

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

OF DATE: 09 APR 2025

Wednesday

TABLED  
BY:

Han. Njoroge Wako  
Deputy Majority Party Whip  
Halima Ahmed

CLERK-AT  
THE TABLE:

**THE AUDITOR-GENERAL**

**ON**

**KENYA FISHING INDUSTRIES CORPORATION**

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

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**KENYA FISHING INDUSTRIES CORPORATION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> 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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**1. Acronyms and Definition of Key Terms**

**A: Acronyms**

BMU	Beach Management Unit
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KFIC	Kenya fishing Industries Corporation
KMA	Kenya Maritime Authority
KPA	Kenya Port Authority
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
WB	World Bank

**B: Definition of Key Terms**

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

**Comparative Year-** Means the prior period

## **2. Key Entity Information and Management**

### **(a) Background information**

**(b)** Kenya Fishing Industries Corporation is a body corporate established via section 3(1) of the State Corporation's Act Cap 446 through a Presidential directive legal Notice No. 214 of 23<sup>rd</sup> November, 2018 and amended by Legal Notice No. 110 of 22<sup>nd</sup> May, 2020.

### **(c) Principal Activities**

The mandate of the KFIC is to exploit fishery resources in the Kenya fishery waters and high seas by promoting the establishment, development and efficiency of businesses engaged in the fishing and fishing related activities.

The functions of the Corporation include;

- i. Exploit, buy, process, market, and sell marine resources and products, including aquatic plants.
- ii. Facilitate and promote the development and trade of fish and other marine products.
- iii. Establish and manage an auction Centre for fish and other marine resources.
- iv. Develop and operate facilities and establishments for the exploitation of fishery resources.
- v. Acquire, hold or dispose of assets, including equipment and accessories necessary for the capture, preservation, processing, selling and marketing of fish and fish products.
- vi. Undertake any other activities necessary or incidental to achieving the functions of the corporation.

It is the responsibility of the Management and Board of Directors to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. This undertaking ensures that Kenya Fishing Industries Corporation has a credible Strategic Plan and Performance Contract that will deliver its goals; while performing our responsibilities diligently and in the best of our abilities to support the achievement of the agreed performance targets.

#### **Vision Statement.**

To be a global leader in the sustainable exploitation of fishery resources.

#### **Mission Statement**

To exploit fishery resources in a sustainable manner for socio-economic development of the country

**Strategic Objectives**

**The strategic objectives of KFIC are to:**

- i. Exploit, buy, process, market and sell marine resources and products including aquatic plants.
- ii. Facilitate and promote the development and trade of fish and other marine products.
- iii. Establish and manage an auction Centre for fish and other marine resources.
- iv. Develop and operate facilities and establishments for the exploitation of fishery resources.
- v. Acquire, hold or dispose of assets including equipment and accessories necessary for the capture, preservation, processing, selling and marketing of fish and fish products.
- vi. Undertake any other activities necessary or incidental to achieving the functions of the corporations.
- vii. Build capacity in fisheries and aquaculture
- viii. Generate and mobilize financial resources

**Key Management**

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

No.	Designation	Name
1.	Board of Directors	Mr. John G. Msafari, FICS, MIO D (K), CRG (Gambia)-Chairman
		Dr. Johnson M. Kazungu PhD
		Ms. Delilah K. Ngala,
		Ms. Daisy Kanainza Nyongesa,
		Mr. Donald Ajuoga,
		Mr. Dennis O. Olila,
		Ms. Christine Kanini
		Mr. Rashid Imam
		Mr. Golich Juma Wario,
		Ms. Elizabeth Wamae,
Mr. Emmanuel Makuto.		
2.	Accounting Officer/ Chief Executive Officer	Dr. Mikah O. Nyaberi PhD.
3.	Assistant Director of Fisheries	Mr. James Ndiritu
4.	Finance & Accounting Officer	Ms. Monica Nkatha
5.	Principal Fisheries Officer	Mr. Japheth Musila

**Key Entity Information and Management (continued)**

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Ag. Accounting Officer/ Chief Executive Officer	Dr. Mikah O. Nyaberi
2.	Assistant Director of Fisheries	Mr. James M. Ndiritu
3.	Finance & Accounting Officer	Ms. Monica Nkatha
4.	Principal Fisheries Officer	Mr. Japheth Musila

**(e) Fiduciary Oversight Arrangements**

**Audit and Risk Committee**

This Committee is comprised of 4 Directors of the Board and an internal auditor from the State Department of Blue Economy and Fisheries. Its main function is to consider and process on behalf of the Board all matters relating to audit, audit queries and Management Letters from the Office of Auditor General or the duly appointed external auditors. It also considers matters of quality assurance of systems and processes in the Corporation's operations and reviews the risk management framework and the periodic performance contract reports.

**Finance and General-Purpose Committee**

The Committee is comprised of 4 Directors of the Board and the Chief Executive Officer. Its main function is to review and monitor the Corporation's financial position on behalf of the Board, including a review of the liquidity status; all the Corporation's Accounts; Budgets, Financial Statements; and statutory reports as well as bank reconciliation. It also ensures compliance with the financial reporting requirements and proper keeping of all the financial records of the Corporation.

**Office of the Inspector General State Corporations**

The Inspector general of State Corporations has by law presence on the Board for the purpose of advising and ascertaining the activities carried out by the Board are in line with the set-out rules and regulations in line with the functions of the corporation as set out in the State Corporation Act Cap 446 (18) of the Laws of Kenya.

**(f) Entity Headquarters**

Taib Abdulla Nassir Rd, Mombasa  
P.O. Box 99775 – 80107  
Mombasa, Kenya

**(g) Entity Contacts**

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Tel/Fax: +254 742407768/+254786331616

E-mail: info@kfic.go.ke

Website: <http://www.kfic.go.ke>

**(h) Entity Bankers**

The following are the Bank Accounts owned by the Corporation during the year ending 30<sup>th</sup> June 2024

National Bank of Kenya,  
P.O. Box 72866 – 00200,  
Nairobi, Kenya,  
Bank Branch: Bondeni.



**(i) Independent Auditor**

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



**(j) Principal Legal Adviser**

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




**3. The Board of Director**

Ref	Directors	Details
1.	 <p><b>Mr. John G. Msafari, FICS, MIoD (K), CRG (Gambia)</b>  <b>Chairman of The Board</b></p> <p><b>Key Qualifications</b>            Bachelor of Commerce (UON), Fellow of the Institute of Chartered Shipbrokers (UK)</p>	<p><b>Date of Birth: 20<sup>th</sup> September, 1950</b></p> <p><b>Date of Appointment: 04<sup>th</sup> October 2021</b></p> <p><b>Work Experience:</b>            Currently serves as the Administrative Director at East African Seafood Limited. He has vast knowledge in matters management, having served as a Commissioner General for the Kenya Revenue Authority, the Gambia Revenue Authority, Director at Kenya Ports Authority, Kenya Maritime Authority, and the Central Bank of Kenya, as well as a Director at the Agricultural Sector Network.</p> <p>The director is independent.</p>
2.	 <p><b>Dr. Johnson M. Kazungu PhD</b>  <b>Chairman, Technical and Operations Committee</b></p> <p><b>Key Qualifications</b>            PhD in Oceanography</p>	<p><b>Date of Birth 6<sup>th</sup> February 1958</b></p> <p><b>Date of Appointment 28<sup>th</sup> October 2021</b></p> <p><b>Work Experience</b>            He has served as the CEO for Kenya Marine and Fisheries Research Institute for a period of 15 years. He is a renowned scholar with strong excellence in research and science.</p>

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		<p>The director is independent and serves as the Chair of the Technical and Operations Committee</p>
3.	 <p><b>Mr. Golich Juma Wario</b> <b>Board of Director</b></p> <p><b>Key Qualifications</b> Bachelor of Education (Human resource Option)</p>	<p><b>Date of Birth</b> 01.01.1972</p> <p><b>Date of Appointment</b> 12<sup>th</sup> January 2024</p> <p><b>Work Experience</b> He worked as clerical officer in office of president, served as a Coordinator of BOMAS of Kenya undertaking Constitutional reviews. He also worked as Board of directors in Kenya Livestock Marketing Council and vied as member of parliament Galole Constituency</p> <p>The director is an independent director</p>
4.	 <p><b>Ms. Daisy Kanainza Nyongesa</b> <b>Chairperson, Human Resource Management Committee</b></p> <p><b>Key Qualifications</b> Master of Arts-diplomacy and Foreign Policy</p>	<p><b>Date of Birth:</b> 1989</p> <p><b>Date of Appointment</b> 28<sup>th</sup> October 2021</p> <p><b>Work Experience</b> Work Experience Serves as a consultant at the Ministry of Health. Former nominated senator representing the youth in the Senate She is an experienced public policy expert,</p>

	<p>Bachelor of Education (ARTS)-MMUST Certified Professional Life Coach</p>	<p>Governance and Legislative Consultancy with over nineteen years of practice in both private and public institutions of policy formulations, strategic plan development, and implementation. Served as legislative consultancy of the Ministry of Health and a senator presenting the youth in the Senate (11 parliament)</p>
<p>5.</p>	 <p><b>Mr. Donald Ajuoga</b> <b>Chairman, Audit and Risk Committee</b></p> <p><b>Key Qualifications</b> Master of Business Administration Bachelor of Commerce (Marketing)</p>	<p><b>Date of Birth:</b> 14<sup>th</sup> December, 1974 <b>Date of Appointment</b> 13<sup>th</sup> May 2022</p> <p><b>Work Experience</b> Has vast experience in the marketing sector having served with various multinational organizations. Co-founder, CEO – Home Safety and Hygiene Solutions Ltd (East Africa) Founder, Director – Magoya Aquafarm Ltd Country Head, Qatar Airways Country Head, Kenya Airways Regional Sales Manager, British Airways – East and Central Africa</p> <p>The director is an independent director and serves as the chair of the Audit and Risk Committee.</p>



6.	 <p><b>Mr. Dennis O. Olila</b>  <b>Board of Director (Rep. National Treasury)</b></p> <p><b>Key Qualifications</b>  MSc. Agricultural and Applied Economics (UoN)  BSc. Agricultural Education and Extension (UoN)</p>	<p><b>Date of Birth:</b> 1985</p> <p><b>Date of Appointment</b>  10<sup>th</sup> March 2022</p> <p><b>Work Experience</b>  Serves as a senior economist at the National Treasury  The director is an alternate director.</p>
7.	 <p><b>Mr. Emmanuel Makuto</b>  <b>Board of Director (Rep. Attorney General)</b></p> <p><b>Key Qualifications</b>  post graduate diploma Kenya school of law  Graduate: LLB From Moi University.</p>	<p><b>Date of Birth:</b> 14/09/1987</p> <p><b>Date of Appointment:</b> 21<sup>st</sup> May 2024</p> <p><b>Work Experience</b>  Serves as a Senior State Counsel, Office of Attorney General and Department of Justice.</p> <p>The director is an alternate director</p>
8.	 <p><b>Mr. Rashid Imam.</b>  <b>Board of Director (Rep. PS State Department of Blue Economy and Fisheries)</b></p>	<p><b>Date of Birth:</b></p> <p><b>Date of Appointment:</b></p> <p><b>Work Experience</b>  Serves as currently Deputy Director and the Regional Coordinator – Coast Region, in the State Department for the Blue Economy and Fisheries. Has over 15 years of experience in fisheries management in Kenya. His</p>

	<p><b>Key Qualifications</b></p> <p>Master of Science degree in International Studies in Aquatic Tropical Ecology – ISATEC (Bremen University, Germany)</p> <p>Bachelor’s degree in Biochemistry (Egerton University, Kenya).</p>	<p>experience crosscuts both capture fisheries and aquaculture, including enforcement of fisheries management measures. His main interest is in fisheries management and research, focusing in Aquatic Ecophysiology.</p> <p>The director is an alternate director</p>
<p>9.</p>	<div data-bbox="258 607 746 981" data-label="Image"> </div> <p><b>Dr. Mikah O. Nyaberi, PhD</b>  <b>Secretary to the KFIC Board of Directors</b></p> <p><b>Key Qualifications:</b></p> <p>PhD in Food Science and Technology</p> <p>MSc. Food Science and Technology</p> <p>BSc. Major Biochemistry and Minor Microbiology</p>	<p><b>Date of Birth:</b> 1<sup>st</sup> January 1967</p> <p><b>Area of Responsibility</b>                  Chief Executive Officer of the Corporation.                  Secretary to the KFIC Board of Directors</p>

**4. Key Management Team**

	Management	Details
1.	 <p><b>Dr. Mikah O. Nyaberi, PhD</b>                      Key Qualifications:</p> <ul style="list-style-type: none"> <li>• PhD in Food Science and Technology</li> <li>• MSc. Food Science and Technology</li> <li>• BSc. Major Biochemistry and Minor Microbiology</li> </ul>	<p><b>Date of Birth</b></p> <p>23<sup>rd</sup> February, 1968</p> <p><b>Area of Responsibility</b></p> <ul style="list-style-type: none"> <li>• Director General and Chief Executive Officer</li> <li>• Accounting Officer of the Corporation</li> </ul>
2.	 <p><b>Mr. James M. Ndiritu</b>                      Key Qualifications:                      Bachelor of Science Biochemistry</p>	<p><b>Date of Birth</b></p> <p>17<sup>th</sup> February 1971</p> <p><b>Area of Responsibility</b></p> <ul style="list-style-type: none"> <li>• Assistant Director of Fisheries</li> <li>• In-charge of Corporate services</li> </ul>

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<p>3.</p>	 <p><b>CPA- Monica Nkatha Thurania</b></p> <p><b>Key Qualifications</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Commerce (Finance Option)</li> <li>• ICPAK Reg No. 24649</li> </ul>	<p><b>Date of Birth</b> 2<sup>rd</sup> May 1985</p> <p><b>Area of Responsibility</b></p> <ul style="list-style-type: none"> <li>• Ag. Head of Finance and Accounting</li> <li>• Responsible for all matters finance within the Corporation</li> </ul>
<p>4.</p>	 <p><b>Mr. Japheth Musila</b></p> <p><b>Key Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of science (Coastal &amp; Marine Resource Management)</li> </ul>	<p><b>Date of Birth</b> 30<sup>th</sup> January 1990</p> <p><b>Area of Responsibility</b></p> <ul style="list-style-type: none"> <li>• Principal Director of Fisheries</li> <li>• In-charge of production and Business Development</li> </ul>

## **5. Chairman's Statement**

As a global leader in the sustainable exploitation of fishery resources, KFIC continued to play its central role in exploiting fishery resources in Kenyan fishery waters and high seas by promoting the establishment, development, and efficiency of businesses engaged in fishing and fishing-related activities. I thank the Government of Kenya for committing funds in grants for a sustainable manner for the socio-economic development of the Country, which made it possible to improve food and nutritional security in line with the Bottom-Up Economic Transformation Agenda (BETA) and Vision 2030 to promote the Blue Economy Investments, anchor the Corporation on investment, processing and value addition in the fisheries sub-sector. This is in line with the overall government's plan on industrialization/manufacturing, smallholder farmers' income, and foreign exchange earnings, as well as job creation.

### **Achievements During the Financial Year 2023/2024**

During this period, the Corporation achieved tremendous progress in contributing to the Government's total income generation. The key outputs include identifying and mapping stakeholders in the fish and fisheries business sector, continuing the development of the Liwatoni Ultra-Modern Tuna Fish Hub, and operationalization of the Liwatoni Fishing Port.

The Corporation successfully implemented the performance contract targets for the FY 2023/2024 and disseminated the findings to the various stakeholders as scheduled. The Performance Contract for the FY 2023/2024 was signed between the Board of Directors and the Cabinet Secretaries of the Parent Ministries and for countersigning by the Cabinet Secretary, National Treasury and Economic Planning.

Fish landing sites are critical infrastructure for handling and promoting food safety in various fish value chains. There is a need to improve the performance of these landing sites so as to reduce post-harvest losses. Currently, KFIC has been handling mainly the marine fish landed at Liwatoni Fish Port. Over time, the Corporation has generated over Kshs. 40 million in revenue since inception in November 2019. This means there exists more potential for generating even more revenues for the Government by the inclusion of portions of the landed fish and fish products from the other landing sites. The majority of these fish landing sites are under construction by the government, and it is expected that upon completion, the Corporation will ensure full utilization of the infrastructure for its investment portfolio.

Despite the above successes, the Corporation experienced several challenges, which include but are not limited to operational and staff costs and funding gaps.

### Ongoing Initiatives

As the global leader in the sustainable exploitation of fishery resources, the Corporation is currently installing Port facility security Systems, water supply to vessels which is in 70% complete and rehabilitating the Uvuvu I fishing boat. The Corporation also continues to implement the Presidential Directive to support deep sea fishers in collaboration with the KeFS, KPA, KMA, and KMFRI as part of government efforts to build capacity for exploitation of the Blue Economy.

### Future Outlook

KFIC continues to exploit fishery resources in a sustainable manner for the socio-economic development of the country. The Board of Directors continually seeks new approaches to enable the Corporation to anchor the institution on investment, processing, and value addition in the fisheries sub-sector. This is in line with the Kenya Kwanza BETA (2023-2027) on industrialization/manufacturing, smallholder farmers' income, and foreign exchange earnings, as well as job creation, and addresses the challenges affecting the discharge of its mandate.

### Risk Management

The Board of Directors is committed to risk management aligned with the principles of best practice and corporate governance. KFIC's business strategy is based on taking calculated risks in a way that does not jeopardize the direct interests of the different stakeholders. Sound assessment of risk enables us to anticipate and respond to changes in our business environment, as well as make informed decisions under conditions of uncertainty.

In conclusion, I take this opportunity to thank the KFIC Board of Directors, Management, and Staff for their support in providing leadership over the past year. Their commitment contributed immensely to our performance. I am confident that they will continually spare no effort to attain and surpass the targets set for the new financial year. God bless us all.

Signature



Mr. Donald Ajuoga (MBA)

For: Chairman of the Board

Date: 20<sup>th</sup> Dec 2024

## **6. Report of the Chief Executive Officer**

I have the pleasure to present the Annual Report and Financial Statements for the Kenya Fishing Industries Corporation (KFIC) for the period ended 30<sup>th</sup> June 2024. The Corporation remained on course in undertaking to be a global leader in the sustainable exploitation of fishery resources within its mandate aimed at alleviating poverty and enhancing food security. This creates employment through increasing local participation and investment in the blue economy through private sector engagement and partnerships. It also provides overall policy for exploitation of agro-based marine resources and promoting Kenya as a centre for aquaculture among others. For the period under review, the Corporation continued to actively develop and operate facilities and establishments for the exploitation of fishery resources.

### **Operational Performance**

KFIC in execution of its mandate has undertaken various activities. The activities include the following;

The Corporation participated in the integration of all MDA's existing Pay bills to the gazetted government payment gateway systems (E-citizen). This was aimed at improving the Service delivery to KFIC stakeholders in compliance with the Presidential directive. The Corporation sensitized its stakeholders on the onboarding of services on the E-citizen platform.

The Corporation participated in the launching of Kichwa cha Kati fish landing site in Malindi. This was aimed at enhancing collaborations between KFIC and the BMU at the landing site to promote the exploitation of fisheries resources.

KFIC is developing the Environmental Social Impact Assessment report and the concept note for the Liwatoni Fishing Port. This is a requirement as per the Public Private Partnership engagements. The activity is in collaboration with teams drawn from KMFRI, KeMFSED, State Department and KeFS.

The Corporation took part in the Medium-Term Expenditure Framework IV for budget preparation process as per the National Treasury guidelines and negotiation on resource sharing.

In collaboration with teams drawn from KMFRI and KeFS undertook the development of Kenyan offshore Fisheries stock status report for investment in the Exclusive Economic Zone as a basis for operationalization for Liwatoni Fishing Port.

During the FY 2023/2024, the Corporation participated in the National tree growing Day at Ganahola Creek in Mombasa County & Witu forest in Lamu County. The Corporation has also undertaken tree

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planting exercise at Shimo La Tewa Borstal in Mombasa County, Lake Kenyatta catchment area in Lamu and Kipini mangrove in Tana River County. The total trees planted during the year amounted to 15,667. This is in line with the Presidential Directive for green initiative to achieve 15 billion trees by 2030.

To facilitate and promote the capture, preservation, selling and marketing of fish and fish products, the Corporation conducted a consultative meeting between its interagency and stakeholders for designing an ideal boat for deep sea fishing. During the year the Corporation initiated the renovation and remodeling of Uvuvi I which will promote deep sea fishing.

In reference to the performance contract for the year, KFIC staff were trained on productivity mainstreaming and matrix development. This was envisioned in measuring of the productivity of the Corporation Staff performance and targets.

The Corporation has hosted World Fisheries Day at Liwatoni Complex and as well as participating in several forums such as Blue invest, Kakamega International Investment conference, sensitization forum on transition from cash to accrual basis of accounting at Naivasha to enhance financial reporting, and Arabec II sustainable ocean governance sustainable Blue Economy conference. These forums were envisioned in the exploitation of fisheries resources.

KFIC conducted surveys in the fish landing sites to ascertain the status of the facilities in the landing sites in the country with the aim of operationalization of the dormant facilities. The Corporation has initiated collaborations, partnership and agreements with County governments, financial institutions and Beach Management Units with an aim of supporting businesses in fisheries sector. The Corporation also initiated the development of fleet management plans for deep sea fishing vessels, sea weed business plans, Ice and fish trade business plans. The main objective of the exercise is to promote the sustainable exploitation of fisheries resources for social economic development.

KPA, KFIC and KMA officers participated in the establishment of the Liwatoni Port Facility security plan in with the International Ship and Port facility security code. This would enable the maintaining of security measures and services for vessels landing at the Liwatoni fish port thus ensuring efficiency.

Officers attended a sensitization training on relevant regulations pertaining registration of vessels and safety, based on the Merchant Shipping Act at KMA. This was to promote and enhance safety of vessels at the Liwatoni fishing port.

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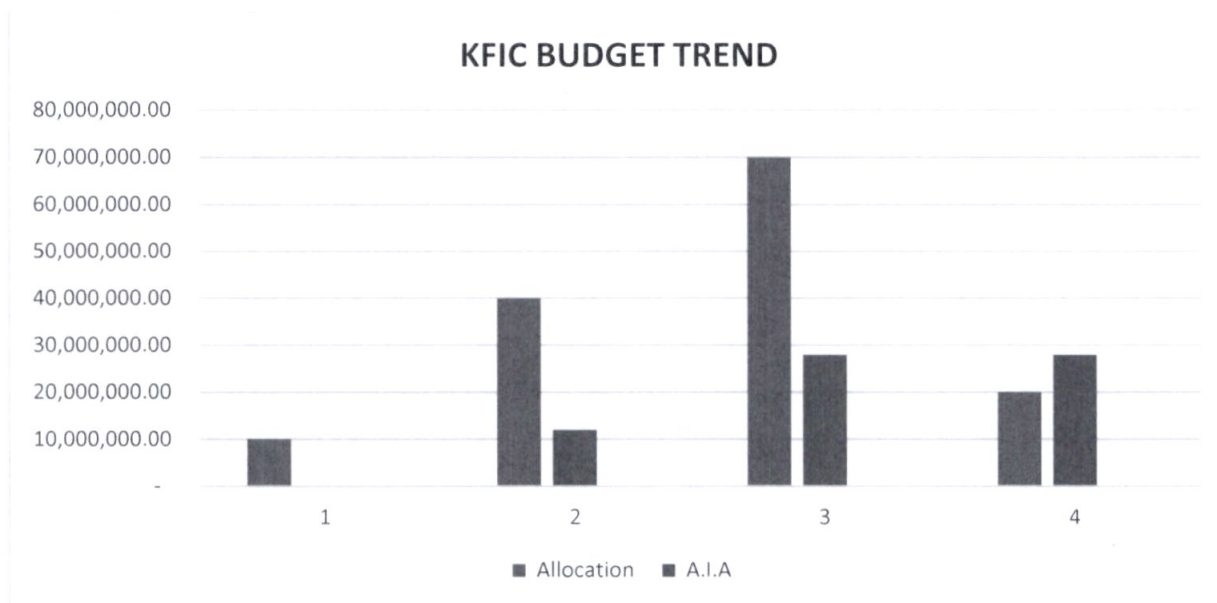
The Corporation developed its Strategic plan 2023-2027 to guide in the implementation of the Corporations programmes and enhance efficiency and effectiveness of service delivery to KFIC stakeholders.

**2. Financial Performance**

**Compliance with the Laws and Regulations**

During the FY 2023-2024, the Corporation complied with the set budgetary levels for the year. All the funds released by the government to the Corporation were expensed towards the intended and approved work-plan of the Corporation.

The financial performance for the period is as shown in Figure 1 below:



**Figure 1: KFIC Recurrent and AIA Allocation**

**A-in-A**

During the year under review, the Corporation collected revenue totaling to **Kshs. 12,594,542** which comprises of Fixed deposit interest (Kshs. 5,154,723), Fish Offloading charges (Kshs. 181,090), security charges (Kshs. 6,741,129), Hire of conference (Kshs 47,000), Quay fees (Kshs. 433,800) Main land parking fees (Kshs 36,800), realization of loss of dollar (Kshs 207,507), As captured in Note 7,9, and 16

**Expenditure**

During the year under review, the Corporation received a total of Kshs. **70,000,000** as captured in Note 6. Total expenditure Kshs. 78,859,143 which includes general operating, administrative Kshs 41,624,297, personnel emoluments expenses Kshs 6,781,292, board expenses Kshs 13,562,489,

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Repairs and maintenance Kshs 5,026,067, Contracted services Kshs 4,272,616 and capital expenditure Kshs 7,592,382 captured in Note 10,11,12 ,14, while total expenditure is net of depreciation was Kshs. 5,197,032 as captured in Note 13& 23

**Risk Management**

In view of the nature of work undertaken by KFIC and the size of its operations, there are risks that are peculiar to the Corporation's operations. The purpose of Risk Management is to identify such risks early before they mature and develop strategies to mitigate them. The Corporation has undertaken capacity building and training on risk management for the Board, management, staff. Each Corporation department developed a risk register, which has been incorporated in the quality operating system processes and continues with periodic reviews to incorporate emerging business trends.

**Safety, Health, and Environment**

Businesses are responsible for achieving good environmental practice and operating in a sustainable manner. The Corporation is therefore committed to reducing environmental impact and continually improving environmental performance as an integral and fundamental part of business strategy and operating methods. It is our priority to encourage our customers, suppliers, and all business associates to do the same. Pleasingly, no fatalities were reported in the Corporation in the reporting financial year.

To ensure safe work practices in compliance with Occupational Safety and Health Act of 2007, the maintenance of appropriate health and safety standards remains a key responsibility of all employees, and the Corporation is committed to the proactive management of health and safety risks associated with operations. Our objective is to identify, reduce and control material risks relating to fires, accidents or injuries to employees, customers, and the research premises. The Corporation further continued to develop new infrastructure, acquire, and modernize its equipment that will improve and sustain efficiency.

To conserve the environment, the Corporation undertook tree planting and beach cleaning exercise. These exercises were aimed at mitigating pollution effects, climate change and enhance green initiatives

**Compliance with statutory requirements**

During the FY 2023/2024, the Corporation complied with all statutory obligations including but not limited to: remittances of PAYE, NHIF, NSSF, VAT, Housing Levy and Withholding tax within the stipulated deadlines. The Corporation was also in compliance with regulatory requirements including

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PFM Act 2012, The Public Procurement and Asset Disposal Act, 2015 and the State Corporations Act.

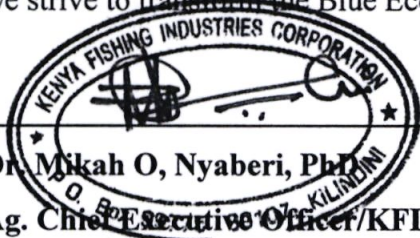
**Challenges**

Despite the increased Blue Economy research coverage, the Corporation experienced several challenges which include insufficient funds, limited space for expansion and lean staff employed.

**Future Outlook**

The Management continually seeks new approaches to enable operationalize the Corporation that would create more impact on the livelihoods of fisherfolk communities and create opportunities. Taking advantage of the expanded mandate, the Corporation continues to lobby the government for increased support as an enabler in realization of the Blue Economy exploitation initiatives.

I thank our stakeholders, the Board of Directors, our dedicated and talented staff for their support as well as their effort in making sure the Corporation achieves its goals and objectives. I also appreciate our service providers, the national & county governments, and all other stakeholders for their respective contributions to the Corporation during the year. I look forward to continued support as we strive to transform the Blue Economy Sector.



\_\_\_\_\_  
Dr. Mikah O, Nyaberi, PhD  
Ag. Chief Executive Officer/KFIC

Date: 20/12/2024

**7. Statement of Performance against Predetermined Objectives for FY 2023/2024**

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

KFIC has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023- FY 2024. These strategic pillars/ themes/ issues are as follows:

- Development / renovation and operationalize of facilities
- Establishment of collaboration and Partnerships
- Development/Review of the operational documents
- Human resource capacity building
- Resource Mobilization

KFIC develops its annual work plans based on the above 4 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2023-2024 period for its 5 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Development / renovation and operationalize of facilities	To Develop/ renovate and operationalize of facilities.	Level of implementation of Citizens’ Service Delivery Charter	Implement Citizens’ Service Delivery Charter	The Service Charter was fully implemented in the FY 2023/2024,100%
		Level of development/ renovation and operationalization of facilities	Initiation development/ renovation operationalization facilities	KFIC renovated Uvuvu 1 Vessel in the FY 2023/2024 75 %
		Level of implementation of Performance Contract	Implement the Performance Contract	The Performance Contract was fully implemented in

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				the FY2023/24 – 100%
Review of the operational documents	To develop /Review the Operational documents	Number of approved operational Documents	KFIC approved operational Documents	KFIC has received operational documents approved by the SCAC for the FY 2023/24 100%
Collaboration and Partnerships	To promote local and international collaborations and partnerships	Number of collaborations and partnerships	Enter new collaborations and partnerships	KFIC has initiated process of collaborating with County governments and BMUs in management and business Plans 75%
Human resource capacity building	To build capacity of Human Resource.	Level of capacity of Human Resource build	Build Capacity of Human Resource	KFIC has one Ag. CEO, Two technical Officers from SDBE&F, One Finance& Accounting, one clerical officer, 1 Driver and in additional 9 contracted staff and 11 interns from PSC
Resource mobilization	To mobilize and manage	Amount resources mobilised to	Deep sea Fishing vessel proposal has been	Services from port facility, Generation of

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	financial resources	support KFIC activities	developed to seek financial Resource	interest thro' treasury Bill, one medium sized vessels @ 90%, supply of water to vessels @ 50%, disposal of scrub at 50%, sale of ice and completion of cold store on to seek financial resorce100%
--	---------------------	-------------------------	--------------------------------------	---

Over and above being in our annual work plan, the above items have been captured in the Institute's Performance Contract under specific categories such as Financial Stewardship & Discipline, Service Delivery Indicators, Core Mandate, Implementation of Presidential Directives, Access to Government Procurement Opportunities (AGPO), Promotion of Local Content in Procurement, Cross-cutting, Competency Development and Public Awareness.

**8. Corporate Governance Statement**

Good corporate governance entails establishment and enhancement of sustainable value for stakeholders through adoption of ethically driven procedures and processes. The Board ensures that corporate governance guidelines and best practices are followed, and that all corporate affairs are managed in a fair and transparent manner. In this regard, we believe it is our inherent responsibility to disclose timely and accurate information on our financials and performance as well as leadership and governance of the Corporation. The Board of Directors and KFIC Management remains steadfast and committed to the adoption of corporate governance best practices in support of our vision to provide world-class services that delight our customers, create value and meet stakeholders' expectations. This statement sets out the main corporate governance practices and structures in the Corporation and actions taken towards achievement of our goals.

During the reporting period the Board held the following meeting and developed three policy documents: namely the Board Charter; the Audit and Risk Management Policy;

S/No	Type of Meeting	Frequency
1.	Full Board	5
2.	Technical and operational Committee	6
3.	Finance and General- Purpose Committee	6
4.	Audit, risk and Management Committee	5
5.	Board Self Evaluation	1

**i. Board of Directors**

The KFIC Board of Directors consists of four (4) independent non-executive members, appointed by the Parent Ministry Cabinet Secretary, the Chairman appointed by the President on a triennial cycle. It also consists of representatives of the National Treasury, State Department for Blue Economy and fisheries, the Attorney General, Inspector General of State Corporations and the Corporation CEO who is also the Board Secretary. The Board composition draws a good mix of skills, experience, and proficiencies in various fields.

**ii. Appointment of the Board**

Every appointment for independent non-executive board member shall be by name and by notice in the Kenya Gazette and membership shall cease as set out in the State Corporations Act. To manage succession management, appointments are staggered to ensure there is business continuity in the Board of Directors.

**iii. The Board Charter**

The charter defines the Board’s roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight functions. It helps the Board in directing the Corporation to maximize the long-term value of services provided to all stakeholders.

The Board charter spells out important governance arrangements including the following:

- i) Appointment, skills requirement, gender mix and capacity development for Board Members;
- ii) Functions and responsibilities of the Board, the Chairman and the Chief Executive Officer;
- iii) Conduct of Board and Committee meetings;
- iv) Directors’ Code of Conduct; and
- v) Terms of reference for all Board Committees

**iv. Board work plan and meetings**

Dates for Board meetings in the ensuing year are decided in advance and scheduled in the Board’s work plan (ALMANAC). The Board meets at least four times in a financial year to monitor and transact the Corporation’s business. Board Members receive adequate notice and detailed papers on issues to be discussed in good time to enable them to prepare for the meetings.

In compliance with the *Mwongozo Code*, the Board of Directors dedicated adequate time and met as required to effectively provide the required leadership. During the year 2023/2024, the Corporation had six (6) regular Board meetings with several committees of the Board meetings.

The attendance of the Board meeting is as indicated below:

		<b>Full Board</b>	<b>Board Committees</b>			
			<b>Human Resource &amp; Governance</b>	<b>Finance-General &amp; Purpose</b>	<b>Technical and Operational</b>	<b>Audit &amp; Risk Management</b>
<b>Board Member</b>	<b>Role</b>	<b>No. of Meetings attended</b>	<b>No. of Meetings attended</b>	<b>No. of Meetings attended</b>	<b>No. of Meetings attended</b>	<b>No. of Meetings attended</b>
Mr. John G. Msafari, FICS, CRG (Gambia)	Chairman	5/5	N/A	N/A	N/A	N/A
Prof. Johnson M Kazungu, PhD	Member	5/5	N/A	5/6	6/6	N/A
Mr. Donald Ajuoga,	Member	5/5	N/A	N/A	6/6	5/5

**Kenya Fishing Industries Corporation**  
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Ms. Daisy Kanainza Nyongesa	Member	5/5	3/3	N/A	N/A	5/5
Ms. Delilah K Ngala	Member	3/5	N/A	3/6	N/A	N/A
Ms. Christine Kanini Ileli	Member	3/5	2/3	N/A	3/4	N/A
Mr. Dennis Olila	Member	5/5	N/A	3/5	3/6	4/5
Mr. Golich Juma Wario	Member	1/2	1/3	N/A	N/A	N/A
Mr. Emmanuel Makuto	Member	N/A	1/3	N/A	1/2	N/A
Ms. Elizabeth Wamae	Member	3/5	N/A	1/6	N/A	N/A
Mr. Rashid Imam	Member	5/5	3/3	5/6	6/6	5/5

**v. Board Committees**

The Board has four standing committees that assist to effectively discharge various business functions and responsibilities. The Board defines terms of reference under which the respective committees operate. The committees submit reports of their activities to the Board. During the year, the Board established the following committees:

**a) Technical and Operations Committee**

The Committee is charged with the responsibility of providing policy direction and ensuring that the Corporation Agenda is in line with the Corporate Strategic Plan, and it is linked with the National Development Policies including the Kenya Vision 2030, Bottom-Up Economic Transformation Agenda and Third Medium Term Plan. The Committee is also responsible for approving proposed development projects and recommending development functions.

**b) Human Resource and Governance Committee**

The Committee is responsible for providing policy direction to the Corporation's in human resource and administration matters. The Committee is also responsible for the establishment of the terms and conditions of service and scheme of service for the employees, and making regulations governing the appointments, remuneration, conduct and discipline of Corporation's employees. The committee regularly reviews and evaluates the adequacy and effectiveness of the Corporation's personnel policies. The committee reviews and deliberates on staff matters and provides guidelines in the implementation of the personnel policies.

**c) Finance and General-Purpose Committee**

The Committee reviews and approves the Corporation's annual budget, administers the recurrent and development annual budgets and ensures the budgets are aligned to the government printed estimates. The Committee deliberates on and approves the Corporation annual report and financial statements. The committee regularly reviews and evaluates the adequacy and effectiveness of the Corporation's finance and planning policies.

**d) Audit and Risk Committee.**

The Committee acts as the oversight board committee and responsible for evaluating the effectiveness of the internal control procedures and risk management procedures. It is responsible for establishing an internal audit function and ensuring that there is an effective risk based internal audit systems. This committee is also responsible for reviewing financial information as well as monitoring the effectiveness of management information systems and the reporting thereof. The committee reviews all significant findings of the internal and external auditors and provides policy direction as appropriate.

**Board Remunerations**

During every Board meeting, members are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable within government set limits for State Corporations. The Chairman receives a monthly honorarium. Details of Director's emoluments during the year are shown on note **twelve (12)** in the notes the financial statements.

**Board Evaluation**

During the year, the Board carried out a self-evaluation exercise assisted by the State Corporations Advisory Committee (SCAC) who designed and implemented the process. The Board self-evaluation questionnaire was based around the five main principles of the Code, namely: leadership, effectiveness, accountability, training and relations with stakeholders. The Board identified no material areas for improvement, but confirmed the need to address the training, which is currently receiving attention as indicated in the Board work plan.

**Board capacity development**

To ensure that all directors remain informed, continual training and updates based on skills and competency requirements are conducted. A detailed induction programme is conducted for newly appointed Directors to enhance their understanding of the nature of the Corporation's business, performance, and strategy. Each year the Board prepares a training calendar where specific training

needs are identified and scheduled. During the year, Members attended various capacity building programmes focusing on leadership, governance, finance, and other relevant areas.

**Code of Conduct & Ethics**

KFIC is committed to the highest standards of integrity, behavior, and ethics in dealing with all its stakeholders. A formal code of ethics has been approved by the Board and is fully implemented to guide the Board, management, employees, and stakeholders on acceptable behavior in conducting business. All Board members and employees are expected to avoid activities and financial interests that could undermine their responsibilities to the Corporation.

In addition, the Board applies a Conflict-of-Interest policy. A Director with an actual or potential conflict of interest in relation to a matter before the Board is required to disclose such interest and excuse himself or herself from the Board for discussion relating to the matter in question, such conflicts are registered.

**Accountability and audit**

Accounting records showing and explaining the transactions and financial position of the Corporation in compliance with the Public Finance Management Act 2012 and the prescribed accounting standards.

The Corporation's Financial Statements are audited by the Office of the Auditor-General. The Auditor-General is an independent office whose role and responsibilities are defined under the Constitution of Kenya. The Board in furtherance of its duties, ensures that the process, structure, and internal controls are maintained and adhered to and has internal risk and audit staff to carry out such functions.

## **9. Management Discussion and Analysis**

### **a. Operational Performance**

During the period under review, KFIC continued to implement its Performance Contract for the financial year 2023/2024 as negotiated with the Parent Ministry and vetted by the Performance Contracting Secretariat. With regards to budgetary resources, the government released exchequer grants to the Corporation, though with unprecedented delays as per the government printed estimates for the 2023-2024 Financial Year.

### **b. Compliance with Statutory requirements**

During the period, the Corporation complied with all statutory obligations including but not limited to: remittances of PAYE, NHIF, NSSF, VAT, and withholding tax within the stipulated deadlines. The Corporation was also in compliance with regulatory requirements including PFM Act 2012, The Public Procurement and Asset Disposal Act, 2015 and the State Corporations Act.

### **c. Major Risks facing the Corporation**

The Board of Directors is responsible for the Corporation risk management. KFIC while implementing its mandate identified key corporate risks, the associated risk levels, and their mitigation strategies as defined below:

- i.** The Corporation shall collaborate with relevant stakeholders, inter-agencies, BMU on investor education and awareness programmes on new Facility/services to support successful implementation and maintain an updated database on necessary reforms and continuously review the rendered services to provide guidance to the relevant stakeholders.
- ii.** Sub-optimal staff capacity - Management secured approvals of the new organization structure by State Corporations Advisory Committee and implementation is ongoing. The Corporation shall also effectively train the staff and align the departmental activities to the corporate activities and projects, while optimizing vacancy ratios and supporting effective learning and development programs.

### **d. Material arrears in statutory/financial obligations**

The Corporation has no statutory arrears and promptly meets all its statutory obligations.

### **e. Financial probity and serious governance issues**

There are no issues of financial improbity reported by Management, any board committee or by external auditors. There are no governance issues and conflicts of interest at the Board or top management of the Corporation are disclosed accordingly when they arise.

## **10. Environmental and Sustainability Reporting**

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

### **i. Sustainability strategy and profile**

The Corporation has set out strategic intent in the performance contract to put all efforts towards contributing effectively and efficiently to the achievement of the national developments agenda as espoused in the Vision 2030, keeping in mind the specific priorities of KFIC.

### **ii. Environmental performance**

The Corporation is fully compliant with the Environmental Management and Coordination Act Cap 387 (EMCA) Revised edition 2012 (1999).

### **iii. Employee welfare**

The Corporation values the welfare of her employee and therefore ensure the safety and compliance with Occupational Safety and Health Act of 2007.

### **iv. Market place practices-**

#### **a) Responsible Supply chain and supplier relations**

KFIC values its stakeholders and for suppliers the Corporation always ensures that payments are made in time and information is symmetrical.

#### **b) Responsible marketing and advertisement**

Marketing and advertisement are done in compliance with the government set regulations mainly through the Government Advertising Agency.

#### **c) Product stewardship**

The Corporation ensures conformity with commitments and standards in the charter as a performance contract target under service delivery; implementation of Citizens' service charter.

### **v. Corporate Social Responsibility / Community Engagements**

KFIC acknowledges the need to give back to society to promote harmonious relations given the contribution made by surrounding communities in creating a conducive environment for its activities conducted at the Corporation's headquarters in Liwatoni Mombasa. The community comprises fisherfolks who will be the major suppliers of fish and fish products to KFIC. Others include pupils, students, residents, and government and state corporations.

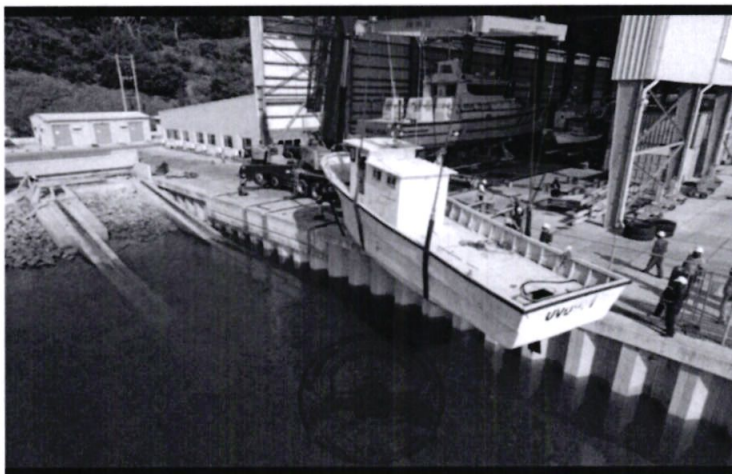
In the financial year ended 30<sup>th</sup> June 2024, KFIC was involved in various corporate social responsibility initiatives aimed at impacting positively on the lives of the communities involved as indicated here below:

**Shimo La Tewa Borstal, Creek in Mombasa County & Witu forest in Lamu County Tree Planting**

KFIC undertook a tree planting CSR activity by planting 15,667 both terrestrial and mixed fruit trees to the youth correctional facility.



*Photo 1: CEO KFIC Participating in the Tree Planting Exercise at Lamu*



*Photo 2: Uvuvi I Boat Ready for Repair and Re-modification at KSL*



*Photo 3. Vanga BMU with KFIC Officers and Regional Coordinator SDBEF*



Tree planting at lake Kenyatta in Lamu County

**11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30<sup>th</sup>, 2024, which show the state of the Corporation's affairs.

**i) Results**


The results of the Corporation for the year ended June 30<sup>th</sup>, 2024, are set out on page 1.

**ii) Directors**

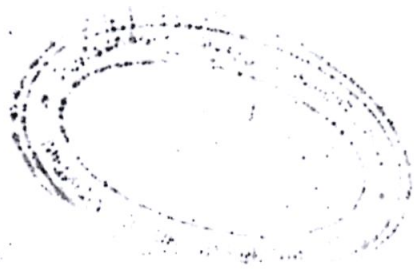
The members of the Board of Directors who served during the year are shown on page viii - xii.

**iii) Auditors**

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

**By Order of the Board**  
  
**Dr. Miskah Nyabari, PhD**  
Secretary to the Board

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Kenya Fishing Industries Corporation  
Annual Report & Financial Statements for the year ended 30<sup>th</sup> June 2024

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, requires the Corporation Directors to prepare financial statements which give a true and fair view of the state of affairs at the end of the financial year and the operating results thereof. The Directors are also required to ensure that the Corporation keeps proper accounting records which disclose with reasonable accuracy, its financial position. The Directors are also responsible for safeguarding the assets of the Corporation.

The Directors are responsible for the preparation and presentation of the Corporation financial statements, which give a true and fair view of the state of affairs for and as at the end of the financial year ended on 30<sup>th</sup> June 2024. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the Corporation assets; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

The Directors further confirms the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the Corporation'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 Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

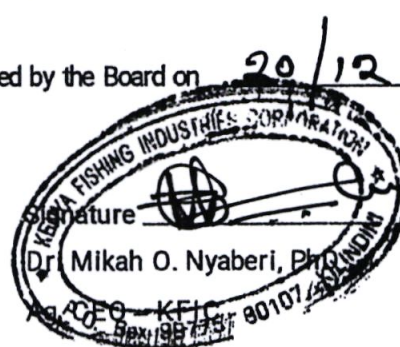
Approval of the annual financial statements

The Corporation's annual financial statements were approved by the Board on 20/12/2024 and signed on its behalf by:

Signature

Mr. Donald Ajuoga (MBA)

For: CHAIRMAN OF THE BOARD - KFIC



# REPUBLIC OF KENYA



*Enhancing Accountability*

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

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

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

## REPORT ON THE FINANCIAL STATEMENTS

### **Qualified Opinion**

I have audited the accompanying financial statements of Kenya Fishing Industries Corporation set out on pages 1 to 30 which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Fishing Industries Corporation 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 State Corporations Act Cap 446 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Understatement of Revenue from Rendering of Services**

The statement of financial performance and Note 7 to the financial statements reflects Kshs.7,439,819 in respect of rendering of services. However, review of accrued income reported under receivables from exchange transactions reveals that an amount of Kshs.5,889,615 being income earned during the year was omitted from the reported revenue on rendering of services.

In the circumstances, the accuracy and completeness of revenue from rendering of services of Kshs.7,439,819 could not be confirmed.

#### **1. Inaccurate Expenditure on Employee Costs**

The statement of financial performance and Note 11 to the financial statements reflects an expenditure of Kshs.6,781,292 in respect of employee costs which includes Kshs. 4,297,952 incurred on salaries and wages. However, the schedule provided for audit in support of the expenditure on contracted employees shows an amount of Ksh.3,235,927 which differs with the payroll amount of Kshs.2,517,810 resulting to a variance of Kshs. 718,117.

In the circumstances, the accuracy and completeness of employee costs of Kshs 6,781,292 could not be confirmed.

## **2. Unsupported and Long Outstanding Receivables from Exchange Transactions**

The statement of financial position and Note 18 to the financial statements reflects receivables from exchange transactions of Kshs.22,630,847. However, review of the Corporation's aging analysis report revealed that trade receivables amounting to Kshs.12,253,313 have remained outstanding for a period of over two years. Further, the Corporation has not developed a debt management policy and no evidence on measures taken to recover the outstanding debt was provided for audit confirmation.

In the circumstances, the accuracy, valuation and allocation of the receivables from exchange transactions balance of Kshs.22,630,847 could not be confirmed.

## **3. Understatement of Trade and Other Payables**

The statement of financial position and Note 20 to the financial statements reflects Kshs.70,290,823 in respect to trade and other payables. Included in this balance is Kshs.6,514,944 as disclosed in Note 20(a) to the financial statements whose analysis revealed that bills totalling Kshs.3,477,345 were understated by Kshs.656,880.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.6,514,944 could not be confirmed.

## **4. Inaccurate Statement of Changes in Net assets**

The statement of changes in net assets reflects net assets balance as at 30 June, 2024 of Kshs.44,626,580 which differs the balance of Kshs.43,014,412 reflected in the statement of financial position resulting to a variance of Kshs.1,612,168. Further, the statement includes Kshs.10,583,396 described as issue of new share capital which is not supported by any documents or explanation.

In the circumstances, the accuracy and completeness of net assets and liabilities balance of Kshs.44,626,580 could not be confirmed.

## **5. Failure to Recognize Revenue from Non - Exchange Transactions**

The statement of financial performance and Note 6 to the financial statements reflects Kshs.70,000,000 in respect of transfers from other government entities. However, the amount excludes Kshs.702,760,937 received from the State Department of Blue Economy and Fisheries for the construction of Hazard Analysis Critical Control Point (HCCP) complaint ultramodern tuna fish hub at Liwatoni Mombasa County (phase 1) through its development account held at National Bank of Kenya. The amount was received and payments made by the entity to the contractor with retention money held in the Corporation's bank account. However, the transactions were not recorded in the books of the entity and the information was not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the transfers from other government entities of Kshs.70,000,000 could be confirmed.

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

The statement of financial position reflects property, plant and equipment balance of Kshs.22,504,316 as disclosed in Note 19 to the financial statements. The balance however excludes items of property, plant and equipment which were donated by the State Department of Blue Economy and Fisheries. Further, the donated assets have not been included in the assets register nor depreciated since they were received by the Corporation.

In addition, re-computation of the net book value and depreciation charge revealed a balance of Kshs.21,748,023 and Kshs.5,953,325 respectively resulting to a variance of Kshs.756,293 being overstatement on property, plant and equipment and depreciation expense.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.22,504,316 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Fishing Industries Corporation 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**

#### **Budget Control and Performance**

During the year under review, the Corporation realized revenue amounting to Kshs.82,594,542 against the budgeted receipts of Kshs.98,000,000, resulting in under collection of Kshs.15,405,458, or 16% of the budget. Similarly, the Corporation spent Kshs.79,192,798 against an approved budget of Kshs.98,000,000 resulting in under expenditure of Kshs.18,807,202, or 19% of the budget.

The under collection of revenue and under expenditure may have affected service delivery to the citizens.

My opinion on this matter is not modified.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the basis of qualified opinion section, I have determined that there were no other key audit matters to report in the year under review.

## **Other Matter**

### **Unresolved Prior Year's Audit Matters**

In the audit report for the previous financial year, several issues were raised in respect of the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on the Effectiveness of Internal Controls, Risk Management and Governance. Although Management has reported that the issues have been resolved, no evidence was provided in support of this status.

### **Other Information**

Management is responsible for the other information set out on page iii to xxxv which comprise of Key Entity Information and Management, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against the Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Director's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kenya Fishing Industries Corporation 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. I have nothing to report in this regard.

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters 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**

#### **1. Excess Budgetary Allocation on Board Expenses**

The statement of comparison of budget and actual amounts reflect budget for board expenses of Kshs.14,020,000 and operations and maintenance budget of

Kshs.52,795,900. The board expenses budget represents 27% of the operations and maintenance expenditure contrary to the Presidential Circular Ref. No. OP/CAB/1A dated 11 March, 2020 that capped board expenditure at Kshs 30,000,000 or 5% of the operations and maintenance expenditure.

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

## **2. Over Expenditure on Travel, Accommodation, Subsistence and Other Allowances Budget**

The statement of financial performance and Note 10 to the financial statement reflects use of goods and services amount of Kshs.41,624,297. The amount includes expenses on travel, accommodation, subsistence, and other allowances of Kshs.26,766,884 which was over and above the approved budget amount of Kshs.17,807,217 resulting to over expenditure by Kshs.8,959,667 contrary to 68 (1) (a) of the Public Finance Management Act, 2012 which requires the accounting officer of a national government entity to ensure that resources are used in a manner that is lawful and authorized.

In the circumstances, Management was in breach of law

## **3. Unsupported Procurement of Refines Fuel and Lubricants for Transport**

The statement of financial performance and Note 10 to the financial statements reflects Kshs.41,624,297 in respect to use of goods and services. The expenditure includes Kshs.2,436,990 incurred on refines, fuel and lubricants for transport. Review of documents supporting the expenditure shows that fuel was drawn from a local fuel service provider whose contract agreement and procurement documents were not provided for audit, contrary to Section 68 of the Public Procurement and Assets Disposal Act, 2015 which requires the accounting officer to maintain records of all procurement proceedings after the contract has resulted from the process.

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

## **4. Failure to Appoint Substantive Chief Executive Officer**

Review of human resource documents revealed that a Deputy Director of Fisheries at State Department for Blue Economy and Fisheries was deployed to the Corporation on 3 March, 2021 and appointed as the Chief Executive Officer in acting capacity. The position was advertised on local daily on 13 December, 2022 and interviews were conducted. The Board recommended for appointment of a substantive office holder. However, three Correspondence dated 9 October, 2023, 4 November, 2023 and 20 November, 2023 made by the Chairman of the Board of Directors to the Cabinet Secretary and Chief of Staff and Head of Public Service regarding the appointment of the Chief Executive Officer have not been acted upon for a duration of two (2) years.

Further, the statement of financial performance and Note 11 to the financial statements reflects employee cost totaling Kshs.6,781,292. Included in the amount is an expenditure of Kshs.256,000 paid to the Ag. Chief Executive Officer as acting allowance. The Ag.

Chief Executive Officer has been acting since March 2021 with renewal of his term at the expiry of the acting period without confirmation or appointment as the substantive office holder for a duration of more than two (2) years thus contravening part C.14 (1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires that acting allowance shall not be paid for a duration of more than six months.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Lack of Approved Staff Establishment**

Review of human resource documents provided for audit revealed that the Corporation is understaffed and lacks permanent employees. The entity has seven (7) employees temporarily deployed from other government institutions, eight (8) employees on six (6) months contracts and fifteen (15) employees working as interns and volunteers. Therefore, crucial departments in the organization lack experienced staff.

Further, the organization did not have an approved staff establishment to enable management to determine the optimal number of employees and inform on the vacancies for appointments, promotions, redesignations, and planning on employee development.

In the circumstances, the effectiveness of the Corporations operations could not be confirmed

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

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

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

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

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

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

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

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

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

**31 December, 2024**

Kenya Fishing Industries Corporation  
Annual Report & Financial Statements for the year ended 30<sup>th</sup> June 2024

14. Statement of Financial Performance for the year ended 30<sup>th</sup> June 2024

Description	Notes	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other government entities	6	70,000,000	40,000,000
Levies, Fines, and penalties		-	-
Public contributions and donations		-	-
Property taxes revenue		-	-
		70,000,000	40,000,000
Revenue from exchange transactions		-	-
Rendering of services	7	7,439,819	8,268,970
Sale of goods	-	-	-
Rental revenue from facilities and equipment	8	-	-
Finance income (call & Fixed Deposit Interest)	9	5,154,723	1,705,133
Other income	-	-	-
Total revenue		82,594,542	49,974,103
Expenses			
Use of goods and services	10	41,624,297	9,293,904
Employee costs	11	6,781,292	15,706,277
Board Expenses	12	13,562,489	12,750,981
Depreciation and amortization expense	13	5,197,032	125,592
Repairs and maintenance	14	5,026,067	230,038
Contracted services	15	4,272,616	-
Total expenses		76,463,793	38,106,792
Other gains/(losses)			
Gain/Loss on foreign exchange transactions	16	(207,508)	501,063
Surplus/ (deficit) before tax		5,923,241	12,368,374
Taxation	-	-	-
Surplus/(deficit) for the period/year		5,923,241	12,368,374
Remission to SDBE&F	21	(264,890)	(1,101,493)
Net Surplus for the year		5,658,351	11,266,881

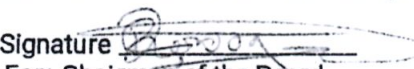
The notes set out on pages 7 to 31 form an integral part of these Financial Statements.

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

Signature   
Ag. Chief Executive Officer  
Dr. Mikah O. Nyaberi  
KICPAK Mbr No 24649  
Date: 26/12/2024

Signature Mt  
Ag. HOD Finance & Accounting  
Name: CPA Monica Nkatha  
ICPAK Mbr No 24649

Date: 20<sup>th</sup> Dec. 2024

Signature   
For: Chairman of the Board  
Mr. Donald Ajuoga (MBA)

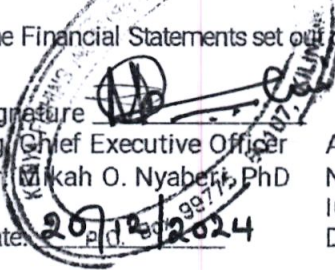
Date: 20<sup>th</sup> Dec 2024

Kenya Fishing Industries Corporation  
Annual Report & Financial Statements for the year ended 30<sup>th</sup> June 2024

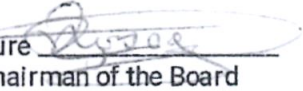
15. Statement of Financial Position as at 30<sup>th</sup> June 2024

	Notes	FY 2023/2024	FY 2022/2023
			Kshs
<b>Assets</b>			
<b>Current Assets: -</b>			
Cash and Cash Equivalents	17	68,170,072	64,735,765
Receivables from non-exchange transactions			-
Receivables from exchange transactions	18	22,630,847	20,514,797
<b>Total Current Assets</b>		90,800,919	85,250,562
<b>Non-current Assets: -</b>		-	
Property, Plant & Equipment	19	22,504,316	10,134,298
Intangible Assets	-	-	-
<b>Total Non-Current Assets</b>		22,504,316	10,134,298
<b>Total Assets</b>		113,305,235	95,384,860
<b>LIABILITIES</b>			
<b>Current Liabilities: -</b>			
Trade & Other Payables	20	70,290,823	68,612,194
<b>Total Current Liabilities</b>		70,290,823	68,612,194
<b>Non-Current Liabilities: -</b>			
<b>Total Liabilities</b>		70,290,823	68,612,194
<b>NET ASSETS</b>		43,014,412	26,772,666
Capital Reserve	Note.19	17,726,680	10,134,298
Donations Reserve		8,362,500	5,371,486
Revaluations Reserve		-	-
Accumulated Surplus		16,925,232	11,266,881
<b>Total Net Assets and Liabilities</b>		43,014,412	26,772,665

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

Signature   
Ag. Chief Executive Officer  
Dr. Mwach O. Nyaberi, PhD  
Date: 20<sup>th</sup> Dec 2024

Signature mlco  
Ag. HOD Finance & Accounting  
Name: CPA Monica Nkatha  
ICPAK Mbr. 24649  
Date: 20<sup>th</sup> Dec 2024

Signature   
For: Chairman of the Board  
Mr. Donald Ajuoga (MBA)  
Date: 20<sup>th</sup> Dec 2024

**Kenya Fishing Industries Corporation**  
**Annual Report & Financial Statements for the year ended 30<sup>th</sup> June 2024**

**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2024**

Description	Original Share Capital Reserve	Revaluation Reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital Development Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As at July 1, (2022/2023 FY)</b>	-	5,371,486	-	11,266,881	-	-	11,266,881
Issued new capital/asset	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation/asset	-	(-)	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-	-
Surplus/ deficit for the year	-	-	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-	10,134,298	10,134,298
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	(-)	-
<b>As at June 30, (2022/2023FY)</b>	-	5,371,486	-	11,266,881	-	10,134,298	26,772,665
<b>As at July 1, (2023/2024 FY)</b>	-	5,371,486	-	11,266,881	-	10,134,298	26,772,665
Issue of new share capital	-	4,603,182	-	-	-	7,592,382	10,583,396
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-	-
Surplus/ (deficit) for the year	-	-	-	5,658,351	-	-	5,676,351
Capital/development grants received during the year	-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	(-)	-	-	-	(-)	(-)
Proposed final dividends	-	-	-	(-)	-	-	-
<b>As at June 30, (2023/2024 FY)</b>	-	9,974,668	-	16,925,232	-	17,726,680	44,626,580

**17. Statement of Cash Flows for the year ended 30<sup>th</sup> June 2024**

	Notes	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities (SDBE&F)	6	70,000,000	40,000,000
Levies, fines, and penalties	-	-	-
Public contributions and donations	-	-	-
Property taxes revenue	-	-	-
Licenses and permits	-	-	-
Rendering of services	7	7,439,819	8,268,970
Sale of goods	-	-	-
Rental revenue from facilities and equipment	8	-	-
Finance income (interest on call deposit interest)	9	5,154,723	2,206,197
Other income			-
<b>Total receipts</b>		<b>82,594,542</b>	<b>50,475,167</b>
<b>Payments</b>			
Use of goods and services	10	41,624,297	9,293,904
Employee costs	11	6,781,292	15,706,277
Board Expenses	12	13,562,489	12,750,981
Repairs and maintenance	14	5,026,067	230,038
Contracted services	15	4,272,616	-
<b>Total payments</b>		<b>71,266,761</b>	<b>37,981,200</b>
<b>Net cash flows from/(used in) operating activities</b>	-	<b>11,327,781</b>	<b>12,493,967</b>
<b>Cash flows from investing activities</b>		-	
Purchase of PPE and Intangible assets	19	(7,592,382)	(10,259,910)
Proceeds from sale of PPE		-	-
Purchase of investments		-	(-)
Sale of investments		-	-
<b>Net cash flows from/(used in) investing activities</b>		<b>3,735,399</b>	<b>2,234,057</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>3,735,399</b>	<b>2,234,057</b>
Cash and cash equivalents at 1st July 2023	22	64,735,764	744,345
<b>Cash and cash equivalents at 30<sup>th</sup> June 2024</b>	16	<b>68,170,072</b>	<b>64,735,764</b>

**Kenya Fishing Industries Corporation**  
**Annual Report & Financial Statements for the year ended 30<sup>th</sup> June 2024**

**18. Statement of Comparison of Budget and Actual amounts for the year ended 30<sup>th</sup> June 2024**

GRANTS AND A.I.A	Original Budget 2023/2024	Adjustments	Final approval Budget 2023/2024	Actual on comparable basis as at 30 <sup>th</sup> June 2024	Annual % of receipt/Utilization
	a	b	c = (a+b)	d	e=d/c%
<b>Revenue from non-exchange transactions</b>	<b>Kshs</b>	<b>-</b>	<b>Kshs</b>	<b>Kshs</b>	
Transfer from other Government Entities	70,000,000	-	70,000,000	70,000,000	100%
Transfers from other agencies	-	-	-	-	0%
Public Contribution and Donations	-	-	-	-	0%
Rendering Services	7,500,000	15,500,000	23,000,000	13,329,434	32%
Rental revenue from facilities & equipment	-	-	-	-	0%
Other Income (interest on deposits and gain/loss on exchange rate)	2,500,000	2,500,000	5,000,000	5,154,723	103%
<b>Total Revenue</b>	<b>80,000,000</b>	<b>18,000,000</b>	<b>98,000,000</b>	<b>82,594,542</b>	<b>84%</b>
<b>Expenses: -</b>					
Use of goods and services	34,683,505	8,933,495	43,617,000	41,957,953.48	96%
Employee costs	10,000,000	5,276,355	15,276,355	6,781,291.84	44%
Board Expenses	5,520,000	8,500,000	14,020,000	13,562,488.41	97%
Repairs and maintenance	5,290,000	-1,290,000	4,000,000	5,026,066.91	126%
Contracted services	13,586,495	-8,407,595	5,178,900	4,272,616.07	83%
<b>Sub - total</b>	<b>69,080,000</b>	<b>13,012,255</b>	<b>82,092,255</b>	<b>71,600,416.71</b>	<b>87%</b>
Capital expenditure	10,920,000	4,987,745	15,907,745	7,592,382.00	48%
<b>Total Expenditure</b>	<b>80,000,000</b>	<b>18,000,000</b>	<b>98,000,000</b>	<b>79,192,798.71</b>	<b>81%</b>

**Note:** The Corporation exceeded its target, achieving 105% of the projected income. This contributed to the corporation surpassing its AIA for the FY 2023/2024.

The Corporation exceeded its target, achieving 105% of the projected income. This contributed to the corporation surpassing its AIA for the FY 2023/2024.

These were underspent by 56% primarily due to delays in the approval of the salary structure by the salaries Remuneration Commission (SRC).

The corporation overspent by 26% of the allocated budget for repairs and maintenance. This was due to a cost variation from the Kenya Shipyard Company Limited

The corporation under spent on capital expenditure by 52% due to lower than expected AIA collections, which were meant to fund most of the capital projects for the FY2023/2024

### **Budget Notes**

#### **Transfers from Other Government Entities**

The actual transfer from other government entities includes **Kshs. 70,000,000** which was received from State Department of the Blue Economy and Fisheries to enable KFIC undertake its' administrative mandate and for the operationalization of Corporation. An Authority to Incur Expenditure was issued to KFIC by the Permanent Secretary SDBE&F.

#### **Rendering of Services**

The main contributor to this AIA stream is the security charges from vessels docking at the Corporation jetty. In 2023/2024, the Corporation did not achieve its' target due to the change of the paying point from direct to bank to boarding to ecitizen platform.

#### **Other Income**

The other main contributor to other income was the interest earned from fixed deposit account. The Corporation exceeded its target, achieving 105% of the projected income. This contributed to the corporation surpassing its AIA for the FY 2023/2024.

#### **Employee costs**

These were underspent by 56% primarily due to delays in the approval of the salary structure by the salaries Remuneration Commission (SRC).

#### **Repairs and Maintenance**

The corporation overspent by 26% of the allocated budget for repairs and maintenance. This was due to a cost variation from the Kenya Shipyard Company Limited.

#### **Contracted Services**

These were under the budget by 17% as the Environmental Social Impact Assessment (ESIA) with a budget of Kshs 800,000, was not concluded due to prolonged approval process.

#### **Capital Expenditure**

The corporation under spent on capital expenditure by 52% due to lower than expected AIA collections, which were meant to fund most of the capital projects for the FY2023/2024.

**Kenya Fishing Industries Corporation**  
**Annual Report & Financial Statements for the year ended 30<sup>th</sup> June 2024**

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**Changes between Original and Final budget**

All adjustments were due to budget reallocations.

**Reconciliation of Actual on comparable basis to the Statement of Financial performance**

The total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis; statement of financial performance is accrual). The reconciliation is provided below:

	<b>Kshs.</b>
<b>Expenditure in Statement of Financial Performance</b>	<b>76,463,793</b>
Less: Depreciation	(5,197,032)
Exchange loss	(207,508)
<b>Add use of good and services items in Statement of Financial Position</b>	
Capital Expenditure	7,592,382
<b>Total actual on comparable basis</b>	<b>78,651,635</b>

## **19. Notes to the Financial Statements**

### **1. General Information**

Kenya Fishing Industries Corporation is a body corporate established via section 3(1) of the State Corporation's Act Cap 446 through a Presidential directive legal Notice No. 214 of 23<sup>rd</sup> November, 2018 and amended by Legal Notice No. 110 of 22<sup>nd</sup> May, 2020. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

The mandate of the KFIC is to exploit fishery resources in the Kenya fishery waters and high seas by promoting the establishment, development and efficiency of businesses engaged in fishing and fishing-related activities.

#### **Board of Directors**

The Board of Directors were appointed on **4<sup>th</sup> October, 2021** and **28<sup>th</sup> October 2021** and all board members are active to their functions and execute the responsibilities.

### **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 proper judgement in the process of applying KFIC 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 KFIC. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

#### **i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.**

The International Public Sector Accounting Standards Board (IPSASB) has published the following new and amended standards that were originally to be effective on 1 January 2022 but were subsequently delayed and are now effective from 1 January 2023:

- **IPSAS 41** – Financial Instruments and subsequent amendment. This standard will replace the existing IPSAS 29 – Financial Instruments and sets out new requirements for recognition and measurement of financial instruments, including impairment, derecognition and general hedge accounting. This standard had no impact on KFIC’s annual financial statements.
  - **IPSAS 42** – Social Benefits. This standard provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include State retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment. KFIC does not foresee a significant impact on the annual financial statements resulting from this standard.
  - **Amendments to IPSAS 5** provides clarification on what constitutes borrowing costs;
  - **Amendments to IPSAS 30** provides illustrative examples on how items designated as hedged items might be disclosed credit risk disclosures as well in an entity’s financial statements while.
  - **Amendments to IPSAS 30**, provides guidance the relevant disclosures that may be included when accounting for financial guarantee contracts.
  - **Amendments to IPSAS 33** provides the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. These amendments had no impact on KFIC’s annual financial statements.
  - **IPSAS 39 – Employee Benefits.** The amendments delete the term composite social security benefits as it is no longer defined in IPSAS. These amendments had no impact on KFIC’s annual financial statements.
- ii. **New and amended standards and interpretations in issue but not effective in the year ended 30 June 2023.**

The International Public Sector Accounting Standards Board (IPSASB) has published the following new and amended standards that were originally to be effective on 1 January 2025.

- **IPSAS 43** - 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. These amendments had no impact on KFIC’s annual financial statements.

- **IPSAS 44** - The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such
- assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be
- presented separately in the statement of financial performance. These amendments had no impact on KFIC's annual financial statements.

**iii. Early adoption of standards**

KFIC has adopted a new or amended standards in year 2023/2024.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Fees, taxes and fines**

The *Corporation* 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**

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

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free

from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**(ii) Revenue from exchange transactions**

**Rendering of Services**

The Corporation 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.

**Sale of goods**

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

**Interest income**

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

The Corporation Finance department increased efforts has resulted in more opportunities by depositing retained funds for retention in fixed deposit for generation of AIA. The funds were deposited at negotiable interest rate of 11.80pa.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Rental income**

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

**b) Budget information**

The original budget for FY 2023-2024 was approved by the National Assembly on June 2023. Subsequent revisions or additional appropriations, if need be, will be made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations will be added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The Corporation budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, 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 on page 1 of these financial statements.

### **c) Taxes**

#### **Current income tax**

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

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

**d) Property, plant and equipment**

- i. 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.
- ii. Full depreciation is charged on assets in the year of purchase, and none is made in the year the assets are disposed. Depreciation charge for leasehold land is apportioned evenly over the lease period. No depreciation is charged on freehold land and as it is deemed to have an indefinite life.
- iii. Property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued.
- iv. Motor vehicles that have a book value of less than Kshs. 100,000 are not depreciated.

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- v. Depreciation on property, plant, and equipment is calculated on a straight-line basis to write down the cost of the assets to their residual values over their estimated useful life. The estimated assets useful lives and rates used are as shown below:

<b>Asset Description</b>	<b>Estimated useful life in years</b>	<b>Rate % or apportionment</b>
Leasehold Land	99	Apportioned evenly over the lease period
Buildings	40	2.5%
Plant & Lab Equipment	8	12.5%
Research Vessels	8	12.5%
Motor Vehicles	4	25%
Furniture, Fittings & Office Equipment	8	12.5%
Computers	3.33	30%
Library Books	5	20%
Computer Software	3.33	30%

**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.

**f) development costs**

During period under review no development expenses has incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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) Provisions**

Provisions are recognized when KFIC has 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 Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**h) Contingent liabilities**

KFIC 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.

**I) Contingent assets**

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

**k) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. KFIC maintains the following reserves:

**Capital Reserve**

This constitutes the cumulative amounts disbursed to KFIC over the years for development expenditure. The funds were spent on construction works and purchase of assets.

**Donations Reserve**

This constitutes the cumulative donations disbursed to KFIC over the years for development expenditure.

**Revaluation Reserve**

This constitutes the cumulative values of assets revalued over the years.

**Accumulated Surplus**

This constitutes the cumulative amounts of surpluses realized over the years.

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

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

**J) 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.

**a) Related parties**

The Entity 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 Entity or vice versa. Members of key management are regarded as related parties and comprise the members of the Board of Directors/Ag. CEO.

**b) Cash and cash equivalents**

c) Cash and cash equivalents comprise cash on hand and cash at the 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 an insignificant risk of changes in value. Bank account balances include amounts

**b) Comparative figures**

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

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

##### **Estimates and assumptions**

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

##### **Useful lives and residual values**

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

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

##### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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**6. Transfers from Other Government entities**

Description	FY 2023/2024	2022/2023
<b>Unconditional Grants</b>		
Operational Grant	70,000,000	40,000,000
Unconditional development grants	-	
Other Grants	-	
<b>Total Unconditional Grants</b>	<b>70,000,000</b>	<b>40,000,000</b>

**Note:** The GOK Grants received was from July 2023 to June 2024

**7. Rendering of Services**

The revenue collected is generated from various sources i.e. Security charges, fish offloading charges, Quay fees, from fishing vessels docking at the jetty of Liwatoni and Parking fees and hire of conference from Corporation facilities.

Description	FY 2023/2024	FY 2022/2023
	Kshs	KSHS
Security Charges	6,741,129	6,620,162
Fish Offloading Charges	181,090.	320,580
Electricity Charges	-	750,809
Quay fees	433,800	454,019
Conference fees	47,000	12,000
Main land parking fees	36,800	36,400
Miscellaneous Income	-	75,000
<b>Total Revenue from the Rendering of Services</b>	<b>7,439,819</b>	<b>8,268,970</b>

**8. Rental Revenue from Facilities and Equipment**

The contingent rentals above relate to revenue generated from the leasing of space land.

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Rental Income	-	-
<b>Total Finance Income</b>	<b>-</b>	<b>-</b>

**9. Finance Income**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest on Fixed Deposit (accumulative interest)	5,154,723	1,705,133
<b>Total Finance Income</b>	<b>5,154,723</b>	<b>1,705,133</b>

**Noted,** the template previous years portion has separated from finance income/foreign exchange and transferred to Gain/Loss on foreign exchange transactions of Kshs 501,063.00 on note 16

**10. Use of Goods and Services**

Description	FY 2023/2024	FY 2022/2023
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	Kshs	Kshs
Electricity Expenses	3,148,243	1,357,196
Water and Sewerage Expense	867,462	208,888
Gas Expenses	5,800	4,350
Telephone, fax and email	338,560	223,000
Internet Connection	91,098	15,600
Courier and postal Services	18,248	22,161
Travel, accommodation, subsistence, & other allowances	26,766,884	-
Publishing and Printing	289,606	203,300
Advertising, Awareness and publicity	80,000	813,352
Trade, shows and Exhibitions	-	34,500
Hire of Transport (Kenatco)	119,315	-
Training Expenses	628,500	160,800
Catering services	569,230	498,162
Conference, Seminar & Workshop	3,738,538	2,141,391
Insurance of Motor vehicles	333,665	-
Purchase of Uniforms and Cloth	420,000	39,000
General Office Supplies	334,970	-
Computer supplies & Accessories	221,720	141,700
Sanitary & Cleaning materials	121,850	-
Refines fuel and & lubricants for Transport	2,436,990	968,487
Bank charges	22,418	30,500
Contracted guards and cleaning services	-	2,203,015
Licensing fee - Driver	-	3,500
Supplies for production	1,071,200	225,000
<b>Total use of Goods &amp; Services</b>	<b>41,624,297</b>	<b>9,293,904</b>

**11. Employee Costs**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Salaries and wages	4,297,953	473,631

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Employer contribution to health insurance schemes	-	-
Employer contribution to pension schemes (remittance to KMFRI Pension scheme)	276,278	-
Travel, accommodation, subsistence, & other allowances (Acting and Entertainment Allowance)	976,000	15,232,646
Housing benefits and allowances and commuter allowance	337,500	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions (NSSF &HSE Levy)	893,561	-
Gratuity	-	-
Other employee related costs *	-	-
<b>Employee costs</b>	<b>6,781,292</b>	<b>15,706,277</b>

**Note:** The cost of employees includes basic, acting, entertainment and wages allowance.

**12. Board Expenses**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Chairman/Directors' Honoraria	1,020,000	1,314,500
Sitting Allowances	4,641,000	3,760,000
Medical Insurance	600,000	471,170
Induction and Training	-	480,000
Travel cost and Accommodation	6,794,889	6,662,453
Other Allowances	506,600	62,858
<b>Total Board expenses</b>	<b>13,562,489</b>	<b>12,750,981</b>

**Note:** The Board expenses has been adjusted due additional expenditure of Air travel cost of board directors during the year

**13. Depreciation of fixed asset**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Motor Vehicles	2,768,000	-
Furniture and Fittings	118,132	4,948
Computers	327,375	120,644
Plant and Equipment	61,542	-

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Donations Reserve	1,921,983	
<b>Total depreciation and amortization</b>	<b>5,197,032</b>	<b>125,592</b>

**14. Repairs and Maintenance**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Maintenance of motor vehicle	847,672	153,280
Maintenance of plant /equipment	7,540	22,000
Maintenance of Bio-digester	55,205	51,758
Maintenance of Building	90,600	3,000
Repair & maintenance of boat (Uvuvi I)	4,025,050	-
<b>Total Repairs and Maintenance</b>	<b>5,026,067</b>	<b>230,038</b>

**15. Contracted services**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Contracted Security guards Services (Texas Service Ltd)	4,015,666	-
Contracted Prof. Service Audit fees	256,950	-
<b>Total Contracted services</b>	<b>4,272,616</b>	<b>-</b>

**16. Gain/Loss on foreign exchange transactions**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Gain on foreign exchange transactions		
Realization of gain or Loss on foreign exchange	(207,507)	501,063
<b>Total Gain or Loss</b>	<b>(207,507)</b>	<b>501,063</b>

**Note: the table below indicates the analyses of realization of gain of foreign exchange**

Date of receipts	USD	Mkt Rate	KSH	Date of transfer/sale	USD	Negotiable exchange rate	KSH
01/07/2023	498.99	129.3	64,519				
13/07/2023	300.00	139.72	41,916				
19/07/2023	21,050.00	141.92	2,987,416				
01/08/2023	5,750.00	142.44	819,030				
23/10/2023	8,850.00	150.00	1,327,500				
26/03/2023	9,050.00	131.23	1,187,632	09/08/2024	25,850.00	143.5	3,709,475

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28/03/2023	350.00	131.41	45,993	28/05/2024	19,500.00	130.72	2,549,040
05/04/2023	1,200.00	133.40	160,080.00	27/06/2024	1,300.00	129.28	168,064
	<b>47,048.99</b>		<b>6,634,087</b>		<b>46,650.00</b>		<b>6,426,579</b>
<b>Realizable loss</b>			<b>(207,507)</b>				

**17. Cash and Cash Equivalents as per Cash book**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Current Account</b>		
Recurrent a/c	322,113	100,412
Revenue Account -Kshs	4,567.89	1,029,372
Revenue Account –USD (@498.99 *129.3)	64,519	-
<b>Sub. Total</b>	<b>391,200</b>	<b>1,129,784</b>
<b>Others (Specify)</b>		
Development account –Fixed deposit retention fund (principal plus accumulative interest)	67,778,872	63,605,980
<b>Total Cash and Cash Equivalents</b>	<b>68,170,072</b>	<b>64,735,764</b>

**17. (a) Detailed Analysis of the Cash and Cash Equivalents as per Cash book**

Financial Institution	Account number	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>a) a) Current Account</b>			
	1071242828000	322,113	100,412
NBK-Recurrent a/c	1071242828400	4,567.89	1,029,372
NBK- Revenue Account -Kshs			
NBK- Revenue Account -USD	2071242828400	64,519	-
		<b>391,200</b>	<b>1,129,784</b>
<b>Sub- Total</b>		-	-
<b>b) b) NBK-Development account (Fixed deposit retention fund (principal plus accumulative interest)</b>			
	1071242828200	67,778,872	63,605,980
National Bank of Kenya		<b>68,170,072</b>	<b>64,735,764</b>

**Note:** The procurement process of the capital expenditure on the Ultra-Modern Tuna Fish Hub project is usually done at the State Department level. In cases where the awards were given, the payment of contractors is just forwarded by the Parent Ministry to the Corporation Development

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account for payment. The funds transferred to KFIC Development account as Authority to Incur Expenditure (AIE).

During the period under review **Kshs 63,522,479** funds in the KFIC Development account as at **30<sup>th</sup> June 2023** relate to the balance of funds deducted from contractor and being retained as a retention funds on behalf of the State Department and Total actual of Expenditure **Kshs 702,000,000/=** under development Account was reported and submitted to State Department of Blue Economy and Fisheries.

On **28<sup>th</sup> July 2023**, KFIC opened a fixed deposit and negotiated interest rate at **11.80%** pa. The below indicates the breakdown of deposits and generated interest.

Table 1

S/NO	Description	Principal amount	Interest generated	DR from arrangement deposits interest	WHT tax	Net Interest amount generated	Running Balance
1	Transferred to fixed deposit for period of 3 Months at interest rate of 11.80 pa from 28/07/2023 to 28-Oct-2023	63,623,285.00	1,892,313.38	Nil	Nil	1,892,313.38	65,515,598
2	Transferred to fixed deposit for period of 6 Months at interest rate of 11.80 pa from 09/11/2023 to 09/05/2024	65,321,751.88	4,470,787.65	632,658.60	575,719.35	3,262,409.70	68,584,161
	<b>Grand total</b>		<b>6,363,101.03</b>	<b>632,658.60</b>	<b>575,719.35</b>	<b>5,154,723</b>	

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**Note:** The deduction of **Kshs 632,658.60** as (arrangement deposits interest) which was made by bank, the Corporation has done follow-up with the bank for explanation and refund.

**18. Trade and Receivables**

Description	23/24 FY	FY 2023/2024	FY 2022/2023
	USD	Kshs	Kshs
<b>Receivables</b>			
MV Sea-mfalme (Security Charges)	31,150.00	4,027,695	1,918,098
Mv Re-horakhty (Security Charges)	37,850.00	4,894,005	5,290,578
Mv Re-horakhty - (Electricity Charges)	44,982.00	5,816,173	6,320,872
Mv Ocean Eagle (Security Charges)	24,500.00	3,167,850	1,988,358
Mv Ocean Eagle (Electricity Charges)	8,016.00	1,036,469	978,019
Mv Ocean Sniper (Security Charges)	6,450.00	833,985	428,586
Mv Ocean Sniper (Electricity Charges)	8,870.00	1,146,891	962,562
Mv miss Jane (Security Charges)	5,550.00	717,615	1,278,732
Mv Jonas (Security Charges)	5,550.00	717,615	1,348,992
<b>Grand -Total Current Receivables</b>	<b>172,918.00</b>	<b>22,358,297</b>	<b>20,514,797</b>
<b>Other Trade Receivables</b>			
E-Citizen platform		272,550	-
<b>Grand -Total Current and other Receivables</b>		<b>22,630,847</b>	<b>20,514,797</b>

Note: The exchange rate was computed as per Mkt exchange rate of Kshs 129.30

**Kenya Fishing Industries Corporation**  
**Annual Report & Financial Statements for the year ended 30<sup>th</sup> June 2024**

**19. Property, Plant and Equipment**

Description	Freehold Land	Building	Motor vehicles	Furniture and fittings	Computers & printers	Plant, Machine and office equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs.	Shs	Shs
<b>As at 1 July 2023</b>	-	-	-	-	-	-	-	-
Additions	-	-	8,344,600	950,000	965,310	-	-	10,134,298
Donations	-	-	-	-	-	-	-	-
Disposals/ Assets write off	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>	-	-	<b>8,344,600</b>	<b>945,052</b>	<b>844,646</b>	-	-	<b>10,134,298</b>
Additions/Acquired	-	-	2,727,400	141,500	1,857,630	1,380,000	1,485,852	<b>7,592,382</b>
Donations	-	-	4,190,393	-	972,000	4,812,275	-	<b>9,974,668</b>
Disposals/ Assets write off	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>	-	-	<b>15,262,393</b>	<b>1,086,552</b>	<b>3,674,276</b>	<b>6,192,275</b>	<b>1,485,852</b>	<b>27,701,348</b>
<b>At 1 July 2022</b>	-	-	-	-	-	-	-	-
Depreciation	-	-	-	4,948	120,644	-	-	125,592
<b>As at 30<sup>th</sup> June 2023</b>	-	-	-	<b>4,948</b>	<b>120,644</b>	-	-	<b>125,592</b>
Depreciation	-	-	2,768,000	118,132	327,375	61,542	-	3,275,049
Disposals	-	-	-	-	-	-	-	-
Donation	-	-	1,047,598	-	272,850	601,534	-	1,921,983
<b>As at 30<sup>th</sup> June 2024</b>	-	-	<b>3,815,598</b>	<b>118,132</b>	<b>600,225</b>	<b>663,076</b>	-	<b>5,197,032</b>
<b>Net book values</b>								
<b>As at 30<sup>th</sup> June 2023</b>	-	-	<b>11,072,000</b>	<b>945,052</b>	<b>844,646</b>	-	-	<b>10,134,298</b>
<b>As at 30<sup>th</sup> June 2024</b>	-	-	<b>11,446,795</b>	<b>968,420</b>	<b>3,074,051</b>	<b>5,529,199</b>	<b>1,485,852</b>	<b>22,504,316</b>

*Note: The reason why the Motor vehicle was not charged depreciation during FY 2022/23, it was acquired and delivered on 30<sup>th</sup> June 2023.*

The depreciation for asset being donated has been included in the asset register of Kshs 1,921,983 & depr. charged from FY 22-23

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Property plant and Equipment includes the following assets:

**a. Summary of Existing asset as at 30<sup>th</sup> June 2024**

Description	NBV as at June 2023	Normal annual depreciation as 30 <sup>th</sup> June 2024	Normal annual depreciation as 30 <sup>th</sup> June 2023
Motor Vehicles	8,344,600	2,768,000	-
Furniture and Fittings	945,052	118,132	4,948
Computers & printers	844,646	253,394	120,664
Plant and Equipment	-	-	-
	<b>10,134,298</b>	<b>3,139,526</b>	<b>125,612</b>

**b. Summary of Additional assets (PPE)**

Description	Cost	depreciation as 30 <sup>th</sup> June 2024	Purchase date
Office furniture's and	141,500	-	30/06/ 2024
Computer desktop and	378,000	-	30/06/2024
Purchase of Acs & Fans	992,000	41,333	07/03/2024
Printer (Heavy duty)	1,479,630	73,982	29/04/2024
Plant and equipment	388,000	20,208	17/01/2024
Purchase of Mv (pending	2,727,400	-	30/09/2023
<b>Sub-total Total additional</b>	<b>6,106,530</b>	<b>135,524</b>	

**c. Summary of work in progress not yet capitalized**

Description	Cost		
Installation water for	1,485,852	-	30/06/2024
<b>Grand- Total additional</b>	<b>7,592,382</b>	-	

**20. Trade and Other Payables**

**(a) Trade payables**

Description	Account item	FY 2023/2024	FY 2022/2023	
		Kshs	Kshs	
1	CIC Group Insurance	Board medical insurance	235,185	-

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2	Bio-liff water tech	Maint. Of biodigester	75,864	-
3	Pago airways services Ltd	Board expenses	1,690,885	252,746
4	Attic Tours	Board expenses	842,750	-
5	Silver Africa	Board expenses	428,100	-
6	Kenya shipyard Ltd	Maint. Of Boats	3,242,160	-
7	Modik supply Ltd	Water and sewerage exp		183,600
8.	Recenet Investment Ltd	General Office Supply		325,600
9.	North coast beach Hotel	Conference and hospital		49,000
10.	North coast beach Hotel	Conference and hospital		241,500
11.	Yehu solutions Ltd	Uniform and clothes		420,000
12.	Home light enterprises	Sanitary & cleaning exp		121,850
13.	Isuzu East Africa Ltd	Purchase of MV		2,727,400
15.	Silver Africa Services Ltd	Domestic Travel Cost		578,880
	<b>Sub- Total liability</b>		<b>6,514,944</b>	<b>4,900,576</b>

**(b) Other payables**

	Description	Account item	FY 2023/2024	FY 2022/2023
			Kshs	Kshs
16.	Board allowances	Board expenses	-	111,588
17.	Monthly salary of June 2023	Contracted Employee	-	77,551
18.	Personal Claims	DSA	253,400	-
19.	SDBE&F	Retention Funds	63,522,479	63,522,479
	<b>Sub-total of other payables</b>		<b>63,775,879</b>	<b>63,711,618</b>
	<b>Grand- Trade and Other Payables</b>		<b>70,290,823</b>	<b>68,612,194</b>

*Note for restatement of other payables this due to the retention funds of Kshs 63,711,618 was an erroneously not added to other payables, but now has been added and same amount of Kshs 63,711,618 has been adjusted under Statement of Financial Position as at 30th June 2023 and 2024 in Cash and Cash Equivalents and Trade and other payables.*

**21. Remission to the SDBE&F**

Description	Source of Income	FY 2023/2024	FY 2022/2023
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		Kshs	Kshs
SDBE&F	Fish offloading Charges	181,090	243,014
SDBE&F	Parking fees	36,800	36,200
SDBE&F	Hire of Conference	47,000	
SDBE&F	Other income	-	75,000
SDBE&F	Electricity charges	-	747,280
<b>Total Remission to the SDBE&amp;F</b>		<b>264,890</b>	<b>1,01,494</b>

**22. Balance brought forward at the Beginning of FY**

Description	FY	FY
	Kshs	Kshs
Balance c/f at the beginning as at 01.07.2023 under the recurrent account	100,412	1,226
Balance c/f at the beginning as at 01.07.2023 under Revenue a/c (USD)	1,029,379	743,118
Balance c/f at the beginning as at 01.07.2023 under Revenue account (Kshs)	-	-
<b>Total Balance brought forward at start of the 01.07.2023</b>	<b>1,129,785</b>	<b>744,345</b>
<b>Others(specify)</b>		
Balance c/f at the beginning as at <b>01.07.2023</b> under Development account (payment for contractor and retained funds as retention for the on-going project for the ultra-modern fish hub financed by the Parent Ministry)	63,605,980	169,313,237
<b>Total Balance brought forward at start of the 1st July 2023 and July 22</b>	<b>64,735,765</b>	<b>170,057,582</b>

**Note of restatement:** *The Cash and Cash Equivalents for 1<sup>st</sup> July 2023 has been adjusted, due it was erroneously not disclosed in the FS for the FY2022/2023, and now has been adjusted to Cash and Cash Equivalents under Financial Position as at 30th June 2024.*

**24. Events after the Reporting Period**

No event has occurred

**25. Ultimate and Holding Entity**

The entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Mining, Blue Economy and Maritime Affairs. Its ultimate parent is the Government of Kenya.

**26. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the External Audit Report	Issue/Observations from Auditor	Management Comments	Focal Point Person to resolve the issue (Name & Designation)	Status:(Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.a	The accuracy and completeness of the trade and other payables of Kshs 5,089,715 and cash equivalents of Kshs 1,877,048 could not be confirmed	The management has verified and corrected the error under trade and payable	Finance officer	Restatement has been done FY 2023/2024 and Resolved	The issue to be handled jointly with the office of the Auditor General.
3.a&b	The accuracy and completeness of the interest on call deposit of Kshs. 1,705,134 and remuneration and board allowances of Kshs. 12,188,012 could not be confirmed	The amount of Kshs. Kshs. 1,705,134 was adjusted to Kshs. 12,188,012 in the adjusted financial statements for the yea	Finance officer	Resolved	The issue to be handled jointly with the office of the Auditor General.
4	The misclassification of expenditure under good and services	The misclassification of expenditure was adjusted	Finance officer	Resolved	The issue to be handled jointly with the office of the Auditor General.
4.1	Lack of board charter, approval of risk management policy, operational strategic plan and lack of approved board committees' charters	The board charter, operational strategic plan and lack of approved board committees' charters has been prepared	The Ag. Chief Executive Officer	Resolved	

**Kenya Fishing Industries Corporation**  
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		and approved per recommendations			
5.	Weakness of internal control on revenue collection		The Ag. Chief Executive Officer	Resolved because collection of revenue is done through Ecitizen plat form	On boarded on 1 <sup>st</sup> May 2024

**Kenya Fishing Industries Corporation**  
**Annual Report & Financial Statements for the year ended 30<sup>th</sup> June 2024**

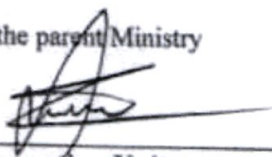
**27: Appendix I: Inter-entity Transfers**

<b>KENYA FISHING INDUSTRIES CORPORATION</b>				
<b>Breakdown of Transfers from the State Department for the Blue Economy and Fisheries</b>				
<b>FY 2023/2024</b>				
<b>Recurrent Grants</b>				
		<b>Bank Statement Date</b>	<b>Amount (Kshs)</b>	<b>FY to which the Amounts Relate</b>
1	Recurrent Grants	18.08.2023	5,833,333.30	2023/2024
2	Recurrent Grants	04.09.2023	5,833,333.30	2023/2024
3	Recurrent Grants	26.09.2023	5,833,333.30	2023/2024
4	Recurrent Grants	10.11.2023	5,833,333.30	2023/2024
5	Recurrent Grants	13.12.2023	5,833,333.30	2023/2024
6	Recurrent Grants	15.01.2023	5,833,333.30	2023/2024
7	Recurrent Grants	09.02.2024	5,833,333.30	2023/2024
8	Recurrent Grants	07.03.2024	5,833,333.30	2023/2024
9	Recurrent Grants	03.04.2024	5,833,333.30	2023/2024
10	Recurrent Grants	02.05.2024	5,833,333.30	2023/2024
11	Recurrent Grants	12.06.2024	5,833,333.30	2023/2024
12	Recurrent Grants	08.07.2024	5,833,333.30	2023/2024
<b>Grand Total</b>			<b>69,999,999.60</b>	

<b>KENYA FISHING INDUSTRIES CORPORATION</b>				
<b>Breakdown of Transfers from the State Department for the Blue Economy and Fisheries</b>				
<b>FY 2023/2024</b>				
<b>B. Development Grants</b>				
		<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>FY to which the Amounts Relate</b>
1	Development Grants	-	NIL	2023/2024
<b>Grand Total</b>			<b>NIL</b>	

The above information has been communicated to and reconciled with the parent Ministry

  
 Sign  
**Dr. Mikah O. Nyahga PhD**  
 AG, CEU, KFC 07

  
 Sign:  
 Head of Accounting Unit  
 State Department for the Blue  
 Economy and Fisheries.

**Kenya Fishing Industries Corporation**  
**Annual Report & Financial Statements for the year ended 30<sup>th</sup> June 2024**

**28. Appendices**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount KES	Where Recorded/recognized					Total Transfers during the annual FY
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
SDBE&F	18.08.2023	Recurrent	5,833,333.30	5,833,333.30					5,833,333.30
SDBE&F	04.09.2023	Recurrent	5,833,333.30	5,833,333.30					5,833,333.30
SDBE&F	26.09.2023	Recurrent	5,833,333.30	5,833,333.30					5,833,333.30
SDBE&F	10.11.2023	Recurrent	5,833,333.30	5,833,333.30					5,833,333.30
SDBE&F	13.12.2023	Recurrent	5,833,333.30	5,833,333.30					5,833,333.30
SDBE&F	15.01.2023	Recurrent	5,833,333.30	5,833,333.30					5,833,333.30
SDBE&F	09.02.2024	Recurrent	5,833,333.30	5,833,333.30					5,833,333.30
SDBE&F	07.03.2024	Recurrent	5,833,333.30	5,833,333.30					5,833,333.30
SDBE&F	03.04.2024	Recurrent	5,833,333.30	5,833,333.30					5,833,333.30
SDBE&F	02.05.2024	Recurrent	5,833,333.30	5,833,333.30					5,833,333.30
SDBE&F	12.06.2024	Recurrent	5,833,333.30	5,833,333.30					5,833,333.30
SDBE&F	08.07.2024	08.07.2024	5,833,333.00	5,833,333.00					5,833,333.00
<b>Total</b>			<b>69,999,999.60</b>	<b>69,999,999.60</b>					<b>69,999,999.60</b>

**13. Report of the Independent Auditor for the Financial Statements of KFIC**

Kenya Fishing Industries Corporation  
Annual Report & Financial Statements for the year ended 30<sup>th</sup> June 2024


14. Statement of Financial Performance for the year ended 30<sup>th</sup> June 2024

Description	Notes	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other government entities	6	70,000,000	40,000,000
Levies, Fines, and penalties		-	-
Public contributions and donations		-	-
Property taxes revenue		-	-
		70,000,000	40,000,000
Revenue from exchange transactions		-	-
Rendering of services	7	7,439,819	8,268,970
Sale of goods	-	-	-
Rental revenue from facilities and equipment	8	-	-
Finance income (call & Fixed Deposit Interest)	9	5,154,723	1,705,133
Other income	-	-	-
Total revenue		82,594,542	49,974,103
Expenses			
Use of goods and services	10	41,624,297	9,293,904
Employee costs	11	6,781,292	15,706,277
Board Expenses	12	13,562,489	12,750,981
Depreciation and amortization expense	13	5,197,032	125,592
Repairs and maintenance	14	5,026,067	230,038
Contracted services	15	4,272,616	-
Total expenses		76,463,793	38,106,792
Other gains/(losses)			
Gain/Loss on foreign exchange transactions	16	(207,508)	501,063
Surplus/ (deficit) before tax		5,923,241	12,368,374
Taxation	-	-	-
Surplus/(deficit) for the period/year		5,923,241	12,368,374
Remission to SDBE&F	21	(264,890)	(1,101,493)
Net Surplus for the year		5,658,351	11,266,881

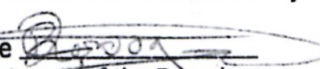
The notes set out on pages 7 to 31 form an integral part of these Financial Statements.

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

Signature   
Chief Executive Officer  
Dr. Mikah O. Nyaberi  
Date: 20/12/2024

Signature   
Ag. HOD Finance & Accounting  
Name: CPA Monica Nkatha  
ICPAK Mbr No 24649

Date: 20<sup>th</sup> Dec. 2024

Signature   
For: Chairman of the Board  
Mr. Donald Ajuoga (MBA)

Date: 20<sup>th</sup> Dec 2024