

REPUBLIC OF KENYA



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**THE AUDITOR-GENERAL**

**ON**

**NAIROBI INTERNATIONAL FINANCIAL  
CENTRE AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



NAIROBI INTERNATIONAL  
FINANCIAL CENTRE

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*(Nairobi International Financial Centre Authority)*

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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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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***Nairobi International Financial Centre Authority***  
**Annual Report and Financial Statements**  
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## 1.0 Acronyms, Abbreviations and Glossary of Terms

### A: Acronyms and Abbreviations

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

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B: Glossary of Terms

## 2.0 Key Authority Information and Management

### (a) Background information

The Nairobi International Financial Centre (NIFC) is a new business environment established to make it easier and more attractive to invest and conduct financial services and related activities in Kenya. The NIFC was created by the NIFC Act of 2017. The NIFC is managed by the NIFC Authority (the Authority), a state corporation under the National Treasury. The NIFC was officially opened in July 2022 and is a flagship initiative under the economic pillar of the Kenya Vision 2030.

### (b) Principal Activities

The objectives of the Authority are to—

- a) Establish and maintain an efficient operating framework to attract and retain firms.
- b) Develop and recommend strategies and incentive structures in collaboration with relevant agencies to attract firms to be NIFC firms; and
- c) Review and recommend, in collaboration with the relevant regulatory authorities' developments to the legal and regulatory framework to develop Kenya as an internationally competitive financial centre.

### (c) Key Management

The Authority's oversight and day-to-day management is under the following key organs:

No.	Designation	Name
1.	Board of Directors	1) Michael Kamiru Chairperson (Appointed 15 <sup>th</sup> Dec2023)
		2) Dashan Shah Director (Appointed 15 <sup>th</sup> Dec2023)
		3) Tonia Mutiso Director (Appointed 28 <sup>th</sup> June 2024)
		4) Vincent Rague Chairperson (Expired July 2023)
		5) James Irungu Mwangi Director (Expired July 2023)
		6) Janice Kotut Sang Director (Expired July 2023)
		7) Carole Wainaina Director (Expired July 2023)
		8) Jonathan Swai Director (Expired July 2023)
		9) Samuel Kiptorus Director (Alternate National Treasury)
		10) Dinah Mboje Director (Alternate Attorney General)

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No.	Designation	Name
		<b>11)</b> Symon Chelelgo Director (Alternate Trade)
2.	Chief Executive Officer	<b>12)</b> Oscar Njuguna (Acting)
3.	Deputy Director Finance	<b>13)</b> Seth Onyango (Acting)
4.	Financial Sector Development Directorate	<b>14)</b> Jedidah Ndungu (Acting)
5.	Corporation Secretary	<b>15)</b> Nelson Magunga (Acting)

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. CEO	Oscar Njuguna
2.	Ag. Director, Financial Sector Development	Jedida Ndungu
3.	Ag. Corporation Secretary	Nelson Magunga
4.	Ag. Head of Finance	Seth Onyango

*(Include positions regarded as top management in your organisation as per your organisational structure).*

**(e) Headquarters**

10<sup>th</sup> Floor  
P.O Box 30007-00100  
Treasury Building  
Harambee Avenue,  
Nairobi, KENYA

**(f) Contacts**

Tel +254 793 000 555  
Email: info@nifc.ke

**(g) Bankers**

1. KCB Bank (Kenya) Ltd  
**NAIROBI, KENYA**



**(h) Independent Auditor**



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

**(i) Principal Legal Adviser**


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

### 3.0 The Board of Directors




Ref	Directors	Details
1.	 <p>Michael Kamau Kamiru, MBS            Chairperson, Board of Directors            (Appointed 15<sup>th</sup> December 2023)</p>	<p>Mr. Michael Kamau Kamiru, MBS, was appointed to the board with effect from 15<sup>th</sup> December 2023. He currently holds the position of Chief Executive Officer at Havens Drops Limited and serves as Managing Partner at Havens Consultants. Prior to these roles, he served as the Head of Governance, Risk &amp; Compliance at Allianz Insurance in Germany.</p> <p>With over 27 years of experience in the international insurance sector, Mr. Kamiru is recognized for his leadership in strategic and financial management, governance, risk &amp; compliance, as well as budgetary control and projection models. An esteemed board member, Mr. Kamiru has also contributed to various public and private institutions, including The Nairobi International Financial Centre, Kenya Revenue Authority, and United Family SACCO.</p> <p>He earned a Bachelor of Commerce Degree (Hons) from Catholic University and holds a master's degree in Business Administration (Corporate Management) from KCA University. Mr. Kamiru is a Member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>
2.	 <p>Darshan Shah            Director (Appointed 15<sup>th</sup> December 2023)</p>	<p>Darshan was appointed to the board effective 15<sup>th</sup> December 2023. He is a Partner at PKF Kenya LLP and a Director of PKF Taxation Services Limited. He has over twenty-one (21) years' professional experience in tax advisory, mergers and acquisitions, financial consultancy, and audit services. He is a member of PKF Technical Committee and serves as the Head of Assurance for PKF in Eastern Africa. Darshan has been involved in audits and investigations by KRA; advisory related to international tax and tax structuring in Kenya; Policy based tax submissions on behalf of clients and Tax advisory surrounding mergers and acquisitions. Darshan is the co-author</p>

		<p>of the Wiley International Financial Reporting Standards (IFRS) Interpretations Guide 2014 - 2021 and has extensive knowledge and experience of IFRS.</p> <p>He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Public Accountants of Uganda and Institute of Chartered Accountants in England and Wales, UK (ACA). Darshan is also a Fellow of the Chartered Institute of Certified Accountants (FCCA), UK.</p>
<p>3.</p>	 <p>Tonia Mutiso -Kariuki Director (Appointed 28<sup>th</sup> June 2024)</p>	<p>Ms. Tonia Mutiso is a lawyer by training with over 23 years of experience in Law, Human Resources and Marketing within the technology sector. She is currently the Managing Partner &amp; Co-CEO of Tellistic Technology Services, a capacity building, data analytics and software engineering firm. She was appointed on 28<sup>th</sup> June 2024 and currently serves as member of the Board Finance, Planning and Human Resource Committee.</p> <p>Previously she has served in the board of Communication Authority.</p>
<p>4.</p>	 <p>Vincent Rague Chairperson, Board of Directors (Expired in July 2023)</p>	<p>Vincent Rague is the co-founder of Nairobi-based private equity company Catalyst Principal Partners, chair of Financial Sector Deepening Africa (FSDA) and of Jambo jet Aviation, the low-cost airline and subsidiary of Kenya Airways. He is also a board member of UAP Old Mutual Kenya and MTN Group.</p> <p>Vincent has worked in a variety of senior positions at the World Bank and was the International Financial Corporation's (IFC) first regional director to South Africa.</p> <p>Prior to this, Vincent worked at the Central Bank of Kenya, with Citibank in Athens and National Westminster Bank in London. His term expired in July 2023</p>



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<p>5.</p>	 <p>James Irungu Mwangi          Director (Expired in July 2023)</p>	<p>James is the executive director of global strategy and advisory firm Dalberg Group, a non-executive director of Old Mutual Group and of One Acre Fund, a non-profit organization that supplies smallholder farmers in East Africa with asset-based financing and agriculture training services to reduce hunger and poverty. Prior to Dalberg, James worked at McKinsey &amp; Company.</p> <p>James is a 2009 Archbishop Tutu Leadership Fellow of the African Leadership Institute and has served on the Institute’s board. He is also a 2013 Young Global Leader of the World Economic Forum (WEF) and currently serves on the Program Advisory Committee of the Clinton Global Initiative. His term expired in July 2023</p>
<p>6.</p>	 <p>Janice Kotut Sang          Director (Expired in July 2023)</p>	<p>Janice Kotut-Sang is a founding member of Sustainable Links, which aims to mobilise capital towards Climate solutions with a gender lens and sits on the Investment Committee of the Africa Local Currency Bond Fund.</p> <p>Janice was previously Managing Director, PIDG Infr solutions, which was set up as a GuarantCo initiative to be a pathfinder, arranger and collaborator aimed at mainstreaming local currency finance for infrastructure projects in frontier markets.</p> <p>She also brings with her banking experience with Standard Chartered where she worked in Asia, UK and in Kenya. Janice has a LLB from Warwick University and a LLM from King’s College London and an Executive MBA with the Said Business School, Oxford University. Her term expired in July 2023</p>

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7.	 <p>Carole Wainaina          Director (Expired in July 2023)</p>	<p>Carole is the chief operating officer of Africa50, a new investment fund set up by the African Development Bank (AFDB) to focus on high-impact national and regional infrastructure projects, mainly in the energy and transport sectors.</p> <p>Before joining Africa50, Carole served as the assistant secretary general for human resources at the UN, leading transformational initiatives for the Secretary General and member states.</p> <p>Prior to this, she worked at Coca-Cola in several senior roles, including chief of staff to the chairman and president of the Coca-Cola Africa Foundation. Her term expired in July 2023</p>
8.	 <p>Jonathan Swai          Director (Expired in July 2023)</p>	<p>Jonathan has extensive experience in international financial market infrastructure organisations. He worked as a senior vice president at Hong Kong Exchanges and Clearing (HKEX) where he helped establish and grow OTC Clear. Before this, Jonathan worked at the London Clearing House (LCH), a subsidiary of the London Stock Exchange Group (LSEG) in a range of business development roles. Jonathan started his career with Citibank in the UK and in Europe.</p> <p>Currently, Jonathan chairs the Derivatives Market Oversight Committee of the Nairobi Securities Exchange (NSE). His term expired in July 2023</p>
9.	 <p>Samuel Kiptorus</p>	<p>Samuel is the Director - Intergovernmental Fiscal Relations Department in the National Treasury and alternate to Cabinet Secretary National Treasury and Planning. He holds a Bachelor of arts Economic from the University of Nairobi and Master of Arts Economic from University of Dar es salaam. He is a career public servant span over thirty (30) years' experiences in dealing with: Intergovernmental fiscal relations, Economic Planning and Strategic management, Policy, Statistics, Budgeting, Project</p>


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	Director/Alternate to Cabinet Secretary National Treasury and Planning	design, implementation, monitoring and evaluation across. Worked in all the three arms of government.
10.	Dinah Mboje Director/Alternate to Attorney General	Dinah is a Lawyer and State Counsel in the Office of the Attorney General for the Republic of Kenya. She holds an LLB and an LLM. She is a dynamic, creative, and highly resourceful Advocate with experience and knowledge of the workings with Government (at both National and County levels), International Law, Public and Private Law. Dinah was a key member of the team that successfully developed and drafted the Public Procurement and Asset Disposal Regulations. She reviewed and advised on procurement contracts for infrastructure projects valued at KES 5 billion [USD 45 million] and above.
11.	 Symon Chehelgo Director/Alternate to Cabinet Secretary Trade	Symon is a deputy director in the State Department of Trade at the Ministry of Industrialisation, Trade and Enterprise Development, a department he has worked in for the last 26 years. Symon leads Kenya's negotiations with the US around the African Growth and Opportunity Act (AGOA) – legislation that provides eligible sub-Saharan African countries with duty-free access to the US. Symon holds a masters' degree from the University of Antwerp in International Business, Trade and Commerce.
12.	 Oscar Njuguna Ag. Chief Executive Officer (Ex-officio with no right to vote)	Oscar is a UK qualified lawyer with over 25 years of international experience in financial services, policy, and regulation. After studying and qualifying as a solicitor in the UK, Oscar worked in the banking, insurance, and financial regulatory sectors in London for 14 years. Following that he spent 9 years working at the Qatar Financial Centre, before moving to Kenya at the end of 2017 to support the development of the financial sector.

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13.	Nelson Magunga Ag. Corporation Secretary	Nelson is a Qualified Advocate and is in the process of becoming a member of the ICS. He has attended the Board Induction Programme delivered by SCAC.
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#### 4.0 Key Management Team

	Management	Details
1.	 Oscar Njuguna Ag. CEO	Oscar is a UK qualified lawyer with over 25 years of international experience in financial services, policy, and regulation. After studying and qualifying as a solicitor in the UK, Oscar worked in the banking, insurance, and financial regulatory sectors in London for 14 years. Following that he spent 9 years working at the Qatar Financial Centre, before moving to Kenya at the end of 2017 to support the development of the financial sector.
2.	Jedidah Ndungu Ag. Head Financial Sector Development	Responsible for leading the strategy and financial sector development directorate. She is an actuary by training. Miss Ndungu was seconded to the National Treasury from Insurance regulatory Authority to assist in the conception of Nairobi International Financial Centre and development of the policy documents. She has been involved in the development of the NIFC Act, NIFC general regulations and setting of the institutional policy.
3.	Nelson Magunga Ag. Board Secretary	Nelson is a Qualified Advocate and is in the process of becoming a member of the ICS. He has attended the Board Induction Programme delivered by SCAC.
4.	 Seth Onyango Ag. Deputy Director Finance	<p>Mr. Onyango is the Ag. Head of Finance and Accounts. He joined the Authority in October 2023 on secondment from the Retirement Benefits Authority (RBA). At RBA he has worked as Assistant Director Supervision and Deputy Manager Finance and acted as head of finance from 21<sup>st</sup> July 2019 to 22<sup>nd</sup> October 2022.</p> <p>Previously he worked at the National Treasury and Planning in various departments including The Accountant Generals;</p>

		<p>Government Investment and Public Enterprises; Intergovernmental and Fiscal Relations and District accountant Kisii central District Treasury. In 2013, he worked as the Head of Treasury (Accounting) at the Nyamira County Government on secondment from the National Treasury to set up the accounting systems for the new entities.</p> <p>He also holds an MBA in Finance from the University of Nairobi and a bachelor's degree in Business Management from Moi University. He is a Certified Public Accountant of Kenya and a member of the Institute of Certified Public Accountants (Kenya</p>
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## **5.0 Chairman's Statement**

It is with great pleasure that I present the annual statement for the Nairobi International Financial Centre Authority for the period of 1 July 2023 to 30 June 2024. This report outlines the significant achievements, and key milestones made in operationalizing the Authority.

### **Building Blocks**

The journey to establish Nairobi as a globally competitive financial hub began with the development of the Kenya Vision 2030 agenda in 2008. A significant leap forward was taken in 2017 with the enactment of the NIFC Act, which laid the legislative foundation for the Centre.

In July 2020, a key milestone was reached with the appointment of the Board of Directors of the Nairobi International Financial Centre (NIFC) Authority. This was followed by the formalization of the organization's staffing structure in February 2021, including the appointment of an Acting CEO, setting the stage for effective operationalization. This paved the way for the formulation of the NIFC's three-year strategic plan, developed in collaboration with McKinsey, leveraging their extensive experience in establishing financial Centre's globally.

The NIFC's international standing received a significant boost through the signing of a Memorandum of Understanding with The City UK corporation, building on the UK-Kenya Strategic Partnership of 2020. In addition, the NIFC General Regulations 2021 were finalized and enacted, providing a robust legal framework for the Centre. The NIFC's value proposition was carefully crafted, with initial tax incentives for NIFC firms being incorporated into the Finance Act of 2022.

In July 2022, the NIFC officially opened its doors, marking a historic moment and initiating the onboarding process of NIFC firms, starting with Prudential Plc, which chose the Centre as its Africa Headquarters.

### **Specific Achievements**

Building upon the foundations set in the previous year, our efforts during this financial year resulted in significant achievements:

- Continually looking to build out the NIFC's membership base, resulting in several firms submitting applications for certification by the NIFC Authority.
- Providing significant business facilitation services to NIFC firms, including immigration support services, business registration matters and legal structures.
- The establishment and sensitization of a new Board of Directors in December following the term expiry of the previous board.

- A major highlight has been the support provided to Prudential, facilitating its growth within the NIFC. Starting with a small team, Prudential has now expanded to over 40 staff, showcasing the success of our efforts in fostering a conducive business environment.
- Extensive collaboration with key stakeholders, such as the Financial Sector Regulators, Business Registration Service and Directorate of Immigration Services, illustrated our dedication to supporting the growth of the financial sector, including the implementation of the Capital Markets Master Plan.
- The submission of innovative, novel tax proposals to the National Treasury to enhance the NIFC's value proposition and Kenya's competitive position.

### **The Future**

Following the launch of the NIFC in 2022, the NIFC team has made significant strides in fleshing out and establishing the NIFC Framework. The foundations have been successfully laid out and we look forward to building on these accomplishments, fostering collaboration, attracting global investments, and creating an ecosystem that propels Nairobi into the forefront of the international financial landscape.

This would not have been possible without the support of key international partners that have stood by us steadfastly and supported us on this journey, including the Governments of the United Kingdom (through FCDO, FSD Africa and FSD Kenya), United States, Switzerland, and Qatar, as well as the UNDP Financial Centre's for Sustainability.

As we embark on the path ahead, I extend my gratitude to the Board of Directors, the dedicated team at the Nairobi International Financial Centre Authority, our partners, stakeholders, and the broader community for their unwavering support. Together, we are shaping the future of finance in Kenya and beyond.

- Thank you,



MICHAEL KAMAU KAMIRU  
**CHAIRMAN OF THE BOARD OF DIRECTORS**

## **6.0 Report of the Chief Executive Officer**

I am delighted to present the annual report of the Nairobi International Financial Centre Authority for the financial year spanning 1 July 2023 to 30 June 2024. This period has been marked by significant milestones and focused efforts in realizing our mission to position Nairobi as a global financial hub.

### **Key Achievements:**

The 2023/2024 Financial Year was a year of establishment and growth for the NIFC. Building from the successful launch of the Centre in 2022, the NIFC Authority has focused its efforts on building upon the NIFC's value proposition and improving its framework with the aim of attracting new firms and investments to the NIFC.

As per Section 6 of the NIFC Act, the NIFC Authority has continued to develop and recommend strategies and incentives to attract firms and financing into Kenya. In this vein, the NIFC Authority successfully developed and defended a set of tax proposals to the National Treasury, made contributions and comments to the Draft Carbon Markets Regulations 2023 and maintained its membership in working groups with key partners such as the Climate Finance Unit and the National Treasury Taskforce on Digital Assets. By maintaining its position as a close collaborator with key financial sector bodies, the NIFC can have a hand in the formulation of policy to make the business environment more conducive for investment.

A key role of the NIFC Authority is to continually collaborate with its membership base and the private sector to understand the past, ongoing and potential challenges within Kenya's Financial Services Sector. This ongoing engagement will allow the NIFC to develop innovative, targeted solutions to solve those pain points and foster synergy and growth for the NIFC and its firms. The NIFC has been active in fostering these engagements by:

- a) Co-hosting a Private Equity & Venture Capital Sector Roundtable in collaboration with Ashitivia Advocates LLP and Pincent Masons to discuss the investment landscape in Kenya.
- b) Engaging with key professional bodies and associations such as the Kenya National Innovation Agency and the Blockchain Association of Kenya to support the FinTech ecosystem in Kenya.
- c) Engaging with numerous local and international financial institutions and investors during the Nairobi Climate Summit, including the Singapore/Kenya trade delegation, JP Morgan, East Africa Venture Capital Association (EAVCA).

- d) Jointly collaborating with the UNDP, Swiss Embassy, Swiss Sustainable Finance and Equity Bank to host the Bridging Africa-Europe SDG Investment Summit and engagement with Swiss investors.
- e) Co-hosting workshops and sessions with international associations such as the Chartered Institute for Securities and Investment
- f) Maintaining relationships with key collaborators in relevant sectors such as EAVCA, the Nairobi Securities Exchange and the Kenya Association of Manufacturers.

The NIFC Authority has also worked closely with key government institutions, such as the Directorate of Immigration Services and the Business Registration Service to support in key business facilitation services for NIFC firms. This has been key in ensuring a quick registration process and allowing them to hire and retain key talent, facilitating key knowledge transfers to local talent.

During this financial year, the NIFC has been able to maintain its ongoing membership with the UNDP Financial Centres for Sustainability (UNFC4S), a collective of over 40 international financial centres across the world to support and align financial centres with the Sustainable Development Goals (SDG) and measure progress. Building and maintaining relationships with key partners such as UNFC4S is vital in ensuring the NIFC's international standing.

The NIFC has also been in the process of developing an Investor Pipeline Builder project with several local and international partners aimed at identifying a pipeline of viable projects and businesses, securing the technical resources required to improve those projects and make them bankable/investable, and then match those well-structured projects/businesses with specific investors whose appetite is aligned to those sectors.

Operationally, during the financial year the Authority was allocated Kshs. 90.36 million an amount that was all received, similarly the Authority received Kshs. 2.9 million from other income generated in course of undertaking its statutory duties. The Authority's approved budget was Kshs. 83 million, by the end of the year the Authority spent Kshs. 45.4 million. The under expenditure was largely due to lack of personnel and procurement unit execute the various procurements planned for the year.

### **Acknowledgments**

To the Board of Directors for providing the vision and guidance that led to the successful opening of the NIFC and development of the various policies geared towards effective operationalization. To the invaluable support of key partners, both local and international.

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Finally, to the dedicated team at the Nairobi International Financial Centre Authority, who have worked tirelessly and selflessly, to achieve the goals. Without them, none of this would be possible.

Despite these successes, we recognize that much more work lies ahead to fully realize our goals and cement the NIFC's position as a globally competitive financial centre.

Thank you.



OSCAR NJUGUNA  
**Ag. CHIEF EXECUTIVE OFFICER**

## 7.0 Corporate Governance Statement

The Board is committed to ensuring the Authority complies with the principles of corporate governance as enshrined in the Constitution of Kenya 2010, the State Corporations Act, Cap 446, the Nairobi International Financial Centre Act 2017, and the Mwongozo Code of Conduct for State Corporations. Hence the operations of the Authority were conducted in compliance with the following principles of Corporate Governance: Transparency and disclosure, accountability, risk management, internal controls, ethical leadership, and good corporate citizenship.

### Roles and functions of the Board

In accordance with The NIFC Act 2017 the board has the following roles and responsibilities:

- a. Lay down the general policies and plans for the Authority in accordance with international best practices.
- b. Prepare the annual budget of the Authority for the purpose of funding the administrative activities of the Centre.
- c. Administer the assets and funds of the Authority in such a manner and for such purposes as shall promote the best interests of the Authority.
- d. Receive grants, donations, or any other moneys on behalf of the Authority and make legitimate disbursements therefrom.
- e. open such banking accounts for the funds of the Authority as may be necessary.
- f. Ensure the Authority is always run-in accordance with this Act and best international practices; and
- g. Perform any other function necessary to achieve the objectives of the Authority.

### Board Meetings

The Board was not fully constituted at the beginning of the financial year with only the alternate directors, and they did not form quorum to transact business of the Authority. The Board, however, became active after the appointment of the Chairman and one independent director effective 15<sup>th</sup> December 2023. The table below show the number of meetings attended by each board member.

No	Name	Position	No. Meetings
1.	Michael Kamau Kamiru	Chairman	5
2.	Darshan Shah	Member	5
3.	Tonia Mutiso	Member	0
4.	Samuel Kiptorus	Member	5
5.	Symon Chelelgo	Member	5
6.	Dina Mboje	Member	5

**N/B:** Director Tonia Mutiso was appointed on 28<sup>th</sup> June 2024 hence did not attend any meeting during the Financial Year 2023-2024

## **Board Committees**

For efficient and effective execution of its role and responsibilities as enshrined in the Nairobi International Financial Centre Act 2017 the Board operate through committees. The committees are mandated of providing strategic direction and oversight on behalf of the board. The Committees include the Board Audit and Risk Assurance Committee and Finance, Planning and Human Resources committee. Since the Board was not fully constituted only two committees could be form taking into consideration the thresholds set for the formation of committees by boards.

### **Board Audit and Risk Assurance Committee**

The Board Audit and Risk Assurance Committee provides a structured, systematic oversight of the Authority's governance, risk management, and internal controls. The Committee provides advice and guidance on the adequacy of the Authority's compliance with corporate governance, statutory requirements, and policies. The below table shows the members of the committee and the number of meetings attended during the year.

<b>No</b>	<b>Name</b>	<b>Position</b>	<b>No. Meetings</b>
1.	Darshan Shah	Chairperson	0
2.	Symon Chelelgo	Member	0
3.	Dina Mboje	Member	0

### **Finance, Planning and Human Resources committee**

The committee is responsible for overseeing the budget preparation, procurement planning, strategic planning, financial monitoring & reporting, human resource management and administration. The below table shows the members of the committee and the number of meetings attended during the year.

<b>No</b>	<b>Name</b>	<b>Position</b>	<b>No. Meetings</b>
1.	Samuel Kiptorus	Chairperson	4
2.	Dinah Mboje	Member	4
3.	Symon Chelelgo	Member	4

### **Induction, training, and development**

During the financial year the Authority facilitated induction of three members of the board and this capacity built them on areas of corporate governance and oversight. The induction was conducted by the State corporations advisory committee in collaboration with the Institute of Public Secretaries Kenya.

## **8.0 Management Discussion and Analysis**

### **I. Financial Performance**

The Financial Performance of the Authority for the twelve months ended 30th June 2024 is presented herewith in line with the requirements of the NIFC Act 2017, Public Finance Management Act 2012, Public Audit Act 2015, and the International Public Sector Accounting Standards.

#### **a) Revenue**

The Authority's received Kshs. 90.36 million from the exchequer against an approved estimate of Kshs.90.36 million hence no exchequer receivable from the National Treasury. The Authority in addition budgeted to earn revenue from fees and other charges of Kshs. 4.5 million, however, actual revenue earned from fees and other charges amounted to Kshs. 2.9 million, resulting to a variance of Kshs. 1.6 million.

#### **b) Expenditure**

The total actual expenditure of the Authority for 2023-2024 FY stood at Kshs. 45.4 million compared to approved expenditure budget of Kshs. 81.0 million. The Authority had an under expenditure of Kshs. 47.8 million this was due to delay in planned recruitments of staff and procurement of various services.

#### **c) Cash Flow Statement**

The cash and cash equivalent for 2023-2024 FY stood at Kshs. 56.13 million as at the end of financial year.

#### **d) Surplus/deficit**

In the 2023-2024 financial year the Authority realized a surplus of Kshs. 47.8 million.

## **9.0 Environmental and Sustainability Reporting**

### **Sustainability Strategy and Profile**

The organization is committed to integrating sustainability into its core operations and decision-making processes. The top management, particularly the accounting officer, prioritizes sustainable initiatives, aligning them with global best practices while addressing political and macroeconomic trends that influence sustainability priorities. The organization continues to evaluate its achievements and identify areas for improvement to enhance its sustainability profile.

### **Operational Practices**

Sustainability, and green finance, is a key component of the NIFC's strategic priorities and value proposition. The NIFC Authority recognizes the importance of fostering growth in the sector and is committed to driving green finance initiatives that align with global sustainability goals, while fostering economic growth and development for Kenya. Below are some of our key efforts in this domain:

#### **a) Pipeline Builder Initiative**

In collaboration with the United Nations Development Programme (UNDP) and Building Bridges, the NIFC is developing a Pipeline Builder mechanism to link overseas investors to Sustainable Development Goal (SDG)-related projects in Kenya. Operated under an intermediary model, this mechanism will identify projects that meet a set sustainability-related threshold and connect them to financing from investors within the Financial Centers for Sustainability (FC4S) network. This initiative aims to support progressive Kenyan business and provide a step forward in bridging the funding gap for impactful, sustainable projects.

#### **b) Engagement with the Financial Centers for Sustainability (FC4S)**

As a proud member of FC4S, the NIFC is dedicated to promoting environmental and social sustainability within Kenya's financial ecosystem. FC4S is global network of financial centers dedicated to accelerating the transition to green and sustainable finance. Through its membership, the NIFC has access to a global network of financial centers to facilitate knowledge-sharing, international collaboration, and capacity building. FC4S also enables member nations to benchmark their

commitments to sustainability through periodic surveys and data collection, ensuring measurable progress in the transition towards a greener economy throughout their local financial sectors.

**c) Alignment with Government Sustainability Goals.**

The NIFC is actively supporting government-led sustainability initiatives as outlined in our 2024/2025 performance contract. A notable commitment includes the planting of at least 300 trees to contribute to Kenya's broader environmental conservation efforts.

**d) Establishing a Carbon Exchange.**

In 2022, the NIFC signed a Memorandum of Understanding (MoU) with the Nairobi Securities Exchange (NSE) and Air Carbon Exchange (ACX) to establish Kenya's first carbon exchange. To promote the success of this initiative, the NIFC secured a tax incentive providing a preferential corporate income tax rate of 15% for firms owning or operating carbon or emissions trading exchanges in Kenya. Discussions to operationalize this exchange are ongoing between the NSE and ACX. The NIFC has also had engagements with other global carbon exchanges to discuss best practices, share information and consider establishing an exchange in Kenya.

**e) Promoting Green Finance.**

As a priority sector, the NIFC continues to engage with key players in the green finance space, including Compassionate Carbon, South Pole, various UN organizations and more. Beyond these partnerships, the NIFC actively submits tax proposals to the National Treasury aimed at fostering a conducive environment for green finance and incentivizing sustainable financial activity in Kenya. The NIFC also participates in policy-development initiatives within the green and sustainability sectors, such as contributing and providing comments on the Carbon Markets Regulations and other green finance policies.

Through these initiatives, the NIFC is not only contributing to global sustainability objectives but also positioning Kenya as a leading hub for green finance in Africa. We remain committed to advancing a sustainable future for generations to come.

### **Environmental Performance, Climate Change, and Mitigation of Natural Disasters**

The organization's environmental policy serves as a guiding framework for all operations, emphasizing the importance of reducing environmental impact. Evidence of the policy's implementation is available through documented initiatives. Key successes include:

- Enhanced waste management systems.
- Measures to conserve biodiversity and reduce resource consumption.

Challenges have been identified, and the organization remains committed to addressing them through continuous improvement. Efforts to mitigate climate change include reducing carbon footprints and aligning products with eco-friendly standards.

### **Employee Welfare**

The organization places a high value on employee welfare, guided by policies that ensure a fair and inclusive hiring process. These policies actively promote gender balance and integrate stakeholder engagement to align with evolving workforce needs. Regular policy reviews ensure relevance and effectiveness.

Employee development is supported through skill enhancement programs, career progression frameworks, and robust appraisal and reward systems. Safety remains a top priority, with adherence to the Occupational Safety and Health Act of 2007 (OSHA) through regular audits, training, and policy enforcement.

### **Community Engagements**

Corporate Social Responsibility (CSR) remains a cornerstone of the organization's engagement with society. This year, the organization undertook an impactful initiative of tree planting. This effort demonstrates the organization's dedication to fostering societal well-being and sustainable development.

This comprehensive approach underscores the organization's commitment to sustainability, environmental stewardship, employee welfare, operational integrity, and community empowerment.

## **10.0 Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Authority's affairs.

### **i) Principal activities**

The principal activities of the Authority are:

- a) Establish and maintain an efficient operating framework to attract and retain firms
- b) Develop and recommend strategies and incentive structures in collaboration with relevant agencies to attract firms to be NIFC firms; and
- c) Review and recommend, in collaboration with the relevant regulatory authorities' developments to the legal and regulatory framework to develop Kenya as an internationally competitive financial centre.

### **ii) Results**

The results of the Authority for the year ended June 30, 2024, are set out on page 1 to 28

### **iii) Directors**

The members of the Board of Directors who served during the year are shown on page viii-xii. During the year five (5) directors term expired, and three (3) new directors were appointed during the year.

### **iv) Auditors**

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

By Order of the Board



.....  
**NELSON MAGUNGA**  
**Ag. SECRETARY TO THE BOARD**

## **11.0 Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and section 24 of the Nairobi International Financial Centre Act 2017, require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the situation of the Authority for and as at the end of the financial year (period) ended on June 30, 2024. 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 Authority; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Authority; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act 2012, and the Nairobi International Financial Centre Act 2017. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2024, and of the Authority's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Authority's financial statements were approved by the Board on 26<sup>th</sup> September 2024 and signed on its behalf by:



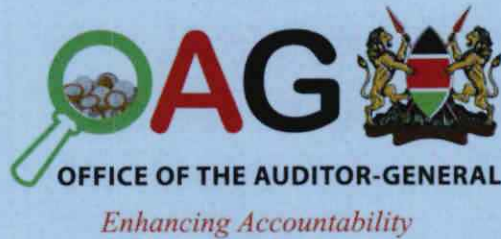
.....  
**Michael Kamau Kamiru**  
**Chairperson of the Board**



.....  
**Oscar Njuguna**  
**Accounting Officer**

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON NAIROBI INTERNATIONAL FINANCIAL CENTRE AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024

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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 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.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Nairobi International Financial Centre Authority set out on pages 1 to 29 which comprise of the statement of financial

position as at 30 June, 2024 and the statement of financial performance, statement of changes in equity, 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 Nairobi International Financial Centre Authority as at 30 June, 2024 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 Nairobi International Financial Centre Act, 2017 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

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

As previously reported, the statement of financial position reflects a balance of Kshs.7,532,098 in respect of property, plant and equipment which, as disclosed in Note 16 to the financial statements, includes Kshs.4,278,009 in respect of motor vehicle. However, although Management indicated that the motor vehicle logbook is under The National Treasury, the same was not provided for audit review. Further, the Authority did not maintain an asset register in the year under review.

In the circumstances, the accuracy and ownership of property, plant and equipment balance of Kshs.7,532,098 could not be confirmed.

#### **2. Unsupported Cash and Cash Equivalents Balance**

The statement of financial position reflects a balance of Kshs.56,192,680 in respect of cash and cash equivalents which, as disclosed in Note 14 to the financial statements, includes Kshs.56,088,878 and Kshs.26,602 in respect of bank account balance and cash on hand. However, bank reconciliation statement for the month of June, 2024 reflects a cashbook balance of Kshs.56,873,170 resulting in an unreconciled balance of Kshs.784,292. Further, review of the bank reconciliation statement revealed payments in bank statement not recorded in cash book totaling Kshs.600,748 which include payments amounting to Kshs.585,710 for which the names of payees and dates of payment were not indicated.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.56,192,680 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nairobi International Financial Centre Authority Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled

other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects actual expenditure of Kshs.46,151,413 against approved budget of Kshs.80,979,858 resulting in under-performance of Kshs.34,828,445 or 43% of the budget.

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

My opinion is not modified in respect of this matter.

#### **Key Audit Matters**

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

#### **Other Information**

The Directors are is responsible for the other information set out on page v to xxviii which comprise of Key Authority Information and Management, Chairman's statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the financial statements.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Unbalanced Budget**

The statement of comparison of budget and actual amounts reflects a receipts budget of Kshs.94,860,000 and expenditure budget of Kshs.80,979,858 resulting to a variance of Kshs.13,880,142. This is contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that budget shall be balanced.

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

The audit was conducted in accordance with ISSAIs 3000 and 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 and 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 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 Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal controls as 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, the Management is responsible for assessing the Authority'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 the Management is aware of the intention to terminate the Authority or to cease operations.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how the 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 for 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 IFPP 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**


**27 December, 2024**

Nairobi International Financial Centre Authority  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

13.0 Statement of Financial Performance for the year ended 30th June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Revenue from Non-Exchange	6	92,336,750	38,084,576
<b>Total revenue</b>		<b>92,336,750</b>	<b>38,084,576</b>
<b>Expenses</b>			
Personnel Emoluments	7	35,878,491	25,866,023
Board Expenses	8	1,634,743	2,647,400
Depreciation and Amortization Expense	9	1,796,327	2,001,425
Repairs and Maintenance	10	-	8,300
Insurances and Medical	11	-	-
Used of Goods and services	12	-	3,871,426
Administrative expenses	13	6,841,852	4,551,421
<b>Total expenses</b>		<b>46,151,413</b>	<b>38,945,995</b>
<b>Net Surplus /deficit for the year</b>		<b>46,185,337</b>	<b>- 861,419</b>

The notes set out on pages 6 to 28 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:

  
 .....  
**Name: Oscar Njuguna**  
**Accounting Officer**  
  
**Date**

  
 .....  
**Name: Seth Onyango**  
**Head of Finance**  
**ICPAK M/No: 11627**  
  
**Date**

  
 .....  
**Name: Michael Kamiru**  
**Chairman of the Board**  
  
**Date**

Nairobi International Financial Centre Authority  
**Annual Report and Financial Statements**  
for the year ended June 30, 2024.

14.0 Statement of Financial Position as at 30th June 2024

	Note	2023-2024	2022-2023
Assets		Kshs	Kshs
<b>Current assets</b>			
Cash and cash equivalents	14	56,192,680	2,503,396
Receivables from Non-Exchange Transactions	15	319,400	1,172,300
<b>Total Current Assets</b>		<b>56,512,080</b>	<b>3,675,696</b>
<b>Non-current assets</b>			
Property, plant, and equipment	16	7,532,098	6,938,425
<b>Total non - current assets</b>		<b>7,532,098</b>	<b>6,938,425</b>
<b>Total assets</b>		<b>64,044,178</b>	<b>10,614,121</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors	17	7,695,092	450,374
<b>Total current liabilities</b>		<b>7,695,092</b>	<b>450,374</b>
<b>Net Assets</b>		<b>56,349,086</b>	<b>10,163,748</b>
<b>Equity</b>			
Capital Fund	18	7,697,826	9,123,830
Accumulated surplus	19	48,651,258	1,039,918
<b>Total net assets</b>		<b>56,349,084</b>	<b>10,163,748</b>
<b>Total net assets and liabilities</b>		<b>64,044,176</b>	<b>10,614,121</b>

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



.....  
Name: Oscar Njuguna  
Accounting Officer

Date



.....  
Name: Seth Onyango  
Head of Finance  
ICPAK M/No: 11627

Date



.....  
Name: Michael Kamiru  
Chairman of the Board

Date

*Nairobi International Financial Centre Authority*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

15.0 Statement of Changes in Equity as at year ended 30th June 2024

	Retained earnings	Capital Fund	Total
	Kshs	Kshs	Kshs
As at July 1, (Previous FY)		11,025,167.00	11,025,167.00
Surplus/ deficit for the year	- 861,419.38	-	- 861,419.38
Transfer of depreciation/amortisation from capital fund to retained earnings	1,901,337.50	-1,901,337.50	-
As at June 30, (Previous FY)	1,039,918.12	9,123,829.50	10,163,747.62
As at July 1, (Current FY)	1,039,918.12	9,123,829.50	10,163,747.62
Surplus/ (deficit) for the year	46,185,336.63	-	46,185,336.63
Capital/development grants received during the year	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	1,426,003.13	-1,426,003.13	-
As at June 30, (Current FY)	48,651,257.87	7,697,826.38	56,349,084.25

*Nairobi International Financial Centre Authority*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

**16.0 Statement of Cash Flows for the year ended 30th June 2024**

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government grants	6	90,360,000.00	36,912,275.60
Other income	6	1,976,750.00	1,172,300.00
<b>Total receipts</b>		<b>92,336,750.00</b>	<b>38,084,575.60</b>
<b>Payments</b>			
Personnel Emoluments	7	35,878,491.47	25,866,022.98
Board Expenses	8	1,634,743.00	2,647,400.00
Repairs and Maintenance	10	-	8,300.00
Insurances and Medical	11	-	-
Used of Goods and services	12	-	3,871,425.75
Administrative expenses	13	6,841,852.03	4,551,421.25
<b>Total payments</b>		<b>44,355,086.50</b>	<b>36,944,569.98</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>47,981,663.50</b>	<b>1,140,005.62</b>
<b>Working Capital Activities</b>			
Increase/Decrease in Creditors		7,244,718.17	450,373.83
Increase/Decrease in Debtors		852,900.00	- 1,172,300.00
<b>Net cash flows from/(used in) Working Capital activities</b>		<b>8,097,618.17</b>	<b>- 721,926.17</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets		- 2,390,000.00	- 1,334,500.00
Proceeds from sale of PPE			-
<b>Net cash flows from/(used in) investing activities</b>		<b>- 2,390,000.00</b>	<b>- 1,334,500.00</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			-
Repayment of borrowings			-
Proceeds from issue of shares			-
<b>Net cash flows from financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>53,689,281.67</b>	<b>- 916,420.55</b>
Cash and cash equivalents at 1 July	29	2,503,396.45	3,419,817.00
<b>Cash and cash equivalents at 30 June</b>	29	<b>56,192,678.12</b>	<b>2,503,396.45</b>

## 17.0 Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2024

	Original Budget	Actual on comparable basis	Performance difference	%Var	Notes
	2023-2024	2023-2024	2023-2024		
	Kshs	Kshs	Kshs		
Government grant	90,360,000	90,360,000	-	0%	i
Refunds from immigration services	4,500,000	1,976,750	(2,523,250)	-128%	ii
<b>Total Trading Income</b>	<b>94,860,000</b>	<b>92,336,750</b>	<b>(2,523,250)</b>		
<b>Expense</b>					
Personnel Emoluments	54,263,012	35,878,491	18,384,520	34%	iii
Board Expenses	4,596,961	1,634,743	2,962,218	64%	iv
Depreciation and Amortization Expense	-	1,796,327	(1,796,327)	-100%	v
Repairs and Maintenance	-	-	-	-100%	vi
Insurances and Medical	5,659,188	-	5,659,188	100%	vii
Used of Goods and services	-	-	-	0%	
Administrative expenses	16,460,698	6,841,852	9,618,846	58%	ix
<b>Total Expenses</b>	<b>80,979,858</b>	<b>46,151,413</b>	<b>34,828,445</b>	<b>43%</b>	
<b>Surplus Fund after 90%</b>	<b>13,880,142</b>	<b>46,185,337</b>	<b>(32,305,195)</b>		

Budget notes**i. Other Income**

The Authority anticipated admission of additional firms into NIFC however this did not materialize due to lack incentives to firms intending to be admitted. The Authority shall develop strategies for generation of additional internal revenue such as investment of surplus funds not for immediate use and seeking certification of more firms into the NIFC.

**ii. Personnel Emoluments**

The Authority intended to recruit seventeen staff into the workforce. A process that has delayed due to lack of human resource personnel to spearhead the process.

**iii. Board Expenses**

During the first half of the year the authority's Board was not fully constituted this hampered the expenditures in the line item. The Authority however had various board activities in the quarter.

**iv. Depreciation**

During budgeting depreciation was not factored in this has created a variance throughout the financial year. The anomaly has been corrected with the newly submitted budget for next financial year.

**v. Repair and maintenance**

Due to rationalization the authority's budget on repairs was rationalized to zero however, during the quarter there was an urgent need to repair the tender box hence the variance.

**vi. Insurance and Medical**

Due to lack of procurement professional the Authority has not been able to procure medical insurance, motor vehicle insurance, insurance for equipment's and other staff related covers.

**vii. Administrative expenses**

Most expenses within administration are procurable in nature and due to lack of procurement personnel the Authority has not been able to undertake such related expenses.

## 18.0 Notes to the Financial Statements

### 1. General Information

Nairobi International Financial Centre Authority is established by and derives its authority and accountability from Nairobi International Financial Centre Act 2017. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activities are —

- a) establish and maintain an efficient operating framework to attract and retain firms
- b) develop and recommend strategies and incentive structures in collaboration with relevant agencies to attract firms to be Nairobi International Financial Centre firms; and
- c) review and recommend, in collaboration with the relevant regulatory authorities' developments to the legal and regulatory framework to develop Kenya as an internationally competitive financial centre.

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Nairobi International Financial Centre 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 30th June 2024.*

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</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 Authority’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 Authority’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</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>

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Standard	Effective date and impact:
	<p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position, and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>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.</p> <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 guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) 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>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2024.*

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The Authority will consider adoption of standards once acquisition of office space is concluded in the next financial year.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard may not have an impact on the Authority since the Authority is at its formative stage.</p>

- iii. *Early adoption of standards*

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

#### 4. Summary of Significant Accounting Policies

##### a) Revenue recognition

##### i) Revenue from non-exchange transactions

Fees, taxes and fines

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

#### **Transfers from other government entities**

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

#### **ii) Revenue from exchange transactions**

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

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

##### **Interest income**

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

**b) Budget information**

The original budget for the Current FY was approved by the National Assembly on 30<sup>th</sup> 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 Entity upon receiving the respective approvals in order to conclude the final budget.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented in 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.

**d) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Authority*. 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 *Authority* 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 *Authority* 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 *Authority*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**e) Intangible assets**

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

**f) Research and development costs**

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.

- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

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

### **g) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Authority does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

### **a) Financial assets**

#### **Classification of financial assets**

The Authority classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Authority's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and

selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

### **Subsequent measurement**

Based on the business model and the cash flow characteristics, the Authority classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

### **Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

### **Impairment**

The Authority assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Authority recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL)

## **b) Financial liabilities**

### **Classification**

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

### **h) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows.

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange,

or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Authority*.

**i) Provisions**

Provisions are recognized when the *Authority* 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 *Authority* 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.

**j) Social Benefits**

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

**k) Contingent liabilities**

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

**l) Contingent assets**

The *Authority* 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 *Authority* 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.

**m) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements.

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

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

**o) Employee benefits**

**Retirement benefit plans**

The Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Authority 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. The Authority is yet to establish a Retirement Benefit Plan for staff.

**p) 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.

**q) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**r) Related parties**

The *Authority* 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 *Authority*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*.

**s) Service concession arrangements**

The *Authority* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Authority* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Authority* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**t) Cash and cash equivalents**

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

**u) Comparative figures**

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

**v) 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, 2024.

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

The preparation of the *Authority'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 Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future

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developments may change due to market changes or circumstances arising beyond the control of the Authority. 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 Authority.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

**6. Revenue from Non-Exchange Transactions**

	2023-2024	2022-2023
	Kshs	Kshs
Government grant	90,360,000	36,912,276
Other Incomes	1,976,750	1,172,300
<b>Total</b>	<b>92,336,750</b>	<b>38,084,576</b>

**7. Personnel Emolument**

	2023-2024	2022-2023
	Kshs	Kshs
Personnel Cost	35,878,491	25,866,023
Pension contributions	-	
<b>Total</b>	<b>35,878,491</b>	<b>25,866,023</b>

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*N/B: Personnel cost include refund to Retirement Benefits Authority in respect of seconded staff, Payment of Gratuities to staff for two financial years which were not accrued in the previous financial year.*

**8. Board Expenses**

	2023-2024	2022-2023
	Kshs	Kshs
Chairman's Honoraria	424,838	672,000
Sitting Allowance	797,000	772,000
Board Training Expenses	120,000	648,000
Travel Expenses	292,905	555,400
Board Medical Expenses	-	
<b>Total</b>	<b>1,634,743</b>	<b>2,647,400</b>

**9. Depreciation and Amortization Expense**

	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	1,796,327	2,001,425
<b>Total</b>	<b>1,796,327</b>	<b>2,001,425</b>

**10. Repairs and Maintenance**

	2023-2024	2022-2023
	Kshs	Kshs
Computers and Other Office Equipment	-	8,300
<b>Total</b>	<b>-</b>	<b>8,300</b>

**11. Insurances and Medical**

	2023-2024	2022-2023
	Kshs	Kshs
Medical Insurance	-	-
Assets and Equipment's Insurance	-	-
GPA insurance	-	-
Motor vehicle insurance	-	-
<b>Total finance costs</b>	<b>-</b>	<b>-</b>

12. Used of Goods and services

	2023-2024	2022-2023
	Kshs	Kshs
Other expenditures	-	3,871,426
<b>Total finance costs</b>	-	<b>3,871,426</b>

13. Administrative expenses

	2023-2024	2022-2023
	Kshs	Kshs
Travel & Accommodation Local Travel	1,168,420	1,076,730
Travel & Accommodation Foreign Travel	-	
Water and Sewerage	-	
Electricity	-	
Motor Vehicle Operations	-	
Office Stationery, Printing Etc	373,310	
General Office Supplies	470,699	1,609,594
Communication Costs	731,809	330,069
Hospitality and Office Refreshments	1,770	65,210
Telephone, Mobile and Internet Services	1,032,944	154,474
Rental Expenses	-	
Postage Courier	-	
Newspapers and Periodicals	-	
Advertisement, Promotions and Publicity	826,750	
Seminars, Conference, Workshops	938,752	467,520
Bank Charges & Commissions	16,648	27,624
Recruitment Costs	-	
Staff Welfare	-	
PRU	1,280,750	820,200
<b>Total General Expenses</b>	<b>6,841,852</b>	<b>4,551,421</b>

14. Cash and Cash Equivalents

	2023-2024	2022-2023
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	Kshs	Kshs
KCB Current Account	56,088,878	2,353,551
Cash in Hand	26,602	149,845
Staff outstanding Imprest	77,200	
<b>Total</b>	<b>56,192,680</b>	<b>2,503,396</b>

**15. Trade Debtors from Exchange Transactions**

	2023-2024	2022-2023
	Kshs	Kshs
Sundry Debtors	82,000	1,172,300
Debtors	237,400	
Prepayable		
Staff outstanding Imprest	-	
	<b>319,400</b>	<b>1,172,300</b>

**16. (a) Property, plant, and equipment**

	Motor Vehicles	Computers	Work in Progress	Total
Cost	Kshs	Kshs	Kshs	Kshs
At 1st July 2023	7,605,350	1,334,500	-	8,939,850
Additions			2,390,000	2,390,000
Disposals				-
Transfers/ adjustments				-
<b>At 30TH JUNE 2024</b>	<b>7,605,350</b>	<b>1,334,500</b>	<b>2,390,000</b>	<b>11,329,850</b>
				-
<b>Depreciation and impairment</b>				
At 1st July 2023	1,901,338	100,088	-	2,001,425
Depreciation	1,426,003	370,324	-	1,796,327
Disposals	-	-	-	-
Transfers/ adjustments	-	-	-	-
<b>At 30TH JUNE 2024</b>	<b>3,327,341</b>	<b>470,412</b>	<b>0</b>	<b>3,797,752</b>
<b>Net book values</b>	<b>4,278,009</b>	<b>864,088</b>	<b>2,390,000</b>	<b>7,532,098</b>

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

If the assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs

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Motor Vehicles	7,605,350	3,327,341	4,278,009
Computers And Related Equipment	1,334,500	470,412	864,088
Work in Progress	2,390,000	-	2,390,000
<b>Total</b>	<b>11,329,850</b>	<b>3,797,752</b>	<b>7,532,098</b>

**17. Creditors**

	2023-2024	2022-2023
	Kshs	Kshs
Staff Gratuities	2,322,737	
Seconded staff top up	402,532	
RBA Refund	1,474,380	
PAYE	3,437,403	296,094
NHIF	17,000	57,800
NSSF	41,040	96,480
<b>Total</b>	<b>7,695,092</b>	<b>450,374</b>

**18. Capital Fund**

	2023-2024	2022-2023
	Kshs	Kshs
Inherited Bank Balance	3,419,817	3,419,817
Capital Fund	5,704,013	7,605,350
Transfer of depreciation/amortisation from capital fund to retained earnings	- 1,426,003	- 1,901,338
	<b>7,697,826</b>	<b>9,123,830</b>

**19. Accumulated Surplus**

	2023-2024	2022-2023
	Kshs	Kshs
Balance Brought forward	1,039,918	
Transfer of depreciation/amortisation from capital fund to retained earnings	1,426,003	1,901,338
Net Profit	46,185,337	- 861,419
<b>Total</b>	<b>48,651,258</b>	<b>1,039,918</b>

**20. Financial Risk Management**

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

**i) Credit risk**

The Authority doesn't have 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, considering its financial position, experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors.

**ii) Liquidity risk management**

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

**iii) Market risk**

The Authority is yet to put in place an internal audit function. Internal Audit would assist in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Authority's Finance

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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 Authority's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

The Authority may have transactional currency exposures in future as operations continue. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Authority will manage foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**b) Interest rate risk**

Interest rate risk is the risk that the Authority's financial condition may be adversely affected because of changes in interest rate levels. The Authority's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The Authority currently do not have bank deposits which would suffer interest rate risk.

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

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

## 21. Related Party Disclosures

### Nature of related party relationships

Entities and other parties related to the Authority 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 Authority, holding 100% of the Authority's equity interest.

### Other related parties include:

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

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants /transfers from the government</b>		
Grants from national govt	90,360,000	36,912,276
<b>Total</b>	<b>90,360,000</b>	<b>36,912,276</b>
<b>b) Key management compensation</b>		
Directors' emoluments	1,405,193	1,444,000
Compensation to key management	34,613,515	23,493,005

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Description	2023-2024	2022-2023
	Kshs	Kshs
Total	36,018,708	24,937,005

**22. Events after the Reporting Period**

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

**23. Ultimate And Holding Entity**

The Authority is a State Corporation/ or a Semi- Autonomous Government Agency under the National Treasury and Planning. Its ultimate parent is the Government of Kenya.

**24. Currency**

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