

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

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THE AUDITOR-GENERAL

ON

RECEIVER OF REVENUE STATEMENTS

FOR THE YEAR ENDED

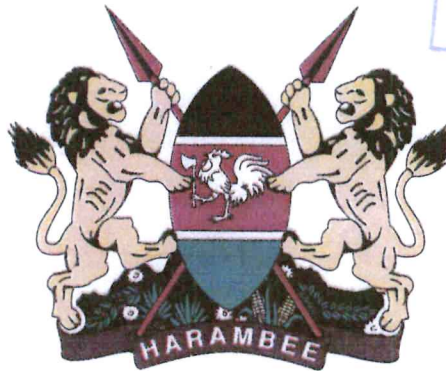
30 JUNE, 2025

MINISTRY OF DEFENCE



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OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
RECORDS OFFICE
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MINISTRY OF DEFENCE

NATIONAL GOVERNMENT

**RECEIVER OF REVENUE ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 30th JUNE 2025

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

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*Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025*

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1. ACRONYMS AND DEFINITIONS OF KEY TERMS

A. Acronyms

IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
MoD	Ministry of Defence
KDF	Kenya Defence Forces
CBK	Central Bank of Kenya
TNT	The National Treasury
ICPAK	Institute of Certified Public Accountants Of Kenya
NPSO	National Peace Support Operations
VAT	Value Added Tax
PAYE	Pay As You Earn
PDL	Petroleum Development Levy
RML	Roads Maintenance Levy

B. Definition of Key Terms

Fiduciary Management- Members of Management who are directly entrusted with the responsibility of the financial resources of the organisation.

*Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025*

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Defence Forces is under the Ministry of Defence at cabinet level, the Ministry is represented by the Cabinet Secretary for Defence who is responsible for the general policy and strategic direction of the Ministry. The Ministry of Defence was designated as a receiver on 13th August 2024 by the Cabinet Secretary, National Treasury in accordance with section 75(1) of the PFM Act, 2012.

(b) Principal activities

The receiver of revenue collects revenue from, sale of goods and fees for services, fines penalties forfeitures and other receipts not classified elsewhere. Revenue collected is remitted to the National Treasury.

(c) Key Management

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

- **Cabinet Secretary;** Hon. Roselinda Soipan Tuya
- **Receiver of Revenue;** Dr. Patrick Mariru PhD, CBS
- **Fiduciary Management;**

No.	Designation	Name	Period Served
1.	Cabinet Secretary	Hon. Roselinda Soipan Tuya	8 th Aug 2024-30th June 2025
2.	Principal Secretary and Accounting Officer	Dr. Patrick Mariru, PhD, CBS	1 st Jul 2024-30th June 2025
3.	The Chief of the Defence Forces	Gen. Charles M Kahariri CBS 'nwc'(USA)'psc'(K)	1 st Jul 2024-30th June 2025
4.	The Commander Kenya Army	Lt. Gen David Tarus CBS 'ndc' (K) 'cgsc' (USA) 'psc' (K)	1 st Jul 2024-30th June 2025
5.	Commander Kenya Air Force	Maj Gen. Fatuma G Ahmed CBS OGW 'ndc' 'psc'(K)	1 st Jul 2024-30th June 2025
6.	Commander Kenya Navy	Maj Gen. Paul Owuor Otieno EBS 'ndc' 'psc'(K)	1 st Jul 2024-30th June 2025

*Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025*

(d) Ministry Headquarters

P.O. Box 40668-00100
Ulinzi House
Lenana Road
Nairobi, KENYA

(e) Ministry Contacts

Telephone: (254) 020-2721100
E-mail: ps@mod.go.ke
Website: www.mod.go.ke

(f) Independent Auditors

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

(g) Principal Legal Adviser

Attorney General
P. O. Box 40112-00100 Nairobi
Telephone: (254) 2227461/ 2251355
E-mail: communications@ag.go.ke
Website: www.go.ke

(h) Bankers

Central Bank Of Kenya
P. O. Box 60000-00200 Nairobi.
Telephone: (254) 202860000
E-mail: comms@centralbank.go.ke
Website: www.centralbank.go.ke

3. STATEMENT BY RECEIVER OF REVENUE

The Cabinet Secretary- National Treasury designated the Principal Secretary - Ministry of Defence as a receiver of National Government revenue during the financial year 2024/2025, in accordance with section 75(1) of the Public Finance Management Act, 2012. The fund's revenue target for the year amounted to Kshs.356,330,779 comprising of; sale of goods and services; Kshs.109,735,820, sale of tender documents Kshs.94,579,630, other fines, penalties, forfeitures and other charges; Kshs.46,804,068 and sundry revenue Kshs.105,211,261.

During the year, revenue earnings amounted to Kshs.257,462,598 or 72% of the revenue budget of Kshs.356,330,779 comprising of actual cash revenue collections of Kshs.207,262,203 and accrued revenue of Kshs.50,200,395. Summary of revenue performance is summarized below;

Description	Revenue Budget (Kshs)	Actual Revenue Performance	% Performance
Sale of Goods and Services	109,735,820	86,892,491	79
Sale of Tender Documents	94,579,630	-	-
Fines, Penalties and Forfeitures	46,804,068	39,964,139	85
Sundry Revenue	105,211,261	130,605,968	124
Total	356,330,779	257,462,598	72

The 2024/2025 overall revenue under performance is attributable to; nil revenue collection from sale of tender documents; the tender documents are freely accessed online, decrease in collections from fines, penalties and forfeitures and less than projected sales of goods and services. The revenue collections in relation to miscellaneous revenue exceeded the budgetary allocation due to; asset disposal, accruing land rates and profit share from Space Centre in Malindi.

The fund management has a daily standing transfer order of revenue collected to the consolidated fund at National Treasury. During the year, cumulative cash collections of Kshs.207,262,203 was transferred to consolidated fund. Accrued revenue of Kshs.50,200,395 shall be transferred to consolidated fund upon receipt and after deducting accrued expenses of Kshs.2,146,361. The accrued revenue owed to exchequer relates to uncollected half year rent and profit share from Malindi Space Centre which payable in advance on calendar year basis and is expected to be paid during the 2025/2026 financial year.

The fund management is committed to ensuring all revenues due to the government are: collected, accounted for and disbursed to the National Treasury. The fund has complied with the newly adopted accrual financial reporting framework as prescribed by Public Sector Accounting Standards Board.


.....
Principal Secretary

Dr.Patrick Mariru, PhD, CBS

Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025

4. MANAGEMENT DISCUSSION AND ANALYSIS

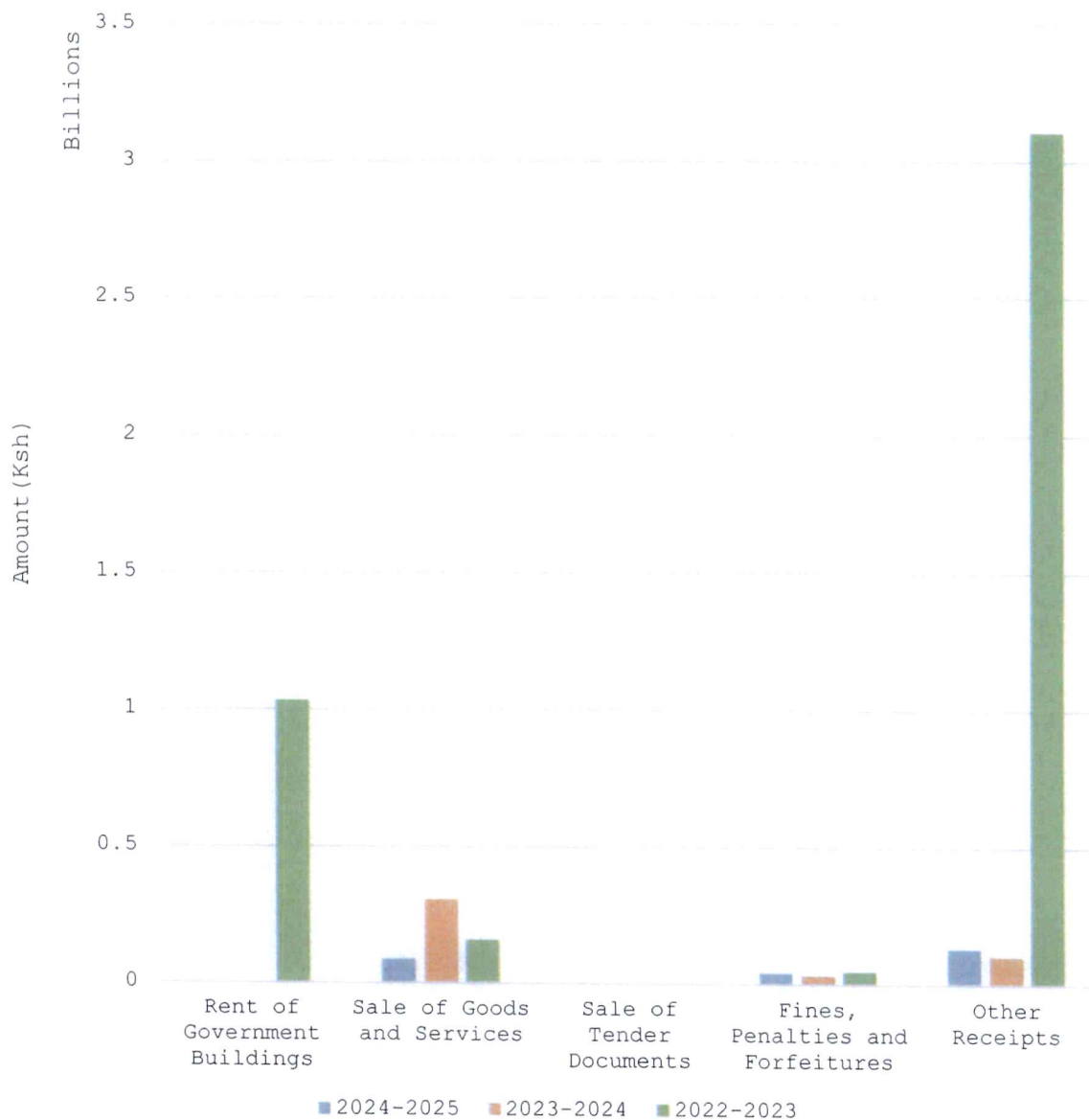
The Ministry of Defence Revenue statements three-year (2023-2025) cumulative revenue budget amounts to Kshs.2,787,104,024 while cumulative revenue over the same period amounts to Kshs.5,031,664,672 resulting in excess collection of Kshs.2,244,560,648 or 181% of budgeted revenue.

The revenue collections in 2023 exceeded budget collection estimates due to the delay in operationalization of the National Peace Support Operations (NPSO) Fund. However, revenue targets for 2023/2024 and 2024/2025 were not met due to operationalization of peace fund and reclassification of rent collections to appropriation in Aid.

Three - year revenue budget estimate and actual performance is summarized below;

Description	2024-2025 Kshs	2023-2024 Kshs	2022-2023 Kshs	Total Kshs
Revenue Budget				
Rent of Government Buildings	-	-	636,159,201	636,159,201
Sale of Goods and Services	109,735,820	103,524,359	68,461,486	281,721,665
Sale of Tender Documents	94,579,630	96,574,998	6,071,667	197,226,295
Fines, Penalties and Forfeitures	46,804,068	38,155,362	33,608,333	118,567,763
Other Receipts	105,211,261	731,353,630	716,864,209	1,553,429,100
Total	356,330,779	969,608,349	1,461,164,896	2,787,104,024
Actual Collections				
Rent of Government Buildings	-	-	1,031,616,346	1,031,616,346
Sale of Goods and Services	86,892,491	305,092,180	157,980,164	549,964,835
Sale of Tender Documents	-	-	-	-
Fines, Penalties and Forfeitures	39,964,139	30,192,500	44,154,781	114,311,420
Other Receipts	130,605,968	101,809,619	3,103,356,484	3,335,772,071
Total Non -Tax Receipts	257,462,598	437,094,299	4,337,107,775	5,031,664,672
Collection performance %	72	45	297	181

COMPARATIVE REVENUE PERFORMANCE ANALYSIS



5. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue shall prepare an account of the revenue received and collected by that receiver during that financial year.

The Principal Secretary in charge of the Ministry of Defence is responsible for the preparation and presentation of the Ministry of Defence Receiver of Revenue Statements, which gives a true and fair view of the state of affairs of the Ministry of Defence Receiver of Revenue Statements for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary in charge of the Ministry of Defence accepts responsibility for the Ministry of Defence Receiver of Revenue accounts, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the Ministry of Defence Receiver of Revenue account gives a true and fair view of the state of Ministry of Defence Receiver of Revenue transactions during the financial year ended June 30, 2025, and of the Ministry of Defence Receiver of Revenue Statements financial position as at that date. The Principal Secretary in charge of the Ministry of Defence further confirms the completeness of the accounting records maintained for the Ministry of Defence Receiver of Revenue, which have been relied upon in the preparation of the Ministry of Defence Receiver of Revenue account as well as the adequacy of the systems of internal financial control.

The Principal Secretary in charge of the Ministry of Defence confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants, and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Principal Secretary confirms that the Ministry of Defence Receiver of Revenue accounts have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Revenue Statements.

The revenue statements were approved and signed on 11.09. 2025 by:


Principal Secretary

Dr. Patrick Mariru, PhD, CBS

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2025 - MINISTRY OF DEFENCE

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying receiver of revenue statements of Ministry of Defence set out on pages 1 to 20, which comprise of the statement of financial position as at

Report of the Auditor-General on Receiver of Revenue Statements - Ministry of Defence for the year ended 30 June, 2025

30 June, 2025 and the statement of financial performance, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Opinion

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

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page iv to ix which comprise of Key Entity Information and Management, Statement by Receiver of Revenue, Management Discussion and Analysis and Statement of Receiver of Revenue Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these revenue 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 revenue 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 overall governance.

In preparing the revenue statements, Management is responsible for assessing the Ministry'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 revenue statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the revenue statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Ministry's revenue 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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 also 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/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 September, 2025

Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025

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

Description	Notes	Period Ended June 2025
		Kshs
Revenue from non-exchange transactions		
Taxes on Income, Profits and Capital Gains	5	-
Taxes on Property	6	-
Taxes on Goods and Services	7	-
Taxes on International Trade and Transactions	8	-
Other Taxes	9	-
Proceeds from Foreign Grants	10	-
Fines, Penalties and Forfeitures	11	39,964,139
Miscellaneous Revenue	12(a)	130,605,968
Sub-total		170,570,107
Revenue from exchange transactions		
Fees on Use of Goods & Services	13	-
Property Income	14	-
Sale of Goods and Services	15	86,892,491
Social Security Benefits	16	-
Sub-total		86,892,491
Total revenue		257,462,598
Expenses		
Disbursements to Exchequer Account	17	(207,262,203)
Other Expenses	18	(2,146,361)
Total expenses		(209,408,564)
Other gains/(losses)		-
Gain/Loss on foreign exchange transactions	19	(-)
Increase in Disbursements Due to Exchequer		48,054,034

Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 11.05 2025 and signed by:



Principal Secretary
Dr. Patrick Mariru, PhD, CBS



Senior Deputy Accountant General
Electina W. Wanyonyi, OGW
ICPAK NO:3674


(Paragraph 79 of IPSAS 33 allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of adoption of the accrual basis of accounting. In preparing these financial reporting template, this election has been made and therefore there are no comparatives in the first year of transition.)


Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025

8. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025

Description	Note	Period Ended 30 th June 2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Current Assets			
Cash and Cash Equivalents	20	-	-
Receivables from Non-Exchange transactions	21	-	-
Receivables from Exchange transactions	22	50,200,395	375,000
Total Current Assets		50,200,395	375,000
Total Assets		50,200,395	-
Current Liabilities			
Dues to Exchequer	23	48,054,034	375,000
Other payables	24	2,146,361	-
Revenue Received in Advance	25	-	-
Total Current Liabilities		50,200,395	375,000

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 11.07.2025 and signed by:


 Principal Secretary
 Dr. Patrick Mariru, PhD, CBS


 Senior Deputy Accountant General
 Electina W. Wanyonyi, OGW
 ICPAK NO:3674

Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025

9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 2025

Description	Note	2024/2025
		Kshs
Operating Activities		
Receipts		
Taxes on Income, Profits and Capital Gains	5	-
Taxes on Property	6	-
Taxes on Goods and Services	7	-
Taxes on International Trade & Transactions	8	-
Other taxes	9	-
Proceeds from foreign grants	10	-
Fines, Penalties and Forfeitures	11	39,964,139
Miscellaneous receipts	12b	80,405,573
Fees on use of Goods/Services	13	-
Property income	14	-
Sale of Goods and Services	15	86,892,491
Social security contributions	16	-
Total Receipts		207,262,203
Payments		
Disbursements To Exchequer Account	17	(207,262,203)
Total Payments		(207,262,203)
Net Cash from operating Activities		-
Cash and Cash Equivalent as at 1 st July 2024		-
Cash and Cash Equivalent as at 30th June 2025		-

Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025

10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2025

Description	Original Targets	Adjustments	Final Targets	Actual	% Realized
	Kshs	Kshs	Kshs	Kshs	
Revenue from non-exchange transactions					
Taxes on Income, Profits and Capital Gains	-	-	-	-	-
Taxes on Property	-	-	-	-	-
Taxes on Goods and Services	-	-	-	-	-
Taxes on International Trade and Transactions	-	-	-	-	-
Other Taxes	-	-	-	-	-
Proceeds from Foreign Grants	-	-	-	-	-
Fines, Penalties and Forfeitures	46,804,068	-	46,804,068	39,964,139	85%
Miscellaneous Revenue	105,211,261	-	105,211,261	130,605,968	124%
Sub Total	152,015,329	-	152,015,329	170,570,107	112%
Revenue from exchange transactions					
Fees on Use of Goods & Services	-	-	-	-	-
Property Income	-	-	-	-	-
Sale of Goods and Services	109,735,820	-	109,735,820	86,892,491	79%
Sale of tender documents	94,579,630	-	94,579,630	-	-
Sub Total	204,315,450	-	204,315,450	86,892,491	42%
Total Revenues	356,330,779	-	356,330,779	257,462,598	72%

Budget Notes:

The revenue collections in relation to fines, penalties and forfeitures underperformed due to decrease in Fines collected and decrease in forfeitures.

The revenue collections in relation to sale of goods and services underperformed due to less than projected sales of goods and services.

The revenue collections in relation to miscellaneous revenue exceed the budgetary allocation due to increase in auction collections and Malindi Space center share of revenue.

The revenue collection in relation to sale of tender documents was nil since the tender documents are freely accessed online.

11. NOTES TO THE FINANCIAL STATEMENT

1. General Information

The Ministry of Defence Receiver of Revenue was appointed by the Cabinet Secretary, National Treasury in accordance with section 75(1) of the PFM Act. The Entity's principal activity is to receive and account for the national government revenue as outlined in the appointment letter and section 75 of the PFM Act.

2. Statement of Compliance and Basis of Preparation

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) and Section 82 of the Public Finance Management Act, 2012. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The fund has elected full transition in the current financial year. All the fund's financial assets and liabilities have been identified and reported in the opening statement of financial position. Further, the fund's operations do not involve any form of inventory or Non-financial assets and liabilities for inclusion in the subsequent financial year's financial statements.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *entity*, and all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The revenue statements have been prepared on the Accrual Basis of accounting.

These financial statements were authorized for issue by the accounting officer on11.09.....2025.

*Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025*

3. Adoption of New and Revised Standards.

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

(When an IPSAS becomes effective on 1st January 2025, it is applicable in Kenya from 1st July 2025)

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application</p>

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Standard	Effective date and impact:
	<p>guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The standard has an impact on entity's revenue reporting; the entity has various revenue streams which are reinforceable through binding contracts/agreements while other revenue streams are charged based on approved rates provided in the laws and regulations.</i></p>

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Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii) Early adoption of standards

The entity did not early-adopt any new or amended standards in the financial year.

4. Significant Accounting Policies

a) Revenue

i. Revenue from non-exchange Transactions

Revenue from taxes, grants, fines, penalties and forfeitures is recognized when the event occurs and the asset recognition criteria is met. Revenue billed/assessed during the year but not yet collected is reported as a receivable in the statement of financial position.

ii. Revenue from exchange Transactions

Rendering of services

The Ministry of Defence recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. 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 Entity.

b) Budget

The budget is developed on the cash basis, the same accounts classification basis, and for the same period as these revenue statements. The revenue budget was approved as required by law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the revenue's actual performance against the comparable budget for the financial year under review has been included in these revenue statements.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Central Bank of Kenya and any other commercial bank.

b) Disbursements to the Exchequer

The Receiver of Revenue has a daily arrangement for sweeping of funds from its bank account to the Exchequer account. Total disbursements to the exchequer are as a result of the sweeping arrangement during the year.

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c) Comparative Figures

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

d) Subsequent Events

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

Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025

5. Taxes On Income, Profits and Capital Gains

Description	2024/2025
	Kshs
Income Tax from Individuals (PAYE)	-
Income from Corporations (Other Enterprises) (Capital gain, , Digital Tax, etc)	-
Other Income Tax- instalment tax, consultancy tax	-
Less: Refunds	(-)
Total Revenue	-

6. Taxes On Property

Description	2024/2025
	Kshs
Immovable Property (Stand Premia on Plots, Land Rent)	-
Capital gains tax	-
Stamp Duty	-
Other Property Taxes	-
Total Revenue on Property	-

7. Taxes On Goods and Services

Description	2024/2025
	Kshs
VAT on Domestic Goods and Services	-
VAT on Imported Goods and Services (imports, oil & anti adulteration levy)	-
VAT Refund	(-)
VAT Remissions	-
Total VAT	-
Excise Receipts (airtime, domestic excise duty, excise imports, excise tax money transfer, excise tax betting, excise tax on advert)	-
Refunds	(-)
Anti- adulteration levy	-
Other taxes on goods and services- Cement Levy	-
Total Revenue from Taxes on goods and services	-

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Revenue Statements for the year ended 30th June 2025

Notes to the financial statements

8. Taxes On International Trade and Transactions (Customs)

Description	2024/2025
	Kshs
Customs Duties	-
Customs Duties refunds	(-)
Other Taxes on International Trade and Transactions (Import Declaration Fees and Inspection Fees)	-
Total Revenue	-

9. Other Taxes (Not Elsewhere Classified)

Description	2024/2025
	Kshs
Other taxes (specify)	-
Total Revenue on Other Taxes	-

10. Proceeds from Foreign Grants

Description	2024/2025
	Kshs
Grants from International Organisations through the Exchequer	-
Program Grants	-
Total proceeds from grants	-

11. Fines, Penalties and Forfeitures

Description	2024/2025
	Kshs
Court imposed Fines and Forfeitures	-
Other Fines, Penalties Forfeitures, and other Charges	39,964,139
Total Income	39,964,139

12. (a) Miscellaneous Revenue

Description	2024/2025
	Kshs
Miscellaneous revenue	-
Sundry Revenue	130,605,968
Total Revenue	130,605,968

Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025

12(b) Sundry Revenue Summary

Description	2024/2025
	Kshs
Actual Cash collection	80,405,573
Accrued Revenue	50,200,395
Total Revenue	130,605,968

13. Fees On Use of Goods/Services

Description	2024/2025
	Kshs
Licences under Traffic Act	-
Licenses under the Communication Act	-
Licenses under Betting, Lotteries and Gaming Act	-
Mineral Export Licensing <input type="checkbox"/>	-
Prospecting Fee	-
Petroleum Development Levy (PDL)	-
Roads Maintenance Levy (RML)	-
Total Fees on use of Goods/Services	-

14. Property Income

Description	2024/2025
	Kshs
Interest	-
Dividends from Central Bank of Kenya (CBK)	-
Other Profits and Dividends (specify entity)	-
Surplus funds from Regulatory Authorities	-
Rent of Land	-
Stand Premia on Town Plots	-
Royalty on Carbon Dioxide	-
Mining Royalties	-
Magadi Soda Royalty	-
Base Titanium Royalty	-
Fishing Rights	-
Total	-

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Revenue Statements for the year ended 30th June 2025

15. Sale of Goods and Services

Description	2024/2025
	Kshs
Rent of Government Building and Housing	-
Fees under Traffic Act	-
Second-hand Motor Vehicle Purchase Tax	-
Other Land Revenue	-
Land Adjudication and Case Fees	-
Conveyance Fees	-
Land Valuation Fees	-
Land Registration Fees	-
Sale of Freehold Interest in Agricultural Land	-
Official Receiver's Fees	-
Registration of Companies	-
Registration of Coat of Arms	-
Registration of Business Names	-
Registration of Marriages	-
Registration of Hire Purchase Agreement	-
Registration of Newspapers, Books and Periodicals	-
Public Trustee Fees	-
Business Names Search Fees	-
Licence Fees	-
Registration of Births and Deaths	-
Identity Card Fees	-
Certificate of Good Conduct Fees	-
Hire of Security Service Fees	-
Immigration Visas and Other Consular Fees	-
Passport Fees	-
Work Permit Fees	-
Other Immigration Fees	-
East African Tourist Visa Fees	-
Verification Fees	-
Incidental Sales by Non-Market Establishments	-
Sale of goods and fees for services	86,892,491
Sale of Tender Documents	-
Total Revenue	86,892,491

Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025

Notes to the financial statements

16. Social, Security Benefits

Descriptions	2024/2025
	Kshs
Contributions from Government Employees to Social and Welfare Schemes within Government	-
Total Contributions	-

17. Disbursement to Exchequer Account

Descriptions	2024/2025
	Kshs
Disbursement to Exchequer Account	207,262,203
Total	207,262,203

18. Other Expenses

Descriptions	2024/2025
	Kshs
Boarded assets auction fee	2,146,361
Total	2,146,361

19. Gain/Loss on Foreign Exchange Transactions

Description	2024/2025
	Kshs
Gain or loss on foreign exchange transactions	-
Gain or loss on balances in foreign exchanges	-
Total	-

Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025

20. Cash and Cash Equivalents

Name of Bank, Account No. & currency	Amount in bank account (local currency)	Exc. rate (if in foreign currency)	Period Ended June 2025	Opening Bal as at 1 st Jul 2024
			Kshs	Kshs
<i>Ministry of Defence</i> <i>1000387246</i>	-	-	-	-
Total	-	-	-	-

21. Receivables from non-Exchange transactions

Description	Period Ended June 2025	Opening Bal as at 1 st Jul 2024
	Kshs	Kshs
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	-
Taxes on Goods and Services	-	-
Taxes on International Trade and Transactions	-	-
Other Taxes	-	-
Proceeds from Foreign Grants	-	-
Fines, Penalties and Forfeitures	-	-
Miscellaneous Revenue	-	-
Total	-	-

22. Receivables from exchange transactions

Description	Period Ended June 2025	Opening Bal as at 1 st Jul 2024
	Kshs	Kshs
Fees on Use of Goods & Services	-	-
Property Income	18,354,095	-
Sale of Non-Financial Assets	31,846,300	-
Sale of Goods and Services	-	375,000
Social Security Benefits	-	-
Total	50,200,395	375,000

Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025

23. Dues to Exchequer

Payables	Period Ended June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Amount collected/earned yet to be disbursed to Exchequer	48,054,034	375,000
Total Due to Exchequer	48,054,034	375,000

Movement Disclosure on Dues to Exchequer

Description	Amount
	Kshs
Opening Dues to Exchequer	375,000
Increase/Decrease in Dues to Exchequer	47,679,034
Closing Dues to Exchequer	48,054,034

24. Other Payables

Payables	Period Ended June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Auction fee paid by MOD	2,146,361	-
Total	2,146,361	-

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Revenue Statements for the year ended 30th June 2025

Notes to the financial statements

25. Revenue Received In Advance

Description	Period Ended June 2025	Opening Bal as at 1 st Jul 2024
	Kshs	Kshs
Revenue from non exchange (specify)	-	-
	-	-
Revenue from exchange transactions (specify)	-	-
	-	-
Total	-	-

12. APPENDICES

Appendix 1: Progress on Follow Up of Prior Year Auditor-General Recommendations

The following is the summary of issues raised by the Auditor –General and management comments that were provided. 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	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	NONE			



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Principal Secretary
Dr. Patrick Mariru, PhD, CBS



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Senior Deputy Accountant General
Electina W. Wanyonyi, OGW
ICPAK NO:3674

Ministry of Defence Receiver of Revenue
Revenue Statements for the year ended 30th June 2025

Appendix 2: Statement of Arrears of Revenue as at 30th June 2025

Classification of Revenue	Balance as at 1 st July 2024 (current FY)	Arrears received during the year	Additions in arrears for the current year to 30 th June 2025	Total arrears as at 30 th June 2025	Measures taken to recover the arrears	Assessment to the recoverability of arrears
	Kshs	Kshs	Kshs	Kshs		
Arrears of Revenue from Non-Exchange Transactions						
Taxes on Income, Profits and Capital Gains	-	-	-	-		
Taxes on Property	-	-	-	-		
Taxes on Goods and Services	-	-	-	-		
Taxes on International Trade and Transactions	-	-	-	-		
Other Taxes (<i>specify</i>)	-	-	-	-		
Proceeds from Foreign Grants	-	-	-	-		
Fines, Penalties and Forfeitures	-	-	-	-		
Miscellaneous Receipts	-	-	50,200,395	50,200,395		Highly recoverable
Sub Total	-	-	50,200,395	50,200,395		
Arrears of Revenue from exchange transactions						
Fees on Use of Goods & Services	375,000	375,000	-	-		
Property Income	-	-	-	-		
Sale of Goods and Services	-	-	-	-		
Social Security Benefits	-	-	-	-		
Sub Total	-	-	-	-		
Total Arrears	-	-	50,200,395	50,200,395		

These arrears are disclosed as required under the PFM Act section 82 (2) of 2012

Principal Secretary

Dr. Patrick Mariru, PhD, CBS

Ministry of Defence Receiver of Revenue
 Revenue Statements for the year ended 30th June 2025

Appendix 3: Ageing Analysis of Revenue in Arrears

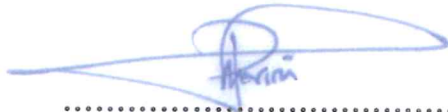
Description	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Arrears of Revenue from Non-Exchange Transactions					
Taxes on Income, Profits and Capital Gains	-	-	-	-	-
Taxes on Property	-	-	-	-	-
Taxes on Goods and Services	-	-	-	-	-
Taxes on International Trade and Transactions	-	-	-	-	-
Other Taxes (<i>specify</i>)	-	-	-	-	-
Proceeds from Foreign Grants	-	-	-	-	-
Fines, Penalties and Forfeitures	-	-	-	-	-
Miscellaneous Revenue	50,200,395	-	-	-	50,200,395
Arrears of Revenue from exchange transactions					
Fees on Use of Goods & Services	-	-	-	-	-
Property Income	-	-	-	-	-
Sale of Goods and Services	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Total (Agree to Statement of Arrears)	50,200,395	-	-	-	50,200,395

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Appendix 4: Report of Waivers and Variations of Taxes, Fees or Charges granted by the Receiver of Revenue during the year.

Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver (tax, fee, or charge)	Reasons for waiver/ variation	The law in terms of which the variation/waiver was granted
-	-	-	-	-

(PFM ACT Section 82 sub section 4, 5)



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Principal Secretary

Dr. Patrick Mariru, PhD, CBS

