

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 01 APR 2026

DAY.  
Wed

**REPORT**

TABLED BY: Hon. Naomi Wago  
CLERK-AT-TABLE: Deputy Majority Whf  
Mado Miniam

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

**THE AUDITOR-GENERAL**

**ON**

**RAILWAY DEVELOPMENT LEVY FUND  
(OPERATION)**

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

**STATE DEPARTMENT FOR TRANSPORT**



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**STATE DEPARTMENT FOR TRANSPORT**

**RAILWAY DEVELOPMENT LEVY FUND (OPERATION ACCOUNT)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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

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**STATE DEPARTMENT FOR TRANSPORT  
RAILWAY DEVELOPMENT LEVY FUND (OPERATION ACCOUNT)  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

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*STATE DEPARTMENT FOR TRANSPORT*  
*RAILWAY DEVELOPMENT LEVY FUND (OPERATION ACCOUNT)*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025**

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**1. Acronym and definition**

RDLF – Railway Development Levy Fund

PFM Act -Public Finance Management Act

AIA –Appropriation in Aid

IPSAS- International Public Sector Accounting Standards

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**2. Key Entity Information and Management**

**(a) Background information**

Railway Development Levy Fund was set up on 5<sup>th</sup> July 2013, by Gazette Supplement No. 99. The regulations may be cited as customs and exercise (Railway Development Levy Fund) Regulations 2013. The Fund consists of:

1. The proceeds of Railway Development Levy charges under Section 117A of the customs and excise Act
2. Grants or donations made to the fund and
3. Any income generated from the proceeds of the fund

Proceeds from foreign borrowings (A.I.A)

The key objective and purpose of the Fund shall be to provide funds for the construction of the Standard Gauge Railway network in order to facilitate the transportation of goods.

**(b) Principal Activities**

The principal activity/mandate of the Fund is to provide funds for the construction of the Standard Gauge Railway network in order to facilitate the transportation of goods.

**(c) Fund Administration Committee**

The officer administering the Fund is the Principal Secretary responsible for matters relating to transport. According to Sec 207(1)d of PFM act of 2012 the administration cost of the fund shall be maximum of three (3%) percent of the approved budget of the fund.

**(d) Key Management**

No.	Designation	Name
1	Fund Manager/ Administrator	Mr. Mohamed Daghar
2	Fund Coordinator	Dr. Duncan G Hunda
3	Fund Accountant	CPA. Odongo Kennedy

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**(e) Fiduciary Oversight Arrangements**

The Fiduciary oversight during the year rested with the Budget Implementation Committee, the Public Accounts Committee of the National Assembly and the Development Partners.

**(f) Registered Offices**

The fund headquarters offices are:

Transcom Building  
P.O. BOX 30007-00100  
Upper hill  
Nairobi, Kenya

**(g) Fund Contacts**

The following are the fund contacts

Telephone: (254) 20 338111  
E-mail: [ps@transport.go.ke](mailto:ps@transport.go.ke)  
Website: [www.transport.go.ke](http://www.transport.go.ke)

**(h) Fund Bankers**

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

**(i) Independent Auditors**

Auditor - General  
Office of The Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
**NAIROBI, KENYA**

**(j) Principal Legal Adviser**

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

### **3. Fund Administration Committee**



**Dr. Chris K. Kiptoo, CBS**

**The Principal Secretary, The National Treasury**

**RDLF Advisory Committee chairman**

Dr. Chris Kiptoo is the Principal Secretary, The National Treasury. He was appointed Principal Secretary by President William Samoei Ruto on 1st December 2022. Since his appointment, Dr Kiptoo has been at the forefront in implementing Fiscal consolidation, debt management including the Eurobond, expenditure rationalization, revenue mobilization as well as reform of state-owned enterprises (SOEs).

Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade & Cooperatives.

In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector and macroeconomic accounting, and modelling and forecasting.

Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organizational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trade Mark East Africa.

Noteworthy, he also has four years of experience in economic policy coordination gained while working at the then Office of the Prime Minister.

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**Mohamed Daghar, CBS- Principal Secretary,**

**State Department for Transport.**

**RDLF Advisory Fund Administrator.**

Mr. Mohamed Daghar was appointed the Principal Secretary, State Department for Transport in the Ministry of Roads and Transport on 2nd November 2022. Mr. Daghar is a holder of Masters in Peace, Conflict and Development studies from Universität Jaume I, Spain and BA International Relations from United States International University, Kenya. He has wealth of experience in safety and security matters. In his tenure, he is expected to steer the State Department to successfully implement mass transit system in Nairobi, develop and improve airports and airstrips, seaport and inland water ports, Nairobi Railway City, the Standard Gauge Railway and multimodal transport corridors in addition to revitalization of road transport services and safety among other projects of strategic national importance. He is responsible for the Transport Policy formulation and execution, development of regulatory framework for transport sector, oversee implementation of various transport programmes and projects designed to realize efficient, reliable and seamless transport connectivity envisioned in vision 2030 under Road, Rail and Maritime modes of Transport.



**Eng. Joseph Mbugua**

**Principal Secretary State Department of Roads**

**RDLF Advisory Committee Member.**

Eng. Joseph Mbugua is the Principal Secretary State Department of Roads Prior to his appointment He was the Kenya Rural Roads Authority (KeRRA) Regional Director in Kiambu. He served in the same capacity in various regions in Kenya and also worked in the Ministry of Roads in various stations. As the Principal Secretary in charge of Roads, he is responsible for facilitating the development of National Roads Development Policies, Development Standardization and Maintenance of roads in the country, Materials Testing and Advice on Usage and quality of road construction, protection of road reserves, maintenance of security of roads and registration of Road Contractors. Under his purview, he also superintends over the Kenya Roads Board (KRB), Kenya National Highways Authority (KeNHA), Kenya Urban Roads Authority (KURA), Kenya Rural Roads Authority (KeRRA), Kenya Institute of

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Technology, Kenya Institute of Highways and Building Technology (KIHBT) and Engineers Board of Kenya (EBK) and the Motor Vehicle Department. Eng. Mbugua is a registered professional Engineer with Engineers Board of Kenya (EBK) and a Corporate Member of the Institution of Engineers of Kenya (MIEK). He holds a BSC in Civil Engineering from University of Nairobi. He is a Strategic Manager who has successfully risen in ranks to be a highly capable change-agent consistently refining and revitalizing strategies, initiating changes and facilitating solutions driven by team collaboration within the Public Sector. He is extensively trained in Strategic Leadership Development, Senior Management, Highway Development Management, Contract Management, Labour Based Road Construction and Maintenance, Quality Management Systems and Master Certificate in Project Management. He has valuable experience in policy formulation, planning, design, construction and management of projects and programs gained from his working experience in Public Service for over 30 years. He is an Executive Member of the Board of Management for Thogoto Teachers College, Moi Girls Kamangu Secondary School and Kikuyu Township Primary School.



**Mr. Philip J. Mainga, EBS**

**Managing Director.**

**RDLF Advisory Committee Secretary.**

Mr. Philip Mainga has over 20 years of experience in planning and research within the public transport sector. He holds a Master's degree in Project Planning and Management from the University of Nairobi and a Bachelor of Arts degree in Economics, Planning, and Research. Mr. Mainga has served in various capacities within Kenya Railways, including General Manager, Business and Operations, and Corporate Planning and Research Manager, prior to his appointment as Managing Director.



**Dr. Duncan Hunda**

**Secretary, Transport Policy, Planning, Finance and Coordination  
State Department of Transport.**

Dr. Duncan Hunda is currently serving as Secretary, Transport Policy, Planning, Finance and Coordination of State Corporations in the State

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Department of Transport. He has over 25 years of Public Sector experience. He is a Certified Public Accountant and a Member of ICPAK. Dr. Hunda holds a Doctorate Degree (PhD) in Finance from SMC University, Switzerland, a Master of Arts in International Finance from North London University, UK, and a Bachelor's Degree in Economics and Statistics from University of Nairobi.



**CPA Odongo Kennedy**

**Fund Accountant.**

CPA. Odongo Kennedy Sixteen years' experience in Public Finance Management with background in Financial Accounting, statutory reporting, financial statement preparation, and data analysis. With excellent leadership, communication skills combined with strategic planning skills.

He holds a master's Degree in Business Administration (Finance option), Bachelor's Degree in Business Management, a member of ICPAK and ISACA In good standing. He is Assistant Accountant General with the state department of transport responsible for overseeing the administration of the fund backed, coordination and operational in the accounting department.

He is an alternate board member to Principal secretary State Department for Transport in Numerical Machining complex Limited and Tourism Promotion Fund -Board Member transport.

#### **4. Statement of Performance against Fund's Predetermined Objectives**

The set targets in the year were mainly to complement the functions of the SGR Project related projects/activities, support the SGR operations and undertake associated projects and activities to enhance the SGR service. The activities included administrative costs associated to the fund.

Having funded the major infrastructure that is the SGR Phase 1 and 2A, and as the Government seeks for financing of SGR Phase 2B and 2C to Kisumu and Malaba, the allocation will aid in administering the activities of the fund that will focus on the Optimizing the Operations and maintenance of SGR, funding the Complementary infrastructure such as linkages and access to SGR, and acquisition of additional assets for effective operationalization of SGR.

The set targets in the year are mainly to complete the SGR Project related projects/activities, support the SGR operations and undertake associated projects and activities to enhance the SGR service.

The Fund Administrator for the FY 2024/25 submitted a total budget of kshs 113,088,000 being 2% of the total RDLF budget facilitating administration costs. However, due to delays and other factors the budget was rationalized to ksh 44,860,887 only that was funded.

#### **5. Management Team**

As per The Customs and Excise (Railway Development Levy Fund) Regulations, 2013, there is an Advisory Committee that oversee the management of the Fund. The Committee consist of;

- (a) The Principal Secretary responsible for matters relating to finance who is the chairperson;
- (b) The Principal Secretary responsible for, matters relating to transport;
- (c) The Principal Secretary responsible for matters' relating to infrastructure; and
- (d) The Managing director of the Kenya Railways Corporation appointed under section 5 of the Kenya Railways Corporation Act, Cap. 397.

The functions of the Advisory Committee are as follows;

- (a) To review and approve the annual work programmes and cost estimates; and
- (b) To oversee the management of the Fund and advise the Cabinet Secretary generally on the operations of the Fund.

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**6. Statement of Management Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Public Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (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 fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date.

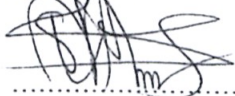
The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

**Approval of the financial statements**

The Fund's financial statements were approved by the Fund Administrator on ..... and signed by:



Mohamed Daghar, CBS  
Fund Administrator



Odongo Kennedy (CPA)  
Fund Accountant

ICPAK No 11493

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON RAILWAY DEVELOPMENT LEVY FUND (OPERATION) FOR THE YEAR ENDED 30 JUNE, 2025 – STATE DEPARTMENT FOR TRANSPORT**

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### **PREAMBLE**

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

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

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

The three parts of the report 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**

#### **Opinion**

I have audited the accompanying financial statements of Railway Development Levy Fund (Operation) set out on pages 1 to 20, which comprise of the statement of financial position as at 30 June, 2025, and the statement of statement of financial performance,

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Railway Development Levy Fund (Operation) as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects receipts final budget and actual on comparable of Kshs.109,159,293 each resulting to 100% funding. However, the Fund spent Kshs.87,052,714 against actual receipts of Kshs.109,159,293 resulting under-utilization of Kshs.22,106,579 or 20% of the actual receipts. The under-utilization of the budget affected the planned activities and impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the prior year audit report, one issue was raised under the Report on Financial Statements. This issue includes failure to prepare financial statement. Review of the status during audit of the Fund in 2024/2025 revealed that the financial statements were prepared and submitted to the Auditor-General on 29 August, 2025.

## **Other Information**

The Management is responsible for the Other Information set out on page iv to xi which comprise of Key Fund Information and Management, Fund Administration Committee, Statement of Performance Against Predetermined Objectives, Management Team and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of the Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**19 December, 2025**

**STATE DEPARTMENT FOR TRANSPORT  
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**8. Statement of Financial Performance for The Year Ended 30th June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	ksh
Receipts from Railway Development Levy Fund (Holding A/c)	6(a)	44,860,887	37,696,000
<b>Total revenue</b>		<b>44,860,887</b>	<b>37,696,000</b>
<b>Expenses</b>			
Use of goods and services.	7	52,715,093	1,366,968
Depreciation and amortization	8	4,184,605	4,200,000
Routine maintenance.	9	10,129,416	
<b>Total Expenses</b>		<b>67,029,114</b>	<b>5,566,968</b>
Other gains /loses		-	-
<b>Surplus/Deficit for the year</b>		<b>-22,168,227</b>	<b>32,129,032</b>

The financial statements set out on pages 1 to 4 were signed on ..... and signed by:



**Mohamed Daghar, CBS  
Fund Administrator**




**Odongo Kennedy (CPA)  
Fund Accountant  
ICPAK No 11493**

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**9.Statement of Financial Position as at 30 June 2025**

	Notes	FY 2024/2025	FY 2023/2024
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	11	39,264,331	64,298,406
Investments in financial assets			
<b>Total Current Assets</b>		<b>39,264,331</b>	<b>64,298,406</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	7	20,023,599	-
<b>Total Non- Current Assets</b>		<b>20,023,599</b>	<b>-</b>
<b>Total Assets (A)</b>		<b>59,287,930</b>	<b>64,298,406</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	13	17,157,750	-
<b>Total Current Liabilities</b>		<b>17,157,750</b>	<b>-</b>
<b>Non-Current Liabilities</b>			
Non-Current Employee Benefit Obligation		-	-
<b>Total Non- Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities (B)</b>		<b>17,157,750</b>	<b>-</b>
<b>Net Assets (A-B)</b>		<b>42,130,178</b>	<b>64,298,406</b>
<b>Represented by:</b>			
Accumulated Surplus	10	42,130,178	64,298,406
<b>Net Assets</b>		<b>42,130,178</b>	<b>64,298,406</b>

The financial statements set out on pages 1 to 4 were signed on ..... and signed by:



**Mohamed Daghar, CBS  
Fund Administrator**



**Odongo Kennedy (CPA)  
Fund Accountant  
ICPAK No 11493**


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for the year ended June 30, 2025**

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

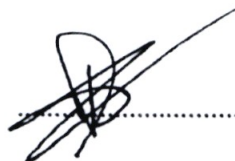
	Kshs
<b>As at June 30, 2024 (Cash Basis)</b>	<b>64,298,406</b>
<b>Adjustments</b>	
Asset Recognition	-
Surplus/ deficit for the year	-
<b>As at July 1, 2024</b>	<b>64,298,406</b>
Surplus/ deficit for the year	<b>(22,168,227)</b>
<b>Total</b>	<b>42,130,178</b>

The financial statements set out on pages 1 to 4 were signed on ..... and signed by:



.....

**Mohamed Daghar, CBS  
Fund Administrator**



.....

**Odongo Kennedy (CPA)  
Fund Accountant  
ICPAK No 11493**

**STATE DEPARTMENT FOR TRANSPORT  
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**11. Statement of Cash Flows for the year ended 30th June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	ksh
<b>Receipts for Operating Income</b>			
Receipts from Railway Development Levy Fund (Holding A/c)	6	44,860,887	37,696,000
<b>Payments For Operating Expenses</b>			
payments from operating activities	7	69,894,961	5,566,968
<b>Net Cash Flow from Operating Activities</b>		<b>-25,034,074</b>	<b>32,129,032</b>
<b>Cash flow From Investing Activities</b>			
<b>Net Cash Flows from Investing Activities</b>		-	-
<b>Cash flow From Borrowing Activities</b>			
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalent		-25,034,074	32,129,032
<b>Cash &amp; Cash Equivalent at the start of the year</b>		<b>64,298,406</b>	<b>32,169,374</b>
<b>Cash &amp; Cash Equivalent at End of The Year</b>		<b>39,264,332</b>	<b>64,298,406</b>

The financial statements set out on pages 1 to 4 were signed on ..... and signed by:



**Mohamed Daghar, CBS  
Fund Administrator**



**Odongo Kennedy (CPA)  
Fund Accountant  
ICPAK No 11493**

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Revenue transfers	113,088,000	-3,928,707	109,159,293	109,159,293	0	100%
<b>Total Receipts</b>	<b>113,088,000</b>	<b>-3,928,707</b>	<b>109,159,293</b>	<b>109,159,293</b>	<b>0</b>	<b>100%</b>
<b>payments</b>						
Use of goods and services	60,917,627	4,418,713	65,336,340	52,715,093	12,621,247	19%
Acquisition of Fixed Capital Assets	35,920,540	-7,198,181	28,722,359	24,208,205	4,514,154	16%
Repairs and Routine Maintenance	16,249,833	(1,149,239)	15,100,594	10,129,417	4,971,177	33%
<b>Total Expenditure</b>	<b>113,088,000</b>	<b>-3,928,707</b>	<b>109,159,293</b>	<b>87,052,714</b>	<b>22,106,579</b>	<b>20%</b>
<b>Surplus. (deficit)</b>				<b>22,106,579</b>		<b>15%</b>

*The underutilization on the all the component of budget was occasioned by long procurement process and contract awarding  
Changes between the original and final budget is due to reallocations of the budget during the year.*

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**13. Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	22,106,579
1	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	22,106,579

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**14. Property, plant and Equipment.**

**1. Property, Plant and Equipment**

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Total
Depreciation Rate	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2023	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2024	-	-	-	-	-	-	-
Additions	-	-	20,467,179	1,997,606	1,743,419	-	24,208,204
Disposals	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-
Revaluation adjustments	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2025	-	-	20,467,179	1,997,606	1,743,419	-	24,208,204
<b>Depreciation And Impairment</b>							
At 1 July 2024	-	-	-	-	-	-	-
Depreciation	-	-	3,411,878	249,700	523,025	-	4,184,605
Impairment	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-
As At 30 <sup>th</sup> June 2025	-	-	3,411,878	249,700	523,025	-	4,184,605
Depreciation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2025	-	-	3,411,878	249,700	523,025	-	4,184,605
<b>Net Book Values</b>							
As at 30 <sup>th</sup> June 2024	-	-	17,055,300	1,747,905	1,220,393	-	20,023,599
As at 30 <sup>th</sup> June 2025	-	-	17,055,300	1,747,905	1,220,393	-	20,023,599

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**14. Notes to the Financial Statements**

**1. General Information**

Railway Development Levy Fund is established by and derives its authority and accountability from Customs and Exercise Act Cap 472 Legal notice No. 118. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**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 *state department for transport* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

**3. Adoption of New and Revised Standards**

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

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

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

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**Notes to the financial statements (continued)**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 45: Property Plant and Equipment	The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.

*iii. Early adoption of standards*

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

**4. Summary of Significant Accounting Policies**

**Transfers from other government entities**

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

**A) 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. The Fund did not have Interest Income for the year under review.

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**Notes to the financial statements (continued)**

**a) Budget information**

- b) The original budget for FY 2024-2025 was approved by the Railway Development Levy Fund Advisory Committee on July 2024. There were subsequent revisions and additional appropriations made to the approved budget in the financial year which have been reported.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14 of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The state department has depreciated motor vehicle at 16.6% that is life value of six years, computer and

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accessories at 30% and finally office equipment's at 12.5% as per the guidelines of National, Asset and liability management.

**d) Provisions**

Provisions are recognized when the fund 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 fund 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.

**e) Contingent liabilities**

The Railway Development Levy Fund 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.

**f) Contingent assets**

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

**g) Changes in accounting policies and estimates**

The Railway Development Levy Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

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**Notes to the financial statements (continued)**

**h) 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 30<sup>th</sup> June 2025

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. This is not applicable in the year under review.

**i) Related parties**

The Railway Development Levy Fund 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 Fund, or vice versa. Members of key management are regarded as related parties and comprise Fund Administrator, Fund Managers and Fund Accountant.

**j) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank. Bank account balances include amounts held at the Central Bank of Kenya at the end of the financial year.

**a) Comparative figures**

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

**b) Subsequent events**

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

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**Notes to the financial statements (continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. 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.

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**Notes to the Financial Statements (Continued)**

**6. Transfers from Other Government entities**

An amount of Kshs 44,860,887.00 million was received during financial year 2024/2025.

The following is the breakdown on a quarterly basis of the receipts into the operations Account. The funds were received from

**a) Railway Development Levy Fund Holding account**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>ksh</b>
Transfer Railway Development Levy Fund Holding account	44,860,887	37,696,000
<b>Total</b>	<b>44,860,887</b>	<b>37,696,000</b>

**7. Use of Goods and Services**

<b>Description</b>	<b>FY 2024/2025</b>	<b>FY 2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Hospitality, Boards and conferences	1,684,160	1,116,968
Printing and General Stationery	17,157,750	
Hire Charges	380,000	
Training, Subscription and Professional Expenses.	2,227,000	250,000
Foreign Travel, Subsistence & Other Allowances.	11,644,130	
Local Travel, Subsistence & Other Allowances.	19,622,053	
Bank charges		
Other General Expenses	-	
<b>TOTAL</b>	<b>52,715,093</b>	<b>1,366,968</b>

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**Notes to the financial statements**

(continued)

**8. Acquisition of Fixed Assets and other Transport costs**

Description	FY 2024/2025	FY 2023/2024
Land	-	-
Buildings	-	-
Plant And Machinery	-	-
Motor Vehicles, Including Motorcycles	20,467,179	-
Computers And Related Equipment	1,743,419	-
Office Equipment, Furniture, And Fittings	1,997,606	2,190,000
Exchange and Communication Equipment's	-	2,010,000
<b>Total</b>	<b>24,208,204</b>	<b>4,200,000</b>

**8. Depreciation and Amortization Expense**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Land	-	-
Buildings	-	-
Plant And Machinery	-	-
Motor Vehicles, Including Motorcycles	3,411,878	-
Computers And Related Equipment	523,025	-
Office Equipment, Furniture, And Fittings	249,700	-
<b>Total depreciation and amortization</b>	<b>4,184,605</b>	-

*There were no assets recorded for amortization and depreciation for previous year.*

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Notes to the financial statements (continued)

**9. Repairs and Maintenance**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property and equipment	9,999,648	
Investment Property		
Equipment and Machinery		
Vehicles	129,767	
Furniture and Fittings		
Computers and Accessories		
Others (specify)		
<b>Total Repairs and Maintenance</b>	<b>10,129,416</b>	

**10. Payments from operations activities**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Use of goods and services	35,557,343	1,116,968
Acquisition of Fixed Assets and other Transport costs	24,208,204	
Repairs and maintenance	10,129,416	250,000
<b>TOTAL</b>	<b>69,894,964</b>	<b>1,366,968</b>

**11. Cash and Cash Equivalent**

Description	2024-2025	2023-2024
	Kshs	ksh
Deposits Account	39,264,331.44	64,298,406
<b>Total Cash and Cash Equivalent</b>	<b>39,264,331.44</b>	<b>64,298,406.0</b>

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Notes to the financial statements (continued)

**11 (b) Detailed Analysis of the Cash and Cash Equivalents.**

		2024-2025	2023-2024
a) Financial Institution	Account number	Kshs	ksh
<b>Current Account</b>			
Central Bank of Kenya	1000215879	39,264,331	64,298,406
<b>Total</b>		<b>39,264,331</b>	<b>64,298,406</b>

**12 (a) Valuation**

Land and buildings/ Equipment for state department for transport were valued by professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30<sup>th</sup> June 2020). The assets were never revalued by professional valuers. These amounts were adopted by State Department with concurrence from the National Treasury.

**(b) Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Motor Vehicles, Including Motorcycles	20,467,179	3,411,878	17,055,300
Computers And Related Equipment	1,743,419	523,025	1,220,393
Office Equipment, Furniture, And Fittings	1,997,606	249,700	1,747,905
<b>Total depreciation and amortization</b>	<b>24,208,204</b>	<b>4,184,605</b>	<b>20,023,599</b>

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Notes to the financial statements (continued)

**13 Trade and Other Payables**

Description	FY 2024/2025		FY 2024/2023	
	Kshs		Kshs	
Trade payables	17,157,750		-	
Employee payables			-	
Other payables			-	
<b>Total trade and other payables</b>	<b>17,157,750</b>		<b>-</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>FY 2024/2025</b>	<b>% of the Total</b>	<b>FY 2024/2023</b>	<b>% of the Total</b>
Under one year	17,157,750	100%		%
1-2 years				%
2-3 years				%
Over 3 years				%
<b>Total (tie to above total)</b>	<b>17,157,750</b>	<b>100%</b>	<b>0</b>	<b>0</b>

*The totals relate to delayed procurement process*

**14 Events after the Reporting Period**

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

**15 Ultimate and Holding Entity**

The Entity is a State Department for Transport under the Ministry of Roads and Transport. Its ultimate parent is the Government of Kenya.

**16 Currency**

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

*STATE DEPARTMENT FOR TRANSPORT*  
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Trial Balance

**RAILWAY DEVELOPMENT LEVY FUND- OPERATION ACCOUNT**  
**TRIAL BALANCE-FY 2024-2025**

	Dr	Cr
Fund Balance b/f		64,298,406
<b>Transfers from RDLF Holding a/c</b>		
Quarter 1		-
Quarter 2		-
Quarter 3		-
Quarter 4		44,860,887
<b>payments</b>		
Quarter 1	20,467,179	
Quarter 2	9,352,660	
Quarter 3	16,943,556	
Quarter 4	23,131,566	
Bank Balances	39,264,331	-
	<b>109,159,293</b>	<b>109,159,293</b>

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**16. Appendices**

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
134.	Failure to Prepare Financial Statements	The financials have been prepared and re-submitted for Auditing	Not resolved	31/12/2025



**Mohamed Daghar, CBS**

Principal Secretary.

Date: