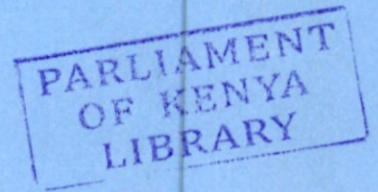


REPUBLIC OF KENYA



*Enhancing Accountability*

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| <b>REPORT</b>                                                                     |                                              |
| THE NATIONAL ASSEMBLY<br>PAPERS LAID                                              |                                              |
| DATE: 19 JUN 2024                                                                 | DAY: WEDNESDAY                               |
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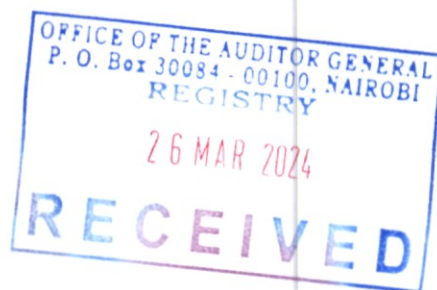
**THE AUDITOR-GENERAL**

**ON**

**KENYA FOREST SERVICE (KFS)**

**FOR THE YEAR ENDED  
30 JUNE, 2023**





# ANNUAL REPORT & FINANCIAL STATEMENTS

for the financial year ended

**JUNE 30, 2023**

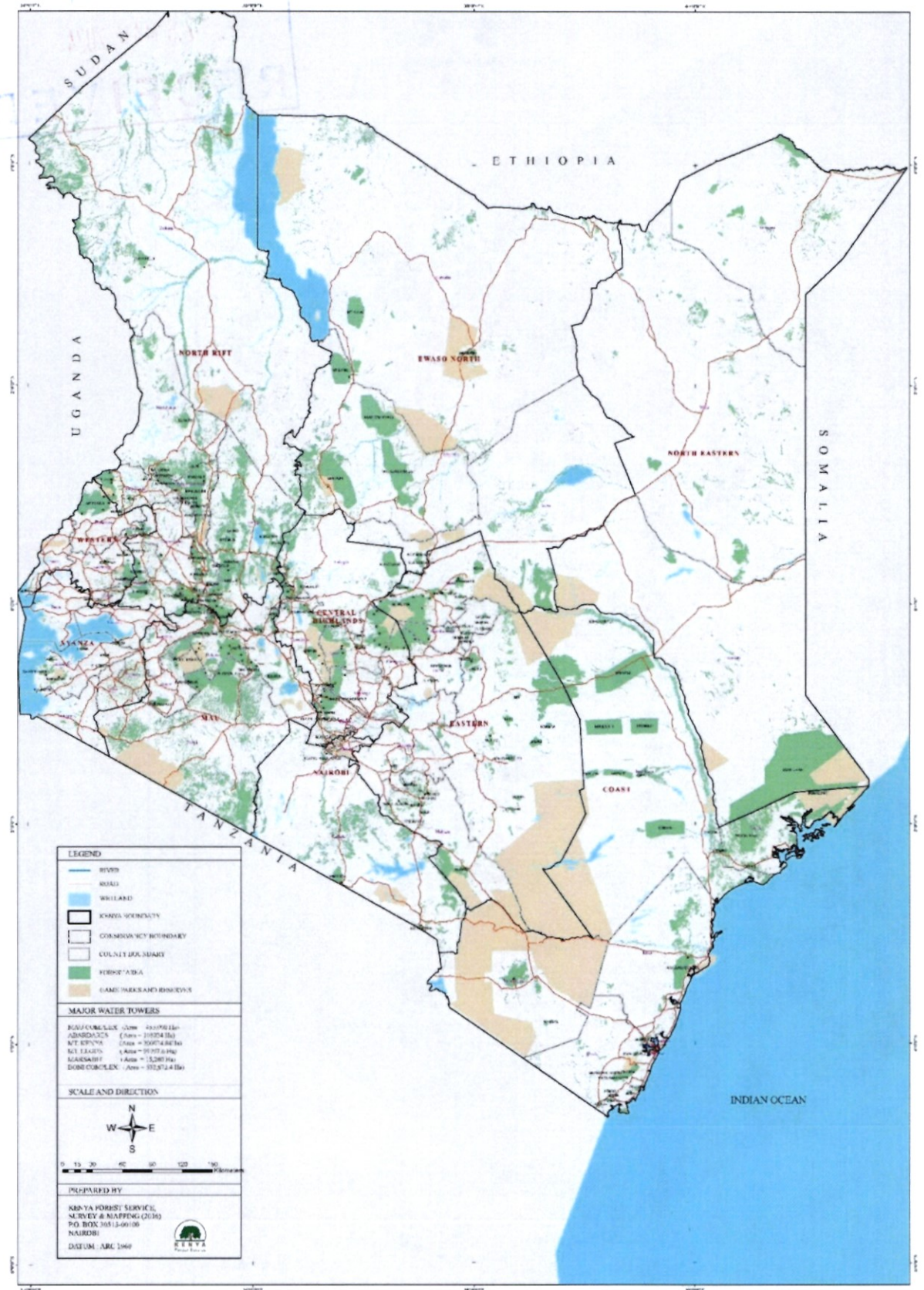


*Trees for better lives*

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



# FOREST ADMINISTRATIVE BOUNDARIES





Kenya Forest Service  
Annual Report and Financial Statements  
For the year ended June 30, 2023

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## INTRODUCTION

### KEY SERVICE INFORMATION AND MANAGEMENT

#### Background Information

Kenya Forest Service is a body corporate established under the Forest Conservation and Management Act no. 34 of 2016. The Act which was operationalized on March 31, 2017, gave the Service's mandate as "to conserve, protect and manage forest resources for environmental integrity and socioeconomic development of the country and for connected purposes"

The Service is categorised as a schedule 4 national government entity with a national spread stratified into ten (10) forest conservancy areas that are ecologically demarcated, with ecosystem offices in all the 47 counties. These offices are critical in the co-ordination of forest conservation, management and surveillance.

#### Principal Activities

The Functions of the Service as provided in the act are; -

- i. Conserve, protect and manage all public forests in accordance with the provisions of the Act;
- ii. Prepare and implement management plans for all public forests and, where requested, assist in preparation of management plans for community forests or private forests in consultation with the relevant owners;
- iii. Receive and consider applications for licenses or permits in relation to forest resources or management of forests or any other relevant matter in accordance with the Act;
- iv. Establish and implement benefit sharing arrangements in accordance with the provisions of the Act;
- v. Assist county governments to build capacity in forestry and forest management in the counties;
- vi. In consultation with relevant stakeholders, develop programmes for tourism and for recreational and ceremonial use of public forests;
- vii. Promote forestry education and training;
- viii. Register and maintain a register of all forest management plans prepared for public forests;
- ix. Collaborate with relevant persons and institutions in identifying research needs and applying research findings in relation to forests and forestry;
- x. Manage water catchment areas in relation to soil and water conservation, carbon sequestration and other environmental services in collaboration with relevant stakeholders;
- xi. Prepare a Forest Status Report for the Cabinet Secretary once in every two years; and a Resource Assessment Report for the Cabinet Secretary once in every five years;
- xii. Consider and recommend to the Cabinet Secretary the establishment of public forests on un-alienated public land or any other public land;
- xiii. Consider and recommend to the Cabinet Secretary the determination and alteration of boundaries of public forests;
- xiv. Establish forest conservancy areas for purposes of conservation and management;
- xv. Approve the provision of credit facilities and technical training for community-based forest industries, and the provision of incentives to persons for the sustainable utilization of wood and non-wood forest products;
- xvi. Implement and enforce rules and regulations governing importation, exportation and trade in forest produce.
- xvii. Develop, maintain and regularly update a geographic information system database of all forests in Kenya.



Vision, Mission and Strategic Goal

Vision

“To be an internationally recognized organization of excellence in knowledge based sustainable forest resources development, conservation and management”.

Mission

“Conservation, management, development and sustainable utilisation of forests and allied resources”.

Strategic Goal

The Kenya Forest Service strategic goal is to conserve, develop and manage forest resources sustainably for the provision of forest goods and services.



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**Core Values**

Our core values form the foundation of how we conduct ourselves when carrying out our duties. The Service is guided by the following core values: - (**T, R, E, E, I, S**)

- **Teamwork:** Embrace mutual support, active participation, collective responsibility, open communication, information sharing and mentoring.
- **Results Oriented.** Allocation of resources based on measured performance to maximize effectiveness.
- **Equity:** Fairness, affirmative action and sensitivity
- **Excellence:** Challenge to the highest level of performance, to create the greatest impact.
- **Integrity:** Conduct our daily business on the basis of accountability and transparency, with a zero tolerance for corruption.
- **Scientific principles and professionalism:** Decision making and practice will be based on current scientific knowledge and best practice.

**Key Management**

Kenya Forest Service day-to-day management is under the following key organs:

- Board of Directors;
- Chief Conservator of Forests (CCF); and
- Senior Management Team

**Fiduciary Management**

The senior management team led by the Chief Conservator of Forest is entrusted to manage the Service total assets to execute the long-term strategies efficiently and target better outcome through a more effective governance structure. The key management personnel who held office during the financial year ended 30 June 2023 and who had direct fiduciary responsibility were:

| No. | Name                   | Designation                                                                |
|-----|------------------------|----------------------------------------------------------------------------|
| 1.  | Alex Lemarkoko*        | - Chief Conservator of Forests (CCF)                                       |
| 2.  | Julius Kamau, EBS*     | - Former Chief Conservator of Forests (CCF)                                |
| 3.  | Peter K. Waweru        | - Head - Directorate of Forest Conservation and Management                 |
| 4.  | Monica Kalenda**       | - Head - Directorate of Strategy, Partnerships & Resource Mobilization     |
| 5.  | Charity Munyasya       | - Ag. Head - Directorate of Strategy, Partnerships & Resource Mobilization |
| 6.  | Lucy Kiboi             | - Ag. Senior Manager, Corporate Services                                   |
| 7.  | David Chege            | - Ag. Commandant                                                           |
| 8.  | Stephen Mugi           | - Ag. Senior Manager, Internal Audit                                       |
| 9.  | Elizabeth Wambugu      | - Principal, Kenya Forestry College (KFC)                                  |
| 10. | Zipporah Toroitich     | - Deputy CCF, Conservancy Co-ordination                                    |
| 11. | Dr. Clement Ngoriareng | - Deputy CCF, Dryland & Private Forest Development Coordination            |
| 12. | Beatrice Mbula         | - Deputy CCF, Natural Forest Conservation                                  |
| 13. | Andrew Soi             | - Deputy CCF, Plantation & Enterprises                                     |
| 14. | Anastasia Muasya***    | - Manager, Finance & Accounting                                            |
| 15. | Juliana Ochieng        | - Manager, Human Resource                                                  |



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| No. | Name            | Designation                                                |
|-----|-----------------|------------------------------------------------------------|
| 16. | Esther Keige    | - Manager, Legal Services                                  |
| 17. | Isaac Wekesa    | - Ag. Manager, Administration & Infrastructure Development |
| 18. | Anthony Weru*** | - Ag. Manager, Finance & Accounting                        |
| 19. | Anne Muthamia   | - Ag. Manager Corporate Communications                     |
| 20. | Victor Kobia    | - Ag. Manager Supply Chain Management                      |
| 21. | Stephen Cheboi  | - Ag. Manager ICT                                          |

*\*Mr Julius Kamau exited the Service in April 2023 and Mr. Alexander Lemarkoko took over in an acting capacity and was confirmed as the CCF in July 2023.*

*\*\*Mrs. Monica Kalenda retired from the Service in April 2023.*

*\*\*\*Mrs. Anastasia Muasya took over as Manager Finance & Accounting in May 2023 and Mr. Anthony Karanja stepped down*

### **Fiduciary Oversight Arrangements**

The current Board was appointed in March 2023. The Board of Directors has four Committees with specific delegated authorities. These are the

- Audit and Risk Compliance Committee,
- Human Resource and Administration Committee,
- Finance and Resource Mobilization Committee, and
- Technical, Planning, Development and Kenya Forestry College Committee.

#### **i) Audit and Risk Compliance Committee**

The Audit and Risk Compliance Committee evaluates and recommends policies on the Service's internal controls and financial propriety as well as risk management, review matters connected with audits and the provision of assurance regarding internal controls.

| NO. | NAME                 | POSITION    |
|-----|----------------------|-------------|
| 1.  | Dr. Doris Mutta      | Chairperson |
| 2.  | Ms. Isabella Kogei   | Member      |
| 3.  | Mr. Peter Leitoro    | Member      |
| 4.  | Mr. Abdallah Komesha | Member      |

#### **ii) Human Resource and Administration Committee**

The main function of the Human Resource and Administration Committee is policy compliance and ensure effective management of human resources and administrative functions.

| NO. | NAME                    | POSITION    |
|-----|-------------------------|-------------|
| 1.  | Mr. Ahmed Mohamed       | Chairperson |
| 2.  | Dr. George Muthike      | Member      |
| 3.  | Mr. Zakayo Maina        | Member      |
| 4.  | Mr. Abdallah Komesha    | Member      |
| 5.  | Mr. Kunal Chodhari      | Member      |
| 6.  | Mr. Alexander Lemarkoko | Member      |

#### **iii) Finance and Resource Mobilization Committee**

The Finance and Resource Mobilization Committee evaluates and recommends policies to ensure the financial stability, corporate wellbeing and effective management of the Service's



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assets as well as recommend financial plans, actively monitor fiscal performance and advise on appropriate standards for assessing business risk.

| NO. | NAME                    | POSITION    |
|-----|-------------------------|-------------|
| 1.  | Mr. Kunal Chowdhari     | Chairperson |
| 2.  | Ms. Isabella Kogei      | Member      |
| 3.  | Mr. Peter Leitoro       | Member      |
| 4.  | Mr. Ahmed Mohamed       | Member      |
| 5.  | Mr. Alexander Lemarkoko | Member      |

**iv) Technical, Planning, Development & KFC Committee**

The Technical, Planning, Development & KFC Committee is responsible for ensuring; policy compliance, operational and legal compliance, advising the Board on proposed subsidiary legislation, effective management of forests, effective organisational structures for forest conservancy areas as well as approvals of technical policies, strategies and systems. It also handles matters related to the Kenya Forestry College (KFC), Londiani.

| NO. | NAME                    | POSITION    |
|-----|-------------------------|-------------|
| 1.  | Dr. George Muthike      | Chairperson |
| 2.  | Dr. Doris Mutta         | Member      |
| 3.  | Mr. Zakayo Maina        | Member      |
| 4.  | Mr. Peter Leitoro       | Member      |
| 5.  | Mr. Alexander Lemarkoko | Member      |

**Headquarters**

Kenya Forest Service  
P.O. Box 30513 - 00100,  
Karura Forest, off Kiambu Road,  
Nairobi - Kenya.

**Contacts**

Telephone: (254) 020 2014663 / 020 2589055

E-mail: [info@kenyaforestservice.org](mailto:info@kenyaforestservice.org), [director@kenyaforestservice.org](mailto:director@kenyaforestservice.org)

Website: [www.kenyaforestservice.org](http://www.kenyaforestservice.org)



@KeForestService



Kenya Forest Service



Kenya Forest Service



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**Bankers**

Kenya Commercial Bank  
P.O. Box 14959  
Tel: +254-20-3747576  
Fax: +254-20-3747576  
E-mail: [info@kcb.co.ke](mailto:info@kcb.co.ke)  
Website: [www.kcb.co.ke](http://www.kcb.co.ke)

Co-operative Bank of Kenya  
P.O. Box 48231-00100,  
Tel: +254-20-3276000  
Fax: +254-20-219821  
E-mail:  
[customerservice@co-opbank.co.ke](mailto:customerservice@co-opbank.co.ke)  
Website: [www.co-opbank.co.ke](http://www.co-opbank.co.ke)

National Bank of Kenya  
P.O. Box 72866-00200 Nairobi  
Tel: 020-2828000  
Fax: 020-311444/222304  
E-Mail:  
[corporateaffairs@nationalbank.co.ke](mailto:corporateaffairs@nationalbank.co.ke)

NCBA Bank  
P.O. Box 44599-00100, GPO,  
Tel: + 254-20-2884444  
Fax: + 254-20-2888505  
E-mail:  
[customercare@ncbagroup.com](mailto:customercare@ncbagroup.com)  
Website: [www.ncbagroup.com](http://www.ncbagroup.com)

Equity Bank  
P.O. Box 75102-00200-Nairobi  
Tel: +254-20-2262000  
Fax: +254-20-2737276  
E-mail: [info@equitybank.co.ke](mailto:info@equitybank.co.ke)  
Website: [www.equitybank.co.ke](http://www.equitybank.co.ke)

**Independent Auditors**

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

**Principal Legal Adviser**

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



## THE BOARD OF DIRECTORS



### **Mr. Job Chirchir - Chairman**

*Born 1966*

Mr. Job Chirchir holds a BA (Hons) degree. His area of expertise is Human Resource and Marketing.



### **Mr. Zakayo Maina - Representative of Community Forest Associations (CFA)**

*Born 1958*

Mr. Maina is an independent Member of the Board representing Community Forest Associations (CFAs). His area of expertise is Community Partnership and Coordination, and Business Enterprises.



### **Mr. Peter Leitoro, OGW - Alternate to Principal Secretary, Environment and Forestry**

*Born 1961*

Mr. Leitoro holds a master's in Security Studies and Risk Management and an MBA (Strategic Management) as well as a diploma in Conservation and Management and diploma in International Studies. His area of expertise is Security Management.



### **Mr. Ahmed Mohamed - Representative of the Council of Governors**

*Born 1969*

Mr. Mohamed holds a Masters degree in International relations. He is the chairman of the Human Resource and Administration Committee. His area of expertise is Policy and Governance.



**Mr. Abdallah Komesha - Alternate to Inspector General of National Police Service**

*Born 1966*

Mr. Komesha holds a Bachelor of Arts degree. He specialises in Criminal Investigations.



**Dr. Doris N. Mutta - Representative of the Forestry Society of Kenya**

*Born 1964*

Dr. Mutta is a Programme Officer by profession. She holds a Ph. D in Environmental Studies. She is the Chairperson of the Audit Risk and Compliance Committee.



**Mr. Kunal Chowdhari - Representative of the Forest Industry**

*Born 1983*

Mr. Chowdhari holds a Bachelor of Science (IT) degree. He is the Chairman of the Finance Committee of the board. His area of expertise is Business Development.





### **Dr. George Muthike - Alternate to the Director KEFRI**

*Born 1964*

Dr. George Muthike holds a BSc. in Wood Science and Technology, MPhil. in Wood Science and Technology (Timber Engineering), both from Moi University, Kenya, and a PhD. in Biomechanical and Environmental Engineering (Timber Processing) from Jomo Kenyatta University of Agriculture and Technology, Kenya. He also holds a Diploma in Transformational Leadership from Pan African University, Kenya. Dr. Muthike currently serves as the Deputy Director, Forest Products Development (FPD) in KEFRI. He has Optimized one Technology (Framed Chain Sawing) for On-farm timber sawing. He chairs the Technical Committee on Timber Standards and a member of Bamboo, and Wood Composites Technical Committees of the Kenya Bureau of Standards. He is a full member of Forest Society of Kenya. Kenya.



### **FA, CPA. Isabella Kogei - Alternate to PS, National Treasury**

FA, CPA Isabella Kogei is a Deputy Director in Charge of Parliamentary Business at the National Treasury. She holds a Bachelor of Commerce (Accounting) and Master of Science (Finance) Degrees from Kenyatta University; she is currently pursuing a Doctor of Philosophy (Finance) Degree from the same University. Professionally, CPA Isabella Kogei is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Investments and Financial Analysts (ICIFA) and the Institute of Internal Auditors (IIA). FA, CPA Isabella has vast experience of 15 years in finance and accounting in both public and private sectors. She has performed roles in finance and administration and contributed to organizational resource planning, financial reporting and management at strategic level having been recognized by ICPAK with an Award of Commendation for her exemplary Service in Public Finance and Accountancy.



### **Alexander Lemarkoko - Chief Conservator of Forests**

Mr. Lemarkoko took over as acting Chief Conservator of Forests in April 2023 and was confirmed as the CCF in July 2023. Mr. Lemarkoko has over thirty-one (31) years' experience in forest management and protection. He holds a Master of Arts degree in International Studies. He is a graduate of the National Defence College and a Full Member of the Forestry Society of Kenya.



### **Ms. Laura Yego - Ag. Principal Legal Officer**

Ms Yego is the Ag. Principal Legal Officer. She holds a Bachelor of Laws Degree (LLB) (Hons) and is currently pursuing a master's degree in Environmental Law from the University of Nairobi. She is also undertaking examinations for the Certified Secretary (CS) certification course. She is an Advocate of the High Court of over 16 years' experience, a Commissioner for Oaths and a Notary Public. She is a member of the Law Society of Kenya and the East Africa Law Society in good standing.



## MANAGEMENT TEAM



### Alexander Lemarkoko - Chief Conservator of Forests

Mr. Lemarkoko took over as acting Chief Conservator of Forests in April 2023 and was confirmed as the CCF in July 2023. Mr. Lemarkoko has over thirty-one (31) years' experience in forest management and protection. He holds a Master of Arts degree in International Studies. He is a graduate of the National Defence College and a Full Member of the Forestry Society of Kenya.



### Julius Kamau, EBS - Chief Conservator of Forests

Mr. Kamau is a First Class Honors Degree holder in Forestry (Moi University). He also holds a Master of Arts Degree in Environmental Planning and Management (University of Nairobi) and a Diploma in International Environmental Law Making and Diplomacy (University of Eastern Finland) and has over 21 years' experience in the conservation sector.

Kamau has a great wealth of experience in policy dialogue and influence, design and management of environmental programmes in private, public and international development cooperation sectors.

Prior to joining the Service, he was the Deputy Executive Director of the Rhino Ark Kenya Charitable Trust. He has in the past worked with the Sotik Tea Company as the Environment and Forest Manager, Embassy of Finland as a Forest Specialist, Embassy of Sweden as a Regional Programme Manager, INTASAVE Africa as the Regional Director and the East African Wildlife Society as the Executive Director.

He is a full member of Forest Society of Kenya where he served as the National Vice Secretary for 6 years (2011-2016). He is also a registered lead auditor EIA/EA and a member of the Environment Institute of Kenya.

### **Peter Waweru - Head, Directorate of Forest Conservation and Management**



Mr. Peter Waweru is in charge of the Directorate of Forest Conservation and Management. He holds a master's degree in International Studies-Science, a post graduate diploma in education as well as two bachelor's degrees in forestry & nature conservation, with over thirty-six (36) years' experience. He has also undergone basic paramilitary training at the National Youth Service and officer's course at the Administration Police Training College. He is a member of the Forestry Society of Kenya.

### **Monica Kalenda - Head - Directorate of Strategy, Partnerships & Resource Mobilization**



Monica Kalenda was in charge of Strategy, Partnerships & Resource Mobilization. She is a career forest officer with a master's degree in Natural Resources Management, post graduate diploma in Corporate Governance, and a bachelor's degree in forestry with over thirty-six (36) years' experience in the field and in management. She has also undergone basic paramilitary training at the National Youth Service and officer's course at the Administration Police Training College. She is a member of the Forestry Society of Kenya and Kenya Institute of Management.

### **Charity Munyasya - Ag. Head of the Directorate of Strategy, Partnerships & Resource Mobilization**



Ms. Munyasya is in charge of the Directorate of Strategy, Partnerships & Resource Mobilization. Ms. Munyasya has over thirty-one (31) years' experience in the forestry sector. She holds a Master of Arts degree in International Studies. She is a full member of the Forestry Society of Kenya.





#### **CPA Lucy Kiboi - Ag. Senior Manager, Corporate Services**

CPA Kiboi is in charge of Corporate Services. She holds a master's degree in Business Administration and a Bachelor's of Science Degree and is a Certified Public Accountant (K). She has over thirty-two (32) years' experience. She has also undergone basic paramilitary training at the National Youth Service and the SLDP course at Kenya School of Government. She is a member of Institute of Certified Public Accountants (ICPAK) & Kenya Institute of Management (KIM).



#### **David Chege - Ag. Commandant**

Mr. Chege is the acting Commandant. He holds M.Sc degree in Diplomacy and International Studies, a B.Sc. Forestry (Hons) He has attended the National Defence Course Kenya 'ndc' (K) and is a member of the Forest Society of Kenya (FSK).



#### **CPA Stephen Mugi - - Ag. Senior Manager, Internal Audit**

CPA Mugi is in charge of Internal Audit and has over fifteen (15) years' experience in Auditing in the public sector. He holds a Master of Science Degree in Finance, a Bachelor's Degree in Accounting and is a member of Institute of the Internal Auditors (IIA) - Kenyan Chapter and Institute of Certified Public Accountants of Kenya (ICPAK).



**Dr. Elizabeth Wambugu - Principal Kenya Forestry College (KFC)**

Dr. Wambugu is the Principal of the Kenya Forestry College. She holds a Ph.D in Natural resource Managements, a Master of Science in Forest Science, Bachelor of Science in Forest Science (Honours), Bachelor of Science in Forestry, Diploma in Designing sustainable forest landscape: Ecosystem Services for Future . She is a member of Forestry Society of Kenya (FSK) and the National Vice Secretary and a member of the National Executive Committee of the Kenya Professional Association of Women in Environment and Agriculture (KEPAWAE).

She has 34 years of experience in the forestry sector.



**Dr. Clement Ngoriareng - Deputy CCF, Dryland & Private Forest Development Coordination**

Dr. Ngoriareng is in charge of Dryland & Private Forest Development Coordination. He holds a PhD in Environmental applied Biological Sciences from University of Eldoret. He also has a Master of Philosophy (MSc) Degree in Environmental Planning and Management from Moi University. In addition, he has a Bachelor of Science (BSc) degree in Forestry and Wildlife Management from Moi University.

He has over 26 years of experience in the environment and forest sectors.



**Andrew Soi - Deputy CCF, Plantation and Enterprise**

Mr. Soi holds a MA international relation from the University of Nairobi and MA project planning and management in natural resources from JOUST University. He also holds BSC Forestry Management from Moi University and is a graduate of NDC Kenya. He holds other certificates in GIS, Forestry, community forest participation and Bamboo propagation among others. He has over 35 years of experience.





### **Beatrice Mbula -Deputy CCF, Natural Forests Conservation**

Ms. Mbula is in charge of Natural Forest Conservation. She holds a Bsc. Degree in Forestry (Moi University) and a Master of Philosophy in Environmental Studies (Environmental Planning and Management) - Moi University. She has certificate in Strategic Leadership Development and Senior Management from Kenya School of Government. She has also undergone a basic paramilitary training at the National Youth Service and senior officers paramilitary course at the Administration Police Senior Staff College - Emali. She is a full member of the Forestry Society of Kenya.



### **CPA Anastasia Muasya - Manager - Finance & Accounting**

CPA Muasya is in charge of Finance & Accounting. She holds a master's degree in Business Administration - Finance option, is a Certified Public Accountant (K), as well as a Bachelor's Degree in Commerce with over thirty-six (36) years' experience, Other Skills include development courses undertaken such as Strategic Leadership Development Programme and Senior Management Courses. She is a member of the Institute of Certified Public Accountants (ICPAK).



### **Juliana Ochieng - Manager Human Resource**

Mrs. Ochieng is charge of Human Resource. She holds a master's degree in Business Administration, a Bachelor's Degree in Human Resource Management and an advanced Diploma in Human Resource Planning and Development. Other Skills development courses undertaken include Strategic Leadership Development Programme and Senior Management Course. She is a member of the Institute of Human Resource Management (IHRM). She has over thirty (30) years' experience in human resource management



**Zipporah Toroitich - Deputy Chief Conservator of Forests, Conservancy Co-ordination**

Mrs. Toroitich is in charge of Conservancy Co-ordination. She holds a Master of Philosophy in Forestry (Forest Economics & Management), a Bachelor of Science Degree in Forestry from Moi University, a Diploma in Environmental Services in Forest Management from Helsinki University, and a Certificate in Strategic Environmental Assessment (SEA). Mrs. Toroitich has over thirty-one (31) years' experience in the forestry sector. She is a full member of the Forest Society of Kenya.



**Esther Keige - Head - Legal Services**

Ms. Keige is the Head, Legal Services. She holds a Master's degree in Environmental Law, a Bachelor's Degree in Law (LLB), and a Post Graduate Diploma in Law.

She is an Advocate of the High Court of Kenya, a commissioner of oaths and a Certified Secretary. She is a member of the Law Society of Kenya (LSK) and the Institute of Certified Public Secretaries of Kenya (ICPSK), with over twenty-six (26) years' experience as an advocate.



**CPA Anthony K. Weru - Ag. Manager - Finance & Accounting**

CPA Weru was in charge of Finance and Accounting until May 2023. He has over 32 years' experience in Finance. He holds a Bachelors degree in Commerce (Finance). He has attended Senior Management Course from Kenya School of Government. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).





**Anne Muthamia - Ag. Manager Corporate Communications**

Ms. Muthamia is in charge of Corporate Communications Department with over 20 years' work experience. She holds an M.A. International Studies from the University of Nairobi and is a graduate of the National Defence College, Kenya. She also holds an M.A. Communication Studies from the University of Nairobi and B.A. Communication from Daystar University. She is a member of the Public Relations Society of Kenya (PRSK) and the Association of Media Women in Kenya (AMWIK).



**Victor Kobia - Ag. Manager Supply Chain Management**

Mr. Kobia is in charge of Supply Chain Management. He has over twenty (20) years experience in Supply Chain Management in the public sector. He holds a Master's Degree in Procurement and Logistics and is a Full Member of Kenya Institute of Supplies Management (KISM).



**Stephen Cheboi - Ag. Manager, ICT**

Mr. Cheboi is the Head of Information and Communication Technology (ICT) Department. He has previously worked both in the private and public sectors. He has over 25 years experience in ICT. He holds a Bsc. in Maths & Computer Science (Hons.) and a Masters of Science in Information Systems and is a member of the Computer Society of Kenya.



**Isaac Wekesa - Ag. Manager, Administration & Infrastructure**

Mr. Wekesa is in charge of Administration and Infrastructure. He has 19 years of experience in the Administration and Management field. He holds a Master's Degree in Public Administration from the University of Nairobi, a Degree in Education from Kenyatta University, Higher Diploma in Human Resource Management and a Diploma in Public Administration. He has taken Senior Management and Strategic Leadership and Development Course from Kenya School of Government. He is a Certified Secretary and an active member of the Institute of Certified Secretaries of Kenya.

## SERVICE REPORT

### CHAIRMAN'S STATEMENT



*Job Chirchir - Chairman, KFS Board of Directors*

On behalf of the Board of directors, I am pleased to present Kenya Forest Service Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023.

In the fiscal reporting period 2022-2023, the Service had a total budget on Government funding of Kes.6.3 billion on both recurrent and GOK development but received Kes.5.3 billion from the exchequer and collected Kes.1,027 million, out of which expenditure of Kes.49 million was utilized for capital expenditure.

Funding from development partners had a budget of Kes.1.6 billion but released Kes.1.5 billion to the Service.

The Service has taken appropriate measures and focused its policies towards complying with the requirements of the Constitution of Kenya, Vision 2030, Bottoms -Up Economic Transformation Agenda (BETA), and the Presidential Directive to achieve 30% tree cover by 2032. Towards this, the Service is implementing the 30% tree cover strategy whereby the Service targets to grow 300 million trees annually for the next ten years. This will contribute to the national target of 1.5 billion trees grown annually by various Government agencies and private entities.

The Service is also implementing various policies, legislations and strategies to achieve its mandate. These include the Forest Conservation and Management Act (FCMA 2016); and the National Forest Programme (2016-2030). Formulation of the KFS Strategic Plan 2023-2027 has been finalized awaiting official launch. The Service remains compliant to various multilateral and bilateral agreements and protocols. The financial resources were



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therefore utilized in implementing the approved strategies and projects to contribute towards the Services' mandate.

During the period under review, and with support from Government and Development Partners, the Service rehabilitated a total of 7,688 ha of degraded natural forest areas mainly within the five water towers through enrichment planting. A total area of 3,682 ha was planted through National tree planting campaigns. The Service facilitated the production of 53.4 million seedlings in KFS Nurseries and working with stakeholders. This has helped the Service achieve a 3.15 index score under performance contracting.

The Service also recruited 2,700 Forest Rangers who are finalizing six months paramilitary training before being posted to various forest stations. In addition, the Service concluded recruitment of 300 Forester cadre staff and is currently finalizing recruitment of 100 Cadets. The new staff will greatly boost forest protection and conservation. Advertising has been done for recruitment of 4,000 tree nursery attendants who will assist in raising adequate number of good quality tree seedlings. Promotions of over 1,200 existing staff was also done which greatly boosts staff morale and performance.

Despite the various milestones detailed above, the Service faced some challenges that include inadequate funding (funds disbursed against the budget), inadequate staffing levels due to natural attrition, climate change leading to unreliable weather patterns that hampers planning of forest activities such as planting of trees and low survival rate of tree seedlings. Court case have also hampered harvesting of mature and over -mature plantation forests.

However, my Board and I are determined to steer the Service to excel in delivery of its mandate for the benefit of all Kenyans, and I look forward to many fruitful engagements with various partners and stakeholders.

  
**Mr. Job Chirchir**

**Chairman, Kenya Forest Service**



## REPORT OF THE CHIEF CONSERVATOR OF FORESTS



Alexander Lemarkoko 'ndc' (K) - Chief Conservator of Forests

The Service has successfully completed another year and I am pleased to present this Financial Report to all stakeholders. The Service mandate is guided by the Strategic Planning cycles that allow for prioritization and delivery of strategic objectives. Within the reporting period, the Service completed implementation of the Strategic Plan 2017 - 2022 and has finalized formulation of 2023- 2027 Strategic Plan, awaiting official

launch. In addition, the Service implemented the relevant Presidential Directives and aligned its activities towards attainment of the Bottom -Up Economic Transformation Agenda (BETA). Spearheaded by His Excellency the President Hon. William Ruto, the Service is implementing the Strategy achievement of 30 percent tree cover by 2032.

During the 2022/2023 financial year, the combined financial absorption of the Service was Kes.7.3 billion, including an advance payment of Kes.895 million by the Capacity Development Project for Technologies in Forest Fire Management in Kenya. This is out of an allocation of Kes.7.8 billion translating into 93% absorption rate. Included in the expenses is a first-time recognition of Kes.2.2 billion VAT outstanding bill whose payment plan has been agreed upon.

The Service raised a total of Kes.1,011,165,148 as Appropriation in Aid (AIA) mainly from the sale of plantations, commercial fuel wood, movement permits, grazing fees, sale of seedlings, annual licenses, land rents, finance income etc. This translates to 50% increase in AIA collection compared to the previous year's collection of Kes.648 million. This increase is mainly attributed to sale of plantations after the lifting of the moratorium amounting to Kes.377 million.



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In the FY 2022-2023, the Service absorbed 97% of externally mobilized resources amounting to Kes.1,525 million against the approved budget of Kes.1,574 million.

The Service allocated Kes.337 million being 30% of the non-specialized goods & services procurement budget to Youth, Women and Persons with Disabilities Empowerment (AGPO).

The main challenges to effective implementation of the Strategic Plan included inadequate staffing levels due to natural attrition and inadequate funding. The Service was also affected by the electioneering period that led to a change of government and its manifesto. There were also unexpected delays in the disbursements of the exchequer funds to the Service. The Service will continue implementing the reforms aimed at enhancing service delivery, adhere to the Government's financial management requirements while upholding strict financial management guidelines and application of best practice in management.

I thank the Ministry of Environment, Climate Change and Forestry and Kenya Forest Service Board for their steadfast support in implementation of the KFS mandate. I also appreciate the Management team and the entire staff of the Kenya Forest Service for continual commitment to excellence in service delivery.



**Mr. Alexander Lemarkoko, 'ndc'(K)**  
**Chief Conservator of Forests**

## **STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FY 2022/2023**

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

In line with its mandate and functions, Kenya Forest Service implemented ten (10) different projects during the 2022/2023 financial year. These projects are aligned to the Government Agenda and responds to the Bottom-Up Economic Transformation Agenda (BETA) by creating employment and improving the livelihood of the local communities as well as the national economy.

Six (6) of these projects are directly aligned to the national agenda on the attainment of the 30% tree cover. This will build on the recent gains of the forest cover of 8.83% and tree cover of 12.13%. These projects are; Establishment of Forest Plantations Project; Forest Irrigation Climate and Green Energy Project (FICaGE); Natural Forest Conservation Project; Farm and Dryland Forest Development Project; Green Zones Development Support Project Phase II; and National Tree Planting Campaign Project. Key achievement from these projects includes; protection of 2.6 million ha of gazetted forests; production of 53.4 million tree seedlings; rehabilitation of 7,688 ha of degraded forest areas; establishment of 1,485 ha of forest plantation; and establishment of 3,888 ha of commercial forest and on farm tree woodlots.

In addition, Kenya Forest Service implemented four (4) projects that provides support and an enabling environment to the organization mandate. These projects are Construction and Maintenance of Forest Roads Project; Forest Fire Prevention Management Project; Rehabilitation of forest rangers camps; and Capacity Development project for Technologies in forest fire management in Kenya. The key achievements include maintenance of 50 km fire breaks; rehabilitation of 215.5 km of forest roads and design of a forest fire detection, surveillance and communication system.

The major challenges in the implementation of the budget will include:



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- Inadequate funding;
- Inadequate staff;
- Increased pressure on natural resources due to population (encroachment); and
- Pressure effects of climate change and extreme weather conditions.

To address these challenges the major strategies to be employed will include:

- Embracing public private partnership as revenue mobilization mechanism;
- Adequate staffing and replacement of retiring staff.

The achievement of the performance targets set for the FY 2022/2023 period for the strategic objectives, as indicated in the diagram below:

| Programme                                                   | Key Output                          | Key Performance indicators                               | 2022-23 |        | Comments                                                                     |
|-------------------------------------------------------------|-------------------------------------|----------------------------------------------------------|---------|--------|------------------------------------------------------------------------------|
|                                                             |                                     |                                                          | Target  | Actual |                                                                              |
| Forest Irrigation Climate and Green Energy Project (FICAGE) | Woodlot Forests                     | Ha of woodlot forest planted                             | 20      | 16     | Target not achieved due to unexpected harsh weather condition                |
| Natural Forest Conservation Project                         | Closed canopy forests               | Ha of existing closed canopy forest protected (millions) | 2.8     | 2.6    | Target not achieved due to the lengthy and unpredictable negotiation process |
|                                                             | Degraded Forest areas rehabilitated | Ha of degraded forests rehabilitated                     | 3,200   | 5,830  | Target achieved                                                              |
|                                                             | New forest areas gazetted           | Ha of new forest gazetted                                | 10,000  | -      | Target not achieved due to the lengthy and unpredictable negotiation process |
| Establishment of Forest Plantations Project                 | Forest Plantations                  | Ha of forest plantations planted                         | 1,500   | 4,168  | Target over achieved through the support of the GZDSP II and NTPC Projects.  |
| Farm and Dry land Forest Management                         | Seedlings produced                  | No. of seedlings produced (million)                      | 30      | 22     | Target not achieved due to delay of fund disbursement                        |
|                                                             | Commercial farm forests             | Ha of commercial farm & ASAL forests planted             | 6,000   | 2,786  | Target not achieved due to unexpected harsh weather condition                |
|                                                             | Rehabilitation of degraded forests  | Ha of Bamboo forests in communal land rehabilitated      | 300     | 421    | Target achieved                                                              |
| Forest Roads Improvement                                    | Forest roads infrastructure         | Km of forest roads maintained (Km)                       | 150     | 60     | Target not achieved due to delay of fund                                     |

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| Programme                                                                        | Key Output                                                        | Key Performance indicators                                  | 2022-23 |        | Comments                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------|---------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                  |                                                                   |                                                             | Target  | Actual |                                                                                                                                                                                                                                                          |
|                                                                                  |                                                                   | No. of bridges constructed                                  | 1       | 0      | disbursement from the donor                                                                                                                                                                                                                              |
| Rehabilitation of Forest Rangers' houses                                         | Forest Rangers' housing camps                                     | No. of rehabilitated camps                                  | 0       | 0      |                                                                                                                                                                                                                                                          |
|                                                                                  |                                                                   | No. of new constructions                                    | 0       | 0      |                                                                                                                                                                                                                                                          |
| Forest Fires Prevention and Management Project                                   | Fire prevention and suppression                                   | Km of fire breaks/ lines maintained                         | 50      | 50     | Target achieved                                                                                                                                                                                                                                          |
| Green Zones Development Support Project Phase II                                 | Forest areas rehabilitated                                        | Ha of Forests rehabilitated                                 | 3,200   | 1,441  | Target not achieved due to delay of fund disbursement from the donor                                                                                                                                                                                     |
|                                                                                  | Commercial Farm Forests                                           | Ha of commercial farm forests planted                       | 3,950   | 1,086  | Target not achieved due to delay of fund disbursement from the donor                                                                                                                                                                                     |
|                                                                                  | Forest roads                                                      | Kms of forest roads maintained                              | 50      | 156    | Target overachieved                                                                                                                                                                                                                                      |
| National Tree Planting Campaign (NTPC) Project                                   | Tree seeds & Seedlings production                                 | Kgs of seeds produced                                       | 75,000  | 47,192 | Deliverable by KEFRI                                                                                                                                                                                                                                     |
|                                                                                  |                                                                   | No. of seedlings produced (million)                         | 75      | 31     | Target not achieved due to delay of fund disbursement                                                                                                                                                                                                    |
|                                                                                  | Forest areas rehabilitated                                        | Ha of degraded natural forest rehabilitated                 | 12,000  | 3,682  | Target not achieved due to delay of fund disbursement                                                                                                                                                                                                    |
|                                                                                  |                                                                   | Ha of water towers rehabilitated                            | 550     | 400    | Deliverable by KWTa                                                                                                                                                                                                                                      |
|                                                                                  | Alternative livelihood opportunities for communities              | No. of community groups supported                           | 50      | 0      | Deliverable by KWTa                                                                                                                                                                                                                                      |
| Capacity Development project for Technologies in Forest Fire Management in Kenya | Modern firefighting equipment, Technologies & associated services | No. Forest fire prevention & fighting technologies acquired | 3       | 0      | 1. The designs for forest fire detection, surveillance and communication have been done.<br>2. The specifications for personal Protective equipment (PPEs) have been prepared.<br>3. Materials for construction of transmission masts have been ordered. |
|                                                                                  |                                                                   | KM of fire breaks established & maintained                  | 20      | 0      |                                                                                                                                                                                                                                                          |



## **CORPORATE GOVERNANCE STATEMENT**

We believe in good Corporate Governance as an organisation. We remain committed to the highest standards of corporate governance and business ethics. The Board provides leadership through oversight, review and guidance whilst setting the strategic direction. It is the primary decision-making body for all matters considered as material to the Service. The Service continues to be guided by the Mwongozo Code of Governance for State Corporations and continues to implement its provisions.

### **Board meetings and attendance**

1. The Service Board members usually dedicate adequate time and effort for meetings and meet as regularly as required and at least meet quarterly in order to effectively lead the organization.
2. The Chairman chairs all Board meetings and, in his absence, or inability to chair for whatever reason, the members present appoint one of their numbers to preside over the meeting.
3. The quorum for Board meetings is usually five members since the total Board membership nine.
4. Board papers are usually made available to Board members not less than ten days before the date of the meeting.
5. The Corporation Secretary attends all Board meetings and, in her absence, or inability to attend for whatever reason, the Board appoints a Secretary for the meeting from amongst the staff of the Service.

### **Succession plan**

The Presidency and Parent Ministry Cabinet Secretary who are the appointing authority have parameters in place to ensure that the tenures of Board members are staggered to ensure a phased transition. Currently all the Members except the Chairman have the same appointment and expiry dates.

### **Board charter**

The Service Board has developed and adopted a Board Charter. The Board Charter defines the role, responsibilities and functions of the Board in the governance of the organization.

### **Process of appointment and removal of Directors**

1. KFS Board appointment is in line with Article 27 of the Constitution of Kenya, the Forest Conservation and Management Act, the State Corporations Act and the guidelines of the Mwongozo Code of Conduct.
2. The Board is appointed through a transparent and formal process governed by the overriding principle of merit.
3. The Board has nine members who are formally appointed to the Board through a Gazette Notice.

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4. The Chief Conservator of Forests is a Board member with no voting rights.
5. Board appointments put into consideration the mix of skills and competencies required for the achievement of the organizations long term goals.
6. The Board membership has one third of the Board members who are independent upon appointment and maintains their independence during their term of service.
7. The removal of a Board member is based on non-performance, non-attendance of meetings, unethical conduct or as set out in any constitutive documents or applicable law.

**Roles and functions of the Board**

These are;

- (a) Determining the Service mission, vision, purpose and core values.
- (b) To set and oversee the overall strategy and approve significant policies of the Service.
- (c) To ensure that the KFS strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its stakeholders.
- (d) To ensure that the strategy of the organization is aligned to the long-term goals of the Service on sustainability so as not to compromise the ability of future generations to meet their own needs.
- (e) To approve the KFS organizational structure.
- (f) To approve the annual budget of the Service.
- (g) To monitor the Service performance and ensure sustainability.
- (h) To enhance the corporate image of the Service.
- (i) To ensure availability of adequate resources for the achievement of the Service objectives.
- (j) To hire the Chief Conservator of Forests, on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff.
- (k) To ensure effective communications with stakeholders.

**Board induction and training**

The Service Board;

- (a) Developed an induction programme for new Board members.
- (b) Ensures that a competence needs assessment is carried out and an annual development programme for a minimum of two-days per Board member is put in place.

The Board members;

- (a) Ensure that they are up to date with continuous professional development in their respective professional bodies.



- (b) Receive regular briefings on matters relevant to the Service, changes in laws and regulations including government accounting policies and practices.
- (c) Are certified by an accredited body within six months of their appointment.

### **Board and member performance**

The Board undertakes annual Performance evaluation and file a report thereof with the Ministry of Environment and Forestry and SCAC. The State Corporations Advisory Committee facilitated the Board performance evaluation.

### **Conflict of interest**

The Board have ensured that a policy on the management of conflict of interest is in place. The Board members;

- (a) Declare any real or perceived conflict of interest with the Service upon appointment to the Board.
- (b) Declare to the Board any real or perceived conflict of interest that may subsequently arise.
- (c) Do not take part in any discussions or decision-making regarding any subject or transaction in which they have a conflict of interest.
- (d) Do not influence in any manner whatsoever decision making on any matter in which they have interest.

### **Board remuneration**

The Service have established a formal and transparent remuneration policy and remunerate Board members fairly, ethically and responsibly. The Service ensures that the remuneration policy is as per the Government regulations. The remuneration policy for Board members clearly stipulates the elements of such remuneration including sitting and other allowances.

### **Ethics and conduct**

The Board;

- (a) Ensured that a code of conduct and ethics was developed.
- (b) Ensures that all members of the organization subscribe to the code of conduct and ethics.
- (c) Reviews the code of conduct and ethics as necessary.
- (d) Promote ethical conduct and sanction misconduct.
- (e) Ensured that a corporate gifts policy is in place.
- (f) Receives from the Committee responsible for Governance and Compliance, a report on the level of adherence to the code of conduct and ethics by members of the Service.

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**Governance audit**

1. The Board, in consultations with State Corporations Advisory Committee (SCAC), ensures that it subjects the Service to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.
2. The governance audit usually covers the governance practices of the Service in the following parameters:
  - (a) Leadership and strategic management;
  - (b) Transparency and Disclosure;
  - (c) Compliance with Laws and Regulations;
  - (d) Communication with stakeholders;
  - (e) Board independence and governance;
  - (f) Board systems and procedures;
  - (g) The Board ensures Consistent stakeholders value enhancement and Corporate social responsibility.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Introduction

This is a report on review of Kenya Forest Service Strategic Plan, Highlights of activities and achievements for the Financial Year 2022-2023, key ongoing Projects and Project Completion Rates as well as implementation of Presidential Directives.

### Review of Strategic Plan

The Service executes her mandate through successive five-year strategic plans. The 4th Strategic Plan has been developed after expiry of the 3rd Strategic Plan 2017-2022. It is the Fourth-Generation Strategic Plan and aligned to the Fourth Medium Term Plan (2023-2027) of vision 2030 and other public priorities. The plan will guide the operations of the organization for the next five years. It builds on the review of the previous strategic plan, key achievements, challenges faced, emerging issues, lessons learnt, environmental scan and strategic issues. The plan was developed through a consultative process involving both internal and external stakeholders. In addition, key documents were reviewed to inform development of this plan among them were the Constitution of Kenya 2010, Vision 2030, the Fourth Medium Term Plan (MTP) (2023-2027), the Ministry of Environment, Climate Change and Forestry Strategic Plan (2023-2027), the Forest Conservation and Management Act, 2016, Bottom-up Economic Transformation Agenda, the Forest Policy Sessional Paper No.4 of 2006, the National Forest Program (NFP) (2016-2030) and the National Strategy for achieving 30% tree cover by 2032. This 4th Strategic Plan is implemented through two core functions namely, Forest conservation and Management and Forest Protection and Security. All other remaining functions are implemented through the support services programme including Development of Forests and Tree Growing on Public, Community and Private Lands, Institutional Capacity and Corporate Governance and Partnerships, Collaboration and Resource Mobilization.

The strategic goal in the plan period is to increase forest cover by at least 1.17% to attain the minimum expected of 10% by 2027. Currently, the forest cover is at 8.83% while the tree cover is at 12.3%.

### Review of activities and achievements of F/Y 2022/2023

#### Public Forest Protected

In the FY 2022-2023, the Service continued to sustain intensive protection measures to ensure that the 2.6 million Ha of gazetted public forests are well secured against all forms of threats and degradation activities on forest conservation. In particular, the Service undertook and successfully achieved the following:

- Implemented the forest fires management and response project,
- Continued to implement forest fire and disaster response action plan by carrying out forest fire prevention management.

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- Participated in the Multi-agency's security operations undertaken in Mau, Kerisia, Leroghi, Cheptais and Boni forests as well as in environmental and court users committee meetings conducted in all the 47 counties.
- Sustained operations to protect recovered forest areas from re-invasion which include: - in Kirisia, 13,368 Ha in Maasai Mau, 7000 Ha of Cheptais forest in Mt. Elgon, 256Ha in Makunga- Trans Nzoia County, 21,000 Ha in Embobut Forest and 1,701 Ha in Sosion
- Roll-out of Forest Survey 123 for Automated Forest crime reporting in Kilifi, Baringo and Kericho Counties was carried out.

**Commercial Bamboo Growing Promoted**

In the FY 2022-2023, the Service established 421 Ha of Bamboo forests against a target of 500 Ha. Despite producing adequate Bamboo seedlings in KFS Trees Nurseries, the low performance was due to the drastic erratic weather, budget cuts and delays in disbursement of funds experienced in the year.

**Rehabilitation and Restoration of Degraded Natural Forest Areas**

In the FY 2022-2023, the Board rehabilitated 48000Ha through fencing of degraded forest areas in the counties of Nyandarua (Ol Bollosat and Ndaragwa Forest Stations); Nakuru (Bahati and Likia Forest Stations); and Kericho (Londiani and Kericho Forest Stations).

**Degraded Mangroves Ecosystems Restored**

In the FY 2022-2023, the Service established 2,148 Ha of Mangrove forests against the target of 2,000 Ha of degraded mangrove ecosystem due to partnership and adopt a forest framework.

**Tree Seedlings Production in KFS Tree Nurseries Produced**

In the FY 2022-2023, the Service targeted to produce 85M and was able to produce 31,417,680 seedlings in its 290 tree nurseries and 35,200,000 mangrove propagules at the coast all totalling to 66,617,680 seedlings against a target of 85 million. The lack of disbursement of 75% of the 2022/2023 development budget, is the major attribution for under achievements in production of seedlings.

**Degraded Natural Forest Rehabilitated**

In the FY 2022-2023 the Service achieved 13,037.15 Ha through enrichment out of target of 19,600Ha and 248 Ha of bamboo out of target of 2,000Ha and 2,148 Ha of mangrove forests out of target of 2,000 Ha.



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**Key Ongoing Projects and Project Completion Rates**

|    | Project Code & Title                                                             | Financing                 |               |              | Timeline   |                          | Actual cumulative expenditure as at 30th June 2023 |              | Outstanding Project Cost as at 30th June 2023 |              | % Project completion (physical at 30th June 2023) |
|----|----------------------------------------------------------------------------------|---------------------------|---------------|--------------|------------|--------------------------|----------------------------------------------------|--------------|-----------------------------------------------|--------------|---------------------------------------------------|
|    |                                                                                  | Estimated cost of Project | GoK           | Foreign      | Start Date | Expected completion date | GOK                                                | Foreign      | GOK                                           | Foreign      |                                                   |
| 1  | Forest Irrigation Climate and Green Energy Project (FICaGE)                      | 4,057                     | 4,057         | 0            | 1-Jul-2016 | 31-Dec-2030              | 181                                                | 0            | 3,876                                         | 0            | 4.1%                                              |
| 2  | Natural Forest Conservation Programme                                            | 6,518                     | 6,518         | 0            | 1-Jul-2016 | 30-Jun-2030              | 465                                                | 0            | 6,053                                         | 0            | 7.0%                                              |
| 3  | Establishment of Forest Plantations                                              | 2,100                     | 2,100         | 0            | 1-Jul-2016 | 30-Jun-2030              | 736                                                | 0            | 1,364                                         | 0            | 34.9%                                             |
| 4  | Farm and Dry land Forest Management                                              | 5,508                     | 5,508         | 0            | 1-Jul-2016 | 30-Jun-2030              | 511                                                | 0            | 4,997                                         | 0            | 8.6%                                              |
| 5  | Forest Roads Improvements                                                        | 1,500                     | 1,500         | 0            | 1-Jul-2014 | 30-Jun-2030              | 508                                                | 0            | 992                                           | 0            | 31.0%                                             |
| 6  | Rehabilitation of buildings (Forest Rangers Camps)                               | 950                       | 950           | 0            | 1-Jul-2014 | 31-Dec-2030              | 326                                                | 0            | 624                                           | 0            | 30.1%                                             |
| 7  | Forest Fire Prevention Management Project                                        | 1,200                     | 500           | 700          | 1-Jul-2017 | 30-Jun-2030              | 103                                                | 0            | 397                                           | 700          | 7.6%                                              |
| 8  | Green Zones Development Support Project Phase II                                 | 5,498                     | 550           | 4,948        | 1-Mar-2019 | 30-Jun-2025              | 291                                                | 2,104        | 259                                           | 2,844        | 33.9%                                             |
| 9  | National Tree Planting Campaign                                                  | 48,000                    | 48,000        | 0            | 1-Jul-2019 | 30-Jun-2030              | 1,930                                              | 0            | 46,070                                        | 0            | 3.8%                                              |
| 10 | Capacity Development project for Technologies in Forest Fire Management in Kenya | 3,339                     | 667.8         | 2,671        | 1-Jul-2022 | 01-Jun-2027              | 0                                                  | 895          | 668                                           | 1,776        | 26.8%                                             |
|    |                                                                                  | <b>78,670</b>             | <b>70,351</b> | <b>8,319</b> |            |                          | <b>5,051</b>                                       | <b>2,999</b> | <b>65,300</b>                                 | <b>5,320</b> |                                                   |

## **Implementation Of Presidential Directives**

### **National Tree Growing and Restoration Campaign**

The National Strategy for Achievement of 30% Tree Cover By 2032 is a special Presidential Forestry and Rangeland Restoration Programme. The programme aims to accelerate actions towards the achievement of 30% national tree cover by 2032 in order to enhance climate reliant national economic growth and development goals. This will conduct within the context of the Vision 2030 and contribute toward Kenya's commitments to regional and global conventions.

For the next 10 years, the programme seeks to grow 15.9 billion trees covering an estimated area of 10.6 million hectares. The programme is implemented by all the MDAs in government in collaboration with stakeholders and with the coordination and stewardship of the Ministry of Environment, Climate Change and Forestry. Within the programme, the Kenya Forest Service has an overall commitment to produce and grow 1.5 billion trees seedlings in five years or 3.15 billion tree seedlings in the next 10 years.



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**Financial Performance**

**FIVE YEAR FINANCIAL PERFORMANCE**

|                                               | 2018/2019          | 2019/2020          | 2020/2021          | 2021/2022          | 2022/2023          |
|-----------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Revenue from non-exchange transactions</b> |                    |                    | <b>Kes '000'</b>   |                    |                    |
| Transfers from other governments entities     | 4,717,424          | 4,605,527          | 4,625,952          | 4,557,518          | 5,290,961          |
| Public contributions and donations            | 37,156             | 278,810            | 433,802            | 499,464            | 481,159            |
| Fines, penalties and levies                   | 3,791              | 3,549              | 3,475              | 3,473              | 3,672              |
|                                               | <b>4,758,371</b>   | <b>4,887,886</b>   | <b>5,063,229</b>   | <b>5,060,455</b>   | <b>5,775,792</b>   |
| <b>Revenue from exchange transactions</b>     |                    |                    |                    |                    |                    |
| Sale of Goods & Services                      | 660,580            | 401,442            | 476,447            | 470,093            | 851,019            |
| Licenses and permits                          | 236,655            | 169,302            | 184,399            | 155,262            | 137,693            |
| Finance income - external investments         | 13,493             | 6,242              | 5,968              | 19,378             | 18,781             |
|                                               | <b>910,728</b>     | <b>576,986</b>     | <b>666,814</b>     | <b>644,733</b>     | <b>1,007,493</b>   |
| <b>Total revenue</b>                          | <b>5,669,099</b>   | <b>5,464,872</b>   | <b>5,730,043</b>   | <b>5,705,188</b>   | <b>6,783,285</b>   |
| <b>Expenses</b>                               |                    |                    |                    |                    |                    |
| Use of goods and services                     | (896,195)          | (1,412,260)        | (1,238,648)        | (944,729)          | (3,832,698)        |
| Employee costs                                | (4,642,618)        | (4,643,450)        | (4,358,632)        | (4,331,803)        | (4,319,742)        |
| Remuneration of Directors                     | (25,214)           | (16,266)           | (16,959)           | (6,403)            | (11,706)           |
| Depreciation and amortization expense         | (215,239)          | (216,749)          | (233,976)          | (235,940)          | (239,268)          |
| Repairs and maintenance                       | (172,617)          | (229,682)          | (249,965)          | (158,902)          | (172,254)          |
| Contracted services                           | (37,414)           | (32,140)           | (62,188)           | (115,753)          | (59,070)           |
| Grants and subsidies                          | (58)               | 0                  | 0                  | 0                  | (9,591)            |
| <b>Total expenses</b>                         | <b>(5,989,355)</b> | <b>(6,550,547)</b> | <b>(6,160,368)</b> | <b>(5,793,530)</b> | <b>(8,644,329)</b> |
| Other income                                  | 3,581              | 3,300              | 520                | 8,412              | 1,385              |
| Taxation                                      | (76,621)           | (1,102)            | (10,212)           | (5,232)            | (11,726)           |
| <b>Surplus/(Deficit)</b>                      | <b>(393,296)</b>   | <b>(1,083,477)</b> | <b>(440,017)</b>   | <b>(85,162)</b>    | <b>(1,871,385)</b> |

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**Compliance with statutory requirements**

The Board is satisfied that the Service has to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the law in particular to the State Corporations Act and the Forests Conservation and Management Act 2016. Further disclosures on compliance are set out in the Directors statement of responsibilities and notes to the financial statements.

The Service, however, had a disputed claim of Kes.3,974,441,972 from the Kenya Revenue Authority in relation to unpaid Value Added Tax (VAT). Negotiations were undertaken by both parties with mediation of other Government offices and a 5 year payment plan was agreed on which stipulated that Kes.35,742,899.68 to be paid monthly on the principal amount of Kes.2,184,573.980.98 with a possible waiver of accrued interest and penalties to be discussed later.

**Major Risk facing the Service**

The table below identifies key risks that might affect the Service in the implementation of its operations and their respective mitigation measures.

| No  | Risk Factor                                           | Priority | Mitigation measures                                                                                                                                                                                                                                                          |
|-----|-------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  | Political interference                                | High     | <ul style="list-style-type: none"> <li>• Sensitize the political class on the importance of conserving and sustainably managing forests</li> <li>• Develop partnerships with County Governments</li> <li>• Share information with the public on forest operations</li> </ul> |
| 2.  | Climate change impact                                 | High     | <ul style="list-style-type: none"> <li>• Adapt climate resilience strategies and technologies</li> </ul>                                                                                                                                                                     |
| 3.  | Insecurity, banditry and terrorism                    | High     | <ul style="list-style-type: none"> <li>• Work closely with other security agencies to enhance security of public forests and corporate assets</li> </ul>                                                                                                                     |
| 4.  | Illegal forest activities                             | High     | <ul style="list-style-type: none"> <li>• Intensify surveillance and protection of forests</li> <li>• Involvement and participation of local communities in forest management</li> </ul>                                                                                      |
| 5.  | Forest fires                                          | High     | <ul style="list-style-type: none"> <li>• Develop and implement a fire management plan</li> </ul>                                                                                                                                                                             |
| 6.  | Corruption                                            | High     | <ul style="list-style-type: none"> <li>• Implement strategies that will enhance transparency and accountability in organizational operations</li> </ul>                                                                                                                      |
| 7.  | Excessive levies on tree/forest products on transit.  | High     | <ul style="list-style-type: none"> <li>• Lobby for harmonization of the relevant policies on levies</li> </ul>                                                                                                                                                               |
| 8.  | Inflation and exchange rates                          | Medium   | <ul style="list-style-type: none"> <li>• Anticipate changes in these factors and provide for them in the programme budget.</li> </ul>                                                                                                                                        |
| 9.  | High poverty rates                                    | Medium   | <ul style="list-style-type: none"> <li>• Involve the communities in forest management and initiate forest-based livelihood activities</li> </ul>                                                                                                                             |
| 10. | Technological changes                                 | Medium   | <ul style="list-style-type: none"> <li>• Embrace and adapt appropriate technologies in organizational operations.</li> </ul>                                                                                                                                                 |
| 11. | Inadequate financial resources for forest development | Medium   | <ul style="list-style-type: none"> <li>• Lobby the Government and diversify funding sources.</li> </ul>                                                                                                                                                                      |
| 12. | Pests and Diseases                                    | Medium   | <ul style="list-style-type: none"> <li>• Monitor, identify and take appropriate actions</li> </ul>                                                                                                                                                                           |



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| No  | Risk Factor                                                                                | Priority | Mitigation measures                                                                                           |
|-----|--------------------------------------------------------------------------------------------|----------|---------------------------------------------------------------------------------------------------------------|
| 13. | Natural calamities                                                                         | Medium   | • Develop a disaster response plan                                                                            |
| 14. | Uncontrolled development of infrastructure in forest                                       | Medium   | • Establish the optimal level of infrastructure development in the forest.                                    |
| 15. | Occurrence of invasive species                                                             | High     | • Monitor, identify and take appropriate actions                                                              |
| 16. | Overlaps in Legal, Policy and institutional mandates                                       | Medium   | • Lobby for harmonization of the relevant legal, policies and mandates                                        |
| 17. | Inadequate and low quality of germplasm.                                                   | Medium   | • Explore availability of alternative sources of germplasm.                                                   |
| 18. | Low prioritization of tree resources planting and management in private and community land | Low      | • Intensify sensitization of communities and other stakeholders on importance of trees and forests.           |
| 19. | Changes in government structure                                                            | Low      | • The Service operations are flexible and can easily be reviewed and aligned to the new Government structure. |

**Material arrears in statutory and other financial obligations**

| Creditor                                                             | Amount owed Kes.     | Comments                                                                                                                                                                     |
|----------------------------------------------------------------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kenya Revenue Authority                                              | 2,045,657,733        | Outstanding VAT amount. The Service has agreed on a payment with the Kenya Revenue Authority(KRA) which it is honoring.                                                      |
| National Industrial Training Authority (NITA)                        | 39,410,010           | Interest and penalties. The Service has paid the principal Kes.19,368,600 and has written to NITA for waiver of the accrued interest and penalties.                          |
| Ministry of Transport, Infrastructure, Housing and Urban Development | 18,968,613           | This is contentious bill related on rent on Ministry houses. The Service is negotiating with the Ministry of transport and Housing to establish the correct amounts payable. |
| Oracle Technologies                                                  | 17,071,460           | Pending payment for Oracle Order Management/Oracle Sourcing for Oracle Purchasing and annual software update licenses and support for October 2021- October 2022             |
| <b>TOTAL</b>                                                         | <b>2,121,107,816</b> |                                                                                                                                                                              |

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

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

### **Sustainability strategy and profile**

The management and staff of the Service are committed to implementing the Strategic Plan as well as the Performance Contract as we aspire to be an internationally recognized organization of excellence in knowledge based sustainable forest resources development, conservation and management. To enhance service delivery, the Service has focused on staff development, aligning internal governance with best management practices, automating its processes, increasing levels of accountability, enhancing communication and implementation of a robust monitoring and evaluation system. Further, the Service has created appropriate partnerships (e.g., adopt-a-forest programme) for resource mobilization; promoting research and technology transfer, while practicing prudent utilization of resources to enhance sustainability. The adopt-a-forest approach has greatly accelerated forest restoration across the country which is well attested to by the recently launched Forest Resource Assessment Report.

### **Environmental performance**

Environmental factors influence the organizational operations and impacts on service delivery. These factors include climate change and its associated impacts such as droughts, floods and landslides. Industrialization has had adverse effect on biodiversity through development of national infrastructural projects in forests and pollution because of dumping of industrial wastes in forests especially the mangrove forests.

In order to deal with environmental factors, the Service has policy directions that guide infrastructural developments within public forests. These are contained in the ISO procedure manuals as well as Board of Directors resolutions. The Board has given direction on no other new development of water dams within gazetted forests. The FCMA 2016 provides for the protection and conservation of biodiversity making it mandatory that any development within public forests must not impact biodiversity negatively.

In addition, in Section 73 it entrenches multilateral agreements and international conventions in the implementation of the Act such as the Convention on Biological Diversity, Nagoya Protocol and CITES, among others that deal with biodiversity. The Service enforced the ban on use of plastics within public forests and there is a guideline on plastics. The environmental impact of the Service activities are quite minimal and in



fact have an overall positive impact through enhancing forest/tree cover leading to increased carbon sequestration.

## **Employee Welfare**

The Service Policies guiding the hiring process are Human Resource policy and procedure manual together with a disability policy and a gender policy. The Service practices affirmative action and equal opportunity recruitment of qualified persons. The above policies guide its actions and decisions. As part of its staff development programme, the Service endeavours to empower all staff through various measures whose effectiveness is monitored on a regular basis.

The Service recognizes its human capital to be strategic to the achievement of its business objectives and has implemented as part of its policy, a comprehensive medical scheme for all its staff and dependants that also caters for pre-existing conditions and HIV/AIDS to assist all who may be infected or affected. It also ensures staff carry out their duties in an ethical manner and has an anti-corruption policy that is implemented to the letter. It also has embedded into the medical scheme a component of employee assistance for staff that are affected or addicted to alcohol and/or abusing drugs.

The Service continuously provides opportunity to build human capital capacities in terms of knowledge and skills improvement, attitude change and enhancing teamwork to all staff. This has been achieved by sponsoring staff for training programmes focused on strategic leadership development, corporate governance, paramilitary courses, pre-retirement training and customer service training among others.

## **Marketplace practices**

KFS efforts to responsible competitive practices includes promoting and maintaining fair competition in markets principally within the boundaries of public forests and beyond.

### **i. Corruption Prevention**

This activity aims at combating and preventing corruption, unethical practices and promote standards and best practices in governance. This is in line with the Anti-Corruption and Economic Crimes Act, 2019 and the leadership and Integrity Act of 2012. To achieve this, the Service;

- Achieved a 1.98 index score under performance contracting;
- Undertook a Corruption Risk Assessment and developed a Corruption Risk Mitigation Plan;
- Implemented measures emanating from the Corruption Risk Mitigation Plan as per the implementation matrix;
- Submitted quarterly performance reports to EACC using the prescribed reporting format.

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**ii. Responsible political involvement**

KFS commitment to corporate responsibility guides everything the Service does, including work to help develop public policy and legislation that supports conservation.

Also, the Service undertake activities like stakeholder's engagement, community participation in conservation through formation of CFA's which enable people to develop and express their opinions on the mandate of the Service and how its governed and try to take part in and shape the decisions that affect their lives.

During the year under review the Service undertook to Improve the Capacity and Governance of CFAs. In order to strengthen the capacities of CFAs for participation in forest management, the Service carried the following activities.

- Provided technical support to the CFAs on formation/reformation processes.
- Continued engaging and building capacity of the CFAs through training of CFA members on the Participatory Forest management model.
- Conducted one CFA award scheme within Mara-Mau catchment.

**iii. National Cohesion and values**

During the year, the Service

- Recruited 2,700 rangers to protect 2.59 million hectares of the forest and support to community forests drawn from all the 47 counties in the country.
- Submitted in the prescribed format the Annual Report on implementation of the commitments and way forward captured in 2018 President's Report on National Values and Principles of Governance
- Enhanced collaboration between the two levels of government to entrench sharing and devolution of power.

**iv. Responsible supply chain and supplier relations**

- A responsible supply chain management necessitates an improved relationship with suppliers and distributors in the value chain. KFS use an holistic approach to supply chain management, where the Service actively source and procure products and services in an ethical, environmentally and socially conscious way.
- In the FY 2022-2023, the total procurement budget was Kes.1,820,331,218 of which Kes.1,125,111,218 was for procurement of non- specialized goods and services. The Service therefore allocated Kes.337,533,365 equivalents to 30% of the procurement budget for the non- specialized goods and services to Youth, Women and Persons with Disabilities. In addition, 2% of the budget was reserved for AGPO or Kes.6,750,667 was allocated exclusively to the PWDs. To facilitate the achievement of this target, Kenya Forest Service built the capacity of the Youth, Women and PWDs through training on government procurement procedures, requirements for accessing government procurement opportunities



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and on the specific opportunities available in the Service. In addition, Kenya Forest Service conducted pre-qualification of the registered groups and submitted to PPRA a summary of the procurement opportunities allocated to the target groups in the format provided in the PPRA website: [www.tenders.go.ke](http://www.tenders.go.ke).

- The Service also facilitated quick processing of payments to its suppliers.

**v. Responsible marketing and advertisement**

The Service advertises its tenders through the daily newspapers giving access to a wide range of suppliers to participate.

**vi. Product stewardship**

KFS sets goals and performance standards following consultation with stakeholders. All programs within the Service product category are accountable to the same goals and performance standards. The Service allows customers the flexibility to determine the most cost-effective means of achieving the goals and performance standards. The Service is responsible for ensuring a level playing field by enforcing requirements that all producers in a product category participate in a stewardship program as a condition for selling their product in the jurisdiction.

**Ease of Doing Business**

In the FY 2022-2023, the Service achieved as follows:

- Initiated the process of integrating the FMS and FMIS which is still on-going. Detailed plan approved by Ministry of Environment & Forestry to develop the integration system for disposal of 5,000Ha of forest plantation. The plan includes development of Oracle system and complete end-to-end in-house system for disposal process. The planned automation of the Service's procurement processes was hampered by a delay to procure the Oracle service provider to provide end-user support.
- Implemented TIMS devices countrywide to ensure all the Service receipts are tax compliant.

**Community Engagements**

The Service strives to undertake Corporate Social Responsibility (CSR) activities that promote sustainable forest conservation and management with specific focus on vulnerable groups and forest adjacent communities. All CSR activities will promote education and awareness on forestry conservation and management, enhance socio-economic status of selected communities and strive for sustainability of all projects.

The following are some of the CSR activities that the Service has conducted recently.

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- **14<sup>th</sup> April 2023:** The Kwale County Forest Conservator and his team donated Iftar food packages to local Islamic leaders during the Eid celebrations in Msambweni Sub County. The gift packs included food items for the local families.
- **24<sup>th</sup> December 2022:** The Forest Law Enforcement Academy (FoLEA) fraternity presented Christmas gifts to the Bethel Orphanage Home in Londiani, to share blessings with the Orphans.
- **8<sup>th</sup> November 2022:** KFS led representatives from all the Services in a visit to Compassionate Hands for the Abled-differently in Ruai, to deliver food and non-food items to the institution.



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**REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Kenya Forest Service affairs.

**Principal activities**

The principal activities of the Service continue as highlighted in *page ii* above.

**Results**

The results of the Service for the year ended June 30, 2023, are set out on page 1 to 63.

**Directors**

The members of the Board of Directors who served during the year are shown on pages viii-x.

**Auditors**

The Auditor General is responsible for the statutory audit of the Service, in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015, for the year ended June 30, 2023.

**By Order of the Board**

  
.....  
Alexander Lemarkoko 'ndc' (K)  
Secretary to the Board  
Nairobi

Date: 26/03/2024  
.....

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012; section 14 of the State Corporations Act and section 26 of the Forest Conservation and Management Act, 2016, require the Directors to prepare financial statements in respect of the Kenya Forest Service, which give a true and fair view of the state of affairs of the Kenya Forest Service at the end of the financial year and the operating results of the Service for that year. The Directors are also required to ensure that the Kenya Forest Service keeps proper accounting records which disclose with reasonable accuracy the financial position of the Kenya Forest Service. The Directors are also responsible for safeguarding the assets of the Kenya Forest Service.

The Directors are responsible for the preparation and presentation of financial statements of the Kenya Forest Service, which give a true and fair view of the state of affairs of the Kenya Forest Service for and as at the end of the financial year ended on June 30, 2023. 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 Kenya Forest Service;
- (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 Kenya Forest Service;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the financial statements of Kenya Forest Service, 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 Public Finance Management Act, the State Corporations Act and the Forest Conservation and Management Act. The Directors are of the opinion that the financial statements of the Kenya Forest Service give a true and fair view of the state of transactions of Kenya Forest Service during the financial year ended June 30, 2023, and of the financial position of the Kenya Forest Service as at that date. The Directors further confirm the completeness of the accounting records maintained for the Kenya Forest Service, which have been relied upon in the preparation of the financial statements of the Kenya Forest Service, 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 Kenya Forest Service will not remain a going concern for at least the next twelve months from the date of this statement.



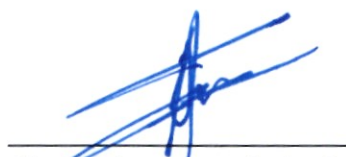
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**Approval of the financial statements**

The Kenya Forest Service financial statements were approved on 28<sup>th</sup> September 2023 and signed on its behalf by:



**Job Chirchir**  
Chairman, Board of Directors

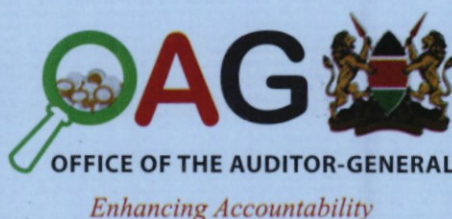


**Alexander Lemarkoko 'ndc' (K)**  
Chief Conservator of Forests



# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON KENYA FOREST SERVICE (KFS) FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 Kenya Forest Service set out on pages 1 to 53, which comprise of the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net



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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Forest Service as at 30 June, 2023 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 Forest Conservation and Management Act No. 34 of 2016 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 26 to the financial statements reflects property, plant and equipment balance of Kshs.1,637,543,908. However, the following anomalies were noted in the balances;

- (i) As previously reported the financial statements reflects property, plant and equipment balance of Kshs.1,637,543,908 out of which a balance of Kshs.715,000,836 relates to the value of buildings owned by the Service in various locations. However, the amount excludes unspecified value of rangers' houses that were constructed and donated to the Service by China Roads and Bridges Company. Further, contrary to the requirements of IPSAS 17, the land on which these buildings are erected had not been valued and disclosed separately in the last seven years.
- (ii) The Service acquired all the assets of the former Forest Department including land vide legal notice No.151 of 2008 published in the Kenya Gazette Supplement No. 28 of 28 November, 2008. However, out of the two hundred and sixty-five (265) gazetted forest blocks owned by Kenya Forest Service with an acreage of 2,585,526.44 hectares, only seventy-seven (77) blocks have title deeds while the rest lacked title deeds.
- (iii) Included in the acreage of land of 2,585,526.44 hectares is land of an undetermined acreage with ongoing ownership court cases between the Service and private parties.
- (iv) There was illegal encroachments and excisions on forest land in various parts of the country of which a total of 555.9 hectares were illegally acquired by private parties in Kipkabus, Tingwa and Ngong forest. Further, in Uasin Gishu County, 29.5 hectares of land had unlicensed operational installations while other parcels of land though licensed remain unpaid by five institutions namely: Ministry of Energy, Kenya Airports Authority, Nabkoi Water Project, Kapsaret Water Project and County Cemetery.



- (v) The Service has not valued its assets as required by IPSAS 17 Section 31 which requires that revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date.

In the circumstances, the accuracy, valuation and completeness of the property, plant and equipment balance of Kshs.1,637,543,908 could not be confirmed.

## **2. Unsupported Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 22 to the financial statements reflects receivables from exchange transactions balance of Kshs.1,715,905,791 which includes long outstanding debts balance of Kshs.75,024,727 which are owed by Government Agencies and Media houses whose transmitters are located within the Service's forests. However, the license charges had not been paid as the license fee is said to have been paid to the Government owned Kenya Broadcasting Corporation (KBC).

Further, the balance excludes amounts receivable from the defunct Ministry of Sports and Kenya National Highways Authority of Kshs.10,000,000 and Kshs.77,666,204, respectively. In addition, the amount does not include an amount of Kshs.32,364,688 for special user license issued to Sustainable Energy Systems Limited which has remained receivable due to outstanding legal case.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.1,715,905,791 could not be confirmed.

## **3. Long Outstanding Legal cases, Arbitration and Compensation Packages**

The statement of financial performance and as disclosed in Note 12 of financial statements reflects use of goods and services amount of Kshs.3,832,697,919 which includes Kshs.5,575,769 for legal dues, arbitration and compensation packages which decreased by Kshs.15,625,379 compared to previous year. In the financial year under review, a total of one hundred and fifteen (115) legal cases were reported. Some of the cases date far back to the year 2008, with ten (10) cases which are sixteen (16) years old but still remain unresolved. The cases range from evictions from forest land, unauthorized settlement on forest land, irregular gazettement of community land, sale of land marked as forest area, court orders and injunctions, accidents involving KFS vehicles among others.

The legal department of the Service has not clearly outlined strategies, policies, and ways of countering some of the cases with the intention of getting them cleared fast enough to enable the operations of the Service to be carried on without much interference.

In the circumstances, the accuracy and completeness of the long outstanding legal cases, arbitration and compensation packages of Kshs.5,575,769 could not be confirmed.

## **4. Outstanding Tax Arears**

Note 12 to the financial statements reflects use of goods and services amount of Kshs.3,832,697,919 which includes VAT expense of Kshs.2,184,573,981. On 25 May, 2023, Kenya Revenue Authority (KRA) issued agency notices to the Service



bankers on outstanding taxes amounting to Kshs.4,121,614,692 for business registration certificate. No.1189. The Service acknowledged the existence of the arrears and entered into a negotiated arrangement with KRA arising from earlier agency notice dated 21 November, 2022. KRA and KFS agreed to settlement of the principal amount of Kshs.2,184,573.981 by paying Kshs.10,000,000 every month starting from March, 2023 to June, 2023. KFS bankers, in implementing the terms of the 21 November, 2022 agency notice remitted to KRA, Kshs.86,526,248 and Kshs.12,390,000 towards settlement of the principal amount. At the close of the financial year ending 30 June, 2023, there was still outstanding tax arrears of Kshs.2,138,857,232.

In the circumstances, the failure or delay of payment of tax arrears of Kshs.2,138,857,232 may attract penalties and interest which may affect service delivery by the Service.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Forest Service 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.

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Issues**

In the audit report of the previous year, several issues were raised in the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Effectiveness of Internal Controls and Risk Management. However, the Management has not resolved all the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board.

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



## **Basis for Conclusion**

### **1. Breach of Agreement**

The Service entered into an agreement with the Friends of Karura Community Forest Association (FKCFA) on 1 February, 2013 for a period of 5 years. The primary purpose of the agreement was to conserve the forest and allow non-consumptive and limited consumptive sustainable uses of the forest in accordance with the strategic management plan. In the year 2016, the Kenya Forest and Conservation Act, 2005 was amended which necessitated drawing up an agreement to conform with provisions of the Act. In line with the Act, a new agreement was signed dated 26 April, 2021 for a period of 20 years. According to the Section 13(c) of the Agreement, all surplus revenue as per the annual financial statements less funds committed to on-going or planned projects shall be remitted to KFS at the end of the year. Review of documents revealed that the surplus as per FKCFA audited financial statements amounted to Kshs.49,590,452 for the year ended 30 June, 2023. However, KFS did not receive the surplus, instead it is disclosed separately as expenditure funding capital projects and recurrent costs amounting to Kshs.35,144,887 and Kshs.7,012,763 respectively.

In the circumstances, the value for money obtained from the agreement could not be confirmed.

### **3. Long Outstanding Receivables**

Note 23 to the financial statements reflects receivables from non-exchange transactions balance of Kshs.70,888,060 which includes Kshs.24,248,144 as temporary imprest. However, the imprests issued to various staff were not surrendered by the end of the financial year. This was contrary to Regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

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

### **4. Lack of Ethnic Diversity in the Recruitment of Rangers**

The Service recruited 2,666 rangers in the month of February, 2023. However, six hundred and ninety-three (693) or 26% of the rangers were drawn from one ethnic community while some ethnic communities had nil representation. This was contrary to Section 7(1) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff. Further, one hundred and fourteen (114) rangers did not adhere to the set criteria in the recruitment since they were aged above 28 years contrary to entry requirement (iv) which required the recruits to be 28 years or below.

In the circumstances, Management was in breach of the law and internal controls relating to the recruitment of 114 rangers were not adhered to.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements



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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters 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 overall governance were not effective.

### **Basis for Conclusion**

#### **1. Weak Internal Controls on Revenue Collection**

Review of the Service revenue collection revealed that there was no integration between revenue collection, invoicing and receipting. Revenue is collected through MPESA and bank accounts. However, a system walkthrough revealed that receipts are manually keyed in the system and the revenue recognition invoices are generated after receipting.

In the circumstances, the effectiveness of the internal controls on revenue collection could not be confirmed.

#### **2. Uncertainty of Retirement Benefit Scheme**

The Service entered a contract for provision of an umbrella retirement benefits scheme. The contract was signed between Alexander Forbes Financial Services and Kenya Forest Service on 30 June, 2009 at a contract price of Kshs.297,192. Documents provided indicates that the Alexander Forbes have transferred management responsibilities to Zamara Actuaries Administrators and Consultants. Further, the contract did not indicate any base interest rate or expected growth in member's deposits. In addition, no evidence was provided to show that KFS has appointed its members to the Board of Trustees of the Scheme thus locking the members from the day-to-day operations of the scheme.

In the circumstances, the retirement benefit schemes usefulness and oversight by employees could not be confirmed.

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



## **Responsibilities of the Management and Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as the 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 Service's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of Directors is responsible for overseeing the 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**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.



Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Service's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Service to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Service to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

19 April, 2024



Kenya Forest Service  
Annual Report and Financial Statements  
For the year ended June 30, 2023

## FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

|                                                                           | Note   | 2022/2023<br>Kes.      | 2021/2022<br>Kes.      |
|---------------------------------------------------------------------------|--------|------------------------|------------------------|
| <b>Revenue from non-exchange transactions</b>                             |        |                        |                        |
| Transfers from other government entities                                  | 6      | 5,290,961,483          | 4,557,517,822          |
| Public contributions and donations                                        | 7      | 481,159,267            | 499,463,819            |
| Fines, penalties and levies                                               | 8      | 3,671,828              | 3,472,919              |
|                                                                           |        | <b>5,775,792,578</b>   | <b>5,060,454,560</b>   |
| <b>Revenue from exchange transactions</b>                                 |        |                        |                        |
| Sale of goods & services                                                  | 9      | 851,019,099            | 470,092,788            |
| Licenses and permits                                                      | 10     | 137,693,420            | 155,261,693            |
| Finance income - external investments                                     | 11     | 18,780,801             | 19,378,110             |
|                                                                           |        | <b>1,007,493,320</b>   | <b>644,732,591</b>     |
| <b>Total revenue</b>                                                      |        | <b>6,783,285,898</b>   | <b>5,705,187,151</b>   |
| <b>Expenses</b>                                                           |        |                        |                        |
| Use of goods and services                                                 | 12     | (3,832,697,919)        | (944,729,353)          |
| Employee costs                                                            | 13     | (4,319,742,203)        | (4,331,803,024)        |
| Remuneration of Directors                                                 | 14     | (11,705,911)           | (6,402,616)            |
| Depreciation and amortization expense                                     | 26, 27 | (239,268,494)          | (235,939,827)          |
| Repairs and maintenance                                                   | 15     | (172,254,381)          | (158,902,409)          |
| Contracted services                                                       | 16     | (59,070,024)           | (115,753,472)          |
| Grants and subsidies                                                      | 17     | (9,591,003)            | -                      |
| <b>Total expenses</b>                                                     |        | <b>(8,644,329,935)</b> | <b>(5,793,530,701)</b> |
| <b>Other gains/(losses)</b>                                               |        |                        |                        |
| Gain/Loss on foreign exchange transactions                                | 18     | 98,901                 | 1,120,696              |
| Gain on disposal of assets                                                | 19     | 1,286,121              | 7,290,882              |
| <b>Surplus/(Deficit) before tax</b>                                       |        | <b>(1,859,659,015)</b> | <b>(79,931,972)</b>    |
| Income tax expense                                                        | 20     | (11,726,475)           | (5,231,935)            |
| <b>Surplus/(Deficit) for the period</b>                                   |        | <b>(1,871,385,490)</b> | <b>(85,163,907)</b>    |
| Attributable to:                                                          |        |                        |                        |
| <b>Surplus/(Deficit) attributable to owners of the controlling entity</b> |        | <b>(1,871,385,490)</b> | <b>(85,163,907)</b>    |

The notes set out on pages 7 to 44 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:

  
Alexander Lemarkoko 'ndc' (K)  
Chief Conservator of Forests

Date: 26/03/2024

  
CPA Anastasia Muasya  
Manager, Finance & Accounting

ICPAK Member Number: 6732  
Date: 26/03/2024

  
Job Chirchir  
Chairman of the Board

Date: 26/03/2024



**Kenya Forest Service  
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For the year ended June 30, 2023**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

|                                                     | Note | 2022/2023<br>Kes.     | 2021/2022<br>Kes.     |
|-----------------------------------------------------|------|-----------------------|-----------------------|
| <b>Assets</b>                                       |      |                       |                       |
| <b>Current assets</b>                               |      |                       |                       |
| Cash and cash equivalents                           | 21   | 905,653,376           | 330,519,562           |
| Receivables from exchange transactions              | 22   | 1,715,905,791         | 605,449,477           |
| Receivables from non-exchange transactions          | 23   | 70,888,060            | 41,641,117            |
|                                                     |      | <b>2,692,447,227</b>  | <b>977,610,156</b>    |
| <b>Non-current assets</b>                           |      |                       |                       |
| Biological assets                                   | 25   | 90,917,526,961        | 84,678,182,735        |
| Property, plant and equipment                       | 26   | 1,637,543,908         | 1,680,267,343         |
| Intangible assets                                   | 27   | 6,116,472             | 6,621,906             |
|                                                     |      | <b>92,561,187,341</b> | <b>86,365,071,984</b> |
| <b>Total assets</b>                                 |      | <b>95,253,634,568</b> | <b>87,342,682,140</b> |
| <b>Liabilities</b>                                  |      |                       |                       |
| <b>Current liabilities</b>                          |      |                       |                       |
| Trade and other payables from exchange transactions | 28   | 417,606,573           | 66,978,681            |
| Refundable deposits from customers                  | 29   | 13,229,961            | 32,072,662            |
| Provisions                                          | 30   | 229,704,725           | 208,373,509           |
| Employee benefit obligation                         | 31   | 49,728,294            | 35,774,650            |
| Payments received in advance                        | 32   | 1,994,253             | 51,450                |
| Withheld Taxes                                      | 33   | 2,138,857,232         | 58,565,863            |
| Corporation Tax                                     | 34   | -                     | 577,131               |
| Deferred Income Liability                           | 35   | 911,803,945           | 13,811,849            |
|                                                     |      | <b>3,762,924,983</b>  | <b>416,205,795</b>    |
| <b>Non-current liabilities</b>                      |      |                       |                       |
| Deferred Income Liability                           | 35   | 90,917,526,961        | -                     |
|                                                     |      | <b>90,917,526,961</b> | <b>-</b>              |
| <b>Total liabilities</b>                            |      | <b>94,680,451,944</b> | <b>416,205,795</b>    |
| <b>Net assets</b>                                   |      | <b>573,182,624</b>    | <b>86,926,476,345</b> |
| <b>Reserves</b>                                     |      |                       |                       |
| Capital funds                                       |      | 1,669,016,700         | 86,390,193,425        |
| Accumulated surplus/(deficit)                       |      | (1,095,834,076)       | 536,282,920           |
| <b>Total reserves</b>                               |      | <b>573,182,624</b>    | <b>86,926,476,345</b> |

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:

Alexander Lemarkoko 'ndc' (K)  
Chief Conservator of Forests

Date: 26/03/24

CPA Anastasia Muasya  
Manager, Finance & Accounting  
ICPAK Member Number: 6732

Date: 26/03/2024

Job Chirchir  
Chairman of the Board

Date: 26/03/2024





**Kenya Forest Service**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2023**

**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

|                                                                               | Capital Funds         | Revenue Reserves       | Total                 |
|-------------------------------------------------------------------------------|-----------------------|------------------------|-----------------------|
| As at 1 July 2021                                                             | 79,796,339,003        | 385,507,000            | 80,181,846,003        |
| Fair value adjustment of biological assets                                    | 6,538,885,800         |                        | 6,538,885,800         |
| Surplus/(deficit) for the year                                                | -                     | (85,163,907)           | (85,163,907)          |
| Capital/development grants received during the year                           | 290,908,449           |                        | 290,908,449           |
| Transfer of depreciation/ amortisation from capital fund to retained earnings | (235,939,827)         | 235,939,827            | -                     |
| Adjustment for the year                                                       | -                     | -                      | -                     |
| <b>As at 30 Jun 2022</b>                                                      | <b>86,390,193,425</b> | <b>536,282,920</b>     | <b>86,926,476,345</b> |
| As at 1 July 2022                                                             | 86,390,193,425        | 536,282,920            | 86,926,476,345        |
| Fair value adjustment of biological assets                                    | 6,239,344,226         |                        | 6,239,344,226         |
| Surplus/(deficit) for the year                                                | -                     | (1,871,385,490)        | (1,871,385,490)       |
| Capital/development grants received during the year                           | 196,274,504           |                        | 196,274,504           |
| Transfer of depreciation/ amortisation from capital fund to retained earnings | (239,268,494)         | 239,268,494            | -                     |
| Adjustment for the year                                                       | (90,917,526,961)      | -                      | (90,917,526,961)      |
| <b>As at 30 Jun 2023</b>                                                      | <b>1,669,016,700</b>  | <b>(1,095,834,076)</b> | <b>573,182,624</b>    |

*\*The Service creates and maintains reserves in terms of specific requirements. The Service classifies its reserves as either capital or revenue in nature. Capital reserve is the replacement development reserve that will help the Service to replace assets as they age. Revenue reserve is the accumulated surplus over the years. The adjustment for the year on Capital Funds amounting to Kes.90,917,526,961 relates to gain in value of biological assets that has been transferred to deferred income liability(Note 35)*

**Kenya Forest Service**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2023**

**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

|                                                                                       | Note                             | 2022/2023<br>Kes.      | 2021/2022<br>Kes.    |
|---------------------------------------------------------------------------------------|----------------------------------|------------------------|----------------------|
| <b>Cash Flows from operating activities</b>                                           |                                  |                        |                      |
| Net operating Surplus                                                                 |                                  | (1,871,385,490)        | (85,163,907)         |
| <b>Adjustment</b>                                                                     |                                  |                        |                      |
| Depreciation                                                                          | 26                               | 238,763,060            | 233,085,778          |
| Amortization of Intangible Assets                                                     | 27                               | 505,434                | 2,854,049            |
| Net book value Retired                                                                | 19                               | 234,879                | 9,885,403            |
| Proceeds from disposal of assets                                                      | 19                               | (1,521,000)            | (17,176,285)         |
| Increase in Provision for Audit Fees                                                  | 30                               | -                      | (4,400,000)          |
| Increase in Provision for doubtful debts                                              | 30                               | 21,331,216             | 41,863,733           |
| <b>Net Cash generated from operating activities before Changes in working Capital</b> |                                  | <b>(1,612,071,900)</b> | <b>180,948,771</b>   |
| <b>Changes in Working Capital</b>                                                     |                                  |                        |                      |
| Increase in Trade and other receivables                                               | 22, 23<br>28,29,30,<br>31,32,33, | (1,139,703,258)        | (65,936,465)         |
| Increase in trade and other payables                                                  | 34,35                            | 3,325,387,972          | (76,581,254)         |
| <b>Net Cash generated from operating activities</b>                                   |                                  | <b>573,612,814</b>     | <b>38,431,052</b>    |
| <b>Cash Flows from investing activities</b>                                           |                                  |                        |                      |
| Purchase of property, plant & equipment                                               | 26                               | (196,274,504)          | (290,919,249)        |
| Purchase of intangible items                                                          | 27                               | -                      | 10,800               |
| Proceeds from disposal of property, plant & equipment                                 | 19                               | 1,521,000              | 17,176,285           |
| <b>Net cash used in investing activities</b>                                          |                                  | <b>(194,753,504)</b>   | <b>(273,732,164)</b> |
| <b>Cash Flows from Financing activities</b>                                           |                                  |                        |                      |
| Capital Grants Received                                                               | 6(b) &<br>7(b)                   | 196,274,504            | 290,908,449          |
| Development Grants Refunded                                                           |                                  | -                      | -                    |
| Net cash used in Financing activities                                                 |                                  | 196,274,504            | 290,908,449          |
| <b>Net increase in cash &amp; cash equivalents</b>                                    |                                  | <b>575,133,814</b>     | <b>55,607,337</b>    |
| Cash & cash equivalents at the beginning of the period                                |                                  | 330,519,562            | 274,912,226          |
| <b>Cash &amp; cash equivalents at the end of the period</b>                           |                                  | <b>905,653,376</b>     | <b>330,519,562</b>   |

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:

Alexander Lemarkoko 'ndc' (K)  
 Chief Conservator of Forests

Date: 26/03/2024

CPA Anastasia Muasya  
 Manager, Finance & Accounting  
 ICPAK Member Number: 6732

Date: 26/03/2024

Job Chirchir  
 Chairman of the Board

Date: 26/03/2024





Kenya Forest Service  
Annual Report and Financial Statements  
For the year ended June 30, 2023

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2023**

|                                                                                     | Original budget        | Adjustments          | Final budget           | Actual on comparable basis | Performance difference |            |
|-------------------------------------------------------------------------------------|------------------------|----------------------|------------------------|----------------------------|------------------------|------------|
|                                                                                     | 2022/2023              | 2022/2023            | 2022/2023              | 2022/2023                  | 2022/2023              |            |
|                                                                                     | Kes.                   | Kes.                 | Kes.                   | Kes.                       | Kes.                   |            |
| <b>Revenue</b>                                                                      |                        |                      |                        |                            |                        |            |
| Transfers from other governments entities <sup>1</sup>                              | 4,700,000,000          | 700,000,000          | 5,400,000,000          | 5,340,000,000              | (60,000,000)           | -1%        |
| Public contributions and donations <sup>2</sup>                                     | 1,573,500,000          | -                    | 1,573,500,000          | 1,526,387,350              | (47,112,650)           | -3%        |
| Fines, penalties and levies                                                         |                        |                      |                        | 3,671,828                  |                        |            |
| Sale of goods & services                                                            | 874,000,000            | -                    | 874,000,000            | 851,019,099                | 137,165,148            | 16%        |
| Licenses and permits                                                                |                        |                      |                        | 137,693,420                |                        |            |
| Finance Income                                                                      |                        |                      |                        | 18,780,801                 |                        |            |
| <b>Total income</b>                                                                 | <b>7,147,500,000</b>   | <b>700,000,000</b>   | <b>7,847,500,000</b>   | <b>7,877,552,498</b>       | <b>30,052,498</b>      | <b>0%</b>  |
| <b>Expenses</b>                                                                     |                        |                      |                        |                            |                        |            |
| Compensation of employees                                                           | (4,561,174,855)        | -                    | (4,561,174,855)        | (4,319,742,203)            | (241,432,652)          | 5%         |
| Board Expenses                                                                      | (17,000,000)           | -                    | (17,000,000)           | (11,705,911)               | (5,294,089)            | 31%        |
| Goods and services <sup>3</sup>                                                     |                        |                      |                        | (1,648,123,938)            |                        |            |
| Repairs and maintenance                                                             | (1,311,886,496)        | (700,000,000)        | (2,011,886,496)        | (172,254,381)              | (122,847,150)          | 6%         |
| Contracted services                                                                 |                        |                      |                        | (59,070,024)               |                        |            |
| Grants and subsidies                                                                |                        |                      |                        | (9,591,003)                |                        |            |
| Acquisition of Assets <sup>4</sup>                                                  | (1,257,438,649)        | -                    | (1,257,438,649)        | (196,274,504)              | (1,061,164,145)        | 84%        |
| <b>Total expenditure</b>                                                            | <b>(7,147,500,000)</b> | <b>(700,000,000)</b> | <b>(7,847,500,000)</b> | <b>(6,416,761,964)</b>     | <b>(1,430,738,036)</b> | <b>18%</b> |
| <b>Surplus/(Deficit) for the period</b>                                             | <b>-</b>               | <b>-</b>             | <b>-</b>               | <b>1,460,790,534</b>       | <b>1,460,790,534</b>   |            |
| <b>Reconciliation with operating surplus</b>                                        |                        |                      |                        |                            |                        |            |
| <sup>1</sup> Less: Deferred income recognized from transfers from other governments |                        |                      |                        | (897,992,096)              |                        |            |
| <sup>2</sup> Less: Grants received for financing activities                         |                        |                      |                        | (196,274,504)              |                        |            |
| <sup>3</sup> Less: VAT expense                                                      |                        |                      |                        | (2,184,573,981)            |                        |            |
| <sup>4</sup> Add: Acquisition of assets                                             |                        |                      |                        | 196,274,504                |                        |            |
| Less: Depreciation & amortization expense                                           |                        |                      |                        | (239,268,494)              |                        |            |
| Add: Gain on foreign exchange transactions                                          |                        |                      |                        | 98,901                     |                        |            |
| Add: Gain on sale of assets                                                         |                        |                      |                        | 1,286,121                  |                        |            |
| Less: Income tax expense                                                            |                        |                      |                        | (11,726,475)               |                        |            |
| <b>Surplus/(Deficit) in statement of financial performance</b>                      |                        |                      |                        | <b>(1,871,385,490)</b>     |                        |            |

**Kenya Forest Service  
Annual Report and Financial Statements  
For the year ended June 30, 2023**

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**Budget notes**

1. Appropriation in aid had a positive variation of Kes.137 million equivalent to 16%. This was mainly due to income from plantations.
2. Board expenses had a negative variation of Kes.5 million (31%). This was due to the appointment of the Board members as the year was ongoing.
3. Acquisition of assets had a negative variance of 84%. This was mainly due to the delayed delivery of assets under the new Fire Project.
4. The budget adjustment is as a result of the supplementary budget approved by the Board.



## NOTES AND APPENDICES

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. GENERAL INFORMATION

Kenya Forest Service is established by and derives its authority and accountability from the Forest Conservation and Management Act, 2016. The Service is wholly owned by the Government of Kenya and is domiciled in Kenya. The Service's principal activity is conservation and management of state forests.

#### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

#### 3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

| STANDARD                                                                                | EFFECTIVE DATE AND IMPACT:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IPSAS 41:<br>Financial<br>Instruments                                                   | <p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> |
| IPSAS 42:<br>Social Benefits                                                            | <p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness, and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>a. The nature of such social benefits provided by the entity;</li> <li>b. The key features of the operation of those social benefit schemes; and</li> <li>c. The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Amendments<br>to Other IPSAS<br>resulting from<br>IPSAS 41,<br>Financial<br>Instruments | <p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <ol style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |



| STANDARD | EFFECTIVE DATE AND IMPACT: |
|----------|----------------------------|
|----------|----------------------------|

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Other improvements to IPSAS | <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><b>Applicable 1st January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i><br/>Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits</i><br/>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <i>IPSAS 29: Financial instruments: Recognition and Measurement</i><br/>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</li> </ul> |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



### iii. Early adoption of standards

The Service did not early-adopt any new or amended standards in year 2022/2023.

## 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 Service and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

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

##### **Public Contributions and Donations**

The Service recognizes revenues from the donors and other private entities when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

Donor grants are accounted for where they are recognized as income over the periods necessary to match them with the related assets which they are intended to compensate on a systematic basis while capital grants and non-monetary grants, such as property, plant and equipment or other resources, are usually accounted for at fair value.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Service and the fair value of the asset can be measured reliably.

##### **Fees, taxes and fines**

The Service recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met.

##### ii) Revenue from exchange transactions

##### ***Rendering of services***

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

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### *Sale of goods*

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

### *Interest income*

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

### *Rental income*

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

### **b) Budget information**

The original budget for FY 2022-2023 was approved by the National Assembly in June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Service upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Service recorded additional appropriations of Kes. 700,000,000 on the 2022-2023 budget following the Board of Directors' approval.

The Service's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actual amounts as per the statement of financial performance has been presented with the statement of comparison of budget and actual amounts.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 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 Service 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.

#### ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Service and the same taxation authority.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### *Value Added tax*

Expenses and assets are recognized net of the amount of Value added tax, except:

- When the Value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of Value added tax included

The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### **d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the placement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

### **e) 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 Service recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### f) Biological Assets

Biological assets comprise forest plantations. They are measured on initial recognition and at each reporting date at fair value less costs to sell. Any gains or losses arising on initial recognition of biological assets and from subsequent changes in fair value less costs to sell has not been recognised in the statement of financial performance in the year in which they arise as per IPSAS 27 due to the substantial effect on the statement. These changes have been recognised as deferred income.

The fair value of forest plantations is based on market prices as valued by internal valuation team. Purchases and development of biological assets include cost of planting and upkeep until they mature.

Subsequently all costs of upkeep and maintenance of mature biological assets are recognised in the statement of financial performance in the period in which they are incurred.

### g) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Service. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Service also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Service will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Service. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

### h) Intangible assets

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### i) Research and development costs

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

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

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

### j) Provisions

Provisions are recognized when the Service has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Service expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

### *Contingent liabilities*

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

### *Contingent assets*

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### **k) Nature and purpose of reserves**

The Service creates and maintains reserves in terms of specific requirements. The service classifies its reserves as either capital or revenue in nature. Capital reserve is the replacement development reserve that will help the service to replace assets as they age. Revenue reserve is the accumulated surplus over the years.

### **l) Changes in accounting policies and estimates**

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

### **m) Employee benefits**

#### **Retirement benefit plans**

The Service provides retirement benefits for its employees and Directors. Defined contribution plans are post-employment benefit plans under which the Service pays fixed contributions into a separate Entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

### **n) Foreign currency transactions**

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### **o) Related parties**

The Service 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 Service, or vice versa. Members of key management are regarded as related parties and comprise the Directors, the CCF and senior managers.

### **p) Cash and cash equivalents**

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

### **q) Comparative figures**

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

### **r) Subsequent events**

The Board appointed Mr Alexander Lemarkoko as the Chief Conservator of Forest in July 2023.

There are no other events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Service 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 Service. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

#### Useful lives and residual values

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

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

All items in an asset category are re-valued every 5 years or when need arises. Depreciation on property, plant and equipment is calculated to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the below rates;

| Category                               | Rate                               |
|----------------------------------------|------------------------------------|
| Buildings                              | - 5%                               |
| Plant, Machinery & Tractors            | - 10%                              |
| Motor Vehicles & Cycles                | - 25%                              |
| Computer & ICT Equipment               | - 33 <sup>1</sup> / <sub>3</sub> % |
| Furniture & Fittings                   | - 20%                              |
| Office & Household Equipment's         | - 20%                              |
| Tools & Minor Equipment's              | - 100%                             |
| Roads, Fences, Boreholes & Civil Works | - 12.5%                            |
| Aircrafts, Hoppers & Boats             | - 7.5%                             |
| Intangible Assets                      | - 33 <sup>1</sup> / <sub>3</sub> % |

Depreciation is charged from the date of asset recognition and ceases when the asset is fully depreciated or disposed.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 30.

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 Service recognises provision for bad debts on all overdue debtors above 180 days in default as follows;

- 181 - 270 days overdue, a provision of 5%
- 271 - 360 days overdue, a provision of 20%
- 360 days and above, a provision of 50%

#### 6. Transfers from Other Government Entities

These are funds from the exchequer to finance the Services recurrent and development activities in the following core programmes: Natural Forest Conservation and Management; Farm and Dryland Forests Conservation and Management; and Plantation and Enterprise Development.

| Description                                           | 2022/2023<br>Kes.    | 2021/2022<br>Kes.    |
|-------------------------------------------------------|----------------------|----------------------|
| GOK Subventions - Recurrent                           | 4,860,000,000        | 4,160,000,000        |
| GOK Subventions - Development                         | 480,000,000          | 469,091,337          |
| Less: Grants received for financing activities        | (49,038,517)         | (71,573,515)         |
| <b>Total transfers from other government entities</b> | <b>5,290,961,483</b> | <b>4,557,517,822</b> |

#### 6(b) Transfers from Ministries, Departments and Agencies

| Name of the Entity<br>Sending the Grant                     | Amount<br>Recognized to<br>Statement of<br>Financial<br>Performance<br>Kes | Amount<br>Deferred<br>Under<br>Deferred<br>Income<br>Kes | Amount<br>Recognised<br>in Capital<br>Fund.<br>Kes | Total Grant<br>Income During<br>the Year<br>2022/2023<br>Kes | Total Grant<br>Income During<br>the Year<br>2021/2022<br>Kes |
|-------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Ministry of<br>Environment,<br>Climate Change &<br>Forestry | 5,290,961,483                                                              | -                                                        | 49,038,517                                         | 5,340,000,000                                                | 4,629,091,337                                                |
| <b>Total</b>                                                | <b>5,290,961,483</b>                                                       | <b>-</b>                                                 | <b>49,038,517</b>                                  | <b>5,340,000,000</b>                                         | <b>4,629,091,337</b>                                         |

*(The details of the reconciliation have been included under appendix 4)*

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. Public Contributions and Donations

During the year, the Service received transfers from different donors as set out below;

- African Development Bank**

These are funds for the Green Zones Development Support Project Phase II from the African Development Bank. The project specific objectives are

- To enhance forest conservation and livelihood support for climate change resilience and
- To develop timber, bamboo, potato, cereals and pulses value chains for improved household incomes.

- Partners donations**

The Service partners with different stakeholders on forest conservation and management. These includes donations from embassies and other corporates who support tree planting in designated areas.

- Food and Agriculture Organization (FAO)**

These are grants for the National Forest Programme Facility from the Food and Agriculture Organization (FAO). The facility is to kick-start the process of forest sector development with attention on poverty alleviation and ecological restoration. It is used to strengthen and complement ongoing initiatives, identify emerging issues, develop, test and refine joint forest management models for ecologically sensitive forests, involving local communities.

| Description                                     | 2022/2023<br>Kes.  | 2021/2022<br>Kes.  |
|-------------------------------------------------|--------------------|--------------------|
| African Development Bank (ADB)                  | 427,301,825        | 414,482,553        |
| French Government Project Direct Payments       | -                  | -                  |
| Partners Donations                              | 53,857,442         | 68,651,332         |
| Food and Agriculture Organisation (FAO)         | -                  | 16,329,934         |
| <b>Total public contributions and donations</b> | <b>481,159,267</b> | <b>499,463,819</b> |

### 7 (b) Public Contributions and Donations

| Name of the Entity Sending the Grant/Loan | Amount Recognized to Statement of Financial Performance<br>Kes | Amount Deferred Under Deferred Income<br>Kes | Amount Recognised in Capital Fund.<br>Kes | Total Grant/Loan Income During the Year 2022/2023<br>Kes | Total Grant/Loan Income During the Year 2021/2022<br>Kes |
|-------------------------------------------|----------------------------------------------------------------|----------------------------------------------|-------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| African Development Bank (ADB)            | 427,301,825                                                    | (2,066,329)                                  | 147,235,987                               | 572,471,484                                              | 402,426,408                                              |
| Partners Donations                        | 53,857,442                                                     | -                                            | -                                         | 53,857,442                                               | 27,090,666                                               |
| French Government                         | -                                                              | 894,999,661                                  | -                                         | 894,999,661                                              | -                                                        |
| Food and Agriculture Organisation (FAO)   | -                                                              | 5,058,764                                    | -                                         | 5,058,764                                                | 4,284,628                                                |
| <b>Total</b>                              | <b>481,159,267</b>                                             | <b>897,992,096</b>                           | <b>147,235,987</b>                        | <b>1,526,387,351</b>                                     | <b>433,801,702</b>                                       |



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8. Fines penalties and levies**

These are penalties levied to employees on disciplinary cases.

| Description                              | 2022/2023<br>Kes. | 2021/2022<br>Kes. |
|------------------------------------------|-------------------|-------------------|
| Fines and Surcharges                     | 3,671,828         | 3,472,919         |
| <b>Total fines, penalties and levies</b> | <b>3,671,828</b>  | <b>3,472,919</b>  |

**9. Sale of Goods & Services**

This comprises of particular classes of revenue streams which the accounting officer has been authorised to raise and use in addition to the amounts issued by the exchequer. For purposes of the financial statements this comprises of internally generated revenues as set out overleaf;

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9. Sale of Goods & Services (Continued)**

| Description                                              | 2022/2023<br>Kes.  | 2021/2022<br>Kes.  |
|----------------------------------------------------------|--------------------|--------------------|
| Plantations                                              | 376,756,325        | -                  |
| Mangrove                                                 | 6,507,494          | 8,384,440          |
| Bamboo Stems                                             | -                  | 7,200              |
| Compensation for tree stems                              | 8,580,106          | 26,173,040         |
| Professional fees                                        | 509,765            | 2,449,528          |
| Tuition Fees                                             | 18,206,777         | 17,270,257         |
| Boardwalk Fees                                           | 2,000              | -                  |
| Water easement charges                                   | 8,730,194          | 9,239,756          |
| Conservation Fees                                        | 12,552,200         | 5,712,000          |
| Fuel wood                                                | 73,507             | 44,742             |
| Quarrying, Soil, Sand                                    | 16,416,080         | 7,999,946          |
| Resin                                                    | 1,000              | -                  |
| Grazing Fees                                             | 30,045,404         | 35,776,801         |
| Other Forest Incomes                                     | 328,670            | 1,837,092          |
| Recreation                                               | 46,393,064         | 51,861,593         |
| Grass                                                    | 1,688,709          | 3,442,063          |
| Withies                                                  | 33,553             | 5,817              |
| Assessment Fees                                          | 168,707            | 565,403            |
| Parking Fees                                             | 1,064,879          | 821,263            |
| Research Permits                                         | 32,138             | 199,134            |
| Application Fees                                         | 395,700            | 5,000              |
| Exam Fees                                                | 3,284,950          | 3,045,410          |
| Students ID                                              | 107,500            | 143,939            |
| Accommodation                                            | 279,534            | 2,693,275          |
| Farm Produce                                             | 776                | 302                |
| Tours and Excursions fee                                 | 3,843,000          | 3,854,675          |
| ICT Services                                             | 1,005,500          | 832,908            |
| Library fee                                              | 1,005,500          | 818,343            |
| Activity fee                                             | 330,900            | 310,276            |
| Medical fee                                              | 568,000            | 505,436            |
| GPA cover fee                                            | 144,000            | 157,985            |
| Students' Association membership fee                     | 106,000            | 174,310            |
| Graduation fees                                          | 132,000            |                    |
| College Registration fees                                | 202,000            |                    |
| Staff Quarters                                           | 2,347,049          | 3,658,509          |
| Leases                                                   | 94,817,077         | 86,522,475         |
| Land Rent                                                | 161,837,448        | 170,474,581        |
| PELIS/Shamba Rent/Land Rent                              | 11,007,560         | 7,095,222          |
| Ground Rent                                              | 304,083            | 128,690            |
| Bonded Items                                             | 16,392,116         | 88,833             |
| Court Fines                                              | 1,145,691          | 179,138            |
| Seedlings & Cuttings                                     | 16,681,464         | 9,624,451          |
| Third Party Commissions                                  | 6,990,679          | 7,223,955          |
| Training Levy                                            | -                  | 765,000            |
| <b>Total revenue from the sale of goods and services</b> | <b>851,019,099</b> | <b>470,092,788</b> |



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10. Licenses & Permits**

| Description                       | 2022/2023<br>Kes.  | 2021/2022<br>Kes.  |
|-----------------------------------|--------------------|--------------------|
| Movement Permits                  | 129,789,966        | 148,117,684        |
| Monthly Fuel Licenses             | 7,384,422          | 7,098,147          |
| Saw millers Licenses              | 519,032            | 45,862             |
| <b>Total licenses and permits</b> | <b>137,693,420</b> | <b>155,261,693</b> |

**11. Finance Income - External Investments**

This relates to interest earned from interest bearing current accounts during the financial year.

| Description                                        | 2022/2023<br>Kes. | 2021/2022<br>Kes. |
|----------------------------------------------------|-------------------|-------------------|
| Interest on Current Account - KCB                  | 14,751,207        | 8,921,359         |
| Interest on Current Account - Coop                 | 3,774,726         | 9,487,543         |
| Interest on Current Account - NCBA                 | 254,868           | 969,208           |
| <b>Total finance income - external investments</b> | <b>18,780,801</b> | <b>19,378,110</b> |

**12. Use of Goods and Services**

This comprises of administrative costs as set out below:

| Description                                      | 2022/2023<br>Kes. | 2021/2022<br>Kes. |
|--------------------------------------------------|-------------------|-------------------|
| Electricity                                      | 15,858,021        | 16,561,015        |
| Water and Sewerage Charges                       | 8,230,007         | 8,664,540         |
| Casual Labour                                    | 118,684,685       | 121,577,304       |
| Staff Welfare Costs                              | 10,817,177        | 7,409,729         |
| Telephone, Telex, Facsimile, Computer            | 10,138,783        | 7,632,280         |
| Courier and Postal Services                      | 5,019,493         | 4,884,685         |
| Leased Communication Lines                       | 217,857           | -                 |
| Supplies of Accessories for Computers & Printers | 10,181,936        | 9,151,622         |
| Travel Costs (airlines, bus, railway, mileage)   | 1,729,745         | 1,618,851         |
| Daily Subsistence Allowance                      | 277,402,134       | 198,121,002       |
| Field Operational Allowance                      | 285,800           | 1,110,548         |
| Travel Cost-International (Overseas)             | 12,497,592        | 4,272,438         |
| Publishing and Printing Services                 | 10,693,710        | 13,148,208        |
| Newspapers, Magazines and Periodicals            | 1,870,584         | 1,697,721         |
| Advertising, Awareness and Publicity Campaigns   | 7,334,142         | 4,885,517         |
| Training                                         | 54,961,105        | 37,481,548        |

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12. Use of Goods and Services (Continued)**

| Description                                       | 2022/2023<br>Kes.    | 2021/2022<br>Kes.  |
|---------------------------------------------------|----------------------|--------------------|
| Hire of Training Facilities and Equipment         | 421,800              | -                  |
| College Students' Expenses                        | 7,334,376            | 9,117,349          |
| Buildings Insurance                               | 3,420,082            | 2,531,432          |
| Motor Vehicle Insurance                           | 26,564,403           | 10,527,737         |
| Aircraft Insurance                                | -                    | 17,799,039         |
| Motor Boat Insurance                              | -                    | 264,045            |
| Fungicides, Insecticides and Sprays               | 889,194              | 295,000            |
| Workshop Tools, Spares and Small Equipment        | 15,856,757           | -                  |
| Forest Agricultural Materials and Supplies        | 12,000               | -                  |
| Paramilitary Small Equipment and Supplies         | 162,087,446          | 1,910,425          |
| Laboratory Materials and Supplies                 | 1,507,290            | -                  |
| Animal Welfare Expenses                           | 340,400              | 188,500            |
| General Office Supplies (papers, pencils etc.)    | 14,285,773           | 10,890,513         |
| Cleaning Materials, Supplies and Services         | 3,769,054            | 3,737,508          |
| Catering services                                 | 12,144,851           | 13,410,861         |
| VAT Expense*                                      | 2,184,573,981        | -                  |
| Fines, Interest - NSSF, NHIF                      | 211,400              | -                  |
| Refined Fuels and Lubricants for Transport        | 145,546,173          | 106,468,905        |
| Forest Fire Suppression                           | 118,439,716          | -                  |
| Bank Service Commission and Charges               | 2,690,146            | 2,114,751          |
| Contracted Guards and Cleaning Services           | 3,835,558            | 3,826,326          |
| Membership Fees, Dues and Subscriptions           | 2,773,631            | 3,304,931          |
| Forest Conservation Committee Expenses            | 6,435,500            | 7,002,800          |
| Legal dues, Arbitration and Compensation Packages | 5,575,769            | 21,201,166         |
| Special Operations                                | 51,701,364           | 9,566,073          |
| Provision for Bad Debts                           | 21,433,364           | 41,863,733         |
| Food and Rations                                  | 133,295,943          | 16,968,220         |
| Events and Celebrations                           | 38,394,945           | 19,058,176         |
| Tree seeds and seedlings.                         | 56,395,145           | 92,161,016         |
| Supplies for production                           | 84,453,720           | 53,188,469         |
| Rounding off Difference Account                   | 6                    | (25)               |
| Seminars and Conferences                          | 8,164,526            | 6,532,361          |
| Tree Planting                                     | 105,548,233          | 35,151,695         |
| Aircraft Operating Costs                          | -                    | 6,469,057          |
| Staff Uniforms and Clothing                       | 62,879,671           | -                  |
| Trainees Uniforms and Clothing                    | 1,973,328            | -                  |
| Audit Fee                                         | 3,793,103            | 4,500,000          |
| Covid-19                                          | 26,500               | 6,462,282          |
| <b>Total use of goods &amp; services</b>          | <b>3,832,697,919</b> | <b>944,729,353</b> |

\* The VAT expense amount of Kes.2,184,573,981 relates to principal VAT claimed by KRA for the period July 2014 to Dec 2019 which has been agreed upon by both parties and a payment plan is in place.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 13. Employee costs

These are costs incurred by the Service on its employees and employee related activities during the reporting period while on official duties as set out below;

| Description                               | Number of Employees | 2022/2023<br>3776*<br>Kes. | 2021/2022<br>4016*<br>Kes. |
|-------------------------------------------|---------------------|----------------------------|----------------------------|
| Basic Salaries                            |                     | 2,758,874,656              | 2,810,089,753              |
| Temporary Employees                       |                     | -                          | 2,262,661                  |
| Acting Allowance                          |                     | 3,396,537                  | 661,505                    |
| Overtime                                  |                     | 1,248,314                  | 509,199                    |
| Transfer Allowance                        |                     | 34,657,250                 | 26,375,495                 |
| Commuting Allowance                       |                     | 215,083,552                | 221,801,983                |
| Hardship Allowance                        |                     | 69,640,391                 | 70,173,855                 |
| Special Duty Allowance                    |                     | 2,151,086                  | 2,907,134                  |
| Leave Allowance                           |                     | 88,676,439                 | 85,834,360                 |
| Extraneous Allowance                      |                     | 3,719,000                  | 3,837,128                  |
| Telephone Allowance                       |                     | 4,792,022                  | 5,622,742                  |
| Medical Expenses - Ex-Gratia              |                     | -                          | 860,019                    |
| Staff Medical Insurance                   |                     | 308,444,082                | 273,729,092                |
| House Allowance                           |                     | 324,639,726                | 332,870,252                |
| Non-Practice Allowance                    |                     | 720,000                    | 720,000                    |
| Entertainment Allowance                   |                     | 458,667                    | 769,032                    |
| Instructor's Allowance                    |                     | 7,310,795                  | -                          |
| GPA/GLA                                   |                     | 53,032,362                 | 56,765,031                 |
| Risk Allowance                            |                     | 46,200                     | 46,200                     |
| Recruits' Allowance                       |                     | 24,300,000                 |                            |
| Contributions to National Social Security |                     | 9,254,250                  | 9,803,617                  |
| Staff Pension- KFS Contributions          |                     | 399,156,823                | 411,078,025                |
| Staff Gratuity                            |                     | 10,140,051                 | 15,085,941                 |
| <b>Total employee costs</b>               |                     | <b>4,319,742,203</b>       | <b>4,331,803,024</b>       |

\* The number of employees includes 86 term contract employees but exclude 2,700 recruits currently undergoing paramilitary training in Gilgil.

### 14. Remuneration of Directors

| Description                            | 2022/2023<br>Kes. | 2021/2022<br>Kes. |
|----------------------------------------|-------------------|-------------------|
| Board Sitting Allowance                | 6,096,400         | 3,320,000         |
| Board Lunch Allowance                  | 4,000             | 203,000           |
| Board Accommodation Allowance          | 3,562,200         | 1,550,600         |
| Board Transport Allowance              | 1,087,634         | 727,683           |
| Board Chairman Honoraria               | 955,677           | 601,333           |
| <b>Total remuneration of Directors</b> | <b>11,705,911</b> | <b>6,402,616</b>  |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**15. Repairs & Maintenance**

| Description                                             | 2022/2023<br>Kes.  | 2021/2022<br>Kes.  |
|---------------------------------------------------------|--------------------|--------------------|
| Maintenance of Motor Vehicles                           | 55,019,489         | 44,154,698         |
| Maintenance of Plant, Machinery and Equipment           | 2,434,815          | 729,784            |
| Maintenance of Office Furniture and Equipment           | 603,452            | 1,504,194          |
| Maintenance of Medical and Dental Equipment             | 3,625,807          | 303,412            |
| Maintenance of Buildings - Residential                  | 3,473,056          | 185,231            |
| Maintenance of Buildings and Stations - Non-Residential | 15,477,873         | 14,585,215         |
| Maintenance of Civil Works                              | 37,492,861         | 40,085,700         |
| Maintenance of Roads                                    | 44,067,335         | 28,959,716         |
| Minor Alterations to Buildings and Civil Works          | 2,494,926          | 299,116            |
| Maintenance of Computers, Software, Network             | 7,564,767          | 28,095,343         |
| <b>Total repairs and maintenance</b>                    | <b>172,254,381</b> | <b>158,902,409</b> |

**16. Contracted Services**

| Description                      | 2022/2023<br>Kes. | 2021/2022<br>Kes.  |
|----------------------------------|-------------------|--------------------|
| Contracted Professional Services | 6,792,124         | 23,645,317         |
| Contracted Technical Services    | 52,277,900        | 92,108,155         |
| <b>Total contracted services</b> | <b>59,070,024</b> | <b>115,753,472</b> |

**17. Grants and subsidies**

| Description                       | 2022/2023<br>Kes. | 2021/2022<br>Kes. |
|-----------------------------------|-------------------|-------------------|
| Grants, subsidies and transfers.  | 9,591,003         | -                 |
| <b>Total grants and subsidies</b> | <b>9,591,003</b>  | <b>-</b>          |

**18. Foreign Exchange gain/(loss)**

| Description                                | 2022/2023<br>Kes. | 2021/2022<br>Kes. |
|--------------------------------------------|-------------------|-------------------|
| Foreign Exchange Gain                      | 1,195,326         | 1,120,696         |
| Foreign Exchange Loss                      | (1,096,425)       | -                 |
| <b>Total foreign exchange gains/(loss)</b> | <b>98,901</b>     | <b>1,120,696</b>  |



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**19. Gain on sale of assets**

| Description                         | 2022/2023<br>Kes. | 2021/2022<br>Kes. |
|-------------------------------------|-------------------|-------------------|
| Proceeds from Disposal of Assets    | 1,521,000         | 17,176,285        |
| Net Book Value Retired              | (234,879)         | (9,885,403)       |
| <b>Total gain on sale of assets</b> | <b>1,286,121</b>  | <b>7,290,882</b>  |

**20. Income Tax Expense**

This relates to taxation on interest income received by the Service from financial institutions on the cash balances in current accounts;

| Description                                                                  | 2022/2023<br>Kes. | 2021/2022<br>Kes. |
|------------------------------------------------------------------------------|-------------------|-------------------|
| Current Income tax charge                                                    | -                 | -                 |
| Tax charged on rental income                                                 | 6,092,235         | (581,498)         |
| Tax charged on interest income                                               | 5,634,240         | 5,813,433         |
| Deferred tax:                                                                | -                 | -                 |
| Original and temporary reversal of temporary differences                     | -                 | -                 |
| Income tax expense posted                                                    | 11,726,475        | 5,231,935         |
| <b>Income tax expense reported in the statement of financial performance</b> | <b>11,726,475</b> | <b>5,231,935</b>  |

**21. Cash and Cash Equivalent**

| Description                            | 2022/2023<br>Kes.  | 2021/2022<br>Kes.  |
|----------------------------------------|--------------------|--------------------|
| Cash at bank                           | 905,653,376        | 330,519,562        |
| <b>Total cash and cash equivalents</b> | <b>905,653,376</b> | <b>330,519,562</b> |

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**21(a). Detailed Analysis of the Cash and Cash Equivalents**

| <b>(i) Bank Balances</b>                           |                 |                    |                           |                           |
|----------------------------------------------------|-----------------|--------------------|---------------------------|---------------------------|
| <b>Account Name</b>                                | <b>Branch</b>   | <b>Account No.</b> | <b>2022/2023<br/>Kes.</b> | <b>2021/2022<br/>Kes.</b> |
| <b>Co-operative Bank</b>                           |                 |                    |                           |                           |
| KFS National Tree Planting Campaign Programme      | Stima Plaza     | 01141532868700     | 193,537,394               | 20,152,776                |
| KFS Forest Investment Facility - Holding Account   | Stima Plaza     | 01141532868701     | 50,320,407                | 48,416,100                |
| KFS Water Towers GOK A/c                           | Stima Plaza     | 01141532868702     | 600                       | 1,253,530                 |
| KFS (JICA) Capacity Development Project            | Stima Plaza     | 01141532868703     | 0                         | 2,541                     |
| Forest Irrigation Climate & Green Energy           | Stima Plaza     | 01141532868704     | 17,980,065                | 24,507                    |
| GZDSP II GOK A/C                                   | Ridgeways       | 01141532868705     | 7,974,137                 | 28,986,814                |
| GZDSP II Donor A/C                                 | Ridgeways       | 01141756225800     | 4,907,097                 | 2,553,845                 |
| KFS HOC Central Main A/C                           | Nyeri           | 01141032576000     | 79,510                    | 74,175                    |
| KFS HOC Western Main A/C                           | Kakamega        | 01141165517400     | 115,557                   | 5,803                     |
| KFS ENCOM Nyeri Base Main A/C                      | Nyeri           | 01141032570000     | 2,768,599                 | 30,839                    |
| KFS EC Mombasa Main A/C                            | Nkrumah Road    | 01120097444400     | 0                         | 179,168                   |
|                                                    |                 |                    | <b>277,683,366</b>        | <b>101,680,098</b>        |
| <b>Equity Bank</b>                                 |                 |                    |                           |                           |
| KFS Forest Investment Facility - Revolving Fund    | Ridgeways       | 0810298871018      | 31,634,367                | 31,634,367                |
| KFS Forest Investment Facility - Operating Account | Ridgeways       | 1340261075747      | 332,520                   | 3,737,820                 |
| KFS FAO Capacity Building                          | Ridgeways       | 1340261075761      | 9,865,317                 | 3,872,131                 |
| KFS Holding-Equity                                 | Ridgeways       | 0470267372824      | 2,784                     | 2,784                     |
|                                                    |                 |                    | <b>41,834,988</b>         | <b>39,247,102</b>         |
| <b>Kenya Commercial Bank</b>                       |                 |                    |                           |                           |
| KFS Main Operating - KCB                           | Sarit Centre    | 1106928652         | 131,626,637               | 9,749,420                 |
| KFS AIA Collection                                 | Sarit Centre    | 1106770021         | 382,363,344               | 48,251,213                |
| KFS Main Development                               | Sarit Centre    | 1116447347         | 48,700,016                | 82,230,093                |
| KFS Gratuity A/C                                   | Sarit Centre    | 1139669249         | 1                         | 19,505,153                |
| KFS Dollar A/C                                     | Sarit Centre    | 1122198353         | 3,912                     | (1,145,662)               |
| KFS FAO Forest & Farm Facility Programme           | Moi Avenue      | 1172165084         | 10,770                    | 37,818                    |
| KFS Water Towers Euro Ac                           | Moi Avenue      | 1181839513         | 327                       | 5,120,264                 |
| KFS Water Towers Donor Ac                          | Moi Avenue      | 1181839106         | -                         | 1,096,425                 |
| KFS HOC Nairobi Main A/C                           | Karen           | 1126065072         | 304,139                   | 98,459                    |
| KFS HOC North Rift Main A/C                        | Eldoret         | 1118416090         | 612,442                   | 84,348                    |
| KFS HOC Mau Main A/C                               | Nakuru          | 1101720352         | 99,667                    | 37,663                    |
| KFS HOC Nyanza Main A/C                            | Kisumu          | 1113097930         | 2,618,506                 | 117,998                   |
| KFS HOC Coast Main A/C                             | Treasury Square | 1113012625         | 200,311                   | 95                        |
| KFS HOC Eastern Main A/C                           | Embu            | 1112985204         | 7,099                     | 4,293                     |
| KFS HOC Ewaso North Main A/C                       | Isiolo          | 1113191996         | 231,544                   | 59,155                    |
| KFS HOC North Eastern Main A/C                     | Garissa         | 1112841903         | 43,024                    | 3,478                     |
| Kenya Forestry College - Operations A/C            | Londiani        | 1103633562         | 76,651                    | 2,552,239                 |
| Kenya Forestry College - Tuition A/C               | Londiani        | 1112223479         | 8,763,505                 | 2,111,653                 |
| KFS EC Nairobi Main A/C                            | Karen           | 1136317759         | 1,058,461                 | 2,958,462                 |
| KFS EC Garissa Main A/C                            | Garissa         | 1107854903         | 17                        | 4,750                     |
| KFS LONDIANI BASE (FoLEA) Main A/C                 | Londiani        | 1117567915         | 4,368                     |                           |
| KFS ENCOM Embu Base Main A/C                       | Embu            | 1135768846         | 578,638                   | 1,700                     |
|                                                    |                 |                    | <b>577,303,379</b>        | <b>172,879,017</b>        |
| <b>National Bank</b>                               |                 |                    |                           |                           |
| KFS Airwing A/C                                    | Kenyatta Avenue | 01020069730800     | 4,358,758                 | (204,091)                 |
|                                                    |                 |                    | <b>4,358,758</b>          | <b>(204,091)</b>          |
| <b>NCBA Bank</b>                                   |                 |                    |                           |                           |
| KFS Airwing Sinking Fund A/C                       | Ciata Mall      | 1004667472         | 4,472,885                 | 16,917,436                |
|                                                    |                 |                    | <b>4,472,885</b>          | <b>16,917,436</b>         |
| <b>Total bank balance</b>                          |                 |                    | <b>905,653,376</b>        | <b>330,519,562</b>        |
| <b>Grand total</b>                                 |                 |                    | <b>905,653,376</b>        | <b>330,519,562</b>        |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 22. Receivables from Exchange Transactions

| Description                                         | 2022/2023<br>Kes.    | 2021/2022<br>Kes.  |
|-----------------------------------------------------|----------------------|--------------------|
| Receivables                                         | 805,963,470          | 601,531,547        |
| Rental Deposit Receivable                           | 1,319,345            | 1,319,345          |
| Suppliers Prepayments*                              | 907,986,776          | 1,962,385          |
| Safaricom Deposits                                  | 50,000               | 50,000             |
| General Deposits with Suppliers                     | 586,200              | 586,200            |
| <b>Total receivables from exchange transactions</b> | <b>1,715,905,791</b> | <b>605,449,477</b> |

*Note: The Supplier Prepayments balance includes Kes. 895,000,000 relating to the Capacity Development project for Technologies in Forest Fire Management in Kenya funded by the French Government that required an advance direct payment by the Donor to the supplier.*

### 23. Receivables from Non-Exchange Transactions

| Description                                               | 2022/2023<br>Kes. | 2021/2022<br>Kes. |
|-----------------------------------------------------------|-------------------|-------------------|
| Zonal Control Account - Development                       | 18,511,802        | 23,231,021        |
| Zonal Control Account Recurrent                           | 21,485,219        | 5,912,377         |
| Temporary Imprest                                         | 24,248,144        | 5,670,925         |
| Standing Imprest                                          | 366,000           | -                 |
| Salary Advances                                           | 6,276,895         | 6,826,794         |
| <b>Total receivables from non - exchange transactions</b> | <b>70,888,060</b> | <b>41,641,117</b> |

*Note: For the purposes of these financial statements, receivables from non-exchange transactions also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.*

### 24. Forest Land

As per the Forest Act all assets of the former forest department vested in the Kenya Forest Service vide Legal Notice number 151 of 2008 published in the Kenya Gazette Supplement number 82 of 28<sup>th</sup> November 2008, with effect from 1<sup>st</sup> February 2007. The Service has three hundred and seventy-five (375) parcels of land that are gazetted measuring 2,605,170 Ha. Out of these 375 parcels of land, fifty-six (56) parcels of land have title deeds even though the area under legal notice in some cases is higher than the area that is in the title deeds. Twenty-one (21) parcels of land that belong to Kenya Forest Service but are not gazetted have title deeds.

The Service has recognised the Gazette notices as the sure way of securing forest land. Ownership of forest land is also documented by proclamations which at Independence were declared as central forests via Legal Notice No. 174 of 20<sup>th</sup> May 1964.

Government land is not available in the open market for sale and thus cannot be valued. Due to this it has not been recognised as part of property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 25. Biological Assets

Biological assets comprise forest plantations. Biological assets are carried at fair value at the end of each reporting period. The fair value of the biological assets has been determined by appropriately qualified staff employed by the Service using advanced modelling techniques/methods. The Service maintains commercial forest plantations for sale as per the gazetted Forest Service General Orders provisions.

The Service prepares a Forestry Resources Account (FRA) at the end of each financial year to capture full value of forest plantation and provides evidence on whether the forestry asset is utilized sustainably.

The value of public forest plantations as at 30 June 2023 is as under:

#### i. Forest Plantations Area Account

This section presents species composition of forest plantations, area per species and un-stocked areas. The un-stocked area was caused by clear-cut of standing stock and forest fires. Un-stocked area declined from 14, 141.16 Ha to 11215 during the report period. This is attributed to planting of 2,926.2 Ha comprising of 88.67 Ha of Eucalyptus, 2,064.4 Ha of Cupresus lusitanica, 613 Ha of Pines, 19 and 160.1 Ha of Other species.

|                                   | 2022/2023         | 2021/2022         |
|-----------------------------------|-------------------|-------------------|
| Species                           | Area (Ha)         | Area (Ha)         |
| Pines                             | 30,090.56         | 29,477.56         |
| Cypress                           | 79,084.18         | 77,019.78         |
| Gravelia                          | 534.90            | 534.9             |
| Eucalyptus                        | 17,460.52         | 17,371.85         |
| Others                            | 14,404.84         | 14,244.75         |
| Unstocked                         | 11,215.00         | 14,141.16         |
| <b>Total Plantation Land Area</b> | <b>152,790.00</b> | <b>152,790.00</b> |

#### ii. Forest Plantations Monetary Account

This presents the monetary account of forest plantation stock. The changes in carrying amounts of biological assets comprise:

| Description                                                             | 2022/2023<br>Kes.     | 2021/2022<br>Kes.     |
|-------------------------------------------------------------------------|-----------------------|-----------------------|
| Carrying Amount as at 1 July                                            | 84,678,182,735        | 78,139,296,935        |
| <b>Changes in the carrying amount:</b>                                  |                       |                       |
| Decrease due to sales and harvest <sup>1</sup>                          | (385,409,938)         |                       |
| Increase due to purchases and development of new stands <sup>2</sup>    | 102,417,000           | 145,875,450           |
| Increase in value due to growth <sup>3</sup>                            | 6,534,983,080         | 6,399,912,120         |
| Less impairment due to poaching, forest fires and diseases <sup>4</sup> | (12,645,916)          | (6,901,770)           |
| <b>Total Changes in the carrying amount:</b>                            | <b>6,239,344,226</b>  | <b>6,538,885,800</b>  |
| <b>Carrying Amount as at 30 June</b>                                    | <b>90,917,526,961</b> | <b>84,678,182,735</b> |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Biological Assets (Continued)

#### <sup>1</sup> Decrease of Value of Plantations Attributed to Harvest/ Removals

During the report period, the Service earned zero money from sale of timber, poles and fuel wood. This is due to current moratorium imposed on timber harvesting.

#### <sup>2</sup> Increase due to New Planting

The Service established a total of 4,167.87 Ha. of forest plantations. As a common practice, young plantations are valued at the cost of establishing the plantations. The cost of establishing one hectare of plantation is estimated at Kes.35,000. The total value of the new plantation is Kes.102,417,000.

#### <sup>3</sup> Increase of Plantation Value Attributed to Growth (Mean Annual Increment)

Mean annual increment of Pine, Cypress, Eucalyptus and Mixed species was taken at 17.1m<sup>3</sup>/ha/year, 14.25m<sup>3</sup>/ha/ year, 23.75m<sup>3</sup>/ha/year and 6.65m<sup>3</sup>/ha/year respectively in the reporting period. This increased the value of plantations by Kes.6,534,983,080.

| Species       | Area (Ha)         | Mean Annual Increment (%) | Volume (M <sup>3</sup> ) | Value per M <sup>3</sup> | Increase Due to Growth (Kes.) |
|---------------|-------------------|---------------------------|--------------------------|--------------------------|-------------------------------|
| Cypress       | 74,984.78         | 14.25                     | 1,068,533.12             | 3,000                    | 3,205,599,360                 |
| Pine          | 28,503.34         | 17.1                      | 487,407.11               | 3,000                    | 1,462,221,330                 |
| Eucalyptus    | 17,148.20         | 23.75                     | 407,269.75               | 3,000                    | 1,221,809,290                 |
| Mixed Species | 13,863.65         | 6.65                      | 92,193.3                 | 7,000                    | 645,353,100                   |
|               | <b>134,499.97</b> |                           |                          |                          | <b>6,534,983,080</b>          |

#### <sup>4</sup> Decrease in Value Attributed to Impairments

Reduction of value of plantations results from impairments is attributed to fire damage and poaching just to mention a few. During the financial year 2022/2023, the decrease was as follows;

- In the reporting period there were forest fire incidents which caused a decrease in value of the existing plantations by Kes.7,494,795. This was due to prolonged drought that was experienced in many parts of the country.
- Forest plantations are susceptible to game damage which injures the trees by debarking. The debarked portion provides avenues for pathogens which enter the stems and cause heart-rot. However, in the reporting period no defect allowance was granted.
- There was an estimated loss in planation value of Kes.5,151,121 due to poaching during the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Biological Assets (Continued)

#### iii. Value of Forest Land

In most jurisdictions, the value of forest land is not included in forest accounts. This is due to the following:

- Forest land is usually set aside for forest development only and is not available for other land use options.
- Transactions of forest land are infrequent because forest land is only set aside for forestry purposes.
- Forests land may hold unique characteristics which has no clear market value.

Significant assumptions made in the estimation of the fair value of the trees in 2022/2023 include:

- i. The transformation of the un-matured plantations is based on the current age of tree species;
- ii. Cash inflows and outflows accrue evenly throughout the useful life; and
- iii. 15% of the trees planted will not attain maturity due to natural factors.

\*The total change in the carrying amount of **Kes. 6,637,400,080** has been adjusted in the statement of changes in Net Assets under capital reserves.



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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**26. Property, Plant and Equipment**

|                                                                                       | Buildings<br>Kes.    | Plant and<br>Machinery<br>Kes. | Work in<br>Progress<br>Kes. | Motor<br>Vehicles &<br>Cycles<br>Kes. | Computers<br>& ICT<br>Equipment<br>Kes. | Office<br>Furniture<br>Kes. | Office &<br>Household<br>Equipment<br>Kes. | Tools &<br>Minor<br>Equipment<br>Kes. | Roads,<br>Boreholes &<br>Civil Works<br>Kes. | Aircraft &<br>hoppers<br>Kes. | Totals<br>Kes.               |
|---------------------------------------------------------------------------------------|----------------------|--------------------------------|-----------------------------|---------------------------------------|-----------------------------------------|-----------------------------|--------------------------------------------|---------------------------------------|----------------------------------------------|-------------------------------|------------------------------|
| Cost As at 01<br>July 2022                                                            | 1,413,698,197        | 329,305,125                    | 130,105,074                 | 1,346,979,195                         | 289,607,579                             | 187,971,004                 | 92,364,556                                 | 123,940,491                           | 160,747,453                                  | 571,042,572                   | 4,645,761,246                |
| Adjustment<br>Total as at 01<br>July 2022                                             | 1,413,698,197        | 329,305,125                    | 130,105,074                 | 1,346,979,195                         | 289,607,579                             | 187,971,004                 | 92,364,556                                 | 123,940,491                           | 160,747,453                                  | 571,042,572                   | 4,645,761,246                |
| Additions<br>(cost)                                                                   | 706,027              | 9,238,218                      | 100,158,601                 | 54,581,238                            | 15,555,660                              | 1,164,571                   | 8,735,327                                  | 581,896                               | 5,552,966                                    | -                             | 196,274,504                  |
| Revaluation<br>Cost<br>Adjustment                                                     |                      |                                |                             |                                       |                                         |                             |                                            |                                       |                                              |                               | -                            |
| Disposal                                                                              | -                    | -                              | -                           | (4,697,584)                           | -                                       | -                           | -                                          | -                                     | -                                            | -                             | (4,697,584)                  |
| <b>Total Cost as<br/>at 30 June<br/>2023</b>                                          | <b>1,414,404,224</b> | <b>338,543,343</b>             | <b>230,263,675</b>          | <b>1,396,862,849</b>                  | <b>305,163,239</b>                      | <b>189,135,575</b>          | <b>101,099,883</b>                         | <b>124,522,387</b>                    | <b>166,300,419</b>                           | <b>571,042,572</b>            | <b>4,837,338,166</b>         |
| Accumulated<br>Depreciation<br>Acc. Dep.<br>Adjustment<br>Total as at 30<br>June 2022 | 631,297,814          | 221,369,885                    | -                           | 1,051,659,310<br>(4,462,705)          | 250,111,348                             | 168,046,973                 | 77,278,161                                 | 117,175,921                           | 106,742,373                                  | 341,812,118                   | 2,965,493,903<br>(4,462,705) |
| Charge for<br>the year<br>As at 30 June<br>2023                                       | 68,105,574           | 23,736,672                     | -                           | 78,152,675                            | 14,285,236                              | 3,783,854                   | 3,508,796                                  | 81,765                                | 9,134,157                                    | 37,974,331                    | 238,763,060                  |
|                                                                                       | 699,403,388          | 245,106,557                    | -                           | 1,125,349,280                         | 264,396,584                             | 171,830,827                 | 80,786,957                                 | 117,257,686                           | 115,876,530                                  | 379,786,449                   | 3,199,794,258                |
| <b>NBV 30 June<br/>2023</b>                                                           | <b>715,000,836</b>   | <b>93,436,786</b>              | <b>230,263,675</b>          | <b>271,513,569</b>                    | <b>40,766,655</b>                       | <b>17,304,748</b>           | <b>20,312,926</b>                          | <b>7,264,701</b>                      | <b>50,423,889</b>                            | <b>191,256,123</b>            | <b>1,637,543,908</b>         |
| <b>NBV 30 June<br/>2022</b>                                                           | <b>782,400,383</b>   | <b>107,935,240</b>             | <b>130,105,074</b>          | <b>295,319,885</b>                    | <b>39,496,231</b>                       | <b>19,924,031</b>           | <b>15,086,395</b>                          | <b>6,764,570</b>                      | <b>54,005,080</b>                            | <b>229,230,454</b>            | <b>1,680,267,343</b>         |

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Property, Plant and Equipment (cont.)**

|                                              | Buildings<br>Kes.    | Plant and<br>Machinery<br>Kes. | Work in<br>Progress<br>Kes. | Motor<br>Vehicles &<br>Cycles<br>Kes. | Computers &<br>ICT<br>Equipment<br>Kes. | Office<br>Furniture<br>Kes. | Office &<br>Household<br>Equipment<br>Kes. | Tools &<br>Minor<br>Equipment<br>Kes. | Roads,<br>Boreholes &<br>Civil Works<br>Kes. | Aircraft &<br>hoppers<br>Kes. | Totals<br>Kes.       |
|----------------------------------------------|----------------------|--------------------------------|-----------------------------|---------------------------------------|-----------------------------------------|-----------------------------|--------------------------------------------|---------------------------------------|----------------------------------------------|-------------------------------|----------------------|
| Cost As at 01<br>July 2021                   | 1,413,528,237        | 247,622,275                    | 78,707,380                  | 1,235,227,576                         | 274,885,601                             | 186,701,953                 | 91,262,030                                 | 123,326,316                           | 152,794,108                                  | 571,042,572                   | 4,375,098,048        |
| Adjustment<br>Total as at 01<br>July 2021    | 1,413,528,237        | 247,622,275                    | 78,707,380                  | 1,235,227,576                         | 274,885,601                             | 186,701,953                 | 91,262,030                                 | 123,326,316                           | 152,794,108                                  | 571,042,572                   | -                    |
| Additions<br>(cost)                          | 9,664,960            | 81,682,850                     | 51,397,694                  | 120,258,058                           | 15,878,479                              | 1,565,422                   | 1,754,441                                  | 764,000                               | 7,953,345                                    | -                             | 290,919,249          |
| Revaluation<br>Cost<br>Adjustment            |                      |                                |                             |                                       |                                         |                             |                                            |                                       |                                              |                               | -                    |
| Disposal                                     | (9,495,000)          |                                |                             | (8,506,439)                           | (1,156,501)                             | (296,371)                   | (651,915)                                  | (149,825)                             |                                              |                               | (20,256,050)         |
| <b>Total Cost as<br/>at 30 June<br/>2022</b> | <b>1,413,698,197</b> | <b>329,305,125</b>             | <b>130,105,074</b>          | <b>1,346,979,195</b>                  | <b>289,607,579</b>                      | <b>187,971,004</b>          | <b>92,364,556</b>                          | <b>123,940,491</b>                    | <b>160,747,453</b>                           | <b>571,042,572</b>            | <b>4,645,761,246</b> |
| Accumulated<br>Depreciation                  | 568,069,219          | 191,773,224                    | -                           | 986,138,279                           | 240,875,936                             | 163,273,932                 | 73,768,039                                 | 117,151,935                           | 97,890,421                                   | 303,837,787                   | 2,742,778,772        |
| Acc. Dep.<br>Adjustment                      | (5,092,116)          |                                |                             | (4,188,521)                           | (596,171)                               | (216,010)                   | (135,495)                                  | (142,334)                             |                                              |                               | (10,370,647)         |
| <b>Total as at 30<br/>June 2021</b>          | <b>562,977,103</b>   | <b>191,773,224</b>             | <b>-</b>                    | <b>981,949,758</b>                    | <b>240,279,765</b>                      | <b>163,057,922</b>          | <b>73,632,544</b>                          | <b>117,009,601</b>                    | <b>97,890,421</b>                            | <b>303,837,787</b>            | <b>2,732,408,125</b> |
| Charge for<br>the year                       | 68,320,711           | 29,596,661                     | -                           | 69,709,552                            | 9,831,583                               | 4,989,051                   | 3,645,617                                  | 166,320                               | 8,851,952                                    | 37,974,331                    | 233,085,778          |
| <b>As at 30<br/>June 2022</b>                | <b>631,297,814</b>   | <b>221,369,885</b>             | <b>-</b>                    | <b>1,051,659,310</b>                  | <b>250,111,348</b>                      | <b>168,046,973</b>          | <b>77,278,161</b>                          | <b>117,175,921</b>                    | <b>106,742,373</b>                           | <b>341,812,118</b>            | <b>2,965,493,903</b> |
| <b>NBV 30 June<br/>2022</b>                  | <b>782,400,383</b>   | <b>107,935,240</b>             | <b>130,105,074</b>          | <b>295,319,885</b>                    | <b>39,496,231</b>                       | <b>19,924,031</b>           | <b>15,086,395</b>                          | <b>6,764,570</b>                      | <b>54,005,080</b>                            | <b>229,230,454</b>            | <b>1,680,267,343</b> |
| <b>NBV 30 June<br/>2021</b>                  | <b>890,201,139</b>   | <b>80,349,034</b>              | <b>57,567,799</b>           | <b>240,846,795</b>                    | <b>23,793,377</b>                       | <b>20,791,354</b>           | <b>11,735,133</b>                          | <b>9,840,760</b>                      | <b>39,072,918</b>                            | <b>305,179,116</b>            | <b>1,679,377,425</b> |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 27. Intangible Assets

| Description                        | 2022/2023            | 2021/2022            |
|------------------------------------|----------------------|----------------------|
| Cost                               | Kes.                 | Kes.                 |
| At beginning of the year           | 121,392,940          | 121,403,740          |
| Additions                          | -                    | (10,800)             |
| <b>At end of the year</b>          | <b>121,392,940</b>   | <b>121,392,940</b>   |
| Additions-internal development     | -                    | -                    |
| <b>At end of the year</b>          | <b>121,392,940</b>   | <b>121,392,940</b>   |
| <b>Amortization and impairment</b> |                      |                      |
| At beginning of the year           | (114,771,034)        | (111,916,985)        |
| Amortization                       | (505,434)            | (2,854,049)          |
| <b>At end of the year</b>          | <b>(115,276,468)</b> | <b>(114,771,034)</b> |
| Impairment Loss                    | -                    | -                    |
| <b>At end of the year</b>          | <b>(115,276,468)</b> | <b>(114,771,034)</b> |
| <b>Net Book Value (NBV)</b>        | <b>6,116,472</b>     | <b>6,621,906</b>     |

### 28. Trade and other payables from exchange transactions

| Description                                                      | 2022/2023          | 2021/2022         |
|------------------------------------------------------------------|--------------------|-------------------|
|                                                                  | Kes.               | Kes.              |
| Employee Liability Account                                       | 16,186,578         | 545,236           |
| Expense AP Accrual Account                                       | -                  | -                 |
| Receipts In Advance                                              | 1,270,457          | 1,155,052         |
| Suppliers Liability Account                                      | 377,891,162        | 55,218,640        |
| Intercompany Transactions                                        | 5,741,885          | -                 |
| Retention - General Contractors                                  | 16,516,491         | 10,059,753        |
| <b>Total trade and other payables from exchange transactions</b> | <b>417,606,573</b> | <b>66,978,681</b> |

*Note: The total Trade and other payables from exchange transactions exclude amounts demanded by NITA and Ministry of Housing which negotiations are still ongoing.*

### 29. Refundable deposits from customer

| Description                                     | 2022/2023         | 2021/2022         |
|-------------------------------------------------|-------------------|-------------------|
|                                                 | Kes.              | Kes.              |
| Customer Refundable Deposits                    | 358,679           | 19,633,380        |
| Caution Money                                   | 1,103,636         | 671,636           |
| Performance Bonds                               | 11,767,646        | 11,767,646        |
| <b>Total refundable deposits from customers</b> | <b>13,229,961</b> | <b>32,072,662</b> |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**30. Provisions**

| Description                        | Provision for<br>Audit Fee | Provision for Bad<br>Debts | Total       |
|------------------------------------|----------------------------|----------------------------|-------------|
| Balance as at 1 July 2022          | 9,060,000                  | 199,313,509                | 208,373,509 |
| Additional provisions              | 3,793,103                  | 21,331,216                 | 25,124,319  |
| Provision utilized                 | (3,793,103)                | -                          | (3,793,103) |
| Total provisions as at 30 Jun 2023 | 9,060,000                  | 220,644,725                | 229,704,725 |

**31. Employee Benefits Obligations**

| Description                            | 2022/2023<br>Kes. | 2021/2022<br>Kes. |
|----------------------------------------|-------------------|-------------------|
| Salary Clearance Account               | -                 | 39,641            |
| House Rent Utility Charges             | 5,730,211         | 5,730,211         |
| Staff Insurance Compensation Liability | 32,479,411        | 13,300,076        |
| Staff Gratuity                         | 11,518,672        | 16,704,722        |
| Total employee benefits obligations    | 49,728,294        | 35,774,650        |

**32. Payments Received in Advance**

| Description              | 2022/2023<br>Kes. | 2021/2022<br>Kes. |
|--------------------------|-------------------|-------------------|
| Imprest Clearing Account | 1,994,253         | 51,450            |
| Total advance receipts   | 1,994,253         | 51,450            |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 33. Withheld Taxes

| Description                 | 2022/2023<br>Kes.    | 2021/2022<br>Kes. |
|-----------------------------|----------------------|-------------------|
| Income Tax (PAYE)           | 1,183,910            | -                 |
| Withholding VAT             | 1,286,116            | -                 |
| Withholding Income Tax      | 349,641              | -                 |
| VAT Liability               | 2,136,037,565        | 58,565,863        |
| <b>Total Withheld taxes</b> | <b>2,138,857,232</b> | <b>58,565,863</b> |

### 34. Corporation Tax

| Description                                      | 2022/2023<br>Kes. | 2021/2022<br>Kes. |
|--------------------------------------------------|-------------------|-------------------|
| At beginning of the year                         | 577,131           | 1,678,700         |
| Income tax charge for the year (note 22)         | 11,726,475        | 5,231,935         |
| Under/(over) provision in prior year/s (note 22) | -                 | -                 |
| Income tax paid during the year                  | (12,303,606)      | (6,333,504)       |
| <b>At end of the year</b>                        | <b>-</b>          | <b>577,131</b>    |

### 35. Deferred Income

| Description                              | 2022/2023<br>Kes.     | 2021/2022<br>Kes. |
|------------------------------------------|-----------------------|-------------------|
| <b>Current Deferred income</b>           |                       |                   |
| Deferred Income - FAO                    | 6,776,812             | 1,718,048         |
| Deferred Income - EU                     | 5,120,375             | 5,120,375         |
| Deferred Income - ADB                    | 4,907,097             | 6,973,426         |
| Deferred Income - French Project         | 894,999,661           |                   |
| <b>Total Current Deferred Income</b>     | <b>911,803,945</b>    | <b>13,811,848</b> |
| <b>Non-current Deferred income</b>       |                       |                   |
| Deferred Income - Biological Assets      | 90,917,526,961        |                   |
| <b>Total Non-current Deferred Income</b> | <b>90,917,526,961</b> | <b>-</b>          |
| <b>Total Deferred Income</b>             | <b>91,829,330,906</b> | <b>13,811,848</b> |

The deferred income movement is as follows:

| Description                    | 2022/2023<br>Kes.     | 2021/2022<br>Kes. |
|--------------------------------|-----------------------|-------------------|
| <b>Balance brought forward</b> | <b>13,811,849</b>     | <b>75,136,535</b> |
| Additions                      | 1,526,387,351         | 718,798,753       |
| Transfers to Capital fund      | (147,235,987)         | (219,334,934)     |
| Transfers to income statement  | (481,159,267)         | (499,463,819)     |
| Other transfers                | 90,917,526,961        | (61,324,686)      |
| <b>Balance carried forward</b> | <b>91,829,330,907</b> | <b>13,811,849</b> |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 36. Financial Risk Management

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

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

#### (i) Credit risk

The Service 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 Service's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

|                                            | Total amount<br>Kes  | Fully performing<br>Kes | Past due<br>Kes    | Impaired<br>Kes |
|--------------------------------------------|----------------------|-------------------------|--------------------|-----------------|
| <b>At 30 June 2023</b>                     |                      |                         |                    |                 |
| Receivables from exchange transactions     | 1,715,905,791        | 1,308,571,271           | 407,334,520        | -               |
| Receivables from non-exchange transactions | 70,888,060           | 70,888,060              | -                  | -               |
| Bank balances                              | 905,653,376          | 905,653,376             | -                  | -               |
| <b>Total</b>                               | <b>2,692,447,227</b> | <b>2,285,112,707</b>    | <b>407,334,520</b> | <b>0</b>        |
| <b>At 30 June 2022</b>                     |                      |                         |                    |                 |
| Receivables from exchange transactions     | 605,449,477          | 219,228,791             | 386,220,686        | -               |
| Receivables from non-exchange transactions | 41,641,117           | 41,641,117              | -                  | -               |
| Bank balances                              | 330,519,562          | 330,519,562             | -                  | -               |
| <b>Total</b>                               | <b>856,066,355</b>   | <b>562,911,098</b>      | <b>293,155,257</b> | <b>0</b>        |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Financial Risk Management (Continued)

#### (i) Credit risk (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 Service has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Service has significant concentration of credit risk on amounts due from government institutions.

The Board of Directors sets the Service'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 Service's Directors, who have built an appropriate liquidity risk management framework for the management of the Service's short, medium and long-term funding and liquidity management requirements. The Service manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Service 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.

The Service has entered into a payment plan with the Kenya Revenue Authority on the VAT obligation of Kes.2,045,657,733 that is spread over 5 years to mitigate against liquidity risk.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Financial Risk Management (Continued)**

**(ii) Liquidity risk management (Continued)**

|                                        | Up to<br>1 month<br>Kes. | 1 - 3<br>Months<br>Kes. | 4 - 12<br>months<br>Kes. | Over<br>1 year<br>Kes. | Total<br>Kes.           |
|----------------------------------------|--------------------------|-------------------------|--------------------------|------------------------|-------------------------|
| <b>At 30 June 2023</b>                 |                          |                         |                          |                        |                         |
| <b>Financial assets</b>                |                          |                         |                          |                        |                         |
| Trade receivables                      | 233,070,853              | 75,735,253              | 89,822,845               | 407,334,520            | 805,963,470             |
| Other receivables<br>and prepayments   | 980,830,381              | -                       | -                        | -                      | 980,830,381             |
| Amount due from<br>related parties     | -                        | -                       | -                        | -                      | -                       |
| Bank balances and<br>cash deposits     | 905,653,376              | -                       | -                        | -                      | 905,653,376             |
| <b>Total financial<br/>assets</b>      | <b>2,119,554,610</b>     | <b>75,735,253</b>       | <b>89,822,845</b>        | <b>407,334,520</b>     | <b>2,692,447,227</b>    |
| <b>Financial liabilities</b>           | <b>(92,306,173,238)</b>  | <b>(107,228,699)</b>    | <b>(321,686,097)</b>     | <b>(1,715,659,185)</b> | <b>(94,450,747,219)</b> |
| <b>Total financial<br/>liabilities</b> | <b>(92,306,173,238)</b>  | <b>(107,228,699)</b>    | <b>(321,686,097)</b>     | <b>(1,715,659,185)</b> | <b>(94,450,747,219)</b> |
| <b>Net liquidity gap</b>               | <b>(90,186,618,628)</b>  | <b>(31,493,447)</b>     | <b>(231,863,253)</b>     | <b>(1,308,324,665)</b> | <b>(91,758,299,992)</b> |
| <b>At 30 June 2022</b>                 |                          |                         |                          |                        |                         |
| <b>Financial assets</b>                |                          |                         |                          |                        |                         |
| Trade receivables                      | 43,772,275               | 70,421,252              | 101,117,334              | 386,220,686            | 539,156,495             |
| Other receivables<br>and prepayments   | 45,559,047               | -                       | -                        | -                      | 41,997,634              |
| Amount due from<br>related parties     | -                        | -                       | -                        | -                      | -                       |
| Bank balances and<br>cash deposits     | 330,519,562              | -                       | -                        | -                      | 274,912,226             |
| <b>Total financial<br/>assets</b>      | <b>355,242,822</b>       | <b>60,865,602</b>       | <b>146,802,674</b>       | <b>293,155,257</b>     | <b>856,066,355</b>      |
| <b>Financial liabilities</b>           | <b>(207,832,286)</b>     |                         |                          |                        | <b>(284,413,543)</b>    |
| <b>Total financial<br/>liabilities</b> | <b>(284,413,543)</b>     | <b>-</b>                | <b>-</b>                 | <b>-</b>               | <b>(284,413,543)</b>    |
| <b>Net liquidity gap</b>               | <b>70,829,279</b>        | <b>60,865,602</b>       | <b>146,802,674</b>       | <b>293,155,257</b>     | <b>571,652,812</b>      |

**(iii) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Service's income or the value of its



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Financial Risk Management (Continued)**

**(iii) Market risk (Continued)**

holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

**a) Foreign currency risk**

The Service has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. Due to the current volatility of the exchange rates, this risk has significantly increased.

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Financial Risk Management (Continued)**

**(iii) Market risk (Continued)**

**a) Foreign currency risk (Continued)**

|                                                   | Kenya shilling<br>Kes   | Other currencies<br>Kes | Total<br>Kes            |
|---------------------------------------------------|-------------------------|-------------------------|-------------------------|
| <b>At 30 June 2023</b>                            |                         |                         |                         |
| <b>Financial assets</b>                           |                         |                         |                         |
| Investments                                       | -                       | -                       | -                       |
| Cash                                              | 905,653,376             | 4,239                   | 905,657,615             |
| Debtors                                           | 1,786,793,851           | -                       | 1,786,793,851           |
| <b>Total financial assets</b>                     | <b>2,692,447,227</b>    | <b>4,239</b>            | <b>2,692,451,466</b>    |
| <b>Financial liabilities</b>                      |                         |                         |                         |
| Trade and other payables                          | (94,450,747,219)        | -                       | (94,450,747,219)        |
| Borrowings                                        | -                       | -                       | -                       |
| <b>Total financial liabilities</b>                | <b>(94,450,747,219)</b> | <b>-</b>                | <b>(94,450,747,219)</b> |
| <b>Net foreign currency<br/>asset/(liability)</b> | <b>(91,758,299,992)</b> | <b>4,239</b>            | <b>(91,758,295,753)</b> |
| <b>At 30 June 2022</b>                            |                         |                         |                         |
| <b>Financial assets</b>                           |                         |                         |                         |
| Investments                                       | -                       | -                       | -                       |
| Cash                                              | 330,519,562             | 3,974,602               | 288,459,591             |
| Debtors                                           | 647,090,594             | -                       | 581,154,129             |
| <b>Total financial assets</b>                     | <b>856,066,355</b>      | <b>13,547,365</b>       | <b>869,613,720</b>      |
| <b>Financial liabilities</b>                      |                         |                         |                         |
| Trade and other payables                          | (207,832,286)           | -                       | (284,413,543)           |
| Borrowings                                        | -                       | -                       | -                       |
| <b>Total financial liabilities</b>                | <b>(284,413,543)</b>    | <b>-</b>                | <b>(284,413,543)</b>    |
| <b>Net foreign currency<br/>asset/(liability)</b> | <b>571,652,812</b>      | <b>13,547,365</b>       | <b>585,200,177</b>      |

**b) Interest rate risk**

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

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates and has negotiated fixed interest rates on its bank account balances.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Financial Risk Management (Continued)

#### (iii) Market risk (Continued)

##### c) Capital Risk Management

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

| Description        | 2022/2023<br>Kes   | 2021/2022<br>Kes      |
|--------------------|--------------------|-----------------------|
| Revenue reserve    | (1,095,834,076)    | 536,282,920           |
| Capital reserve    | 1,669,016,700      | 86,390,193,425        |
| <b>Total funds</b> | <b>573,182,624</b> | <b>86,926,476,345</b> |

### 37. Related Party Balances

#### Nature of related party relationships

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

#### Government of Kenya

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

The Service is related to:

- i) The National Government;
- ii) The Ministry of Environment, Climate Change & Forestry;
- iii) Key management;
- iv) Board of Directors.

| Description                           | 2022/2023<br>Kes.    | 2021/2022<br>Kes.    |
|---------------------------------------|----------------------|----------------------|
| <b>a) Grants from the government</b>  |                      |                      |
| Grants from National Government       | 5,290,961,483        | 4,557,517,822        |
|                                       | <b>5,290,961,483</b> | <b>4,557,517,822</b> |
| <b>b) Key management remuneration</b> |                      |                      |
| Directors' emoluments                 | 11,705,911           | 6,402,616            |
| Compensation to the CEO               | 6,335,477            | 6,052,400            |
| Key management compensation           | 64,404,366           | 79,222,008           |
|                                       | <b>82,445,754</b>    | <b>91,677,024</b>    |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**38. Contingent assets and contingent liabilities**

There were no contingent assets to be reported as at the end of the financial year. Contingent liabilities include the court cases against the Service which are detailed in Appendix 5.

**39. Capital Commitments**

There were no capital commitments to be reported as at the end of the financial year.

**40. Events after the reporting period**

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

**41. Ultimate and Holding Service**

The Service is a State Corporation under the Ministry of Environment, Climate Change & Forestry. Its ultimate parent is the Government of Kenya.

**42. Currency**

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



## Appendix 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

| Reference No. on the external audit Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Focal Point person to resolve the issue                                    | Status       | Timeframe  |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------|------------|
| <b>1</b>                                   | <b>Property Plant and Equipment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                            |              |            |
| (i)                                        | As previously reported, the financial statements reflect property, plant and equipment balance of Kshs.1,632,319,276 out of which Kshs.890,201,139 relates to the value of buildings owned by the Service in various locations. However, the amount excludes unspecified value of rangers' houses that were constructed and donated to the Service by China Roads and Bridges Company. Further, contrary to the requirements of IPSAS 17, the land on which these buildings are erected had not been valued and disclosed separately in the last seven years. | The Service recognizes the role played by donors and partners in forest protection and conservation. The rangers' houses that were constructed and donated to the Service by China Roads and Bridges Company are yet to be recognized by the Service since the partner, China Roads and Bridges Company has not furnished the Service with the necessary documents that would indicate the value of the rangers' houses. In the absence of such a value from the partner, the Service would need to engage a professional valuer and this process has not started. The Service is in contact with China Roads and Bridges Company for the documentation to be provided. The Service made a request to the Ministry of Lands for help in valuation of land, but the Ministry was not able to offer a value as explained in the letter Ref no. VAL. 1447/2. Government land is not available in the open market for sale and thus cannot be valued. This has resulted in the missing value of land in the financial statements. | Mr. Peter Waweru - Head, Directorate of Forest Conservation and Management | Not resolved | Continuous |
| (ii)                                       | Kenya Forest Service acquired all the assets of the former Forest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | The Service continues to pursue ownership documents of all gazetted land and other parcels                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Mr. Peter Waweru -                                                         | Not Resolved | Continuous |



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| Reference No. on the external audit Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                               | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Focal Point person to resolve the issue                 | Status | Timeframe |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|--------|-----------|
|                                            | Department including land vide legal notice No.151 of 2008 published in the Kenya Gazette Supplement No. 28 of 28 November 2008. However, out of the two hundred and sixty-five (265) gazetted forest blocks owned by Kenya Forest Service with an acreage of 2,585,526.44 hectares, only seventy-seven (77) blocks have title deeds while twenty-five (25) lacked title deeds. | <p>of land under its custody. As at May 2023, the Service has three hundred and seventy-five (375) parcels of land that are gazetted measuring 2,605,170 Ha (Annex 2).</p> <p>Out of these 375 parcels of land, fifty six (56) parcels of land have title deeds even though the area under legal notice in some cases is higher than the area that is in the title deeds. Twenty one (21) parcels of land that belong to Kenya Forest Service but are not gazetted have title deeds.</p> <p>Due to these discrepancies, the Service has maintained that the Gazette notice is the sure way of securing Forest Land and has won cases on this basis. (Annex 3). Ownership of forest land is documented by proclamations which at Independence were declared as central forests via Legal Notice No. 174 of 20th May 1964. The process of processing Title deeds relinquishes ownership status where the National Land Commission (NLC) has to allocate the very land gazetted and owned by Kenya Forest Service to the Service or any other Party which would be against the law of the land. The NLC in July 2017 published in the Kenya Gazette (Gazette Notice No. 6862), a list of 154 revoked tile deeds, mainly in Karura Forest Block, that had been allocated to individuals and upheld the supremacy of the Proclamation No 44 of 1932</p> | Head, Directorate of Forest Conservation and Management |        |           |



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| Reference No. on the external audit Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Focal Point person to resolve the issue | Status       | Timeframe  |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------|------------|
|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | and the Legal Notices vesting the land in the Kenya Forest Service.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                         |              |            |
| (iii)                                      | Included in the acreage of 2,585,526.44 hectares is land of an undetermined acreage with ongoing ownership court cases between the Kenya Forest Service and private parties.                                                                                                                                                                                                                                                                                                                                         | The Service is currently involved in many cases relating to ownership of forest land and is pursuing a favourable determination.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Ms. Esther Keige - Head, Legal Services | Not resolved | Continuous |
| (iv)                                       | There was illegal encroachments and excisions on forest land in various parts of the country of which a total of 555.9 hectares were illegally acquired by private parties in Kipkabus, Tingwa and Ngong forest. Further, in Uasin Gishu County 29.5 hectares of land had unlicensed operational installations while other parcels of land though licensed remain unpaid by five institutions namely: Ministry of Energy, Kenya Airports Authority, Nabkoi Water Project, Kapsaret Water Project and County Cemetry. | Forest land continues to be under threat across the country and grabbing of Forest land continues to happen from time to time. The Service has prosecuted land grabbing cases and has won on the basis of Gazettement. Some cases are still on going and management is looking forward to a favorable determination. Part of the outstanding balances from government agencies and the media houses are as a result of historical installations in gazetted forests that happened before the operationalization of the Service without any formal engagements with those institutions. Towards settling this matter, the Service carried out an inventory of all installations in the public forests and determined any unlicensed occupancy. The Service then invoiced these institutions based on the inventory report to pursue these debts. These government agencies, however, have written back contesting the billing and claiming ownership of parcels of land they occupy. The | Mr. David Chege - Ag. Commandant        | Not resolved | Continuous |



| Reference No. on the external audit Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Focal Point person to resolve the issue                         | Status       | Timeframe  |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|--------------|------------|
|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Service has continued to engage these agencies both at the institution level and also through the parent Ministries, but this process has not yielded much progress.                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                 |              |            |
| (v)                                        | The Service has not valued its assets as required by IPSAS 17 Section 31 which requires that revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date.                                                                                                                                                                                                                                                                                       | The revaluation exercise is a very expensive affair, and the Service is in the process of tagging all its assets with a view to get the full complement of the all the assets. Subsequently a valuer will be engaged subject to availability of funds.                                                                                                                                                                                                                                                                                                                  | Mr. Isaac Wekesa - Ag. Manager, Administration & Infrastructure | Not resolved | Continuous |
| 2                                          | <b>Inaccuracies in the Statement of Changes in Net Assets.</b><br><br>The statement of changes in net assets reflect capital fund balance of Kshs.86,390,193,425. The addition in the capital is an increase of Kshs.6,538,885,800 which is the total changes in carrying amount of biological assets contrary to the provisions of IPSAS 27 paragraph 30 which requires changes in the carrying amount of biological assets to be reported in the statement of financial performance. Further, the capital additions of Kshs.290,908,449 includes | The Service management has made a disclosure in Note 4 (Summary of Significant Accounting policies) paragraph (f), noting the exclusion of the gains and losses from the statement of financial performance so as not to distort the real surplus/ deficit reported.<br><br>The gains/losses from the changes in value of biological assets are so huge on a yearly basis and average close to the annual budget of the Service. These gains are not realized on an annual basis and would depict an impression that the Service is making super normal profits/losses. | CPA Annastasia Muasya - Manager, Finance and Accounting         | Not resolved | Continuous |



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| Reference No. on the external audit Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Focal Point person to resolve the issue                       | Status       | Timeframe  |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|--------------|------------|
|                                            | <p>Kshs.10,010,725 for assets procured in the year 2020/2021 and prior years which has been erroneously included as additional capital during the year under review.</p> <p>In the circumstances, the accuracy of the capital funds balance of Kshs.86,390,193,425 could not be confirmed.</p>                                                                                                                                                                                                                                                                             | <p>These assets amounting to Kshs.10,010,725.60 related to assets that were not recognized in the 2019/2020 and 2020/2021 and were added to the Fixed assets register in the year under review. This was after an internal reconciliation between the register and the account schedules, and the assets are now fully and rightly recognized. This amount was being carried in a control account Expense AP and Inventory AP accounts during the financial year 2020/2021.</p>                                                                                                                                                                                                                                                                      |                                                               |              |            |
| 3.                                         | <p><b>Unsupported Receivables from Exchange Transactions</b></p> <p>The statement of financial position and Note 21 to the financial statements reflects receivables from exchange transactions balance of Kshs.605,449,477 which includes long outstanding debts balance of Kes.75,024,727 which are owed by Government Agencies and Media houses whose transmitters are located within the Service's land. However, the license charges had not been paid as the license fee is said to have been paid to the Government owned Kenya Broadcasting Corporation (KBC).</p> | <p>The Service in the course of its operations bills its customers on annual licenses and leases for installations or occupation of forest land. These bills are usually paid within the year. Part of the outstanding balances from government agencies and the media houses are as a result of historical installations in gazetted forests that happened before the operationalization of the Service without any formal engagements with those institutions. Some of these government agencies include; Kenya Broadcasting Corporation (KBC), National Police Service, Kenya Defence Forces, National Intelligence Service, Kenya Wildlife Service (KWS) etc. Within the forest land occupied by KBC, the Service established that there are</p> | Ms. Beatrice Mbula - Deputy CCF, Natural Forests Conservation | Not resolved | Continuous |



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|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------|-----------|
|                                            | <p>Further, the balance excludes amounts receivable from the defunct Ministry of Sports and Kenya National Highways Authority of Kshs.10,000,000 and Kshs.77,666,204 respectively. However, both KENHA and defunct Sports Ministry have not recognised the receivables as payables in their respective financial statements.</p> <p>In addition, as previously reported, the statement of financial position reflects plantation balance of Kshs.1,221,251,092 as debt on harvested forest plantation which has not been disclosed in the financial statements thus understating the receivables from exchange transactions.</p> <p>In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.605,499,477 could not be confirmed.</p> | <p>installation owned by other media houses who claim to have a contractual arrangement with KBC and thus cannot engage the Service. Towards settling this matter, the Service carried out an inventory of all installations in the public forests and determined any unlicensed occupancy. The Service then invoiced these institutions based on the inventory report to pursue these debts. These government agencies, however, have written back contesting the billing and claiming ownership of parcels of land they occupy. The Service has continued to engage these agencies both at the institution level and also through the parent Ministries, but this process has not yielded much progress.</p> <p>On the Outstanding debt by Ministry of Sports Culture and Heritage, a proforma invoice for Kshs. 10,595,035.16 (VAT Inclusive) was issued on 13th Oct 2021 for assessed materials to be removed from Ngong road forest by Ministry of Sports, Culture and Heritage. The proforma invoice was to be converted into final invoice upon receipt of payment. Follow-up of payment was done and is still being done but the Ministry delayed in processing to date. Payment of the materials has not been received.</p> |                                         |        |           |



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| Reference No. on the external audit Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                       | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Focal Point person to resolve the issue                    | Status       | Timeframe |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|--------------|-----------|
|                                            |                                                                                                                                                                                                                                                                                                                         | <p>The outstanding amount of Kshs.77,666,204.90 from KENHA remains unenforceable. A special Use Licence was prepared for the Mau Mau road and sent to KENHA for signing. KENHA were to sign the SUL and return for the Chief Conservator of Forest to sign and make it executable. To date KENHA have not signed the SUL hence the Service is not able to prepare an Invoice so as to create the debt. Once KENHA signs and returns the SUL, an invoice shall be prepared.</p> <p>The management did not incorporate the figure of Kshs.1,221,251,092 debt on harvested forest plantation in the financial reports since the figures are still being reconciled and investigations were ongoing. However, a disclosure had been incorporated in the financial statements under the note on Receivables from exchange transactions</p> |                                                            |              |           |
| 4.                                         | <p><b>Inaccuracies in Cash and Cash Equivalents.</b></p> <p>The statement of financial position and as disclosed in Note 20 reflects cash and cash equivalents balance of Kshs.330,519,562 held in various banks. However, certificate of bank balance, reconciliation statements and cashbooks presented for audit</p> | <p>The project financial statements are prepared on cash basis. Water towers project donor does not allow foreign exchange loss recognized as expenses and thus the reason for the difference. The correct balances as per bank reconciliation statements for the accounts does not show any variances with the amounts in the financial statements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | CPA<br>Annastasia Muasya - Manager, Finance and Accounting | Not resolved | June 2023 |



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| Reference No. on the external audit Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Management comments                                                                                                                                                           | Focal Point person to resolve the issue | Status | Timeframe |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------|-----------|
|                                            | <p>revealed amounts of Kshs.1,096,425, Kshs.5,120,264 and Kshs.2,521 in respect of KFS Water Tower Donor Account, KFS Water Tower Euro Account An KFS JICA-Cadep Account respectively which differed significantly with the amounts reflected in the respective projects' account balances of Kshs. Nil, Kshs.4,554,065 and Kshs.52,256, respectively.</p> <p>Further, two bank accounts held by the Service reflect over drawn balances of Kshs.1,145,662 and Kshs.204,091 respectively contrary to Regulation 82(7) of the Public Finance Management (National Government) Regulations, 2015.</p> <p>In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.330,519,562 could not be confirmed.</p> | The accounts are not actually overdrawn but the issue was due to differences in currency revaluations in Oracle ERP which has since been sorted in the current financial year |                                         |        |           |
| 5.                                         | <b>Unsupported Expenditure on Drilling of Boreholes</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                               |                                         |        |           |



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| Reference No. on the external audit Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                              | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Focal Point person to resolve the issue                          | Status       | Timeframe |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|--------------|-----------|
|                                            | The statement of financial position as disclosed in Note 25 to the financial statements reflects property, plant and equipment balance of Kshs.1,680,267,343 which includes roads, boreholes and civil works amount of Kshs.10,530,231 relates to drilling of boreholes in three (3) counties. However, Board minutes to confirm the approval, progress reports and expenditure support documents were not provided for audit. | <p>The Service entered into a partnership with Kenya Defence Forces (KDF) on 21 June 2022 to drill 7 boreholes. The boreholes were to be drilled in three Counties at an estimated cost of Kshs.25,283,348. KDF was to provide a direct contribution of Kshs.4,189,994 in terms of fuel and lubricants and KFS contribution in the year under review was Kshs.10,530,231 for the development of the boreholes.</p> <p>The works were undertaken as per the agreement and pictures to confirm this were availed to the audit team. The Service has written to the Ministry of Defense to avail completion report. This was a procurement process that did not require any board approval since it was a direct procurement from a government agency.</p> | Project Manager - National Tree Planting Campaign Project (NTPC) | Not resolved | June 2023 |

  
 .....  
 Alexander Lemarkoko 'ndc' (K)  
 Chief Conservator of Forests

Date 26/03/2024 .....

  
 .....  
 Job Chirchir  
 Chairman of the Board

Date 26/03/2024 .....

## Appendix 2: PROJECTS IMPLEMENTED BY THE SERVICE

### Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

| Project title                                                                       | Project Number | Donor                   | Period/ duration | Donor commitment   | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|-------------------------------------------------------------------------------------|----------------|-------------------------|------------------|--------------------|-----------------------------------------------------------------------|-----------------------------------------------------|
| 1. Green Zones Development Support Project - II                                     | P-KE-AAD-005   | AfDB & GoK              | 2020 - 2025      | Kes. 5,498,250,000 | Yes                                                                   | Yes                                                 |
| 2. Capacity Development project for Technologies in Forest Fire Management in Kenya |                | French Government & GoK | 2022 - 2027      | Kes. 3,339,000,000 | No                                                                    | Yes                                                 |

### Status of Projects completion

|   | Project                                                                          | Total project Cost (Kes) | Total expended to date Kes | Completion % to date | 2022/2023 Budget Kes | 2022/2023 Actual Kes | Sources of funds        |
|---|----------------------------------------------------------------------------------|--------------------------|----------------------------|----------------------|----------------------|----------------------|-------------------------|
| 1 | Green Zones Development Support Project - II                                     | 5,498,250,000            | 2,243,803,820              | 41%                  | 678,500,000          | 677,978,235          | ADB & GoK               |
| 2 | Capacity Development project for Technologies in Forest Fire Management in Kenya | 3,339,000,000            | 895,000,000                | 26%                  | 895,000,000          | 895,000,000          | French Government & GoK |



### Appendix 3: INTER-ENTITY TRANSFERS

The above amounts have been communicated to and reconciled with the Ministry of Environment, Climate Change & Forestry as below:

**Appendix 4: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

| Name of the MDA/Donor Transferring the Funds       | Date Received (as per bank statement) | Nature: Recurrent/ Development/ Others | Total Amount         | Where Recorded/ Recognized         |                    |                  | Total Transfers during the Year |
|----------------------------------------------------|---------------------------------------|----------------------------------------|----------------------|------------------------------------|--------------------|------------------|---------------------------------|
|                                                    |                                       |                                        |                      | Statement of Financial Performance | Capital Fund       | Deferred Income  |                                 |
|                                                    |                                       |                                        | Kes                  | Kes                                | Kes                | Kes              | Kes                             |
| Ministry of Environment, Climate Change & Forestry |                                       | Recurrent                              | 4,860,000,000        | 4,860,000,000                      |                    |                  | 4,860,000,000                   |
|                                                    |                                       | Development                            | 480,000,000          | 430,961,483                        | 49,038,517         |                  | 480,000,000                     |
|                                                    |                                       |                                        | 5,340,000,000        | 5,290,961,483                      | 49,038,517         | -                | 5,340,000,000                   |
| African Development Bank (ADB)                     |                                       | Donor Funds                            | 572,471,484          | 427,301,825                        | 147,235,987        | (2,066,329)      | 572,471,484                     |
|                                                    |                                       | Direct Payments                        | -                    |                                    |                    |                  |                                 |
|                                                    |                                       |                                        | 572,471,484          | 427,301,825                        | 147,235,987        | (2,066,329)      | 572,471,484                     |
| French Government                                  |                                       | Direct Payments                        | 894,999,661          | 894,999,661                        |                    | -                | 894,999,661                     |
|                                                    |                                       |                                        | 894,999,661          | 894,999,661                        | -                  | -                | 894,999,661                     |
| Food and Agriculture Organization (FAO)            |                                       | Donor Funds                            | -                    | -                                  |                    | 5,058,764        | 5,058,764                       |
|                                                    |                                       |                                        | -                    | -                                  | -                  | 5,058,764        | 5,058,764                       |
| <b>Total</b>                                       |                                       |                                        | <b>5,912,471,484</b> | <b>5,718,263,308</b>               | <b>196,274,504</b> | <b>2,992,435</b> | <b>5,917,530,248</b>            |



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**Appendix 5: COURT CASES AGAINST THE SERVICE**

| S/NO | FILE REF (KFS/LS/) | COURT   | CASE PARTICULARS                                                                                                          | NATURE OF CASE                                                                                                                                                                                                                                                                                                   |
|------|--------------------|---------|---------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.   | KFS/LS/08/08       | NAIROBI | NAIROBI HCCC APPL. NO. JR 522 OF 2008<br>BETHUEL MACHARIA KABUI -VS- KENYAFOREST SERVICE<br>TETU/KABAGE/92-GAKANGA NYERI- | Applicant sought orders of certiorari to quash decisions in notices of 7th July, 2008 and 21st August, 2008 by DFO, Nyeri and order of prohibition from excising powers in the Forest Act, 2005 in an arbitrary and capricious                                                                                   |
| 2.   | KFS/LS/10/08       | NAKURU  | NAKURU HCCC NO.102 OF 1999<br>CHIRCHIR KOIMA & OTHERS -VS- EDWARD MUGUTHELI &<br>ANOTHER.                                 | A prerogative writ to compel KFS to effect decision of the Chebir Clan to settle in Chemorgong Forest                                                                                                                                                                                                            |
| 3.   | KFS/LS/14/08       | NAIROBI | NAIROBI HCCC NO.1554 OF 2000 MORRIS RIUNGU -VS- ATTORNEY<br>GENERAL                                                       | This is a suit for compensation of loss incurred by the plaintiff having bought wood and denied access/permit.                                                                                                                                                                                                   |
| 4.   | KFS/LS/26/08       | NAKURU  | NAKURU HCC 255 OF 2004 KIPTARUS TABOT & OTHERS<br>-VS ATTORNEY GENERAL                                                    | Application to challenge the eviction from Mau forest reserve.                                                                                                                                                                                                                                                   |
| 5.   | KFS/LS/30/08       | NAKURU  | NAKURU HCMISC.APPL.NO 704 OF 2006CHRISTOPHER C.<br>CHEPYEGON -VS-KENYAFOREST SERVICE.                                     | Application for judicial review for orders of prohibition and certiorari to the chief conservator of forest and DFO, Nakuru restricting the respondents from evicting them in Parcel No. Nakuru Municipality Block 19/186                                                                                        |
| 6.   | KFS/LS/31/08       | NAKURU  | NAKURU HCC 25 OF 2006<br>STEPHEN KIPRUTO TIGERE VS ATTORNEY GENERAL                                                       | Application to challenge eviction from south western Mau Forest.(LR No. 2942) Enderit Forest Block                                                                                                                                                                                                               |
| 7.   | KFS/LS/32/08       | NAIROBI | NAIROBI HCC 517 OF 2007<br>KHALIF SHEIKH ADAN VS ATTORNEY GENERAL                                                         | Case in Garissa where the applicant wants to grab forest land in Garissa.                                                                                                                                                                                                                                        |
| 8.   | KFS/LS/36/08       | NAKURU  | NAKURU HCC NO 67 OF 2009<br>JACKSON M. KINYUA & 5 OTHERS VS KENYA FOREST SERVICE                                          | LR NO. 13642 in Kiambu Forest<br>Plaintiffs without the defendant's authority moved into the State Forest and plundered and have continued to waste the same                                                                                                                                                     |
| 9.   | KFS/LS/37/08       | NAIROBI | NAIROBI HCC 848 OF 2003<br>GEOGLADYS HOLDINGS LTD -VS- ATTORNEY GENERAL.LR 20842<br>NGONG ROAD FOREST                     | Land was irregularly allocated to Mr. Koinange in 1996 and without knowledge of KFS was disposed to a third party (M/S Geogladys Holdings Ltd) in 1999                                                                                                                                                           |
| 10.  | KFS/LS/50/08       | MALINDI | MALINDI HCCC MISC APPL NO 25 OF 2005.NAIROBI HC MISC APPL<br>NO 340/07KALIAPOPO- MADUNGUNI CASE IN MALINDI.               | Gazettement was affected on 23rd Aug, 2004 for this area as a Forest. The residents protested when asked to vacate. Court issued orders against any eviction until the matter is settled. The matter has been pending for 5 years. Zonal Manager indicates that there is continued destruction by the squatters. |
| 11.  | KFS/LS/01/09       | NAIROBI | NAIROBI HCC NO 141 OF 2010<br>JOHN PETER RUTHANGI VS KFS                                                                  | KIAMBU ROAD L.R NO 17942 Claim for the above portion of land by Peter Ruhangi the applicant in the matter                                                                                                                                                                                                        |
| 12.  | KFS/LS/018/09      | NAIROBI | NAIROBI HC MISC CIVIL APPL 382/04<br>KAMA AGENCIES VS AG                                                                  | The respondent Kama agencies claims the title of the parcel of land LR.NO.21350/1 which they claim to have been obtained through grant from the president though it is contested to be part of the Kiambu forest demarcated as forest reserve                                                                    |
| 13.  | KFS/LS/38/09       | ELDORET | ELDORET HCC NO 12 OF 2009<br>TIMOTHY INGOSI & 87 OTHERS VS ATTORNEY GENERAL                                               | The matter revolves around illegal encroachment of LikuyaniSeregea and seeking degazettement of the forest.                                                                                                                                                                                                      |
| 14.  | KFS/LS/55/09       | ELDORET | ELDORET HCC NO 123 OF 2009<br>SALINA JEROP VS JOHN WAFULA SIMIYU                                                          | Sale agreement between two parties on a piece of land in Eldoret Municipality Block 10/316 which has since been marked as a forest area.                                                                                                                                                                         |



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| S/NO | FILE REF (KFS/LS/) | COURT   | CASE PARTICULARS                                                                                                                          | NATURE OF CASE                                                                                                                                                                                                                                                                                       |
|------|--------------------|---------|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15.  | KFS/LS/61/10       | NAKURU  | NAKURU HIGH COURT PETITION NUMBER 6 OF 2010 KIPSANG KILELE & 5 OTHERS -VS AG & PRIME MINISTER.                                            | This is a matter filed by the Ogiek community challenging their eviction from the Mau Forest. Case filed on 21/09/2010.                                                                                                                                                                              |
| 16.  | KFS/LS/82/10       | NAIROBI | IN THE MATTER OF ARBITRATION ACT 1995 BETWEEN M/S TRANSNATIONAL CONSTRUCTION LIMITED AND THE MINISTRY OF ENVIRONMENT & NATURAL RESOURCES. | The applicant is seeking for settlement of Kes. 4,377,289 awarded to them by the arbitrator from the ministry of environment & Natural resources                                                                                                                                                     |
| 17.  | KFS/LS/03/11       | KITALE  | KITALE HC NO 01/11 RUTONG'O FARM LTD VS AG SUPREME COURT APPEAL NO 2 OF 2016                                                              | Invasion of Sikhendu forest by members of Rutongo farm ltd.                                                                                                                                                                                                                                          |
| 18.  | KFS/LS/07/11       | ELDORET | ELDORET HCC PETITION NO 2/11 MARIA SOTI EDUCATIONAL TRUST VS AG                                                                           | Illegal forest excision in Marakwet Keiyo zone Kaptagat forest.                                                                                                                                                                                                                                      |
| 19.  | KFS/LS/17C/11      | NAKURU  | NAKURU HC PETITION NO 22 OF 2011 BARNABAS KIPTARUS BARNO VS KFS                                                                           | Applicants are seeking compensation for being evicted from Likia Extension.                                                                                                                                                                                                                          |
| 20.  | KFS/LS/23/11       | NAKURU  | NAKURU HCC NO 108 OF 2006 MBURU KIMANI GACII VS DFO NYANDARUA                                                                             | Illegal sale part of Olbollosat forest for the purpose of settling internally displaced persons.                                                                                                                                                                                                     |
| 21.  | KFS/LS/24/11       | MERU    | MERU CIVIL SUIT NO 64 OF 2011 JOSEPH MWORIA JOHN & 3 OTHERS VS LOWER IMENTI FORESTER                                                      | Land dispute between the applicants and the forester, lower Imenti over land parcels no 1997 and 685 establishing Kuuru river boundary.                                                                                                                                                              |
| 22.  | KFS/LS/12/12       | NAKURU  | NAKURU PETITION NO 16 OF 2012 NICHOLAS KIMUTAI CHERUIYOT AND OTHERS VS KFS                                                                | Likia extensions- The Plaintiffs in this case have filed a suit in court seeking to be declared the lawful owners of parcels of land they own in Likia Extensions.                                                                                                                                   |
| 23.  | KFS/LKS/14/12      | NAKURU  | NAKURU HC CIVIL SUIT NO 102 OF 2021 DANIEL MAINA KIBAGE VS KFS                                                                            | The plaintiff is seeking for a court order to allow him to develop the parcel of land LR/NYANDARUA/MURUA/926. The land was a land settlement which he claims to be the lawful owner.                                                                                                                 |
| 24.  | KFS/LS/16/12       | KITALE  | KITALE CIVIL SUIT NO 4 OF 2012 PETER GICHOHI MUTHONI VS DIRECTOR KFS AND THE ZONAL MANAGER MARAKWET                                       | Case on Plot number LELAN/KAPTALAMWA/162. The plaintiff is seeking for a court injunction restraining KFS from interfering with the said plot.                                                                                                                                                       |
| 25.  | KFS/LS/17/12       | ELDORET | ELDORET VIVL SUIT NO 81 OF 2012 SQUAREDEALK KENYA LTD VS KFS                                                                              | The plaintiff is seeking for a court order to allow them develop the said parcel of land. He is the registered owner of the said property and is seeking to evict KFS from the property.                                                                                                             |
| 26.  | KFS/LS/23/12       | NAKURU  | NALURU CIVIL SUIT NO 276 OF 2012 KALYA SOI FARMERS COOPERATIVE SOCIETY VS PAUL KIRUI & KFS                                                | The plaintiffs are seeking for permanent injunction restraining KFS & its agents from interfering with their operations on L.R. No. C/S MARA/LOLUNGA/10463                                                                                                                                           |
| 27.  | KFS/LS/28/12       | NAIROBI | NAIROBI HC PETITON NO 27 OF 2012 ELIJAH WAINAINA VS ATTORNEY GENERAL                                                                      | Petitioner claiming ownership of L.R. Number Nyandarua/Kirima/298 which is a gazetted forest.                                                                                                                                                                                                        |
| 28.  | KFS/LS/36/12       | ELDORET | ELDORET HCC NO 196 OF 2007 JOSEPH KEITANY VS KEVIN OKWARA T/A ALPHAX COLLAGE                                                              | The applicant/plaintiff alleges to be the owner of ELDORET MUNICIPALITY BLOCK 10/164 and that a certificate of lease was issued to him. The land is part of Eldoret Forest and was leased to the defendant by KFS                                                                                    |
| 29.  | KFS/LS/37/12       | NAKURU  | NAKURU CIVIL SUIT NO 1342/12 KENROC BUILDING LIMITED VS KFS & 3 OTHERS                                                                    | The applicant alleges to be the owner of over mature tree in Kericho Zone and hence should be allowed to harvest the same. Permit to harvest the trees was issued to Equator Willie Sawmills by KFS and the said company went ahead and sold the same to the applicant without the knowledge of KFS. |



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| S/NO | FILE REF<br>(KFS/LS/) | COURT   | CASE PARTICULARS                                                                                                                                 | NATURE OF CASE                                                                                                                                                                                                                                                                                                                                                               |
|------|-----------------------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 30.  | KFS/LS/03/13          | NAIROBI | NAIROBI HC PETITION NO 94 OF 2013<br>GITARAGA FARM LTD VS ATTORNEY GENERAL                                                                       | The plaintiff is claiming that Kenya Forest Service is interfering with his rights in respect to L. R Number 9836 which it claims to have bought in 1993. last time in court was 28th October 2016, but Lenaola was not sitting, new dates in court will be communicated.                                                                                                    |
| 31.  | KFS/LS/05/13          | NAIROBI | NAIROBI ELC CIVIL SUIT NO 218 OF 2013<br>ANNE AMBUI MUNA VS KFS                                                                                  | The plaintiff is seeking for permanent injunction restraining Kenya Forest Service from interfering with her parcel of land Ngong Township                                                                                                                                                                                                                                   |
| 32.  | KFS/LS/07/13          | ELDORET | ELDORET HC PETITION NO 6 OF 2013<br>DAVID KIPTUM YATOR VS KFS & ATTORNEY GENERAL                                                                 | Eviction from Kapolet Forest and Empotutu Forest. The Sengwer community has sued KFS in this matter claiming ownership of the Embobut Forest. The court has issued an order directing KFS and the other respondents to restrain from interfering with their enjoyment and occupation. Order was the status quo to remain pending hearing and final determination of petition |
| 33.  | KFS/LS/08/13          | KERICHO | KERICHO HC CIVIL SUIT NO 3 OF 2013<br>KERICHO COUNTY VS KFS                                                                                      | The applicants are claiming unremitted cess from Kenya forest service produce. They have made an application under certificate of urgency requesting the court to restrain KFS from carrying out any activity in the forests within Kericho County.                                                                                                                          |
| 34.  | KFS/LS/15/13          | NAKURU  | NAKURU ELC SUIT NO 401 OF 2013<br>DICKSON MWANGI WANDERI VS WILLIAM CHEPTOO & ANOTHER                                                            | The applicant alleges that he is the legal owner of L.R NO Laikipia/Nyahururu/4881 and is seeking for orders to restrain KFS from interfering with his quite possession. Case is related to NAKURU CMCC NO. 1206 OF 2012<br>Dickson Mwangi -Vs- William Cheptoo<br>See KFS/LS/40B/2012                                                                                       |
| 35.  | KFS/LS/18/13          | NAIROBI | NAIROBI JUDICIAL REVIEW APPLICATION NUMBER 298 OF 2013<br>CORTEC MINING KENYA LIMITED VS CABINET SECRETARY MINISTRY OF MINING & ATTORNEY GENERAL | Applicant has sued KFS seeking for orders to compel KFS to allow him to carry out mining activities in mrima hill forest in Kwale county.                                                                                                                                                                                                                                    |
| 36.  | KFS/LS/27/13          | NAKURU  | NAKURU PETITION NO 42 OF 2013<br>CLEMENT KIPCHIRCHIR & OTHERS VS PRINCIPAL SECRETARY, MINISTRY OF LANDS & 4 OTHERS                               | Applicants Have Sued KFS Seeking for Orders to Stop KFS From Evicting Them from Likia Settlement Scheme Mau Forest. Odhiambo & Odhiambo Advocates have issued a bill of costs against the Service amounting to 27 million.                                                                                                                                                   |
| 37.  | KFS/LS/28/13          | NAIROBI | NAIROBI PETITION NO 556 OF 2013<br>YORK WORLDIDE HOLDING LTD VS KFS & ATTORNEY GENERAL                                                           | The Petitioner is seeking for mandatory injunction directing KFS to remove the perimeter fence that was erected on LR. Number 20851, 20852 & 20853 Gigiri claiming that the said plots are duly registered to it.                                                                                                                                                            |
| 38.  | KFS/LS/30/13          | NAIROBI | NAIROBI CIVIL PETITON NO 607 OF 2013<br>ROY HAULERS LTF VS ATTORNEY GENERAL, KFS AND SR,M NAROK                                                  | The applicants are seeking for orders to restrain KFS, AG and SRM Narok from disposing off, transferring or selling Scania Reg No. KBS 259G or trailer No. ZD 9893 pending hearing and determination of the suit.                                                                                                                                                            |
| 39.  | KFS/LS/06/14          | NAKURU  | JR NO 11 OF 2014<br>REPUBLIC VS KFS & OTHERS EXPARTE<br>GEORGE NJENGA MUTERU & OTHERS                                                            | Matter filed by prequalified saw millers within Nakuru who claim despite being prequalified and having fulfilled all requisite conditions KFS have exclusively allocated forest produce to other interested parties. Plaintiff sought Orders nullifying the tender process used by KFS within Nakuru County.                                                                 |
| 40.  | KFS/LS/07/14          | NAIROBI | ELC NO 1571 OF 2007<br>KENYA ANTI-CORRUPTION COMMISSION VS GIGIRI COURT LTD & 3 OTHERS                                                           | Plaintiff sued KFS, NLC and The AG over property NAIROBI/BLOCK91/386 which is part of Karura forest.                                                                                                                                                                                                                                                                         |



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| S/NO | FILE REF (KFS/LS/) | COURT   | CASE PARTICULARS                                                                           | NATURE OF CASE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------|--------------------|---------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 41.  | KFS/LS/08/14       | KITALE  | HC CONSTITUTIONAL PETITION NO 1 OF 2014<br>REUBEN LOTIM & OTHERS VS KFS & 3 OTHERS         | Suit stemmed from an eviction notice to squatters in Lelan and Kapkanyar Forests. The petitioners/applicants claim to be pastoralist farmers and the exclusive legal proprietors of the land in question and have also claimed that KFS has interfered with their constitutional rights. Court ordered the joint survey of the boundaries and costs to be borne by the government and KFS. Survey has not been carried out to date and Director of Survey is to show cause for non-compliance. |
| 42.  | KFS/LS/18/14       | BUNGOMA | ELC NO 146 OF 2012<br>ASHON SIKOLIA WANYONYI & 2 OTHERS VS CHIEF LAND REGISTRAR & 5 OTHERS | KFS sought to be enjoined in this matter where a temporary injunction was issued over parcels of land which form part of Chitambe forest.                                                                                                                                                                                                                                                                                                                                                      |
| 43.  | KFS/LS/24/14       | NAIROBI | HC PETITION 418 OF 2014<br>JEREMY MARK BLOCK VS KFS                                        | The petitioner who is the registered owner of L.R No. 214/432 Muthaiga bordering karura forest to the north east, near getathura river, the petitioner is claiming that the river is situated in his property.                                                                                                                                                                                                                                                                                 |
| 44.  | KFS/LS/03/15       | MIGORI  | MIGORI CMCC NO 316 OF 2015<br>JUDITH ANDISI MISANGA VS DIRECTOR KFS & KFS                  | The plaintiff sued KFS seeking damages alleging unlawful stopping of development on private land and malicious prosecution of the plaintiff's workers. The plaintiff is also seeking a permanent injunction for Plot No. 111 Osiri Market which forms part of Nyatike/Macalder Forest.                                                                                                                                                                                                         |
| 45.  | KFS/LS/04/15       | MOMBASA | P & A CASE NO 58 OF 2015<br>AMINA DHAHRA ABAJIRA & ANOTHER VS KFS                          | The petitioners have sued KFS for having paid out the deceased's employee life cover benefits to the next of kin (wife) and disregarding the beneficiaries (children)                                                                                                                                                                                                                                                                                                                          |
| 46.  | KFS/LS/08/15       | ELDORET | ELC NO 185 OF 2015<br>SAMUEL KOIMA & 52 OTHERS VS KFS AND ANOTHER                          | 53 plaintiffs who have illegally encroached on to Kipkabus forest land (Ex-Kandie Farm) claiming to be the registered owners of the land have sued KFS for attempting to unlawfully evict them from their rightful property. They seek a declaration as to ownership and a permanent injunction against KFS.                                                                                                                                                                                   |
|      | KFS/LS/15/15       | NAIROBI | NAIROBI ELC PET NO 996 OF 2015<br>MWAGIRU NJAGU & ANOTHER VS KFS & 5 OTHERS                | The petitioners want KFS to take necessary steps to repossess forest land in Kiambu forest                                                                                                                                                                                                                                                                                                                                                                                                     |
| 47.  | KFS/LS/21/15       | NAKURU  | NAKURU HCC NO 77 OF 2015<br>MARY KARIUKI & ANOTHER VS KFS                                  | The plaintiffs claim that a fire spread from the forest in Nakuru into their compound and destroyed property, they are claiming for compensation citing KFS staff negligence                                                                                                                                                                                                                                                                                                                   |
| 48.  | KFS/LS/05/17       | NAIROBI | MILIMANI ELC NO 1 OF 2017<br>ANKHAN HOLDINGS LTD VS KFS                                    | The petitioner claims to be the owner of LR No 18486 situated in Ngong road                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 49.  | KFS/LS/10/17       | BUNGOMA | BUNGOMA ELC NO 1 OF 2017<br>PETER & OTHERS VS KFS                                          | The petitioners have gone to court to stop their eviction from Mt. Elgon forest                                                                                                                                                                                                                                                                                                                                                                                                                |
| 50.  | KFS/LS/11/17       | KERICHO | KERICHO ELC NO 6 OF 2017<br>JOSEPH KENY VS KFS & OTHERS                                    | The petitioners allege to have been evicted from Mau Forest in 2009 and were never resettled or compensated. They want an order to re-occupy their land or compensation at market value.                                                                                                                                                                                                                                                                                                       |
| 51.  | KFS/LS/15/17       | KITALE  | KITALE PETITION NO 4 OF 2017<br>CHORLIM MULTI-PURPOSE VS KFS & OTHERS                      | Land dispute the petitioners claim to be owners of a piece of land situated in Makunga forest. Having been squatters on the land and subsequently being issued with allotment letters.                                                                                                                                                                                                                                                                                                         |



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|------|--------------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 52.  | KFS/LS/17/17       | ARUSHA TANZANIA | IN THE AFRICAN COURT ON HUMAN & PEOPLE'S RIGHT APPLICATION NO 006 OF 2012 AFRICAN COMMISSION ON HUMAN & PEOPLES' RIGHTS VS REPUBLIC OF KENYA | The Ogiek community against eviction from their ancestral land within the forest                                                                                                                                                                                                                                               |
| 53.  | KFS/LS/20/17       | THIKS           | THIKA ELC NO 771 OF 2017 CHRISTOPHER KAMAU & OTHERS VS KFS                                                                                   | The petitioners claim ownership of parcels of land in Kamiti/Animer forest and sought orders to stop KFS from evicting them or interfering with their property                                                                                                                                                                 |
| 54.  | KFS/LS/23/17       | NAKURU          | NAKURU HC JR NO 35 OF 2013 R VS PS MENR EXPARTE CHARLSE GITAH KAMAU                                                                          | Applicant applies to get an order of Mandamus to compel the Principal Secretary of the Ministry of Environment, Water and Natural Resources and/or KFS to pay the decretal sum costs and interests. This was after the plaintiff being injured after a government vehicle registration number GK 413 being driven negligently. |
| 55.  | KFS/LS/24/17       | TIGANIA         | TIGANIA PMCC NO 73 OF 2017 JAMES KOBIA VS CCF & AG                                                                                           | Malicious prosecution. The plaintiff claims that he was maliciously detained by KFS officers and has sought damages for wrongful confinement.                                                                                                                                                                                  |
| 56.  | KFS/LS/26/17       | MAKUENI         | ELC NO 6 OF 2017 MAKUENI COUNTY ASSEMBLY VS KFS AND OTHERS                                                                                   | The petitioner contends that logging and deforestation in Kivale Forest is taking place without any consideration by the County Environment Committee and an EIA taking place. They assert that the forest cover has dwindled to very low margins and the area remains threatened if left unchecked.                           |
| 57.  | KFS/LS/02/18       | ELDORET         | ELDORET PET NO 3 OF 2018 ELIAS KIBIWOTT & 20 OTHERS VS KFS                                                                                   | The petitioners are seeking injunction orders against KFS restraining KFS from interfering with their settlement in Embobut forest                                                                                                                                                                                             |
| 58.  | KFS/LS/03/18       | KIAMBU          | KIAMBU CMCC ELC NO 9 OF 2018 AGROPACK LTD VS KFS & JOAN SKUKBERRY                                                                            | The applicant is seeking for an injunction restraining KFS from interfering with his alleged property LR No. 20009 within Kiambu forest                                                                                                                                                                                        |
| 59.  | KFS/LS/06/18       | MIGORI          | MIGORI ELC NO 22 OF 2018 KENNEDY OCHIENG OTIENO -VS- KFS & AG                                                                                | The plaintiff claims to be the owner of a parcel of land called Suna East/Wasweta 1/12108 and claims KFS & Ag have trespassed to his land                                                                                                                                                                                      |
| 60.  | KFS/LS/07/18       | NAIROBI         | NAIROBI ELR NO 23 OF 2018 ESTHER W. KEIGE & VICTOR K. KOBIA VS KFS BOARD & PETER KINYUA                                                      | The petitioners sued KFS for infringement on rights. The court awarded damages of Kes. 2,000,000 to the petitioners. KFS filed an appeal to quash the judgement.                                                                                                                                                               |
| 61.  | KFS/LS/12/18       | NAKURU          | NAKURU CMC NO 50 OF 2018 PHILIP CHEBOCHOK VS KFS                                                                                             | The applicant alleges that KFS encroached into his land and planted trees on his land. Wants an order to bar KGFS from accessing his land                                                                                                                                                                                      |
| 62.  | KFS/LS/23/18       | THIKA           | THIKA ELC NO 13 OF 2018 NGUGI MBUGUA VS CCF & OTHERS                                                                                         | The Petitioner alleges that the expansion of James Gichuru Road will expose his compound; he opposes the compulsory acquisition of the hill land at Sigona-Kikuyu.                                                                                                                                                             |
| 63.  | KFS/LS/26/18       | ELDORET         | ELDORET ELC NO 114 OF 2018 SAMUEL KIPWOMBOK & OTHERS VS EC UASIN GISHU COUNTY                                                                | The Applicants are seeking injunctive orders to prevent their eviction from Tarakwa/Lingwai/Block 1 (Koriomat)                                                                                                                                                                                                                 |
| 64.  | KFS/LS/27/18       | NAKURU          | NAKURU ELC PET NO 22 OF 2018 ISAAC RUTO & OTHERS VS KFS & OTHERS                                                                             | The members of Omuch Self Help Group claim to have an interest on Parcel No. 09457 Mariashoni/Nakuru where they allege to have planted cypress trees.                                                                                                                                                                          |
| 65.  | KFS/LS/01/19       | KITALE          | KITALE CMC ELC NO 9 OF 2019 BENSON SIMIYU WATAA VS KFS                                                                                       | The plaintiff sued the service seeking a permanent injunction restraining us from evicting and demolishing Besiwa Green Env.                                                                                                                                                                                                   |
| 66.  | KFS/LS/02/19       | MALINDI         | MALINDI ELC NO 1 OF 2019 CHRISTOPHER RUWA NZAI VS KFS & ANOTHER                                                                              | Land in Kilifi LR No. 5054/1328 measuring 0.5 Ha housing the KFS staff                                                                                                                                                                                                                                                         |
| 67.  | KFS/LS/08/19       | NAKURU          | NAKURU CMCC NO 412 OF 2019 SALEE KILONZO VS KFS                                                                                              | Accident involving along Nakuru Eldoret Road MV Registration Number KBT 430N belonging to KFS. Plaintiff is suing for damages.                                                                                                                                                                                                 |



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|------|--------------------|-----------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 68.  | KFS/LS/9/19        | NAKURU    | NAKURU CMCC NO 413 OF 2019<br>MARY C. KAGUMO VS KFS                                                   | Accident involving along Nakuru Eldoret Road MV Registration Number KBT 430N belonging to KFS. Plaintiff is suing for damages.                                                                                                           |
| 69.  | KFS/LS/10/19       | NAKURU    | NAKURU CMCC NO 415 OF 2019<br>ROSE KIMEI VS KFS                                                       | Accident involving along Nakuru Eldoret Road MV Registration Number KBT 430N belonging to KFS. Plaintiff is suing for damages.                                                                                                           |
| 70.  | KFS/LS/18/19       | ENGINEER  | ENGINEER PMCC NO 45 OF 2019<br>NANCY NYAMBURA LEMISO VS KFS & AG                                      | The applicant is suing on behalf of the estate of Felix Lemiso who was fatally shot and injured by a colleague while on duty in Nyandarua forest                                                                                         |
| 71.  | KFS/LS/23/19       | NAKURU    | NAKURU ELC NO 314 OF 2019<br>GEORGE KIMANI KARIUKI VS AG & KFS                                        | The claimant is claiming ownership of Nakuru Municipality Block 8/92. He claims the Service wrongfully and forcefully entered into his property.                                                                                         |
| 72.  | KFS/LS/28/19       | KIAMBU    | KIAMBU PMC NO 494 OF 2018<br>CATHERINE WANJIRU MAINA VS KFS                                           | The Plaintiff is seeking for compensation for injuries caused after she was hit by a Service car                                                                                                                                         |
| 73.  | KFS/LS/9/20        | NYAHURURU | NYAHURURU ELC NO 3 OF 2020<br>LEONARD GIKARU WACHIRA VS KFS & OTHERS                                  | The Petitioner claims to be the absolute owner of Titles Nyandarua/Muruai/1575 and 1576 the subdivisions of Nyandarua/Murumai/1152                                                                                                       |
| 74.  | KFS/LS/11/20       | NAKURU    | NAKURU CMCC NO 388 OF 2020<br>ROBERT NJENGA & ANOTHER VS KFS & ANOTHER                                | Plaintiff contends that KFS officers confiscated and detained his power saw for more than 10 months rendering him jobless.                                                                                                               |
| 75.  | KFS/LS/12/20       | NYAHURURU | NYAHURURU ELC NO 28 OF 2020<br>PERIS NJERI HOME VS KFS                                                | The plaintiff alleges to be the absolute owner of LR. No. Laikipia/Nyahururu/6692. KFS officers blocked him from accessing and enjoying the parcel of land which the position of service is that the land is question is part of forest. |
| 76.  | KFS/LS/14/20       | NYAHURURU | NYAHURURU ELC NO 30 OF 2020<br>SAMUEL MWANGI KANIARU VS KFS                                           | The plaintiff alleges to be the absolute owner of LR. No. Laikipia/Nyahururu/6777. KFS officers blocked him from accessing and enjoying the parcel of land which the position of the Service is that land is question is part of forest. |
| 77.  | KFS/LS/15/20       | NAIROBI   | MILIMANI ELC PET NO 20 OF 2020<br>KMA LANGATA RESIDENTS WELFARE ASSOCIATION & ANOTHER VS KFS & OTHERS | The petitioners are challenging eviction from Ngong road forest by the Ministry of Environment and KFS                                                                                                                                   |
| 78.  | KFS/LS/16/20       | NAIROBI   | MILIMANI ELC PET NO 22 OF 2020 BEIGE INVESTMENT LTD VS KFS & 4 OTHERS                                 | The petitioners are challenging eviction from Ngong road forest by the Ministry of Environment and KFS                                                                                                                                   |
| 79.  | KFS/LS/17/20       | NAIROBI   | MILIMANI ELC PET NO 23 OF 2020 LANGATA GARDENS LTD VS KFS & 4 OTHERS                                  | The petitioner is challenging eviction from Ngong road forest by the Ministry of Environment and KFS                                                                                                                                     |
| 80.  | KFS/LS/19/20       | NAIROBI   | MILIMANI ELC NO E010 OF 2020<br>UASO<br>NYAROBÉ WATERFRONT VS KERIAKO TOBIKO & OTHERS                 | The Petitioners are claiming ownership to Michuki Park Land.                                                                                                                                                                             |
| 81.  | KFS/LS/20/20       | NAKURU    | NAKURU CMCC NO 248 OF 2020<br>PAUL<br>KANYARI VS KFS & ANOTHER                                        | Accident involving KFS M/V RG No KCP 290B along Nakuru Eldoret Road. Plaintiff is suing for damages.                                                                                                                                     |
| 82.  | KFS/LS/24/20       | KAJIADO   | KAJIADO ELC PETITION CASE NO E001 OF 2020<br>SHAHN MADHAHI VIEHWEBER VS KFS                           | The Petitioner claims lawful ownership of two parcels of land, Kajiado/Meto/1849 & Kajiado/Meto/1850 bordering Oldonyo Orok Forest Reserve                                                                                               |
| 83.  | KFS/LS/25/20       | NYAHURURU | NYAHURURU CIVIL SUIT NO 176 OF 2020<br>MARY ALITI APURON VS KFS                                       | The plaintiff is suing as a legal representative of the estate of the deceased who was knocked down while cycling by a KFS vehicle.                                                                                                      |



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|------|-----------------------|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 84.  | KFS/LS/2/21           | NYERI                               | NYERI CMCC NO E015 OF 2021<br>KELVIN MATHENGE GICHURU VS KFS                                                                                                                           | The petitioner is suing for damages arising from an accident along Nyeri-Nanyuki road involving KFS M/V Registration number KBT 465N and M/C Reg KMEQ 483C.                                                                                                                                                                                                                                             |
| 85.  | KFS/LS/3/21           | NYERI                               | NYERI CMCC NO E015 OF 2021<br>ANASTACIA WANJIRU WANGI VS KFS                                                                                                                           | The petitioner is suing for damages arising from an accident along Nyeri-Nanyuki road involving KFS M/V Registration number KBT 465N and M/C Reg KMEQ 483C.                                                                                                                                                                                                                                             |
| 86.  | KFS/LS/9/21           | NYAHURURU                           | NYAHURURU ELC NO E006 OF 2021<br>JAMES KAMAU MUNGAI VS KFS                                                                                                                             | The Plaintiff alleges that the service authorized strangers to strangers to L.R No Laikipia/Nyahururu/6784 and 6785 to which he is the registered proprietor and L.R No Laikipia /Nyahururu/6693,6699,6710 and 6786 to which he is a beneficial owner.                                                                                                                                                  |
| 87.  | KFS/LS/10/21          | NYANDO                              | NYANDO ELC NO E15 OF 2021<br>RUTH OMONDI OTIENO & ANOTHER VS KFS                                                                                                                       | The Plaintiff has instituted a suit against KFS alleging that she is the administrator of the estate of Meshack Eric Otieno who is the owner of the suit property. The petitioner claims that KFS has threatened to remove the fence and buildings on the said property.                                                                                                                                |
| 88.  | KFS/LS/14/21          | KERICHO                             | KERICHO ELC NO 28 OF 2021<br>ESTHER RUTO VS KFS & AOTHER                                                                                                                               | The Plaintiff Esther Ruto is suing on behalf of Jeremiah Kipkurui Ruto alleging that KFS has infringed on his land which is in Londiani forest.                                                                                                                                                                                                                                                         |
| 89.  | KFS/LS/16/21          | NAIROBI                             | MILIMANI ELC NO E089 OF 2021<br>GEORGE MUTUA NDOLO VS KFS & OTHERS                                                                                                                     | The plaintiff alleges that KFS is interfering with his parcel of land a residential plot LR 22410 in Karen Nairobi and wants an injunction against the same or compensation for the same                                                                                                                                                                                                                |
| 90.  | KFS/LS/20/21          | NATIONAL<br>ENVIRONMENT<br>TRIBUNAL | NET APPEAL NO 14 OF 2021<br>HYDROMASTERS DRILLING COMPANY LIMITED VS KFS                                                                                                               | The appellant states that the Service terminated their Special Use License and are seeking to be awarded 38,200,000 in damages.                                                                                                                                                                                                                                                                         |
| 91.  | KFS/LS/21/21          | NAROK                               | NAROK PETITION NO. E004 OF 2021 SUSAN SEIN ENKOLE VE=KFS<br>& CS OF ENVIROMENT AND FORESTS                                                                                             | The petitioner herein alleges to be the beneficial owner of motor vehicle registration No.KAA 141L TOYOTA PICKUP which was detained by KFS officers from Nkobon Forest camp on 27th November 2018 for allegations of ferrying Cedar Posts without Permit .However the petitioner claim that the vehicle was ferrying bags of maize as opposed to the Cedar post from Narok town to Sanangururi Village. |
| 92.  | KFSLS/22/21           | NYERI                               | NYERI ELC NO 15 OF 2021 RICHARD MAINA MWANGI VS= ECOSYTEM<br>CONSERVATOR NYERI COUNTY & 5 OTHERS                                                                                       | The EC- Nyeri county has been sued in the above matter as 6th Defendant at Nyeri Environment and Land Court. The plaintiffs are members of {KISS} they avers that sometimes back in 1985 they invested 6 Million to construct a weir across River Gichichi from which point the main pipes that supply members water. In 1985 there emerged a protracted conflict between them the EC included          |
| 93.  | KFS/LS/23/21          | KITALE                              | KITALE MISC SUIT NO. E046 OF 2021 PETER KIMANI VS= FOREST<br>STATION MANAGER SABOTI FOREST STATION                                                                                     | The plaintiff went to court and obtained orders to transport forest produce without serving KFS.                                                                                                                                                                                                                                                                                                        |
| 94.  | KFS/LS/24/21          | NYANDARUA                           | NYANDARUA ELC NO.35 OF 2020 FRANCIS MWANGI WANYIMA VS=<br>THE OFFICER IN CHARGE GETA FOREST STATION IN OL-KALAU                                                                        | The plaintiffs alleged that they were granted the right to occupy and use a portion of Aberdere Forest. Plaintiff also alleged that on 28th October the Defendant's in the meeting resolved that the plaintiffs should vacate the suit property together with their livestock.                                                                                                                          |
| 95.  | KFS/LS/25/21          | KWALE                               | KWALE CIVIL SUIT NO.182 OF 2021; YOHANA HENRICK MADUDI VS-<br>KFS<br>KWALE CIVIL SUIT NO.176 OF 2021; JOHN KASSIM HAMSINI VS- KFS<br>OFFICER IN CHARGE GETA FOREST STATION IN OL-KALAU | . The case mentioned concern an accident that occurred along Kombani- Kwale road, Vuga area involving motor vehicle reg. No.KBT 558N and motorcycle Reg, No. KMFH 185K                                                                                                                                                                                                                                  |



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|------|-----------------------|---------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 96.  | KFS/LS/26/21          | NAKURU  | NAKURU ELC NO.80 OF 2021, CHARLES A. RONGO AND 11 OTHERS VS- KFS AND 3 OTHERS                                        | The Service is sued as 2nd Defendant, the plaintiffs herein allege that they are the registered owner of the following parcel of lands; KIHONGO/LIKIA BLOCK 1/781, KIHONGO/LIKIA/BLOCK1/953, KIHONGO/LIKIA BLOCK 1/343, KIHONGO/LIKIA BLOCK1/359, KIHONGO/LIKIA BLOCK 1/372, KIHONGO/LIKIA BLOCK 1/371, KIHONGO/LIKIA BLOCK 1/1460, KIHONGO/LIKIA BLOCK 1/699, KIHONGO/LIKIA BLOCK 1/747, KIHONGO/LIKIA BLOCK 1/753, KIHONGO/LIKIA BLOCK 1/817, KIHONGO/LIKIA BLOCK 1/818, KIHONGO/LIKIA BLOCK 1/934 AND KIHONGO/LIKIA BLOC 1/948 |
| 97.  | KFS/LS/27/21          | NAIROBI | NAIROBI ELC PETITION NO E047 OF 2021, BENSON WEMALI VS- KFS                                                          | The respondent herein allege that He and Her Sister are the registered proprietors of the land Ref No. 4419 (Original Number 26/3/2)                                                                                                                                                                                                                                                                                                                                                                                              |
| 98.  | KFS/LS/28/21          | NYERI   | NYERI CONSTITUTIONAL PETITION NO.E11 OF 2021, NYERI MANUFACTURERS ASSOCIATION VS- KFS                                | The respondent has through an advertisement in print media title ' Investor to tender and addendum title No.1 disposal of forest plantation material tender No's KFS DISP/02/2021-2022, KFS/DISP/03/2021-2022, KFS/DISP/04/2021-2022, KFS/DISP/05/2021-2020 has invited interested eligible forest industry investors to submit bids for sale of Forest Material with closing date of Tuesday 14th December, 2021                                                                                                                 |
| 99.  | KFS/LS/29/21          | NAKURU  | NAKURU CONSITUTION PETITION NO. E19 OF 2021, TIMBER MANUFURERS ASSOCIATION VS- KFS & 2 OTHERS                        | We respondent replying affidavit to the Attorney-General to enter appearance                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 100. | KFS/LS/30/21          | NAIROBI | NAIROBI CONSITUTIONAL PETITION NO. E 053 OF 2021, JAPHET KITHI CHEGA VS- KFS AND KFS BOARD                           | The petitioner herein alleges that the Advertisement dated 30th November 2021 by the respondents to Tender is in contravention of extension of the moratorium on longing in public and community forest issued by the CS MEF under section 31, 44, 48 and 61 of the FCM Act 2016                                                                                                                                                                                                                                                  |
| 101. | KFS/LS/31/21          | MALINDI | MALINDI CONSITUTIONAL PETITION NO.32OF 2021, SWALEH MOHAMED SALEH & ANOTHER VS- NATIONAL LAND COMMISSION, AND THE AG | The petitioner herein alleges that they are registered proprietors of parcel of land known as Chara/Kipini/Block 1/11, 1/10, 1/9, 1/8, 1/7, 1/6, 1/2, 1/3, 1/4, 1/5 and Witu/Witu/ Block/1/16, 1/17, 1/15, 1/13, 1/12, 1/11, 1/14, 1/5, 1/6, 1/7, 1/8, 1/9, 1/10 Which they said it has been posses and occupied by National Land Commission , Ministry of Defense and The AG                                                                                                                                                     |
| 102. | KFS/LS/32/21          | NAKURU  | NAKURU CIVIL SUIT NO E1345 OF 2021, GEORGE MWANGI NYABERA VS KFS                                                     | The case is concerning an accident that occurred a long Nakuru Highway involving motor vehicle registration No. KCT 606Y registered to the Service                                                                                                                                                                                                                                                                                                                                                                                |
| 103. | KFS/LS/33/21          | KISII   | KISII ELC CASE NO.138 OF 2021, LEAH MAGOMA ONGAI VS KFS                                                              | The plaintiff herein alleges to be Legitimate proprietor of land parcel No. KISII MINICIPALITY/BLOCK III/ 294 and the Service has on intermittent periods used the suit property as temporal Central Tree Nursery                                                                                                                                                                                                                                                                                                                 |
| 104. | KFS/LS/34/21          | ITEN    | ITEN CIVIL CASE NO. E49 OF 2021. PHILIP KIMOSOP =VS= KFS                                                             | The case is cancers an accident that occurred along Karuna-Kapsowar road involving motor vehicle registration No. KBQ 243D registered to the Service. The plaintiff herein has sued the service for damages occasioned to his vehicle.                                                                                                                                                                                                                                                                                            |
| 105. | KFS/LS/35/21          | NAKURU  | NAKURU ELC MISC APPLICATION NO. E049 OF 2021. ELASCO RONO & 9 OTHERS =VS= KFS & 4 OTHERS                             | The applicants herein are seeking to compel the Service to cease the alleged forceful evictions and tearing down of the premises and abodes of the Ogiek Community without Notice                                                                                                                                                                                                                                                                                                                                                 |



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|------|--------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 106. | KFS/LS/01/22       | MILIMANI      | MILIMANI MISC CRIMINAL APPLICATION NO. E023 OF 2022. JOSEE ITOTIA NJORONGE =VS= KFS                                                                                                                                    | The suit originated from the Makadara criminal case No. 79 of 2022 and / or E076 of 2022, Where the lorry makes ISUZU FRR Registration No. KBW 995S was loaded with 12 bags of Charcoal and accused person namely JOSEE ITOTIA NJORONGE was arrested for transporting the Charcoal without a movement Permit.                                                                      |
| 107. | KFS/LS/02/22       | ELDAMA RAVINE | ELDAMA RAVINE MC MISC. APP. CASE NO. 4 OF 2022. CHUMA MART LIMITED & ANOTHER =VS= KFS                                                                                                                                  | The applicants are seeking the Court to compel the Service to release motor vehicle Registration No. KCV 736 ISUZU LORRY TRUCK, Which was abandoned and unclaimed. The same vehicle was found illegally removing forest produce were it was loaded 35 Cypress logs inside and its occupants escaped.                                                                               |
| 108. | KFS/LS/03/22       | MERU          | MERU CONSTITUTIONAL PETITION NO. E002 OF 2022. GREAT MERU TIMBER MANUFACTURES ASSOCIATION =VS= KFS CS-MOE & AG                                                                                                         | The petitioner avers that on 27th February 2018 the Chief Conservator of Forest issued a letter indicating that the Government had with immediate effect imposed a moratorium on Timber harvesting in all Public and community forests thus effectively blocking the petitioners from harvesting and removing the over mature trees without prior Notice or warning issue to them. |
| 109. | KFS/LS/04/22       | MOLO          | MOLO MISCELLANEOUS APPL. NO. 43 OF 2022.NAOMI NJAMBI NJUGUNA =VS= KFS & ANOTHER                                                                                                                                        | The applicant has applied to the Court to compel the Service to release motor vehicle Registration No. KCB 430D ISUZU LORRY TRUCKS, Which was found illegally removing forest, produce in Masaita Forest Station and its occupants were arrested.                                                                                                                                  |
| 110. | KFS/LS/05/22       | ELDAMA RAVINE | ELDAMA RAVINE CRIMINAL CASE NO. E454 OF 2022. REPUBLIC LAWRENCE MENGICH =VS= KFS                                                                                                                                       | The accused person was arrested on 23rd of October 2019 for and charged with the offences of illegally entering a state Forest and removing forest produce with a lorry registration No.KXB 358 was also impounded with six pine logs                                                                                                                                              |
| 111. | KFS/LS/06/22       | ITEN          | (1) ITEN CIVIL CASE NO 34 OF 2022 LOBETA E. ISAAC, (2) ITEN CIVIL CASE NO 33 OF 2022. YONAH KIBET MASAI, (3) ITEN CIVIL NO.32 OF 2022. ZEBEDEE KIPRONO CHEPWONY AND (4) ITEN CIVIL NO.37 OF2022. JOHN EKALALE =VS= KFS | The Service has sued by four of its officers who involved in accident with motor vehicle registration No.KBR 247 U Registered by the Service while there in duty. The plaintiffs pray for a special damages, General damages for pain, suffering and loss of amenities and any other relief the court deems fit to grant                                                           |
| 112. | KFS/LS/07/22       | NAKURU        | NAKURU MISC. CRIMINAL APPL. NO. E285 OF 2022: KAITU GAA SUPPLIER LTD VS KFS AND ODPP                                                                                                                                   | The case herein was about the impounded motor vehicle reg. No. KCZ 052C Lorry loaded with 7 tons of timber without a movement Permit from the Service in Malagat forest, On 11 <sup>th</sup> May 2022.The suspect appeared for plea on 12 <sup>th</sup> of May 2022.The Court issued an Oder dated 3 <sup>rd</sup> June 2022 that the lorry be released to the owner               |
| 113. | KFS/LS/08/22       | NAIROBI       | NAIROBI CONSITUTIONAL PETITION NO. E245 OF 2022: CHARLES RUBIA VS ODPP AND KFS AS INTRESTED PARTY                                                                                                                      | The petition is on template of the charge sheet and the National symbol on it .KFS support the ODPP in the matter                                                                                                                                                                                                                                                                  |
| 114. | KFS/LS/09/22       | NYERI         | NYERI CRIMINAL CASE NO.E016 OF 2022 DICKSON BUNDI -VS- IP KAMAU & R                                                                                                                                                    | The applicant was found in possession of 51 fresh red cedar posts                                                                                                                                                                                                                                                                                                                  |
| 115. | KFS/LS/10/22       | ELDOROT       | ELDOROT CMCC CR NO. 74 OF 2022: WATU CREDIT LIMITED VS KFS                                                                                                                                                             | The case involving 15 impounded motor cycle for illegal activities in Chebiemiti sub compt.                                                                                                                                                                                                                                                                                        |



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| S/NO | FILE REF (KFS/LS/) | COURT     | CASE PARTICULARS                                                                                                                                                                                                                                                                                                                                                      | NATURE OF CASE                                                                                                                                                                                                                                                                                                                                            |
|------|--------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 116. | KFS/LS/11/22       | NAROK     | NAROK CRIMINAL CASES NO. E934 OF 2022, NO. E1511 OF 2022, NO. 173 OF 2020, NO. 40 OF 2019, NO.523 OF 2019, NO. 613 OF 2019 AND NO. E690 OF 2012: REPUBLIC VS JOSIAH MUTHONGO KIHUMBA, REPUBLIC VS KELVIN MUNA, REPUBLIC VS ELPHAS SANG REPUBLIC VS NETETAO OLE KIMIRGOR, REPUBLIC VS FRANCIS WAMBUA, REPUBLIC VS LETIYIA OLE MAINE AND REPUBLIC VS PETER MWAURA HOME. | The cases are Prosecuted by KFS and The Office of the ODPP in working relationship with other relevant Agencies.                                                                                                                                                                                                                                          |
| 117. | KFS/LS/12/22       | MOLO      | MOLO CMCC NO. E170 OF 2022: KANGAROO SHUTTLE SERVICE LIMITED VS KFS                                                                                                                                                                                                                                                                                                   | Accident involving M/V Registration number KBG 420G AND THE PLAINTIFF'S m/v Registration number KDA 015L at Nyancha Bridge near Molo area.                                                                                                                                                                                                                |
| 118. | KFS/LS/14/22       | NYERI     | NYERI ELC CASE NO. 20 OF 2022: EDMUND MITHAMO MUTHIGANI AND ANOTHER VS KFS & 30 OTHERS                                                                                                                                                                                                                                                                                | The plaintiffs sued KFS on 3 <sup>rd</sup> October 2022 seeking the Court to issue an injunction stopping the Mount Kenya fencing project alongside property No.LR 988,3822,3823,3789,949,931,915,3527,833,1515,1516,831,781 AND 782.                                                                                                                     |
| 119. | KFS/LS/15/22       | NAIROBI   | NAIROBI PETITION NO. E050 OF 2022: TRUST LIMITED & GREENLAND MOTORS VS KFS & AG                                                                                                                                                                                                                                                                                       | The petitioners are alleging that they were allocated the property L.R NO. 24585 by the then NLC on 24 <sup>th</sup> May 1999.                                                                                                                                                                                                                            |
| 120. | KFS/LS/16/22       | MOMBASA   | MOMBASA CMCC ELC NO F165 OF 2022 EIT AFRICA MEERA LTD - VS- KFS & PETER KINYUA                                                                                                                                                                                                                                                                                        | The plaintiff alleges to be the owner of the land CR 114/1 at Junda creek in Mishomoroni. The plaintiff is on the process of constructing a bridge to Junda Creek village.                                                                                                                                                                                |
| 121. | KFS/LS/17/22       | THIKA     | THIKA ELC PETITION NO. 7 OF 2022: MAGARET WAIRIMU VS KFS                                                                                                                                                                                                                                                                                                              | Petitioner herein sued KFS over the land known as L.R NO.21179 registered as I.R NO. 219594 measuring approximately 25 hectares                                                                                                                                                                                                                           |
| 122. | KFS/LS/18/22       | KITUI     | KITUI CMCC MISC SUCCESSION NO. 115 OF 2022: UNICE NTHENYA KIILU & 2 OTHERS VS KFS                                                                                                                                                                                                                                                                                     | The case involves our staff Mr. Dominic Kyaka Mbithi (deceased) who collapse while on duty and rush to hospital (Kerugoya Medical Center) where he was admitted in Intensive Care Unit (ICU) and later succumbed. By the time of his death the bill had accrued to ksh. 6,006,854. The hospital has since sued the deceased's family to recover the bill. |
| 123. | KFS/LS/19/22       | NAKURU    | NAKURU MISC.CIVIL APPLICATION NO. 282 OF 2022: HON. JAMES C.A. KOSKE VS KFS                                                                                                                                                                                                                                                                                           | KFS was served with a Court Order dated 1 <sup>st</sup> December 2022 issued by Nakuru Law Court. The Order was compelling the CFC, Nakuru County to issue the applicant with a movement Permit to transport blue gum timber within Nakuru County                                                                                                         |
| 124. | KFS/LS/20/22       | NYAHURURU | NYAHURURU CIVIL SUIT NO. E338 OF 2022: SAMUEL MAINA WANJOHI VS KFS & DAVID CHEGE NJOROGI                                                                                                                                                                                                                                                                              | Accident involving M/V Registration number KDA 755P AND THE PLAINTIFF'S Motor Cycle Registration number KMFV 144L along Boiman- Gathaji road.                                                                                                                                                                                                             |
| 125. | KFS/LS/21/22       | MAKINDU   | MAKINDU CMCC NO. 179 OF 2022: ANTONY NTHIANI WAMBUA alias VS KFS                                                                                                                                                                                                                                                                                                      | Accident involving M/V Registration number KBR 872U and the Plaintiff's Motor Cycle Registration Number KMCL 896S along Nairobi Makindu road at Kiundani area.                                                                                                                                                                                            |
| 126. | KFS/LS/01/23       | HOMABAY   | HOMA BAY HC JR NO E001 OF 2023 WIRE FOREST MANAGEMENT ASSOCIATION -VS- CCF & ANOR                                                                                                                                                                                                                                                                                     | The applicants are disputing the election of the Wire CFA officials and the letter of Registrar of Societies acknowledging the officials.                                                                                                                                                                                                                 |
| 127. | KFS/LS/02/23       | NYERI     | NYERI ELRC PET NO E007 OF 2023 JOHN NGUNJU & NJAGI MURIUKI -VS- KENYA FOREST SERVICE & AG                                                                                                                                                                                                                                                                             | The petitioners who are employees of the Service filed a petition to challenge the advertisement for the employment of inspector cadets. They indicated that the Service hasn't exhausted the internal staff with the qualifications.                                                                                                                     |
| 128. | KFS/LS/03/23       | ELDORET   | ELDORET CIVIL SUIT NO 5 OF 2023 CHARITY JEROP KIPLAGAT -VS- DAVID KIPRUTO KWAMBAI & KFS                                                                                                                                                                                                                                                                               | The plaintiff alleges against a staff of KFS for using a KFS firearm to injure her. It is alleged that Mr. David Kwambai shot and injured the plaintiff occasioning her injury                                                                                                                                                                            |



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| S/NO | FILE REF<br>(KFS/LS/) | COURT   | CASE PARTICULARS                                                                                                    | NATURE OF CASE                                                                                                                                                                                                                        |
|------|-----------------------|---------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 129. | KFS/LS/04/23          | MALINDI | MALINDI ELC PET NO 2 OF 2023<br>KITUO CHA SHERIA -VS- NEMA & OTHERS                                                 | The Petitioners have gone to court to challenge the export of 8 Baobab trees to Georgia                                                                                                                                               |
| 130. | KFS/LS/05/23          | MAVOKO  | MAVOKO ELRC NO E014 OF 2023<br>MICHAEL ODUNDU WARINGA -VS- THE PS MINISTRY OF ENVIRONMENT, CCF & AG                 | The Claimant alleges that he was not paid his pension as per his retirement benefits and has claimed the same from the employer                                                                                                       |
| 131. | KFS/LS/06/23          | NYAMIRA | NYAMIRA ELC PET NO. E007 OF 2022 WILFRED MOSETI OMARIBA VS CS MECCF, NEMA MINISTRY OF WATER, AG, NLC & KFS          | The petitioner alleges that this matter is a public interest matter                                                                                                                                                                   |
| 132. | KFS/LS/07/23          | MAKUENI | MAKUENI PETITION NO. E002 OF 2023 JONES MUUMBI MAINGI AND 2 OTHERS VS KFS & 2 OTHERS                                | The plaintiffs claim that they are registered owners of the property suit title number makueni/ kivani 1529                                                                                                                           |
| 133. | KFS/LS/08/23          | MALINDI | MALINDI ELC NO. 41 OF 2023<br>KILIFI PLANTATIONS LTD & ANOR -VS- KILIFI BOATYEARD LTD<br>INTERESTED PARTY KFS & NLC | The plaintiffs claim to be owners of Kilifi L.R Group V/122 and Kilifi Group V 429 respectively and that the Defendant have infringed on their rights to property. The Defendants are licensed by KFS on the Kilifi Mangroove forest. |
| 134. | KFS/LS/09/23          | KITALE  | KITALE ELC NO E01 OF 2023<br>PRISCILLAH WANJA MUINI -VS- THE HON AG                                                 | Forest boundary dispute in Kitale township forest.                                                                                                                                                                                    |
| 135. | KFS/LS/10/23          | NKUBU   | NKUBU CMCC NO 009 OF 2023<br>JASPER GITONGA GITARI -VS- I/C KFA MURUNGUNE, OCS IGOJI<br>POLICE STATION & DPP        | The Applicant has gone to court for the release of a power saw which was confiscate by KFS while cutting camphor trees. The power saw is at Ruthumbi Forest Station Meru.                                                             |