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OF

THE AUDITOR-GENERAL

ON

PRIVATIZATION COMMISSION

FOR THE YEAR ENDED
30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID
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TABLED BY: Deputy Leader Majority Hon. Owen Baya
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PRIVATIZATION COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2025

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

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1. ACRONYMS AND DEFINITION OF KEY TERMS

A: Acronyms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
ED/CEO	Executive Director /Chief Executive Officer
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PA	Privatization Commission
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Privatization Commission was established under the Privatization Act 2005. The entity is domiciled in Kenya and does not have branches.

(b) Principal Activities

The principal activities of the Privatization Commission are to:

a. formulate, manage and implement the Privatization Programme;
b. make and implement specific proposals for privatization in accordance with the Privatization Programme;
c. carry out such other functions as are provided for under this Act; and
d. carry out such other functions as the Commission considers advisable to advance the Privatization Programme.

The Commission began its operations in February 2008.

Vision

A Premier Privatization Agency

Mission

To implement the Privatization Programme in a transparent, collaborative and competitive manner to achieve desired national objectives.

Strategic Objectives

1) Enhance implementation of the Privatization programme
2) Enhance Privatization advisory capacity
3) Improve strategic stakeholder engagement
4) Improve corporate image
5) Enhance resource mobilization
6) Enhance human capital
7) Strengthen Corporate Governance
8) Enhance operational efficiency

Key Entity Information and Management (continued)

(c) Key Management

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

NO.	DESIGNATION	NAME
1.	Executive Director/CEO	Dr. Joseph Koskey
1.	Ag. Executive Director/CEO	Dr. Janerose Omondi
2.	Director, Transaction Services	Dr. Benard Kirui
3.	Corporation Secretary & Director, Legal Services	Irene Kamunge
4.	Director, Corporate Services	Donna Atieno
5.	Manager, Supply Chain Management	Sylvester Kamau
6.	Manager, Research and Planning	Jemimah Muraya
7.	Internal Audit Manager	Clive Kinoti

(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
1.	Executive Director/CEO	Dr. Joseph Koskey
1.	Ag. Executive Director/CEO	Dr. Janerose Omondi
2.	Director, Transaction Services	Dr. Benard Kirui
3.	Company Secretary & Director, Legal Services	Irene Kamunge
4.	Director, Corporate Services	Donna Atieno
5.	Transaction Manager	Charles Ochola
6.	Legal Manager	Maureen Saina
7.	Manager, Finance	Virginiah Kariuki
8.	Manager, Human Resource and Administration	Caroline Kittur
9.	Manager, Corporate Communications	Viulance Wawuda (Resigned in June 2025
10.	Manager, Supply Chain Management	Sylvester Kamau
11.	Manager Research and Planning	Jemimah Muraya
12.	Internal Audit Manager	Clive Kinoti

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The Commission has the following committees, which have specific terms to guide their operations:

(i) **The Audit, Risk and Governance Committee** assists the Board in enhancing internal control to improve efficiency, transparency and accountability and risk management.

(ii) **The Finance and Strategy Committee** oversights all matters concerning financial management, the overall strategic direction of the Commission, procurement, and performance contracting.

(iii) **The Human Resources & ICT Committee** oversights all matters associated with the policies and practices of the organization in relation to its human resources and ICT management.

(iv) **Privatization Steering Committees** implement Privatization transactions on behalf of the Commission subject to directions of the Board.

(f) Privatization Commission Office

P.O. Box 34542 - 00100
10th Floor, Social Security House – Annex
Bishops Road
Nairobi, KENYA

(g) Privatization Commission Contacts

Telephone: +254 20 869 6800
Email: info@Privatization.go.ke
Website: www.Privatization.go.ke

(h) Privatization Commission Bankers

Kenya Commercial Bank
University Way Branch
Nairobi, Kenya

Kenya Commercial Bank
KICC Branch
Nairobi, Kenya

Key Entity Information and Management (continued)

Co-operative Bank of Kenya
Co-operative Bank House
Haile Selassie Avenue
Nairobi, Kenya

HFC Ltd.
Harambee Avenue Branch
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
Harambee Avenue
P O Box 40112
City Square 00200
Nairobi, Kenya

3. THE BOARD OF DIRECTORS

Mr. Faisal Abbas - Chairman

Mr. Abbas holds a degree in Economics from the American University of Cairo and a Master of Business Administration (MBA) from the University of Nairobi, specialising in Strategic Management.

Mr. Abbas is an entrepreneur with over 20 years of outstanding leadership experience in corporate governance and administration in both the public and private sectors. He is a businessman who embodies the entrepreneurial spirit, having gained incredible success in running a family business with outstanding results over the years.

He has served in Public Service as a Director in several State Corporations between 2000 and to date. Faisal was previously the Chairman of the Geothermal Development Company (GDC) and Rural Electrification and Renewable Energy Corporation (REREC). He also served as a Director of Kenya Electricity Generating Company (KenGen) and was part of the team that steered the organisation to enlist at the Nairobi Securities Exchange.

Date of Appointment 05.07.22
D.O.B 15.09.1966

Dr. Chris K. Kiptoo, CBS - Principal Secretary, National Treasury

Dr. Kiptoo is the Principal Secretary, National Treasury. He was appointed Principal Secretary by President William Samoei Ruto on 1st December 2022. Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade & Cooperatives. In his working career, Dr. Kiptoo has acquired a wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Commission and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets;

national accounts/real sector and macroeconomic accounting, and modelling and forecasting.

Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organisational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trade Mark East Africa. Noteworthy, he also has four years of experience in economic policy coordination gained while working at the then Office of the Prime Minister.

Dr. Chris Kiptoo holds a Doctor of Philosophy Degree (PhD) in Finance (*International Macroeconomics Finance specialization*) from The Nairobi University, as well as a Master of Science (Ag. Economics) and Bachelor of Science (Ag. Economics) degree from Egerton University. He is also an Accredited Fellow in Macroeconomic Management Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI).

He is a Member of the Brookings Africa Growth Initiative, the Advisory Committee of the Alliance for Financial Inclusion that coordinates financial inclusion policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF-based Better Than Cash Alliance.

Hon. Dorcas Oduor OGW, EBS, SC-Attorney General

Hon. Oduor, is a Member of the Privatization Commission pursuant to Section 5(1)(b) Privatization Act, 2005. Hon. Oduor was previously the Secretary, Public Prosecutions and the Principal Deputy to the Director of Public Prosecutions. A career Prosecution Counsel, she previously served in Public Prosecutions for over 20 years, having begun her career as a State Counsel in 1991. Hon. Oduor holds a master's degree in international Conflict Management and an LL. B Degree from the University of Nairobi.

Mr. Abraham Koech – Alternate to the PS, The National Treasury upto 30th November 2024

Mr. Koech is the Assistant Director - Investment at the Government Investments and Public Enterprises Department of the National Treasury. He has also served as Postbank's Deputy Head of Strategy and Change. He is highly experienced in Policy and Financial Analysis, Project Management, Strategic Management, Leadership and Corporate Governance and Quality Management Systems.

He holds a Master's degree in Strategic Management from the Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor of Arts degree from the University of Nairobi.
Mr. Koech has represented the National Treasury as an alternate Director on the Boards of various state corporations.

DOB: April 21, 1969

Mr. Kennedy Ondieki– Alternate to the PS, The National Treasury w.e.f 1st December 2024

Mr. Kennedy Ogendi Ondieki is the Alternate to the PS, National Treasury and is the Director in charge of the Government Investments and Public Enterprises Department. He is responsible for developing strategic objectives and policies relating to the fiscal/financial oversight and management of state corporations; appraisal of state corporations' strategic/corporate plans, projects, other investments and annual budgets; spearheading approvals with respect to policy issues, financing agreements relating to state corporations' borrowings, direct Gov't loans and on-lent loans; reforms and restructuring of state corporations including financial (balance sheet cleaning, debt restructuring, write-offs, rescheduling and refinancing), legal and, organizational restructuring, mergers and acquisitions.

Mr. Ondieki has Master of Business Administration, Strategic Management from Jomo Kenyatta University of Agriculture & Technology and Bachelor of Arts (Hons), Economics from the University of Nairobi. Mr. Ondieki is a qualified Certified Public Accountants and a member of ICPAK of good standing as well as a qualified Certified Public Secretary.

Mr. Ondieki has long working experience in the public sector spanning over twenty-five (25) years of which, for over twenty (20) years he has been working at The National Treasury in senior management positions. He has served in a number of Taskforces as a member or representing The National Treasury to provide strategic public policy direction. Mr. Ondieki has served in a number of Boards as Alternate Director, representing The National Treasury like Kenya Maritime Authority; South Nyanza Sugar Company Limited; Kenya Reinsurance Corporation Limited; State Corporations Advisory Committee and National Government Constituency Development Fund; Kenya Electricity Generating Company among others.

Mr. Ondieki had also undertaken a short-term mission assignment with the International Monetary Fund (IMF) to the Government of Liberia to prepare financial reporting framework and provide terms of reference and structure for a Department in the Ministry of Finance, Liberia to co-ordinate financial reporting and enhance public financial management reporting for State Owned Enterprises. The framework and structure for financial management reporting for State Owned Enterprises in the Government of Liberia was established and is operational upon the recommendations of the Mission. Mr. Ondieki has also short-term mission assignment with the IMF in Zansibar to support the establishment of the Office of the Treasury Registrar.

Mr. Ondieki has attended several work improvement skills development trainings, workshops and seminars including Program on Investment Appraisal & Risk Analysis offered at Queens University, John Deutsch International Executive Programme, Canada; Corporate Governance Training Course by Centre for Corporate Governance and Commonwealth Association of Corporate Governance; Public Policy Analysis (Making, Implementing and Evaluating Public Policy), Strathmore Business School (SBS), Strathmore University, Executive Education; Strategic Leadership Development Programme; and Risk Based Internal Auditing, Process Analysis and Risk Assessment.

DOB: 1967

Ms. Sharon Irungu-Asiyo, HSC - Alternate to the AG

Sharon is the alternate to the Attorney-General. She is an Advocate of the High Court of Kenya with a Bachelor of Laws (LL.B) Degree from Kampala International University – Uganda and a Post-Graduate Diploma in Legal Studies from the Kenya School of Law. Sharon is a State Counsel at the Office of the Attorney-General and Department of Justice, currently based in the Government Transactions Division.

She is a member of the Law Society of Kenya (LSK).

DOB: June 27, 1981

Ms. Irene Njeri Wanyoike – Commission Member

Ms. Irene is a seasoned and passionate professional with a career spanning over 15 years in alternative dispute resolution mechanisms emphasising Mediation, Law and Governance. She has a Master's degree in Diplomacy and Foreign Policy from Moi University, a Post Graduate Diploma in Law from the Kenya School of Law and a Bachelor of Law from the University of Nairobi.

In her vast experience working with the Judiciary, National Cohesion and Integration Commission and the Association of Professional Societies in East Africa, Irene has interacted extensively with the three Arms of Government, Security, Provincial Administration, county governments and the local grassroot leadership, which has enlarged her networks and given her a rich understanding of the public sector. Irene is also knowledgeable in the field of Public Sector Reforms, Governance, and Human Rights and is very passionate about issues of Women and Youth Empowerment.

Date of appointment: March 25, 2022
D.O.B: December 29, 1955

Dr. Edward N. Kobuthi, Commission Member

Edward has over 30 years' management and board experience and has worked in manufacturing, in food processing, in an airline in airport operations and has had a foot in academia. He studied Food Process Engineering at the Technical University of Kenya, is a Brewmaster from VLB, Faculty of Brewing and Distillation, of the Technical University Berlin, Germany, and holds the Diploma Master Brewer from the Institute of Brewing, London. He has a PhD in Strategic Management; {Corporate Governance} from the University of Nairobi, an MBA in Strategic Management, a B.sc in Marketing and Finance both from the United States International University.He was Trained and Certified by IoD/ IFC to conduct Board Evaluations.

He has served as CEO/ General Manager, AMREFs Lomidat Meat Processors, General Manager Kenya Airways, General Manager Kenya Airports Authority in charge of JKIA Nairobi. At East African Breweries Limited he served as Project Manager, Supply Chain Manager, Bottling Manager and Distribution Manager. He Served as a director with the Water Services Regulatory Board and currently sits on the University Council International Leadership University as well as Current Chair of CITAM Schools. Citam Thika Town.

He has sat on many secondary school boards and is immediate chair of the Embu County Professionals Development Association (ECPDA), which champions initiatives to give back to the community.

Date of appointment: March 25, 2022
D.O.B: November 2, 1957

Amb. Wellington Pakia Godo – Commission Member

Amb. Godo holds an MSc (Finance) degree from the University of Birmingham (UK) and a Bachelor of Arts degree from the University of Nairobi. He is a career civil servant who rose through the ranks in the civil service, having started as District Officer.

He has served as the Permanent Secretary in the Office of the Vice President and the ministries of Regional Development, Health, Tourism and Wildlife, and Gender, Sports, Culture and Social Services.

Amb. Godo has served as an Ambassador/Permanent Representative to UNEP, Chairman of the National Water Conservation and Pipeline Corporation, Kenyatta University Council, and Universal Service Advisory Council.

Date of appointment: March 25, 2022
D.O.B: December 3, 1953

Ms. Celine Anyango Orata – Commission Member

Ms. Orata has a Bachelor of Arts degree in Business Administration from the University of Zambia. She is an accomplished banker, company director, board member and professional mediator, experienced in building company infrastructure from the ground up, spearheading strategy planning and development, operational and business excellence, and compliance with various trainings in Banking, Finance, Credit and Risk Management.

She has vast banking experience spanning over 27 years both locally and internationally and over six years in Board membership in Kenya Women Finance Trust, currently Kenya Women Microfinance Bank, as well as a Treasurer and Board Member of the Kenya Girl Guides Association for a period of 6 years.
She is the current chairperson of the Barclays Bank Pensions SACCO and a Director at Suave Investments Limited. She has also been involved in community engagements, including coaching, mentoring, advocacy, health promotions, and women and youth empowerment.

Date of appointment: March 25, 2022
D.O.B: July 15, 1955

CPA David J. O. Nyakang'o – Commission Member

Mr. Nyakang'o holds a Master of Business Administration from the University of Cumbria in the United Kingdom. He is a Bachelor of Commerce (Accounting Option) graduate from the University of Nairobi. He is also a qualified Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya. He is also a Certified Secretary and a member of the Institute of Certified Secretaries of Kenya. He is a Corporate Governance Auditor accredited by the Institute of Certified Secretaries of Kenya.

Mr. Nyakang'o is an established leader in business with over 40 years of experience in financial management, audit, tax, company secretarial and corporate governance advisory services. His expertise includes high-level finance management as the Financial Controller of Mumias Sugar Company and as Financial Accountant with Eastern Produce Africa Limited. He has over 30 years of professional practice experience in accountancy, audit, and tax advisory with MDN Kenya LLP since 1992 as a Managing Partner.

Additionally, he has experience in company secretarial practice with Olmara Secretaries LLP, providing company secretarial services on an outsourced basis to ensure businesses operate within their underlying legislation/regulatory environment whilst observing best corporate governance practices. He has consulted variously and widely in business reorganizations and restructuring.

Mr. Nyakang'o has previously served as Non-Executive Director of the Rural Electrification Commission of Kenya and Jamii Bora Bank Kenya Limited. He is a non-executive director of Metropol Corporation Limited and Metropol Credit Reference Bureau Limited.

Date of appointment: March 25, 2022
D.O.B: July 5, 1956

Dr. Joseph Koskey- Executive Director/CEO

(proceeded on terminal leave effective 16th June 2025 pending his contract end date of 31st July 2025)

Dr. Koskey is the Managing Director/CEO and holds a PhD (Business Administration), an MBA (Strategic Management) and a Bachelor of Commerce (Accounting) degree from the University of Nairobi. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Secretaries of Kenya (ICSK), Institute of Certified Investment and Financial Analysts (ICIFA) and Institute of Directors Kenya (IODK). He is a certified trainer on Corporate Governance as well as a certified Governance Auditor.

Joseph has over 29 years of business management experience gained in diverse industries, 22 years of which have been in senior leadership and management positions. He has a distinguished leadership career with a proven track record of achievements (both in the private and public sectors) in revenue growth, productivity improvement, operational excellence and bottom-line turnaround.

Before his appointment to the Commission, Joseph had served as the Group CEO at Sovereign Group Ltd, as Managing Director at the Kenya Bureau of Standards, and as Managing Director at Urgent Cargo Handling, Ltd, among others. He has also served as the Regional Change Manager for P&O Nedlloyd East Africa and Indian Ocean Islands, covering Kenya, Uganda, Tanzania, Mauritius, Madagascar & Seychelles. This background has equipped him with invaluable skills and expertise in strategic and financial management, business restructuring and change management.

Date of appointment: November 1, 2018
DOB: January 29, 1970

Dr. Janerose Omondi – Ag. Executive Director/CEO – Effective 16th June, 2025

Janerose holds a PhD in Business Administration from Jomo Kenyatta University of Agriculture (JKUAT) and Technology, a Master of Business Administration degree (Strategic Management) from the Kenya Methodist University, and a Bachelor of Science degree in International Business Administration (Finance) from United States International University – Africa (USIU-A). She is also a member of the Institute of Internal Auditors (K).

Date of appointment: June 16th, 2025

DOB: March 18th 1970

Irene Kamunge- Corporation Secretary

Irene holds a Master of Laws (LL.M) degree and a Bachelor of Laws (LL.B) degree from the University of Nairobi. She is also an Advocate of the High Court of Kenya and a Certified Public Secretary. Irene's skills range from Legal Technical know-how, managerial skills, corporate governance, legal audit, collaborative partnerships and stakeholder management. Irene has a proven track record in negotiating and drafting legal and policy instruments, including international agreements and providing independent advice to the highest level of policymakers and senior-level management on highly technical issues.

Date of appointment: September 1, 2022
DOB: August 7, 1977

4. KEY MANAGEMENT TEAM

NAME OF STAFF	RESPONSIBILITY
Dr. Joseph Koskey Joseph holds a PhD (Business Administration), a Master of Business Administration (Strategic Management) and a Bachelor of Commerce (Accounting) degree from the University of Nairobi. He is a member of the Institutes of Certified Public Accountants of Kenya (ICPAK), Certified Secretaries of Kenya (ICSK), Certified Investment and Financial Analysts (ICIFA) and Institute of Directors Kenya (IODK). He is also a certified trainer on corporate governance and a Certified Governance Auditor.	**EXECUTIVE DIRECTOR/CEO** ***(proceeded on terminal leave effective 16th June 2025 pending his contract end date of 31st July 2025)*** Enhancing the mission, vision and values of the Commission on all matters relating to the implementation of the Privatization Programme; and provision of leadership in the development and implementation of appropriate strategies.
Dr. Janerose Omondi - Janerose holds a PhD in Business Administration from Jomo Kenyatta University of Agriculture and Technology, (JKUAT) and a Master of Business Administration degree (Strategic Management) from the Kenya Methodist University, and a Bachelor of Science degree in International Business Administration (Finance) from United States International University – Africa (USIU-A). She is also a member of the Institute of Internal Auditors (K).	**Ag. EXECUTIVE DIRECTOR/CEO - effective 16th June 2025** Enhancing the mission, vision and values of the Commission on all matters relating to the implementation of the Privatization Programme; and provision of leadership in the development and implementation of appropriate strategies.
Dr. Benard Kirui Benard holds a PhD in Economics from the University of Nairobi, a Master's degree in Economics, and a Bachelor's in Economics and Statistics from Kenyatta University. He is a Certified Public Accountant	**DIRECTOR, TRANSACTIONS SERVICES** Responsible for the development and implementation of Privatization proposals as per the Privatization Programme.

NAME OF STAFF	RESPONSIBILITY
and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).	
Ms. Irene Kamunge Irene holds a Master of Laws (LL.M) degree and a Bachelor of Laws (LL.B) degree from the University of Nairobi. She is also an Advocate of the High Court of Kenya and a Certified Public Secretary.	**CORPORATION SECRETARY AND DIRECTOR LEGAL SERVICES** To provide Board Secretariat services and legal advisory services to the Commission, thereby creating a conducive legal environment for the execution of the Commission's mandate.
Ms. Donna Atieno Donna holds a Master of Science in Development Finance degree from Strathmore University, a Master of Business Administration (Finance) degree from Kenya Methodist University and a Bachelor of Business Management (Accounting) degree from Moi University. She is a Certified Public Accountant (CPA-K) registered with ICPAK. She is also a certified Retirement Benefits Trustee.	**DIRECTOR CORPORATE SERVICES** To provide strategic leadership and advice to ensure optimal utilization and management of the Commission's resources in the functional areas of Finance; Human Resource Management & Administration; Corporate Communications; and Information & Communication Technology.
Mr. Sylvester Kamau Sylvester holds a Master of Science (MSc) degree in Procurement and Logistics from the JKUAT and a CIPS Post-Graduate Professional Diploma in Procurement and Supplies. He also has a Bachelor of Arts degree in Government and Public Administration from Moi University. He is currently pursuing his PhD. in Supply Chain Management from JKUAT. He is a registered and licensed member of the Kenya Institute of Supplies Management.	**SUPPLY CHAIN MANAGEMENT** Assists the Commission in achieving its strategic goals through the implementation of efficient and effective systems of acquisition of goods, works and services, as well as disposal of assets in accordance with all applicable laws, regulations and circulars issued from time to time.

NAME OF STAFF	RESPONSIBILITY
Ms. Jemimah Muraya Jemimah holds a Master of Science (MSc) in Social Statistics from the University of Nairobi; a Bachelor of Science in Applied Statistics from Maseno University; and a Higher Diploma in Project Management from Kenya Institute of Management. She is currently pursuing a Master of Business Administration degree (Strategic Management) from USIU-A. She is a member of International Statistical Institute and the African Statisticians Association (K).	**RESEARCH AND PLANNING** Responsible for the development, implementation, monitoring and evaluation of the Commission's strategic plan; Promoting innovation; performance management; and Coordinating Internal and external research
Mr. Clive Njiru Kinoti Clive holds a Bachelor of Arts in Economics and Business Studies from Kenyatta University and a Master of Commerce in Finance from Strathmore University. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Member of Institute of Certified Investment and Financial Analysts (CIFA). He has more than fifteen (15) years of experience in Auditing, Risk Management and Compliance.	**INTERNAL AUDIT** Responsible for providing independent, objective assurance and consulting activity aimed at adding value and improving the operations of the Commission.

5. CHAIRMAN'S STATEMENT

It is a pleasure to present to you the Annual Report for the Privatization Commission for the year ended 30th June 2025. As per provisions of Sections 15 and 16 of the Privatization Act, 2005, the Commission's Annual Report should, as a minimum requirement, include Audited Financial Statements for the year, and where a corporation was privatized during the year, a statement of the assets and liabilities of the State Corporation and the proceeds from privatization, should be included. During the year under review, no privatization was completed hence the report is limited to the Commission's Audited Financial Statements.

During the year under review, the Commission continued with the implementation of the 2023/2028 Strategic Plan, with a focus on the Key Result Areas (KRAs); **Seamless privatization process**, **Stakeholder involvement, Enhance brand visibility and the Enhancement of the internal capacity.** To this end, several initiatives were undertaken the Board constituted several Privatization Steering Committees to implement the various transactions on behalf of the Commission. Consequently, two (2) Privatization Proposals from the Steering Committees were considered and approved by the Board and submitted to National Treasury for consideration and subsequent submission to Cabinet additionally nine (9) business and assets valuations were undertaken.

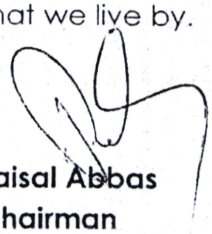
To enhance Privatization Advisory Capacity, the Commission held a meeting with the Kenya Institute of Public Policy Research and Analysis (KIPPRA) to discuss proposed research areas and explore potential collaboration. Additionally, the Commission convened a high-level dialogue with key stakeholders to discuss strategies on enhancing the privatization process and align it with international best practice. And to enhance institutional capacity, the Commission undertook a Skills Gap Assessment which will help the Commission make strategic workforce planning decisions about staff development, ultimately boosting productivity.

In line with Section 5 (1) of the Privatization Act, 20025, five (5) Board members were reappointed for a period of one year. The board will greatly benefit from the vast experience of the members on matters privatization.

Implementation of the Commission's mandate was not without challenges, On 24th September 2024, The High Court of Kenya nullified the Privatisation Act, 2023. The ruling posed a significant setback in the implementation and operationalisation of the programme. Additionally, the lack of a fully constituted Board hindered the implementation of key activities.

Looking ahead in the Financial Year 2025/26, the Commission is cognisant of the unique opportunities and challenges that exist in the implementation of the Privatization Programme, however the Board is satisfied with the Commission's strategic outlook and the plans in place to continue driving the privatization agenda. We recognise that privatisation is a collaborative process that necessitates stakeholder engagement at every stage. Let us, therefore, join forces with renewed vigour and determination to ensure the success of the privatisation process.

In conclusion let me take this opportunity to thank the Government through our Parent Ministry, The National Treasury, my fellow Board members for their commitment, passion, and wise counsel. I thank the management and staff for championing of our mission, sharing a common mindset, driven by the set of values that we live by.



Faisal Abbas
Chairman

6. REPORT OF THE EXECUTIVE DIRECTOR/CEO

During the period under review, the Commission conducted its operations guided by its 2023/2028 Strategic Plan, anchored on (3) broad pillars with eight strategic objectives. The status of achievement of the strategic objectives is enumerated below:

i. To Enhance implementation of the Privatization Programme

During FY 2024/2025, two (2) specific privatization proposals were submitted to the Cabinet Secretary, National Treasury and Economic Planning for consideration and subsequent presentation to the Cabinet for approval.

	Name	Method of Privatisation
1	Ark Hotels	Specific privatization proposals for Ark Hotel submitted to the National Treasury and Economic Planning on 24th January 2025
2	Kenya Meat Commission	Specific privatization proposals for KMC submitted to the National Treasury and Economic Planning on 12th February 2025

Meanwhile, due diligence for eight entities was completed as well as business and asset valuation for nine (9) completed. Towards enhancing capacity building for stakeholders, the Commission and the National treasury staff, undertook a capacity building exercise facilitated by the World Bank, Nairobi Securities Exchange, Capital Markets Authority and the Competition Authority.

ii. To Enhance privatization advisory capacity

During the period under review, Management developed a research agenda identifying four key areas of focus. Concept notes for each of the identified areas were prepared. On 1st November 2024, a meeting was held with the Kenya Institute for Public Research and Analysis (KIPPRA) to discuss the proposed research areas and explore potential collaboration. Additionally, management reviewed the Knowledge Management Policy and developed a Knowledge Management Strategy with support from the Kenya Electricity Generating Company (KenGen).

iii. To Improve strategic stakeholder engagement

During the year under review, the Commission reviewed the Communication and Engagement Strategy and undertook several activities aimed at enhancing engagement with various stakeholders. The Commission participated in the 6th

Jumuiya Agribusiness and Blue economy Investment Conference (JABEIC 2024) held in Voi. Further, the Commission held meetings with officials from Taita and Mombasa Counties. Additionally, the Commission conducted a sensitization workshop for Huduma Contact and Tele-Counselling Centre staff. The workshop highlighted the Privatization programme, process and methods. In addition, participants were sensitized on the Commission's Citizen Service Delivery Charter.

iv. To improve corporate image.

To achieve this, the Commission undertook a Customer Satisfaction Survey, which saw the Commission achieve a composite score of 82% compared to the 2022 score of 70.96%. This year's score significantly surpasses the industry benchmark of 66 -75% and demonstrates the Commissions commitment to service excellence and Stakeholder engagement. Additionally, the Commission in partnership with the National Treasury, Kenya Forest Services and Community Forest Conservators undertook three (3) tree planting activities and planted 21,500 trees.

v. To Strengthen corporate governance

During the year under review, the Commission reviewed the risk monitoring template and implemented the existing Enterprise Risk Management (ERM) Framework and developed the risk- based Annual Audit Plan, consequently conducted three (3) audit reviews: Corporate Communication Audit; Corporate Planning, Performance Monitoring and Evaluation Audit and Payroll and Employee Payments Audit review. Additionally, Board evaluation was done and an evaluation report prepared.

vi. To enhance Human capital

The Commission is committed to enhancing human capital, during the year under review the Commission undertook a Skills Gap Analysis which will aid in crafting targeted strategies for human capital management, workforce planning, and professional development initiatives. Additionally, the Commission revamped the training programme and developed Succession Planning Guidelines.

vii. To enhance operational efficiency

To achieve this, the Commission continued the implementation of the ICT strategy and initiated the digitization of manual records through the Electronic Document

Management System (EDMS) which not only enhances information security but also eases the process of information retrieval.

vii. To enhance resource mobilisation

In the period under review, the Commission developed a resource mobilization strategy and developed a database of potential development partners. Discussions were initiated with KIPPRA to help identify funding partners for its research activities.

The execution of the above activities was not without challenges the nullification of the Privatisation Act, 2023 and lack of a fully constituted Board posed a significant setback in the implementation and operationalisation of the programme. Despite the setbacks the Commission implemented policies aimed at fulfilling its core mandate, this could not have been possible without the support of key stakeholders.

I hereby take this opportunity to thank the National Treasury for its financial and administrative support, the Board Members for providing strategic leadership and our staff for their commitment and dedication in the execution of our core mandate and to all stakeholders, we extend our gratitude for your collaboration and partnership.

Dr. Janerose Omondi
Ag. Executive Director/CEO

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Entity's performance against predetermined objectives. (This guidance statement should be removed in the final set of financial statements).

The Privatization Commission had three strategic goals and eight objectives within the Strategic Plan for the FY 2023/2028. These strategic goals were as follows:

i. Enhance the effectiveness in the implementation of Privatization Programme;
ii. Promote strategic partnering, visibility and collaboration; and
iii. Achieve operational excellence.

The Commission developed its Annual Work Plan for FY 2024/2025 based on the three strategic goals outlined above. Commission's Performance against this work plan is assessed on a quarterly basis. During the FY 2024/2025 period, the Privatization Commission achieved the performance targets set for all three strategic goals, as summarized in the table below:

Strategic Objective	**Strategy**	**Activities**	**Key Performance Indicators**	**Implementation Status**
Enhance implementation of privatization programme.	Develop and implement a transaction implementation plan.	Conduct due diligence and develop proposals as per the schedule.	% of proposals developed as per the schedule	During the period under review, the Commission had set a target of conducting eight (8) due diligence exercises and preparing two (2) specific privatization proposals. The following achievements were realized: ✓ All eight planned due diligence exercises were completed. ✓ The specific privatization proposals for Ark Hotel and Kenya Meat Commission (KMC) were developed and submitted to the National Treasury as planned.

Strategic Objective	Strategy	Activities	Key Performance Indicators	Implementation Status
		Conduct Business and Asset valuations and fully implement approved proposals	%of valuation conducted % of fully implemented approved proposals	In FY 2024/25, the Commission planned to conduct asset and/or business valuations for ten (10) entities and implement approved privatization proposals, including four (4) carried over from the previous financial year. The following progress was made: ✓ Asset and/or business valuations were successfully completed for nine (9) out of the ten targeted entities. ✓ Concerning the implementation of approved privatization proposals, no significant progress was achieved. This was primarily due to the High Court ruling that declared the Privatization Act, 2023, unconstitutional, as well as the expiry of the term of the Board, which delayed key decision-making processes.
		Monitor and report the implementation of the transactions implementation plan	% Implementation of the Privatization Programme	The Commission had planned to monitor and report on the implementation of the Transactions Implementation Plan. The implementation was duly monitored and reported as planned.
	Capacity building for stakeholders (Board, NT, staff)	Organize and/or attend capacity-building workshops/seminars	No. of workshops/seminars	The Commission had targeted to conduct one capacity-building activity during the period under review. This was successfully undertaken from 16th to 20th June 2025 for both Commission staff and officers from the National Treasury. The training was facilitated by the World Bank team, the Nairobi Securities Exchange (NSE), the Capital Markets Authority (CMA), and the Competition Authority of Kenya.

Strategic Objective	Strategy	Activities	Key Performance Indicators	Implementation Status
	Develop and implement a transaction-specific Stakeholder Engagement Plan.	Develop and implement a transaction-specific Stakeholder Engagement Plan.	% Implementation of stakeholder engagement plans for each transaction in place.	The Commission had planned to implement a transaction-specific Stakeholder Engagement Plan. However, this was not implemented during the period under review due to the High Court ruling that declared the Privatization Act, 2023, unconstitutional, which delayed the implementation process.
	Establish a baseline and reduce the Lead time to privatize an entity	Track the transaction implementation plan to establish lead time to privatize an entity.	The lead period to privatize an entity.	The Commission had planned to establish the lead time for privatizing an entity, which involves tracking the duration of transaction implementation and identifying strategies to reduce this timeline. However, the baseline lead time was not established, as no transactions were implemented during FY 2024/25.
		Develop strategies to reduce lead time to privatise an entity	No. of Strategies developed to reduce lead time.	
	Develop and implement transaction-specific risk management strategies	Develop transaction transaction-specific risk plan and mitigation strategies	% of the implementation of transaction-specific risk and mitigation measures	The transaction-specific risk management strategies were not developed or implemented, as no transaction implementation took place due to two key intervening factors: (a) the court ruling declaring the Privatisation Act, 2023, unconstitutional, and (b) the expiry of the term of the Board.
		Conduct periodic monitoring and adjust as necessary	Monitoring reports	
	Develop and maintain a stakeholder portal on the Commission website	Development and maintenance of the stakeholder portal on the	Functional stakeholder portal	The portal was not developed due to delays in approval of rollover funds to procure for acquisition and deployment of the portal

Strategic Objective	Strategy	Activities	Key Performance Indicators	Implementation Status
		Commission website		
		Quarterly release of transaction implementation reports to the website	No. of quarterly reports available on the website.	
	Review and implement a Monitoring and evaluation framework	Conduct a gap analysis to inform the review of the M&E framework.	No. of of M&E framework	The review of the Monitoring and Evaluation (M&E) Framework was not undertaken during the period under review due to delays in the approval of rollover funds.
		Implement the reviewed M&E framework.	No. of M&E reports	
Enhance Privatization advisory capacity	Develop privatisation guidelines.	Develop Privatization guideline	No. of privatization guidelines	During the period under review, the Commission developed draft Privatization Guidelines.
	Conduct research on emerging privatisation issues	Develop and implement the research agenda and concept notes.	No. of research conducted on emerging Privatization issues.	During the period under review, the Commission developed a research agenda identifying four key areas of focus. To advance this agenda, the Commission sought collaboration with the Kenya Institute for Public Policy Research and Analysis (KIPPRA) to discuss the proposed research areas and explore potential partnership. KIPPRA expressed willingness to undertake a research study on behalf of the Commission, subject to funding by the Commission. However, due to delays in the approval of rollover funds, the research was not undertaken during the reporting period.
	Develop and implement a knowledge management	Review of Commission 's KM Policy and	Approved KM Strategy	In FY 2024/25, the Knowledge Management Policy and Knowledge Management Strategy were successfully

Strategic Objective	Strategy	Activities	Key Performance Indicators	Implementation Status
	strategy visibility of the Commission	developme nt of a Strategy		developed with technical support from an officer seconded from the Kenya Electricity Generating Company (KenGen).
		Implementa tion of KM strategy	% implementati on of KM Strategy	
Improve strategic stakeholder engagement	Review Stakeholder mapping	Identifying new stakeholders , reassessing existing ones based on the changing privatization programme	Approved reviewed stakeholder mapping	The review of the stakeholder mapping exercise was to be undertaken during the development of the Partnership Framework. However, the planned comprehensive mapping was not undertaken as the development of the partnership framework was dependent on rollover funding, which had not been approved during the reporting period.
	Review and implement a stakeholder engagement Strategy	Review and implementa tion of the strategy	Approved reviewed stakeholder engagement strategy	The Commission successfully reviewed its Stakeholder Engagement Strategy as planned during the period under review.
	Conduct Public awareness campaigns	Conducting Public awareness initiatives	No. of public awareness campaigns	The Commission had planned to conduct public awareness campaigns during the period under review. As part of these efforts, the Commission participated in the 6th Jumuiya Agribusiness and Blue Economy Investment Conference (JABEIC 2024), held from 27th to 29th November 2024 in Voi, Taita Taveta County. This engagement aimed to enhance public understanding of the role and benefits of privatization. However, comprehensive public awareness campaigns, such as the planned advertisements, were not undertaken, following the nullification of the Privatisation Act, 2023.
	Develop and implement	Develop and	No. of corporate	During the period under review, the Commission conducted three

Strategic Objective	Strategy	Activities	Key Performance Indicators	Implementation Status
Improve corporate image	Corporate Citizenship initiatives.	implement an annual work plan on corporate citizenship initiatives	citizenship initiatives implemented	tree planting activities in collaboration with the National Treasury, as part of its Corporate Social Responsibility (CSR) efforts: • On 4th October 2024, 300 trees were planted in Ndaragwa Forest, Nyandarua County. • On 29th November 2024, 1,200 trees were planted in Muumandu Forest, Machakos County. • The Commission planted 20,000 trees in Kericho County - Sorget Forest. The CSR work plan is fully implemented on 19th-20th June 2025.
	Review and implement a communication strategy	Review the existing communication strategy	Approved communication strategy	During the period under review, the Commission reviewed and implemented its Communication Strategy as planned.
	Conduct a customer satisfaction survey and implement recommendations	Conduct a customer satisfaction survey	No. of the survey conducted	The Commission conducted the Customer Satisfaction Survey in FY 2024/25, achieving a customer satisfaction index of 82%.
Strengthen Corporate Governance	Review and Implement Enterprise Risk Management Framework	Review the ERM framework	No. of reviews	During the period under review, the Commission developed its FY 2024/25 Risk Register, fully aligned with the Enterprise Risk Management (ERM) Framework. Appropriate risk mitigation measures were identified and implemented as planned.
		Implement the ERM framework	% implementation	
	Conduct risk-based audits	Developed risk-based annual audit plan and conduct the audits.	Approved Risk-based annual Audit Plan.	The risk-based Annual Audit Plan for FY 2024/25 was developed. By the Plan, the following internal audits and reviews were successfully conducted: • Audit of Corporate Communication

Strategic Objective	Strategy	Activities	Key Performance Indicators	Implementation Status
				• Audit of Corporate Planning, Performance Monitoring, and Evaluation • Review of Payroll and Employee Payment
	Review and implement the Board charter	Review the Board Charter	No. of reviews	The Board evaluation was conducted during the period under review, and an evaluation report was prepared. The development of the Board Improvement Plan is scheduled for the next financial year.
		Implement the revised Board charter	Implementation report	
	Undertake Board evaluation	Carry out a Board evaluation	No. of evaluation	
		Prepare a Board Evaluation Report	Approved report	
	Develop and implement a Board performance improvement plan	Develop a board performance improvement plan	Approved Board Performance Improvement Plan	
Enhance human capital	Review and implement HR Policy Instruments	Conduct a workload analysis to inform the review of HR instruments	Approved workload analysis	The Commission did not undertake the planned review of its Human Resource instruments during the reporting period due to delays in the approval of rollover funds. This activity has been deferred to the next financial year.
	Review and implement a Performance management system	Review of the existing performance management system	Approved reviewed performance management system	The review and implementation of the Performance Management System (PMS) was not undertaken during the reporting period, pending the finalization of the Performance Management System by the Public Service Commission (PSC).
	Conduct employee satisfaction and work	Conduct an employee satisfaction Survey	No. of Surveys	The Commission did not conduct the planned Employee Satisfaction and Work Environment Surveys during the

Strategic Objective	Strategy	Activities	Key Performance Indicators	Implementation Status
	environment surveys biennially and implement recommendations	Conduct work environment Surveys	No. of Surveys	reporting period due to delays in the approval of rollover funds.
	Revamped and implement training programme	Develop and implement a training programme to address identified skills gaps and training needs	Approved training programme & % of implementation	The training programme was revamped and fully implemented during the reporting period, in line with the Commission's capacity-building needs.
	Implement succession planning guidelines	Develop a succession and talent plan	No. of approved succession planning guidelines	The development and implementation of Succession Planning Guidelines was undertaken as planned during the reporting period.
		Analyze staffing levels for effective succession planning by Q4.	Staffing level analysis report	
Enhance operational efficiency	Implement the ICT policy and strategy	Implement an ICT policy through the ICT strategy	% of implementation	The implementation of the ICT Strategy was undertaken as planned. During the reporting period, the Commission initiated the digitization of manual records through the Electronic Document Management System (EDMS), a process that is currently ongoing. However, the development of the Asset and Equipment Replacement Plan was not undertaken due to delays in the approval of rollover funds.
	Digitalize manual records	Ensure all records are scanned and stored in the EDMS.	% of digitized records	
	Develop and implement an asset and equipment replacement plan	Implement an asset and equipment replacement plan.	Approved Asset and equipment replacement plan	

Strategic Objective	Strategy	Activities	Key Performance Indicators	Implementation Status
Enhance resource mobilization	Develop and implement a resource mobilization strategy	Developed a resource mobilization strategy	Approved resource mobilization strategy	During the reporting period, the Commission developed a Resource Mobilization Strategy and established a database of potential development partners to support its resource mobilization efforts.
		Implement a resource mobilization strategy	No. of funding proposals developed	The Commission engaged the World Bank for capacity-building support, which was provided during a stakeholder forum in July 2024 and a stakeholder workshop facilitated in June 2025. Additionally, the Commission engaged the Kenya Institute for Public Policy Research and Analysis (KIPPRA) to seek potential funding for its research initiatives.
	Develop and implement a partnership framework	Defining the partnership's purpose and identifying potential partners Implement the established partnership framework.	Approved partnership framework	The Commission did not develop a comprehensive Partnership Framework due to unavailability of funds stemming from delays in the release of rollover funding.
	Conduct Public awareness campaigns	Conducting Public awareness initiatives	No. of public awareness campaigns	The Management did not undertake public awareness campaigns, such as the planned advertisements following the launch of the new corporate identity, due to the nullification of the Privatization Act, 2023, and the prevailing political environment. However, the Communications Department, in collaboration with the Transactions

Strategic Objective	Strategy	Activities	Key Performance Indicators	Implementation Status
				Directorate, participated in the 6th Jumuiya Agribusiness and Blue Economy Investment Conference (JABEIC 2024), held from 27th to 29th November 2024 in Voi, Taita Taveta County. The engagement was part of ongoing efforts to raise public awareness on the role and benefits of privatization.

8. CORPORATE GOVERNANCE STATEMENT

Policy on Corporate Governance

The Board's policy on corporate governance is enshrined in the Board Charter. The corporate governance structure aims at ensuring that the Commission's internal systems which include policies, procedures, processes and people, serve the interests of its stakeholders; internal and external and the communities within which it operates. The Board is committed to ensuring that the Commission's operations are run in a professional, transparent, just and equitable manner for the benefit of its stakeholders including the Kenyan public.

8.1 Appointment and Composition of the Board

The Board is established under Section 5 of the Privatization Act, 2005. The membership is **11** comprising of; the Chairman who is appointed by the President, the Attorney General, the Principal Secretary- National Treasury, and seven (7) other members, not being public servants, appointed by the Cabinet Secretary through a competitive process and approved by the National Assembly and the Executive Director/CEO who is an ex-officio member. The Chairman and the seven members appointed by the Cabinet Secretary shall hold office for a period of three years and are eligible for reappointment for one more term.

The Privatization Act, 2005 was repealed giving rise to the Privatisation Act, 2023 whose implementation commenced in October 2023. The Board composition as spelt out in the Privatisation Act, 2023 includes a chairperson appointed by the President, the Principal Secretary to the National Treasury, Principal Secretary in the Ministry responsible for matters relating to investment promotion, Attorney General, Secretary to the State Corporations Advisory Committee, four other persons, not being public officers appointed by the Cabinet Secretary through a competitive process and the Managing Director of the Privatisation Authority. However, on 24th September 2024 the Privatisation Act, 2023 was nullified and the Privatization Act, 2005 restored. The current Board comprise 5 members, not being public servants. The term of the independent members expired on **24th November 2024** and renewed on **25th April 2025** for a period of one (1) year.

The Board, as constituted, complies with constitutional gender balance and diversity requirements, with female members constituting one-third of the membership. The Board has a mix of skills and experience in law, strategic management, financial management and accounting, human resources,

banking, corporate governance and alternative dispute resolutions. The Board members are in good standing in their respective professional bodies.

8.1.1 Board Charter

The Board Charter defines the governance guidelines within which the Board exists and operates. The Charter was adopted by the Commission, acting in accordance with *Mwongozo, Code of Governance for State Corporations* ('the Code') and is complementary to the requirements set out in applicable Kenyan laws and regulations. In particular, the principles and policies contained in the Charter are in addition to and are not intended to change or interpret any statute, law or regulation. The Charter clearly stipulates the role of the Board, the Managing Director/CEO and Management. The Charter further outlines how the different arms of the Board shall perform their roles interdependently on the basis of consultation and mutual respect.

8.2 Role and Functions of the Board

As guided by the State Corporations Act, Cap 446, the Privatization Act, 2005 and other relevant laws of Kenya, the Board's role provided effective leadership and control by monitoring the implementation of the Strategic Plan through quarterly reports submitted to it by Management and ensuring best practice on corporate governance. An annual board work plan touching on the Commission's core mandate, stakeholder management, corporate governance and institutional capacity building is developed in line with the Commission's Strategic Plan which is monitored and reviewed periodically. The financial plan which sets out the operational and financial objectives is approved by the board to facilitate its implementation.

During the period under review, the Board identified and addressed its roles and functions, which included but not limited to:

i. Providing stewardship of the organization in the discharge of its obligations, assuming the following responsibilities;
ii. Retaining full and effective control over the organization and monitoring Management's implementation of the organization's plans and strategies;
iii. Ensuring ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles and corporate policies and procedures;

iv. Defining levels of materiality, reserving specific powers to the Board, delegating other matters through written Commission and instituting effective mechanisms that monitor the performance of the management team;
v. Determining the provisions to be made for capital and recurrent expenditure and reserves;
vi. Ensure effective communication and engagement with Commission's stakeholders; and
vii. Being committed to the principles of good corporate governance.

8.3 Board Induction, Training and Development

To equip the Board members with the necessary skills to facilitate execution of the board's functions, board trainings and induction of new members are organized. The term of the Board however expired in November 2025 before they could be trained and renewed in Q4 FY 2024/2025. Training programmes are scheduled for the next financial year.

8.4 Board Performance

Board evaluation is key in assessing the performance, efficiency and effectiveness of a Board. The Commission undertakes regular annual performance evaluations of its Board to enable it to review its strategies to ensure continuous growth and sustainability, as well as establish skills gaps to facilitate the development of a training programme. The evaluation exercise was conducted by the State Corporations Advisory Committee (SCAC) in August 2024 for the period under review.

8.5 Board Meetings

The meetings of the Board are held quarterly and on a need basis, particularly where the Board needs to consider and approve recommendations by the Privatization Steering Committees. In addition, the Board holds consultative meetings with the National Government, the Board and Management of the entities being privatized and other stakeholders to seek views on matters relating to the various privatization transactions.

The Executive Director/CEO is the Secretary to the Board whose functions are delegated to the Corporation Secretary. The Board work plan and calendar of meetings are prepared in advance. Adequate notice is given for meetings, and

the agenda and board papers are circulated within the stipulated timelines in line with the *Mwongozo: Code of Governance for State Corporations.*

The Board held thirty **(30) meetings**. The Board also did a factory visit to Kenya Meat Commission Headquarters to facilitate privatization of the entity.

The number of Board and Committee meetings held during FY 2023/2024 are tabulated below:

No.	Nature of Meeting	Number of Meetings Held
1.	Board	**9**
2.	Ad hoc Meetings	**0**
3.	Audit, Risk & Governance Committee	**3**
4.	Joint Finance and Strategy & Audit, Risk & Governance Committees	**0**
5.	Finance and Strategy Committee	**5**
6.	Human Resource and ICT Committee	**2**
7.	Agro-Chemical & Food Company Ltd. Privatization Steering Committee	**1**
8.	Public Sector Owned Hotels	**0**
9.	Public Sector Controlled Hotels	**2**
10.	Kenya Meat Commission Privatization Steering Committee	**2**
11.	Banks Privatization Steering Committee	**2**
12.	KWAL Privatization Steering Committee	**3**
13.	Kenya Pipeline Company PSC	**1**
Total		**30**

Members of the Board attended the above-mentioned meetings as follows:

Board Member	Designation /Classification	F&S	HR& ICT	Audit	Ad Hoc Committee	Privatization Steering Committees	Board	Total Number of Meetings
		No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of Meetings attended	No. of meetings attended	No. of meetings attended	
Faisal Abass	**Chairman**	0	0	0	0	0	7	**7**
Amb. Wellington Pakia Godo	**Board Member**	0	2	0	0	8	10	**18**
Irene Njeri Wanyoike	**Board Member**	5	0	0	0	8	10	**23**
Celine Anyango Orata	**Board Member**	5	0	0	0	7	10	**22**
CPA David J. O. Nyakang'o	**Board Member**	0	0	4	0	8	10	**22**
Abraham Koech	**Alternate to the PS, The National Treasury**	4	0	3	0	4	4	**15**
Sharon Irungu-Asiyo, HSC	**Alternate to the AG**	0	2	1	0	10	9	**22**
Dr. Edward N. Kobuthi	**Board Member**	0	2	4	0	4	10	**20**

Board Member	Designation /Classification	F&S	HR& ICT	Audit	Ad Hoc Committee	Privatization Steering Committees	Board	Total Number of Meetings
		No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of Meetings attended	No. of meetings attended	No. of meetings attended	
James M. Warui	**Inspector General-(Corp.)**	3	1	2	0	8	5	**19**
Abubakar Hassan	**PS, State Department of Investment Promotion**	0	0	0	0	1	0	**1**
Simon Indimuli	**Secretary SCAC**	0	1	0	0	0	4	**5**
Hussein Adan	**Alt. To the PS, State Department of Investment Promotion**	2	0	0	0	3	4	**9**
Kennedy Ondieki	**Alternate to the PS, The National Treasury**	1	0	0	0	6	3	**10**

8.6 Succession Plan

The Commission recognizes the critical importance of leadership continuity in achieving its long-term goals and maintaining operational stability. As part of the corporate governance framework, the succession plan is designed to identify and develop internal talent, ensuring that individuals are adequately prepared to assume leadership roles when needed. This process involves regular assessments of potential successors and professional development opportunities to ensure a seamless transition without disrupting the Commission's objectives.

The Board of Directors is responsible for overseeing the succession plan, ensuring that it remains aligned with the institution's strategic direction.

8.7 Policy to manage conflict of interest

The Board is cognizant of the prevalence of instances in which conflict of interest could arise. Measures have been put in place to avoid such instances. These include:

1. Each Board member is expected to fully disclose to the Board vide a conflict-of-interest register, any real or potential conflict of interest which comes to his or her attention, whether direct or indirect; and
2. A Board member with such a conflict shall not participate in discussion of any such topic or vote on it unless the Board or Board Committee otherwise directs.

8.8 Board Remuneration

Board members are entitled to a monthly retainer, sitting and lunch allowance for every meeting attended, accommodation allowance and mileage reimbursement, where applicable. This is done in line with the prevailing Government Circulars. In addition, the Chairman is paid a monthly honorarium.

8.9 Conduct and Ethics

The Commission takes cognizance of the fact that good corporate governance is a key contributor to the Commission's overall long-term success. This is achieved by instilling a culture of adhering to high standards of ethics in the organization. The Board is committed to ensuring that ethics and integrity remain core to the Commission's operations. In this regard, the Board has put in place a Code of Conduct and Ethics to guide on this matter. All Board members have committed to adhering to the Code of Conduct by signing the same.

8.10 Statutory Compliance and Governance Audit

Legal and statutory compliance was carried out internally on a quarterly basis and reported to the Board for information and approval. The approved quarterly reports were submitted to the State Corporation Advisory Committee and National Treasury.

8.11 Communication Policy

The Commission has a Communication Policy that provides for effective communication with shareholders, other stakeholders and the general public. With

this, the Commission provides complete, timely, accurate, honest and accessible information to our stakeholders, tied to the requirements of the Access to Information Act and Section 8 of the Public Service (Values and Principles) Act, 2015.

8.12 Terms of Reference of Committees

During the period under review, the Board was comprised of the following Board Committees set out in the Board Charter with specific terms of reference to guide its operations:

i. **The Finance and Strategy Committee**
The Committee assists the Board in discharging its oversight duties with respect to the financial matters of the organization, overall strategic direction, operational, procurement, performance contracting and organizational health.

ii. **The Human Resources & Information, Communication and Technology (ICT) Committee**
The Committee assists the Board in oversighting all matters regarding human resource and ICT within the Commission.

iii. **The Audit, Risk & Governance Committee**
The Committee is mandated to raise the standards of corporate governance by reviewing the audit reports, compliance with relevant laws and regulations, quality and review of financial reporting. The Committee further provides oversight on risk assurance and robustness of internal controls. An Audit Charter is in place to guide the role and functions of the Committee.

iv. **Privatization Steering Committees (PSCs)**

Section 27 of the **Privatization Act, 2005** provides that for each Privatization, there shall be a Steering Committee to implement Privatization on behalf of the Commission, subject to any directions of the Commission. A Steering Committee shall comprise of the Principal Secretary of the National Treasury, the Attorney General, the Principal Secretary of the Ministry with responsibility over the asset or service being privatised and such members of the Commission as the Commission specifies.

During the period under review, the Commission Board established the following Privatization Steering Committees for the active and ongoing transactions:

- Public Sector Owned/Controlled Hotels {Kenya Safari Lodges & Hotels (Mombasa Beach, Ngulia Lodge & Voi Lodge), Golf Hotel, Kabarnet Hotel, Mt. Elgon Lodge & Sunset Hotel) Steering Committee;
- Banks (Consolidated Bank of Kenya Limited, Development Bank of Kenya Limited) Steering Committee;
- Agro-Chemical & Food Company Ltd. Steering Committee;
- Kenya Wine Agencies Limited Steering Committee;
- Kenya Meat Commission Steering Committee; and
- Kenya Pipeline Company Limited Steering Committee.

The membership of the Committees at the beginning of FY 2024/2025 is tabulated below:

COMMITTEE	MEMBERS	SECRETARY
Audit, Risk & Governance Committee	1. **CPA. David J.O. Nyakang'o (Chairing)** 2. Dr. Edward N. Kobuthi 3. PS, National Treasury. 4. Secretary-State Corporations Advisory Committee.	Internal Audit Manager
Finance and Strategy Committee	1. **Mrs. Celine Anyango Orata (Chairing)** 2. Mrs. Irene Njeri Wanyoike 3. PS, National Treasury 4. PS, State Department for Investments Promotion 5. Managing Director/CEO	Corporation Secretary and Director Legal Services
Human Resource and ICT Committee	1. **Amb. Wellington Pakia Godo, CBS (Chairing)** 2. Dr. Edward N. Kobuthi 3. Secretary-State Corporations Advisory Committee 4. Attorney General 5. Managing Director/CEO	Corporation Secretary and Director Legal Services

COMMITTEE	MEMBERS	SECRETARY
Agro-Chemical & Food Company Ltd. Privatization Steering Committee (PSC)	**1. Dr. Edward N. Kobuthi (Chairing)** 2. Mrs. Irene Njeri Wanyoike 3. Mrs. Celine Anyango Orata 4. PS National Treasury 5. PS, State Department for Investments Promotion 6. PS of Ministry Responsible for the Asset 7. Attorney-General 8. Secretary-State Corporations Advisory Committee 9. Managing Director/CEO	Corporation Secretary and Director Legal Services
• **Public Sector Owned/Controlled Hotels {Kenya Safari Lodges & Hotels (Mombasa Beach, Ngulia Lodge & Voi Lodge), Golf Hotel, Kabarnet Hotel, Mt. Elgon Lodge & Sunset Hotel} PSC** • **TFC Associated Hotels {Intercontinental, Hilton, Mountain Lodge & Ark Limited} PSC**	**1. Mrs. Irene Njeri Wanyoike (Chairing)** 2. Amb. Wellington Pakia Godo CBS 3. Dr. Edward N. Kobuthi 4. CPA David J.O. Nyakang'o 5. PS National Treasury 6. PS, State Department for Investments Promotion 7. PS of Ministry Responsible for the Asset 8. Attorney-General 9. Managing Director/CEO	Corporation Secretary and Director Legal Services
• **Banks (Consolidated Bank of Kenya Limited, Development Bank of Kenya Limited, National Bank of Kenya Limited) PSC**	**1. Mrs. Celine Anyango Orata (Chairing)** 2. CPA David J.O. Nyakang'o 3. Amb. Wellington Pakia Godo 4. PS National Treasury 5. PS, State Department for Investments Promotion 6. PS of Ministry Responsible for the Asset 7. Attorney-General 8. Secretary-State Corporations Advisory Committee 9. Managing Director/CEO	Corporation Secretary and Director Legal Services

COMMITTEE	MEMBERS	SECRETARY
• **Kenya Wine Agencies Limited-PSC** • **Kenya Meat Commission**	**1. CPA David J.O. Nyakang'o (Chairing).** 2. Amb. Wellington Pakia Godo, CBS 3. Mrs. Irene Njeri Wanyoike 4. Celine. 5. PS National Treasury 6. PS, State Department for Investments Promotion 7. PS of Ministry Responsible for the Asset 8. Attorney-General 9. Managing Director/CEO	Corporation Secretary and Director Legal Services

Upon reappointment of the board members on 25th April 2025, the committee was re-constituted as follows:

COMMITTEE	MEMBERS	SECRETARY
Audit, Risk & Governance Committee.	**1. CPA. David J.O. Nyakang'o (Chairing).** 2. Dr. Edward N. Kobuthi. 3. PS, National Treasury. 4. Attorney-General.	Internal Audit Manager.
Finance and Strategy Committee.	**1. Mrs. Celine Anyango Orata (Chairing).** 2. Mrs. Irene Njeri Wanyoike. 3. PS, National Treasury. 4. Executive Director/CEO.	Corporation Secretary and Director Legal Services.
Human Resource and Information, Communication and Technology (ICT) Committee.	**1. Amb. Wellington Pakia Godo (Chairing).** 2. Dr. Edward N. Kobuthi. 3. Attorney General. 4. Executive Director/CEO.	Corporation Secretary and Director Legal Services.

COMMITTEE	MEMBERS	SECRETARY
Agro-Chemical & Food Company Ltd. Privatization Steering Committee.	**1. Dr. Edward N. Kobuthi (Chairing)** 2. Mrs. Irene Njeri Wanyoike. 3. Mrs. Celine Anyango Orata. 4. PS National Treasury. 5. PS of the Ministry Responsible for the Asset. 6. Attorney-General. 7. Executive Director/CEO.	Corporation Secretary and Director Legal Services.
Hotels Privatisation Steering Committee • **Public Sector Owned/Controlled Hotels {Kenya Safari Lodges & Hotels (Mombasa Beach, Ngulia Lodge & Voi Lodge), Golf Hotel, Kabarnet Hotel, Mt. Elgon Lodge & Sunset Hotel},** • **KDC-Controlled Hotels {Intercontinental, Hilton, Mountain Lodge & Ark Limited}.**	**1. Mrs. Irene Njeri Wanyoike (Chairing).** 2. Amb. Wellington Pakia Godo. 3. Dr. Edward N. Kobuthi. 4. CPA David J.O. Nyakang'o. 5. PS National Treasury. 6. PS of the Ministry. Responsible for the Asset. 7. Attorney-General. 8. Executive Director/CEO.	Corporation Secretary and Director Legal Services.
Banks Privatization Steering Committee • **Consolidated Bank of Kenya Limited.** • **Development Bank of Kenya Limited.**	**1. Mrs. Celine Anyango Orata (Chairing).** 2. CPA David J.O. Nyakang'o. 3. Amb. Wellington Pakia Godo. 4. Dr. Edward N. Kobuthi. 5. PS National Treasury. 6. PS of the Ministry Responsible for the Asset. 7. Attorney-General. 8. Executive Director/CEO.	Corporation Secretary and Director Legal Services.

COMMITTEE	MEMBERS	SECRETARY
Kenya Wine Agencies Limited Privatization Steering Committee.	**1. CPA David J.O. Nyakang'o (Chairing).** 2. Amb. Wellington Pakia Godo. 3. Mrs. Irene Njeri Wanyoike. 4. Mrs. Celine Orata. 5. PS National Treasury. 6. PS of the Ministry Responsible for the Asset. 7. Attorney-General. 8. Executive Director/CEO.	Corporation Secretary and Director Legal Services.
Kenya Meat Commission Privatization Steering Committee.	**1. CPA David J.O. Nyakang'o (Chairing).** 2. Amb. Wellington Pakia F. 3. Mrs. Irene Njeri Wanyoike. 4. Mrs. Celine Orata. 5. PS National Treasury. 6. PS of the Ministry Responsible for the Asset. 7. Attorney-General. 8. Executive Director/CEO.	Corporation Secretary and Director Legal Services.
Kenya Pipeline Company Limited Privatization Steering Committee (PSC)	**1. Dr. Edward N. Kobuthi (Chairing)** 2. Mrs. Irene Njeri Wanyoike. 3. Mrs. Celine Anyango Orata. 4. Amb. Wellington Pakia Godo 5. PS National Treasury. 6. PS of the Ministry Responsible for the Asset. 7. Attorney-General. 8. Executive Director/CEO.	Corporation Secretary and Director Legal Services.

No member of the Audit Committee except the Alternate, National Treasury is a member of the Finance & Strategy Committee.

8.14 Policy on related party transactions

The Commission has established key policies which are aligned with Government directives, National Policies and National Development Goals. Some of the key policies are highlighted here below.

i. Policy on Stakeholder Management

The Commission developed a Communications and Stakeholder Engagement Strategy that defines how we relate with our stakeholders. The document identified the stakeholders and analysed their expectations to provide guidance on how to proactively deal with stakeholder groups.

ii. Whistle Blowing Policy

The Commission has a Whistle blowing Policy that helps Management to prevent and/or deter suspected fraudulent, immoral, unethical and malicious activities.

To guide implementation, a whistle blowing portal has been developed and is accessible on its website and hotline number specifically for forwarding complaints relating to unethical conduct. Staff are sensitized on the same and the channels which they can use to report suspicious activities without being victimized.

iii. Risk Management

The Commission has a robust Enterprise Risk Management Framework. The Human Resource and Risk Management Committee of the Board reviews high risks on quarterly basis and gives necessary recommendations

iv. IT Governance

The Commission has put in place an ICT Policy that is responsible for IT governance. The ICT Policy was implemented by integrating it with the Commission's strategy and business processes.

9. MANAGEMENT DISCUSSION AND ANALYSIS

Operational Performance

(a) Undertaking of Preparatory Work

During the period under review, the Commission planned to undertake preparatory work for the following entities: Kenya Meat Commission; Development Bank of Kenya Limited; Ark Hotel Limited; Kenya Safari Lodges and Hotels Limited (KSLH); Golf Hotel; Mt. Elgon Lodge; Sunset Hotel; and Kabarnet Hotel. The due diligence exercises for all eight entities were successfully conducted.

(b) Preparation of Specific Privatization Proposals

During the period under review, the Commission planned to prepare specific privatization proposals for two entities: Kenya Meat Commission (KMC) and Ark Hotel Limited. Both proposals were successfully developed and submitted to the National Treasury and Economic Planning.

(c) Conducting Asset and Business Valuation

During the period under review, the Commission planned to conduct asset and/or business valuations and set reserve prices for the following ten (10) approved transactions: International Hotels Kenya Limited (Hilton); Kenya Hotels Properties Limited (Intercontinental); Mountain Lodge Limited; Kenya Wine Agencies Limited (KWAL); Development Bank of Kenya Limited; Kenya Safari Lodges and Hotels Limited (KSLH); Golf Hotel; Mt. Elgon Lodge; Sunset Hotel; and Kabarnet Hotel.
Valuation exercises were successfully conducted for nine (9) entities as listed below:

- International Hotels Kenya Limited (Hilton)
- Kenya Hotels Properties Limited (Intercontinental)
- Development Bank of Kenya Limited
- Kenya Safari Lodges and Hotels Limited (KSLH)
- Golf Hotel
- Mt. Elgon Lodge
- Sunset Hotel
- Kabarnet Hotel
- Mountain Lodge Limited

A revaluation of Kenya Wine Agencies Limited (KWAL) had initially been anticipated due to proposed tax changes in the Finance Bill 2024. However, following the withdrawal of the tax proposals, the revaluation was deemed unnecessary.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(d) Implementation of approved privatization transactions

During the period under review, the Commission had planned to implement approved privatization proposals for ten entities, namely: International Hotels Kenya Limited (Hilton); Kenya Hotel Properties Limited (Intercontinental); Mountain Lodge Limited (MLL); Kenya Wine Agencies Limited (KWAL); Development Bank of Kenya Limited; Kenya Safari Lodges and Hotels Limited (KSLH); Golf Hotel; Mt. Elgon Lodge; Sunset Hotel; and Kabarnet Hotel.

However, the implementation of most planned activities was significantly affected by the High Court rulings in September 2024, which declared the Privatization Act, 2023, unconstitutional. Consequently, key activities such as the issuance of Expressions of Interest (EOIs) and Requests for Proposals (RfPs), evaluation of investor proposals, and preparation of transaction closure reports were either suspended or delayed.

Despite these challenges, some progress was made. The Request for Proposal for Kenya Wine Agencies Limited (KWAL) was successfully re-issued on 30th May 2025, and its evaluation is expected to proceed in the next financial year. In addition, draft Share Purchase Agreements for all ten approved transactions were successfully developed as planned.

(e) Human Resource Management performance

The Human Resource and Administration function supports the achievement of the Commission's mandate by attracting, training, developing, rewarding and retaining highly qualified, skilled and inspired staff.

The Commission actualized the Presidential directive for internship and attachment programmes with the aim of building capacity of youth in the labour market. Towards this, the Commission engaged ten (10) young graduates below the age of twenty-five (25) years into the programme.

In its effort to enhance employees' welfare, the Commission promoted employee well-being at the workplace by providing services and benefits that not only motivated them but also enhanced their productivity. These included the provision of a staff medical scheme, Group Personal Accident cover (24 hours), Group Life, an annual employee wellness program, and a Mortgage and Car loan scheme.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

In compliance with statutory requirements, the Commission formulated specific policies and maintained operations of the various statutory committees including Occupational, Health and Safety, Alcohol and Drug abuse, HIV and Aids, Disability Mainstreaming, Gender Mainstreaming and Road Safety. And to ensure a proper recruitment process the Commission has a clear policy that ensures that gender ratio is within the recommended government thresholds, this has ensured almost 1:1 ratio which is the desired ratio. The Commission conducts a skills audit every two years and implements the findings the subsequent year in a bid to ensure that employee welfare and competencies are addressed.

(f) To Build Adequate Capacity for an Efficient and Effective Privatization Process.

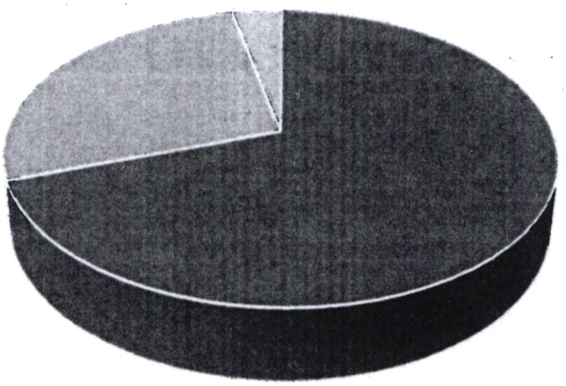
The Commission took several steps towards capacity enhancement. The annual Capacity Building/Staff training programme was initiated at the beginning of the financial year and implementation carried out for the rest of the year. Most of the staff were trained in various skills as per their individual training need assessments.

Financial Performance

(a) Income for the last five years

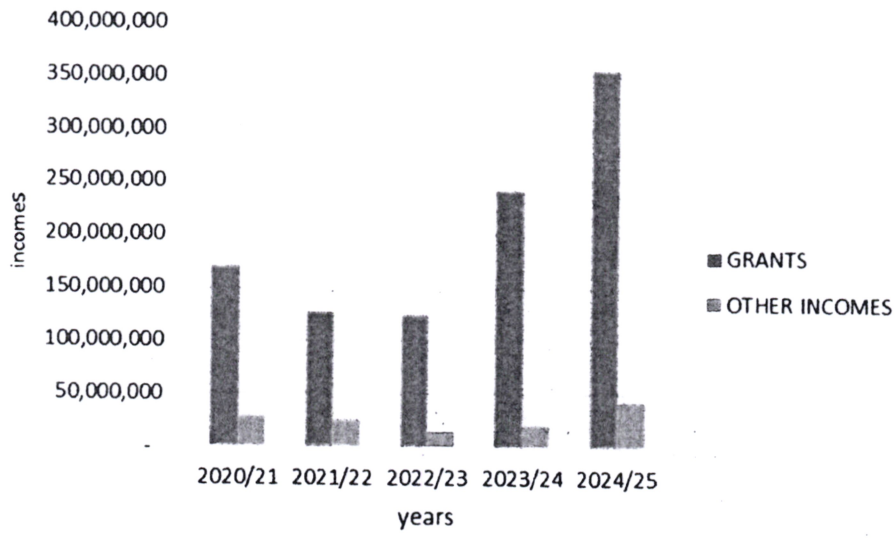
The National Treasury granted an approval of Privatization Commission annual Budget 2023/2024 FY of kshs.354,700,00 against a proposed budget of kshs1.793b. This was in addition to the budget of ongoing commitment which amounted to kshs.138M. in June 2025, the national Treasury granted a further approve of kshs.18M. Hence the total available was kshs512M.

Sources of 2024/25 Approved budget



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

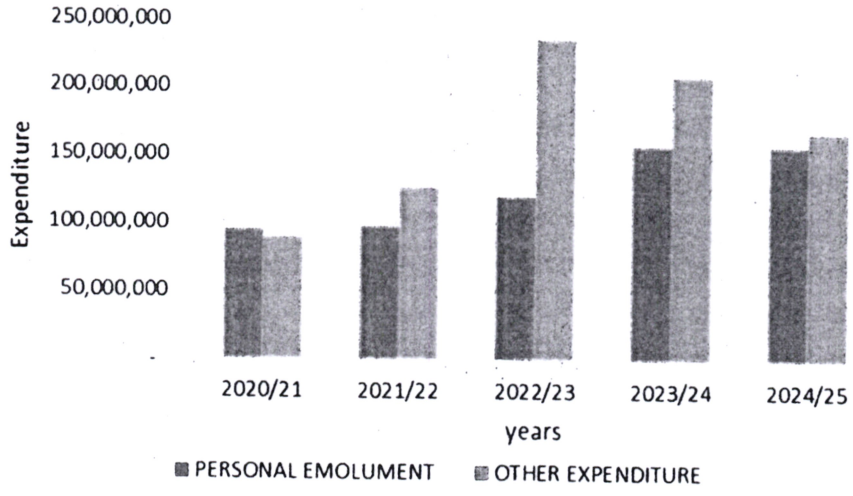
Sources of income for five years



(b) Expenditure

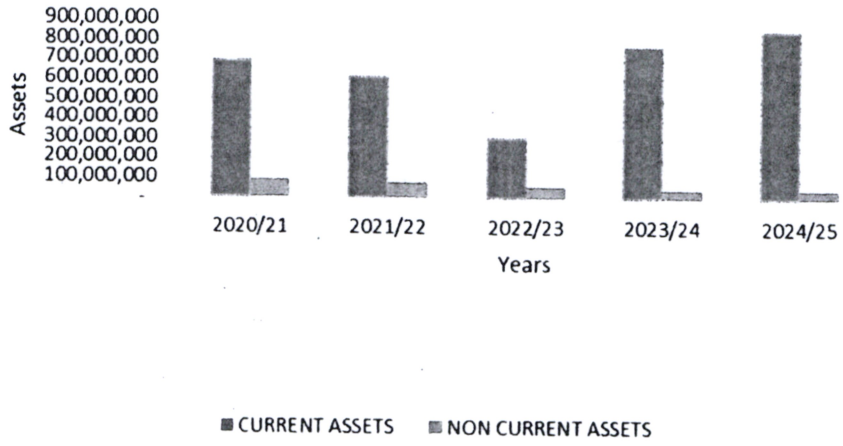
As at 30th June 2025, the utilization level was 58%. Out of the total budget allocated of Kshs 512M, the total expenditure was kshs295M. The major reason for underutilization was delay in implementation of transactions. Part of the supplementary budget allocated was earmarked for the new programme but it was not possible to utilize it due to a court case challenging development of Privatization programme and delay in accessing information to inform due diligence work.

Expenditure level for five years

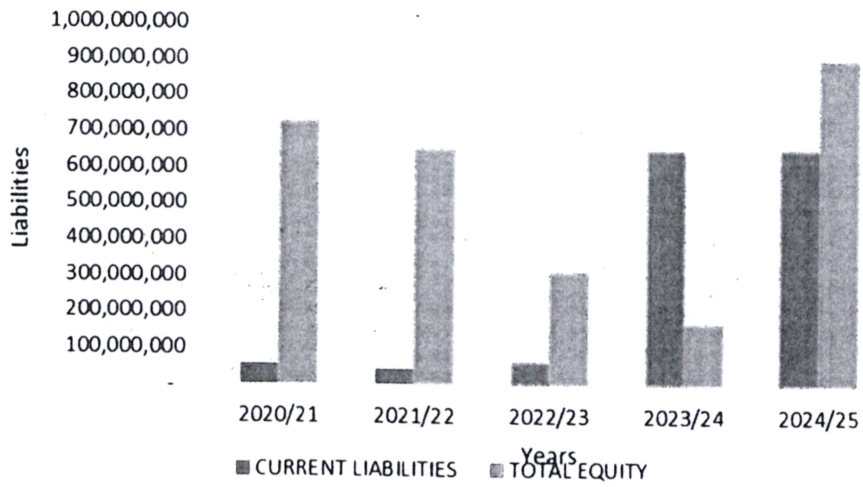


MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Current assets vs Non-current assets



Current Liabilities vs Total Equity



(c) Compliance with Legal and Statutory Requirements

The Commission undertook legal, statutory and compliance audits to review the Commission's level of compliance and to determine whether the Commission adheres to the relevant legal and regulatory requirements in its operations. The audit process involved an examination of the primary operations of the Commission including Transactions, Human Resource and Administration, Finance and Supply Chain Management. Subsequently, the legal and compliance audits conducted during FY 2024/2025 revealed that the Commission was principally compliant.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(d) Major Risks

The Commission's Enterprise Risk Management (ERM) framework encompasses practices related to the identification, analysis, evaluation, treatment, mitigation, and monitoring of strategic, operational, legal, and compliance-related risks to achieve the Commission's key business objectives. ERM at the Privatization Commission aims to minimize the adverse impact of these risks, thereby enabling the Commission to effectively leverage opportunities.

The Commission's Board is ultimately responsible for the governance of risk management at the Commission. In its current strategic plan, the Commission has identified the following major strategic risks:

i. Failure to achieve the desired benefits of Privatization due to market instability, economic downturns, or un-favourable industry trends;
ii. Delays in the Privatization process due to changes in the political landscape or regulatory frameworks can lead to policy shifts;
iii. Lack of Privatization Programme;
iv. Delays in implementing the Privatization Programme due to lack or inadequate essential information from the entity being privatised; and
v. The Public challenging the Privatization Act, 2023 thus derailing the implementation of the Privatization Programme.

The Commission has identified mitigation measures for these risks and continuously monitors and evaluates them. Periodic reviews are conducted to assess the effectiveness of the internal controls established to mitigate these identified risks

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Privatization Commission exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is an extract of the Commission's policies and activities that promote sustainability.

Sustainability strategy and profile

We are committed to providing quality services to ensure a safe and healthy workplace for our employees and minimize potential impact on the environment. We operate in compliance with all relevant environmental legislations, and we strive to use environmental best practices.

i. Environmental performance

The Commission embraces policies and practices that ensure we meet the needs of the present without compromising our ability to sustain future development needs and objectives in order to ensure long term sustainability of the organization. To realize this, in the period under review, the Commission put in place the following measures:

(a) Paper

- Reducing the use of paper was one of the key environmental concerns for the Commission. PC has already put in place numerous measures to reduce the number of printed documents for meetings, such as implementing use of the eBoard and circulation of management meeting packs via email and sharepoint.
- When it comes to office printing, we have progressively phased out paper-based administrative processes and become paperless through the use of EDMS and ERP. This has not only reduced PC's environmental footprint, but also contributed to data security and business continuity, while saving time and resources.
- We are progressively carrying out a replacement of individual office printers with a central multifunctional printer that enables staff to only print-on-demand. This makes it necessary to confirm any request for printing with a PIN at the machine. The standard print setting is double-sided printing in black-and-white.
- Building on the good practices developed during the COVID-19 pandemic, PC has in place a set of digital tools for collaboration amongst all staff via Office 365.

(b) Waste

- The Commission's garbage collection is managed by the Landlord. To facilitate this, we have in place segregated waste bins for paper, plastic and organic matter.
- In the period under review, on 21st October 2022, the Commission received a **Green Certificate of Destruction** from Enviroserve to certify that recycling of electronic waste from the Commission had not caused harm to health or environment, either within or outside Kenya.
- We continually communicated our environmental commitment to clients, customers and the public.

(c) Water and Energy

The Commission operates from rented facilities and as such, it is not possible to keep track of the consumption of energy and water. This notwithstanding:

- We have promoted environmental awareness among our employees and encouraged them to work in an environmentally responsible manner; while being conscious of the environmental issues that may affect their work;
- Staff are encouraged to switch off lights whenever they leave their Offices, and measures are in place to ensure this happens;
- Taps in the Commission are energy-efficient and go off once water has been dispensed. There are no chances that a tap will remain running for long; and
- The Commission uses energy saving bulbs to light up the Offices.

ii. Employee welfare

The Commission has developed HR instruments to guide the hiring process of staff at the Commission. The Commission with the help of Officers from the Directorate of Occupational Safety and Health Services reviewed the Occupational Safety and Health Policy to align it with the Occupational Safety and Health Act, 2007. This was approved by the Commission Board and is being implemented. As part of the implementation, the two trained First Aiders and Fire Marshall attended refresher training to ensure their skills conform to current practices. The Commission also contracted an OSHA Consultant who conducted the statutory Annual OSHA Audits, subsequent to which the Premises Occupation Certificate was renewed.

All the areas identified for improvement by the audits are being addressed with a view to have all of them closed by the end of Quarter 2 of the Financial Year 2023/2024.

iii. Marketplace practices

a) Responsible competition practice

Article 227 of the 2010 Constitution of Kenya requires public procurement to be set up in a manner that is fair, equitable, transparent, competitive, and cost effective. The Commission ensures there is responsible competition practices while processing procurements by: -

- Use of open tendering as the preferred procurement method for procurements of goods, works and non-consultancy services where the award criteria is lowest evaluated bidder;
- Use of Request for proposals for Consultancy Services with the default award criteria being quality and cost-based selection;
- Where alternative procurement methods are used, they are usually subjected to a competitive evaluation criterion.
- Provision of equal and fair platform for all eligible bidders to participate in the process by use of the standard tender documents which ensure bidders submit all the requisite and all the other requirements as specified;
- Undertaking market surveys to ensure there is fair and reasonable competition and ensuring the bidder's offers are within market prices.
- Undertaking of post qualification evaluation on recommended successful bidders to ensure they have capacity to deliver during contract execution.

b) Responsible Supply chain and supplier relations

Responsible supply chain management practices necessitate improved relationships with suppliers in the value chain. Supplier relationship management (SRM) is the systematic approach to evaluating vendors that supply goods, materials and services to an organization, determining each supplier's contribution to success and developing strategies to improve their performance. The Commission ensures that strategic supplier relationships are maintained through responsible supply chain management by: -

- Registration of suppliers biennially and ensuring only eligible suppliers with the requisite capacity to provide services are registered;
- Annual assessment of supplier performance to ensure only performing service providers are retained in the registered list;
- Timely payments of supplier's invoices;
- Ensuring the sourcing of goods, services and works processes are open, transparent and accountable with lots of integrity;

- Treating of suppliers as stakeholders in the process by being fair and according to them an equal platform to compete; and
- Honouring the terms and conditions of the contract.

c) Responsible marketing and advertisement

e Commission has instituted a responsible marketing and advertisement policy where only open, transparent, responsible, and fair practices are the order of the day and these tenets and values are communicated to the target market. This is achieved by: -

- Advertising all the Commission's open tenders and vacancies in the Gov publications;
- Compliance with applicable laws & regulations
- Treating all stakeholders with fairness and the dignity they deserve

d) Product stewardship

Product stewardship is a product-centred approach to environmental protection. Also known as extended product responsibility (EPR), product stewardship calls on those in the product life cycle—manufacturers, retailers, users, and disposers to share responsibility for reducing the environmental impacts of products. The Commission ensures product stewardship is upheld by: -

- All equipment with radioactive emissions is disposed of in accordance with NEMA approved procedures and applicable laws;
- Embracement of green procurement;
- Ensuring consumer rights and interests are safeguarded by procuring goods/services that are environmentally friendly; and
- Joining hands with other institutions in curbing environmental degradation through the planting of trees.

iv. Corporate Social Responsibility / Community Engagements

To effectively implement the Commission's Corporate Social Responsibility Policy, a CSR, Committee was constituted on 6th September 2024. The committee developed and implemented fully the work plan within the (FY) 2024/2025.

During the reporting period the Privatization Commission in partnership with The National Treasury, Kenya Forest Services and Community Forest Conservators undertook various tree planting activities.

Activities listed in the approved Work Plan were implemented as follows;

i. On 7th October 2024, PC led by the Executive Director, Dr. Joseph Koskey participated in a tree planting exercise in Ndaragwa Forest, Chepalunga area. A total of 10,000 seedlings were planted.

ii. On 29th November 2024, the Commission participated in a tree growing event in Muumandu Forest, Machakos County. The event spearheaded by the National Treasury, A total of 56,000 tree seedlings were planted.

iii. The Privatization Commission took part in a tree planting activity in Sorget Forest, Kericho County on 19th & 20th June 2025. During the exercise, PC staff in collaboration with the Kenya Forest Services and the local community planted 20,000 indigenous trees.

Additionally, the Commission sensitized the community of the mandate of the commission and the benefits of privatization.

Conclusion

The Commission continues to develop and implement tree planting and growing initiatives in support of the Government's Tree Growing 'Restoration Campaign.

11. REPORT OF THE DIRECTORS

The Board of Directors submit their report together with the audited financial statements for the year ended June 30 2025, which show the state of the Privatization Commission's affairs.

i) Principal activities

The principal activities are among others; advising the Government on all aspects of the Privatization of public entities and implementing the Privatization Programme.

ii) Results

The results of the Privatization Commission for the year ended June 30, 2025, are set out on page 1.

iii) Directors

The Board of Directors who served during the year are shown on pages ix to xvii

iv) Auditors

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

By Order of the Board

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Irene Kamunge
Corporation Secretary

12. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, Section 14 of the State Corporations Act, and Section 57 of the Privatization Act 2005 require the Directors to prepare financial statements in respect of the Privatization Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year and the operating results for that year. The Directors are also required to ensure that the Privatization Commission keeps proper accounting records that reasonably disclose the financial position of the Privatization Commission. The Directors are also responsible for safeguarding the assets of the Privatization Commission.

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

i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that they are free from material misstatements, whether due to error or fraud;
iv. Safeguarding the assets of the Privatization Commission;
v. Selecting and applying appropriate accounting policies; and
vi. Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Privatization Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Privatization Act 2005

The Directors are of the opinion that the Privatization Commission's financial statements give a true and fair view of the state of the Privatization Commission's transactions during the period ended 30th June 2025, and of the Privatization Commission's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Privatization Commission, which have been relied upon in the preparation of the Privatization Commission's Financial Statements, as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Privatization Commission's financial statements were approved by the Board on **21/08/2025** and signed on its behalf by:

Mr. Faisal Abass
Chairman

Dr. Janerose Omondi
Executive Director /CEO

REPUBLIC OF KENYA

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Website:www.oagkenya.go.ke

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON PRIVATIZATION COMMISSION FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Privatization Commission 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report,the financial statements present fairly, in all material respects, the financial position of Privatization Commission as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Privatization Act, 2023 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Irregular Payment of Retainer Fees

The statement of financial performance reflects board expenses of Kshs.14,221,882 as disclosed in Note 10 to the financial statements. The expenditure includes directors' emoluments amounting to Kshs.8,350,000 made up of sitting allowance of Kshs.5,000,000 and retainer fees of Kshs.3,350,000 paid to board members on top of sitting allowance. However, although Management explained that the National Treasury had approved payment of the retainer fees in 2014, approval from the Salaries and Remuneration Commission was not provided contrary to the provisions of Article 230(4)(a) of the Constitution which requires the Commission to set and regularly review the remuneration and benefits of all state officers.

In the circumstances, the validity of retainer fees of Kshs.3,350,000 could not be confirmed.

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

Emphasis of Matter

1. Slow Implementation of the Authority's Core Mandate

As previously reported, the Commission commenced its operations in 2008. Since then, it has successfully completed the privatization of only one (1) public enterprise. In 2022/2023, seven (7) privatization proposals were submitted to The National Treasury for approval, out of which, six (6) were approved. However, none of the six has been privatized. In 2024/2025, and as indicated in the report of the Executive Director/Chief Executive Officer, the Commission made two (2) more privatization proposals to The National Treasury for approval. However, approval for the two has also not been granted.

The Authority has, therefore, not effectively achieved its core mandate on privatization of public enterprises. This is despite the Commission continued spending on operations including Kshs.157,046,588 on employee costs as disclosed in Note 8 to the financial statements and a further Kshs.37,527,624 on transaction advisory services as disclosed in Note 11 to the financial statements.

It is, therefore, not clear whether value for money was realized from the expenditure of Kshs.194,574,212 spent on employee costs and transaction advisory services during the year.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts budget of Kshs.512,364,756 against actual receipts of Kshs.536,697,825 resulting in excess receipts of Kshs.24,333,069 or 5% of the budget. Similarly, the statement reflects actual expenditure of Kshs.295,024,885 against approved budget of Kshs.512,364,756 resulting in under-performance of Kshs.217,339,871 or 42% of the budget.

The under-performance affected implementation of planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion

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

Basis for Conclusion

Non-Compliance with the Privatization Commission Act, 2023

Section 5(1) of the Privatization Act, 2005 (revised 2023) indicates that the Commission shall comprise of the Chairman, Attorney General, Principal Secretary – the National Treasury and seven members not being public officers appointed by the Minister. However, during the year under review, the Commission comprised of the Chairman, Attorney General, Principal Secretary – The National Treasury and five members not being public officers. The Commission was therefore not fully constituted as two members had not been appointed.

In the circumstances, the appointing authority was in breach of the law.

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

REPORT ON 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, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Under-establishment of Staff in Key Departments

Review of the Commission's Human Resource records revealed that the Commission had an approved optimum staffing of 63 staff. However, during the year, a total of 30 employees were in-post translating to a shortfall of 33 staff or 63% of the required number.

In the circumstances, the under-establishment could adversely affect the attainment of the Commission's mandate.

The audit was conducted in accordance with the ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit

evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Commission'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 terminate the Commission or to cease operations.

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

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

The Board of Directors is responsible for overseeing the Commission's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and 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

21 November, 2025

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Note	2024/2025	2023/2024
Revenue		**Kshs**	**Kshs**
Revenue from non-exchange transactions			
Transfer from other government Entities	6	354,700,000	241,620,157
Revenue from exchange transactions			
Finance Income	7	43,121,311	20,177,784
Total Revenue		**397,821,311**	**261,797,941**
Expenses			
Employee costs	8	157,046,588	156,633,830
Medical & insurance costs	9	15,467,270	8,269,860
Board Expenses	10	14,221,882	26,309,771
Contracted services	11	49,317,316	83,774,279
Administrative Expenses	12	37,947,092	45,965,393
Use of goods and services	13	8,089,708	15,164,997
Repairs & maintenance	14	8,787,153	10,212,478
Depreciation and amortization	15	18,289,862	18,673,229
Total Expenses		**309,166,871**	**365,003,837**
Surplus / (deficit) before tax		**88,654,440**	**(103,205,896)**
Taxation	16	12,895,740	6,118,346
Net Surplus/Deficit for the period		**75,758,700**	**(109,324,242)**

****Deficit in 2023/24 attributed to the utilization of rollover funds to finance recurrent expenditure***

The notes set out on pages 7 to 46 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

.....	.....	.....
Dr. Janerose Omondi	**Virginiah Kariuki**	**Mr. Faisal Abass**
Executive Director/CEO	**Head of Finance**	**Chairman of the Board**
	ICPAK No. 3706	
Date 21/08/2025	**Date 21/08/2025**	**Date 21/08/2025**

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2025

	Note	2024/2025	2023/2024
		Kshs	Kshs
ASSETS			
Current Assets			
Cash and Cash Equivalents	17	847,052,783	744,345,902
Receivables from Non-exchange Transactions	18	4,297,228	25,833,206
Inventories	19	464,860	571,562
Total Current Assets		**851,814,871**	**770,750,670**
Non- Current assets			
Property, Plant and Equipment	20	45,651,981	48,572,143
Intangible Assets- software	21	2,319,884	338,950
Total Non- current Assets		**47,971,865**	**48,911,093**
Total Assets		**899,786,736**	**819,661,762**
LIABILITIES			
Current Liabilities			
Trade and other payables	22	4,128,012	15,987,090
Provisions	23	42,475,312	25,988,959
Deferred income	24	605,379,843	605,379,843
Total Current Liabilities		**651,983,167**	**647,355,892**
Equity			
Revenue reserve	25	242,630,589	166,872,170
Revaluation Reserve	26	5,172,981	5,433,981
Total Equity		**247,803,570**	**172,306,152**
Total Net Assets and Liabilities		**899,786,736**	**819,661,762**

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

.....	.....	.....
Dr. Janerose Omondi	**Virginiah Kariuki**	**Mr. Faisal Abass**
Executive Director/CEO	**Head of Finance**	**Chairman of the Board**
Date 21/08/2025	**Date 21/08/2025**	**Date 21/08/2025**

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Revenue Reserve	Revaluation Reserve	Total
	Kshs	Kshs	Kshs
Reserves as at 1st July 2023	**303,616,030**	**5,818,115**	**309,434,145**
Surplus/(Deficit) for the year	(109,324,241)	-	**(109,324,241)**
Transfer to Staff Car Loan and Mortgage scheme	(28,330,292)	-	**(28,330,292)**
Unutilized house allowance	910,392	-	**910,392**
Loss on disposal of revalued assets	-	(384,134)	**(384,134)**
As at June 30, 2024	**166,871,889**	**5,433,981**	**172,305,870**
Reserves as at 1st July, 2024	**166,871,889**	**5,433,981**	**172,305,870**
Surplus for the period	75,758,700	0	**75,758,700**
Loss on disposal of revalued assets		(261,000)	**(261,000)**
30th June 2025	**242,630,589**	**5,172,981**	**247,803,570**

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2025

	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government Grants	6	354,700,000	847,000,000
Other income		43,075,344	20,177,784
Total Receipts		**397,775,344**	**867,177,784**
Payments			
Employee costs	8	157,046,588	196,199,339
Medical & Insurance		12,387,700	12,830,491
Board Expenses	10	14,221,882	26,167,301
Contracted services	11	49,317,316	83,774,279
Admin Expenses		29,821,847	45,965,393
Use of goods and services	13	8,089,708	15,164,997
Repairs & maintenance		7,807,856	10,212,478
Taxation	16	12,895,740	6,118,346
Transfer to Car Loan and Mortgage		**0**	28,330,292
Total payments		**291,588,637**	**424,762,916**
Net cash flows from operating activities		**106,186,707**	**442,414,868**
Cash flow from investing activities			
Purchase of Assets	21	(3,479,826)	(5,342,838)
Net cash flows used in investing		**(3,479,826)**	**(5,342,838)**
Net increase/(decrease) in cash		**102,706,881**	**437,072,030**
Cash and cash equivalents at period		744,345,902	307,273,872
Cash and cash equivalents at period end	17	**847,052,783**	**744,345,902**

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2025

	Original Annual budget	Adjustments	Final Annual budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs		
Budget carryovers from the previous year*		138,966,059	138,966,059	138,966,059	0	100%
Receipts						
Government Grants	354,700,000	0	354,700,000	354,700,000	0	100%
Other revenue	0	18,698,697	18,698,697	43,031,766	(24,333,069)	230%
Total income	**354,700,000**	**157,664,756**	**512,364,756**	**536,697,825**	**(24,333,069)**	105%
Payments						
Employee costs	170,138,000		170,138,000	133,824,971	36,313,029	79%
Medical & Insurance	18,500,000	5,000,000	23,500,000	13,713,789	9,786,211	58%
Board Expenses	25,000,000		25,000,000	14,251,057	10,748,943	57%
Contracted services	76,316,239	90,430,496	166,746,735	46,834,894	119,911,841	28%
Admin Expenses	41,145,000	8,258,837	49,403,837	29,843,804	19,560,033	60%
Use of goods and services	9,000,000	2,586,000	11,586,000	7,799,758	3,786,242	67%
Repairs & maintenance	12,850,761	5,933,805	18,784,566	8,348,669	10,435,897	44%
Taxation	1,750,000		1,750,000	6,447,870	(4,697,870)	(368%)
Trade and other payables		41,975,792	41,975,792	30,480,247	11,495,545	73%
Total expenditure	**354,700,000**	**154,184,930**	**508,884,930**	**291,545,059**	**217,339,871**	**57%**
Capital Expenditure		3,479,826	3,479,826	3,479,826	0	100%
Total	**354,700,000**	**157,664,756**	**512,364,756**	**295,024,885**	**217,339,871**	58%
Surplus for the year				**241,672,940**		

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2025

Budget Notes

Notes on underutilization of funds

(a) The term of the Board lapsed on 24th November 2024 and renewed on 25th April 2025. Hence there were no Board and Committee meetings held between 24th November 2024 and 25th April 2025

(b) The High Court nullification of the Privatization Act, 2023 and the expiry of the term of the Board disrupted the implementation of the transactions in Q2, Q3 and part of Q4 of 2024/25

(c) Approval for the revised budget was granted on 26th June 2025 hence only few activities could be implemented before the closure of the financial year.

(d) Taxation amount is proportionate to the amount realised as AIA in this case the AIA generated during the year was higher than the projected hence a high increase in cost of taxation.

Explanation on difference between on Original Budget and Final Budget

The adjustments (difference between the original budget and approved budget) were caused by

(a) utilization of the retained earnings to finance uncompleted contacts relating to FY 2024/25 which were contracted in FY 2023/24 but expensed in 2024/25 financial year amounting to KShs 138,966,059

(b) approval to utilize the retained earnings to finance the underfunded items in the original budget amounting to kshs.18,698,697.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	241,672,940
	Add Deferred income	605,379,843
	Closing Cash and Cash Equivalent as per the statement of Cash flows	847,052,784

19. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Privatization Commission is established by and derives its Commission and accountability from the Privatization Act 2005. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Commission's principal activities are among others; advising the Government on all aspects of the privatization of public entities and implementing the Privatization Programme.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Commission. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Privatization Act 2005 and the International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 Leases	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. *The standard will not apply to the Privatization Commission.*
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. *The standard will not apply to the Privatization Commission.*
IPSAS 45- Property Plant and Equipment	***Applicable 1st January 2025*** 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	Effective date and impact:
	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. *The standard will not apply to the Privatization Commission.*
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. *The standard will be adopted by the Privatization Commission.*
IPSAS 47- Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. *The standard will apply to the Privatization Commission.*
IPSAS 48- Transfer Expenses	***Applicable 1st January 2026*** 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

Standard	Effective date and impact:
	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. *The standard will not apply to the Privatization Commission.*
IPSAS 49 - Retirement Benefit Plans	***Applicable 1st January 2026*** 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. *The standard will not apply to the Privatization Commission*
IPSAS 50: Exploration For & Evaluation of Mineral Resources	***Applicable 1st January 2027*** The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: . Limited improvements to existing accounting practices for exploration and evaluation expenditures. . 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. . 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. *The standard will not apply to the Privatization Commission*

iii. Early adoption of standards

The Commission early adopted IPSAS 47 which comes into effect in 2026.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The National Assembly approved the original budget for FY 2024-20254 on 30th June 2024. Subsequent revisions or additional appropriations will be 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 Commission upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Commission recorded additional appropriations of kshs.18M in the 2024/25 budget following the National Treasury's approval.
The Privatization Commission'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 an accrual basis using a classification based on the nature of expenses in the statement of financial performance. In contrast, the budget is prepared on a cash basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

c) Taxes

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the area where the Privatization Commission operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

d) Property, Plant and Equipment

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 Privatization Commission recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

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, it is initially measured at its fair value.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying values of the assets over their useful lives. The annual depreciation rates in use are:

Motor vehicles	25%
Furniture &fittings	12.5%
Office Equipment	12.5%
ICT equipment	33.3%

e) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in non-exchange transactions 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. The useful life of the intangible assets is assessed on a finite basis.

Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives, not exceeding three years.

f) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Inventories are recognized as expenses when deployed for utilization or consumption in the ordinary course of operations of the entity. The inventories at the Commission are made of consumable store items.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

g) Provisions

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

h) Contingent Liabilities

The Privatization Commission 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.

Two (2) court cases that touch on the Commission are on ongoing including:

i. **NAIROBI CONSTITUTION AND HUMAN RIGHTS PETITION (CIVIL) NO. HCCHRPET/EI21 OF 2023-** The Commission, among other State Organs and Corporations, is enjoined in the above matter on the premise that it is promoting, aiding and abetting the influx of Chinese nationals into Kenya and their establishment of economic activities that threaten the survival of the petitioners' businesses and livelihoods of Kenyans and their dependents. The petitioners argue that the State Organs and Corporations are mandated to take legislative, policy and other measures to achieve the progressive realization of economic and social rights under Article 43 of the Constitution and not to promote and protect the Chinese commercial interest.
The matter was mentioned, directions were issued, and submissions were highlighted on 19th March 2025. The hearing date for the matter is yet to be fixed.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

ii. **NAIROBI PETITION E491 OF 2023 as consolidated with PETITION E010 OF 2024 & PETITION E025 0F 2024-** The Commission is not a party to this suit however the outcome will have an impact on the operations of the Commission. The Petitioners are challenging the legality of the Privatisation Act, 2023 and the proposed Privatisation Programme. The matter was heard, and judgment was delivered on **24th September 2024,** where the Court, amongst others, held that the entire Privatisation Act, 2023, was unconstitutional. A Notice of Appeal was filed at the Court of Appeal, and the same is awaiting allocation of a date, for the hearing of the substantive appeal.

i) Contingent Assets

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

j) Nature and Purpose of Reserves

The Privatization Commission creates and maintains reserves in terms of specific requirements.

Revenue Reserves

This comprises all accumulated surplus for the year arising from the non-utilization of allocated grants.

Revaluation Reserves

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from those determined using fair values at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Where a revaluation has been carried out other than for insurance purpose, any increase arising on the revaluation is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in the profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously expensed.

k) Changes in Accounting Policies and Estimates

The Privatization Commission recognizes the effects of changes in accounting policy retrospectively. The impact of changes in accounting policy is applied prospectively if retrospective application is impractical.

l) Employee Benefits

The Privatization Commission has a retirement pension scheme for staff on permanent and pensionable terms of employment. However, some employees are engaged on contractual terms of employment for five (5) years renewable based on performance. Gratuity is payable to the staff at the end of the contract period. Entitlements to gratuity are recognized when they accrue to employees. The provisions have been treated as a current liability. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

m) Foreign Currency Transactions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

n) Related Parties

The Privatization Commission regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the Commission or vice versa. Key management members are regarded as related parties and comprise the Board members, the ED/CEO and senior managers.

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

p) Comparative Figures

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

q) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and Assumptions

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

Useful Lives and Residual Values

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

a) The condition of the asset based on the assessment of experts employed by the Entity;

b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;

c) The nature of the processes in which the asset is deployed;

d) Availability of funding to replace the asset; and

e) Changes in the market in relation to the asset.

Provisions

Provisions were raised, and management determined an estimate based on available information. Additional disclosure of these estimates of provisions is included in Note 20. 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. The provision amount relates to unpaid gratuity, salary, and ongoing contracts related to the 2024/25 financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2024/2025	2023/2024
	Kshs	Kshs
Unconditional Grants		
Operational Grant	354,700,000	241,620,157
Total Government Grants and Subsidies	**354,700,000**	**241,620,157**

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

Name of the Entity sending the Grant	Amount recognized to Statement of Financial Performance.	Amount deferred under Deferred Income.	Amount recognised in capital fund.	Total transfers 2024/2025	2023/2024
	Kshs	Kshs	Kshs	Kshs	Kshs
The National Treasury	354,700,000			354,700,000	847,000,000
Total	**354,700,000**			**354,700,000**	**847,000,000**

7. FINANCE INCOME

Description	2024/2025	2023/2024
	KSh	KSh
Interest income	42,985,800	19,818,824
Other income	135,512	358,960
Total Finance income	**43,121,311**	**20,177,784**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. EMPLOYEE COSTS

Description	2024/2025	2023/2024
	KSh	KSh
Basic salaries	94,195,855	94,613,452
House allowance	18,953,668	19,497,524
Remunerative allowance	1,200,000	1,200,000
Responsibility Allowance	138,000	219,434
Acting/special duty allowance	157,239	4,174
Commuter Allowance	3,965,919	4,144,474
Employer contribution to Pension Fund	6,499,825	6,218,885
Leave allowance	2,945,364	3,093,952
Telephone allowance	3,056,471	3,102,586
Non-practicing Allowance	1,440,000	1,101,000
Gratuity	19,080,918	19,687,314
Employer contribution to NSSF	1,213,920	632,880
Housing Levy	1,841,852	1,566,576
Fringe benefits	2,357,558	1,551,579
Total	**157,046,588**	**156,633,830**

9. INSURANCE AND MEDICAL EXPENSES

Description	2024/2025	2023/2024
	KSh	KSh
Medical Scheme	14,334,467	7,947,367
Insurance	1,132,803	322,493
Total	**15,467,270**	**8,269,860**

10. BOARD EXPENSES

Description	2024/2025	2023/2024
	Kshs	Kshs
Directors Emoluments	8,350,000	13,320,000
Chairman's Honoraria	1,044,000	1,044,000
Other allowances	4,827,882	11,945,771
Total	**14,221,882**	**26,309,771**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. CONTRACTED SERVICES

Description	2024/2025	2023/2024
	KSh	KSh
Contracted security services	1,075,320	988,320
Contracted cleaning services	1,375,661	1,343,800
Outsourced legal services	0	2,270,000
General Consultancy	1,144,050	3,657,600
Transaction advisory services	37,527,624	49,401,470
PR & Branding	215,280	18,882,071
Stakeholder engagements	7,979,382	7,231,018
Total	**49,317,317**	**83,774,279**

12. ADMINISTRATIVE EXPENSES

Description	2024/2025	2023/2024
	KSh	KSh
Domestic travel & accommodation	3,641,021	9,111,532
Welfare expenses	98,342	63,518
Telephone	160,080	162,285
Internet connections	798,167	812,844
Courier & Postal Services	1,320	11,513
Publishing & printing	246,940	247,179
Newspaper and Magazines	441,050	625,655
Advertising & Promotion costs	186,069	337,565
Rental	26,594,493	26,376,613
Hospitality and refreshments	1,435,837	2,796,754
General Office supplies	405,455	646,529
Media Adverts	556,169	713,920
Detergents	19,839	99,870
Staff uniform	123,910	282,450
Refined fuels & lubricants	1,578,194	1,730,800
Audit fees	765,600	765,600
Professional membership	291,130	614,420
Bank service Commission and charges	125,476	166,346
Corporate Social Responsibilities	478,000	400,000
Total	**37,947,092**	**45,965,393**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. USE OF GOODS AND SERVICES

Description	2024/2025	2023/2024
	Kshs	Kshs
	Period Ended June 2025	Comparative period
	KSh	KSh
Training expenses including capacity building	7,632,594	13,490,022
Supplies & accessories for computer & printers	457,114	1,674,975
Total	**8,089,708**	**15,164,997**

14. REPAIRS & MAINTENANCE

Description	2024/2025	2023/2024
	KSh	KSh
Maintenance expenses- Motor vehicles	1,043,931	2,386,816
Maintenance expenses- Office equipment	125,506	265,254
Maintenance expenses- Furniture & fittings	29,812	61,794
Maintenance expenses- buildings	148,700	53,592
Maintenance expenses- IT equipment & computers	7,439,205	7,445,022
Total	**8,787,153**	**10,212,478**

15 DEPRECIATION AND AMORTIZATION EXPENSES

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	17,051,968	15,458,324
Intangible assets - software	1,237,894	3,214,905
Total	**18,289,862**	**18,673,229**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 TAXATION

	2024/2025	2023/2024
	KSh	KSh
Tax charged on interest income	12,895,740	6,118,346
Income tax expenses reported in the statement of financial performance	**12,895,740**	**6,118,346**

17. CASH AND CASH EQUIVALENTS

Description	2024/2025	2023/2024
	KSh	KSh
Current Accounts	782,556,760	699,505,434
Staff Gratuity	64,361,674	44,690,469
Petty cash	134,349	149,999
Total	**847,052,783**	**744,345,902**

17 (a) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

No.	Financial Institutions/Bank	Account No	2024/2025	2023/2024
A)	**Current Account**			
	Co-operative Bank	0114118908900	67,231,752	24,964,520
	KCB	1104820730	715,325,008	674,540,914
B)	**Savings Account**			
	KCB- KICC	1223199975	64,361,674	44,690,469
C)	**Others**			
	Cash-on-hand and in transit	Cashbox	134,349	149,999
	Total		**847,052,783**	**744,345,902**

Components of Cash and cash equivalents are not restricted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS

Description	2024/2025		2023/2024	
	KSh		KSh	
Imprests	655,904		547,591	
Prepayments	3,641,324		25,285,614	
Total	**4,297,228**		**25,833,205**	
Ageing Analysis- Receivables from non-exchange transactions	**2024/25**	**% of the total**	**2023/24**	**% of the total**
Less than 1 year	3,749,637	88%	25,285,614	98%
Between 1-2 years	0	0	0	0
Over 3 years	547,591	12%	547,591	2%
Total	**4,297,228**		**25,833,205**	

19. INVENTORIES

Description	2024/2025	2023/2024
	Kshs	Kshs
Office stationery	464,860	571,562
Total	**464,860**	**571,562**

The inventories are store consumables which are expensed once they are issued from stores.

Detailed disclosure on inventories

	2024/2025
	kshs
Opening balance	571,562
Additional Inventory in the year	298,753
Inventory expensed in the year	(405,455)
Closing balance	**464,860**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Furniture and fittings	Equipment	Computers	Totals
Cost/Valuation					
As at 1st July 2023	20,120,000	83,422,528	5,212,145	25,736,076	134,490,748
Additions		797,750	0	4,545,088	5,342,838
Disposal		(58,001)	(30,000)	(1,588,172)	(1,676,172))
Total as at 30th June 2024	**20,120,000**	**84,162,277**	**5,182,145**	**28,692,993**	**138,157,416**
Additions	14,131,809				14,131,809
Disposals				(250,678)	(250,678)
Total as at 30th June 2025	**34,251,809**	**84,162,277**	**5,182,148**	**28,442,320**	**152,038,554**
Depreciation and impairment					
As at 1st July 2023	20,120,000	31,434,631	2,535,194	21,704,171	75,793,995
Depreciation on disposal		(50,751)	(28,125)	(1,588.172)	(1,667,047)
Charge for the year		10.520,285	649,644	4,288,395	15,458,323
Total as at 30th June 2024	**20,120,000**	**41,904,166**	**3,156,713**	**24,404,395**	**89,585,273**
Charge for the year	3,532,952	10,314,660	430,794	2,773,563	17,051,968
Depreciation on disposal				(250,678)	(250,678)
Total as at 30th June 2025	**23,652,952**	**52,218,825**	**3,587,506**	**26,927,291**	**106,386,573**
NBV as at 30th June	**-**	**42,258,112**	**2,025,433**	**4,288,598**	**48,572,143**
NBV as at 30th June 2025	**10,598,857**	**31,943,452**	**1,594,643**	**1,515,029**	**45,651,981**

There are no restrictions on the assets. Included are assets worth kshs.47,447,020 that were fully depreciated as at 30th June 2025 and which are recorded on cost but the assets are still useful to the organization.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. INTANGIBLE ASSETS –SOFTWARE

	2024/2025	2023/2024
Cost	**Kshs**	**Kshs**
At beginning of the year	27,653,184	29,940,087
Additions for the year	3,479,826	-
Disposal during the year	(1,943,000)	(2,286,902)
At end of the year	**29,190,010**	**27,653,185**
Amortization		
At beginning of the year	27,314,232	26,011,224
Depreciation on disposal	(1,682,000)	(1,911,984)
Charge for the year	1,237,894	3,214,905
At end of the year	**26,870,126**	**27,314,145**
Net Book Value	**2,319,884**	**338,950**

There are no restrictions on the assets. Intangible assets worth Kshs25,710,184 have been fully depreciated. Intangible assets relate to Microsoft Navision Integrated Financial Management Information System (ERP) Electronic Document Management System (EDMS) and Asset management system.

22. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	**2024/2025**	**2023/2024**
	Kshs	**Kshs**
Trade creditors	267,092	130,914
Other payables	3,860,920	15,856,176
Total	**4,128,012**	**15,987,090**

Ageing analysis: (Trade and other payables)	**Current FY**	**% of the Total**	**Comparative FY**	**% of the Total**
Under one year	**4,128,012**	100%	**15,987,090**	**100%**
1-2 years	**0**		**0**	
2-3 years	**0**		**0**	
Over 3 years	**0**		**0**	
Total (tie to above total)	**4,128,012**	**100%**	**15,987,090**	**100%**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. CURRENT PROVISIONS

Description	Staff Gratuity	Other provision	2024/2025	2023/2024
	Kshs	Kshs	Kshs	Kshs
Balance b/f	16,815,128	9,173,574	25,988,702	56,048,23
Additional Provisions	19,080,918	11,986,531	31,067,449	28,091,688
Provision utilized	(2,399,293)	(12,181,546)	(14,580,839)	(58,150,962)
Total provisions year	**33,496,752**	**8,978,559**	**42,475,312**	**25,988,959**

24. DEFERRED INCOME

Description	2024/2025	2023/2024
	Kshs	Kshs
Recurrent Grant FY 2023/24	605,379,843	605,379,843
Total	**605,379,843**	**605,379,843**

The deferred income statement movement is as follows:

Description	National Government	Total
	Kshs	Kshs
Balance brought forward	605,379,843	605,379,843
Additions		
Transfer to Capital fund	-	-
Transfer to the Income statement	-	-
Other transfers	-	-
Balance carried forward	**605,379,843**	**605,379,843**

*Deferred income refers to unutilized budget for 2023/24 made up of grants, rollover funds and other income to be utilized in 2024/25 upon approval by National Treasury which has been deferred as per IPSAS 47. Previously the roll over fund has been treated as part of reserves.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. REVENUE RESERVES

Description	2024/2025	2023/2024
	Kshs	Kshs
Opening balances	166,871,889	303,616,030
Deficit	75,758,700	(109,324,241)
Transfer to the car loan and mortgage scheme account		(28,330,292)
Prior year adjustments*		910,392
Total	**242,630,589**	**166,871,889**

Prior year adjustment relates to balances on house allowance arrears for the period 2015/2016- 2020/2021 whose payment was done in 2023/24 FY.

26. REVALUATION RESERVE

Description	2024/2025	2023/2024
	Kshs	Kshs
Opening balances	5,433,981	5,818,115
Reductions*	(261,000)	(384,134)
Total	**5,172,981**	**5,433,981**

**** Reductions were due to revalued assets that were disposed of before they were fully depreciated.***

27. CASH GENERATED FROM OPERATIONS

Description	2024/2025	2023/2024
	Kshs	Kshs
Surplus/deficit for the year	**75,758,700**	**(222,789,362)**
Prepayments	(14,133,090)	(302,500)
Prior year adjustments	0	(14,602,000)
Transfer to staff Mortgage	0	(106,334,246)
Depreciation & amortization	18,289,862	23,885,644
	79,915,471	**(320,142,464)**
Changes in working capital		
Inventory	106,702	(359,606)
Receivables	21,535,978	57,628,293
Payables	4,628,555	21,524,094
	26,271,235	**78,792,781**
Net cash flows from operating activities.	**106,186,706**	**(241,349,683)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. FINANCIAL RISK MANAGEMENT

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

(i) Credit risk

Privatization Commission has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

	Total Amount	Fully Performing	Past Due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Bank Balances	847,052,783	847,052,783	-	-
Receivables from Non-Exchange Transactions	4,297,228	4,297,228	-	-
At 30 June 2024				
Bank Balances	744,345,902	744,345,90	-	-
Receivables from Non-Exchange Transactions	25,833,206	25,833,206	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

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

(ii) Liquidity Risk Management

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

The table below represents cash flows payable by the organization under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Trade payables	267,090	-	-	267,090
Provisions	8,173,860	-	804,427	8,978,287
Payroll deductions	3,986,776			3,986,776
Employee benefit obligation	33,496,752			33,496,752
	45,924,478		**804,427**	**46,728,905**
As at 30 June 2024				
Trade payables	130,914	-	-	130,914
Provisions	8,404,368	-	638,548	9,042,916
Payroll deductions	15,987,090			15,987,090
Employee benefit obligation	1,662,342	3,245,148	11,907,639	16,815,129
	26,184,714	**3,245,148**	**12,546,1**	**41,976,049**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

Privatization Commission's Research & Planning Department is responsible for the development of detailed risk management policies (subject to review and approval by the Human Resources and Risk Management Committee) and for the day-to-day implementation of those policies.

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

(iv) Foreign currency risk

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

(v) Interest rate risk

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

Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(i) Capital Risk Management

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	5,172,981	5,433,981
Retained earnings	242,630,589	166,871,890
Total funds	**247,803,570**	**172,305,871**

29. RELATED PARTY DISCLOSURES

Nature of related party relationships

Entities and other parties related to the Privatization Commission include those parties who have the 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 Privatization Commission holding 100% of the Privatization Commission's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

i. The National Government;
ii. The Parent Ministry;
iii. Key management
iv. Board of Directors

NOTES TO THE FINANCIAL STATEMENTS (Continued)

RELATED PARTY DISCLOSURES (Continued)

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
Purchase from related parties		
Rent paid to government agencies	26,594,493	26,376,613
Training and conferences paid to government agencies	1,284,780	1,151,318
Fuel and lubricants	0	1,730,801
Internet	160,080	812,845
Telephone expenses	798,167	133,400
Advertising	752,400	713,920
Courier services	1,320	11,513
External Audits	1,126,250	765,600
Local transport	1,208,517	1,670,938
	31,926,007	**33,864,408**
a) Grants from the Government		
Grants from the National Government	354,700,000	847,000,000
Total	**354,700,000**	**847,000,000**
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	157,046,588	156,633,831
Total	**157,046,588**	**156,633,831**
c) Key management compensation		
Directors Emoluments	14,221,882.34	26,167,302
Compensation to the CEO	10,130,596.67	10,154,667
Compensation to Key management Staff	92,360,037.09	95,445,974
	116,712,516.1	**131,767,943**

There were no payments to close family members of the key management personnel.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. CAPITAL COMMITMENTS

The following Capital commitments are expected to be incurred in the year 2025/26. They had been approved and/or contracted.

Description	2024/2025	2023/2024
	Kshs	Kshs
Authorised and contracted		
Ongoing contracts relating to operations	46,603,324	94,620,157
	46,603,324	**94,620,157**

31. DIVIDENDS/SURPLUS REMISSION

The entity did not submit any surplus during the financial year 2024/2025

32. TAXATION

During the year the Commission did not pay Corporation tax but a provision of 30% has been made on income generated in the 2024/2025 financial year.

33. EVENTS AFTER THE REPORTING PERIOD

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

34. ULTIMATE AND HOLDING ENTITY

Privatization Commission is a State Corporation under the National Treasury. Its ultimate parent is the Government of Kenya.

35. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

20. REPORT ON ACTIVITIES UNDERTAKEN UNDER THE PRIVATIZATION PROGRAMME

During the financial year 2024/25, there was no entity that was privatized however the status of Privatization Programme Implementation Status is as follows;

Introduction and Mandate
This report provides a consolidated summary of the implementation status for privatization transactions implemented in the Financial Year (FY) 2024/2025. In the FY, the Commission was engaged in the implementation of approved privatization proposals for **ten (10) entities** and preparation of specific privatization proposals for **two (2) entities**.

1. Challenges in FY 2024/2025

The implementation of privatization activities during FY 2024/2025 was significantly impacted by two primary factors:

- **Nullification of the Privatisation Act, 2023:** The High Court declared the Privatisation Act, 2023, null and void on **24th September 2024**. This ruling directly led to the termination of ongoing procurement processes for transaction advisors and an inability to evaluate received bids.
- **Absence of a Commission Board:** A major interruption in the functionality of the Commission occurred due to the **lack of a fully constituted Commission Board between November 2024 and April 2025**. This absence prevented the approval of due diligence and valuation reports, and consequently, the progression of implementation for multiple transactions.

2. Detailed Implementation Status by Entity (FY 2024/2025)

The status for each of the ten entities under the privatization programme for FY 2024/2025 is as follows:

2.1. Kenya Hotel Properties Limited (KHPL)

- **Status:** The Commission **restarted the privatization process** for the Government of Kenya's (GoK) 33.83% shareholding in KHPL, following non-responsive bids in FY 2023/24 due to prices below the reserve. A procurement process for a transaction advisor for valuation updates was initiated but **terminated subsequent to the nullification of the Privatisation Act, 2023** on 24th September 2024.
- **Impact:** The nullification of the Act and the absence of a Commission Board between November 2024 and April 2025 **halted the transaction**.
- **Outlook:** The Commission intends to **restart the privatization process in FY 2025/2026**.
-

2.2. International Hotels (K) Limited (IHKL)

- **Status:** Similar to KHPL, the privatization of GoK's 40.58% shareholding in IHKL was **restarted** in FY 2024/25 due to previous bids falling below the reserve price. The procurement for a transaction advisor to update valuation was initiated but **terminated subsequent to the nullification of the Privatisation Act, 2023** on 24th September 2024.
- **Impact:** The **nullification of the Privatisation Act, 2023**, on 24th September 2024 and the lack of a Commission Board further impeded progress.
- **Outlook:** The privatization process is **scheduled to restart in FY 2025/2026.**

2.3. Kenya Wine Agencies Limited (KWAL) and KWA Holdings (E.A) Limited (KHEAL)

- **Background:** Phase 1 of privatization, involving 26% shareholding to Distell and 4% to employees, was completed. Phase 2, the sale of the remaining 43.77% GoK shareholding in KHEAL and 0.0000125% in KWAL, is ongoing.
- **Status:** The Commission **restarted the sale** of GoK shareholding in FY 2024/2025 due to non-responsive proposals in FY 2023/24. Expressions of Interest (EOI) were re-advertised on 12th August 2024, attracting two bids by 26th August 2024. Requests for Proposal (RfP) were issued on 5th September 2024, with two bids received by 26th September 2024.
- **Impact:** The received bids **could not be evaluated due to the nullification of the Privatisation Act, 2023**, on 24th September 2024.
- **Outlook:** The RfP was re-issued on 30th May 2025, with a revised submission deadline of **21st July 2025**.

2.4. Development Bank of Kenya Limited (DBKL)

- **Status:** The Commission initiated the implementation of the Cabinet's approval (dated 14th February 2024) for the sale of GoK's 89.32% shares in DBKL through public tender. Due diligence and valuation reports were **completed in August 2024** and approved by the DBKL Steering Committee on 11th September 2024.
- **Impact:** These reports **await approval from the Commission Board**, and the transaction was **halted by the nullification of the Privatisation Act, 2023, and the absence of a Board.**

2.5. Kenya Safari Lodges & Hotels (KSLH) Limited

- **Status:** Cabinet approval was granted on 14th February 2024, to sell GoK's 82.45% shares by inviting existing shareholders to exercise pre-emptive rights. Due diligence and valuation assessments were **completed and approved by the Steering Committee on 16th September 2024 and by the Board on 19th September 2024.**
- **Impact:** Implementation has been **delayed due to the nullification of the Privatisation Act, 2023, and the subsequent lack of a Commission Board.** Asset and business valuations are yet to be approved for full implementation.

2.6. Mt. Elgon Lodge Limited

- **Status:** Cabinet approved the sale of GoK's 72.91% shares through public tender on 14th February 2024. Due diligence and valuation assessments were **completed and approved by the Steering Committee on 16th September 2024 and by the Board on 19th September 2024.**
- **Impact:** Implementation faces **delays due to the nullification of the Privatisation Act, 2023, and the absence of a Commission Board.** Asset and business valuations are pending final approval.

2.7. Golf Hotel Limited

- **Status:** Cabinet approved the sale of GoK's 80% shares via public tender on 14th February 2024. Due diligence and valuation assessments were **completed and approved by the Steering Committee on 16th September 2024 and by the Board on 19th September 2024.**
- **Impact:** Implementation is **delayed due to the nullification of the Privatisation Act, 2023, and the lack of a Commission Board.** Asset and business valuations are yet to be approved.

2.8. Sunset Hotel Limited

- **Status:** Cabinet approved the sale of GoK's 95.42% shares through public tender on 14th February 2024. Due diligence and valuation assessments were **completed and approved by the Steering Committee on 16th September 2024 and by the Board on 19th September 2024.**
- **Impact:** Implementation is **delayed due to the nullification of the Privatisation Act, 2023, and the absence of a Commission Board.** Asset and business valuations require final approval.

2.9. Kabarnet Hotels Limited

- **Status:** Cabinet approved the sale of GoK's 98% shares through the sale of assets by public tender on 14th February 2024, with proceeds to cover liabilities and the company to be wound up. Due diligence and valuation assessments were **completed and approved by the Steering Committee on 16th September 2024 and by the Board on 19th September 2024.**
- **Impact:** Implementation faces **delays due to the nullification of the Privatisation Act, 2023, and the absence of a Commission Board.** Asset and business valuations are pending approval.

2.10. Mountain Lodge Limited (MLL)

- **Status:** The valuation of Kenya Safari Lodges & Hotels (KSLH) Limited, a significant driver for MLL's valuation, was **undertaken and completed** in FY 2024/25. MLL's valuation is contingent upon the approval of KSLH's valuation.
- **Impact:** The finalization of MLL's valuation is pending the approval of KSLH's valuation. The nullification of the Act or Board absence did not directly impact on this transaction.
- **Outlook:** Once MLL's valuation is finalized, the Commission will offer the Government shareholding for sale.

2.11. Kenya Meat Commission (KMC)

The due diligence to inform the preparation of privatization proposals was prepared and approval obtained. **A specific proposal for KMC was developed.** The specific proposal for KMC was **submitted to the Cabinet Secretary, National Treasury and Economic Planning on 12th February 2025** for onward transmission to the Cabinet.

2.12. Ark Hotel Limited

The due diligence to inform the preparation of privatization proposals/advisory was prepared and approval obtained. **A specific proposal for the Ark Hotel was developed.** The specific proposal for the Ark Hotel was **submitted to the Cabinet Secretary, National Treasury and Economic Planning on 24th January 2025** for onward transmission to the Cabinet.

21. APPENDICES

APPENDIX I: IMPLEMENTATION STATUS OF AUDITOR-GENERAL'S RECOMMENDATIONS

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

Reference No. on the external audit Report	**Issue / Observations from the Auditor**	**Management comments**	**Status: *(Resolved / Not Resolved)***	**Timeframe: *(Put a date when you expect the issue to be resolved)***
Emphasis of Matter				
1. Slow Implementation of the Authority's Core Mandate	As previously reported, the Authority (formerly Commission) began its operations in 2008. Since then, it has successfully completed the privatization of only one public enterprise. In 2022/2023 and as indicated under the report of the Managing Director/CEO, seven (7) privatization proposals were submitted to The National Treasury for approval, out of which six (6) were approved. However, none of the six has been privatized. The Authority has, therefore, not effectively achieved its core mandate on privatization of public enterprises. This has resulted in a significant increase in the cost of contracted services acquired from consultants assisting the Authority in the production and updating of privatization status reports. It is therefore, not clear whether value for money was realized	The Privatization process involves two stages: the making of a specific Privatization proposal as the first stage and the implementation of an approved Privatization proposal as the second stage. Due to the delay in approval of specific Privatization proposals submitted by the Commission to the National Treasury, the second phase of the Privatization process could not be initiated before the end of the financial year. During FY 2023/2024 the Commission went to market with three transactions but the bids received were below the reserve price.	Not resolved	N/A

Reference No. on the external audit Report	Issue / Observations from the Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timefran. *(Put a date when you expect the issue to be resolved)*
	from the expenditure of Ksh. 49,401,470 spent on Transaction Advisory Services as disclosed in Note 11 to the financial statements.			
2.Budgetary Control and Performance	The statement of comparison of budget and actual amounts reflects actual expenditure of Kshs. 443,342,763 against approved budget of Kshs. 1,159,273,872 resulting to under-performance of Kshs. 715,931,109 or 62% of the budget. The under-performance affected the planned activities and may have impacted negatively on service delivery to the public.	The low budget absorption rate was largely due to under absorption of funds allocated to the core mandate (contracted services). The budget allocated under contracted services factors both the preparatory and implementation phases of the Privatization process for each transaction. As a result, due to the delay in receiving approval of specific Privatization proposals, the budget that had been earmarked for implementation of the various transactions could not be utilized.	Not resolved	N/A
Human Resource Management – Under-staffing	During the year under review, the Authority had an approved staff establishment of sixty-three (63) employees. However, only thirty-four (34) employees were in position, resulting to under-staffing by twenty-nine (29) employees.	The Commission has not filled all the positions in the approved staff establishment due to a lack of budget. The approved budget from National Treasury was	Not Resolved	N/A

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

.....

Ag. Executive Director/CEO
Date: 21/08/2025

APPENDIX II: PROJECTS IMPLEMENTED

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

Project title	Project Number	or	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Privatization Commission did not implement any project funded by donor funds.

APPENDIX III: STATUS OF PROJECTS COMPLETION

S/N	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Privatization Commission did not implement any project during the year

APPENDIX IV: INTER-ENTITY CONFIRMATION LETTER

Privatization Commission
P.O. Box 34542-00100
Nairobi

The Privatization Commission wishes to confirm the amounts disbursement to you as at 30th June 2025 as indicated below. Please compare the amounts disbursed to you with the amounts you received and populate the Column E in the table below.

	Confirmation of amounts received by						
Ref No	**Date Disbursed**	**Recurrent (A)**	**Development (B)**	**Inter-Ministerial (C)**	**Total D= A+B+C**	**Amount Received by Privatization Commission As at 30th June 2024 (E)**	**Differences Kshs. F=D-E**
Q 1	9/9/24	88,675,000	0	0	88,675,000	88,675,000	0
Q 2	31/10/24	88,675,000	0	0	88,675,000	88,675,000	0
Q 3	13/02/25	88,675,000	0	0	88,675,000	88,675,000	0
Q 4	28/2/25	88,675,000	0	0	88,675,000	88,675,000	0
Total		**354,700,000**			**354,700,000**	**354,700,000**	**0**

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

Head of Accounts Department
Privatization Commission

Name Virginiah Kariuki_____ **Sign**_____ **Date** 21/08/25