once the trade negotiations are concluded and market accessed, the State Department is required to disseminate information on trade and investment opportunities arising out of the negotiated trade agreements to key stakeholders, for them to exploit. In addition, trade negotiations activities involve foreign travelling however in the FY 2024/25 approved budget, Trade negotiation foreign travel budget was Kshs.11.2 million (increase from 10.6 million-2023/24) which was hardly enough to support participation of the planned Trade negotiations and disseminated information on the Market and investment opportunities realized.

Policy and Legislative initiatives: A number of policies or bills are at different stages of development. This to large extent has hindered the State Department to effectively execute its mandate, align with the Bottom-up Economic Transformation Agenda and implement the priority value chains. They will also promote and develop trade, protect the consumer against unfair trade practices as well as create an enabling environment for domestic and export trade to thrive.

Failure to fund the above activities will lead State Department failing to deliver its mandate, improving business environment, and risk of Kenya losing secure, long-term and predictable market access to the countries with which the agreements are being negotiated. In this regard, Kenya's contributions of export to GDP will decline further subsequently affecting the balance of payment on current account as well as Kenyan shilling currency strength.

10. Environmental and Sustainability Reporting

a) Sustainability strategy and profile

1. **Sustainable Efforts:** The State Department for Trade has recognized the importance of sustainability in its operations and policies. Sustainable efforts include:
 - Integration of environmental, social, and economic considerations in trade policies and practices to promote sustainable trade practices.
 - Encouraging the adoption of green and eco-friendly practices in domestic trade and enterprise development to reduce environmental impact.
 - Ensuring fair trade practices and compliance with international standards to promote consumer protection and fair treatment of stakeholders.
 - Promoting responsible and sustainable sourcing of raw materials and products to support environmentally and socially responsible supply chains.
 - Over the years, the State department has enjoyed goodwill from the National Treasury and Economic Planning and Parliamentary committees. However, funding has not been adequate in delivery of its core mandate. We need to do more through lobbying for increased funding from the Exchequer through the MTEF budget Sector Working Groups and Parliamentary committees (Parliament Departmental Committee on Trade, Industry and Cooperatives, Senate Standing Committee on Trade, Industrialization, and Tourism). One of the departments (Weights and Measures) generates A-i-A through provision of services. This has a huge potential of generating more revenue to fund its activities. The State Department need to fully exploit internal capacity in mobilizing additional resources from development partners; develop and implement resource mobilization strategy as well as strengthen partnerships with a view to diversifying sources of support and funding.
 - The activities of the strategic plan are aligned to the requirements in the requirements in the Constitution of Kenya, policy priorities in the fourth medium term plan, policy priorities under BETA, compliance with government and presidential directives, government commitments to regional and global development agenda (Africa Union Agenda 2023, Sustainable Development Goals) and climate change frameworks.
2. **Broad Trends in Political and Macroeconomic Factors Affecting Sustainability Priorities:** The State Department for Trade is influenced by various political and macroeconomic factors, including:
 - Government policies and priorities that align with sustainable development goals and green economic initiatives.
 - International trade agreements and regional economic partnerships that drive the focus on sustainable trade practices.
 - Economic fluctuations and external market dynamics impacting trade performance and sustainable trade diversification.
 - Political stability and governance structures that enable the implementation of sustainable trade policies and programs.

b) Environmental Performance

The State Department has implemented the following initiatives

- i. Waste bins provided and placed in strategic locations
- ii. The lights and water taps are switched off when not in use
- iii. Fire extinguishers have been installed in strategic locations

Planted 25,000 new trees in Embu and Narok under National Tree Growing Restoration Campaign. This is in line with the Presidential directive -*Jaza Miti initiative* which is aimed at planting 15 billion trees by 2032.

c) Employee Welfare

The State Department for Trade is guided by a transparent recruitment policy that promotes merit-based selection while actively considering gender balance and diversity. The state department provides opportunities for career growth and skills development, the organization provides ongoing training opportunities, mentorship programs, and learning platforms tailored to departmental needs. The welfare of the employees is guaranteed and they are provided a safe working environment for the employees. It was engaged in the training of staff and supported fifty-one (51) of its employees in various training programs.

d) Operational Practices

The State Department for Trade has benchmarked itself against international best practices in promoting sustainability. It has looked at successful models from other countries that have integrated sustainability into their trade agendas. Key areas include:

- Sustainability certification and labelling schemes for products to promote eco-conscious consumer choices.
- Green financing mechanisms to support sustainable trade initiatives and investments.
- Sustainable supply chain management practices to ensure environmental and social responsibility throughout the value chain.

e) Community Engagements

The state department demonstrated commitment to sustainable development during the year as it engaged in National Tree Growing Restoration Campaign in Embu and Narok.

11. Statement of Management Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government State Department for Trade shall prepare financial statements in respect of that State Department for Trade. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Trade is responsible for the preparation and presentation of the State Department for Trade's financial statements, which give a true and fair view of the state of affairs of the State Department for Trade for and as at the end of the financial year ended on June 30, 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 State Department for Trade, (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 State Department for Trade; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Trade accepts responsibility for the MDA's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the State Department for Trade's financial statements give a true and fair view of the state of State Department for Trade's transactions during the financial year ended June 30, 2025, and of the State Department for Trade's financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the State Department for Trade, which have been relied upon in the preparation of the State Department for Trade's financial statements as well as the adequacy of the system of internal controls.

The Accounting Officer in charge of the State Department for Trade confirms that the State Department for Trade has complied fully with applicable Government Regulations and the terms of external

financing covenants, and that the State Department for Trade's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the State Department for Trade's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The State Department for Trade 's financial statements were approved on 28th August, 2025 and signed by:


.....

Ms. Regina A. Ombam

Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR TRADE 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, which considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws, and regulations, which have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of the Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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, the risk management environment and internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying transitional IPSAS financial statements of State Department for Trade set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions

of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of State Department for Trade 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) including the transitional provisions permitted under IPSAS 33 and comply with the Public Finance Management Act, 2012; and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Trade Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.5,582,322,233 and Kshs.4,432,283,155 respectively resulting to an under-funding of Kshs.1,150,039,078 or 21% of the budget. However, the state department spent an amount of Kshs.4,404,767,721 against actual receipts of Kshs.4,432,283,155 resulting to an under-utilization of Kshs.27,515,433 of the actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Emphasis of Matter, Lawfulness and Effectiveness in the Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance. The issues as detailed in **Appendix I** remain unresolved as Parliament has not deliberated on the same.

Other Information

The Management is responsible for the Other Information set out on page iv to xli which comprise of Key State Department for Trade Information and Management, Profile of Cabinet Secretary, Profiles of Accounting Officer and Key Management, Statement by the Cabinet Secretary, Statement by the Accounting Officer, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and analysis, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with the Approved Staff Establishment

Review of the human resource records reflects that the State Department had an approved establishment of five hundred and twenty-nine (529) staff members across all cadres. However, the actual number in position was two hundred and ninety (290) staff leading to an under establishment of two hundred and thirty-nine (239) staff. This was contrary to Section A.15 of the Human Resource Policies and Procedures Manual for Public Service, May 2016, which states that the functions of Ministerial Human Resource Management Advisory Committees (MHRMAC) entail making recommendations to the Authorized Officer regarding: - inter alia (viii) establishment and complement control.

In the circumstances, the service delivery to the public may be negatively affected and Management was in breach of the law.

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

the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 control, 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 those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the State Department for Trade 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

20 November, 2025

Appendix I

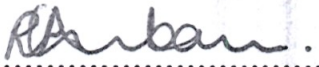
Unresolved Prior Year Matters

No	Reference	Observation
		Emphasis of Matter
1	1741	Pending Accounts Payables
2	1742	Budgetary Control and Performance
		Lawfulness and Effectiveness in Use of Public Resources
3	1744	Non-Compliance with the Approved Staff Establishment
		Effectiveness of Internal Controls, Risk Management and Governance
4	1745	Grounded Vehicles and Boarded Vehicles

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

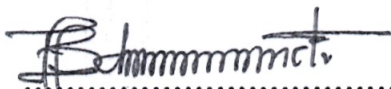
	Notes	2024-2025
		Kshs
Revenue from non-exchange transactions		
Transfers from Exchequer	6	3,901,136,989
Total		3,901,136,989
Revenue from exchange transactions		
Miscellaneous income	7	531,146,166
Total revenue		4,432,283,155
Expenses		
Employee costs	8	570,379,185
Use of goods and services	9	492,855,845
Transfers to other Government Entities	10	3,276,518,671
Depreciation and amortization expense	11	1,747,709
Other Grants and Subsidies	12	22,306,469
Social Benefits	13	8,243,796
Total expenses		4,372,051,675
Surplus for the year		60,231,480
Net Surplus		60,231,480

The Financial Statements set out on pages 1 to 9 were signed by:



 Name: Regina A. Ombam

Accounting Officer
 State Department for Trade



 Name: CPA Tom Mbuya


Odundo
 Head of Accounting Unit
 ICPAK M/No 5430

14. Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	14	41,852,947	29,904,552
Receivables from Exchange Transactions	15	71,075,657	65,835,522
Receivables from Non-Exchange Transactions	16	65,000,000	-
Total Current Assets		177,928,604	95,740,074
Non-Current Assets			
Property, Plant and Equipment	17	4,892,643	-
Total Non-Current Assets		4,892,643	-
Total Assets (a)		182,821,247	95,740,074
Liabilities			
Current Liabilities			
Trade and Other Payables	18	97,364,205	54,947,473
Refundable Deposits	19	14,427,664	25,234,897
Total Current Liabilities		111,791,869	80,182,370
Non-Current Liabilities			
Total Non- Current Liabilities		-	-

	Notes	2024-2025	Opening Statement
		Kshs	1 st July 2024
		Kshs	Kshs
Total Liabilities (b)			
Net Assets (a-b)		71,029,378	15,557,703
Represented by:			
Reserves		-	-
Accumulated Surplus		71,029,378	15,557,703
Capital Fund		-	-
Net Assets		71,029,378	15,557,703

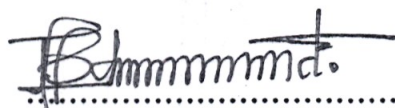
The financial statements set out on pages 1 to 9 were signed by:



Name: Regina A. Ombam

Accounting Officer

State Department for Trade



Name: CPA Tom Mbuya

Odundo

Head of Accounting Unit

ICPAK M/No 5430

State Department for Trade
Annual Report and Financial Statements for the year ended June 30, 2025.

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

	Accumulated Surplus	Reserves	Capital Fund	Total
Fund balance as at 30th June 2024	70,505,176	-	-	70,505,176
Adjustments				
Recognition of Assets	-			-
Recognition of Liabilities	(54,947,473)			(54,947,473)
As at July 1, 2024	15,557,703	-	-	15,557,703
Return to Exchequer	(4,759,805)			(4,759,805)
Surplus for the year	60,231,480			60,231,480
Capital funds received in the year			-	
As at June 30, 2025	71,029,378	-	-	71,029,378

A restatement of the opening balances as at 1st July 2024 as below.

REPRESENTED BY		2023-2024	2022-2023
		Khs	Khs
Fund Balance b/fwd		89,025,555	71,193,673
Prior Year Adjustments		(151,404)	(3,398,637)
Deficit for the Year		(18,368,975)	21,230,519
NET FINANCIAL POSITION		70,505,176	89,025,555

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

		<i>2024-2025</i>
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from exchequer	6	3,901,136,989
Miscellaneous income	7	531,146,166
Total receipts		4,432,283,155
Payments		
Employee costs	8	570,379,185
Use of goods and services	9(a)	520,679,249
Transfers to other Government Entities	10	3,276,518,671
Other Grants and Subsidies	12	22,306,469
Social Benefits	13	8,243,796
Total payments		4,398,127,369
Net cash flows from/(used in) operating activities	20	34,155,786
Cash flows from investing activities		
Purchase of PPE	17	(6,640,352)
Net cash flows from/(used in) investing activities		(6,640,352)
Cash flows from financing activities		
Return to Exchequer		(4,759,805)

		2024-2025
	Notes	Kshs
Decrease in deposits and Retention		(10,807,233)
Net cash flows from financing Activities		(15,567,038)
Net increase/(decrease) in cash & Cash equivalents		11,948,396
Cash and cash equivalents at 1 July 2024	14	29,904,552
Cash and cash equivalents at 30 June 2025		41,852,948

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

Recurrent and Development Combined

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Exchequer releases	1,976,771,146	1,963,961,087	3,940,732,233	3,901,136,989	39,595,244	99%
Miscellaneous receipts	1,621,590,000	20,000,000	1,641,590,000	531,146,166	1,110,443,834	32%
Total Receipts	3,598,361,146	1,983,961,087	5,582,322,233	4,432,283,155	1,150,039,078	79%
Payments						
Compensation of employees	613,380,000	(13,000,000)	600,380,000	570,379,185	30,000,815	95%
Use of goods and services	440,202,747	129,194,328	569,397,075	520,679,249	48,717,826	91%
Transfers to other government entities	2,506,022,176	1,848,280,000	4,354,302,176	3,276,518,671	1,077,783,505	75%
Other grants and transfers	30,000,000	-	30,000,000	22,306,469	7,693,531	74 %
Social security benefits		8,300,000	8,300,000	8,243,796	56,204	99%

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Acquisition of assets	8,756,223	11,186,759	19,942,982	6,640,352	13,302,630	33%
Other payments						
Total Payments	3,598,361,146	1,983,961,087	5,582,322,233	4,404,767,721	1,177,554,512	79%
Surplus	-	-	-	27,515,434		

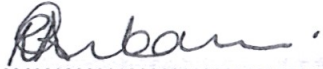
(a) **Variance analysis:** [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)

- i) The under collection of AIA of 96 % by KNTC was attributed to competition from import whose prices, high overhead expenses, warehousing charges and clearing costs. This was further compounded by a range of operational and administrative challenges including ongoing court cases, stock outs, and the inability to supply orders due to limited working capital.
- ii) The under collection of AIA of 3 % by Weights and Measures Department was due to inadequate standardization equipment's which are the ones used to generate AIA
- iii) ii) The under collection of AIA of 1 % by KEPROBA was because of the depressed economy which affected their business operations.
- iv) Due to the under collection of AIA, the funds were not available for spending under the transfers to other government entities.
- v) The variance under the scholarships is as a result of under disbursement of the educational scholarship funds to the commercial attachés.

(b) **Reallocations within the year**

The changes between the original and final budget are as a result of additional budgetary allocation towards the following entities: KNTC KEPROBA, KETRA and COMESA.

The entity financial statements were approved on 28th Aug, 2025 and signed by:



.....
Name: Regina A. Ombam
Accounting Officer
State Department of Trade



.....
Name: CPA Tom Mbuya Odundo
Head of Accounting Unit
ICPAK M/No 5430

Budget Reconciliation to the Statement of Cash Flows

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	27,515,434
1	Reason for differences- Timing differences(Decrease in deposits and retention)	(10,807,233)
2	Reason for differences-Classification differences(Return to Exchequer)	(4,759,805)
3	Reason for differences -Cash and cash equivalents at 1 July 2024	29,904,552
4	Reason for differences-Prepayment	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	41,852,948

Budget Execution by Programmes and Sub-Programmes for FY2024-2025

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
0309000000	1,786,282,549.00	1,492,342,849.00	3,278,625,398	2,213,873,928	1,064,751,470
0309010000	197,692,549.00	(20,657,151.00)	177,035,398	170,677,298	6,358,100
0309020000	1,588,590,000.00	1,513,000,000.00	3,101,590,000	2,043,196,630	1,058,393,370
0309030000	0	0	0	0	0
0310000000	116,359,164.00	78,960,581.00	195,319,745	176,234,843	19,084,902
0310010000	24,100,000.00	59,280,000.00	83,380,000	83,380,000	0
0310020000	70,059,164.00	19,680,581.00	89,739,745	70,654,843	19,084,902
0310030000	22,200,000.00	0	22,200,000	22,200,000	0
0311000000	1,327,637,016.00	363,491,137.00	1,691,128,153	1,632,750,916	58,377,237
0311010000	456,504,840.00	87,491,137.00	543,995,977	500,618,740	43,377,237
0311020000	871,132,176.00	276,000,000.00	1,147,132,176	1,132,132,176	15,000,000

State Department for Trade

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

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
0312000000	368,082,417.00	49,166,520.00	417,248,937	381,908,033	35,340,904
0312010000	368,082,417.00	49,166,520.00	417,248,937	381,908,033	35,340,904
Grand Total	3,598,361,146.00	1,983,961,087.00	5,582,322,233	4,404,767,721	1,177,554,512

18. Notes to the Financial Statements

1. Establishment

The State Department for Trade is established by and derives its authority and accountability from Presidential Executive Order No. 1 of 2025. The State Department for Trade is wholly owned by the Government of Kenya and is domiciled in Kenya. The State Department for Trade's principal activity is Specifically, Trade Policy; Export Development and Promotion; Promote E-Commerce; Trade Negotiations and Advisory Services; Champion Trade Integration in the Common Market for Eastern and Southern Africa (COMESA), Continental Free Trade Area (CFTA), Economic Partnership Agreements (EPA), African Continental Free Trade Area (AfCFTA) etc.; Liaising and coordinating with UNCTAD and WTO on Trade Matters; Enforcement of International Trade Laws, Negotiations and Agreements; Protection of Kenyan goods against Dumping and Subsidized imports and recommending of Countervailing Measures; Coordination of Multi-Agency Task Force on the Elimination of Illicit Trade and Counterfeits; Liaison with International Trade bodies for National Development; Management of Weights and Measurement in Trade; Promotion and Regulation of the Wholesale and Retail Trade; and Promotion of Fair-Trade Practices and Consumer Protection.

2. Statement of Compliance and Basis of Reporting

Statement of compliance

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

For the purpose of these financial statements, the State Department for Trade has been categorized as a Schedule 1 national government MDA in line with Section 4 of the Public Finance Management Act, 2012 read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015. Schedule 1 national government entities include Ministries, Departments, Agencies, constitutional institutions and independent offices. State Department for Trade are reporting entities whose primary objective is to provide policy and coordination of government services.

The use of public resources by State Department for Trades is primarily governed by Chapter 12 of the Constitution, the relevant Appropriation Act, the Public Finance Management Act, of 2012, and the Public Procurement and Disposal Act, of 2015.

These financial statements were authorized for issue by the Accounting Officer on 28th August 2025.

Guiding note during the transition period:

The financial statements have been prepared in accordance with the Public Finance Management Act, and Transitional International Public Sector Accounting Standards (IPSAS). The State Department for Trade has taken advantage of the transitional provisions under IPSAS 33. The State Department for trade has included Pending bills, Property ,Plant and Equipment acquired during the year in the Financial Statements.

Reporting period

The reporting period for these financial statements is for the period ended 30th June 2025.

Basis of preparation

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

Critical accounting judgements

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

A revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value)

are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of State Department for Trade for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgement is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The State Department for Trade pursues a number of policy targets and outcomes. However, the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the State Department for Trade is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the State Department for Trade policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the State Department for Trades future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO₂eq. State Department for Trades commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

An asset is a resource presently controlled by the State Department for Trade as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of State Department for Trade.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. This standard does not affect the financial statements.</p>
IPSAS 44: Non- Current Assets Held for Sale and	<p><i>Applicable 1st January 2025</i></p> <p>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:</p>

Standard	Effective date and impact:
Discontinued Operations	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. This standard does not affect the financial statements.
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. This standard will affect the financial statements going forward.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li data-bbox="469 1451 1350 1592">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. <li data-bbox="469 1608 1350 1697">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; <li data-bbox="469 1713 1350 1854">iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.

Standard	Effective date and impact:
	<p>The standard also introduces a public sector specific measurement bases called the current operational value. This standard does not affect the financial statements.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that a State Department for Trade 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. This standard will affect the financial statements going forward.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. This standard will affect the financial statements going forward.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. This standard does not affect the financial statements.</p>
<p>IPSAS 50:</p>	<p><i>Applicable 1st January 2027</i></p>

Standard	Effective date and impact:
Exploration For & Evaluation of Mineral Resources	The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ol style="list-style-type: none"> <li data-bbox="443 398 1353 472">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. <li data-bbox="443 472 1353 595">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. <li data-bbox="443 595 1353 887">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. This standard does not affect the financial statements.

iii) Early adoption of standards

The State Department for Trade did not early – adopt any new or amended standards in the financial year. The Department adopted IPSAS 33, "First-time Adoption of Accrual Basis IPSASs," Its main feature is a three-year transition period, allowing The State Department for Trade to develop reliable recognition and measurement models for complex assets and liabilities while still providing high-quality financial information to users

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The State Department for Trade recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the State Department for Trade and the fair value of the asset can be measured reliably.

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 State Department for Trade and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Rendering of services

The State Department for Trade recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income

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

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2024/25 was approved by the National Assembly on April 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the State Department for Trade upon receiving the respective approvals in order to conclude the final budget. Accordingly, the State Department for Trade recorded additional appropriations of Kshs 1,983,961,087 on the 2024/2025 budget following the Parliament approval. The State Department for Trade'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 (Pages) 7 and 10 of these financial statements.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

d) 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 State Department for Trade recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are

recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

e) Right of use asset

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the State Department for Trade incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the State Department for Trade expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

f) Tangible Natural Resources

The State Department for Trade recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the State Department for Trade; the State Department for Trade controls the tangible natural resource as a result of past events; and The tangible natural resource can be measured reliably. Where these criteria is not met, the State Department for Trade discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. State Department for Trade shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

g) Leases

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

h) 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.

i) Research and development costs

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

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

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

j) 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 State Department for Trade does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the State Department for Trade's financial statements. A financial instrument is any contract that gives rise to a financial asset of one State Department for Trade and a financial liability or equity instrument of another State Department. At initial recognition, the State Department for Trade 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 State Department for Trade 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 State Department for Trade's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net

assets/ equity unless State Department for Trade has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the State Department for Trade 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.

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 State Department for Trade 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 State Department for Trade 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 State Department for Trade 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.

b) Financial liabilities

Classification

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

k) 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 State Department for Trade.

l) Provisions

Provisions are recognized when the State Department for Trade 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 State Department for Trade expects some or all of a provision to be reimbursed, for example, under an insurance contract,

the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

m) 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 State Department for Trade 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 State Department for Trade will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

The State Department for Trade 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.

o) Contingent assets

The State Department for Trade 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 State Department for Trade 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.

p) Nature and purpose of reserves

The State Department for Trade creates and maintains reserves in terms of specific requirements.

q) Changes in accounting policies and estimates

The State Department for Trade recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

r) Employee benefits

Retirement benefit plans

The State Department for Trade provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which a State Department pays fixed contributions into a separate 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.

s) 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.

t) 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.

u) Related parties

The *State Department for Trade* regards a related party as a person or a State Department with the ability to exert control individually or jointly, or to exercise significant influence over the State Department for Trade, or vice versa. Members of key management are regarded as related parties.

v) Service concession arrangements

The State Department for Trade analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the State Department for Trade *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 State Department for Trade also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w) 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.

x) Comparative figures

In preparing these financial statements, the State Department for Trade has elected to apply paragraph 79 of IPSAS 33, which allows for the election by a State Department to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

y) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the State Department for Trade '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 State Department for Trade 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 State Department for Trade.

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 State Department for Trade.
- 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. 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. Transfers from Exchequer

Nature of transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers for year ended June 2025
	Kshs	Kshs	Kshs
Recurrent	3,611,136,989	-	3,611,136,989
Development	290,000,000	-	290,000,000
Total	3,901,136,989	-	3,901,136,989

7. Miscellaneous Income

Description	2024-2025
	Kshs
Administrative fees and charges	531,146,166
Total other income	531,146,166

8. Employee Costs

Description	2024-2025
	Kshs
Basic salaries of permanent employees	249,884,170
Personal allowances – part of salary	313,142,849
Employer contributions to compulsory national social security schemes	7,199,037
Other personnel costs	153,129
Employee costs	570,379,185

9. Use of Goods and Services

Description	2024-2025
	Kshs
Utilities, supplies and services	2,891,062
Communication, supplies and services	3,960,284
Domestic travel and subsistence	73,172,024
Foreign travel and subsistence	88,252,417
Printing, advertising, and information supplies & services	2,298,950
Rentals of produced assets	189,808,823
Training expenses	26,726,844
Hospitality supplies and services	52,604,385
Insurance costs	6,654,652
Specialized materials and services	6,839,000
Office and general supplies and services	4,460,650
Fuel Oil and Lubricants	8,809,296
Routine maintenance – vehicles and other transport equipment	3,380,352
Routine maintenance – other assets	343,300
Other operating expenses	22,653,807
Total Use of Goods and Services	492,855,845

9(a) Use of Goods and Services

Description	2024-2025
	Kshs
Total used of goods as per performance	492,855,845
Less Accrued trade payables	(42,416,732)
Add PA outstanding	5,147,235
Add Prepaid goods and services	65,000,000
Add Imprest Outstanding	92,900
Total used of goods as paid	520,679,249

10. Transfers to Other Government Entities

Description	2024-2025
	Kshs
Transfers to national Govt entities- SAGAs & SC	2,762,712,176
KEBROBA-AIA AT SOURCE	7,738,099
KNTC AIA AT SOURCE	506,068,396
Total	3,276,518,671

11. Depreciation and Amortization Expense

Description	2024-2025
	Kshs
Property, plant and equipment	1,747,709
Total	1,747,709

12. Other Grants and Subsidies

Description	2024-2025
	Kshs
Scholarships and other educational benefits	22,306,469
Total Grants and Subsidies	22,306,469

13. Social Benefits

Description	2024-2025
	Kshs
Government Pension and Retirement Benefits	8,243,796
Total social benefit expenses	8,243,796

14. Cash and Cash Equivalents

Description	2024-2025	Opening statement 1 st July 2024
	Kshs	Kshs
Recurrent Account	27,425,283	4,669,655
Development Account	-	-
Deposits Account	14,427,664	25,234,897
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Others(Specify)	-	-
Total	41,852,947	29,904,552

14 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024-2025	Opening statement 1 st July 2024
		Kshs	Kshs
Recurrent Account			
CBK001	1000303085	27,425,283	4,669,655
Development Accounts			
CBK002	1000303093	-	-

Financial Institution	Account number	2024-2025	Opening statement
		Kshs	1 st July 2024
Deposits Accounts	1000303107	14,427,664	25,234,897
On - Call Deposits		-	-
Fixed Deposits Account		-	-
Others (Specify)		-	-
Cash on Hand		-	-
Mobile Money Accounts		-	-
Sub- Total			
Grand Total		41,852,947	29,904,552

15.Receivables from Exchange Transactions

Description	2024-2025	Opening statement
	Kshs	1 st July 2024
Imprest	92,900	425,271
Salary Advances	-	600
Total Receivables	92,900	425,871
a) Current receivables	70,982,757	65,409,650
b) Non-current receivables	-	-
Total receivables (a+b)	71,075,657	65,835,522

15 (a) Ageing analysis for Receivables

Description	2024-2025		Opening statement	
	Kshs		1 st July 2024	
	Current FY	% of the total	1 st July	% of the total
Less than 1 year	9,479,230	13	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	61,596,427	87	-	-
Total (a+b)	71,075,657	100	-	-

16.Receivables from Non-Exchange Transactions

Description	2024-2025		Opening Statement 1 st July, 2024	
	Kshs		Kshs	
Other debtors (Prepayment)	65,000,000		-	
Total receivables from non- exchange transactions	65,000,000		-	
Ageing Analysis- Receivables from non- exchange transactions	2024-2025	% of the total	Opening Statement 1 st July 2024	% of the total
Less than 1 year	65,000,000	100%	-	-
Between 1-2 years	-	-	-	-
Over 3 years	-	-	-	-
Total	65,000,000	100%	-	-

17.Property, Plant, and Equipment

		Furniture and fittings	Computers & ICT Equipment		Total
Depreciation Rate		12.5%	33.3%		
Cost		Kshs	Kshs		Kshs
Opening Bal as 1st July 2024	-	-	-	-	-
Additions	-	1,396,552	5,243,800	-	6,640,352
Disposals	-	-	-	-	-
Transfer/Adjus tments	-	-	-	-	-
As At 30th Jun 2025	-	1,396,552	5,243,800	-	6,640,352
Depreciation And Impairment					
Depreciation	-	(174,569)	(1,573,140)	-	(1,747,709)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjus tment	-	-	-	-	-
As At 30th Jun 2025	-	(174,569)	(1,573,140)	-	(1,747,709)
Net Book Values		1,221,983	3,670,660	-	4,892,643

		Furniture and fittings	Computers & ICT Equipment		Total
Depreciation Rate		12.5%	33.3%		
Cost		Kshs	Kshs		Kshs
Opening Bal as at 1 st July 2024	-	-	-	-	-
As At 30 th June, 2025	-	1,221,983	3,670,660	-	4,892,643

18. Trade and Other Payables

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Trade payables	97,364,205		54,947,473	
Total trade and other payables	97,364,205		54,947,473	
Ageing analysis: (Trade and other payables)	2024-2025	% of the Total	1st July 2024	% of the Total
Under one year	42,416,732	45	13,234,496	24
1-2 years	29,767,066	28	14,610,420	26
2-3 years	22,458,044	23	27,102,556	50
Over 3 years	2,722,363	5	-	-
Total	97,364,205	100	54,947,473	100

19. Refundable Deposits and Prepayments

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Customer deposits	14,427,664		25,234,897	
Prepayments	-		-	
Other deposits	-		-	
Total deposits	14,427,664		25,234,897	
Ageing analysis: (Refundable deposits)	2024-2025	% of the Total	1st July 2024	% of the Total

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Under one year RIIP	4,473,030	31	2,896,849	11
1-2 years	-	-	781,270	3
2-3 years	9,563,364	66	392,720	2
Over 3 years	391,270	3	21,164,058	84
Total	14,427,664	100	25,234,897	100

20. Cash Generated from Operations

	2024-25
	Kshs
Surplus for the year before tax	60,231,480
Adjusted for:	
Depreciation	1,747,709
Non-cash grants received	(-)
Contributed assets	
Impairment	-
Gains and losses on disposal of assets	(-)
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Increase in inventory	(-)
Increase in receivables	(70,240,135)
Increase in deferred income	-
Increase in payables	42,416,732
Increase in payments received in advance	
Net cash flow from operating activities	34,155,786

21. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the State Department for Trade 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 State Department for Trade holding 100% of the State Department for Trade 's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the MDA, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) Other SCs and SAGAs
- iii) Key management.

22.Events after the Reporting Period

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

23.Ultimate and Holding MDA

The State Department for Trade ultimate parent is the Government of Kenya.

24.Currency

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

19. Appendix

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)
1741	Pending Accounts Payables	The Historical pending bills for the period to 30 th June,2022 has been forwarded to the Pending Bills Verification Committee (PBVC) for validation while the State Department undertakes to clear a substantial amount of current pending bills in the year 2025/2026	Not Resolved	30 June 2026
1742	Budgetary Control and Performance	The underfunding of Kshs 853,556,815.00 was occasioned by unfunded exchequer of Kshs. 150 million to KEPROBA and under collection of A.I.A by KNTC to the tune of Ksh,512,075,502.00	Not Resolved	30 June 2026
1743	Unresolved Prior Year Matters	The state Department is following up on the recommendations of the Public Accounts Committee on the matters.	Not Resolved	30 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)
1744	Non-Compliance with the Approved Staff Establishment	Scheme Administrators recruit their staff while the Principal Secretary - Trade can only recruit the Trade Officers as technical to the office. The support staff are engaged, recruited and transferred/deployed to PS trade and the shortage is caused due to rationalization by the Scheme Administrator. The PS trade has no control on the central posting on transfers/deployments, this jurisdiction is outside his mandate. He can only receive and release once the support service officer is transferred.	Not Resolved	30 June 2026
1745	Grounded Vehicles and Boarded Vehicles	The State Department has initiated a process board the grounded unserviceable vehicles and repair the serviceable ones.	Not Resolved	30 June 2026

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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 State Department responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury



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Ms. Regina A. Ombam
Accounting Officer
State Department for Trade
Ministry of Investments Promotion, Trade and Industry

Appendix II: Projects implemented by The State Department of Trade

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)
Modernization of Standards Laboratory	-	GoK	-	-	-	-
Establishment of Commodities Exchange Platform	-	GoK	5 years	-	-	-
Warehouse Refurbishment (KNTC)		GoK	8 years			
Warehouse Receipt System Council (WRSC)		GoK	8 years			

Project	Total project Cost	Total expended to date	Completion % to date	Budget FY2024/25	Actual	Sources of funds
Modernization of Standards Laboratory	900.00	8.70	0.97%	-	-	-
	3,000.00	422.99	8.36%	290.00	290.00	GoK

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Establishment of Commodities Exchange Platform	2,060.00	-	-	-		
Warehouse Refurbishment (KNTC)	1,170.00	232.20	19.85%	-		
Warehouse Receipt System Council (WRSC)	1,200.00-	200.00	16.67%	-	-	-

Appendix III: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land					
Buildings and structures	336,534,382				336,534,382
Transport equipment	16,301,895				16,301,895
Purchase of Vehicles	54,511,537				54,511,537
Office equipment, furniture and fittings	22,703,762	1,396,552			24,100,314
Purchase of Specialized Equipment	6,823,804				6,823,804
ICT Equipment	-	5,243,800			5,243,800
Machinery and Equipment					
Biological assets					
Infrastructure Assets- Roads, Rails					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
Total	436,875,380	6,640,352			443,515,732

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree planting exercise Embu County	Presidential Directive	Increase forest cover from 12% to 30%	Planting of Seedlings			Khs 629,300		Gok	State Department

