

REPUBLIC OF KENYA



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OF

THE AUDITOR-GENERAL

ON

KENYA ACCREDITATION SERVICE

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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KENYA ACCREDITATION SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL 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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**Kenya Accreditation Service (KENAS)
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1. Acronyms and Definition of Key Terms

A: Acronyms

AGPO	Access to Government Procurement Opportunities
ARSO	African Organisation for Standardisation
BETA	Bottom-up Economic Transformation Agenda
CABs	Conformity Assessment Bodies
CEO	Chief Executive Officer
CNAS	China National Accreditation Service for Conformity Assessment
EAPCC	East Africa Portland Cement Company
FY	Financial Year
GLOBAL GAP	GLOBAL Good Agricultural Practice
IAF	International Accreditation Forum
ICPAK	Institute of Certified Public Accountants of Kenya
ICS	Institute of Certified Secretaries
ILAC	International Laboratory Accreditation Cooperation
IPSAS	International Public Sector Accounting Standards
ISO	International Organization for Standardization
KAM	Kenya Association of Manufacturers
KENAS	Kenya Accreditation Service
KIPI	Kenya Industrial Property Institute
KISM	Kenya Institute of Supplies Management
MIA	Manager Internal Audit
MRA	Mutual Recognition Arrangement
MSME	Micro, Small and Medium Enterprises
NDT	Non-Destructive Testing
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
PFM	Public Finance Management
PPRA	Public Procurement Regulatory Authority
PS	Principal Secretary
PSASB	Public Sector Accounting Standards Board
PPE	Property Plant & Equipment
SAC	Strategy and Accreditation Committee

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SMEs	Small and Medium Enterprises
UGANAS	Uganda National Accreditation Service
UKAS	United Kingdom Accreditation Service
WASPA	Water Services Providers Association
WASREB	Water Services Regulatory Board
WTO	World Trade Organization
TBT	Technical Barriers to Trade

B: Definition of Key Terms

Accreditation – means, in relation to a Conformity Assessment Body, an attestation by the Service that the conformity assessment body is competent to carry out specific conformity assessment tasks.

Accredited Body – means an organisation or a facility that has been accredited by the Service.

Assessment – means the process undertaken by the Service to evaluate the competence of a conformity assessment body based on particular standards or other normative documents for a defined scope of accreditation.

Conformity assessment – means a demonstration that specific requirements relating to a product, process, system, person or body have been fulfilled.

Conformity Assessment Body – means a body that carries out compliance assessment services including testing, calibration, inspection, verification, certification of management systems, certification of persons, certification of products, processes or services, proficiency testing and production of reference materials.

Fiduciary Management – members of Management are directly entrusted with the responsibility of financial resources of the organization.

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2. Key Entity Information and Management

(a) Background information

The Kenya Accreditation Service (KENAS) is established under the Kenya Accreditation Service Act Cap. 496A Laws of Kenya. KENAS is domiciled in Kenya and has only one office located in Upper Hill Nairobi.

(b) Principal Activities

The principal mandate of KENAS is to accredit and exercise oversight over organizations (both private and public) that carry out conformity assessment activities. These organizations include: calibration, testing, medical and veterinary laboratories; proficiency testing providers; and certification, inspection, verification and validation bodies.

<i>Vision</i>	<i>An accreditation-driven economy</i>
<i>Purpose</i>	<i>To drive quality and reliability of services and products by providing internationally recognized accreditation thereby fostering trust and economic growth</i>
<i>Mission</i>	<i>To provide greater confidence in accredited conformity assessment services to businesses, government, regulators, consumers, and the public</i>
<i>Value Proposition</i>	<i>Delivering Trust</i>
<i>Core Values</i>	<i>The core values of KENAS are enshrined in the acronym iPace– integrity, Professionalism, accountability, client-focused and excellence</i>

(c) Key Management

KENAS' day-to-day oversight and management is under the following key organs:

No	Designation	Name
1.	Chairperson of the Board of Directors	ngeny BIWOTT
2.	Alternate to the Principal Secretary, The National Treasury and Economic Planning	Mr. Festus Mwanzi
3.	Alternate to the Principal Secretary, State Department of Industry	Ms. Lydia Munialo <i>From 5th February 2025</i>
4.	Alternate to the Principal Secretary, State Department of Industry	Ms. Ruth Wanyonyi <i>Exited on 3rd February 2025</i>
5.	Independent Director	Mr. Waiganjo Dickson Macharia
6.	Independent Director	Mr. Zedekiah Orioki
7.	Independent Director	Ms. Grace Otieno
8.	Independent Director	Dr. Leah Chelagat

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No	Designation	Name
9.	Independent Director	Mr. Allan Muchungure Pkress
10.	Chief Executive Officer	Dr. Walter Juma Ongeti
11.	Chief Manager Laboratories	Ms. Lucy Nancy Muthoni Namu
12.	Manager Finance and Accounts	Mr. Henry Maxwell Wandabwa
13.	Manager Certification and Inspection	Mr. Michael Kibet Talam
14.	Manager Human Resource and Administration	Mr. David Ochieng
15.	Manager Supply Chain Management	Ms. Flormina Ngina Musee
16.	Manager Scheme Development, Training and Advocacy	Ms. Joyce Wangui Gichuru
17.	Manager Internal Audit	Mr. Elijah Kiptoo Kandie <i>Exited on 3rd January 2025</i>
18.	Internal Auditor	Mr. Salim Ombuli Yusuf <i>Discharging the role of Head of Internal Audit, effective 4th January 2025</i>
19.	Corporation Secretary	Mr. Francis Olalo <i>Exited on 22nd August 2024</i>
20.	Ag. Corporation Secretary / Principal Legal Services Officer	CS Walter Manyibe Nyamwaya

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Chief Executive Officer	Dr. Walter Juma Ongeti
2.	Chief Manager Laboratories	Ms. Lucy Nancy Muthoni Namu
3.	Manager Certification and Inspection	Mr. Michael Kibet Talam
4.	Manager Scheme Development, Training and Advocacy	Ms. Joyce Wangui Gichuru
5.	Manager Finance and Accounts	Mr. Henry Maxwell Wandabwa
6.	Manager Supply Chain Management	Ms. Flormina Ngina Musee
7.	Manager Internal Auditor	Mr. Elijah Kiptoo Kandie
8.	Internal Auditor	Mr. Salim Ombuli Yusuf
9.	Ag. Corporation Secretary / Principal Legal Services Officer	CS Walter Manyibe Nyamwaya
10.	Corporation Secretary	Mr. Francis Olalo

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Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The KENAS Board of Directors is the key fiduciary oversight and governing body with overall responsibility for overseeing KENAS operations. During FY 2024/2025, KENAS Board of Directors consisted of nine (9) members, including the Chairperson, CEO and Ag. Corporation Secretary. In discharging its activities, the KENAS Board delegates the decision-making activities to various committees of the Board as listed below:

Table 2: Fiduciary Oversight Members

Board Committee	Membership
Audit and Risk Assurance Committee (ARC)	Dickson Waiganjo (Chairperson) Festus Mwanzi (Member) Ruth Wanyonyi (Member) exited on 3 rd February 2025 Lydia Munialo (Member) from 5 th February 2025
Finance and Investment Committee (FIC)	Zedekiah Orioki (Chairperson) Leah Chelagat (Member) Ruth Wanyonyi (Member) exited on 3 rd February 2025 Lydia Munialo (Member) from 5 th February 2025 Allan Pkress (Member)
Human Resource Committee (HRC)	Grace Otieno (Chairperson) Zedekiah Orioki (Member) Dickson Waiganjo (Member)
Strategy and Accreditation Committee (SAC)	Leah Chelagat (Chairperson) Festus Mwanzi (Member) Grace Otieno (Member) Allan Pkress (Member)
Public Finance Management Standing Committee (PFM)	Dr. Walter Ongeti (Chairperson) Joyce Gichuru (Vice-chairperson) Henry Wandabwa (Secretary) Lucy Namu (Member) Wycliffe Ochieng (Member) Flormina Ngina (Member) CS. Walter Nyamwaya (Member) Douglas Machoka (Member) Rebecca Wanjiru (Member)
Budget Implementation Committee (BIC)	Henry Wandabwa (Chairperson) Lucy Namu (Member) Joyce Gichuru (Member) Michael Talam (Member)

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Board Committee	Membership
	Flormina Ngina (Member) Martha Yator (Member) Margaret Kamau (Member) Rebecca Wanjiru (Member) Douglas Machoka (Secretary)

(f) KENAS Headquarters

P.O. Box 47400-00100
Abcon House
No. 06 Masaba Road, Upper Hill,
Nairobi, Kenya

(g) KENAS Contacts

Telephone: (+254) 20 484 0000
Email ceo@kenas.go.ke and info@kenas.go.ke
Website: www.kenas.go.ke

(h) KENAS Bankers

KCB Bank LTD
Kipande Branch
P.O. Box 30012
GPO 00100
Nairobi, Kenya

(i) Independent Auditor

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

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Key Entity Information and Management (continued)

(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

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3. The Board of Directors

Ref	Directors	Details
1.	 <p>ngeny BIWOTT <i>Board Chairperson</i> MSc, BSc.</p>	<p>Chairperson (born on 29th January 1952) Appointed 26th April 2023</p> <p>ngeny BIWOTT is a licensed private pilot and aerospace scientist with over 39 years of experience in the aviation industry. He holds an MSc from the University of Hertfordshire and advanced qualifications in aerospace science, risk management, and strategy from various universities. He worked as a lead aircraft accident investigator, an international aviation compliance auditor, a quality auditor for ISO 9001:2008, and an Environmental impact assessment lead expert for NEMA.</p> <p>His initial training and work experience in the aviation sector includes 12 years with the East African Community and the Directorate of Civil Aviation of Kenya, where he qualified and licensed with four (4) ratings, served as East Africa regional search and rescue lead coordinator and an instructor at the aviation school.</p> <p>He is an authority and practitioner of corporate leadership and Governance, with leadership training from Strathmore Business School and IMD, and extensive experience in various industries. He has held six board positions, five of which were in State Corporations. Notably, he served in the board of KCB Bank Tanzania Ltd and as Group Chairman of KCB Group Plc. He is an author of a dozen aviation and scientific publications.</p>
2.	 <p>Ms. Grace Otieno <i>Independent Director</i> LLB, PGDip, Advocate of the High Court of Kenya</p>	<p>Independent Director (born on 5th May 1988) Appointed 15th June 2023</p> <p>Ms. Grace Otieno is an advocate of the High Court of Kenya with global and corporate experience in legal services. She is currently a partner at Muma & Kanjama Advocates, with a background in Commercial Law General, Employment Law, Criminal Law General, Family Law and Succession Law, Corporate Law, Environment and Land Law, Alternative & General Dispute Resolution, Constitutional and Human Rights Litigation.</p> <p>Ms. Otieno holds a Bachelor of Laws (LL.B.) degree from Moi University and is a Certified Mediator. She is a member of the Law Society of Kenya (LSK); East African Law Society (EALS); Federation of Women Lawyers (FIDA Kenya) as well as Mediation Training Institute of East Africa.</p> <p>Ms. Otieno is the chair of the Human Resources and Administration Committee and a member of the Strategy and Accreditation Committee.</p>



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Ref	Directors	Details
3.	 <p>Dr. Leah Chelagat <i>Independent Director</i> MCAP, BTh</p>	<p>Independent Director (born on 15th August 1967) Appointed 22nd June 2023</p> <p>Dr. Leah Chelagat holds a Masters’ Degree Counselling & Psychology from BIBU International University, a BA Theological Studies from BIBU International University and a Certificate in International Mediation from Mediate University. She is the Managing Director & Founder of Pome Granite International Ltd.</p> <p>Dr. Leah’s areas of expertise include Strategic Planning, Financial Analysis, Business Acumen, Project Management, Risk Management and Team Building with over 20 years’ experience as a multiple start up Investor.</p> <p>Dr. Leah was appointed as an independent Director in June 2023. She is the chair of the Strategy and Accreditation Committee and a member of the Finance and Investment Committee.</p>
4.	 <p>Mr. Zedekiah Orioki <i>Independent Director</i> BAEcon, Dip</p>	<p>Independent Director (born on 18th August 1962) Appointed 22nd June 2023</p> <p>Mr. Zedekiah Orioki holds a Bachelor of Arts Degree (Economics) and Diploma in Purchasing and Supplies. He has over thirty (30) years’ experience in public and commercial purchasing, store management and Supply Chain Management.</p> <p>He previously served in diverse roles such as Chief Officer, Supply Chain department at the Geothermal Development Company-(GDC), Senior Purchasing Officer, Kenya Medical Research Institute- KEMRI, Stores Manager at DT Dobie Motors and Store manager at CMC Motors Group K. Limited. He brings a diverse skill set in supply chain processes, systems and compliance requirements.</p> <p>Mr. Orioki was appointed as an independent Director in June 2023. He is the chair of the Finance and Investment Committee and a member of the Human Resource and Administration committee.</p>


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Ref	Directors	Details
5.	 <p>Mr. Waiganjo Dickson <i>Independent Director</i> LLB, PGD, Advocate of the High Court of Kenya</p>	<p>Independent Director (born on 1st January 1972) Appointed 22nd June 2023</p> <p>Mr. Waiganjo Dickson has a Bachelor of Law (LLB) degree from the University of South Gujarat and a Diploma of Law from the Kenya School of Law. He was admitted to the roll of Advocates on 4th October 1999.</p> <p>He is the Managing partner at Macharia Waiganjo and Nyakoe Advocates where he specializes in conveyancing, civil and commercial matters. He has over 23 years' experience in Legal, regulatory and Compliance matters which are essential in shaping good governance.</p> <p>Mr. Waiganjo was appointed as an independent Director in June 2023. He is the chair of the Audit and Risk Committee and a member of the Human Resource and Administration Committee.</p>
6.	 <p>Mr. Festus Mwanzi <i>Alternate to Principal Secretary, The National Treasury</i> MBA, CPA(K)</p>	<p>Alternate to the Principal Secretary, The National Treasury and Economic Planning (born on 3rd July 1977) Appointed 23rd November 2023</p> <p>Mr. Festus Mwanzi is a Certified Public Accountant CPA (K) with over 20 years industry experience and a member in good standing of ICPAK. He holds a degree in Business Administration from Kenyatta University and has completed course work for Master of Business Administration (MBA) Finance option.</p> <p>He currently serves as the Assistant Director Investments, The National Treasury, having previously served as a Chief Investment Officer in the Government Investment and Public Enterprise (GIPE).</p> <p>Mr. Festus has served as alternate to CS National Treasury in various State Corporation Boards including Kenya Institute of Mass Communication (KIMC), Kenya Water Institute and Rongo University.</p> <p>Mr. Festus is a member of the Audit and Risk Committee and Strategy and Accreditation Committee.</p>

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Ref	Directors	Details
7.	 <p>Mrs. Lydia Munialo <i>Alternate to the Principal Secretary, State Department of Industry</i> BCom, MCIPS, Dip (CIPS)</p>	<p>Alternate to the Principal Secretary, State Department of Industry (born on 29th September 1969)</p> <p>Appointed 5th February 2025</p> <p>Mrs. Lydia Munialo currently serves as the Senior Deputy Director, Supply Management Services in the State Department for Industry. She brings over 20 years of extensive experience in public service, having previously worked at various Ministries, Departments and Agencies.</p> <p>She holds a Bachelor of Commerce degree in Business Administration (Marketing Option) from the University of Nairobi and a Graduate Diploma in Purchasing and Supply from the Chartered Institute of Purchasing and Supply (CIPS), UK. She is a full member of both the Kenya Institute of Supplies Management (KISM) and the Chartered Institute of Procurement and Supply (MCIPS).</p> <p>Mrs. Munialo has a strong background in governance. She has served as a representative of the Principal Secretary for Education and Research on the Boards of the Technical University of Mombasa and the Cooperative University of Kenya. In addition, she represented the Principal Secretary for Industry on the Board of the Kenya Industrial Property Institute from January 2023 to 4 February 2025.</p> <p>Mrs. Munialo is a member of the Audit and Risk Committee and the Finance and Investment Committee.</p>
8.	 <p>Ms. Ruth Wanyonyi <i>Alternate to the Principal Secretary, State Department of Industry</i> MScFin, BFin, CPA (K)</p>	<p>Alternate to the Principal Secretary, State Department of Industry (born on 7th March 1982)</p> <p>Appointed 19th January 2023 to 3rd February 2025</p> <p>Ms. Ruth Wanyonyi serves as the Assistant Accountant General of at the State Department for Industry. She joined the department in June 2018 having previously worked at various Ministries, Departments and Agencies.</p> <p>She holds a Master of Science Degree in Finance from JKUAT, Bachelor of Commerce in Finance from KCA University and is a Certified Public Accountant (K) with membership at ICPAK.</p> <p>Ms. Ruth was appointed as an alternate to the Principal Secretary, State Department for Industry in 19th January 2023 to 3rd February 2025. She served as a member of the Audit and Risk Committee and Finance and Investment Committee.</p>

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Ref	Directors	Details
9.	 <p data-bbox="258 757 528 853">Mr. Allan Pkress <i>Independent Director</i> BCom, Dip.BA</p>	<p data-bbox="687 315 1374 349">Independent Director (born on 18th December 1976)</p> <p data-bbox="687 360 1070 394">Appointed 12th January 2024</p> <p data-bbox="687 405 1449 651">Mr. Allan Muchungure Pkress has a bachelor's degree in commerce marketing Option and a Diploma in Business Administration. He currently works as the Customer Experience Lead at Safaricom LLP. He has over 15 years' experience in Workforce and Productivity Management, Customer experience management and digital transformations.</p> <p data-bbox="687 663 1449 763">Mr. Pkress is a member of the Finance and Investment Committee as well as the Strategy and Accreditation Committee.</p>
10.	 <p data-bbox="261 1361 644 1503">Dr. Walter Ongeti <i>Chief Executive Officer, Ex Officio Director</i> Ph.D., MBA, B.Ed, CS, FKIM</p>	<p data-bbox="687 869 1449 943">Chief Executive Officer, Ex Officio Director (born on 1st May 1981)</p> <p data-bbox="687 954 1062 987">Appointed on 13th May 2024</p> <p data-bbox="687 999 1449 1200">Dr. Walter Ongeti is a distinguished Strategy and Governance specialist with over fifteen years of experience in senior leadership roles across various organizations. His extensive background in strategic management and corporate governance has made him a sought-after consultant and practitioner.</p> <p data-bbox="687 1211 1449 1424">He holds a Ph.D. in Business Administration, Strategic Management and Corporate Governance, an MBA in Strategic and Change Management and a Bachelor's degree in Education, Economics and Business studies from the University of Nairobi. He is a Certified Secretary, Governance Auditor and Certified Strategic Leadership expert.</p> <p data-bbox="687 1435 1449 1570">Dr. Ongeti has served as an advisor to Government on Strategy, Governance and Research, Senior Lecturer in various universities and a member of the Tax Appeals Tribunal in the Judiciary.</p>
11.	 <p data-bbox="261 1928 549 2024">Francis Olalo <i>Corporation Secretary</i> LLB, CPS</p>	<p data-bbox="687 1592 1310 1626">Appointed on 11th July 2021 to 22nd August 2024</p> <p data-bbox="687 1637 1449 1771">Mr. Francis Olalo is an Advocate of the High Court of Kenya, admitted to the Roll of Advocates in 2001. He has practised law for over 20 years and holds a wealth of expertise in various legal domains.</p> <p data-bbox="687 1783 1449 1883">Mr. Olalo served as a certified public secretary with over 15 years in Company Secretarial Practice. He is a member of the Institute of Certified Secretaries.</p>

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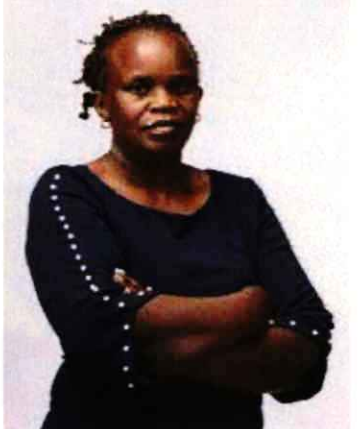

Ref	Directors	Details
12.	 <p>CS. Walter Nyamwaya <i>Ag. Corporation Secretary / Principal Legal Services Officer</i> MA (Public Policy & Administration), LLB, PGD, CS,</p>	<p>Principal Legal Services Officer (born on 28th October 1988) Appointed 23rd August 2024</p> <p>Mr. Walter Nyamwaya has extensive experience in legal, governance, and corporate secretarial services across public and private sectors, including strategic governance advisory, board management, compliance, litigation, contract management, and legal risk management. Previously, he served as Legal Officer and Corporation Secretary at Kenya Veterinary Vaccines Production Institute, Group Legal Officer at Broadway Group of Companies, and Assistant Legal & Regulatory Compliance Officer at Kenya Association of Manufacturers, starting his career at Shem Kebong'o & Co. Advocates.</p> <p>Mr. Nyamwaya holds a Master of Arts in Public Policy and Administration from Kenyatta University, a Bachelor of Laws (LLB) degree from Moi University, a Postgraduate Diploma in Law from the Kenya School of Law and is a Certified Secretary (CS) under KASNEB.</p> <p>He is a member of the Law Society of Kenya (LSK) in good standing and a member of the Institute of Certified Secretaries (ICS).</p>

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4. Key Management Team

No.	Management	Details
1.	 <p>Dr. Walter Juma Ongeti Ph.D., MBA, B.Ed, CS, FKIM Appointed on 13th May 2024</p>	Chief Executive Officer
2.	 <p>Lucy Nancy Muthoni Namu MSc, BSc. PGDSc. PGDA</p>	Chief Manager, Laboratories
3.	 <p>Michael Kibet Talam P. Eng Tech, MIET-K</p>	Manager, Inspection and Certification


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No.	Management	Details
4.	 <p>Joyce Wangui Gichuru MAIR, B.Sc. (Agriculture)</p>	Manager, Scheme Development, Training and Advocacy
5.	 <p>Flormina Musee Ngina MBA, BBA, MCIPS (UK), MKISM</p>	Manager, Supply Chain Management
6.	 <p>CPA Henry Maxwell Wandabwa MBA, BCom., CPA(K)</p>	Manager, Finance and Accounts

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No.	Management	Details
7.	 <p>CPA Elijah Kiptoo Kandie BBM, CPA(K), MIIA(K)</p>	<p>Manager, Internal Audit <i>Exited 3rd January 2025</i></p>
8.	 <p>Francis Olalo LLB, CPS</p>	<p>Corporation Secretary <i>Exited 22nd August 2024</i></p>
9.	 <p>CS Walter Manyibe Nyamwaya MA (Public Policy & Administration), LLB, PGDI, CS</p>	<p>Ag. Corporation Secretary / Principal Legal Services Officer</p>

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No.	Management	Details
10.	 <p data-bbox="304 775 783 840">Salim Ombuli Yusuf BA Economics, CPA III, MIA(K)</p>	Internal Auditor

5. Chairman's Statement

On behalf of the KENAS Board of Directors, I present the 15th Annual Report and Financial Statements for the Financial Year 2024/2025.

The year was one of strategic evolution for KENAS, with our national economic growth and focus shifting from maintaining service continuity to positioning accreditation as a driver of innovation, regional competitiveness, and global integration. Our gains during the year reflected our deliberate effort to align with the Bottom-up Economic Transformation Agenda (BETA) and emerging demands in the global quality infrastructure ecosystem backed by retirement of Strategic Plan 2020 – 2024 and onboarding of a new Strategy 2024 – 2028.

KENAS continues to contribute to shaping, influencing and strengthening the Quality Infrastructure at national, regional and international levels. For the period under review, KENAS participated in key regional and international forums organized and hosted by ILAC, IAF, AFRAC, ISO, ARSO and WTO. Through these forums, KENAS participated in the formulation and monitoring of national, regional and international accreditation guidelines and standards for global trade facilitation. Additionally, KENAS is in the advanced stages of planning and hosting an International Accreditation Conference in November 2025, that seeks to bring together key players in accreditation and conformity assessment around the world.

In December 2024, the Business Laws Amendment Act broadened compliance requirements for manufacturers, importers, and distributors, emphasizing product quality, testing, and traceability. This puts KENAS at the forefront of facilitating trade through the utilization of accredited conformity assessment services in meeting compliance requirements. This also takes KENAS a step towards realizing the vision of being a trusted partner in assuring quality of products and services through accreditation; by encouraging the use of accredited conformity assessment bodies (CABs) to build consumer and partner country trust in goods and services.

KENAS is prioritising strategic partnerships that will advance accreditation in Kenya and Africa. KENAS signed two (2) Memoranda of Understanding as well as two (2) contracts with international institutions to enhance trade facilitation through accreditation.

At the institutional level, the Board took bold steps to enhance operational sustainability and service delivery. The Board accelerated our digital transformation through integration with Microsoft 365 and the e-Citizen platform, while strengthening internal systems for training, resource planning, and client interaction. In addition, we safeguarded the integrity of our accreditation processes by initiating protection of KENAS' intellectual assets under national and international IP frameworks. Further, the Board developed a Strategy and approved the Strategic Plan for the period 2024–2028 that will guide KENAS direction with an emphasis on expanding accreditation scopes, strengthening technical partnerships, and exploring new service models that respond to both regulatory and market-driven needs.

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On behalf of the Board, I extend my appreciation to our staff, assessors and other stakeholders whose contributions continue to enhance KENAS ability to achieve its mandate. We are especially grateful to the Ministry of Investments, Trade and Industry, the National Treasury, and our international partners and suppliers for their unwavering support. Together, we move forward building trust, enabling trade, and reinforcing Kenya's role in the global quality infrastructure.



ngeny BIWOTT
Chairperson of the Board

Date: 01/09/2025

6. Report of the Chief Executive Officer

I submit the 15th Annual Report and Financial Statements for the Financial Year 2024/2025 for KENAS. This report highlights our strategic initiatives and important milestones achieved within the reporting period in line with the six (6) pillars of Strategic Plan 2020-2024, Performance Contract FY 2024/2025, Vision 2030, Bottom-Up Economic Transformation Agenda, and National and International Development Frameworks.

During the year under review, KENAS conducted a comprehensive performance appraisal in line with the approved Human Resource Instruments. This resulted in twenty-six (26) staff being trained on various courses and three (3) staff members promoted. To enhance team morale, productivity, and cohesion, KENAS organized a team building activity. To further strengthen logistical capacity and responsiveness, KENAS procured a new vehicle.

The Service engaged with stakeholders across various sectors in the Quality Infrastructure space both nationally and internationally. In collaboration with the United Kingdom Accreditation Service (UKAS) and the British Standards Institute (BSI), KENAS held a workshop focused on strengthening regulatory capacity and promoting cooperation to enhance the business environment, in alignment with the Kenya-UK Economic Partnership Agreement. The Service successfully hosted the International Accreditation Pre-conference event following a highly successful World Accreditation Day on 9th June 2025.

As part of its obligation, KENAS participated in ILAC, IAF, AFRAC, WTO TBT and ISO meetings to articulate Kenya's position on accreditation as an enabler of trade facilitation. KENAS signed two (2) Memoranda of Understanding with China National Accreditation Service (CNAS), African Organisation for Standardisation (ARSO) with the aim of strengthening accreditation cooperation as a means of enhancing industrial and trade opportunities. KENAS also signed two contracts: one with the Global Fund to support the operationalization of the Uganda National Accreditation Service (UGANAS), and another with the Rwanda Biomedical Centre to accredit medical laboratories in Rwanda.

In executing its mandate KENAS developed a robust and innovative training program that aligned with market needs and international best practices. A total of forty-eight (48) training programs on conformity assessment standards and their application were delivered.

KENAS expanded its market reach and successfully processed 89 applications for new accreditation and extension of scope, conducted 295 assessments and accredited 34 new CABs. KENAS also expanded services to include four (4) new accreditation schemes i.e. GLOBAL G.A.P accreditation scheme aligned to ISO/IEC 17065; Antidoping Laboratories accreditation scheme aligned to ISO/IEC 17025; Forensic testing scope aligned to ISO/IEC 17025; and Non-Destructive Testing (NDT) scope aligned to ISO/IEC 17020.

KENAS maintained its signatory and mutual recognition status with IAF, ILAC and AFRAC by active participation in international and regional forums, influencing accreditation policies and standards, and achieved a 100% participation score. To strengthen its position, KENAS expanded its scope of accreditation.

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In the 2024/2025 financial year, KENAS achieved a financial surplus of Kshs. 2,849,201, demonstrating its ongoing efforts to manage resources and achieve financial stability. This outcome highlights sound financial planning, efficient resource utilization, and a strong focus on sustainability. The surplus underscores KENAS' financial resilience and its ability to support both current operations and future initiatives.

As part of our ongoing efforts to mitigate the risk of misuse and false claims of accreditation, KENAS has strengthened the protection of its intellectual property both locally and internationally by registering its accreditation symbols and logo with the Kenya Industrial Property Institute (KIPI). KENAS continues to uphold its status as a registered data controller, reflecting our compliance with data protection regulations and our commitment to maintaining data integrity, operational transparency, and accountability.

KENAS enhanced outreach and advocacy programmes by engaging with key industry associations, including the Kenya Association of Manufacturers (KAM), Water Services Providers Association (WASPA), and the Institute of Certified Secretaries (ICS). This was achieved through participation in their conferences and exhibitions to promote accreditation and create awareness of KENAS services. To celebrate the role of accreditation in supporting SMEs' growth and market access, KENAS commemorated World Accreditation Day under the theme "Empowering Small and Medium Enterprises (SMEs)". KENAS hosted the International Accreditation Pre-Conference as part of preparations for the International Accreditation Conference scheduled for November 2025, the first of its kind in Africa.

Looking into the future, KENAS shall be guided by the Strategic Plan 2024–2028, which charts a bold path toward strengthening our role as a key player in the National Quality Infrastructure. The Plan emphasizes expanding accreditation scopes, deepening technical partnerships, and introducing innovative service models that meet both regulatory demands and evolving market needs.

Finally, I extend my heartfelt gratitude to the Cabinet Secretary and the entire team at the Ministry of Investments, Trade & Industry for their steadfast support and guidance. I also thank the KENAS Board of Directors for their strategic leadership, and commend the KENAS staff for their unwavering dedication, professionalism, and pursuit of excellence. My sincere appreciation goes to our clients and stakeholders whose ongoing support, feedback, and insights have been instrumental in strengthening the accreditation system. As we look ahead, I am confident that, together, we will continue to reach key milestones and drive progress toward the full realization of the KENAS vision



Dr. Walter Ongeti
Chief Executive Officer

Date 01/07/25

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7. Statement of Performance against Predetermined Objectives for FY 2024/2025

KENAS had 6 strategic pillars and objectives within the Strategic Plan for the FY 2024/2025. These strategic pillars are as follows:

- Pillar 1: Accreditation and Assessments.
- Pillar 2: Knowledge Transfer and Advisory.
- Pillar 3: Marketing Communication and Advocacy.
- Pillar 4: Financial Sustainability.
- Pillar 5: Internal Business Processes
- Pillar 6: Institutional Capacity and Governance

KENAS developed an annual work plan based on the above 6 pillars. Assessment of the Board's performance against the work plan was done on a quarterly basis. KENAS achieved the performance targets set for the FY 2024/25 period for the 6 strategic pillars, as indicated in the Table below:

Table 1: Achievement in Performance for the FY 2024/2025

Strategic Pillar	Objective	Key Performance Indicators	Planned Activities	Achievements
Pillar 1: Accreditation and Assessments	Deliver value added assessments and accreditation services	Number of new CABs accredited	Accredit 108 new CABs	KENAS accredited thirty-four (34) new CABs. The variance was attributed to non-payment of fees, non-responsiveness and client requests to reschedule assessment led to rescheduling of planned assessments and delayed closure of non-conformities.
		Number of CABs assessed	Assess 473 CABs	KENAS assessed two hundred and ninety-five (295) CABs. The variance was attributed to non-payment of fees, non-responsiveness and client requests to reschedule assessments led to rescheduling of planned assessments
		New and extension of scope	Review 108 applications for both new	KENAS processed eighty-nine (89) applications from new applicants and extension of

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Strategic Pillar	Objective	Key Performance Indicators	Planned Activities	Achievements
		applications reviewed	applicants and extension of scopes	scopes. The variance was attributed to accreditation being voluntary hence low uptake of accreditation.
Pillar 2: Knowledge Transfer and Advisory	Strengthen accreditation assessment resource capabilities	Training programmes delivered	Deliver sixty (60) training programmes	KENAS delivered forty- eight (48) training programs. The variance was attributed to increased competition, which resulted in a low uptake of training courses.
Pillar 3: Marketing, Communication and Advocacy	Enhance KENAS brand visibility	Advocacy and Awareness programmes organized	Organize advocacy and awareness programmes	KENAS hosted key events such as the World accreditation day and the international accreditation preconference, participated in CSR activities and commemorated partner events.
Pillar 4: Financial Sustainability	To enhance the Service's financial ability to meet its mandate	Increased funds	Secure Kshs.100 million for business laws amendments	KENAS was allocated Kshs. 100 million in the FY 2024/2025 for operationalization of the business laws amendments.
			Raise Kshs. 154 million as Appropriation in Aid	KENAS raised a total of Kshs. 154,608,035.
Pillar 5: Internal Business Processes	Minimise turnaround time for services	Reduced turnaround time for key services	Reduce the duration for accreditation to three (3) months	Its turn-around time for accreditation services from 3 months 3 weeks to 5 months 2 weeks. The decrease was due to delay in closeout of non-conformities and delay in payment of accreditation fees by the clients.

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Strategic Pillar	Objective	Key Performance Indicators	Planned Activities	Achievements
	Improve operational efficiency.	Service digitalization.	Implementation of M365 software.	The service implemented the M365 software.
Pillar 6: Institutional Capacity and Governance	Strengthen Institutional Capacity and Governance	Culture audit report	Undertake a culture audit	The service undertook a culture audit.
		Team cohesion report	Build team cohesion	The service undertook a staff team building exercise.
		Number of staff trained according to the training plan	Implementation of the training plan.	All staff trained in various training programmes at KSG and internal capacity building programmes.

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8. Corporate Governance Statement

The KENAS Board is accountable to the Kenyan Government through the Ministry of Investments, Trade and Industry ensuring legal compliance, governance standards, and alignment with *Mwongozo* Code of Conduct and Kenya Accreditation Service Act, Cap 496A (7). A board charter also exists to set out the Terms of Reference of the Board and its committees.

8.1 Appointment, composition and removal of directors

Board appointments were in line with Article 27 of the Constitution and the Kenya Accreditation Act Cap. 496A. During the period, one (1) member i.e. the alternate to the Principal Secretary State Department for Industry, was replaced and a new Director appointed.

As summarised in Table 4, ten (10) persons served as Directors at different times, all of whom, except for the CEO and two alternates to the Principal Secretaries, are independent non-executive Directors.

Table 2: Board Composition

No.	Name	Appointed or reappointed	Role	Details
1.	ngeny BIWOTT	25 th April 2023	Chairperson	1 st term
2.	Ms. Grace Otieno	15 th June 2023	Member, Independent	1 st term
3.	Dr. Leah Chelagat	22 nd June 2023	Member, Independent	1 st term
4.	Mr. Zedekiah Orioki	22 nd June 2023	Member, Independent	1 st term
5.	Mr. Dickson Waiganjo	22 nd June 2023	Member, Independent	1 st term
6.	Ms. Ruth Wanyonyi	19 th January 2023	Director, Alternate to PS State Department for Industry	Replaced 03/02/2025
7.	Ms. Lydia Munialo	4 th February 2025	Director, Alternate to PS State Department for Industry	Continuous Term
8.	Mr. Festus Mwanzi	23 rd November 2023	Director, Alternate to PS The National Treasury and Economic Planning	Continuous Term
9.	Mr. Allan Pkress	11 th January 2024	Member, Independent	1 st term
10.	Dr. Walter Ongeti	13 th May 2024	Ex-officio member, Chief Executive Officer	1 st term

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8.2 Roles and functions of the board

The roles and functions of the KENAS Board are as set under the Kenya Accreditation Service Act Cap 496A Laws of Kenya, Chapter 1 Paragraph 1.2 of the Code of Governance for State Corporations, *Mwongozo* and the Board Charter.

8.3 Induction, training and development

Board induction and training was conducted in line with *Mwongozo*. All Board members were trained on *Mwongozo*.

8.4 Board and members' performance

The Board evaluation for the FY 2023/2024 was conducted on 22nd August 2024. The evaluation for FY 2024/25 will be conducted in August 2025.

8.5 Board meetings held and attendance

As required by the *Mwongozo* Code of Governance, the Board held five (5) full Board meetings, one being a special meeting.

Table 3: Board meeting attendance summary

Director's Name	Meetings	Attended	% Attendance	Remarks
ngeny BIWOTT	5	5	100	Attended all
Mr. Dickson Waiganjo	5	5	100	Attended all
Mr. Zedekiah Orioki	5	5	100	Attended all
Dr. Leah Chelagat	5	5	100	Attended all
Mr. Grace Otieno	5	5	100	Attended all
Ms. Ruth Wanyonyi	4	4	100	Replaced on 2 nd February 2025
Ms. Lydia Munialo	1	1	100	Appointed 4 th February 2025
Mr. Festus Mwanzi	5	5	100	Attended all
Mr. Allan Pkress	5	5	100	Attended all

8.6 Succession Planning

Succession planning was guided by the Code of Governance for State Corporations, *Mwongozo*, and Section 7 of the Kenya Accreditation Service Act Cap 496A Laws of Kenya. The Board succession planning has historically been handled by staggered appointment dates, which ensures there is no vacancy hindering the conduct of Board business.

8.7 Policy to manage Conflicts of interest

Board members prevent conflicts of interest, uphold public trust, follow ethical statutes, and excuse themselves as per the Code of Conduct and Ethics. They declared and signed conflict of interest forms before transacting the business of the day.

8.8 Board remuneration

The Board of Directors is remunerated as per Section 27 of the Kenya Accreditation Service Act Cap 496A Laws of Kenya, in accordance with the Salaries and Remuneration Commission and relevant Government circulars on allowances of Board of Directors.

8.9 Ethics and Conduct

The Board adhered to ethics, laws, rules, and regulations and conducted a legal and governance audit whose findings were implemented in FY 2024/2025.

8.10 Communication policy

The Service has put in place a Communication Policy which guides all its communication.

8.11 Board Charter and Committee Terms of Reference

The Board ensured continued implementation of the Board Charter as approved in May 2022 and the Committee Terms of Reference as approved in April 2022.

8.12 Policy on related party transactions

The Board continued to ensure transparency, accountability, and compliance in dealing with related party transactions aimed at protecting the integrity of decision-making and preventing conflicts of interest in the KENAS' operations.

8.13 Going Concern

As of June 30, 2025, KENAS reported an operational surplus of Kshs. 2,849,201, with current assets of Kshs. 209,532,941 and liabilities of Kshs. 232,333,370. Management is committed to sustaining KENAS' operations by adopting a new business model and implementing a robust resource mobilization strategy aimed at boosting revenue generation.

9. Management Discussion and Analysis

a) Operational Performance

i. Accreditation and Training

KENAS reviewed eighty-nine (89) applications against a target of one-hundred and eight (108) from new applicants and scope extension for existing clients, conducted two hundred and ninety-five (295) against a target of four hundred and seventy three (473), accredited thirty-four (34) new CABs against a target of one-hundred and eight (108) and delivered forty-eight (48) training courses against a target of sixty (60). During the financial year under review, KENAS has accredited 281 CABs, which represents 9% of 3,213 CABs mapped. This indicates significant opportunities for growth through targeted market expansion and stakeholder engagement initiatives.

ii. International and Regional Obligations

KENAS actively participated in international and regional forums for IAF, ILAC, AFRAC, ISO CASCO and WTO TBT, influencing accreditation policies and standards, and achieving a 100% participation score. KENAS has maintained its ILAC, IAF and AFRAC Mutual Recognition Arrangement (MRA) and Multilateral Recognition Agreement (MLA) membership status and expanded it to include Information Security Management System Certification to ISO 27006-1 and ISO/IEC 27001. Moreover, KENAS has continued to mentor the Uganda National Accreditation Service (UGANAS) by providing training for assessors and UGANAS staff to enhance accreditation capabilities and improve trade within the East African Community (EAC) region with support from Global Fund. KENAS signed a Memorandum of Understanding with the China National Accreditation Service for Conformity Assessment (CNAS) during the Forum on China Africa cooperation 2024. This partnership culminated an exchange visit by the KENAS team, enabling valuable technical exchange sessions focused on enhancing accreditation and negotiations for establishment of an accreditation centre and development of capacity building programmes for KENAS staff and assessors.

iii. Institutional Capacity and Governance

To further enhance the governance and strategic direction, KENAS approved its Strategic Plan 2024:2028 in line with the National Treasury and Economic Planning guidelines. This strategic plan will respond to the changing environment and associated challenges in the world of accreditation in line with national and international policy frameworks while remaining true to the values that KENAS holds.

iv. Key projects implemented or ongoing

Following the enactment of the Business Laws (Amendment) Act 2024, KENAS was allocated a disbursement of Kshs. 100 million in the year under review, for the Development of Accreditation Regulations and Review of the Kenya Accreditation Act. So far, KENAS has mapped the CABs across Kenya and is currently working on finalizing the Drafting Instructions for the Accreditation Regulations and Concept notes.

To enhance efficient service delivery, KENAS sought to develop an Accreditation Information Management System to digitalize all of processes. During the year under review, KENAS has been on the look-out for a supplier to develop the system in line with KENAS strategic direction.

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KENAS is currently implementing a two-year contract with the Global Fund to operationalize the Uganda National Accreditation Service (UGANAS). This contract generated KShs. 2,345,538.00 during the year under review was captured within Rendering of Service Note 7.

v. Compliance with Statutory requirements

KENAS complied with the Kenyan Constitution, its Legal Instrument - the Kenya Accreditation Service Act Cap. 496A Laws of Kenya, Business Laws (Amendment) Act 2024 and other legal frameworks.

vi. Major risks facing KENAS

- a) **Financial Risk:** During the review period, KENAS encountered financial constraints due to reliance on government funding and delayed payments by CABs, affecting its ability to meet obligations on time. As of 30 June 2025, receivables stood at Kshs. 61,698,917, with a provision of Kshs. 2,263,930 million for doubtful debts. The Service enhanced cash flow monitoring, intensified debt recovery, and controlled costs, with payables at Kshs. 70,854,964, highlighting the need for revenue diversification.
- b) **Reputational Risk:** The improper use of KENAS accreditation symbols, marks, and logos posed a risk to the credibility and public trust in the Service. KENAS safeguarded its reputation by monitoring the use of accreditation marks and promptly addressing any misuse to ensure compliance.
- c) **Legal Risk:** Following the enactment of laws making accreditation mandatory, KENAS faced heightened legal risk from potential litigation by non-compliant entities and dissatisfied stakeholders. To mitigate this, the Service enhanced stakeholder engagement, clarified legal obligations, and strengthened internal capacity to manage legal issues.
- d) **Low uptake of accreditation:** The low uptake of accreditation in certain sectors despite the legal requirement, limited the full realization of KENAS' mandate and growth potential. To mitigate this, KENAS engaged government agencies and regulators and identified sector-specific accreditation regulations to be developed to promote awareness, enhance compliance, and increase demand for accreditation services.

vii. Financial Performance

The provided summary illustrates the performance trend for both revenue and expenditure over the period from the financial year 2022/2023 to 2024/2025, as presented in Table 4.

Table 4: Financial performance FY 2022/2023 to 2024/2025

	Budget FY 2022/23	Actual FY 2022/23	Budget FY 2023/24	Actual FY 2023/24	% change	Budget FY 2024/25	Actual FY 2024/25	% change
Revenue	370,240,000	367,341,582	480,200,000	491,271,931	2.31%	472,100,000	473,242,503	0.24%
Expenditure	370,240,000	371,588,793	480,200,000	491,434,302	2.34%	472,100,000	383,333,353	(22%)

KENAS realised a revenue of Kshs. 473,242,503 against a budget of Ksh. 472,100,000, representing a 0.24% overachievement against the targeted budget due to the collection of exemption fees after the enactment of the Business Laws Act.

During the period under review, KENAS incurred a total expenditure of Kshs. 383,333,353 against a total budget of Kshs. 472,100,000. The variance was primarily attributed to the deferment of activities related to the implementation of the Business Laws Amendment.

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Figure 1: Financial Performance against the Budget FY 2022/23: FY 2024/25

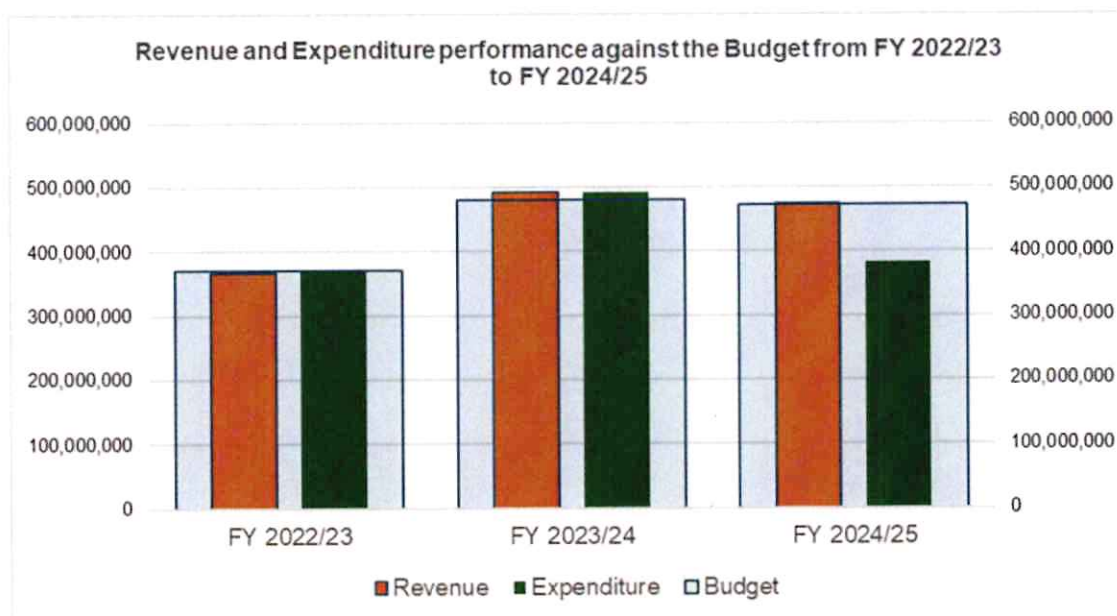


Table 5: Expenditure trend analysis FY 2022/23: FY2024/25

Description/Fiscal Years	2022/23	2023/24	% change	FY 2024/25	% change
Use of Goods and Services	127,139,111	183,866,110	45	134,342,216	(27)
Employee costs	192,437,387	206,658,234	7	195,111,790	(6)
Remuneration of Directors	26,033,537	22,686,917	-13	10,289,964	(55)
Depreciation and Amortization	6,009,066	8,142,426	36	15,523,816	91
Repairs and Maintenance	5,513,055	3,500,488	-37	2,951,455	(16)
Capital expenditure	14,456,637	66,580,126	361	1,444,400	(98)
Pending Bills (Gratuity)	-	-	-	23,669,712	-
Total	371,588,793	491,434,301	-	383,333,353	-

During the period under review, KENAS incurred total expenditure of Kshs. 383,333,353, including Kshs. 23,669,712 in gratuity arrears from FY2020–2024. Use of goods and services declined by 27% due to deferred Business Laws Act implementation activities, while depreciation and amortization rose by 91% following the purchase of an additional motor vehicle. Board expenses dropped by 55% owing to virtual meetings adopted amid budget cuts. The EAP-K project had no funding, resulting in a 98% expenditure decline. Repairs and maintenance costs decreased by 16% due to acquisition of a new vehicle fleet and furniture requiring minimal upkeep.

viii. Future developments

KENAS is preparing to host the first International Accreditation Conference in Africa. The Conference will involve key players in accreditation, conformity assessment, research and academia.

To operationalize the Business Laws (Amendments) Act 2024, KENAS is reviewing its Legal Statute, The Kenya Accreditation Service Act Cap. 496A, and developing accreditation regulations to enforce mandatory accreditation across relevant sectors.

10. Environmental and Sustainability Reporting

i) *Sustainability strategy and profile*

KENAS continues to embed sustainability in its operations by identifying responsible practices that will have a positive impact on the economy, society and the environment. In this regard, KENAS has adopted several approaches that ensure sustainability in all operations from the financial and social aspects.

a) Financial

In the year under review, KENAS implemented targeted stakeholder engagement strategies aimed at enhancing financial sustainability. As a result, the Service generated Kshs. 154 million in revenue during FY 2024/2025.

Additionally, the integration with the e-Citizen payment platform, in compliance with the Presidential directive, boosted revenue inflows and enabled efficient service delivery.

b) Social

KENAS promoted good health, well-being, and quality services by accrediting 281 CABs across all sectors. During the year, it engaged stakeholders, including assessors and regulators, through forums such as World Accreditation Day, International Accreditation Pre-Conference and Assessors Conclave. Its robust mentorship programme offered industrial attachments and internships in support of youth empowerment, capacity building, and contribution to strengthening Kenya's quality infrastructure.

ii) *Environmental performance*

In the FY 2024/2025, KENAS implemented various measures to enhance its response towards climate change and sustainability by enhancing environmental performance in areas such as waste management, energy consumption, and local conservation programs, including the president's directive to achieve 15 billion trees by 2032. As a result, KENAS set a target to plant 20,000 trees annually, which was achieved during the year under review. The 20,585 tree seedlings were planted in various areas across the country, which included 10,000 at East Africa Portland Cement Company (EAPCC), 3,000 at KenGen Olkaria, 7,000 at Kakamega Forest and 585 at Chepalungu Forest in Bomet.

KENAS retained initiatives that have proven effective in minimizing its carbon footprint, such as implementing print quotas with automatic duplex printing and using energy-saving bulbs. Additionally, the adoption of Microsoft 365 (M365) software has facilitated the automation of various processes and enabled the use of diverse digital tools, significantly reducing paper usage and supporting the organization's environmental sustainability goals.

iii) *Employee welfare*

KENAS acknowledges that employees are invaluable to the success of the organisation. In the reporting year, KENAS continued its implementation of the recommendations of the training needs analysis, by providing targeted training programs for all staff at KSG, KISM, ICPAK and credible internal capacity building programmes such as Risk Management and Resource Mobilization. Following the annual performance appraisal process and in line with the approved Human Resource Instruments of 2019, KENAS enhanced its operations and service delivery by promoting three (3) staff. To further strengthen logistical capacity and improve efficiency, KENAS procured a new vehicle. To enhance team morale, productivity, and cohesion, KENAS organized a team building.

iv) *Market place practices*

a) *Responsible competition practice.*

KENAS upholds a commitment to impartiality in the Accreditation Process, ensuring that all CABs are treated fairly, and services are provided equitably to all clients. KENAS encourages healthy competition among CABs by refraining from interfering with their business operations. In assessment activities, KENAS relies on internationally recognised standards which are premised on common parameters thus fostering fair global practice

b) *Responsible Supply chain and supplier relations*

Procurement policies have been in place to ensure fair competition considering the economy, efficiency, transparency, and accountability according to legal and statutory requirements consistent with the Kenyan laws. KENAS adheres to the Public Procurement and Assets Disposal Act 2015 and the Public Procurement and Assets Disposal regulations 2020 to increase transparency in procurement procedures and ensure timely payment of suppliers. KENAS reserved 30% of the goods and services to AGPO and ensured that 40% was locally manufactured.

c) *Responsible marketing and advertisement or Responsible engagement with the citizens.*

KENAS has worked to increase brand awareness and visibility through stakeholder engagements, and active and reactive information disclosure on its website and digital platforms. Through advocacy and awareness programs, KENAS has reinforced the value of accreditation in critical economic sectors. As a result, more Kenyans, across various industries, are aware of the role accreditation plays in facilitating trade and advancing their businesses.

d) *Product stewardship or Awareness creation*

Product stewardship is a fundamental principle outlined in Article 46 of the Constitution of Kenya. It also emphasizes the right of consumers to safeguard their well-being, safety, and economic interests. In alignment with this constitutional provision, KENAS collaborates closely with regulatory bodies and government stakeholders to ensure the protection of consumer rights and interests. This involvement encompasses active participation in the development, monitoring, and execution of policies and standards to safeguard consumers effectively.

KENAS has achieved this through various advocacy sessions that have emphasized the need of utilizing accreditation services to ensure personal safety. KENAS has worked to ensure that its customers, who have access to individual and corporate data, protect and ensure privacy of their customers data

v) *Corporate Social Responsibility / Community Engagements*

KENAS is committed to building sustainable community relations. KENAS participated in the annual Mater Heart Run. In collaboration with Water Services Regulatory Board (WASREB), KENAS organized an awareness session with Water Service Providers with the aim of promoting quality and service excellence in the water sector.

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11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of KENAS affairs.

i) Principal activities

The principal activities of KENAS are to accredit organizations generally known as Conformity Assessment Bodies (CABs) that provide services in General Testing, Calibration, Medical Testing, Proficiency Testing, Veterinary Testing, Inspection and Certification in line with international Standards. The activities are stipulated under section 6 of the KENAS act, to accredit and exercise oversight over public and private organizations that carry out conformity assessment activities.

ii) Results

The results of KENAS for the year ended June 30, 2025, are set out on page 1 of these financial statements.

iii) Directors

The members of the Board of Directors who served during the year are shown on page v. During the year 2024/2025, the representative to the Principal Secretary State Department for Industry was replaced and one (1) independent director appointed.


iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, KENAS plans to remit the surplus of Kshs. 2,564,281 representing 90% of the realized surplus to the Consolidated Fund.

v) Auditors

The Auditor-General is responsible for the statutory audit of KENAS in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

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**CS. Walter Manyibe Nyamwaya
Ag. Corporation Secretary/Secretary to the Board**

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 31 of the Kenya Accreditation Service Act Cap 496A Laws of Kenya require the Board of Directors to prepare financial statements of KENAS, which give a true and fair view of the state of affairs of KENAS at the end of the financial year 2024/2025. The Directors are also required to ensure that KENAS keeps proper accounting records which disclose with reasonable accuracy the financial position of KENAS. The Directors are also responsible for safeguarding the assets of KENAS.

The Directors are responsible for the preparation and presentation of the KENAS financial statements, which give a true and fair view of the state of affairs of KENAS 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 KENAS.
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- (iv) Safeguarding the assets of KENAS.
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for KENAS 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 Kenya Accreditation Service Act Cap 496A Laws of Kenya.

The Directors are of the opinion that KENAS financial statements give a true and fair view of the state of KENAS transactions during the financial year ended June 30, 2025, and of KENAS financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for KENAS, which have been relied upon in the preparation of the KENAS 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 KENAS will not remain a going concern for at least the next twelve months from the date of this statement.

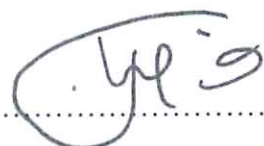
**Kenya Accreditation Service (KENAS)
Annual Report and Financial Statements
for the year ended June 30, 2025.**

Approval of the financial statements

KENAS financial statements were approved by the Board on 01/29/25, 2025 and signed on its behalf by:

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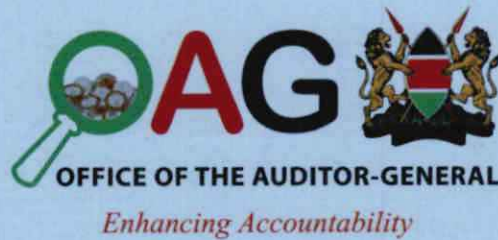

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Chairperson of the Board

.....


Dr. Walter Ongeti
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA ACCREDITATION SERVICE FOR THE YEAR ENDED 30 JUNE, 2025

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.
- 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 financial statements of Kenya Accreditation Service set out on page 1 to 44, which comprise the statement of financial position as at 30 June, 2025 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, the financial statements present fairly, in all material respects, the financial position of Kenya Accreditation Service 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 and the Kenya Accreditation Service Act Cap 496A Laws of Kenya.

Basis for Opinion

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

Emphasis of Matter

1. Uncertainty on Sustainability of Services

The statement of financial position reflects total current liabilities balance of Kshs.232,333,370 (2023-2024: Kshs.160,712,032) against current assets of Kshs.209,532,941 (2023-2024: Kshs.109,004,429) resulting to a negative working capital of Kshs.22,800,429 (2023-2024: Kshs.51,707,603).

The financial statements have been prepared on the assumption that the entity is a going concern and will continue in operation in the next twelve months from the approval of the financial statements, if strategies are not put in place to improve on the financial performance, the Service is likely to face financial challenges in the near future.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.472,100,000 and Kshs.473,242,503 respectively, resulting to an overcollection of Kshs.1,142,503 of the budget. However, the Service spent a total of Kshs.383,333,353 against actual receipts of Kshs.473,242,503 resulting to an under-absorption of Kshs.89,909,150 or 19% of the receipts.

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

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in the Use of Public Resources, which were unresolved as at 30 June, 2025.

Other Information

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

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance 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. Non-Remission of Surplus to the National Treasury

The statement of financial position reflects trade and other payables of Kshs.70,854,964 as disclosed in Note 22 to the financial statements. Included in this amount is surplus for

the financial year 2023/2024 of Kshs.12,916,993 which was not remitted to the National Treasury as required by law. The Management acted contrary to Regulation 219(2) of the Public Finance Management (National Government) Regulations, 2015 which requires ninety per centum of the surplus funds reported in the audited financial statements be remitted into Consolidated Fund.

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

2. Long-Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables of Kshs.70,854,964 as disclosed in Note 22 to the financial statements. Included in the balance are payables of Kshs.2,791,304 which have been outstanding for more than one (1) year. No satisfactory explanation was provided for not clearing these outstanding liabilities.

In the circumstances, business operations, liquidity and livelihoods of the creditors and by extension their beneficiaries may be affected negatively due to failure by the Service to pay the amounts due to them.

3. Non-Compliance with One-Third of Basic Salary Rule

The statement of financial performance reflects employee costs of Kshs.195,111,790 as disclosed in Note 10 to the financial statements. Review of the payroll revealed that ten (10) employees over-committed their salaries beyond two thirds (2/3) of their basic salaries. This was contrary to the Human Resource Policies and Procedures Manual for the Public Service, May 2016 Section C.1 (3) which stipulates that public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries and Heads of Human Resource Units should ensure compliance.

In the circumstances, the Management was in breach of laid down regulations on administration of the payroll.

4. Long-Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions of Kshs.61,698,917 as disclosed in Note 17 to the financial statements. Included in the balance are receivables of Kshs.22,639,301 which have been outstanding for more than one (1) year. This is contrary to the Kenya Accreditation Service Finance Manual Part 9.7 which provides for steps on how to follow up on debts which have remained outstanding for more than 30 days. Further, Note 9.7.1 of the manual requires the Service to send notices of suspension to the clients after the final reminder has been issued. It also requires the withdrawal of accreditation after 6 months of non - payments.

In the circumstances, the absence of active and intentional collection of the long-outstanding debts, including enforcement of the existing debt collection mechanisms, may lead to loss of revenue.

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 and 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

Board not Properly Constituted

The statement of financial performance reflects Board expenses of Kshs.10,289,864 as disclosed in Note 11 to the financial statements. Review of the Board members' profiles revealed that no independent Board member had qualification in finance and consumer protection as prescribed. This is contrary to Section 7(1d) of the Kenya Accreditation Service Act, 2019 which prescribes that the management of the Service shall vest in a Board of Directors which shall consist of five (5) other members, appointed by the Cabinet Secretary being two (2) persons with professional qualifications in the fields of science and technology, law, trade, business or industry; two (2) persons, one with professional qualifications in finance, and another person with professional qualifications in law or human resource management; and one (1) person with professional qualifications in consumer protection.

In the circumstances, failure to properly constitute the Board may impact on the effectiveness and oversight role of the Board.

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 the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Service's ability to continue 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 Directors are responsible for overseeing the Service'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 ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 September, 2025

(Kenya Accreditation Service (KENAS))
Annual Report and Financial Statements
for the year ended June 30, 2025.

14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other government entities	6	204,623,252	259,619,874
		204,623,252	259,619,874
Revenue from exchange transactions			
Rendering of services	7	154,608,035	163,418,980
Other income	8	534,468	1,652,951
Total revenue		359,765,755	424,691,805
Expenses			
Use of goods and services	9	134,342,216	183,866,110
Employee costs	10	195,111,790	206,658,234
Board Expenses	11	10,289,964	22,686,917
Depreciation and amortization expense	12	15,523,816	8,142,426
Repairs and maintenance	13	2,951,455	3,500,488
Total expenses		358,219,241	424,854,175
		1,546,514	(162,370)
Other gains/(losses)			
Gain/Loss on sale of assets	14	120,461	28,930
Gain/Loss on foreign exchange transactions	15	1,182,226	1,104,531
Surplus/ (deficit) before tax		2,849,201	971,090
Taxation	-	-	-
Surplus/(deficit) for the period/year		2,849,201	971,090
Remission to National Treasury		-	-
Net Surplus for the year		2,849,201	971,090
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling Entity		-	-
		2,849,201	971,090

The notes set out on pages 9 to 42 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:



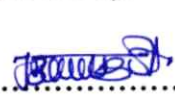
Dr. Walter Ongeti
Accounting Officer

Date 01/09/25



Henry Wandabwa
Head of Finance
ICPAK M/No: 6859

Date 01/09/2025



ngeny BIWOTT
Chairman of the Board

Date 01/09/2025

(Kenya Accreditation Service (KENAS))
Annual Report and Financial Statements
for the year ended June 30, 2025.


15. Statement of Financial Position as at 30 June 2025


	Notes	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	16	122,382,647	21,986,636
Receivables from Exchange Transactions	17	61,698,917	60,486,202
Receivables from Non-Exchange Transactions	18	25,354,607	26,155,736
Inventories	19	96,770	375,855
Total Current Assets		209,532,941	109,004,429
Non-Current Assets			
Property, Plant and Equipment	20	84,240,471	*98,051,025
Right of Use Asset	20 (c)	59,513,711	-
Intangible Assets	21	12,003,275	*13,234,961
Total Non- Current Assets		155,757,457	111,285,986
Total Assets (A)		365,290,398	220,290,415
Liabilities			
Current Liabilities			
Trade and Other Payables	22	70,854,964	75,694,397
Current Provision	23	63,143,322	85,017,635
Deferred Income	24	88,362,636	-
Current Lease Liability	25	9,972,448	-
Total Current Liabilities		232,333,370	160,712,032
Non-Current Liabilities			
Non-Current Lease Liability	26	49,541,263	-
Total Non- Current Liabilities		49,541,263	-
Total Liabilities (B)		281,874,633	160,712,032
Net Assets (A-B)		83,415,765	59,578,383
Represented by:			
Reserves		19,994,349	19,994,349
Accumulated Surplus		(69,603,110)	(91,996,092)
Capital Fund		133,024,526	131,580,126
Net Assets		83,415,765	59,578,383

(Kenya Accreditation Service (KENAS))
Annual Report and Financial Statements
for the year ended June 30, 2025.

The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


.....
Dr. Walter Ongeti
Accounting Officer


.....
Henry Wandabwa
Head of Finance


.....
ngeny BIWOTT
Chairman of the Board

Date 01/09/25

ICPAK M/No: 6859
Date 01/09/2025

Date 01/09/2025

**Annual Report and Financial Statements
for the year ended June 30, 2025.**

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

Description	Revaluation reserve	Retained earnings	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	19,530,515	(74,120,948)	65,000,000	10,409,568
Adjustment for the Year		(18,846,234)	-	(18,846,234)
Revaluation gain	463,833			463,833
Surplus/ deficit for the year		971,090	-	971,090
Capital/development grants received during the year	-	-	66,580,126	66,580,126
As at June 30, 2024	19,994,349	(91,996,092)	131,580,126	59,578,383
As at July 1, 2025	19,994,349	(91,996,092)	131,580,126	59,578,383
Gratuity Arrears		23,669,712	-	23,669,712
Adjustment for the Year		(4,125,931)	-	(4,125,931)
Revaluation gain	-	-	-	-
Surplus/ deficit for the year	-	2,849,201	-	2,849,201
Capital/development grants received during the year	-	-	1,444,400	1,444,400
As at June 30, 2025	19,994,349	(69,603,110)	133,024,526	83,415,765

Note:

**Gratuity Arrears relates to funds received from GOK to offset accrued gratuity payables that had accumulated over the years.*

**Adjustments for the year relates to reversals for invoices and provisions for 2023/2024 that did not materialize as payables.*

(Kenya Accreditation Service (KENAS))
Annual Report and Financial Statements
for the year ended June 30, 2025.

17. Statement of Cash Flows for the year ended 30 June 2025

	Notes	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		204,623,252	259,619,874
Rendering of services		173,922,222	198,532,175
Other income		1,716,694	2,757,482
Total receipts		380,262,168	460,909,531
Payments			
Use of goods and services		48,542,530	129,898,068
Employee costs		216,881,438	221,378,073
Board Expenses		10,289,964	22,686,917
Repairs and maintenance		2,951,455	3,500,488
Total payments		278,665,387	377,463,546
Net cash flows from/(used in) operating activities	29	101,596,781	83,445,985
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(1,444,400)	(66,306,285)
Proceeds from sale of PPE		243,630	28,930
Net cash flows from/(used in) investing activities		(1,200,770)	(66,277,355)
Net increase/(decrease) in cash & Cash equivalents		100,396,011	17,168,630
Cash and cash equivalents at 1 July	16	21,986,636	4,818,006
Cash and cash equivalents at 30 June 2025	16	122,382,647	21,986,636

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	-	-	-	-	-
Receipts						
Transfers from Other Governments entities	70,806,900	247,293,100	318,100,000	318,100,000	-	100
Rendering of Services	154,000,000	-	154,000,000	154,608,035	608,035	100
Other Income	-	-	-	534,468	534,468	-
Total Receipts	224,806,900	247,293,100	472,100,000	473,242,503	1,142,503	100
payments						
Use of Goods and Services	54,259,453	179,230,551	233,490,004	149,866,032	83,623,972	64
Employee costs	162,297,812	34,474,438	196,772,250	195,111,790	1,660,460	99
Remuneration of Directors	5,569,635	5,113,400	10,683,035	10,289,964	393,071	96
Repairs and Maintenance	2,680,000	1,440,000	4,120,000	2,951,455	1,168,545	72
Gratuity arrears	-	23,669,711	23,669,711	23,669,712	-	100
Total Payments	224,806,900	243,928,100	468,735,000	381,888,953	86,846,047	81
Capital Expenditure Payments	-	3,365,000	3,365,000	1,444,400	1,920,600	43
Surplus	-	-	-	89,909,150	-	-

Note: The surplus is high due to the Service currently implementing the business amendment laws which was approved in supplementary II in April 2025 but is continuous into the new financial year as The Service implements the new regulations.

**Annual Report and Financial Statements
for the year ended June 30, 2025.**

Budget notes

I. Utilization (IPSAS 24.14)

KENAS underutilized the **Use of Goods** by 36% due to deferment of funding from GOK of Kshs. 88,362,636 to FY 2025/2026 for ongoing activities meant to operationalise the Business Amendment Laws CAP 496A that resulted in mandating of accreditation in Kenya.

The **Repairs and Maintenance** budget recorded an underutilization of 28% during the period under review. This was primarily attributed to the relatively new state of the KENAS fleet, furniture, and equipment, which required minimal maintenance interventions.

II. Changes between the original and final budget (IPSAS 24.29)

The variance between original and final budget was due to KENAS being allocated additional funding of Kshs. 247,293,100 during Supplementary 2 to aid operations.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	89,909,150
1.	Transfer from other Government Entities has a difference due to deferment of implementation of business amendment laws funds which is still ongoing the next financial year	(116,914,886)
2.	Rendering Of Services is high due to the collection of receivables from the previous financial year	21,033,256
3.	Other income is high due to collections from the previous year	1,182,226
4.	Use of goods is low due to deferment of funds for implementation of business amendment laws to FY 2025/2026	102,326,085
5.	Employee Cost is high due to previous year employee cost which were paid in the year under review	(21,769,648)
6.	Pending Gratuity is missing in the cashflow due to being amount to be paid in FY 2025/2026	23,669,712
7.	Capital Expenditure Adjustments is low due deferment of payment to FY 2025/2026	839,655
8.	Proceeds from PPE is non budgeted item	120,461

**Annual Report and Financial Statements
for the year ended June 30, 2025.**

	Description of Particulars	Amount in Kshs
9.	Cash and cash equivalent at 1 st July 2024	21,986,636
10.	Cash and cash equivalent at 30 th June 2025	122,382,647

19. Notes to the Financial Statements

1. General Information

Kenya Accreditation Service is established under and derives its authority and accountability from the Kenya Accreditation Service Act Cap 496A Laws of Kenya. KENAS is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of KENAS is to assess and accredit organizations (both public and private) that provide conformity of assessment services in line with set criteria based on international standards and industry guidelines across all sectors of the economy.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying KENAS 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 KENAS. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Kenya Accreditation Service Act Cap 496A Laws of Kenya and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<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.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>KENAS adopted the standard during the financial year</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>KENAS did not early adopt any new or amended standards in the financial year</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 guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the</p>

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Standard	Effective date and impact:
	<p>infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>KENAS did not early adopt any new or amended standards in the financial year</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> <p>Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>KENAS did not early adopt any new or amended standards in the financial year</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>KENAS did not early adopt any new or amended standards in the financial year</i></p>
<p>IPSAS 48: Transfer Expenses</p>	<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>KENAS did not early adopt any new or amended standards in the financial year</i></p>

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Standard	Effective date and impact:
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>KENAS did not early adopt any new or amended standards in the financial year</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> <p>Limited improvements to existing accounting practices for exploration and evaluation expenditures.</p> <p>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.</p> <p>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> <p><i>KENAS did not early adopt any new or amended standards in the financial year</i></p>

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Taxes, Levies and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

KENAS 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 KENAS.

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.

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b) Budget information

The original budget for the Current FY 2024/2025 was approved by the National Assembly in June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the KENAS upon receiving the respective approvals in order to conclude the final budget. Accordingly, KENAS recorded additional appropriations of 247,293,100 in April 2025 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget Information (Continued)

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

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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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred Tax (Continued)

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 KENAS and the same taxation authority.

Sales tax

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

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are amortized over the lease period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, KENAS 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.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

Furniture and Fittings	12.5%
Motor Vehicles	25%
Computers and Software	33.3%

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are considered in determining surplus for the year.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to KENAS. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. KENAS also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that KENAS will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to KENAS. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

b) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

KENAS expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when KENAS 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

j) Financial instruments

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

a) Financial assets

Classification of financial assets

KENAS classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both KENAS management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an KENAS has made irrevocable election at initial recognition for particular investments in equity instruments

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

KENAS assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity.

b) Financial liabilities

Classification

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

k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Provisions

Provisions are recognized when KENAS has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where KENAS 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 in net of any reimbursement.

m) Social Benefits

Social benefits are cash transfers provided to.

- i. Specific individuals and / or households that meet the eligibility criteria
- ii. Mitigate the effects of social risks and
- iii. Address the need of society as a whole

KENAS recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that KENAS will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

KENAS 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.

o) Contingent assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Nature and purpose of reserves

KENAS creates and maintains reserves in terms of specific requirements. Currently KENAS has no reserves maintained.

q) Changes in accounting policies and estimates

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

r) Employee benefits

Retirement benefit plans

KENAS provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which KENAS pays fixed contributions into a separate KENAS staff pension scheme and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The contributions to the scheme are on 1 to 2 ratio for staff to employer basis.

Gratuity obligations

KENAS pays service gratuity to staff on contract under their terms of employment. Employee entitlements to gratuity are recognized when they accrue to employees. A provision for gratuity payable is made in the statement of financial position. Gratuity is not subject to actuarial valuation. Total accrued gratuity as at 30th June 2025 was Kshs. 35,793,092.

s) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

t) Borrowing costs

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

u) Related parties

KENAS 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 KENAS, or vice versa. Members of key management are regarded as related parties and comprise the Directors, the Chief Executive Officer and senior managers.

v) Service concession arrangements

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

w) Cash and cash equivalents

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

x) Comparative figures

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

y) Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of KENAS 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. KENAS 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 KENAS. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The following were the provisions applicable during the financial year: Provision for bad debts; depreciation and amortization; Audit Fees; General Supplies and General Supplies-EAP-K.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2024/2025	2023/2024
	Kshs	Kshs
Unconditional Grants		
Operational Grant	218,100,000	226,200,000
Development grants	-	100,000,000
Other Grants	100,000,000	-
Total Unconditional Grants	318,100,000	326,200,000
Conditional Grants amortised/ transferred to revenue	-	-
Total Government Grants and Subsidies	318,100,000	326,200,000

Unconditional grants were funds meant to fund recurrent expenditure, and Business Amendment Laws that resulted in mandating of accreditation in Kenya.

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognized for Gratuity arrears	Amount recognised in capital fund.	Total transfers FY2024/2025	Total transfers FY2023/2024
	* KShs	KShs	KShs	KShs	KShs	KShs
State Dept. for Industry: Gok Recurrent	204,623,252	88,362,636	23,669,712	1,444,400	318,100,000	226,200,000
State Dept. for Industrialization-EAP-K	-	-	-	-	-	100,000,000
Total	204,623,252	88,362,636	23,669,712	1,444,400	318,100,000	326,200,000

Transfers from Other Government entities of Kshs. 318,100,000, includes Kshs 23,669,712, which was used to settle gratuity arrears for staff on contract, Kshs. 88,362,636 deferred incomes for business amendment laws and Kshs. 1,440,400 used for capital expenditure.

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7. Rendering Of Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Accreditation Income	115,859,909	128,526,634
Training Income	22,750,029	25,481,897
Reimbursable Income	15,998,092	9,410,449
Total Revenue from The Rendering of Services	154,608,030	163,418,980

Accreditation income includes income realised from assessments and training programs organised by KENAS. The assessment fees include fees from annual fees, application fees, document review, initial assessment and additional assessment fee.

Reimbursable Income refers to reimbursements by CABs for unforeseen costs incurred by the KENAS during assessment and training activities. Due to the implementation of Travel and Accommodation Policy which requires clients to cater for such expenses this budget line shall continually reduce.

Training Income relates to income realized from training services offered by KENAS.

8. Other Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Donations (PTB sponsorship)	-	1,424,500
Insurance recoveries	534,468	72,570
Disposal of Assets	-	-
Interest Income	-	155,881
Total Other income	534,468	1,652,951

Other incomes relate to insurance claims received.

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9. Use of Goods and Services

Description	2024/2025	2023/2024
	KShs	KShs
Electricity	1,639,693	1,380,517
Water	320,760	520,667
Security	1,534,485	2,764,022
Professional Services	12,429,007	9,480,294
Subscriptions	1,396,642	2,513,654
Advertising	314,000	1,436,743
Audit Fees	350,000	350,000
Conferences and Delegations	13,976,598	12,297,071
Consumables	3,181,012	8,203,174
Fuel and Oil	3,150,593	3,662,080
Insurance	2,298,792	3,115,131
Legal Expenses	1,025,039	3,396,364
Postage	1,097,441	1,450,771
Printing and Stationery	1,205,706	3,700,011
Hire Charges	382,445	1,128,813
Rent expenses	22,136,400	22,136,400
Telecommunication	1,426,652	1,630,366
Training	4,547,114	4,556,500
Accreditation Expenses	42,162,212	94,852,709
Business amendment laws	11,637,364	-
Bank Charges	1,278,795	769,887
Other General Expenses	6,851,466	4,520,936
Total Use of goods and Services	134,342,216	183,866,110

Notes to the Financial Statements (Continued)

Electricity Expenses: Increased due to an increase in tariffs and taxes

Security expenditure: Decreased due to a reduction in the number of security personnel for our offices and onboarding of Government Security Officers.

Professional Services: Increased due to additional planned activities such as Tax health check, Review of Human Resource Instruments and Culture Audit.

Consumables: Reduced due to austerity measures undertaken during the year.

Legal Expenses: Reduced due to austerity measures undertaken during the year such as the termination of contract for corporation secretarial services.

Subscriptions expenditure: Reduced due to National Treasury circular on austerity measures that abolished subscription fees for Institutional fees and club membership.

Advertising marketing and Publicity: Reduced due to reduction in the frequency of advertising the entire list of CABs to once in a year as opposed to Quarterly advertising in the previous year.

Accreditation expenses included assessment expenses, scheme development, training and advocacy, participation in accreditation policy forums and enhancement of accreditation. The decrease was due to non-implementation of Enhancement of Accreditation Programmes in Kenya (EAP-K) due to non-funding.

Other general expenses include committee technical working group expenses for the development of new schemes, events meetings and exhibitions and provision for bad debts. The increase was due to an increase in the number of activities.

Business amendment laws: This was a new stream of funding from GOK to operationalise the Business Amendment Laws that resulted in mandating of accreditation in Kenya.

Bank Charges: Increased due to increased operations during the year.

10. Employee Costs

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	84,192,235	90,116,604
Employer contribution to health insurance schemes	16,741,213	19,712,514
Employer contribution to pension schemes	11,796,883	9,902,272
Travel, accommodation, subsistence, & other allowances	8,885,211	11,971,415
Housing benefits and allowances	54,818,742	59,227,136
Overtime payments	43,218	451,056
Social contributions	5,882,228	99,650
Gratuity	10,695,097	13,305,517
Housing Levy	2,056,963	1,872,071
Employee costs	195,111,790	206,658,234

The decrease in employee costs was as a result of staff who exited the organization. Gratuity of Kshs 10,695,097 relates to the provision for FY 2024/2025.

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Notes to the Financial Statements (Continued)

11. Board Expenses

Description	2024/2025	2023/2024
	KShs	KShs
Chairman/Directors' Honoraria	974,400	970,800
Sitting Allowances	3,520,020	9,811,538
Medical Insurance	1,118,332	469,973
Induction and Training	1,650,703	1,915,500
Travel and Accommodation	2,216,528	8,577,301
Other Allowances	809,881	941,805
Total Board Expenses	10,289,864	22,686,917

The Reduction of Bord expenses was due to utilization of virtual options of conducting board meetings during the first three quarters of the year which was necessitated by budget cuts.

12. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	KShs	KShs
Property, plant and equipment	13,442,130	7,432,317
Intangible assets	2,081,686	710,109
Total depreciation and amortization	15,523,816	8,142,426

The increase is due to the purchase of a van, furniture and equipment, computer hardware and software during the year.

13. Repairs and Maintenance

Description	2024/2025	2023/2024
	KShs	KShs
Property and equipment	1,543,896	1,880,561
Equipment and Machinery	-	14,000
Vehicles	1,146,776	1,244,605
Furniture and Fittings	-	45,460
Computers and Accessories	260,783	315,862
Total Repairs and Maintenance	2,951,455	3,500,488

The expenses reduced due to the purchase of a new van and new furniture and this required less maintenance and less motor vehicle repairs.

14. Gain on Sale of Assets

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	120,461	28,930
Total gain on sale of assets	120,461	28,930

The increase in gain was due to disposal of furniture and equipment as well as computer hardware.

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Notes to the Financial Statements (Continued)

15. Gain/Loss on foreign exchange transactions

Description	2024/2025	2023/2024
	Kshs	Kshs
Gain on foreign exchange transactions	1,182,226	1,104,531
Total Gain/Loss	1,182,226	1,104,531

The increase in foreign exchange was due to the revision of the exchange rate to cater for fluctuations in the international market.

16. Cash and Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
KCB Bank LTD (Kshs)	16,009,988	593,138
KCB Bank LTD (USD)	471,447	3,587,753
KCB Bank LTD (gratuity)	3,662	17,634,337
KCB Bank LTD Credit Card (Kshs)	104,881	171,408
On - Call Deposits Kshs)	105,792,669	-
Total Cash and Cash Equivalents	122,382,647	21,986,636

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
a) Current Account			
KCB Bank LTD (Kshs)	1123414459	16,009,988	593,138
KCB Bank LTD (USD)	1125916923	471,447	3,587,753
KCB Bank LTD (gratuity)	1311797475	3,662	17,634,337
KCB Bank LTD Credit Card (Kshs)	5566302000004044	104,881	171,408
On - Call Deposits (Kshs)		105,792,669	-
Grand Total		122,382,647	21,986,636

Note: The cash and cash equivalent was high since we received a new stream of funding from GOK to operationalise the Business Amendment Laws that resulted in mandating of accreditation in Kenya totalling Kshs. 100,000,000.

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17. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2024/2025	2023/2024
	Kshs	Kshs
Receivables		
Other Exchange Debtors	61,698,917	60,486,202
Total Current Receivables	61,698,917	60,486,202

Current Receivables are receivables from rendering of services (Accreditation and training services) on credit.

(b) Ageing analysis for Receivables from exchange transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	39,059,616	63	39,351,154	65
Between 1- 2 years	10,514,589	17	7,991,608	13
Between 2-3 years	7,315,131	12	-	-
Over 3 years	4,809,581	8	13,143,440	22
Total (a+b)	61,698,917	100	60,486,202	100

18. Receivables from Non-Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Staff Debtors	150,802		280,713	
Guarantee Deposits	307,812		307,812	
Salary Advances	814,625		703,915	
Prepayments	10,237,344		9,405,918	
VAT	13,844,024		15,457,379	
Total receivables from non- exchange transactions	25,354,607		26,155,737	
Ageing Analysis- Receivables from non-exchange transactions	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	25,354,607	100	26,155,737	100
Between 1-2 years	-	-	-	-
Over 3 years	-	-	-	-
Total	25,354,607	100	26,155,737	100

Notes to the Financial Statements (Continued)

Receivables from Non-Exchange Transactions (Continued)

Description	2024/2025	2023/2024
	Kshs	Kshs
At the beginning of the year	26,155,737	14,380,848
Additional provisions during the year	942,136	25,939,127
Recovered during the year	(1,743,266)	(14,164,239)
Written off during the year	-	-
At the end of the year	25,354,607	26,155,737

19. Inventories

Description	2024/2025	2023/2024
	Kshs	Kshs
Consumable stores	96,770	375,855
Total inventories at the lower of cost and net realizable value	96,770	375,855

These are stock items (stationery and other consumables) available as at June 30, 2025.

Detailed disclosure on inventories

	2024/2025
Opening balance	375,855
Additional Inventory in the year	793,021
Inventory expensed in the year	(1,072,106)
Write-downs in the year	-
Others specify	-
Closing balance	96,770

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20. Property, Plant and Equipment

Cost	Office Partitioning	Motor vehicles	Furniture, Fittings and Equipment	Computers	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2023	-	3,500,000	11,115,646	17,965,969	35,000,770	67,582,385
Additions	-	14,216,240	11,733,464	7,955,071	*20,727,818	54,632,593
Disposals	-	(2,600,000)	(106,600)	(581,035)	-	(3,287,635)
Transfers/Adjustments	-	2,143,000	-	-	(1,985,332)	157,668
As at 30th June 2024	-	17,259,240	22,742,510	25,340,005	53,743,256	119,085,011
Additions	-	-	-	594,400	-	594,400
Disposals	-	-	(253,378)	(1,631,873)	-	(1,885,251)
Transfers/Adjustments	-	6,560,345	1,662,935	-	(9,062,935)	(839,655)
As at 30th June 2025	-	23,819,585	24,152,067	24,302,532	44,680,321	116,954,505
Depreciation And Impairment	-	-	-	-	-	-
As At 30th June 2023	-	1,020,833	3,210,925	10,938,078	-	15,169,837
Depreciation	-	1,722,473	1,517,974	4,191,870	-	7,432,317
Disposals	-	(920,833)	(66,300)	(581,035)	-	(1,568,168)
As at 30th June 2024	-	1,822,473	4,662,599	14,548,913	-	21,033,986
Depreciation	-	5,271,527	2,880,594	5,290,009	-	13,442,130
Disposals	-	-	(199,964)	(1,562,118)	-	(1,762,082)
As at 30th June 2025	-	7,094,000	7,343,229	18,276,805	-	32,714,034
Net Book Values	-	-	-	-	-	-
As at 30th June 2024	-	15,436,767	18,079,911	10,791,092	60,312,302	104,620,072
As at 30th June 2025	-	16,725,585	16,808,838	6,025,727	44,680,321	84,240,471

Work in progress includes pending partition works for KENAS new offices that has been completed awaiting final certificate of account. Prior year Work In progress has been adjusted by Kshs. 6,569,046 being software development transferred to intangible assets. Transfers/Adjustment of Kshs. 9,062,935 includes Kshs. 839,655 being an overprovision now reversed.

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Valuation

Motor Vehicles were valued by professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). The assets were revalued by Ministry of Roads and Transport professional valuers in June 2025. These amounts were not adopted since the book values were not zero.

20 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Motor Vehicles, Including Motorcycles	23,819,585	7,094,000	16,725,585
Office Equipment, Furniture, And Fittings	24,152,067	7,343,229	16,808,838
Computers And Related Equipment	24,302,532	18,276,805	6,025,727
Work In progress	44,680,321	-	44,680,321
Total	116,954,505	32,714,034	84,240,471

20 (c) Right of Use Asset

Description	2024/2025	2023/2024
	Kshs	Kshs
Lease of Office Premises (Abcon House)	59,513,711	-
Total	59,513,711	-

The amount relates to amount payable for the remaining period of the lease agreement discounted to reflect the present values.

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Notes to the Financial Statements (Continued)

21. Intangible Assets

Description	2024/2025	2023/2024
	Kshs	Kshs
Cost		
At beginning of the year	11,770,969	11,770,969
Additions	6,089,978	-
Work In progress	*7,569,046	-
At end of the year	25,429,993	11,770,969
Additions	850,000	6,089,978
Work In progress	-	*7,569,046
At end of the year	26,279,993	25,429,993
Amortization and impairment		
At beginning of the year	11,484,923	10,753,788
Amortization	710,109	731,134
At end of the year	12,195,032	11,484,923
Impairment loss	2,081,686	710,109
At end of the year	14,276,718	12,195,032
NBV	12,003,275	13,234,961

* Prior Year work in progress has been adjusted by Kshs. 6,569,046 being software wrongly classified under Property Plant and Equipment.

22. Trade and Other Payables

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Trade payables	28,396,403		32,704,932	
Payments received in advance	15,001,498		17,276,279	
Imprest control	71,861		-	
Third-party payments	9,645,335		4,065,295	
Other payables	17,739,867		21,647,891	
Total trade and other payables	70,854,964		75,694,397	
Ageing analysis: (Trade and other payables)	2024/2025	% of the Total	2023/2024	% of the Total
Under one year	68,063,660	96	74,328,754	98
1-2 years	2,536,265	4	1,365,643	2
2-3 years	181,942	-	-	-
Over 3 years	73,097	-	-	-
Total (tie to above total)	70,854,964	100	75,694,397	100

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These are payables arising from use of goods and services on credit and outstanding employee-related deductions.

23. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	41,006,378	44,011,257	85,017,635
Additional provisions	-	-	10,695,097	19,804,805	30,499,902
Provision utilised	-	-	(15,908,384)	(36,465,831)	(52,374,215)
Change due to discount and time value for money	-	-	-	-	-
Transfers from non-current provisions	-	-	-	-	-
Total provisions year end	-	-	35,793,091	27,350,231	63,143,322

24. Deferred Income

Description	2024/2025	2023/2024
	Kshs	Kshs
National Government	88,362,636	-
Total Deferred Income	88,362,636	-

Deferred income of Kshs 88,362,636 relates to funding from GOK for operationalisation of the Business Amendment Laws that resulted in mandating of accreditation in Kenya.

25. Current Lease Liability

Description	2024/2025	2023/2024
	Kshs	Kshs
Lease of Office Premises (Abcon House)	9,972,448	-
Total	9,972,448	-

The amount relates to amount payable for the remaining period of the lease agreement discounted to reflect the present values

26. Non-Current Lease Liability

Description	2024/2025	2023/2024
	Kshs	Kshs
Lease of Office Premises (Abcon House)	49,541,263	-
Total	49,541,263	-

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The amount relates to amount payable for the remaining period of the lease agreement discounted to reflect the present values

Notes to the Financial Statements (Continued)

27. Employee Benefit Obligations

Retirement benefit Asset/ Liability

KENAS also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. KENAS' obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 4,320 per employee per month. Other than NSSF KENAS also has a defined contribution scheme operated by ICEA Pension Fund. Employees contribute 10% while the employer contributes 20% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred. A total of Kshs 11,796,883 was contributed by KENAS towards pension

28. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In line with this legal requirement the Entity plans to remit Kshs 2,564,281 to the Consolidated Fund.

The Surplus Remission has been computed as follows:

Description	2024/2025	2023/2024
	Kshs	Kshs
Surplus for the period	2,849,201	971,090
Less: Allowable deductions by NT	(284,920)	(97,109)
90% Computation (Included in Statement of Financial Performance)	2,564,281	873,981

Surplus Remission Payable

Description	2024/2025	2023/2024
	Kshs	Kshs
Payable at the beginning of the year	12,916,993	12,043,012
Paid during the year	-	-
Payable at end of the year	12,916,993	12,043,012

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Notes To the Financial Statements (Continued)

29. Cash Generated from Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Surplus for the year before tax	2,849,201	971,090
Adjusted for:	0	
Depreciation and Amortization	15,523,816	7,718,893
Contribution to provision	(59,390,542)	-
Gains and losses on disposal of assets	(120,461)	(28,930)
Working capital adjustments	0	
Changes in Inventories	279,085	(36,065)
Change in Receivables	(411,586)	(17,439,091)
Change in payables	123,437,382	40,419,345
Changes in Retained earnings	21,704,667	48,197,726
Increase in payments received in advance	(2,274,781)	3,643,016
Net cash flows from operating activities	101,596,781	83,445,985

Note: Prior year surplus has been restated to reflect surplus for the year before tax

30. Financial Risk Management

KENAS' activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. KENAS' overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. KENAS has in place policies to ensure that credit is only extended to customers with an established credit history. KENAS' financial risk management objectives and policies are detailed below:

i) Credit risk

KENAS has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by KENAS's management based on prior experience and their assessment of the current economic environment.

Notes To the Financial Statements (Continued)

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount			Fully performing	Past due	Impaired
	Kshs			Kshs	Kshs	Kshs
As at 30th June 2025						
Receivables from exchange transactions	61,698,917	15,157,129	46,541,788	-	-	-
Receivables from non-exchange transactions	25,354,607	25,354,607	-	-	-	-
Bank balances	122,382,647	122,382,647	-	-	-	-
Total	209,436,171	162,894,383	46,541,788	-	-	-
As at 30 June 2024						-
Receivables from exchange transactions	60,486,202	21,220,969	39,265,233	-	-	-
Receivables from non-exchange transactions	26,155,737	26,155,737	-	-	-	-
Bank balances	21,986,636	21,986,636	-	-	-	-
Total	108,628,575	69,363,342	39,265,233	-	-	-

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that KENAS has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. KENAS has a significant concentration of credit risk on amounts due from Kshs. 46,541,788. The Board of directors sets KENAS's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with KENAS's directors, who have built an appropriate liquidity risk management framework for the management of KENAS's short, medium and long-term funding and liquidity management requirements. KENAS manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by KENAS under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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Financial Risk Management

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	53,128,078	8,901,728	8,825,158	70,854,964
Current portion of borrowings	-	-	-	-
Provisions	50,247,795	-	12,895,527	63,143,322
Deferred income	88,362,636	-	-	88,362,636
Employee benefit obligation	-	-	-	-
Total	191,738,509	8,901,728	21,720,685	222,360,922
As at 30th June 2024				
Trade payables	12,071,066	6,415,445	14,218,420	32,704,931
Current portion of borrowings	-	-	-	-
Provisions	41,517,257	41,006,378	2,494,000	85,017,635
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	53,588,323	47,421,823	16,712,420	117,722,566

iii) Market risk

KENAS has put in place an internal audit function to assist it in assessing the risk faced by KENAS on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect KENAS's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. KENAS's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to KENAS's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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

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Financial Risk Management

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

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 th June 2025			
Financial Assets			
Investments	-	-	-
Cash	-	471,447	471,447
Debtors		13,766,391	13,766,391
Total Financial Assets		14,237,838	14,237,838
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)			

Foreign currency sensitivity analysis

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 th June 2024			
Financial Assets			
Investments			
Cash	-	3,587,753	3,587,753
Debtors	-	7,440,465	7,440,465
Total Financial Assets	-	11,028,218	11,028,218
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Financial Risk Management

The following table demonstrates the effect on KENAS's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

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Financial Risk Management

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2024/2025			
Euro	10%	1,182,226	1,182,226
USD	10%	1,182,226	1,182,226
2023/2024			
Euro	10%	-	-
USD	10%	1,104,531	1,104,531

iv) Capital Risk Management

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

Description	2024/2025	2023/2024
	KShs	KShs
Revaluation Reserve	19,994,349	19,994,349
Retained Earnings	(69,603,110)	(91,996,092)
Capital Reserve	133,024,526	131,580,126
Total Funds	83,415,765	59,578,383
Total Borrowings	-	-
Less: Cash and Bank Balances	122,382,647	21,986,636
Net Debt/(Excess Cash and Cash Equivalents)	(122,382,647)	(21,986,636)
Gearing	231%	21%

31. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) The National Government
- ii) The Ministry of Investments, Trade and Industry
- iii) Other State Corporations and Ministries, Departments and Agencies
- iv) The Board of Directors

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Notes to the Financial Statements (Continued)

- v) County Governments
- vi) Key Management

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transactions with related parties		
a) Sales to related parties	-	-
B) purchases from related parties	-	-
b) Grants /transfers from the government		
Grants from the National Government	318,100,000	326,200,000
Grants from the county government	-	-
Donations in kind	-	-
Total	318,100,000	326,200,000
c)Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	163,603,139	174,874,655
Payments for goods and services	-	-
Total	163,603,139	174,874,655
d)Key management compensation		
Directors' emoluments	10,289,864	22,686,916
Compensation to key management	51,653,206	78,591,727
Total	61,943,070	101,278,643

32. Events after the Reporting Period

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

33. Ultimate And Holding Entity

KENAS is a State Corporation (Semi- Autonomous Government Agency) under the Ministry of Investment Trade and Industry. Its ultimate parent is the Government of Kenya.

34. Currency

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

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20. Appendices

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

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

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)
1.1	Accounts Payable-Non-Remission of Surplus to the National Treasury	Management wrote to National Treasury for approval to write off.	Not Resolved	30.06.2026
1.2	Long outstanding liabilities	These have already been paid off	Resolved	None
1.3	Non-Compliance with one third rule of Basic Salary	Management has encouraged employees whose deductions exceed the one-third (1/3) threshold to restructure their obligations	Not Resolved	30.06.2026
1.4	Long Outstanding Receivables	The long outstanding receivables consisted mostly of the County Government. Management has sought help of the Controller of Budget and Head of Public Service towards recovery of the debts.	Not Resolved	30.06.2026



Chief Executive Officer

Date: 21/09/25

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Appendix II: Projects implemented by Kenya Accreditation Service (KENAS)

Projects implemented by KENAS Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others – Gratuity Arrears	
Ministry of Investments Trade and Industry	20/08/2024	Recurrent	5,900,575	5,900,575	-	-	-	-	5,900,575
Ministry of Investments Trade and Industry	20/08/2024	Recurrent	5,900,575	5,900,575	-	-	-	-	5,900,575
Ministry of Investments Trade and Industry	16/09/2024	Recurrent	5,900,575	5,900,575	-	-	-	-	5,900,575
Ministry of Investments Trade and Industry	11/10/2024	Recurrent	5,900,575	5,900,575	-	-	-	-	5,900,575
Ministry of Investments Trade and Industry	29/01/2025	Recurrent	5,900,575	5,900,575	-	-	-	-	5,900,575
Ministry of Investments Trade and Industry	10/02/2025	Recurrent	5,900,575	5,900,575	-	-	-	-	5,900,575
Ministry of Investments Trade and Industry	10/02/2025	Recurrent	5,900,575	5,900,575	-	-	-	-	5,900,575

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Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others – Gratuity Arrears	
Ministry of Investments Trade and Industry	27/02/2025	Recurrent	5,900,575	5,900,575	-	-	-	-	5,900,575
Ministry of Investments Trade and Industry	12/03/2025	Recurrent	5,900,575	5,900,575	-	-	-	-	5,900,575
Ministry of Investments Trade and Industry	09/04/2025	Recurrent	147,293,100	122,178,988	1,444,400	-	-	23,669,712	147,293,100
Ministry of Investments Trade and Industry	09/04/2025	Recurrent	100,000,000	11,637,364	-	88,362,636	-	-	100,000,000
Ministry of Investments Trade and Industry	10/06/2025	Recurrent	17,701,725	17,701,725	-	-	-	-	17,701,725
Total			318,100,000	204,623,252	1,444,400	88,362,636	0	23,669,712	318,100,000

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Appendix V- Inter-Entity Confirmation Letter

Name of Transferring entity: STATE DEPARTMENT FOR INDUSTRY

Name of Beneficiary entity: KENYA ACCREDITATION SERVICE

Confirmation of amounts received by Kenya Accreditation Service as at 30 th June 2025						
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks	
RCT000005320	20/08/2024	5,900,575	-	5,900,575	Received	
RCT000005321	20/08/2024	5,900,575	-	5,900,575	Received	
RCT000005394	16/09/2024	5,900,575	-	5,900,575	Received	
RCT000005538	11/11/2024	5,900,575	-	5,900,575	Received	
RCT000005720	29/01/2025	5,900,575	-	5,900,575	Received	
RCT000005755	10/02/2025	5,900,575	-	5,900,575	Received	
RCT000005756	10/02/2025	5,900,575	-	5,900,575	Received	
RCT000005766	27/02/2025	5,900,575	-	5,900,575	Received	
RCT000005795	12/03/2025	5,900,575	-	5,900,575	Received	
RCT000005850	09/04/2025	145,848,700	1,444,400	147,293,100	Received	
RCT000005850	09/04/2025	100,000,000	-	100,000,000	Received	
RCT000005928	10/06/2025	17,701,725	-	17,701,725	Received	
Total		316,655,600	1,444,400	318,100,000		

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity: State Department for Industry

Name *Henry Nambona* Sign *[Signature]* Date *01/09/2025*

Head of Accounts Department - Beneficiary Entity: KENAS

Name *Ernest A. Lukaya* Sign *[Signature]* Date *01/09/2025*

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
International Day of Forests, 2025	The International Day of Forests (IDF) 2025 was marked under the theme: "Forests and Food:Nurture the Forest to Nourish the People." The theme highlights the crucial link between healthy forests and food security.	Participate in Kenya's national effort to grow 1.3 million trees. This aligns with the country's 15 billion Tree Growing Initiative to restore degraded landscapes and enhance food security.	Planted 10,000 tree seedlings			x		Ministry of Environment, Climate Change & Forestry	Kenya Forest Service, Bomet County Government, World Wildlife Fund (WWF), SMACHS Foundation
World Environment Day, 2025	The State Department for Industry, under the leadership of Principal Secretary Dr. Juma Mukhwana, CEOs of SAGAs, and staff members planted trees to commemorate World Environment Day 2025 themed Plastic Pollution	Participate in the State Department for Industry annual target under the Presidential Directive of Tree Planting, a move aimed at: reducing greenhouse emissions, stopping and reversing deforestation and restoring 5.1 million hectares of deforested and degraded landscapes	Planted 10,000 tree seedlings				x	State Department for Industry, East Africa Portland Cement Company Ltd	State Department for Industry, Scrap Metal Council, East Africa Portland Cement Company Ltd, Kenya Bureau of Standards, Numerical Machining Complex, Kenya Industrial Research and Development Institute, Anti-Counterfeit Authority

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Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Kakamega Forest Heritage Foundation (KFHF) Annual Tree Planting Day.	For 15 years KFHF has been celebrating nature, community, and commitment to conserving Kenya's only tropical rainforest	Plant trees and launch an empowerment fund to support local communities and deepen conservation impact	Planted 7,000 tree seedlings				x	Kenya Accreditation Service	Kakamega Forest Heritage Foundation (KFHF), NRF, MMUST, NG-CDF, BRS Kenya Forest Service (KFS) Alliance for a Green Revolution in Africa (AGRA), Kenya Forestry Research Institute (KEFRI), Kenya Agricultural and Livestock Research Organization (KALRO), Kenya Prisons Service and Department of Defence, Institute of Certified Public Accountants of Kenya (ICPAK), Kenya Commercial Bank (KCB), World Rally Championship (WRC), local forest associations, local schools, and community members participated
EAPCC, Athi River Tree Planting	Tree planting at EAPCC, Athi River	Collaborate in Tree planting initiative with relevant stakeholders	Planted 10,000 tree seedlings				x	KENAS	N/A
KENGEN Olkaria Station Tree Planting	Tree planting at KENGEN Geothermal Plaza	Collaborate in Tree planting initiative with relevant stakeholders	Planted 7,000 tree seedlings				x	KENAS	N/A

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Appendix VII: Reporting on Disaster Management Expenditure

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A

