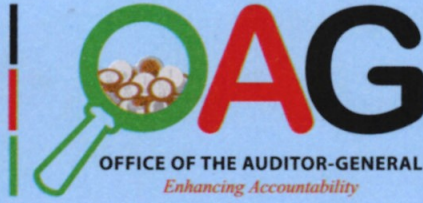


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 01 APR 2026 DAY: Wed

TABLED BY:	Hon. Naah Wago
CLERK-AT THE-TABLE:	Deputy Majority Whip Mado Atabo

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OF

THE AUDITOR-GENERAL

ON

KENYA CIVIL AVIATION AUTHORITY

FOR YEAR ENDED
30 JUNE, 2025





KENYA CIVIL AVIATION AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

*Kenya Civil Aviation Authority
Annual Report and Financial Statements
For the year ended June 30, 2025*

1. ACRONYMS AND DEFINATION OF KEY TERMS

A: ACRONYMS

ACC	Area Control Centre
A-I-A	Appropriation in Aid
AIC	Aeronautical Information Circular
AIP	Aeronautical Information Publication
AMO	Approved Maintenance Organization
ANS	Air Navigation Services
ANSC	Air Navigation Service Charge
ANSP	Air Navigation Service provider
APSC	Air Passenger Service Charge
ASSR	Aviation Safety and Security Regulation
ATO	Approved Training Organization
ATS	Air Traffic Services
BETA	Bottom-Up Economic Transformation Agenda
CAB	Civil Aviation Board
CAP	Corrective Action Plan
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
COVID	Coronavirus Disease
CSR	Corporate Social Responsibility
DCA	Directorate of Civil Aviation
DG	Director General
DME	Distance Measuring Equipment
DRC	Disaster Recovery Centre
EASA	East African School of Aviation
EFOD	Electronic Filing of Differences
FAA	Federal Aviation Administration
FRMS	Fatigue Risk Management System
GDP	Gross Domestic Product
IASA	International Aviation Safety Assessment
ICAO	International Civil Aviation Organization
IDA	International Development Association
ILS	Instrument Landing System
IPOA	Independent Policing Oversight Authority

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IRMF	Institutional Risk Management Framework
ISO	International Organization for Standardization
JKIA	Jomo Kenyatta International Airport
KAA	Kenya Airports Authority
KAMP	Kenya Airspace Master Plan
KCAA	Kenya Civil Aviation Authority
KDF	Kenya Defence Forces
KECOSO	Kenya Communications Sports Organization
KNBS	Kenya National Bureau of Standards
KQ	Kenya Airways
KTSSP	Kenya Transport Sector Support Project
NATFC	National Air Transport Facilitation Committee
NCASP	National Civil Aviation Security Programme
NUTRIP	Northern Corridor Transport Improvement Project
OSHA	Occupational Health and Safety Act
PPRA	Public Procurement Regulatory Authority
SAF	Sustainable Aviation Fuel
SAREX	Search and Rescue Exercise
SARPs	Standards and Recommended Practices
SMS	Safety Management System
TGMs	Technical Guidance Materials
UN	United Nations
UNFCCC	UN Framework Convention on Climate Change
USAP	Universal Security Audit Programme
USOAP	Universal Safety Oversight Audit Programme
VHF	Very High Frequency
VOR	VHF Omnidirectional Range

B: Definition of Key Terms

Fiduciary Management – Members of Management directly entrusted with the responsibility of financial resources of the Authority.

Comparative Year – Means the prior period.

Strategic Plan - A document used to communicate to stakeholders the Authority's goals, the actions needed to achieve those goals and all of the other critical elements developed during the planning a five year planning period.

2. KEY AUTHORITY INFORMATION AND MANAGEMENT

(a) Background information

Kenya Civil Aviation Authority was established under the Civil Aviation (Amendment) Act, 2002 on 24th October 2002. The Act received Presidential Assent and became effective on the same day, 24th October 2002. This Act amended the Civil Aviation Act (Cap.394) of the Laws of Kenya and established the Kenya Civil Aviation Authority (KCAA) as an autonomous corporate body that took over the functions of the Directorate of Civil Aviation (DCA) and the licensing of air services hitherto under Civil Aviation Board (CAB). The Civil Aviation Act (Cap 394) and the Civil Aviation (Amendment) Act, 2002 have now both been superseded by The Civil Aviation Act, 2013, as amended by the Civil Aviation (Amendment) Act 2016.

The Authority is domiciled in Kenya and has Stations in Nairobi, Mombasa, Kisumu, Malindi, Eldoret, Mua Hills, Poror, Mlolongo, Ngong, Lokichoggio, Diani, Wajir and Montreal, Canada.

At cabinet level, Kenya Civil Aviation Authority is represented by the Cabinet Secretary for Roads and Transport who is responsible for the general sector policy direction and bilateral agreements/arrangements.

(b) Principal Activities

KCAA performs two broad key functions. The first one is to provide air navigation services in Kenya's Airspace (also referred to as the Nairobi Flight Information Region). The second is to regulate the aviation industry in Kenya. In addition to this, KCAA offers training for aviation personnel through the East African School of Aviation.

The mandate of the KCAA is essentially embedded in its functions/responsibilities, which are enumerated in the Civil Aviation Act 2013, as amended by the Civil Aviation (Amendment) Act 2016. These functions are:

- (a) Licensing of air services.
- (b) Provision of the air navigation services.
- (c) Establishment and maintenance of a system of aircraft registration and the marking of civil aircraft;
- (d) Securing sound development of the civil aviation industry in Kenya;
- (e) Advising the Government on matters concerning civil aviation.
- (f) Co-ordination and direction of search and rescue services;
- (g) Facilitation and provision of all the necessary support for aircraft accident and incident investigations conducted by the investigator-in-charge;
- (h) Carrying out investigations on incidents that are not classified as accidents and serious incidents;
- (i) Safety, security, economic and technical regulation of civil aviation;
- (j) Dealing with incidents of unlawful interference with aviation security;
- (l) Certification of aircraft operators;

- (m) Enforcement of approved technical standards of aircraft;
- (n) Licensing and monitoring of aeronautical personnel;
- (o) Provision of technical services for the design, installation, and modification of electronic, radio and other equipment used in the provision of air navigation services;
- (p) Ensuring the integrity of the systems, equipment and facilities of the Authority;
- (q) Issuance and dissemination of the publications referred to in the Act;
- (r) Production of accurate, timely, comprehensive and relevant air transport information for planning and decision-making purposes;
- (s) Approval, certification and licensing of aircraft maintenance organisations and regulation of aviation training institutions in Kenya;
- (t) Establishment, management and operation of training institutions for purposes of the Authority;
- (u) Registration of rights and interests in aircraft;
- (v) Planning, development and formulation of the airspace master plan for the safe and efficient utilization of Kenyan airspace;
- (w) Establishment, co-ordination and maintenance of state aviation safety and security programmes,
- (x) Licensing, certification, registration and surveillance of aerodromes,
- (y) Certification and surveillance of air navigation service providers,
- (z) Licensing and certification of regulated agents,
- (aa) Implementing and enforcing the provisions of the Act, regulations and directives issued hereunder and treaties to which Kenya is a party,
- (bb) Taking measures to minimize, to the extent possible, any disturbance to the environment from noise, vibration, atmospheric pollution or any other cause attributable to the use of aircraft for the purpose of civil aviation,
- (cc) Performing economic oversight of air services, protecting consumer rights, environment and ensuring fair trading practices,
- (dd) Giving effect to the Chicago Convention and other international agreements relating to civil aviation to which Kenya is party to; and
- (ee) Performance of such other functions as may, from time to time, be conferred on it by the Cabinet Secretary or by any other written law.

KCAA carries out its functions in a manner consistent with the Chicago Convention on International Civil Aviation, Annexes to the Convention relating to international Standards and Recommended Practices (SARPs) and any amendment thereto or any other international conventions and protocols relating to civil aviation that Kenya is a party to.

KCAA is also expected to perform any obligations required by any agreement, treaty or arrangement between Kenya and any other country, inter-Governmental organization or any other body with respect to the safety, regularity and efficiency of air navigation and aviation safety and security in general.

The Act also stipulates that, in the discharge of its responsibility for aviation safety and security, the Authority should coordinate its activities with other agencies of Government, including the Kenya Airports Authority, the Department of Defence and the National Police Service.

Vision

A vibrant, safe, secure and sustainable civil aviation system.

Mission

To manage, promote and develop a sustainable, safe and secure civil aviation system through effective oversight, economic regulation of air transport, provision of air navigation services and delivery of quality training.

Core Values

Excellence: We commit to provide quality services through continual improvement and promotion of innovation to adapt to the dynamic aviation ecosystem. As a service industry, KCAA employees are the guarantors of a sustainable, effective and quality service delivery.

Integrity: We shall select staff on basis of personal integrity, competence and suitability. In performing their duties, all staff shall demonstrate honesty, objectivity and impartiality in decision making ensuring that their decisions are not influenced by nepotism, favouritism or improper motives.

Resilience: We shall endeavor to create a flexible, agile and adept organization that will proactively respond to changes in the environment to ensure business continuity.

Responsiveness: We commit to meet and exceed the expectations of our stakeholders in managing and promoting the development of civil aviation system.

Professionalism: We commit to have qualified and competent personnel for effective and efficient performance thereby guaranteeing aviation safety, security and sustainability.

(c) Key Management

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

No.	Designation	Name
1.	Director General	Mr. Emile N. Arao
2.	Director Corporate Services	CPA Joseph K. Chebungei
3.	Corporation Secretary	Mr. George Ombaso Mogaka
4.	Director Air Navigation Services	Mrs. Anne N. Gitau
5.	Director Aviation Safety and Security Regulation	Ms. Mary J. Keter
6.	Director Strategy and Knowledge Management	Dr. George G. K. M'Nchebere
7.	Director East African School of Aviation	Dr. Serah W. Waitiki

(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.	Director General	Mr. Emile N. Arao
2.	Director Corporate Services	CPA Joseph K. Chebungei
3.	Corporation Secretary	Mr. George O. Mogaka
4.	Director Air Navigation Services	Mrs. Anne N. Gitau
5.	Director Aviation Safety Standard and Regulation	Ms. Mary J. Keter
6.	Director Strategy and Knowledge Management	Dr. George K. M. M’Nchebere
7.	Director East African School of Aviation	Dr. Serah W. Waitiki

(e) Fiduciary Oversight Arrangements

Fiduciary oversight on the Authority’s activities is carried out by the following:

Finance and Human Capital Committee

This Committee is composed of five Directors of the Board including the Director General. Its main function is to review and monitor the Authority’s financial matters on behalf of the Board, including review of the liquidity status, all the Authority’s bank accounts, Budgets, Financial Statements and statutory reports as well as bank reconciliations. It also ensures compliance with the financial reporting requirements and proper keeping of all the financial records of the Authority.

Audit, Risk and Governance Committee

This Committee is composed of four Directors of the Board and the Head of Internal Audit and Review as its Secretary. Its main function is to consider and make recommendations to the Board on all matters relating to Internal and External Audits, Risk Management and Governance.

Public Investments Committee

This is a Parliamentary Committee that consists of a Chairman, Vice Chairman and not more than sixteen other Members. The functions of the Committee are to examine the reports and accounts of public investments, to examine the reports, if any, of the Auditor General on the public investments and to examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments are being managed in accordance with sound financial or business principles and prudent commercial practices.

(f) Headquarters

Aviation House
Jomo Kenyatta International Airport
P. O. Box 30163
GPO 00100
Nairobi, Kenya

(g) Contacts

Telephone: (254) 20 6827470-5
Email: info@kcaa.or.ke
Website: www.kcaa.or.ke

(h) Bankers

National Bank of Kenya
Jomo Kenyatta International Airport Branch
P.O. Box 30763 – 00100
Nairobi, Kenya

Commercial Bank of Africa
Swissport Branch
Jomo Kenyatta International Airport
P. O. Box 30437 - 00100
Nairobi, Kenya

Stanbic Bank
Industrial Area Branch
P. O. Box 30550 – 00100
Nairobi, Kenya

Kenya Commercial Bank
Jomo Kenyatta International Airport Branch
P.O. Box 19065-00501
Nairobi, Kenya

Standard Chartered Bank
Kenyatta Avenue Branch
P. O. Box 30001 - 00100
Nairobi, Kenya

Equity Bank Ltd
Community Corporate Branch
P. O. Box 75104
Nairobi, Kenya

Kenya Commercial Bank
Haile Selassie Avenue Branch
P. O. Box 58992 - 00200
Nairobi, Kenya

CIBC Bank
1155 Boul. Rene-Levesque, Ouest
Montreal, Quebec
H3B 3Z4, Canada

(i) Independent Auditors


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



(j) Principal Legal Advisor



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




3. THE BOARD OF DIRECTORS


No.	Director's Name	Director's Date of Birth, Key Qualifications and Work Experience
1.	 <p>Mr. Brown M. M. Ondego EBS (Board Chairman)</p>	<p>Date of Birth: 12th March 1951</p> <p>Key Qualifications: International Program for Port Planning and Management from University of New Orleans, Senior Executive Program from London Business School, Shipping Agency, Liner and tramp, Shipping Practice, Charters parties, Shipping and Sea Port operation from Norwegian Shipping Academy.</p> <p>Work Experience: He has hands on experience spanning a period of about 50 years' in diverse international, geographical and cultural business environments. Extensive background in the Merchant Navy and his career began in 1974 as an Executive management trainee in the shipping division of Mackenzie (K) Limited, formerly Smith Mackenzie which lays claim as being the first registered company in East Africa at Zanzibar in 1870. Rose to the position of Managing Director of Mackenzie Maritime (EA) in 1993 later rebranded P&O Nedlloyd (EA). Seconded in late 1999 by P&O Nedlloyd, at the time the largest deep sea going Container operator in the world, to the Kenya Ports Authority (KPA) as a member of the private sector seasoned executives seconded to the Kenya Government in a quest to turn around the Kenya national economy which was facing serious challenges and in negative free fall. In 2008 he was invited to join the Board of Rift Valley Railway Investment (PTY) as Executive Chairman and Group Chief Executive of Rift Valley Railways (K) Ltd and Rift Valley Railways (U) Ltd a Company that held a 25 years concession to manage and operate the 2300-kilometre Kenya /Uganda Metre Gauge Railway network. Continues to serve as non-Executive board member of Rea Vipingo Limited. He has also served on the Board of Barclays Bank (K), now Absa Bank Kenya, Grain Bulk Handlers Group, as a Member of the Presidential Investors Round Table III of the Republic of Uganda. Chairman, life Governor and Trustee of the Agricultural Society of Kenya.</p> <p>He was appointed to the Board with effect from 10th March 2023 and is the Chair of the Board of Directors.</p>
2.	 <p>Mr. Mohammed Daghar, CBS (Board Member – up to 9th June 2025)</p>	<p>Date of Birth: 25th March 1986</p> <p>Key Qualifications: BA International Relations from United States International University, Kenya, Masters in Peace, Conflict and Development studies from Universitat Jaume I, Spain.</p> <p>Work Experience: Principal Secretary, State Department for Transport in the Ministry of Roads and Transport. He has wealth of experience in safety and security matters. He is responsible for the Transport Policy formulation and execution, development of regulatory framework for transport sector, oversee implementation of various transport programmes and projects designed to realise efficient, reliable and seamless transport connectivity envisioned in vision 2030 under Road, Rail, Air and Maritime modes of</p>

		<p>Transport. In addition, as Principal Secretary in charge of State Department for Transport, he is responsible for providing guidance, direction and oversight on services delivery by State Corporations namely, Kenya Railways Corporation (KRC), Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) Corridor Development Authority, Kenya Airports Authority (KAA), Kenya Civil Aviation Authority (KCAA), Kenya Ports Authority (KPA), National Transport and Safety Authority (NTSA) and Nairobi Metropolitan Area Transport Authority (NAMATA). As the Principal Secretary in charge of Transport, he is a member of the Executive Committee of the Northern Corridor Transit and Transport Coordination Authority (NCTTCA) and therefore he is responsible for all matters relating to NCTTCA.</p> <p>He served as a board member in his capacity as the Principal Secretary State Department of Transport until 9th June 2025.</p>
	 <p>Ms. Teresia Mbaika, CBS (Board Member-from 9th June 2025)</p>	<p>Date of Birth: 10th October 1985</p> <p>Key Qualifications: Master of Science (Health Economics and Policy) from University of Nairobi and Bachelor of Science (Environmental Health) from Kenyatta University.</p> <p>Work Experience: Principal Secretary State Department of Aviation and Aerospace Development. Immediate former Principal Secretary, State Department for Devolution. She has attended various trainings and conferences spanning the Energy Sector, Leadership and Corporate Governance fields among others. She has over 10 years' experience in Corporate Governance, Resource Mobilization, Strategic Management, Leadership and Public Finance Management. She served a six (6) year term as a Board Member at the Nuclear Power and Energy Agency (NuPEA) where she served in various capacities as the Chairperson, Technical Committee; Chairperson, Audit Committee; Chairperson, Human Resource Committee and Member of the Publicity & Advocacy Committee.</p> <p>She also served as a Board Member of the National Environmental Management Authority (NEMA) for a three (3) year term where she held various undertakings as the Chair of the Technical, Finance and Administration Committees and as a Member of the Audit Committee. PS Mbaika has also served as the Secretary to the National Government Constituency Development Fund Board (NG-CDF), Kaiti Constituency from 2013-2017, where she oversaw the financial management and corporate governance of the Fund. She launched her career in community service where she served as a Woman Leader pioneering various community projects as well as coaching and mentoring the youth. She is still actively involved in, as the Patron Kaiti University Students' Association, Trustee, Kaiti Constituency Development Forum and Trustee, Kaiti Greening Champions</p>




		<p>She serves as a board member with effect from 9th June 2025 in her capacity as the Principal Secretary State Department of Aviation and Aerospace Development.</p>
3.	 <p>Dr. Chris K. Kiptoo, CBS (Board Member)</p>	<p>Date of Birth: 31st December 1967</p> <p>Key Qualifications: Holds a Doctor of Philosophy Degree (PhD) in Finance (<i>International Macroeconomics Finance specialization</i>) from the University of Nairobi, as well as a Master of Science (Ag. Economics) and Bachelor of Science (Ag. Economics) degree from Egerton University. He is also an Accredited Fellow in Macroeconomic Management Macro-economic & Financial Management Institute of Eastern & Southern Africa (MEFMI).</p> <p>Work Experience: Principal Secretary, National Treasury. Immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade & Cooperatives.</p> <p>Has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector and macroeconomic accounting, and modelling and forecasting. Additionally, He has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organisational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as TradeMark East Africa. Noteworthy, he also has four years of experience in economic policy coordination gained while working at the then Office of the Prime Minister.</p> <p>He serves as a Board member in his capacity as the Principal Secretary to The National Treasury and Economic Planning.</p>
4.	 <p>Dr. Raymond Omollo, CBS (Board Member)</p>	<p>Date of Birth: 27th December 1979</p> <p>Key Qualifications: Holds a Doctor of Philosophy Degree (PhD) in Applied Statistics from the Maseno University as well as a Master of Science in Biometry (Applied Statistics in Agriculture, environmental and Biological sciences) and a Bachelor of Science degree in Statistics both from the University of Nairobi. He is a member of the International, Society for Clinical Biostatistics (ISCB), Expert User Committee for Data Management and Statistics Global Health Trials Network and Young African Statisticians Association (YASA).</p>

		<p>Work Experience: Principal Secretary, State Department for Interior and National Administration, Managing Director, Lake Basin Development Authority, Head of Data Centre & Statistician, DNDi Africa, Research fellow and Adjunct lecturer at Strathmore University, Centre for Research in Therapeutic Sciences (CREATES) and School of Mathematical Sciences and Nairobi University, Member of Board of Directors of Consolidated Bank of Kenya where he chaired the Credit and Finance and Risk and Compliance Committees, External Examiner Msc. Course in Research Data Management in the University of Witwatersrand, Johannesburg, South Africa. He has been a technical adviser and consultant in various institutions including the World Health Organization (WHO), Food and Agriculture Organization (FAO)-Somalia, Novartis Pharmaceuticals & Kenya Research Medical Institute, TARJ Consult Lt, Hoffman La Roche PLC, AMREF, Academy for Educational Development (AED). He is a member of the International Society for Clinical Biostatistics (ISCB), Expert User Committee for Data Management and Statistics Global Health Trials Network and Young African Statisticians Association (YASA). He has over 30 publications.</p> <p>He serves as a Board member in his capacity as the Principal Secretary for Interior and National Administration.</p>
5.	 <p>Col (Rtd) Rodgers M. Muneene, OGW (Board Member)</p>	<p>Date of Birth: 1st January 1958</p> <p>Key Qualifications: Airport Transport Pilot Licence</p> <p>Work Experience: Kenya Air Force Pilot, Kenya Police Service Pilot/Commandant, member of the Aero Club of East Africa.</p> <p>He is an independent member of the Board, Chair of the East African School of Aviation of the Board, member of the Audit Risk and Governance Committee of the Board and former Chair of the Licensing of Air Services and Technical Committee of the Board and member of the Finance and Human Capital Committee of the Board.</p>
6.	 <p>Dr. Boniface Mureithi Wanjau (Board Member)</p>	<p>Date of Birth: 15th February 1986</p> <p>Key Qualification: Doctorate in Finance from JKUAT, Master's degree in economics from Kenyatta University, Bachelor of Education- Arts Business and Economics from Kenyatta University and Certified Public Accountant -CPA(K) from KASNEB</p> <p>Work Experience: Lecturer at St. Paul University, KCA University, Mt. Kenya University and Zetech University. Appointed in various companies as a director in 2015. He is a member of ICPAK and Rotary Club.</p> <p>He is an independent member of the Board and Chair of Audit Risk and Governance Committee of the Board and member of the Licensing of Air Services and Technical Committee of the Board.</p>



		Former member of the East African School of Aviation Committee of the Board.
7.	 <p>Mr. Tokei N. Loten (Board Member)</p>	<p>Date of Birth: 30th December 1976</p> <p>Key Qualifications: Masters in Business Administration from University of Nairobi, Bachelor of Commerce from the Catholic University of Eastern Africa.</p> <p>Work Experience: Director TNL Group of companies, Managing Director (executive) TNL Engineering and Construction works Ltd.</p> <p>He is an independent member of the Board, Chair of the Licensing of Air Services and Technical Committee of the Board, former Chair of the Finance and Human Capital Committee of the Board and member of the Licensing of Air Services and Technical Committee of the Board.</p>
8.	 <p>Dr. Annette Mbogoh (Board Member – up to 22nd January 2025)</p>	<p>Date of Birth: 17th April 1981</p> <p>Key Qualifications: Doctor of Philosophy in Law from Southern & Eastern African Regional Centre for Women’s Law from UZ-SEARCWL, Masters in women’s law from UZ-SEARCWL, Postgraduate Diploma in law from Kenya School of Law and Bachelor of laws from The University of Nairobi.</p> <p>Work Experience: Kituo Cha Sheria, Resident Advocate, Christian Legal Aid and Research, Board Chairperson Haki Yetu Organization, Board member TOA Kenya, Vice Chairperson Insurance Appeals Tribunal. She is a member of the Law Society of Kenya.</p> <p>She was a member of the Audit, Risks and Governance Committee of the Board and Licensing of Air Services and Technical Committee of the Board. She resigned on 22nd January 2025 due to her assumption of office as a state officer at IPOA.</p>
9.	 <p>Ms. Liz Aluvanze (Board Member)</p>	<p>Date of Birth: 1st June 1992</p> <p>Key Qualifications: Master of Science in Air Transport Management from Cranfield University, Bachelor of Engineering, Aerospace Engineering from the University of Manchester</p> <p>Work Experience: Chief Executive Officer of the Kenya Association of Air Operators, Air Transport officer at the Kenya Civil Aviation Authority. Fleet Development officer at Kenya Airways.</p> <p>She is an independent member of the Board, Chair of Finance and Human Capital Committee of the Board and former Chair East African School of Aviation Committee and Member Finance and Human Capital Committee of the Board.</p>

10.	 <p>Mr. Emile Nguza Arao (Director General)</p>	<p>Date of Birth: 17th April 1978</p> <p>Key Qualifications: Masters in Business Administration, Embry Riddle Aeronautical University, 2004; Bachelor of Science in Aircraft Engineering Technology, Embry Riddle Aeronautical University, 2002; Certificate in Electrical Engineering, 1998</p> <p>Work Experience: DG KCAA with effect from 11th May 2022. He served as the Executive Director-EAC CASSOA, Deputy Director-EAC CASSOA, Director/ Lead Aviation Consultant- Pine Group Ltd, Aviation Business Strategy, Safety and Operations Consultant—Skyward Express, Airline Pilot Contractor- Air Tec Africa/ Air Libya, Director of Safety/Project Certification Manager- OneJetOne Airways Kenya Ltd, Quality Manger/Pilot-Safarilink Aviation, Flight safety officer/Pilot- East African Safari Air Express, Airworthiness Inspector-KCAA, Program System Analyst, Dean Fellow/Graduate Assistant, Aircraft Mechanic, Apprentice/Aircraft Mechanic.</p>
11.	 <p>Mr. George Ombaso Mogaka (Corporation Secretary)</p>	<p>Date of Birth: 16th December 1971</p> <p>Key Qualifications: MBA (Strategic Management) - Maseno University and LLB - Nagpur University. Post Graduate Diploma in Law – Kenya School of Law, Advocate of the High Court of Kenya, Commissioner for Oaths and Certified Secretary of Kenya. Lead Auditor (QMS) and Certified Trustee (Pension Schemes). Member of the Law Society of Kenya and Institute of Certified Secretaries of Kenya.</p> <p>Work Experience: Has over twenty-three (23) years post qualification work experience. Has previously worked at National Oil Corporation of Kenya, Kenya Sugar Research Foundation, Kenya Revenue Authority and Kenya Plant Health Inspectorate Service prior to joining Kenya Civil Aviation Authority on 16th June 2020.</p>

4. KEY MANAGEMENT TEAM

	Management	Details
1.	 <p>Mr. Emile N. Arao (Director General)</p>	<p>Key Qualifications: Masters in Business Administration, Embry Riddle Aeronautical University, 2004; Bachelor of Science in Aircraft Engineering Technology, Embry Riddle Aeronautical University, 2002; Certificate in Electrical Engineering, 1998.</p> <p>Main Area of Responsibility: Overall Coordination and Direction of the Air Navigation Service Provision, Regulation of the Civil Aviation Industry, and Training of the Aviation Personnel in the Country.</p>
2.	 <p>Mr. George O. Mogaka (Corporation Secretary)</p>	<p>Key Qualifications: MBA (Strategic Management) - Maseno University and LLB - Nagpur University. Post Graduate Diploma in Law – Kenya School of Law, Advocate of the High Court of Kenya, Commissioner for Oaths and Certified Secretary of Kenya. Lead Auditor (QMS) and Certified Trustee (Pension Schemes). Member of the Law Society of Kenya and Institute of Certified Secretaries of Kenya.</p> <p>Main Area of Responsibility: Planning, organizing, leading and controlling provision of Board Secretarial and Legal Services in the Authority.</p>
3.	 <p>CPA Joseph K. Chebungei (Director Corporate Services)</p>	<p>Key Qualification: Bachelor of Arts (Econ) from the University of Nairobi and an MBA from Moi University, CPA-K holder and is a member of ICPAK.</p> <p>Main Area of Responsibility: Coordinate and direct the Corporate Services function of the Authority.</p>

<p>4.</p>	 <p>Nicholas M. Ngatia (Director, Aviation Safety and Security Regulation - up to 2 September 2024)</p>	<p>Key Qualifications: Masters of Science (MSc) in Aviation Safety from Florida Institute of Technology, Masters of Business Administration (EMBA) in Aviation Management from Moi University, Bachelor of Science (BSc) from University of Nairobi, Bachelor of Science (BSc) in Aviation Management from University of Dubuque-Iowa, USA, Higher National Diploma in Electrical and Electronic Engineering from Kenya Polytechnic, Licensed Aircraft Maintenance Engineer (AMEL), Certificate in Air Transport Business and Economics from University of Antwerp and International Negotiation Skills (IATA, Singapore). A member of the Aeronautical Society of Kenya.</p> <p>He retired from the service of the Authority on 2nd September 2025.</p> <p>Main Area of Responsibility: Management and Coordination of the regulation function of the Authority.</p>
<p>5.</p>	 <p>Mary J. Keter (Director, Aviation Safety and Security Regulation – from 2 September 2024)</p>	<p>Key Qualifications: Master of Science (MSc) in Aviation and Transportation from Lewis University Romeoville, Chicago Illinois, USA. Bachelor of Business Management (Aviation Management) degree from Moi University, Diploma in Aeronautical Engineering Avionics from Trans Eastern Aviation College (TEAAC) Nairobi, Licensed Aircraft Maintenance Engineer (AMEL), Safe Transport of Dangerous Goods by Air among other professional courses.</p> <p>Main Area of Responsibility: Management and Coordination of the overall establishment, implementation and management of Aviation Safety and Security oversight Regulation system.</p>

<p>6.</p>	 <p>Mrs. Anne N. Gitau (Director, Air Navigation Services)</p>	<p>Key Qualifications: Master of Business Administration (UoN), Bachelor of Science Degree in ICT& Management (Maseno University). Strategic Leadership Development Programme, Senior Management Course, Risk Management for Project Managers, Managers & Heads of Functions Training. Aeronautical Information Services (ICAO Course 021), Basic Course in Aeronautical Cartography, Transition from AIS to AIM Course, Safety Management for Practitioners Course, PANS-OPS Initial Flight Procedure Design Course, PANS-OPS Performance Based Navigation (PBN) Flight Procedure Design Course, Airspace Design.</p> <p>Main Area of Responsibility: Spearheads the overall development and implementation of policies and strategies for managing Air Navigation Services in Kenya Airspace and for any areas outside Kenya for which the State has, in pursuant to international arrangements undertaken to provide the services for a safe, economical, sustainable and efficient provision of Air Traffic Management, Aeronautical Information Management, Communication, Navigation and Surveillance, Search and Rescue and alerting services.</p>
<p>7.</p>	 <p>Dr. George G. K. M'Nchebere (Director Strategy & Knowledge Management)</p>	<p>Key Qualifications: Doctor of Philosophy, PhD (Strategic Management), Kenyatta University, Master of Business Administration (Strategic Management), University of Nairobi and Bachelor of Commerce, University of Nairobi, a full member of Marketing society of Kenya (MSK) and Kenya Institute of Management (KIM).</p> <p>Main Area of Responsibility: Management and coordination of the Authority's Strategy, Risk Management, Quality Assurance, Research, Innovation and Knowledge Management function.</p>

8.	 <p>Dr. Serah Waitiki (Director, East African School of Aviation)</p>	<p>Key Qualifications: PhD Language Studies, Chemnitz University of Technology; Master of Philosophy (Mphil), English, Moi University, Bachelor of Arts (BA), English, Moi University, Post Graduate Certificate in Academic Practice, York St. John University, UK; Diploma in Civil Aviation Management, Singapore Aviation Academy, Strategic Leadership Development Programme, Senior Management Course; Training Managers Course, ICAO; Fellow of the Higher Education Academy – UK; Member of Women in Aviation International- Kenya (WAI-K); Member of Kenya Institute of Management (KIM).</p> <p>Main Area of Responsibility: Management and Coordination of the Training Mandate of the Authority (EASA).</p>
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5. CHAIRMAN'S STATEMENT

It is an honour to present the KCAA Annual Report and Financial Statements for the Financial Year 2024/2025. This report comes at a time when there is increasing demand for air transport services and a degree of stabilisation across the industry performance indicators. The Authority continued to facilitate the industry by providing aviation safety and security oversight, and air navigation services.

A vibrant civil aviation system is an important enabler to economic growth and development as it facilitates trade, speedy international, regional, and domestic movement of passengers and cargo. Activities in the aviation industry are a useful indicator of performance of the economy due to the strong correlation between GDP growth and air transport activities.

As a Contracting State to Chicago convention, the Board has prioritized strategic collaborations and partnerships aimed at ensuring compliance with aviation safety and security standards and recommended practices. I am pleased to report that Kenya was selected among six (6) countries globally, and the only country in Africa and the Middle East, to partner with the Transportation Security Administration of United States of America on the One-Stop-Security Programme. The programme aims at developing a Bilateral Memorandum of Understanding that will enable enhanced passenger screening at JKIA and eliminate re-screening upon arrival at John F. Kennedy International Airport thereby enhancing airports efficiency and passenger experience.

The Authority has partially automated some of the aviation safety and security processes, and during the year signed a contract to fully automate Aviation Safety and Security Regulation functions. This is a major milestone towards a modern, efficient, and globally competitive civil aviation system. The Authority is also automating the school management systems to integrate the academic and administration processes. The Board is committed to ensuring that all Authority service delivery processes are fully automated.

The Board has continued to promote, secure and improve the position of the State and Authority at the global platform on matters Aviation by enhancing cooperation and collaboration with International Civil Aviation Organization (ICAO) and other key industry stakeholders. During the year under review, the Authority established strategic partnerships with ICAO, the European Union, and the Kingdom of the Netherlands to support Kenya's efforts toward sustainable international aviation. These efforts align with the global target of achieving net-zero CO₂ emissions by 2050.

At the African Continent, the Authority collaborated with ICAO and the African Civil Aviation Commission to deliver the first-ever ICAO State Safety Programme training course at the East African School of Aviation (EASA) and participated in the 10th edition of the Africa & Indian Ocean held in Victoria Falls, Zimbabwe. This is a platform aimed mainly towards operationalization of the Single African Air Transport Market (SAATM), advancing safety, security, and development of air transport.

At the Country level, the Authority actively pursued engagements and convened several meetings, bringing together key players from across Kenya's aviation sector to strengthen collaborations and shape a safer and secure aviation future for Kenya and beyond. I salute and acknowledge all the stakeholders who participated in our meetings, workshops and seminars for your valuable contributions to the industry as we make every effort as an Authority, to live our vision and mission. On behalf of the Authority, we undertake to our

stakeholders, to continue these active engagements and commitments in developing, together with you, a safer, secure and efficient civil aviation system.

Whereas significant milestones were made, the civil aviation industry experienced several challenges within the year. Some of the notable challenges include the geopolitical tensions especially in Europe, in the Middle East and spots in sub-Saharan Africa, which negatively impacted the efficiency of aircraft operations, free flow of passengers, goods and flights. Cyber security threats, and the rapid changing technologies also have implications on investment plans.

The Board commits to address and mitigate all the challenges to ensure the Authority has; particularly comprehensive, clear, consistent and up to date Civil Aviation Regulations, and timely amendment to specific operating regulations in keeping pace with the amendments to the ICAO Annexes to the Chicago Convention. Gaps in the regulations affects establishment of an effective safety and security oversight system as envisaged in the relevant ICAO Documents.

I am pleased report that in the FY 2023/24 and the just concluded FY 2024/25, the Authority has recorded tremendous growth in revenues collected. The continued growth in revenue performance is fully attributed to the Boards's commitments to digitalization, transparency, accountability, and excellence in service delivery. The Authority financial transactions are now conducted, mainly, through the e-Citizen platform, enabling all our clients to access and pay for our services online.

I wish to express my gratitude and appreciation to the Board of Directors, Management, and staff of the Authority for their counsel, contribution and commitment during the financial year.

Lastly, as the Country implements the Bottom-Up Economic Transformation Agenda (BETA) and the fourth Medium-Term Plan (MTP IV), the Authority is committed to delivering on its Mandate and supports the realization of aspirations of Kenya's Vision 2030.



**Brown M. M. Ondego, EBS
Chaiman, Board of Directors
Kenya Civil Aviation Authority**

6. REPORT OF THE DIRECTOR GENERAL

I am pleased to present to you this Annual Report and Financial Statements for FY 2024/25. This report is prepared pursuant to Section 81 of the Public Finance Management Act, 2012 which requires the Accounting Officer to prepare financial statements for the Authority at the end of each financial year. In line with the KCAA Strategic Plan for the period 2023/24 – 2027/28, the Authority realised several key milestones. In an effort to strengthen the regulatory framework, the Authority amalgamated the Civil Aviation Act No. 21 of 2013 and the Civil Aviation (Amendment) Act No. 42 of 2016. The Authority further developed the Civil Aviation Bill and engaged stakeholders to incorporate their views and enrich the draft legislation. The Authority will continue with efforts to have the Bill enacted into law while at the same time working with other Government agencies for the finalisation of 39 regulations that are in the final stages of consideration and approval.

As a signatory to ICAO, Kenya is obligated to administer aviation safety and security in line with Standards and Recommended Practices. The Authority enhanced the level of effective implementation of compliance requirements, oversight activities, surveillance of the industry, routine inspection of operators, and supporting the capacity of the industry to position it as a key driver of economic growth. The Authority undertook initial issuance and continuous renewal of licenses and authorizations of air service providers and air operators and issued 190 Air Service Licenses; 239 Aircraft Lease Approvals; and 5,282 Ad hoc Permits. The Authority also undertook initial and continuous certification of Aviation Personnel, Air Navigation Service Stations, Approved Training Organisations (ATOs), Local and foreign Approved Maintenance Organisations (AMOs), aerodromes, registration of aircraft and granted approvals for development of structures including houses and high masts. The Authority carried out a total of 118 surveillance inspections of airports (20), local airlines (66), and foreign airlines (32). Within the FY, the Authority implemented thirteen (13) out of thirty-seven (37) USOAP CAPs and one (1) out of seven (7) USAP CAPs.

To ensure retention of Federal Aviation Administration (FAA) International Aviation Safety Assessment (IASA) category I status which has enabled Kenya to continue undertaking direct flights to USA, the Authority undertook inspections and security assessments at Jomo Kenyatta International Airport (JKIA) and Mombasa International Airports (MIA) as the Last-Point of Departure (LPD) and the alternate point of departure respectively for Kenya Airways flights to USA. As part of the One-Stop-Security Arrangement between Kenya and USA, the Authority conducted one security assessment at John F. Kennedy International Airport as the destination airport for Kenya Airways to the USA. The Authority also conducted safety operation inspections at Kenya Airways headquarters base (both for Air Operator and Aircraft Maintenance Organisation) and at John F. Kennedy International Airport, for renewal of Kenya Airways Air Operator Certificate and Foreign Approved Maintenance Organisation Certificate.

Guided by the Strategic Plan and the Kenya Airspace Master Plan (KAMP), KCAA recognizes the need to modernize ANS equipment and systems, improve quality of training infrastructure, and enhance service delivery through digitalization. The Authority implemented various projects and enhanced periodic maintenance and calibration of equipment and systems, achieving an overall average availability of ANS equipment of 98.14%, which was above the ICAO recommended level of 97%. This has ensured safe and secure flow of global air traffic and supported growth of aviation and related industries. The Authority is constructing a state-of-the-art Air Traffic Control Tower at Kisumu International Airport which has progressed to 86% completion level. Upon completion, the tower will improve delivery of air navigations services, safety of aircrafts and promote growth of air transport activities at Kisumu Airport and in the region.

The global aviation industry is implementing an ambitious goal of reducing CO₂ emissions through the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) programme with a target of Net Zero emissions for air transport industry by 2050. Kenya joined the global community in this initiative and aims to be a regional leader in the implementation of CORSIA. Towards this, the Country continues to collect and submit to ICAO data on the carbon emissions by two airlines undertaking international flights and participating in the CORSIA Programme. The Authority has further supported various activities, for instance promoting research and development, fostering partnerships with stakeholders, and advocating for policies that incentivize SAF adoption and use of alternative, environmentally friendly fuels. The Authority has developed a Draft Environment and Climate Change Policy and developed a CORSIA Manual of implementing standards. To support the Government's initiative of planting 15 billion trees by 2032 and ecosystem, the Authority planted 118,000 tree seedlings in Lambwe Valley, Ondango Wetlands, Samanga Hills, Rangwe – Homa Bay County, and Dongo Kundu – Mombasa County.

The aviation industry showed positive performance during the financial year 2024/25. The number of passengers handled at Kenyan airports increased by 2.05% from 12.7 million in FY 2023/24 to 13.0 million in FY 2024/25. The volume of cargo transported through the Kenyan airspace increased marginally by 1.28% from 398,809,416 kgs in FY 2023/24 to 403,922,299 kgs in FY 2024/25. The number of aircraft movements within the Kenyan airspace increased by 1.68% from 368,851 in FY 2023/24 to 375,065 in FY 2024/25.

The East African School of Aviation is recognized as a Platinum Training Centre of Excellence TRAINAIR PLUS Programme (TPP) Member by ICAO. Within the financial year, the student enrolment at EASA increased by 9.07% from 3,109 in FY 2023/24 to 3,391 in FY 2024/25. In December 2024, EASA graduated 423 students, which was a 77% increase from the 238 students who graduated in December 2023. The school has established strategic partnerships, collaborations and training MOUs with the Civil Aviation Authorities of Botswana and Singapore. Other collaborations include EAMAC Niger; GANS; Incheon Airport Aviation Academy; SatNav Africa JPO; Moi university, United States International University and the Kenya Defence Forces for training in Air Traffic Controllers.

To improve financial performance, the Authority has ensured that all financial transactions are conducted through the e-Citizen platform, enabling clients to access and pay for services at the comfort of their seat. As a result, I am happy to note and report that the revenues earned by the Authority in FY 2024/25 were Ksh. 11,256,319,501, representing an above target achievement of Ksh. 22.5 million (0.2%). The continued positive growth in revenue performance is fully attributed to the Authority's commitments to digitalization, transparency, accountability, and excellence in service delivery. In terms of expenditure, the Authority's final approved total budget was Ksh. 8,894,230,121 of which Ksh. 7,255,819,388 was for recurrent expenditure while Ksh. 1,638,410,733 was for development expenditure. The actual total expenditure was Ksh. 8,128.28 million, representing a budget absorption rate of 91.4% (recurrent 93.0%; development 84.2%). The overall financial results were a net surplus of Ksh. 4,717.15 million compared to Ksh. 5,994.13 million in FY 2023/24 before 90% remittance to the National Treasury.

KCAA appreciates the need to develop and maintain a strong institutional capacity, recognizing the important role that employees play in delivering mandate and realizing the vision. As a result, the Authority prepared and presented critical human resource policy documents to the Public Service Commission (PSC) for approval. Consequently, the PSC granted approval for the following HR instruments of the Authority: Organization Structure, Career Guidelines, Human Resource Policies and Procedures Manual, and the establishment of Kenya's ICAO Mission Office. Implementation of the Policy documents is underway and will ensure the Authority remains responsive, enhance efficiency and position for long-term success.

Additionally, the Authority operated various welfare programmes including staff mortgage, car loan, staff loan, medical scheme, group life insurance, group accident insurance, last expense policies and creches for nursing mothers.

As an organization committed to excellence and professionalism, the Authority has fully embraced the Performance Management Framework where performance contracts are signed annually. The Performance Contract commits staff to implement agreed targets drawn from the Strategic Plan within the year and evaluation done at the end of the year to assess performance. During the FY 2024/25, the Board developed a Performance Contract that had thirty-two (32) targets, out of which twenty-seven (27) targets were fully achieved. Within the performance management framework, employees then set targets based on Board targets, implement and report progress. The Authority then undertakes appraisal of individual employee performance to evaluate the level of achievement of results and reward good performance while discouraging underperformance. Where skills gaps are noted, the Authority supports the affected staff to address the gaps through training.

The Authority operations in the FY 2024/25, though a great success, did not come without challenges. Some of the notable challenges include the international geopolitical tensions especially in Russia, Ukraine and Middle East, the crisis in DRC Congo and Sudan which have caused disruptions in traffic flow and necessitated change of routes. The industry faces imminent danger of cyber security attack. The Authority has experienced staff exits, especially safety inspectors, depleting of critical skills. Some infrastructure facilities have outlived their recommended life and require replacement. There is need to undertake investment in modern, cost-effective infrastructure to strengthen Kenya's position as a leading air transport hub in the region. KCAA commits to address and mitigate the impact of the challenges in order to provide a safe and efficient civil aviation system.

I sincerely thank our stakeholders and partners for their continued support, cooperation, commitment and dedication throughout the year.

I extend my gratitude to the Board of Directors for their excellent stewardship that created a conducive work environment, the Management, and all Staff of the Authority for their efforts in keeping our skies safe, secure and vibrant.

I look forward with optimism to a robust, safer, secure and vibrant financial year 2025/26.



Emile Nguza Arao
Director General
Kenya Civil Aviation Authority

7. STATEMENT OF PERFORMANCE OF KENYA CIVIL AVIATION AUTHORITY AGAINST PREDETERMINED OBJECTIVES FOR THE FINANCIAL YEAR 2024/2025

Section 81 (2 (f)) of the Public Finance Management Act, 2012 requires Accounting Officers to prepare financial statements which shall include, among others, a statement of the Authority's performance against predetermined objectives.

The KCAA Strategic Plan covers a five-year period from 2023/24 – 2027/28. The plan includes activities, projects and programmes that are expected to be implemented in the five-year period and is implemented annually through Annual Work Plans (AWPs). The plan was prepared taking into account the priority projects and programmes contained in the country's development agenda and is anchored on five (5) key result areas (KRA);

- 1) A Vibrant Policy, Legal and Regulatory Environment
- 2) Airspace, Equipment, and Infrastructure Development
- 3) Aviation Training
- 4) Corporate Image and Reputation.
- 5) Institutional Capacity Development

The Authority develops Annual Work Plans (AWPs) based on the above 5 KRAs. KCAA undertakes assessment of performance based on the AWP on a quarterly basis, and a summative assessment annually. Budget allocation is made on the targets in the AWP and form the basis upon which Performance Contracts are developed. KCAA performance against the set targets for FY 2024/25 is presented in Table 1:

Table 1: Key Highlights in the Implementation of the Strategic Plan

Strategic Pillar	Strategic Objective	Strategies	Achievement
A Vibrant Policy, Legal and Regulatory Environment	Establish mechanisms for an efficient, sustainable and competitive air transport industry	a) Support the development and implementation of air transport Policies and Plans. b) Develop and implement Air Operators surveillance programme/plan. c) Implement licensing and approval/authorization obligations. d) Monitor facilitation of air transport services at airports. e) Support the development of the Air Transport Market.	a) Undertook license and approval obligations and issued; <ol style="list-style-type: none"> i) 190 Air Service Licenses; ii) 239 Aircraft Lease Approvals; and iii) 5,282 Ad hoc Permits. b) Carried out surveillance and inspections of airports (20), local airlines (66), and foreign airlines (32). c) During the FY, <ol style="list-style-type: none"> i) Passenger traffic increased by 2.05%; ii) Volume of cargo increased by 1.28%; and iii) Aircraft movements increased by 1.68%.
	Develop, review and implement an effective legal and regulatory framework	a) Review of the Civil Aviation Act. b) Develop and review civil aviation regulations. c) Develop, review, and implement Technical Guidance Materials.	a) Amalgamated the Civil Aviation Act 2013 and the Civil Aviation (Amendment) Act 2016. b) Review and development of the Civil Aviation Bill which is awaiting forwarding to the Ministry for promulgation. c) In line with the Statutory Instruments Act requirement, the Authority undertook a

Strategic Pillar	Strategic Objective	Strategies	Achievement
			<p>regulatory impact assessment for the 39 regulations that were submitted to the Ministry.</p> <p>d) Developed and reviewed Technical Guidance Materials (TGMs) to support operations of the industry.</p>
	Establish and implement an effective aviation safety oversight system	<p>a) Implement and maintain the State Safety Programme and Plans.</p> <p>b) Enhance the level of compliance with ICAO and other international aviation safety requirements.</p> <p>c) Undertake initial and continuous licensing, certifications, authorizations, and approval obligations.</p> <p>d) Enhance implementation of surveillance and quality control obligations.</p> <p>e) Enhance the resolution of safety issues and concerns.</p>	<p>a) Completed 13 CAPs (Flight Ops (4), Airworthiness (2), AAMLE (4), and PEL (3)).</p> <p>b) Implemented 451 surveillance activities against a target of 593 (76%).</p> <p>c) Undertook oversight activities on KQ, JKIA and MIA for purposes of maintenance of FAA Category 1 status.</p> <p>d) Held sensitization workshops with the County Governments of Kilifi, Mombasa Kajiado, Samburu, Wajir and Narok on various aspects of aviation safety oversight.</p> <p>e) Undertook initial and continuous certifications; (AOC Issue – 6; AOC Renewals – 68; Aircraft additions – 7; AMO – 63; COA – 773; Aerodromes – 183; Personnel licenses – 7,899; and ATOs – 16).</p>
	Establish and implement an effective aviation security oversight system	<p>a) Implement and maintain the National Civil Aviation Security Programme (NCASP).</p> <p>b) Enhance the level of compliance with ICAO and other international aviation security requirements.</p> <p>c) Undertake initial and continuous licensing, certifications, authorizations, and approval obligations.</p> <p>d) Enhance implementation of surveillance and quality control obligations.</p> <p>e) Enhance the resolution of security issues and concerns.</p>	<p>a) Implemented one (1) ICAO USAP CAP out of seven (7) pending CAPs.</p> <p>b) Carried out 104 surveillance activities against a target of 76 (136%).</p> <p>c) Undertook oversight activities on KQ, JKIA and MIA & upstream validation activities (5) at Foreign Airports Operated by KQ including JF Kenedy International Airport for the purpose of maintaining FAA Category I Status.</p> <p>d) Participated in the quarterly National Aviation Security Committee (NAVSEC) meetings.</p> <p>e) Undertook initial and continuous certifications (regulated agents – 20; ground handlers – 6; security inspections – 126; security audits – 21; security service providers – 16; security training centres – 4; approved security programmes – 123; security personnel – 1,118;)</p>
	Influence international decisions on aviation	<p>a) Increase the level of contribution by Kenya to global aviation development.</p> <p>b) Collaborate with other states to enhance aviation safety and Security.</p> <p>c) Collaborate with ICAO to develop Kenya's Aviation Industry.</p> <p>d) Strengthen and maintain Kenya's presence at ICAO HQs and other international bodies</p>	<p>a) Conducted OJT for seven (7) Inspector trainees from Kenya, Eswatini, Uganda and Tanzania.</p> <p>b) Submitted air transport data to ICAO.</p> <p>c) Participated in various ICAO and AFCAC experts WG meetings and presented Kenya's position.</p> <p>d) Made voluntary contributions through participation in developments of SARPS in Technical working groups of ICAO.</p> <p>e) Made payment of Kenya's yearly assessed contribution to ICAO.</p> <p>f) Collaborated with ICAO on various issues to develop Kenya's Aviation Industry including</p>

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Strategic Pillar	Strategic Objective	Strategies	Achievement
			Environment, Safety, ICAO Public Key Directory (PKD), ANS and Cooperation programs.
	Establish and implement mechanisms for environmental conservation and protection	<ul style="list-style-type: none"> a) Enhance compliance with international obligations on environmental protection in the aviation sector. b) Implement the Kenya State Action Plan on environment protection in the Aviation sector. c) Develop and implement internal policies and action plans on Environment and Climate Change. 	<ul style="list-style-type: none"> a) Developed a Draft Environment and climate change policy and CORSIA Manual of implementing standards. b) Hosted and participated in various international events aimed at promoting the acceleration of development & deployment of Sustainable Aviation Fuel (SAF) including UNFCCC, CAEP, SAF NSC Working Group, ACT CORSIA, EU CORSIA, AFC-ENI SAF. c) Completed the ICAO Compliance Checklist and Electronic Filing of Differences (CC/EFOD) on all Annexes relating to environmental protection. d) Compiled Emissions data and uploaded into the ICAO CCR system.
Airspace, Equipment, and Infrastructure Development	Modernize systems and equipment	<ul style="list-style-type: none"> a) Review and implement a modernization plan for systems and equipment. b) Review and implement a maintenance plan for systems and equipment. 	<ul style="list-style-type: none"> a) Achieved overall availability of ANS equipment and systems of 98.14%. b) Modernization and upgrade of equipment and systems are ongoing. c) Maintenance of equipment and systems is undertaken regularly to ensure functionality and improve performance.
	Develop and maintain buildings, facilities, and Infrastructure	<ul style="list-style-type: none"> a) Improve land management and utilization. b) Develop and implement a building and facilities policy. c) Develop and implement a master plan for buildings, facilities and infrastructure improvement including maintenance 	<ul style="list-style-type: none"> a) Construction of Kisumu Airport Air Traffic Control Tower has progressed to 86%. b) Engaged a consultant to develop EASA land use Master Plan and final report c) prepared. Renovation and routine maintenance for other buildings, facilities and installations undertaken on a regular and need basis.
	Maintain airspace safety	<ul style="list-style-type: none"> a) Provide quality aeronautical information products. b) Implement standards and operating procedures (SOPs). c) Implement effective safety management systems. d) Manage Search and Rescue Operations efficiently. e) Implement ATM Security Programme. 	<ul style="list-style-type: none"> a) Provided ATC services during the Safari World Rally Championships. b) Published AIP Amendment No. 2 of the 3rd Edition. c) Published 31 AIP Supplements and promulgated 446 NOTAMs. d) Registered four hundred and eight six (486) new Emergency Beacons and trained 10 staff to enhance SAR capacity. e) Undertook mapping of SAR assets in the following areas: Nyeri, Laikipia, Marsabit, Samburu, Narok, Kajiado, Mwingi, Kitui, Garissa, Kwale, Taveta and Lamu. f) Carried out internal ATS audits on eleven (11) ATS Units.
	Optimize airspace operational capacity	<ul style="list-style-type: none"> a) Implement Operational Performance Management System (OPMS) 	<ul style="list-style-type: none"> a) Reviewed KCAA Airspace Masterplan in line with ICAO Regional and Global Air Navigation Plan (GANP) for domestication (draft developed awaiting approval).

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Strategic Pillar	Strategic Objective	Strategies	Achievement
		<ul style="list-style-type: none"> b) Undertake systematic and regular reviews of airspace and air route's structure. c) Improve coordination, planning and implementation of ANS strategies. 	<ul style="list-style-type: none"> b) Reviewed the Mombasa and Malindi instrument flight procedures. c) Participated in the ICAO ESAF ASBU Implementation Dashboard and updated the State ASBU Dashboard.
Aviation Training	Enhance the quality of aviation training	<ul style="list-style-type: none"> a) Enhance the existing mechanisms for course development and review. b) Ensure a robust quality management framework. c) Enhance capacity for training delivery. d) Enhance partnerships and collaborations for aviation training. 	<ul style="list-style-type: none"> a) Developed the following courses; <ul style="list-style-type: none"> i) Facilitation (airport Perspective); ii) AVEL General English; Fundamentals of CNS/ATM Systems; and iii) Air Navigation Concept. b) Developing the following courses; <ul style="list-style-type: none"> i) ANS Flight Procedure Design Inspector Course (60%); ii) Search and Rescue Administration Course (80%); iii) ANS Flight Procedure Design Inspector Course (stage 2). c) Active MOUs under implementation; Moi university; SAA; Incheon Airport Aviation Academy; EAMAC Niger; Botswana CAA; SATNAV JPO; USIU; and Kenya Defense Forces. d) EASA active Certifications and accreditations; ICAO Training Centre of Excellence (TCE); Approved Training Organization (ATO); ISO 9001:2015; TVETA; ICAO ASTC; NITA; and ATA. e) Student enrolment increased by 9.07% from 3,109 in 2023/24 to 3,391 in 2024/25. f) Held the 10th EASA Graduation ceremony where 423 Students graduated compared to 238 who graduated in 2023.
	Improve Student Welfare	<ul style="list-style-type: none"> a) Enhance and maintain co-curricular programs and activities. b) Develop a mechanism for psycho-social support. 	<ul style="list-style-type: none"> a) Promoted student welfare at EASA through engaging coaches for various disciplines - basketball, football, handball. b) Students participated in various co-curricular activities including football and basketball tournaments, KETISA Games in Londiani, career talks, athletics, swimming and Music Festivals. c) Students facilitated to undertake the following activities: exchange programmes, Students Council Elections; and Students leaders training.
Corporate Image and Reputation	Enhance brand resonance, visibility, and corporate image	<ul style="list-style-type: none"> a) Enhance brand resonance and visibility. b) Institutionalize Corporate Social Responsibility. c) Nurture and enhance strategic partnerships and collaborations. d) Lobby for hosting international events. 	<ul style="list-style-type: none"> a) Held digital Media campaigns involving Twitter, Facebook, Instagram, and YouTube. b) Hosted and participated in several national and international events aimed at improving KCAA visibility and aviation footprint. c) Participated in various ICAO high level meetings.

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Strategic Pillar	Strategic Objective	Strategies	Achievement
			d)Undertook several Corporate Social Responsibility projects aimed at improving the brand image and reputation.
	Enhance Customer Experience and Quality Management	a)Implement measures to improve customer satisfaction. b)Develop and implement quality management systems (QMS)	a)KCAA is continuously implementing QMS procedures to maintain ISO Compliance. b)Facilitated both the Internal Audit Department and the Office of Auditor General to undertake audit activities. c)Re-engineered the following management procedures; i) Licensing of AMEL approval; and ii) Continuous surveillance of AMOs.
	Protect Aviation consumers rights	a)Enhance the rights and interests of aviation consumers (air operators and consumers)	a) Developed draft Consumer Protection Strategy. b)All registered consumer complaints processed, resolved and reports submitted to CAJ every quarter.
Institutional Capacity Development	Attract and retain skilled, competent, and high performing workforce	a) Attract skilled, competent, and motivated workforce. b) Manage staff performance for improved productivity. c) Review, enhance and inculcate a positive work culture. d) Review and implement an effective staff capacity development programme. e) Enhance a conducive and enabling work environment	a)Prepared and implemented the Board Performance Contract for FY 2024/25. quarterly implementation progress reports were. The Board PC had 32 targets, and 27 targets were fully achieved. b)Undertook evaluation of FY 2023/24 Performance Contract and the Authority registered a good score. c)Granted approval, by the Public Service Commission for the following HR instruments: i) The Organization Structure. ii) The Career Guidelines. iii) The Human Resource Policies and Procedures Manual. iv) Establishment of Kenya's ICAO Mission Office d)Undertook various capacity-building programmes to address identified skill gaps and improve staff performance. Within the FY, 640 Staff, against a target of 687 staff in the annual training plan, were trained locally and abroad. e)Ongoing implementation of various Staff welfare programmes including provision of staff tea, clean drinking water, medical health insurance, housing mortgage facility, pension scheme, car loan scheme, group life insurance, group accident insurance, last expense policies, gym and creches for nursing mothers.
	Digitalise systems and processes	a) Review and implement ICT Policy and Strategy. b)Automate, integrate and upgrade key business processes c)Upgrade and modernize ICT equipment and infrastructure	a)Ensured all financial transactions are conducted through the e-Citizen platform as per Govt policy. b)There is ongoing installation of the Integrated Student Management System to automate and integrate the academic and administration

Strategic Pillar	Strategic Objective	Strategies	Achievement
			<p>processes at EASA. The project is 85% complete.</p> <p>c) Developed the Integrated Civil Aviation Authority System (ICAAS) which has automated performance of the following processes;</p> <ul style="list-style-type: none"> i) Creation and approval of the Surveillance Programme ii) Creation and approval of Inspection Plans iii) Creation of Inspection Tasks. iv) Tracking and closure of inspection findings <p>d) Initiated process for automation of Aviation Safety and Security regulatory processes.</p>
	Promote prudent financial management	<ul style="list-style-type: none"> a) Enhance and harness revenue sources. b) Increase efficiency in expenditure management, budget utilization and finance operations. c) Optimize returns on assets. 	<ul style="list-style-type: none"> a) Budget absorption rate was 87.6% (Recurrent 89.0%; Development 81.3%). b) The actual revenues collected were Ksh. 11,317,091,008 against a target of Ksh. 11,233,467,217 representing above target achievement of Ksh. 83.62 million (07.4%).
	Strengthen the supply chain system	<ul style="list-style-type: none"> a) Implement procurement processes in compliance with requirements. b) Enhance inventory/stores management and disposal of assets. c) Establish mechanisms to enhance contract management processes 	<ul style="list-style-type: none"> a) Value of tenders awarded to Youth, Women and PWD was Ksh. 330,464,093.61 against a target of Ksh. 253,062,951.83 exceeding the AGPO target of 30%. b) Value of goods, works and services procured from the local market was Ksh. 504,490,517.91 against a target of Ksh. 363,654,110.27 exceeding the target of 40%. c) Reports on procurement activities submitted to Public Procurement Regulatory Authority (PPRA), the National Council for People with Disabilities (NCPWD) and Ministry of Industry, Trade, and Investments.
	Mainstream Research, Science, Technology, Innovation & Knowledge Management in service delivery	<ul style="list-style-type: none"> a) Develop and implement a framework to promote and support Research, Technology and Innovation, (RSTI). b) Harness organizational knowledge for business sustainability 	<ul style="list-style-type: none"> a) Reviewed the KCAA Research, Science, Technology and Innovation (RSTI) Strategy. b) In collaboration with KAA and KNBS, undertaking a study that aims to measure the contribution of Civil Aviation on Kenya's economy and establish a Civil Aviation Satellite Account for Kenya. c) Implemented the KCAA STI Annual Work Plan and submitted quarterly reports to NACOSTI. d) Undertook benchmarking visits to KenGen and KRA on the implementation of Knowledge Management and Research activities.

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Strategic Pillar	Strategic Objective	Strategies	Achievement
	Strengthen the risk management framework	<ul style="list-style-type: none"> a) Review and implement an effective Risk Management Framework. b) Review and implement an Authority-wide Business Continuity and Disaster Preparedness (BC&DP) Plan 	<ul style="list-style-type: none"> a) KCAA continuously implements an effective Institutional Risk Management Framework (IRMF) in an effort to transform the Authority into a Risk Intelligent entity. b) Strengthening the Authority Risk Management capacity through training of four (4) Risk Management Champions (RMCs).
	Enhance assurance and advisory services offered by internal audit function	<ul style="list-style-type: none"> a) Enhance governance of the internal audit function in line with legislative/ government requirements and best practices. b) Enhance IAD capacity to provide effective assurance and advisory services. c) Review and implement effective and efficient Internal Audit processes that incorporate emerging technologies. 	<ul style="list-style-type: none"> a) Level of implementation of Annual Internal Audit Plan was 98% against a target of 90%. b) Utilizes Teammate+ auditing management system. As of 2nd July 2025, the number of open CAPs was 178. c) Frequent Audits carried out on various functions and internal Audit Reports presented to the Board.
	Enhance good governance and compliance practices	<ul style="list-style-type: none"> a) Implement relevant governance laws, regulations, policies, and circulars. b) Enhance capacity building on corporate governance at Board and Management level. c) Ensure effective communication between Management and Board d) Review and implement Board and Board Committees Charters 	<ul style="list-style-type: none"> a) Engaged the Institute of Certified Secretaries (ICS) to conduct the legal audit. b) Performance of the Board was evaluated by State Corporation Advisory Committee (SCAC) in 22nd August 2024.
	Improve efficiency and effectiveness in Project Management	<ul style="list-style-type: none"> a) Enhance project conception and planning. b) Ensure effective implementation, monitoring and evaluation of projects. 	<ul style="list-style-type: none"> a) Progressed with implementation of projects planned for FY 2024/25. b) Prepared concepts notes for projects planned for implementation in FY 2025/26 and submitted to the Ministry for approval. c) Concepts notes with value of more than Ksh.500 million were forwarded to the National Treasury for approval.

8. CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the process by which corporations are directed and controlled with the objective of increasing stake/shareholders value. This is achieved by establishing a system of clearly defined authorities and responsibilities, which results in a system of internal controls that is regularly tested to ensure effectiveness.

At Kenya Civil Aviation Authority, the Board places a high degree of importance on maintaining a sound control environment and applying the highest standards of business integrity and professionalism in all areas of the Authority's activities. The Board has adopted the Code of Best Practice for Corporate Governance issued by the Centre for Corporate Governance (Kenya) as its benchmark in developing its corporate governance principles and further provided these principles in the KCAA Board charter.

Board of Directors and Board Meetings

The composition of the Board is set out on pages x –xv. The Board has varied and extensive skills in the areas of aviation, finance, business management, governance and law. The Directors' responsibilities are set out in Civil Aviation Act CAP. 394 and include the policy direction and development of internal financial controls.

The Chairman of the Board provides the overall leadership to the Board without limiting the principle of collective responsibility for Board decisions. He acts as the link between the Board and the Director General and plays a leading role in consensus building between the Board members, the Director General and Senior Management. The Board has delegated the authority for day-to-day management to the Director General. It however retains the overall responsibility for decisions with regard to finances and operations of the Authority.

The Board meets at least once every quarter and has a formal schedule of matters reserved for it. During the Financial year 2024-2025, the Board held a total of seven (7) meetings. The quorum for the board meetings is six (6) members excluding the Director General.

The Board has appointed four (4) standing Committees to which it has delegated certain responsibilities with the chairpersons of the Committees reporting to it. The Committees are, Finance and Human Capital, Licensing of Air Services and Technical, Audit Risk and Governance and the East African School of Aviation Committee and they consist of;

1. LICENSING OF AIR SERVICES AND TECHNICAL COMMITTEES (LASTC)	
Chairperson	Mr. Tokei Loten
Members	<ol style="list-style-type: none"> 1. Dr. Boniface Wanjau 2. Ms. Angelah C. Rugut (Alternate to PS State Department of Aviation and Aerospace Development) 3. Mr. Emile N. Arao

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<p>Number of meetings and agendas considered in FY 2024/2025</p>	<p>The Committee is responsible for considering applications for air service licenses including variations thereof and issuing or denying such licenses; Considering all air transport/economic regulation matters; Providing guidance on air transport policy in Kenya in consultation with the parent ministry; Ensuring engineering standards and monitoring engineering projects; Monitoring air navigation (and other equipment) availability and serviceability; and, Monitoring the Aviation safety and aviation security oversight functions of KCAA, including the licensing of aviation personnel and all matters incidental to the functions of KCAA including examinations conducted by KCAA.</p> <p>During the year, the Committee had a total of 3 meetings. The meetings considered briefing of air services license applications, technical briefings from the technical departments of the Authority as well as holding virtual public hearings as per statutory requirements. The committee also considered technical directorate’s quarterly reports and strategic requests.</p>
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2. EAST AFRICAN SCHOOL OF AVIATION COMMITTEE (EASA)	
<p>Chairperson</p>	<p>Col. (Rtd.) Rogers Mbithi Muneene, OGW</p>
<p>Members</p>	<ol style="list-style-type: none"> 1. Mr. Jacob N. Narengo, EBS (Alternate to PS Internal Security and National Administration) 2. Ms. Angelah C. Rugut (Alternate to PS State Department of Aviation and Aerospace Development) 3. Mr. Emile N. Arao
<p>Number of meetings and agendas considered in FY 2024/2025</p>	<p>The Committee is responsible for considering on behalf of the Board all matters relating to the East African School of Aviation.</p> <p>The Committee held 3 meetings. The committee considered East African School of Aviation’s reports which included academic reports, administrative reports, project reports, student welfare reports, EASA Policies, EASA land matters, the school annual investment plan and proposed projects for implementation in the year.</p>

3. FINANCE AND HUMAN CAPITAL COMMITTEE (F&HCC)	
<p>Chairperson</p>	<p>Ms. Liz Aluvanze</p>
<p>Members</p>	<ol style="list-style-type: none"> 1. Ms. Eunice Kigen (Alternate to PS National Treasury) 2. Mr. Jacob N. Narengo, EBS (Alternate to PS Internal Security and National Administration) 3. Mr. Emile N. Arao
<p>Number of meetings and agendas considered in FY 2024/2025</p>	<p>The Committee is responsible for reviewing and monitoring the KCAA financial matters/position on behalf of the Board, including monitoring the implementation of Authority’s financial strategic goals/objectives; liquidity status, all the Authority’s banking facilities, recommending KCAA Budgets, Financial Statements and statutory reports; and Ensuring compliance with the</p>

	<p>financial reporting requirements and the proper keeping of all the financial records of the Authority.</p> <p>The Committee also monitors the implementation of KCAA Human Capital strategic goals/objectives; Considering and processing all human resource and administration matters that require to be processed through the Board, including recruitment, promotions and disciplinary action, as well as issues relating to staff training, development, remuneration, welfare and benefits;</p> <p>The committee held 6 meetings. The committee considered among other agenda's the Authority's Budget estimates, annual report and financial statements, quarterly financial statutory reports, proposed revised human resource policies, the Authority's staff recruitment and approved employment contracts among other staff welfare matters.</p>
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4. AUDIT, RISK AND GOVERNANCE COMMITTEE (ARGC)	
Chairperson	Dr. Boniface M. Wanjau
Members	<ol style="list-style-type: none"> 1. Ms. Eunice Kigen (Alternate to PS National Treasury) 2. Col. (Rtd.) Rogers Mbithi Muneene, OGW
Number of meetings and agendas considered in FY 2024/2025	<p>The Committee is responsible for considering and processing on behalf of the Board all matters relating to audit, audit queries and audit Management letters from the Office of the Auditor General or duly appointed external auditors; and, considering matters of quality assurance of systems and processes in KCAA operations and reviewing the risk management framework and the periodic performance contract reports.</p> <p>The committee held 6 meetings. The agendas considered included among others the implementation of institutional risk management framework, Internal and External Audit reports, reports on court and land matters, quarterly Board PC reports and Governance Policy documents</p>

The quorum for each Committee is two (2) members excluding the Director General or his representative.

Appointment of Board Members

There is a succession plan which has the tenure of service of the various Board members lapsing in phases. This allows the institutional memory held by longer serving Directors to carry on as new Directors take up the roles of Board members.

Board Trainings

The Authority has an induction program and an annual training program. The program has so far achieved training for the Board members on the advanced governance risk mitigation and compliance and board

evaluation masterclass among others. The training courses are undertaken on an ongoing basis with emphasis on new and emerging area of aviation oversight and requisite competencies for the Board of Directors.

Board & Member Performance

There is in place a Board evaluation exercises undertaken annually by the State Corporations Advisory Committee (SCAC).

Conflict of Interest

Directors are required to disclose all areas of conflict of interest to the Board during the adoption of agenda for any meeting and are excluded from voting on such areas. There is a conflict of interest register in place kept by the Corporation Secretary where all the declarations of conflicts of interests are recorded.

Ethics, Conduct and Governance audit

The Board and Board Committee Charters were revised and approved. The Authority undertakes Governance audits. Recommendations in the Governance audit continued to be implemented in FY 2024-2025. The Authority has an approved whistle blowing policy.

Directors' Emoluments

The members of the Board are remunerated variously through allowances. The Chairman earns a monthly honorarium. All members other than the Director General earn travel, accommodation, mileage, sitting and lunch allowances as per the prevailing Government guidelines contained in circulars.

The aggregate amount of emoluments paid to Directors for services rendered to the Authority during the Financial Year 2024-2025 are disclosed in note 19.15 to the financial statements.

9. MANAGEMENT DISCUSSION AND ANALYSIS

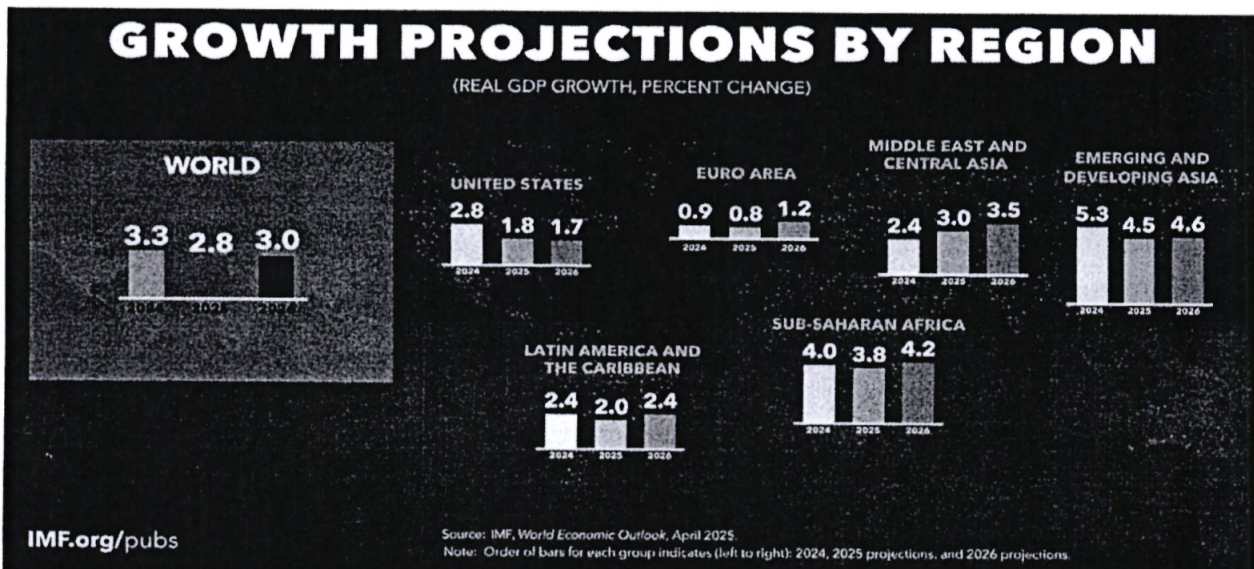
i) Performance of the Economy

a) Global Economic Performance

The IMF through the World Economic Outlook, April 2025, projects global growth to slow from 3.3% in 2024 to 2.8% in 2025 before a modest recovery to 3% in 2026. These figures are 0.5% and 0.3% respectively lower than earlier forecasts in January 2025, with nearly all countries facing downward revisions. Key factors include rising trade barriers, heightened uncertainty, and geopolitical tensions.

Advanced economies like Canada, Japan, and the UK are particularly affected, with growth downgrades due to new tariffs, weaker private consumption, and financial market pressures. The Euro area is expected to see subdued growth in 2025 at 0.8%, reflecting similar headwinds. Growth in emerging market and developing economies is forecast to decline from 4.3% in 2024 to 3.7% in 2025, with a slight rebound to 3.9% in 2026. Sub-Saharan Africa is expected to experience a modest slowdown, with growth easing from 4% in 2024 to 3.8% in 2025 before recovering to 4.2% in 2026 as shown in Figure 1.

Figure 1: World Economic Outlook Growth Projections

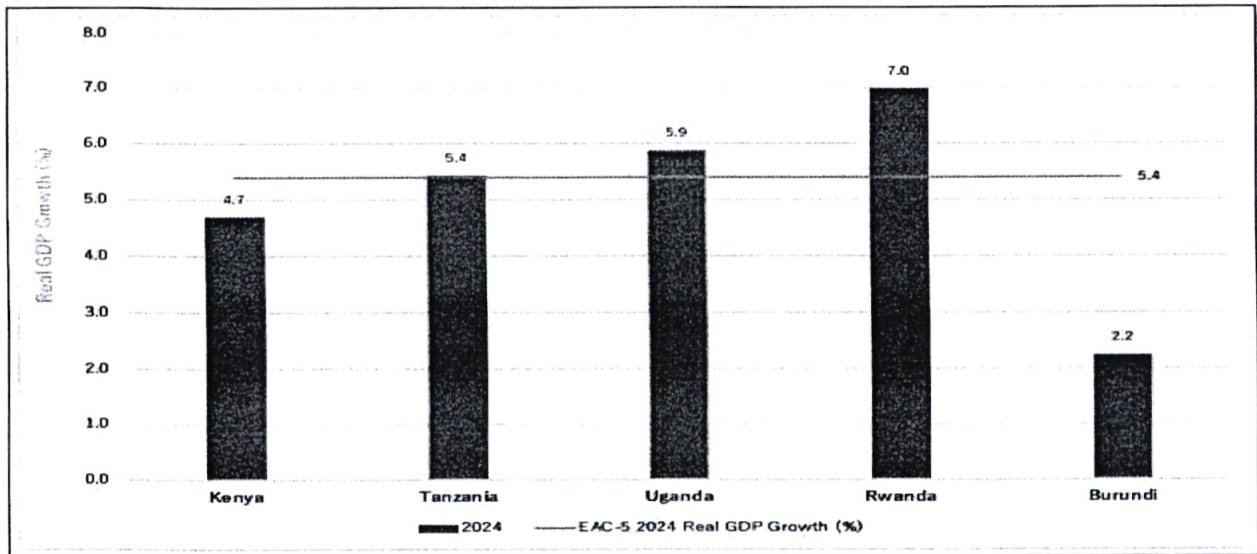


Source: IMF. April 2025. World Economic Outlook Update-Global Growth: Divergent and Uncertain

b) Regional (East African Community – EAC) Economic Performance

The real GDP of the five East Africa Community countries (Kenya, Uganda, Tanzania, Burundi and Rwanda) was estimated to have expanded by 5.4% in 2024, up from 5.3% growth in 2023. The growth was driven by robust performances in agriculture, services, manufacturing sector, increased foreign direct investment, favourable global commodity prices and a rebound in tourism activities. The comparison of 2024 GDP growth for EAC countries is presented in figure 2.

Figure 2: Real GDP Growths for the EAC Countries in 2024

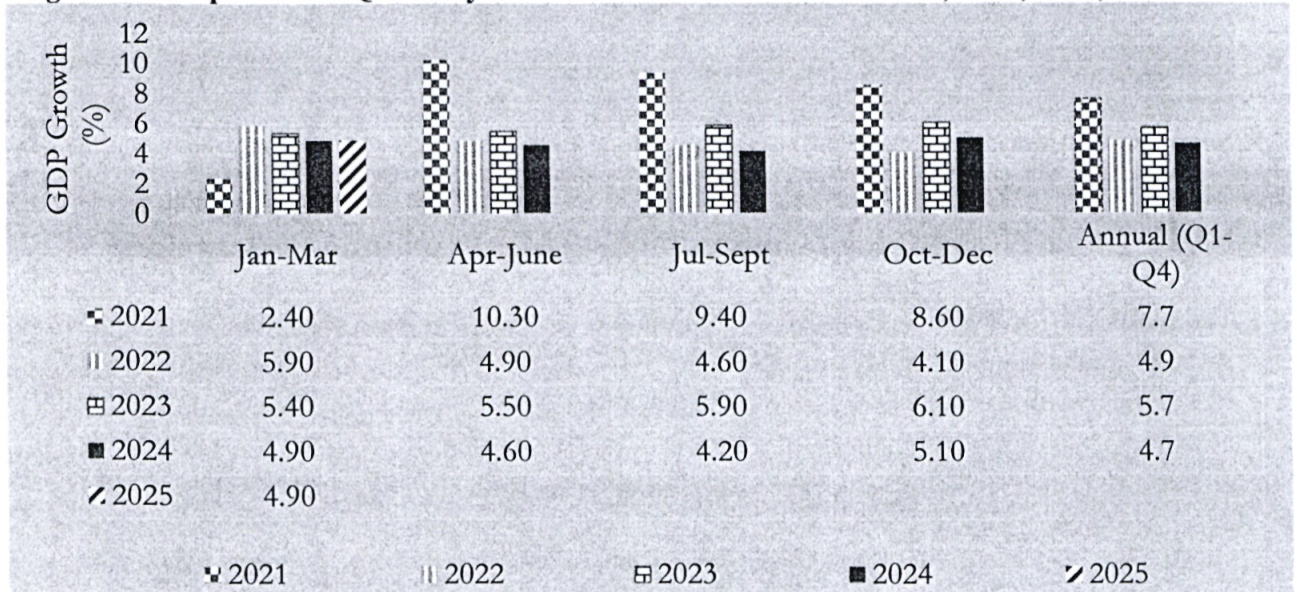


Source: Kenya National Bureau of Statistics, 2025

c) National Economic Performance

Kenya's Real Gross Domestic Product (GDP) expanded by 4.7% in 2024 compared to a growth of 5.7% in 2023 and 4.9% in 2022. The growth was supported by performances in Agriculture, Forestry and Fishing (16.8%), Financial and Insurance (15.3%), Real Estate (11.4%), Transportation and Storage (9.0%), Accommodation and Food service (7.2%). The comparison of quarterly and annual GDP growth for 2021, 2022, 2023, 2024 and Q1 of 2025 is presented in figure 3.

Figure 3: Comparison of Quarterly and Annual GDP Growth for 2021, 2022, 2023, 2024 and 2025



Source: Kenya National Bureau of Statistics, 2025

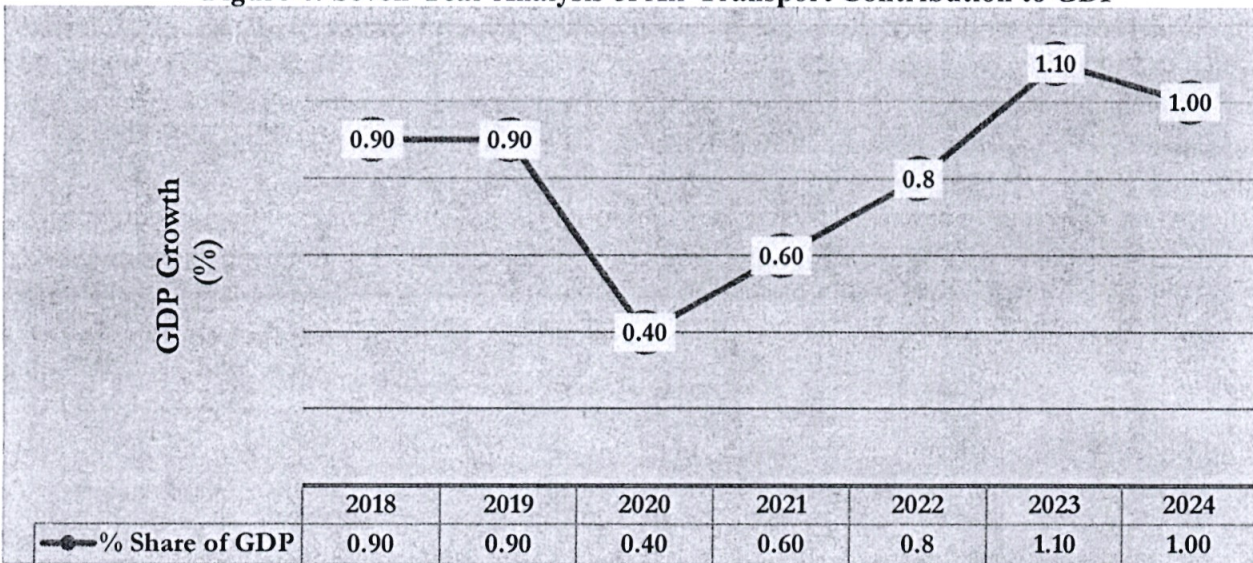
d) Air Transport Contribution to the National Economy

Air transport industry is an important enabler to achieving economic growth and development as it facilitates speedy international, regional, and domestic movement of passengers and cargo and integration of the local economy into the global economy. The industry also facilitates flow of investments, ideas, tourism, and trade which have a positive effect on economic growth. Aviation also enables a country’s integration into the global economy by facilitating speedy international, regional, and domestic movement of passengers and cargo, flow of investments, ideas, tourism, and trade, thereby providing direct benefits for users and wider economic benefits through its positive impact on productivity.

Based on the Economic Survey, 2025, Air Transport contributed 0.9 per cent to the national GDP in 2019. This contribution declined to 0.4 per cent in 2020 because of the impact of COVID-19 but with the recovery from the effects of the pandemic, the contribution increased to 0.6 per cent in 2021, 0.8 per cent in 2022, 1.1% in 2023 and declined slightly to 1.0% in 2024.

The growth was driven by increased air passenger and cargo traffic as air transport activities near a return to pre-pandemic levels. Figure 4 presents a seven-year analysis of the trend of air transport contribution to the national economy.

Figure 4: Seven-Year Analysis of Air Transport Contribution to GDP



Source: Kenya National Bureau of Statistics, 2025

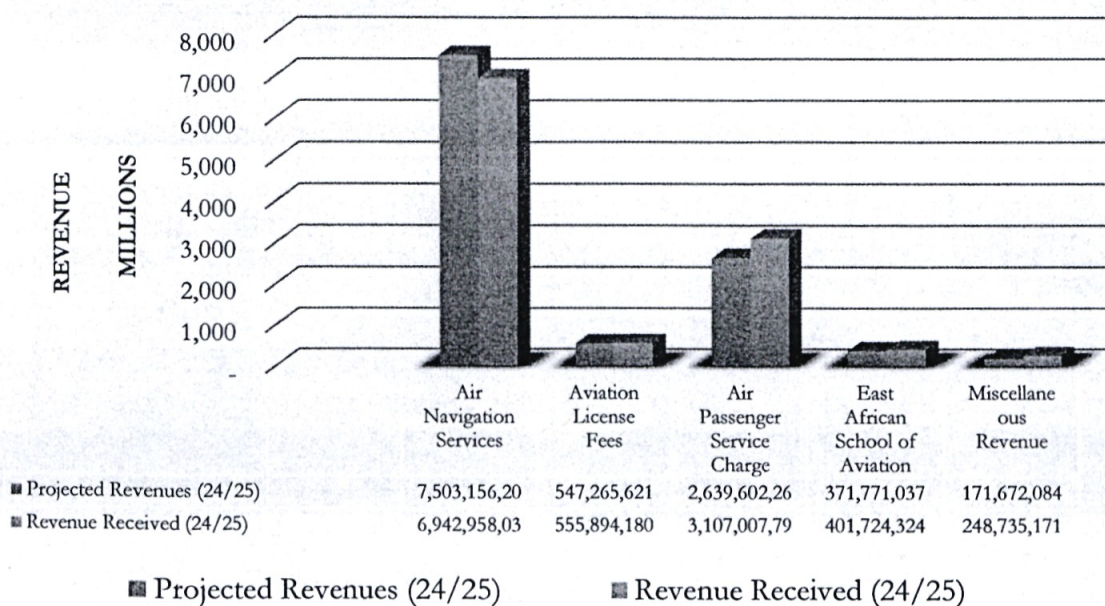
ii) Operational and Financial Performance

a) Financial Performance

During the FY 2024/25, the Authority projected to collect revenues amounting to Ksh11,217,194,638. The projected revenues were later revised to Ksh. 11,233,467,217. The actual revenues collected were Ksh. 11,256,319,501, representing above target achievement of Ksh. 22.85 million. Revenue from ANS services accounted for 62.68%, Air Passenger Service charge accounted for 27.60%, Aviation license fees accounted for 4.94%, Training and Conference related earnings at EASA accounted for 3.57%, while other miscellaneous revenues accounted for 2.21%.

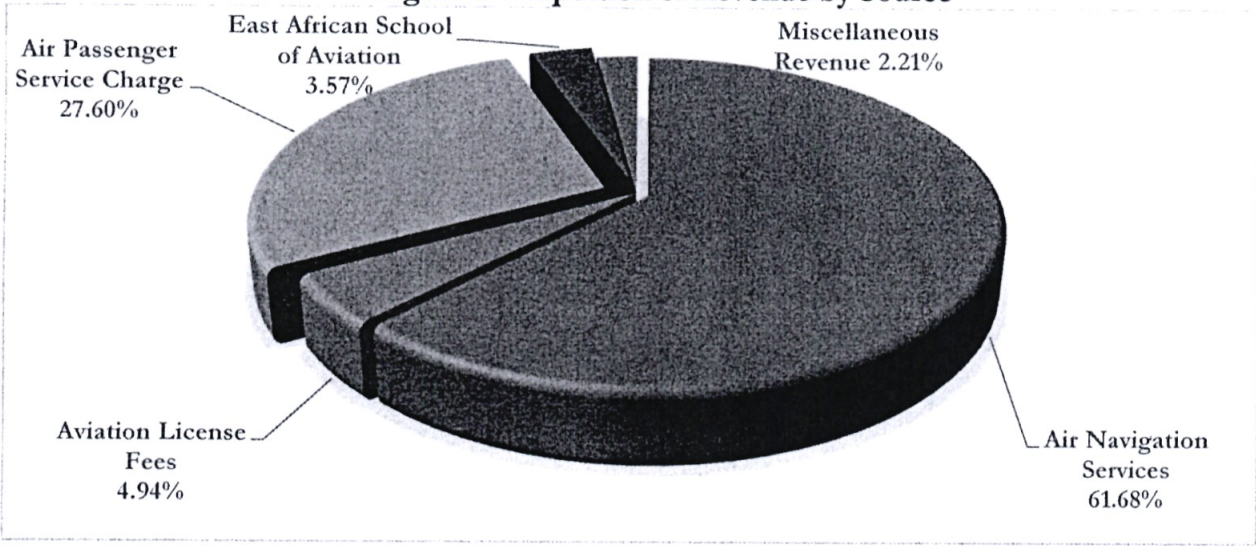
In terms of expenditure, the Authority’s total budget (*Revision III*) was Ksh. 8,894,230,121 where Ksh. 7,255,819,388 was for recurrent expenditure while Ksh.1,638,410,733 was for development expenditure. The actual total expenditure was Ksh. 8,128,285,545, representing a budget absorption rate of 91.4% (recurrent 93.0%; development 84.24%). The overall financial results were a net surplus of Ksh 4,717,149,268 compared to Ksh 5,994,128,999 in FY 2023/24 before 90% remittance to the National Treasury. Figure 5 shows a comparison of the projected and the actual revenues received while Figure 6 shows the proportion of revenue by source for the FY 2024/25.

Figure 5: Comparison of Projected Vs Actual Revenue Performance



Source: KCAA Finance Department, 2025,

Figure 6: Proportion of Revenue by Source

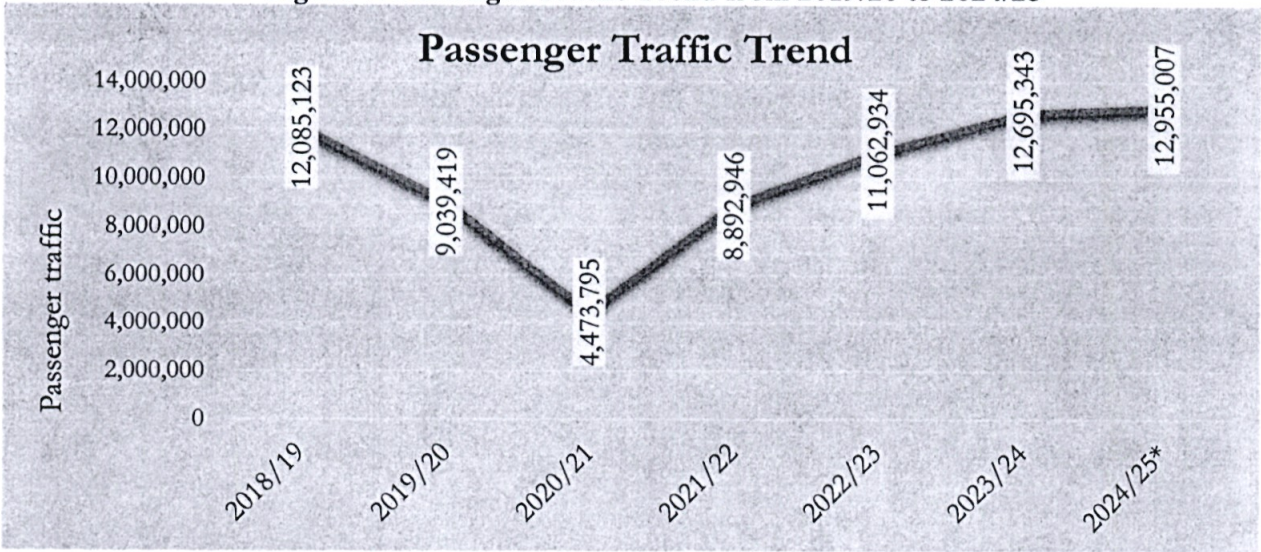


Source: KCAA Finance Department, 2025

b) Passenger Traffic

The number of passengers handled at Kenyan airports increased by 2.05% from 12.7 million recorded in FY 2023/24 to 12.96 million recorded in FY 2024/25. Figure 7 presents a five-year analysis of passenger traffic trend in Kenya.

Figure 7: Passenger Traffic Trend from 2019/20 to 2024/25*



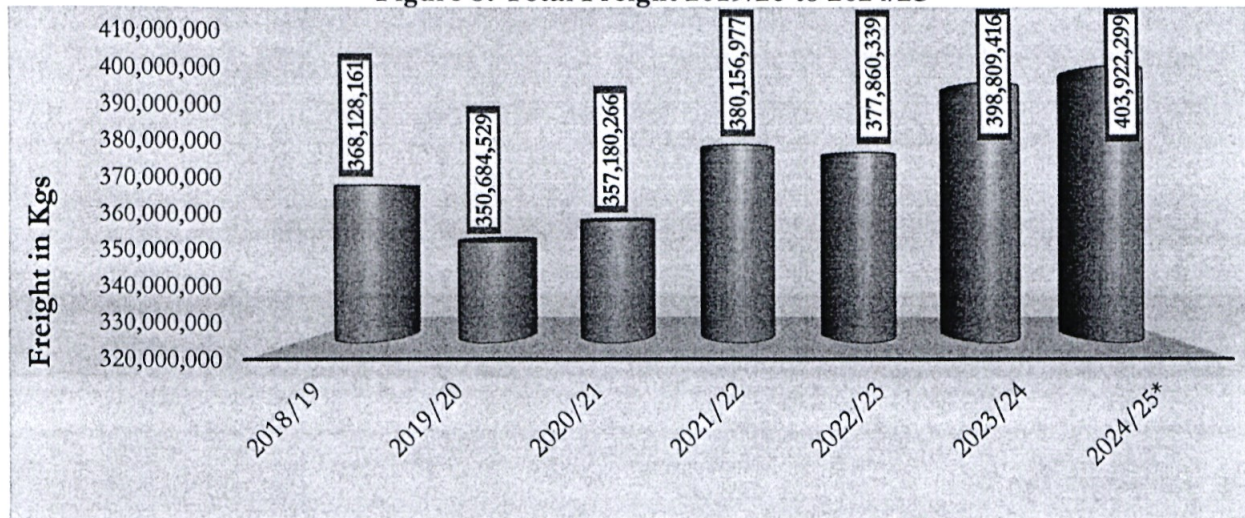
Source: KCAA, 2025

* Includes projections for Q4 2024/25

c) Cargo Throughput

The total volume of cargo transported through the Kenyan airspace increased marginally by 1.28% from 398,809,416 kgs in FY 2023/24 to 403,922,299 kgs in FY 2024/25. The five years' trend in freight traffic is shown in Figure 8.

Figure 8: Total Freight 2019/20 to 2024/25*



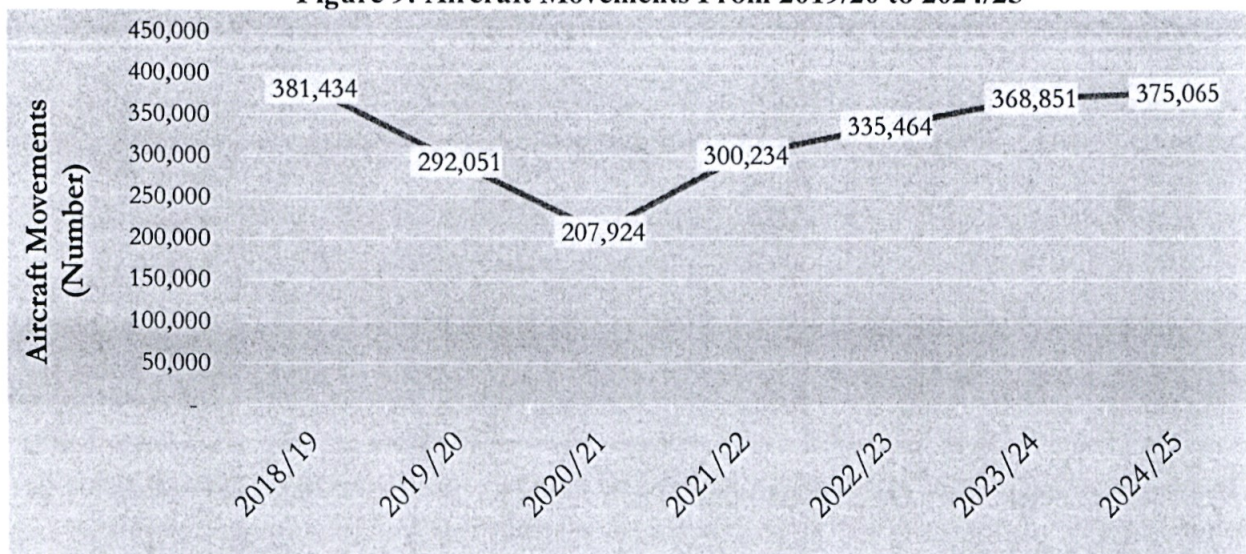
Source: KCAA, 2025

* Includes projections for Q4 2024/25

d) Aircraft Movements

The total aircraft movements within the Kenyan airspace increased by 1.68% from 368,851 in FY 2023/24 to 375,065 in FY 2024/25. The five years' trend in aircraft movements is presented Figure 9.

Figure 9: Aircraft Movements From 2019/20 to 2024/25



Source: KCAA, 2025

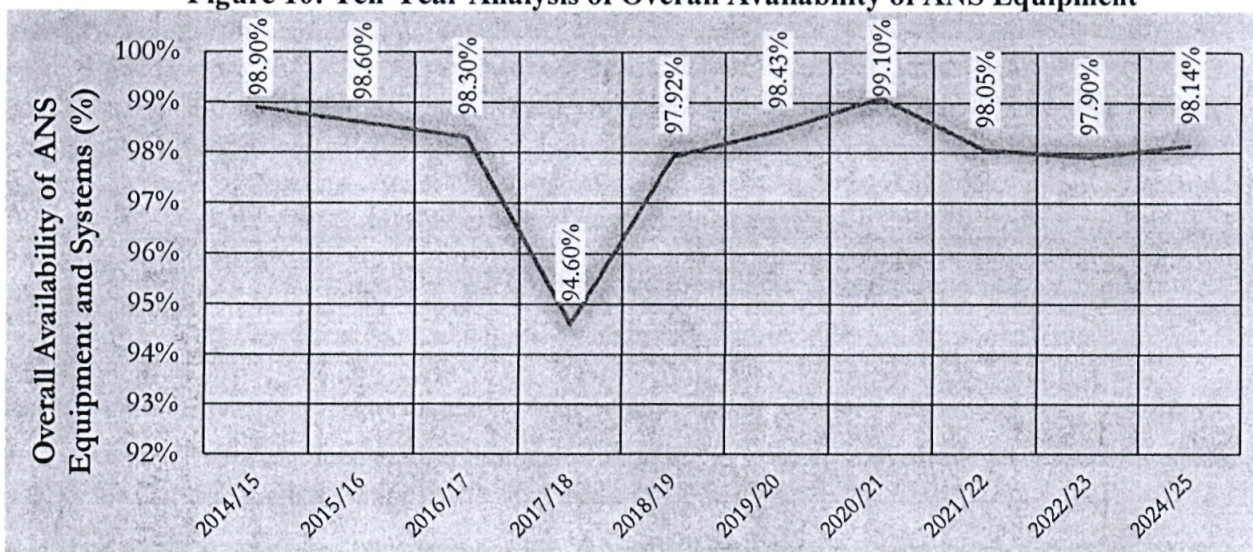
e) Investments Decisions

The Authority's major investments are in the provision of Air Navigation Services equipment and systems and maintenance and upgrade of ICT infrastructure. Investment decisions are guided by the Global Air Navigation Plan (GANP) which is implemented by all Contracting States. The investments are undertaken to achieve safe and secure flow of global air traffic and enable growth of aviation and related industries.

Thus, the return on these investments should be considered from the wider economic benefits to the country and not profit maximization.

The Authority continued with implementation of projects aimed at modernising ANS equipment and systems, improving quality of training infrastructure, and enhancing service delivery through digitalization. Installation of new equipment and systems, alongside enhanced maintenance and periodic calibration enabled the Authority to achieve an overall average availability of ANS equipment of 98.14% during the year, which was above the ICAO recommended level of 97%. Furthermore, to improve delivery of ANS services within Kisumu International Airport and the region, the Authority is constructing a state-of-the-art ATC Control Tower at the airport which has progressed to 86% completion level. Figure 10 shows a ten-year analysis of average availability of ANS equipment and systems.

Figure 10: Ten-Year Analysis of Overall Availability of ANS Equipment



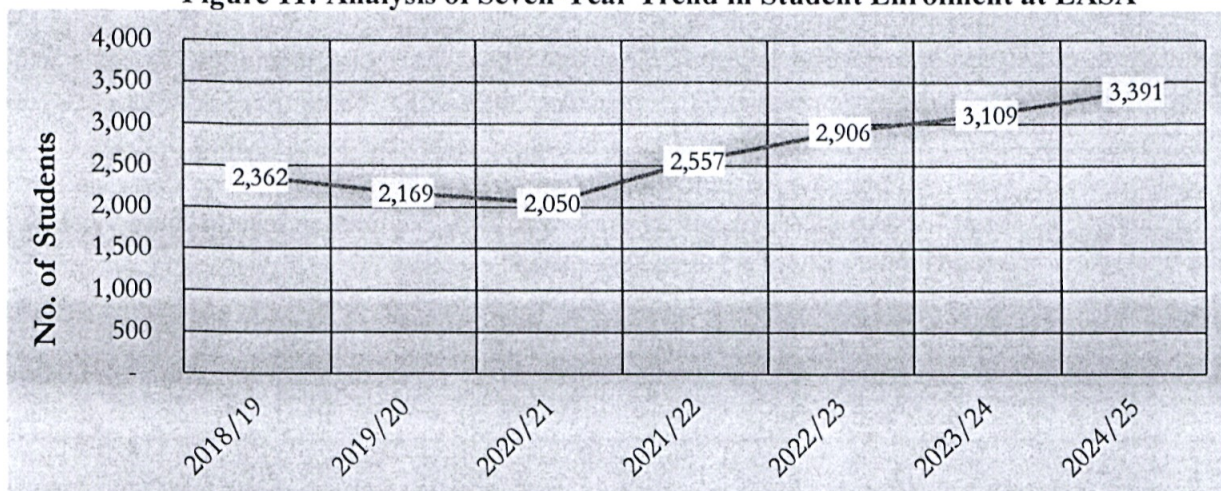
Source: KCAA, 2025

f) Aviation Training

The East African School of Aviation (EASA) is the training Directorate of the Authority approved by ICAO to develop and implement Standardized Training Packages (STPs) and ICAO Training Packages (ITPs). EASA provides training to both local and international aviation industry stakeholders. The school has gained recognition as a Platinum Training Centre of Excellence TRAINAIR PLUS Programme (TPP) Member by ICAO.

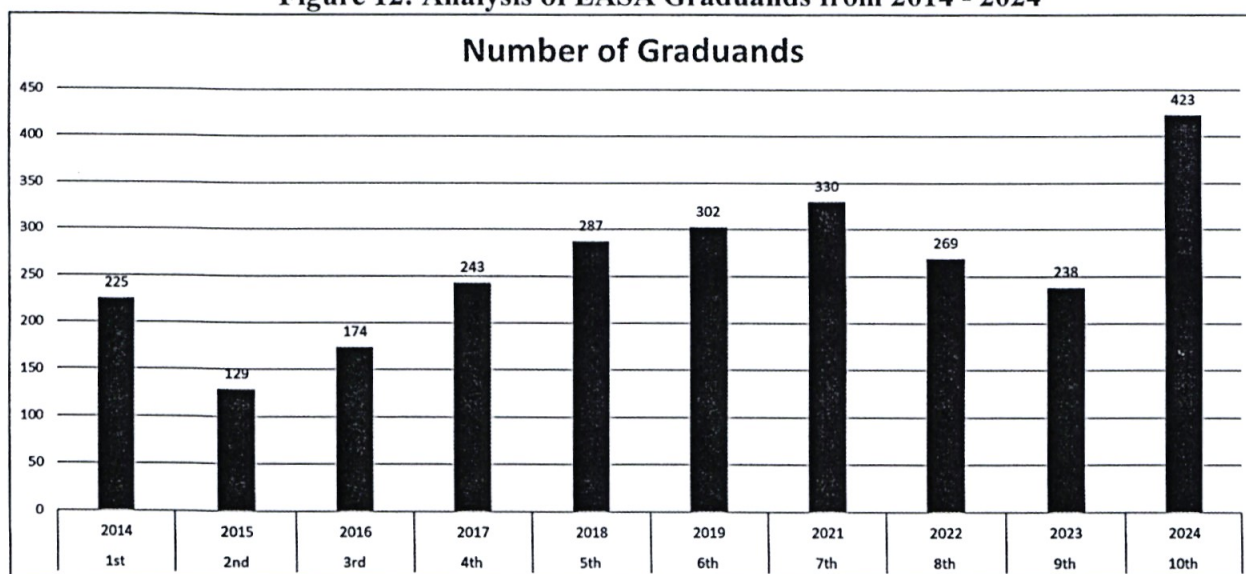
The student enrolment at EASA increased by 9.07% from 3,109 in FY 2023/24 to 3,391 in FY 2024/25. In December 2024, EASA graduated 423 students, which was a 77% increase from the 238 students who graduated in December 2023. Figure 11 presents the number of students enrolled at EASA for a seven-year period while Figure 12 presents an analysis of EASA graduates from 2014 - 2024.

Figure 11: Analysis of Seven-Year Trend in Student Enrolment at EASA



Source: KCAA-EASA, 2025

Figure 12: Analysis of EASA Graduands from 2014 - 2024



Source: KCAA-EASA, 2025

g) Human Resource

The Authority has registered a stable growth in staff numbers over the years. Within the FY 2024/25, the in-post staff grew by 2.2% from 846 in June 2024 to 865 in June 2025. The staff establishment within the Authority comprise of four categories; those on Permanent and Pensionable terms (595); Contract terms (168); Graduate trainees (71); and Interns (31). Table 6 presents key human resource statistics while Figure 13 presents an analysis of staff numbers for a ten-year period from 2015/16 to 2024/25.

Table 2: Key Human Resource Statistics

S/No.	Year	June – 2022	June – 2023	June – 2024	June – 2025
1.	Staff on Permanent and Pensionable	624	614	621	595
2.	Staff on Contract terms*	50	56	55	57
3.	Staff on Temporary Contract**	73	77	114	111

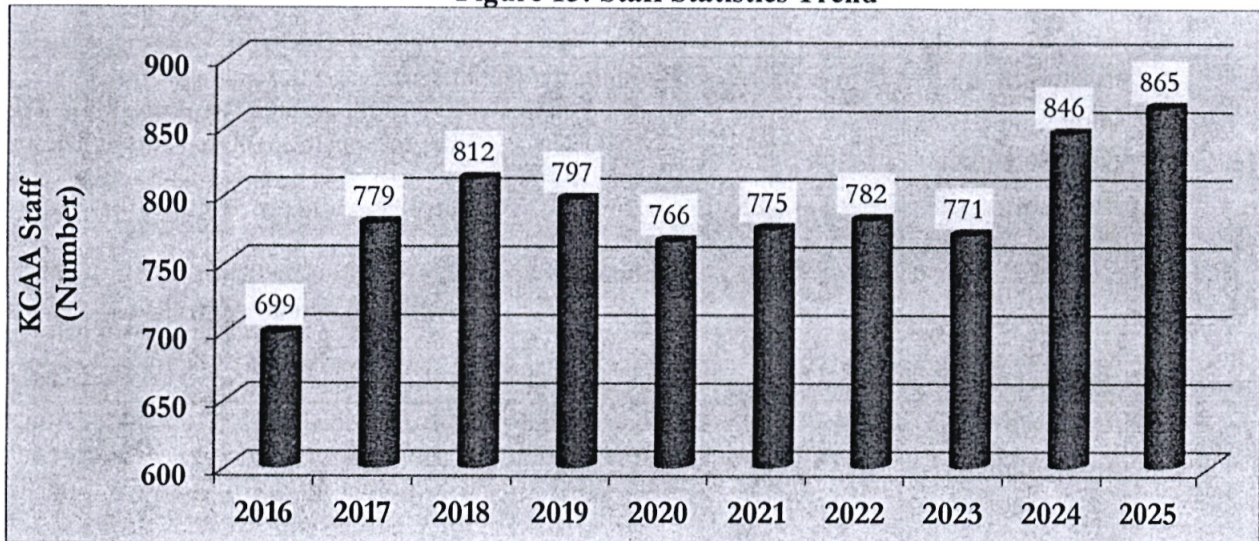
S/No.	Year	June – 2022	June – 2023	June – 2024	June – 2025
4.	Graduate Trainees	0	24	20	71
5.	Interns	35	0	36	31
	Total Staff	782	771	846	865

Source: KCAA HR Department, 2025

* Employees on more than one-year employment contract.

** Employees on 1 year or less than 1 year employment contract.

Figure 13: Staff Statistics Trend



Source: KCAA, 2025

iii) Major Risks Facing KCAA and the Aviation Industry

Due to the dynamic nature of the aviation industry, there are factors outside the control of the Authority that may impact both the Authority, and the industry performance as discussed below;

Table 3: Analysis of Major Risks

S/No	Risk Description	Overall Risk Level	Mitigation Measures
1.	Non-compliance with laws, treaties, regulations, and rules	High	<ul style="list-style-type: none"> a. Full involvement of stakeholders from the beginning of drafting regulations. b. Continuous training of legal officers on aviation laws and related laws, treaties, regulations, rules, and legislative drafting c. Participate in budget review to ensure sufficient budget allocation. d. Keep and update conflict-of-interest register, Declaration to be made in every meeting, Quarterly reminders on declarations and Sanctions. e. Facilitation of continuous sensitization on applicable laws and regulations to KCAA staff. f. Conduct compliance audits and implement corrective actions on audit findings on compliance matters. g. Engage relevant institutions for constant updates on new changes in law.

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S/No	Risk Description	Overall Risk Level	Mitigation Measures
			<ul style="list-style-type: none"> h. Develop and implement a compliance and reporting check list on all applicable laws to KCAA. i. Develop and review civil aviation policies, legislation, regulations, and programmes. j. Develop, review, and implement Technical Guidance Materials
2.	Failure to implement State Safety Programme (SSP) and National Aviation Safety Plan (NASP)	High	<ul style="list-style-type: none"> a. Continuous training of staff b. Management sensitization of the State Safety programme and NASP; c. Stakeholder engagement and on the requirements of the programs and plans d. Automation of ASSR processes and procedures e. Enhanced budgetary allocation. f. Establishment of a SSP Safety Review Board. g. Development of the National Aviation Safety Plan (NASP)
3.	Failure to implement National Civil Aviation Security Programme (NCASP)	High	<ul style="list-style-type: none"> a. Continued training of staff b. Implementation of the surveillance programme c. adequate resource allocation in the implementation of the NCASP d. Automation of ASSR processes and procedures e. Enhanced budgetary allocation
4.	Inadequate legal and regulatory oversight framework	High	<ul style="list-style-type: none"> a. Implementation and review of the 2022 approved career structures b. Continuous development and review of civil aviation policies, legislation, regulations, and programmes. c. Develop, review and implement Technical Guidance Materials d. Provide appropriate facilities, tools and equipment. e. Continuous update of the OLF (USOAP-CMA) and update to ICAO under USAP-CMA
5.	Failure to implement surveillance programmes and plans	High	<ul style="list-style-type: none"> a. Recruit adequate number of staff commensurate with the workload b. Continuous sensitization of staff; c. Timely development and approval of the surveillance program and plans including the implementation of the same; d. Adherence to regulatory requirements, rules and procedures; e. Adequate management support including the Board of Directors; f. Allocation of sufficient budget and resources; g. Develop and implement a tracking system on the implementation of corrective action plans; h. Track the compliance with regulatory requirements; i. Implement the National; Aviation Security Programme j. Implement the automation of surveillance activities;
6.	Failure to identify and resolve safety issues &	High	<ul style="list-style-type: none"> a. Provide required training on the resolution of safety and security issues. b. Develop and implement a mechanism/system for the verification and validation of documents submitted to the Authority to confirm authenticity.

S/No	Risk Description	Overall Risk Level	Mitigation Measures
	security concerns		<ul style="list-style-type: none"> c. Provision of working tools to facilitate inspections e.g. vehicles, ICT equipment, etc. d. Allocate tasks according to professional training, skills, knowledge and experience. e. Develop and implement coordination procedures between ASSR departments. f. Coordinate regular reviews of regulations and TGMs per planned schedule. g. Continuously review quality control schedules to cover all areas. h. Develop and implement procedures for coordination between the Authority and external organizations. i. Automation of resolution of safety issues and security concerns. j. Implementation of a risk-based surveillance system. k. Implementation of performance-based oversight system.
7.	Failure to implement ICAO USOAP-CMA, ICAO USAP-CMA and FAA Category 1 Corrective Action Plans (CAPs)	High	<ul style="list-style-type: none"> a. Automation of resolution of safety issues and security concerns. b. Implementation of a risk-based surveillance system c. Implementation of performance-based oversight system. d. Capacity building within the ASSR Coordination Office e. Automation of ASSR Processes
8.	Failure to oversight new entrants into the aviation system i.e drones, UAM, etc	High	<ul style="list-style-type: none"> a. Identify and provide relevant training for UAS oversight personnel. b. Review organisational structure and recruit suitable personnel. c. Develop and implement an appropriate UAS oversight system. d. Identify and provide enhanced training for UAS oversight personnel
9.	Low Customer satisfaction	High	<ul style="list-style-type: none"> a. Sensitize stakeholders on mandate & services of the Authority. b. Develop and implement customer quality standards. c. Enhance customer loyalty programmes. d. Develop & implement a mechanism for customer feedback.
10.	Ineffective and inefficient complaints management for internal processes	High	<ul style="list-style-type: none"> a. Sensitize stakeholders through the use of various use of various platforms. b. Timely update of information using corporate platforms. c. Enhance the rights and interests of aviation consumers.

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S/No	Risk Description	Overall Risk Level	Mitigation Measures
11.	Nonrealization of revenue targets	High	<ul style="list-style-type: none"> a) Conducted quarterly revenue reconciliations between KCAA & KRA b) Enforced credit control policy. c) Enhance and diversify revenue sources. d) Increase efficiency in expenditure management, budget utilization and finance operations. e) Optimize returns on assets. f) Implementation of hybrid training delivery to enhance training programs accessibility from different locations. g) Establish and maintain MOUs with CAAs for both offsite and onsite trainings for professional programmes. h) Increase visibility of the school by increasing marketing activities. i) Diversification and enhancing products and services. j) Establish framework training agreements with key EASA clients. k) Enhance and diversify revenue sources. l) Increase efficiency in expenditure management and budget utilization and Finance operations.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

a) Sustainability Strategy and Profile

As a signatory to the Chicago Convention, Kenya is obligated to administer aviation safety and security in line with the ICAO Standards and Recommended Practices. The Authority enhanced the implementation of compliance requirements, oversight capacity, and undertaking surveillance, audits and inspection obligations. The Authority undertook initial issuance and continuous renewal of licenses and authorizations of air service providers and air operators and issued 190 Air Service Licenses; 239 Aircraft Lease Approvals; and 5,282 Ad hoc Permits. The Authority also undertook initial and continuous certification of Aviation Personnel, ANS Stations, ATOs, Local and foreign AMOs, aerodromes, registration of aircraft and granted approvals for development of structures including houses and high masts. The Authority carried out a total of 118 surveillance inspections of airports (20), local airlines (66), and foreign airlines (32). Within the FY, the Authority implemented thirteen (13) out of thirty-seven (37) USOAP CAPs and one (1) out of seven (7) USAP CAPs that were open at the beginning of the FY. Table 4 below presents the implementation of CAPs and surveillance activities.

To ensure retention of the Federal Aviation Administration (FAA) International Aviation Safety Assessment (IASA) category I status which has enabled Kenya to continue undertaking direct flights to USA, the Authority undertook inspections and security assessments at Jomo Kenyatta International Airport (JKIA) and Mombasa International Airports (MIA) as the Last-Point of Departure (LPD) and the alternate point of departure respectively for Kenya Airways flight to USA. As part of the One-Stop Security Arrangement between Kenya and USA, the Authority conducted one security assessment at John F. Kennedy International Airport as the destination airport for Kenya Airways to the USA. The Authority also conducted safety operations inspections at Kenya Airways headquarters base (both for Air Operator and Aircraft Maintenance Organisation) and at John F. Kennedy International Airport, for renewal of Kenya Airways Air Operator Certificate and renewal of Foreign Approved Maintenance Organisation.

Table 4: Status on Implementation of USOAP and USAP CAPs and Surveillance Plan for FY 2024/25

Section	Surveillance Activities		% Level of Closure of USOAP CAPs	
	Targeted Surveillances	No. of Surveillances conducted	No. of pending CAPs at the beginning of FY 2024-25	CAPs completed during the FY
Flight Operations	270	120	18	4
Airworthiness	45	43	4	2
AAMLE-ANS	100	99	1	-
AAMLE-GOPS	130	164	9	4
Personnel Licensing	48	25	5	3
Security	76	104	7	1
Air Transport	80	73	-	-
Total	749	628	44	14

Source: SSPC/NCMC Office – 2025

The Bilateral and Multilateral Air Service agreements between Kenya and other countries have helped to open up markets for Kenya's products, increased access for inputs and interactions across the globe. KCAA will continue to work with other states in Africa to implement the framework for opening up air spaces to enable full exploitation of the African Market. To achieve this, the Authority will continue to lobby for implementation of the Single African Air Transport Market (SAATM) and lobby for more states in the continent to join the initiative. At the EAC level, KCAA will continue to work with the other countries to open up the regional market and create opportunities for growth. At the same time, the Authority continues

to promote initiatives by local airlines to explore market opportunities negotiated under the current framework of Bilateral Air Services Agreements.

To improve performance, the Board of Directors has fully embraced the Performance Management Framework, and each year implements a Performance Contract. During the FY 2024/25, the Board developed a Performance Contract that had thirty-two (32) targets, out of which twenty-seven (27) targets were fully achieved. Within the performance management framework, employees then set targets based on Board targets, implement and report progress, evaluate results and reward good performance while discouraging underperformance. The Authority then undertakes performance appraisal of individual employees and where skills gaps are noted, the Authority supports the affected staff to address the gaps through training, both locally and abroad.

b) Environmental Performance

KCAA does not have an environmental policy. However, the Authority fully complies with international and domestic requirements on matters related to the environment. The Authority operates in line with the expectations of diverse global stakeholders and therefore sees environmental protection as a discipline through which the Authority integrates economic, environmental, and social objectives without compromising ability of future generations to meet their needs. To this end, the Authority created a new Department (Aviation Environment Protection) to implement policies relating to aviation environmental protection in Kenya. At the international level, KCAA is working together with the global civil aviation community towards reductions of aircraft emissions and the negative effects of climate change.

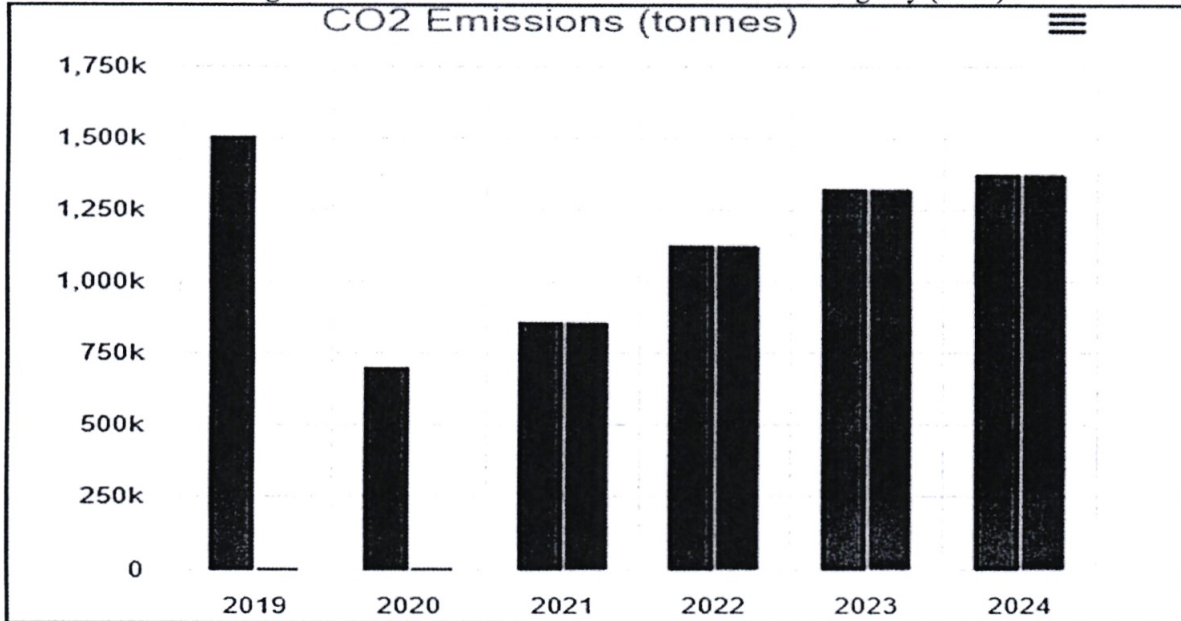
During the FY 2024/2025, KCAA undertook the following:

- 1) Participated in CAEP online meeting for WG4.
- 2) Participated and organised a Session on CORSIA, SAF and CORSIA Eligible Fuels for Kenya Stakeholders.
- 3) Participated in ICAO Climate Week.
- 4) Two delegates participated in CORSIA Workshop in Dakar Organised by AFCAC and Qatar.
- 5) Participated in the EU CORSIA AFRICA Workshop in Nairobi on Aviation data Management Systems for CO₂ emissions data.
- 6) Hosted three meetings of the National Steering Committee on Acceleration of Development & Deployment of Sustainable Aviation Fuel (SAF) during the year.
- 7) Seven delegates from Kenya participated in the Sub-Saharan regional workshop on the environment held in Abidjan.
- 8) Continued to collaborate with the EASA Project Team under EU-funded ACT-SAF Africa-India Project, where KCAA hosted three meetings.
- 9) Three delegates participated in the SAF Workshop in LAGOS under ACT_SAF for EU-EASA.
- 10) Participated in the AFC-ENI SAF Workshop and energy transition at Tamaridi Hotel Nairobi.
- 11) Participated in ICAO CAEP meeting held in Montreal, Canada.
- 12) Participated in (UN Climate Change Conference) the 62nd session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) in Bonn, Germany.

Kenya has been participating in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) in the pilot phase since 2021. The scheme aims at contributing to the global aspirations of keeping the global net CO₂ emissions from international aviation neutral from 2020 at the same level and attain a target of Net Zero growth in carbon emissions for air transport industry by 2050. This implies that aircraft will increasingly use efficient fuels and Air Navigation Service providers will design routes that do

not contribute to increased aircraft emissions. The authority compiled the 2024 CORSIA Emission Data into the ICAO CORSIA Central Registry (CCR) System. The compiled emission report indicates that total CO₂ emissions recorded in 2024 for Kenyan aeroplane operators was 1,368,201.1 tonnes, representing an increase of approximately 3.6% from the 1,320,805.55 tonnes recorded in 2023. The graph below illustrates the emission trend for Airlines under the CORSIA thresholds from 2019 to 2024.

Figure 14: Emission Data from CORSIA Central Registry (CCR)



Source: KCAA, 2025

To ensure that efforts to protect and conserve the environment in the industry are anchored on a strong legal framework, the Authority developed the following sets of regulations and forwarded to the Ministry for approval; Carbon Offsetting and Reduction Scheme for International Aviation; Environmental Protection - Aircraft Noise; and Aircraft Engine Emissions that were gazetted for public comments and KCAA further developed the Technical Guidance Material (TGM)- Draft Manual of Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) Implementation Standards.

In a move aimed at reducing greenhouse emissions, stopping and reversing deforestation and restoring 10.6 million hectares of deforested and degraded landscapes, the government launched the National Tree Growing Restoration Campaign which targets to plant at least 15 billion trees and increase the country's forest coverage from 12% to 30% by 2032. In response to this initiative, the Board committed to planting 36,000 tree seedlings across various sites within KCAA operational network. For the FY 2024/25, the Authority successfully planted a total of 118,000 trees in different locations during the year which is an increase of 126% against the 52,245 tree seedlings planted in the FY 2023/24.

c) Employee Welfare

The Authority recognises the important role that employees play in delivering her mandate and realizing the vision. As such, the Authority is keen to develop institutional capacity that will deliver services that meet and exceed the expectations of clients. The Authority prepared and presented critical human resource policy documents to the Public Service Commission for approval. Consequently, within the financial year, the PSC granted approval for the following HR instruments of the Authority: Organization Structure, Career Guidelines, Human Resource Policies and Procedures Manual, and the establishment of Kenya's

ICAO Mission Office. Implementation of the Policy documents is underway and will ensure the Authority remains responsive, enhance efficiency and position for long-term success.

The Authority has a staff performance management system (Annual Performance Contracting) as well as staff performance appraisal system. During the financial year, the Authority undertook various capacity-building programmes to address identified skill gaps and improve staff performance. A total of 612 Staff, against a target of 687 in the annual training plan, were trained.

The Authority endeavoured to provide a work environment that is conducive to staff in the performance of their duties by providing office spaces and work tools, Personal Protective Equipment (PPE) including face masks and also continued to undertake periodic disinfection of the office premises. In addition, the Authority also runs various Staff welfare programmes including provision of staff tea, clean drinking water, medical health insurance, mortgage facility, pension, car loan, group life insurance, group accident insurance, last expense policies, gym and creches for nursing mothers among others.

OSH committees have been established and are active at the Headquarters and in all stations. Fire and emergency exits have been clearly marked in corridors and staircases within KCAA HQs building and stations, fire assembly points designated and marked at HQs and outstations, all fire safety equipment serviced bi-annually. All risks associated with workplace have been identified and documented.

d) Market Place Practices

i) Responsible Competition Practice

As a regulator of the industry, KCAA commits to support the development of fair and responsible competition practices among aviation players with an aim to grow a vibrant civil aviation industry. The Authority, recognizing the importance of fair competition, established a Unit within the new organization structure whose goal is to ensure protection of aviation consumer rights. The Civil Aviation bill also incorporates a provision for widening the aspects of economic regulation to enhance fair competition.

While undertaking its regulatory services on the licensing of air transport services, the Authority takes into consideration the size of the market and the current operators in each segment of the market among other factors before making a decision. This is to ensure that fair competition is promoted among air operators by balancing the approvals granted to operate in the market and the frequencies of flights granted to various operators in those markets.

The Air Services Licensing Committee meetings are open to the public and individuals are free to bring any memorandum and objections against any of the applicants for business licenses. This ensures that licenses are issued after objective analysis and representation by all parties involved. The Authority also ensures that fares charged are based on a cost recovery mechanism and that airlines do not practice unfair competition through under-pricing with the objective of creating dominance and driving other operators out of the market.

ii) Responsible Supply Chain and Supplier Relations

Supply chain processes involve procurement of goods, works and services, inventory management and disposal of obsolete/unserviceable assets. KCAA is committed to efficient provision of goods, works and services that are of acceptable quality and at competitive prices to the satisfaction of external and internal customers in accordance with Article 227 of the Constitution of Kenya, Public Procurement and Disposal Act (PPADA) 2015 and the Public Procurement and Asset Disposal Regulations (PPADR) 2020. The

Authority has prepared a Procurement and Asset Disposal Policy that is aligned to the PPADA 2015 and PPADR 2020.

The Authority conducts supply chain processes competitively in a manner that promotes fairness, equity, transparency, cost-effectiveness, and accountability. KCAA takes cognizant that there are limited suppliers of aviation equipment globally and only procures from credible suppliers who are also supplying other air navigation service providers. KCAA ensures that reports on all procurement activities are submitted to Public Procurement Regulatory Authority (PPRA), the National Council for People with Disabilities (NCPWD) and Ministry of Industry, Trade, and Investments. The Authority has also undertaken sensitization to suppliers, especially Youth, Women and PWDs on the available opportunities especially under AGPO.

The Authority undertakes market surveys to ensure prices are competitive, enters into contracts with warranties/guarantees that ensure suppliers provide quality equipment, spare parts and maintenance support. All open tenders are advertised through local dailies under Government Advertising Agency (GAA) and at the same time uploaded on KCAA's website: www.kcaa.or.ke and the Public Procurement Information Portal; www.tenders.go.ke for access by all interested bidders. Further, all Request for Quotations (RFQ) are processed through a competitive process using registered suppliers for various categories. These processes are aimed at promoting strong customer relationship, continuous commitment to quality, cost-effective operations and flexibility for faster decision making while ensuring compliance with the procurement laws.

KCAA uses standard tender documents issued by the Public Procurement Regulatory Authority (PPRA) in processing all supply chain functions in compliance with PPADA 2015 and PPADR 2020. The tender documents are processed using established Tender Committees which include Tender Opening, Tender Evaluation, Contract Implementation Team, Inspection & Acceptance Committee, Disposal Committee, and other Ad hoc Committees provided in the PPADA 2015. The committees are appointed from multi-function teams from various Departments and adhere to the laid down legal framework and KCAA code of conduct in carrying out their activities. All supplier payments are processed after satisfactory performance/delivery, Inspections and Acceptance of goods, works and or Services as per the respective contract terms.

iii) Responsible Marketing and Advertisement

The Authority being a regulator and service provider of the aviation industry in Kenya regularly processes advertisements with regard to its policies, technical material sourcing including human resource, i.e, vacancies, and stakeholder sensitization. The Authority has a training arm, the East African School of Aviation, which also advertises its training programmes regularly. The process of advertising is in line with GoK advisory where all advertisements are facilitated through the Government Advertising Agency. This is intended to achieve the economies of scale through bringing together all government advertising needs under one umbrella. Only on exceptional circumstances does KCAA go directly to other sources of media output.

iv) Product Stewardship

KCAA has established a Consumer Protection Department whose goal is to inform, educate, promote, and protect the rights of aviation consumers. Through efforts to safeguard consumer rights and interests and ensure that the civil aviation industry upholds consumer rights as per the Manual on the Regulation of International Air Transport (Doc 9626, Appendix 5), the African Union Regulations on The Protection of

Consumers of Air Transport Services; Annex 6 to the Yamoussoukro Decision and other applicable International Conventions and local legislations, the Authority is preparing a Consumer Protection Strategy and updated the Consumer Protection Service charter. The goal is to ensure that services provided in the aviation industry are of the highest standards, comparable to that in other parts of the world.

The Authority takes seriously consumer protection by ensuring compliance with the laid down code of practice; ensuring that quality of services provided meet consumer expectations; enforcement of policies, rules, regulations, and procedures relating to the rights of consumers. It addresses customer complaints in the Aviation industry and provides a forum for redress against unfair treatment. Individuals, suppliers, and any other party, if they feel aggrieved by the decisions of the Authority, can launch a complaint with the Commission on Administrative Justice.

Internally, KCAA has established a comprehensive complaints management framework whose role is to conduct internal reviews of complaints management mechanism in both process and content; identify systemic issues arising from complaints and provide appropriate recommendations to management for action. This framework also publicizes the complaint system to encourage stakeholders to voice their dissatisfaction to a service within KCAA's mandate and promote access to information.

V) Corporate Social Responsibility/Community Engagement

The Authority's CSR initiatives play a significant role in enhancing its corporate image and managing stakeholder expectations. The Kenya Civil Aviation Authority (KCAA) reaffirms its commitment to being a responsible corporate citizen by contributing to national development through Corporate Social Initiatives and sponsorships in accordance with the provisions of Mwongozo.

These CSR initiatives are crucial for engagement with key publics, both internally and externally. KCAA's approach to CSR is centered on identifying and developing projects guided by a comprehensive sustainability, responding to specific needs that address challenges and create opportunities within the community. During the reviewed period of 2024-2025, through a sustainability Committee established and guided by an approved Policy, KCAA undertook the following activities:

- i) Gembe Hill, Homa Bay County Tree Planting Exercise, 10,000 seedlings planted
- ii) Kendu Bay, Homa Bay County Tree Planting Exercise, 3,000 seedlings planted
- iii) Kakamega Forest Tree Planting Exercise, 2,000 seedlings planted
- iv) KCAA Beyond Airspace Safety - held a two-day sustainability outreach at Mwakirunge Shamu Primary School under the banner "KCAA Beyond Airspace Safety. It included activities such as tree planting, establishment of an ablution block, and donation of learning materials aimed at supporting both environmental sustainability and the well-being of students.
- v) Compassionate hands for the Blind - made a generous donation to Compassionate Hands for the Disabled Foundation. The donation included a cheque worth Ksh 100,000 and a deep freezer, aimed at supporting the foundation's daily operations and improving the welfare of the children and youth under its care.
- vi) Mombasa Tree Planting Exercise, 10,000 seedlings planted.
- vii) Lambwe Vally Forest Homa County Planting 40,000 seedlings planted.
- viii) Staff Donation Drive – Mradi Embakasi – Easter Basket - organized a heartfelt donation drive at Mradi, Embakasi, under the banner of giving back to the community. The initiative focused on supporting Faith with Action Children's Home through the Easter Basket project, which aimed to provide food, clothing, and essential supplies to the children.
- ix) Mater Heart sponsorship Ulinzi Sports Complex, Nairobi County - donated Ksh. 250,000 to support the cause.

- x) EASA Community Cleaning Drive, EASA Access Road, Nairobi County - On World Environment Day 2025, EASA joined hands with the local community for a meaningful clean-up drive in Embakasi.
- xi) Waste Segregation Bins, Aviation House, Nairobi - in celebration of World Environment Day, KCAA installed waste segregation bins at its Headquarters as part of its commitment to sustainable waste management. The initiative aimed to promote responsible waste disposal and encourage staff to separate waste into recyclables, organic, and general waste.
- xii) Prayer Breakfast KCAA Auditorium - sponsored a joint Prayer Breakfast at the KCAA HQ Auditorium, bringing together employees and management for a moment of spiritual reflection and unity.

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 the Authority's affairs.

i) Principal activities

The principal activities of the Authority are, technical and economic regulation of civil aviation in Kenya, provision of air navigation services within the Nairobi Flight Information Region and Training in Aviation in accordance with the Civil Aviation Act, CAP.394.

ii) Results

The results of the Authority for the year ended June 30 2025 are set out on page 1.

iii) Directors

The members of the Board of Directors who served during the year are shown on page x-xv. During the year 2024 – 2025 one Director, Dr. Annette Mbogoh, resigned on 22nd January 2025.

Surplus Remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into the Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

v) Auditors

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

By Order of the Board

George O. Mogaka
Corporation Secretary


.....
Signature


.....
Date

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 15 of the State Corporations Act, requires the Directors to prepare financial statements in respect of that Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Authority; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, Civil Aviation Act, 2013 (as amended in 2016) and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2025, and of the Authority's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Authority's financial statements were approved by the Board on 28/8/2025 and signed on its behalf by:



Brown M. M. Ondego, EBS
Chairman of the Board



Emile N. Arao
Director General

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA CIVIL AVIATION AUTHORITY 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; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Civil Aviation Authority set out on pages 1 to 50, which comprise of 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Civil Aviation Authority 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 Civil Aviation Act, Cap.394 of the Laws of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Inter-Agencies Transaction

The statement of financial position reflects receivables from exchange transactions balance of Kshs.2,136,324,643 and as disclosed in Note 19.25 to the financial statements. The balance comprises an amount of Kshs.2,786,838,450 being gross receivables from exchange transactions which is a net of Kshs.650,513,806 in respect of general and specific provisions for bad and doubtful debts. Included in this balance is an amount of Kshs.34,809,774 owed by Kenya Airports Authority. However, corroboration information from Kenya Airports Authority reflects a balance of Kshs.3,094,771 as payable to Kenya Civil Aviation Authority resulting in an unexplained variance of Kshs.31,715,003.

In the circumstances, the accuracy and completeness of the Inter-Agency transactions could not be confirmed.

2. Lack of Ownership Documents for Assets

As previously reported, the Authority did not have ownership documents for various assets with a total value of Kshs.10,661,950,000. Management explained that various measures are still being pursued through the National Land Commission, Ethics and Anti-Corruption Commission and the Courts of law to ensure that contentious issues are resolved and the assets are reverted to the Authority.

In the circumstances, the ownership of the Authority's land parcels that were in various parts of the country some of which were irregularly allocated to third parties could not be confirmed.

3. Property Allocated to Third Parties

As previously reported, review of land records revealed that three (3) parcels of land belonging to the Authority had been allocated and registered in the names of third parties as shown in the below: -

Property	Acreage
Mtito-Andei-Ngai Ndeithya Settlement Scheme/161	13 acres
Bamburi Staff Housing	Unknown
East African School of Aviation	37 acres

Further, the Public Investment Committee in its 19th Report recommended that the National Land Commission revoke the titles and revert them to the Authority and register all owned parcels of land in its name.

In the circumstances, the existence and ownership of the Authority's land parcels could not be confirmed.

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

Emphasis of Matter

Long Outstanding Receivables

The statement of financial position reflects receivables from exchange transactions balance of Kshs.2,136,324,643 and as disclosed in Note 19.25 to the financial statements. The balance comprised of amounts of Kshs.2,786,838,450 being gross receivables from exchange transactions with a net of Kshs.650,513,806 as general and specific provisions for bad and doubtful debts. However, the ageing analysis for receivables from exchange transactions in Note 19.25(a) indicates that gross receivables balance of Kshs.1,123,286,037 or 41% was outstanding for more than one (1) year.

Further, included in the receivables from exchange transactions is domestic operators balance of Kshs.1,707,899,234 which includes debts owed by Kenya Airways PLC and Kenya Revenue Authority balance of Kshs.1,231,121,574 and Kshs.289,451,383 respectively, totalling Kshs.1,520,572,957 or 89% of total domestic operators' receivable.

In addition, the statement of financial position and as disclosed in Note 19.26(a) to the financial statements reflects receivables from exchange transactions balance of Kshs.655,843,478. The balance includes station imprest balance of Kshs.2,187,115 in respect of a historical balance for the East African School of Aviation in respect of imprest that was a subject of investigation. Although Management has indicated that disciplinary action was taken accordingly, there was no evidence of the disciplinary action taken. The recoverability of the long outstanding balance is doubtful.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters

described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Emphasis of Matter and Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the Authority in 2024/2025 revealed that the following five (5) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in Trade and Other Payables
2	2023/2024	Lack of Ownership Documents for Assets
3	2023/2024	Long Outstanding Receivables from Non-Exchange Transactions
4	2023/2024	Long Outstanding Receivables from Exchange Transactions
5	2023/2024	Non-Compliance with Public Sector Accounting Standards Board Reporting Requirements.

Other Information

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

In connection with my audit on the Authority's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, 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, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance 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 Authority'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 is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

19 December, 2025


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

	Note	2025	2024
		Kshs	Kshs
Revenue from Non-Exchange Transactions			
Licenses and Permits	19.7	555,894,180	574,187,891
Air Passenger Service Charge	19.8	3,107,007,793	3,953,771,498
Sub-Total		3,662,901,973	4,527,959,389
Revenue from Exchange Transactions			
Rendering of Services	19.9	7,344,682,357	8,077,799,034
Rental Revenue	19.10	36,907,479	36,658,091
Finance Income	19.11	208,507,656	186,005,822
Other Revenue	19.12	3,320,036	1,989,594
Sub-Total		7,593,417,528	8,302,452,541
Total Revenue		11,256,319,501	12,830,411,930
Expenses			
Use of Goods & Services	19.13	1,393,737,369	1,718,481,218
Employee Costs	19.14	3,342,095,598	3,271,829,300
Board Expenses	19.15	27,869,278	44,796,317
Depreciation and Amortization Expense	19.16	1,126,149,789	864,060,566
Repairs and Maintenance	19.17	625,154,463	524,965,124
Contracted Services	19.18	180,264,627	234,456,413
Finance Costs	19.19	52,835,416	60,004,133
Total Expenses		6,748,106,540	6,718,593,071
Sub-Total		4,508,212,961	6,111,818,859
Other Gains/(Losses)			
Gain on Sale of Assets	19.20(a)	292,890	310,846
Loss on Foreign Exchange Transactions	19.20(b)	(3,155,627)	(186,517,377)
Amortization of Capital Grant	19.21(a)	3,420,000	3,420,000
Amortization of Debtors	19.21(b)	199,140,116	-
Amortization of Accrued Leave Days	19.21(c)	9,238,928	65,096,673
Sub-Total		208,936,307	(117,689,858)
Surplus for the Year		4,717,149,268	5,994,128,999
Remission to the National Treasury (Provision)	19.22	(4,245,434,341)	(4,644,586,099)
Net Surplus for the Year		471,714,927	1,349,542,900


The notes set out on pages 8 to 46 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


 Emile N. Arao
 Director General

Date... 19/12/2025


 CPA David I. Ndung'u
 Deputy Director, Finance & Accounts
 ICPAK Member No: 7963

Date... 19/12/2025


 Brown M. M. Ondego, EBS
 Chairman of the Board

Date... 19/12/2025

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	2025	2024
Assets		Kshs	Kshs
Current Assets			
Cash and Cash Equivalents	19.23	4,243,877,490	4,233,138,671
Prepayments	19.24	209,155,141	207,314,289
Receivables from Exchange Transactions	19.25	2,136,324,643	2,354,132,210
Receivables from Non-Exchange Transactions	19.26	655,927,478	595,353,577
Inventories	19.27	37,404,117	26,887,869
Total Current Assets		7,282,688,869	7,416,826,617
Non-Current Assets			
Property, Plant and Equipment	19.28	23,495,699,188	23,113,681,566
Intangible Assets	19.29	167,514,311	296,633,382
Total Non-Current Assets		23,663,213,499	23,410,314,948
Total Assets (A)		30,945,902,368	30,827,141,565
Liabilities			
Current Liabilities			
Trade and Other Payables	19.30	1,060,651,047	1,181,906,804
Refundable Deposits from Customers	19.31	15,085,018	14,105,343
Employee Benefit Obligation	19.32	241,190,836	243,654,973
Current Portion of Borrowings	19.33	182,324,355	182,324,356
Current Provisions	19.34	4,504,110,561	4,903,580,109
Total Current Liabilities		6,003,361,817	6,525,571,585
Non-Current Liabilities			
Borrowings	19.35	1,117,403,179	1,299,727,535
Total Non-Current Liabilities		1,117,403,179	1,299,727,535
Total Liabilities (B)		7,120,764,996	7,825,299,120
Net Assets (A-B)		23,825,137,372	23,001,842,445
Revaluation Reserves	19.36	12,851,109,613	12,851,109,613
Capital Fund – Government Grant	19.37	123,120,000	126,540,000
Accumulated Surplus	19.38	10,495,907,759	10,024,192,832
General Reserves	19.39	355,000,000	-
Total Net Assets		23,825,137,372	23,001,842,445
Total Net Assets and Liabilities		30,945,902,368	30,827,141,565

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



Emile N. Arao
Director General

Date... 12/12/2025



CPA David I. Ndung'u
Deputy Director, Finance & Accounts

ICPAK Member No: 7963

Date... 12/12/2025



Brown M. M. Ondego, EBS
Chairman of the Board

Date... 12/12/2025

**16. STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED 30 JUNE 2025**

	Note	Revaluation Reserve	Retained Earnings	Capital / Development Grants / Fund	General Reserve	Total
		Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 1st July 2023		8,326,882,978	9,166,939,194	129,960,000	-	17,623,782,172
Revaluation Reserve Adjustment	19.36	4,524,226,635	-	-	-	4,524,226,635
Amortization of Govt Grant	19.37	-	-	(3,420,000)	-	(3,420,000)
Accumulated Surplus Adjustment	19.40	-	(492,289,262)	-	-	(492,289,262)
Surplus for the Period & Cash Recall	19.22	-	1,349,542,900	-	-	1,349,542,900
Balance as at 30 June 2024		12,851,109,613	10,024,192,832	126,540,000	-	23,001,842,445
Revaluation Reserve Adjustment	19.36	-	-	-	-	-
Amortization of Govt Grant	19.37	-	-	(3,420,000)	-	(3,420,000)
General Reserve	19.39	-	-	-	355,000,000	355,000,000
Accumulated Surplus Adjustment	19.40	-	-	-	-	-
Surplus for the Period & Cash Recall	19.22	-	471,714,927	-	-	471,714,927
Balance as at 30th June 2025		12,851,109,613	10,495,907,759	123,120,000	355,000,000	23,825,137,372

17. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2025

		2025	2024
Cash from Operating Activities	Note	Kshs	Kshs
Receipts			
Cash from Non-Exchange Transactions			
Licenses and permits	19.41	493,479,427	497,389,348
Air Passenger Service Charge	19.8	3,107,007,793	3,953,771,498
Receipts from Non-Exchange Transactions		3,600,487,220	4,451,160,846
Cash from Exchange Transactions			
Rendering of Services	19.42	7,562,489,924	7,328,453,351
Rental Revenue	19.10	36,907,479	36,658,091
Other Revenue	19.12	3,320,036	1,989,594
Cash from Exchange Transactions		7,602,717,439	7,367,101,036
Total Receipts		11,203,204,659	11,818,261,882
Payments			
Use of goods and Services	19.43	1,721,239,967	1,298,347,562
Employee Costs	19.14	3,342,095,598	3,271,829,300
Board Expenses	19.15	27,869,278	44,796,317
Repairs and Maintenance	19.17	625,154,463	524,965,124
Contracted Services	19.18	180,264,627	234,456,413
Total Payments		5,896,623,933	5,374,394,716
Net Cash from Operating Activities		5,306,580,726	6,443,867,166
Cash used in Investing Activities			
Purchase of Property, Plant and Equipment	19.28	(1,364,077,359)	(1,489,462,119)
Purchase of Intangible Assets	19.29	(16,101,649)	(56,578,297)
Proceeds on Disposal of Assets	19.20	1,423,557	310,846
Interest Income on Bank Balances	19.11	208,507,656	186,005,822
General Reserve	19.39	355,000,000	-
Total Cash used in Investing Activities		(815,247,795)	(1,359,723,748)
Cash flow from Financing Activities			
Loans Repayment	19.33	(182,324,355)	(182,324,356)
Interest Expense	19.19	(52,835,416)	(60,004,133)
Accumulated Surplus (Retained Earnings) Adjustments	19.40	-	(492,289,262)
Remission to the National Treasury	19.22	(4,245,434,341)	(4,644,586,099)
Net Cash flow from Financing Activities		(4,480,594,112)	(5,379,203,850)
Increase / (Decrease) in Cash & Cash Equivalents		10,738,819	(295,060,432)
Cash & Cash Equivalents at the Start of the Year	19.23	4,233,138,671	4,528,199,103
Cash & Cash Equivalents at the End of the Year		4,243,877,490	4,233,138,671

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



Emile N. Arao
 Director General

Date... 17/12/2025



CPA David I. Ndung'u
 Deputy Director, Finance & Accounts
 ICPAK Member No: 7963

Date... 17/12/2025



Brown M. M. Ondego, EBS
 Chairman of the Board

Date... 17/12/2025

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

Description	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual on Comparable Basis Kshs	Performance Difference Kshs	% of utilization	Note
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100	
Budget Carryovers from the Previous Year	-	4,233,138,671	4,233,138,671	4,233,138,671	-		
Revenue							
Licenses and Permits	564,199,042	(16,933,421)	547,265,621	493,479,428	53,786,193	90%	
Air Passenger Service Charge	2,639,602,268	-	2,639,602,268	3,107,007,793	(467,405,525)	118%	
Rendering of Services	7,874,927,245	-	7,874,927,245	7,562,489,924	312,437,321	96%	
Rental Revenue	37,650,422	-	37,650,422	36,907,479	742,943	98%	
Finance Income	98,629,224	33,200,000.00	131,829,224	208,507,656	(76,678,432)	158%	
Other Income	2,186,437	6,000.00	2,192,437	3,320,036	(1,127,599)	151%	
Grand Total Revenue	11,217,194,638	16,272,579	11,233,467,217	11,411,712,316	(178,245,099)	102%	
Expenses							
Use of Goods & Services	882,455,123	686,330,286	1,568,785,409	1,721,239,967	(152,454,558)	110%	a
Employee Costs	3,165,396,949	558,163,505	3,723,560,454	3,342,095,598	381,464,856	90%	
Remuneration of Directors	25,000,000	5,000,000.00	30,000,000	27,869,278	2,130,722	93%	
Depreciation and Amortization	751,505,559	267,883,273	1,019,388,832	1,126,149,789	(106,760,957)	110%	b

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Repairs and Maintenance	497,540,484	156,905,309	654,445,793	625,154,463	29,291,330	96%	
Contracted Services	115,296,615	91,506,869	206,803,483	180,264,627	26,538,856	87%	c
Finance Costs	52,835,416	-	52,835,416	52,835,416	(0)	100%	
Total Recurrent Payments	5,490,030,146	1,765,789,242	7,255,819,388	7,075,609,138	180,210,250	98%	
Other Gains/Losses	-	-	-	208,936,307	(208,936,307)	100%	
Capital Expenditure Payments	1,391,596,790	246,813,943	1,638,410,733	1,380,179,005	258,231,728	84%	d
Total Payments	6,881,626,936	2,012,603,185	8,894,230,121	8,455,788,143	438,441,978	95%	
Surplus for the Period	4,335,567,702	2,236,808,064	6,572,375,767	7,397,999,150	825,623,383	113%	

Budget Reconciliation	
Description of Particulars	Amount (Kshs)
Actual Surplus as per Budget	7,397,999,150
Add: Depreciation	1,126,149,789
Less: Remission to the National Treasury	(4,245,434,341)
Add: Proceeds from Disposal of Assets	1,423,557
Add: General Reserves	355,000,000
Less: Loan Repayment	(182,324,355)
Add: Other Gains/Losses	(208,936,307)
Closing Cash and Cash Equivalent as per the statement of Cash flows	4,243,877,490

Budget Notes

- a) **Use of Goods & Services:** Adjustments for inventory, payables, employee benefits, current provision, refundable deposit, loss on foreign exchange transaction and amortization for debtors as well as that for accrued leave days.
- b) **Depreciation & Amortization:** A number of projects, capital items and software were fast-tracked for completion during the year. A revaluation exercise had also been done during the 2023/24 financial year.
- c) **Contracted Services:** Delayed milestones for on-going contracts such as W84 Aeronautical Surveys and Hire of Satellite Links.
- d) **Capital Expenditure:** Automation of Aviation Safety and Security Regulations services project which is a multi-year project did not start during the period and delayed milestones due to implementation delays and procurement logistics of some other projects and capital items.

19. NOTES TO THE FINANCIAL STATEMENTS

19.1 GENERAL INFORMATION

Kenya Civil Aviation Authority is established by and derives its authority and accountability from Civil Aviation Act 2013, as amended by Civil Aviation (Amendment) Act 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provision of Air Navigation Services in the Nairobi Flight Information Region, Regulation of the Aviation industry in Kenya and training of the Aviation Personnel.

19.2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Kenya Civil Aviation Authority.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act Cap 446, the Civil Aviation Act No. 21 of 2013, *Mwongozo* and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

19.3 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	<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>

Standard	Effective date and impact
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
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>
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 infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.

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Standard	Effective date and impact:
	The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<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>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
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>

iii. Early adoption of standards

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

19.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Licences and Permits

The Authority recognizes revenues from licences and permits 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 Authority and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income

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

Rental income

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

b) Budget Information

The original budget for FY 2024-25 was approved by the KCAA Board of Directors on 30th January 2024 and forwarded to the National Treasury through the State Department of Transport. It was approved by the Government on 1st July 2024. Subsequent revisions were made to the approved budget. Revision No. 1 was approved by the Board of Directors on 30th September 2024 and by the Government on 31st January 2025. Revision No. 2 was approved by the Board of Directors on 30th January 2025 and by the Government on 28th April 2025.

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

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under pages 5 -6 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 Authority 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.

d) Property, Plant and Equipment

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

significant parts of property, plant and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. 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 on a straight-line basis to write down the cost/ revalued values of each asset to its residual value over its estimated useful life as follows:

	%
Buildings	2.5
Air Navigation Equipment	10
Plant & Other Equipment	20
Computers, copiers and faxes	33 ¹ / ₃
Motor vehicles	20
Furniture and fittings	20
Freehold land	0

Depreciation is charged in full to all the assets during the year of acquisition/revaluation, while none is charged during the year of disposal.

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Authority. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Authority also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Authority will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) 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.

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.

g) Research and development costs

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

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

h) Financial Instruments

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

i) Financial Assets

Classification of financial assets

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

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

The Authority assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Authority recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgements made by Management in determining the expected credit loss (ECL) are set out in Note 19.5.

ii). Financial liabilities

Classification

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

i) 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 the Authority.

j) Provisions

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

Where the Authority expects a provision to be reimbursed whether in full or in part, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

k) Contingent liabilities

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

l) Contingent assets

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

m) Nature and Purpose of Reserves

The Authority creates and maintains reserves in terms of specific requirements. These reserves include Revaluation reserve (which arises every time the Authority revalues its property, plant and equipment and intangibles assets). The Authority also maintains retained earnings reserve that grows or reduces from one financial year to another depending on the financial performance of the Authority.

n) Changes in Accounting Policies and Estimates

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

o) Employee Benefits

Retirement Benefit Plans

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

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Borrowing Costs

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

r) Related Parties

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the Board of Directors, the Director General, Executive Directors and senior managers.

s) 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 various commercial banks at the end of the financial year.

t) Comparative Figures

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

u) 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.

19.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end

of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and Assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note no. 23 and Note no. 33.

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.

19.6 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 recognised Accumulated Surplus	Total transfers 2024-25	Prior year 2023-2024
	KShs	KShs	KShs	KShs	KShs
Kenya Airports Authority	3,107,007,793	-	-	3,107,007,793	3,953,771,498
Total	3,107,007,793	-	-	3,107,007,793	3,953,771,498

(The detailed breakdown of this figure is shown in Appendix II)

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19.7 Licenses, Permits, Fines & Clearances	2025	2024
	Kshs	Kshs
Licence Ratings & Certificates	25,830,258	41,294,251
Technical Ground Examinations	36,823,451	33,122,485
AMEL Licences & Ratings	10,955,540	14,344,280
Aircraft Certificate of Registration	5,827,000	6,322,000
Certificate of Airworthiness	89,024,006	90,786,699
Grant & Renewal of AMO License	85,293,619	73,942,236
Grant & Renewal of AOC Certs	18,574,209	17,237,161
Certification of Aerodromes	3,915,600	1,910,400
Duty Exemption Processing Fees	36,837,557	74,884,743
Grant & Renewal of Air Service Licences	57,354,455	33,391,039
Adhoc /Permit Clearances	79,147,787	61,218,664
Approval of Manuals	583,600	853,500
Inspection of Masts & Obstacles	28,381,400	42,366,200
Issue of SSR Transponder Codes	582,768	409,323
AVSEC Fees/ Regulated Agent/Screeners Fees	5,350,000	4,720,000
Grant & Renewal of ATO Licences	1,553,790	1,086,510
Approval of Commercial Operations - (FOC)	14,338,319	28,026,914
Simulator Inspection	388,510	-
Resolution of Safety Concerns Charge	920,000	800,000
Approval of Leases	19,388	2,440,338
Granting of Authorization	196,000	91,000
Approval of Security Programmes	1,310,000	1,010,003
UAS Import & Registration	44,573,423	35,023,146
Remote Air Operator Certificate	2,040,000	1,538,000
UAS Training Organization Approval & Certification	480,000	600,000
Certification of UAS Resalers & Distributors	1,460,000	850,000
UAS Authorizations	420,500	3,050,000
UAS Licensing	3,713,000	2,855,000
Letter of Exemption & No Objection	-	14,000
Total Licenses, Permits, Fines & Clearances	555,894,180	574,187,891

This revenue stream covers the regulatory function of the Authority in air transport, air worthiness, aviation safety, flight operations, personnel licensing, certifications and ground operations

19.8 Air Passenger Service Charge	2025	2024
	Kshs	Kshs
Air Passenger Service Charge	3,107,007,793	3,953,771,498
Total Air Passenger Service Charge	3,107,007,793	3,953,771,498

The Authority's share from the Kenya Airports Authority as per the Air Passenger Service Charge (APSC) Act and APSC Legal Notice 143 of 14th June 2018.

19.9 Rendering of Services	2025	2024
	Kshs	Kshs
Air Navigation Service Charges	6,942,011,546	7,748,387,488
Sale of AIPS & Publications	946,487	790,197
EASA Revenue	401,724,324	328,621,349
Total Revenue from the Rendering of Services	7,344,682,357	8,077,799,034

Besides regulatory function, the Authority's other mandate is the provision of air navigation service and training of aviation personnel, whose revenue is captured here. EASA also offers hospitality services.

19.10 Rental Revenue	2025	2024
	Kshs	Kshs
EASA House Rent	21,600,000	22,384,651
Embakasi House Rent	954,400	959,000
Miritini House Rent	2,859,000	2,660,000
Bamburi House Rent	1,920,000	1,820,000
Nyali House Rent	4,170,000	4,190,000
Water Recovery - Payroll	786,000	814,700
Other Rent, Water & Electricity	2,064,579	1,105,738
Non-Staff Rent	2,553,500	2,724,002
Total Rental Revenue	36,907,479	36,658,091

The Authority has institutional houses that accommodate its officers in the Nairobi and Mombasa Stations. It also has a lease arrangement for a restaurant facility in its Aviation House Headquarters.

19.11 Finance Income	2025	2024
	Kshs	Kshs
Interest Income - Current Bank Accounts	205,933,957	181,037,574
Interest Income - Staff Mortgage Bank Account	2,573,699	4,968,248
Total Finance Income	208,507,656	186,005,822

This entails interest from current bank accounts and from a mortgage bank facility.

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19.12 Other Income	2025	2024
	Kshs	Kshs
Interest on Salary Advances	24,947	3,927
Commission on Payroll Deductions	749,291	731,875
Miscellaneous Receipts	2,545,798	1,253,792
Total Other Income	3,320,036	1,989,594
Total Revenue	11,256,319,501	12,830,411,929

These relates to receipts from non-core functional areas and other miscellaneous related revenues notably for capacity building (interns, attachees, regional sister bodies and reports).

19.13 Use of Goods & Services	2025	2024
	Kshs	Kshs
Electricity Expenses	58,105,463	63,552,760
Water & Sewerage Expense	8,157,709	8,496,484
Security Services	76,697,613	72,285,535
Subscription to International Organisations	82,252,572	91,204,335
Subscription to Professional Bodies	1,647,211	2,858,390
Subscription to Publications	4,742,425	4,566,676
General Training	188,520,807	142,666,153
Training Levy	594,600	430,650
Seminars, Workshops & Conferences	3,443,757	64,706,649
Local Travel	78,393,154	78,894,131
International Travel	96,836,699	121,594,398
Secondments Programmes	16,826,271	17,427,421
EAC & Other Aviation Bodies Activities	11,042,469	30,881,621
Deployment ICAO Mission of the Republic of Kenya	23,073,224	26,563,325
Environment & CORSIA Programme	16,669,800	12,342,452
Certification of Aerodromes & ANS Facilities	16,689,452	16,570,406
Continuous Oversight Surveillance & Regulations	56,360,530	60,476,722
ICAO Universal Safety Oversight Audit Programme	8,821,861	10,826,470
Accident Investigation, Search & Rescue	20,760,120	3,644,655
HIV/AIDS, Drug Abuse, Gender & Disability	2,079,724	5,647,726
Integrity & National Values Programmes	365,354	3,566,542
Implementation of Safety Management System	5,560,971	4,995,374
Implementation of State Safety Programme	3,531,095	4,179,045

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ISO Related Activities	1,469,237	5,899,483
Implementation of Risk Management Framework	1,174,347	7,173,702
Corporate Social Responsibility	1,628,431	28,310,332
ICAO Universal Security Audit Programme	4,708,753	3,095,527
Unmanned Aircraft Systems (UAS) -RPAS Oversight	3,146,341	2,612,693
Occupational Safety & Health Administration	435,946	1,806,984
Innovation, Research and Development Activities	2,310,950	15,113,873
National Civil AVSEC Committee Activities	1,039,410	2,176,900
Projects Management & Monitoring	490,300	833,689
Recruitment Costs	-	3,578,451
National Air Transport Facilitation Programme	1,081,249	1,976,253
Knowledge Management Programme	83,411	-
Road Safety Mainstreaming Activities	353,482	-
One Stop Security Validation	4,302,755	-
Funeral Expenses	298,000	300,422
Staff Welfare	20,744,460	29,016,014
Official Entertainment	1,892,442	2,900,348
Group Life Insurance	37,190,953	48,692,477
Group Personal Accident Insurance	11,992,159	-
Aviation Staff Insurance	31,086,146	30,427,054
Office Equipment Insurance	9,416,857	10,242,317
Motor Vehicle Insurance	3,949,561	3,184,417
Work Injury Benefit Act (WIBA) Insurance	7,071,709	5,482,620
Hire of Transport, Plant & Machinery	1,052,794	1,366,267
Uniform and Clothing	6,205,820	4,474,020
Sports Expenses	5,806,170	22,027,663
Telephone Expenses	18,377,536	19,530,656
Cooking Gas & Fuel	2,707,094	3,351,300
Postal, EMS & Courier Services	1,264,011	1,349,147
Rents & Rates	11,828,479	11,802,612
Cleaning Services	54,240,653	34,820,457
Drugs & Dressings (Medicines & First Aid Kits)	156,309	38,171
Fungicides & Spray (Pest Control)	673,356	971,226
Library Expenses	999,990	2,658,351
Internet Related Expenses	12,768,882	21,126,067

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Dedicated Leased Lines & Communication Frequencies	6,860,496	8,791,808
Legal Expenses	28,870,158	38,225,974
External Audit Expenses	1,293,103	1,500,000
Advertisement Publicity & Photography	16,452,976	43,577,448
Public Relations / Show Expenses	766,549	7,729,999
Events & Anniversaries	1,000,000	56,852,788
KRA Agency Collection Costs (Fees)	1,831,331	25,719,118
Bank Charges - Fees and Commissions	2,365,012	3,822,716
General Provision- Doubtful Debts	139,467,622	106,087,315
Specific Provision - Doubtful Debts	-	77,253,718
Consumables	25,034,037	36,297,166
Publishing and Printing	3,038,354	15,795,936
Office Stationery	9,944,174	18,916,197
Food & Rations	72,481,746	59,092,545
Fuel Expenses	23,328,067	22,958,348
Student Academic Activities	5,952,260	4,236,928
Curriculum Design & Development	4,928,040	4,947,200
Hostel & Conference	3,913,188	7,386,570
Graduation Expenses	2,556,893	3,476,108
Students Welfare (Laboratory, Dispensary)	532,489	1,095,923
Total Use of Goods & Services	1,393,737,369	1,718,481,218
19.14 Employee Costs	2025	2024
	Kshs	Kshs
Salaries & Wages	2,562,351,441	2,501,123,309
Employer Contributions to Health Insurance Schemes	156,389,263	166,940,957
Employer Contributions to Pension Schemes	235,939,412	219,441,432
Housing and Other Benefits	322,146,557	322,701,101
Service Gratuity	61,778,639	57,447,590
Ex-Gratia Expenses	3,490,286	4,174,911
Total Employee Costs	3,342,095,598	3,271,829,300
The increase in 2024/25 period is attributable to annual increment (basic salary) and filling of a few vacant positions during the year.		
19.15 Board Expenses	2025	2024
	Kshs	Kshs
Chairman's Honoraria	960,000	960,000

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Board Sitting Allowance	7,660,000	6,088,000
Board Mileage	3,895,349	8,624,025
Board Lunch Allowance	949,729	826,955
Board Accommodation and Subsistence	4,765,600	15,365,069
Board Induction & Training Expenses	4,272,845	2,786,767
Board Travelling Expenses	4,537,655	8,916,369
Board Telephone & Postage	828,100	1,229,132
Total Board Expenses	27,869,278	44,796,317

Variation from previous financial year relates to board transition that led to decrease in induction, training costs, travelling and sitting allowances in that period.

19.16 Depreciation & Amortization Expenses	2025	2024
	Kshs	Kshs
Property, Plant and Equipment	980,929,069	724,207,075
Intangible Assets	145,220,720	139,853,491
Total Depreciation and Amortization	1,126,149,789	864,060,566

Various projects and capital items were completed and commissioned during the period under review

19.17 Repairs & Maintenance	2025	2024
	Kshs	Kshs
Property & Staff Houses	95,229,700	48,060,755
Equipment and Machinery	425,465,943	335,692,931
Motor Vehicles	9,852,367	10,257,023
Computers, Accessories and ICT Infrastructure	94,606,453	125,812,265
Others (Roads, Water & Sewerage)	-	5,142,150
Total Repairs and Maintenance	625,154,463	524,965,124

Increase in current period is majorly of maintenance of air navigation service provision equipment as service level agreements took effect on a number of equipment and systems after expiry of warranty periods.

19.18 Contracted Services	2025	2024
	Kshs	Kshs
Hire of Resource Persons	76,214,778	70,471,565
Hire of Satellite Links	16,311,514	19,400,021
Contracted Professional Services	39,505,985	90,416,349
Flight Calibration	48,232,350	54,168,478
Total Contracted Services	180,264,627	234,456,413

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Reduced spending under contracted services in light of the engagements that were budgeted and approved for spending.

19.19 Finance Costs

	2025	2024
	Kshs	Kshs
Interest on Long-term Loans (NCTIP)	8,529,792	11,154,343
Interest on Long-term Loans (KTSSP)	44,305,624	48,849,790
Total Finance Costs	52,835,416	60,004,133

The reduction in finance costs is consistent with the loan interest terms which are based on reducing balance. The Principal Loan Repayment is also being done concurrently.

19.20 (a) Gain on Sale of assets

	2025	2024
	Kshs	Kshs
Proceeds from Disposal of Assets	1,423,557	310,846
Cost/Revaluation	1,436,000	3,296,151
Accumulated Depreciation	(305,333)	(3,296,151)
Net Book Value	1,130,667	-
Gain on Sale of Assets	292,890	310,846

Few assets were disposed during the period which were also fully depreciated.

19.20 (b) Loss on Foreign Exchange Transactions

	2025	2024
	Kshs	Kshs
Foreign Exchange Loss	3,155,627	186,517,377
	3,155,627	186,517,377

Increase attributable to the dollar rate fluctuations. These affected creditors, debtors and cash books that are US Dollar and Canadian Dollar denominated.

19.21 (a) Amortization of Capital Grant

	2025	2024
	Kshs	Kshs
Amortization of Capital Grant	3,420,000	3,420,000
	3,420,000	3,420,000

The Authority was given a grant of Kshs. 136.8 million to construct the Regional Centre for Aviation Medicine.

19.21(b) Amortization of Debtors

	2025	2024
	Kshs	Kshs
Amortization of Debtors - General	-	-
Amortization of Debtors - Specific	199,140,116	-
	199,140,116	-

There was a decrease in specific provision for bad and doubtful debts during the year under review

19.21(c) Amortization of Accrued Leave Days	2025	2024
	Kshs	Kshs
Amortization of Accrued Leave Days	9,238,928	65,096,673
	9,238,928	65,096,673

Most officers were able to utilize their leave days during the year.

19.22 Remission to National Treasury

In accordance with section 219 (c) and the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per cent of its surplus funds reported in their audited financial statements after the end of each financial year. In line with this legal requirement the Authority remitted Kshs 4,464,903,890.

The Surplus Remission has been computed as follows:

Description	2025	2024
	Kshs	Kshs
Surplus for the Period	4,717,149,268	5,994,128,999
Less: Allowable Deductions by National Treasury	-	-
Surplus before Remission to National Treasury	4,717,149,268	5,994,128,999
90% Computation	(4,245,434,341)	(5,394,716,099)
Remittance to National Treasury 2022/23FY	-	300,130,000.00
Remittance to National Treasury 2023/24FY	-	450,000,000.00
Amount Due to the National Treasury (2023/24)	(4,245,434,341)	(4,644,586,099)
Transfer to Retained Earnings	471,714,927	1,349,542,900

Surplus Remission Payable

Description	2025	2024
	Kshs	Kshs
Payable at the Beginning of the year	4,644,586,099	4,424,689,191
Surplus Remittable in 2023/24FY	317,791	-
Paid during the year	(4,644,903,889)	(4,420,981,790)
Surplus Overpayment 2022/23FY	-	(2,726,231)
Surplus Overpayment 2020/21FY	-	(663,380)
Payable at the end of the year	-	317,790

In addition to the amount payable, the Authority paid Ksh 317,790, an amount that was not remitted in the financial year 2023/24.

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19.23 Cash & Cash Equivalents	2025	2024
	Kshs	Kshs
Current Account	4,185,586,882	4,114,866,423
Staff Mortgage	55,623,783	114,562,156
Others (Station Cash& Bank)	2,666,825	3,710,092
Total Cash and Cash Equivalents	4,243,877,490	4,233,138,671

The closing balances did not change much due to increased remittances to the exchequer and the Kenya Revenue Authority.

19.23(a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution & Account Number	2025	2024
(i) Current Account	Kshs	Kshs
KCB Current A/C No. 1210005522	792,884	5,966,783
KCB Dollar A/C No. 1331560683	255,629,125	-
KCB Call A/C No. 1210001942	597,882,336	407,751,864
EASA KCB Expenditure A/C No. 1216797889	3,397,569	7,601,401
EASA KCB Call A/C No. 1216797714	3,028,968	1,578,512
CfC Stanbic -A/C No. 0100000351727	118,846,414	43,595,945
CFC Stanbic Call No. 0100000316347	11,170,880	27,893,589
CFC Stanbic Dollar - No. 0100001937639	2,113,473,315	2,438,530,417
Stanchart A/C, No. 0108098898400	104,271,361	102,138,546
NCBA Dollar A/C No. 6514690019	779,785,544	904,866,044
EASA Dollar A/C - Equity No. 0180299978478	130,299,784	111,645,015
EASA KES A/C - Equity No. 0180263498882	3,263,634	775,063
KTSSP-NBK A/C No. 01001084895000	5,023,009	4,920,117
Expenditure Account- NBK No. 01003058447500	21,660,996	21,660,996
Revenue Account-NBK, No. 01003058447600	34,840,698	34,238,506
EASA Expenditure A/C- NBK No. 010058420600	397,081	397,081
EASA Revenue, NBK No.010058710400	1,823,284	1,306,544
Sub-Total Current Account	4,185,586,882	4,114,866,423
(ii) Staff Mortgage		
Kenya Commercial Bank A/C No. 1159226555	55,623,783	114,562,156
Sub-Total Staff Mortgage	55,623,783	114,562,156
(iii) Others		
Stations Cash & Bank	2,666,825	3,710,092
Sub-Total Others	2,666,825	3,710,092
Total Cash and Cash Equivalents	4,243,877,490	4,233,138,671

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19.24 Prepayments	2025	2024
	Kshs	Kshs
Insurance	196,928,011	196,555,575
Subscriptions	12,227,130	10,758,714
	209,155,141	207,314,289

19.25 Receivables from Exchange Transactions	2025	2024
	Kshs	Kshs
Domestic Operators	1,707,899,233	1,457,009,351
Foreign Operators	1,013,295,475	1,557,557,403
Student Debtors	65,643,741	49,751,756
Total Gross Current Receivables	2,786,838,449	3,064,318,510
Less: General Provision for Bad and Doubtful Debt	(374,597,198)	(235,129,576)
Less: Specific Provisions for Bad and Doubtful Debt	(275,916,608)	(475,056,724)
Total Net Current Receivables	2,136,324,643	2,354,132,210

Reduced current receivables during the period as the dollar stabilized and more cash was collected during the year

19.25 (a) Ageing Analysis for Receivables from Exchange Transactions

	2025	
	Kshs	
	Amount	% of the total
Less than 1 Year	1,663,552,412	59%
Between 1-2 Years	638,303,595	23%
Between 2-3 Years	19,289,577	1%
Over 3 Years	465,692,865	17%
Total Net Current Receivables	2,786,838,449	100%

19.26 Receivables from Non - Exchange Transactions

	2025	2024
	Kshs	Kshs
Staff Imprest	438,885	602,065
Salary Advance	402,649	2,000
Medical Excess	1,868,947	4,783,893
Rent Receivable	6,100	18,000
Staff Surcharge	1,737,817	82,261
Station Imprest	2,187,115	2,187,115

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Staff Mortgage Receivable	648,711,815	586,414,517
Interest Receivable	-	785,226
Non-Staff Rent	574,150	478,500
Total	655,927,478	595,353,577

19.26(a) Ageing Analysis for Receivable from Non-Exchange Transactions

	2025	
	Kshs	
	Amount	% of the total
Less than 1 Year	131,242,164	20%
Between 1-2 Years	150,379,618	23%
Between 2-3 Years	60,550,050	9%
Over 3 Years	313,755,646	48%
Total	655,927,478	100%

19.27 Inventories

	2025	2024
	Kshs	
Consumables	14,907,125	12,510,031
Publishing and Printing	5,666,587	4,738,005
Office Stationery	5,868,432	6,788,389
Food & Rations	5,150,544	2,652,003
Fuel	5,811,429	199,441
Total inventories	37,404,117	26,887,869

These are consumable items that are kept in the various storage facilities for the Authority in order to facilitate service delivery.

Detailed disclosure on inventories are as follows:

Detailed Disclosure on Inventories	2025
	Kshs
Opening Balance	26,887,869
Addition Inventory in the Year	71,285,251
Inventory Expensed in the Year	(60,769,003)
Closing Balance	37,404,117

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19.28 (a). PROPERTY, PLANT & EQUIPMENT MOVEMENT SCHEDULE

	Air Navigation Equipment	Land	Buildings	Motor Vehicles	Plant & Other Equipment	Computer Hardware	Furniture & Fittings	WIP	Grand Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost/Revaluation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July 2023	4,023,548,192	11,497,950,000	3,599,461,572	280,568,139	514,530,798	473,640,350	255,179,963	881,569,470	21,526,448,484
Opening Balance Write Down	(4,023,548,192)	(11,497,950,000)	(3,599,461,572)	(280,568,139)	(514,518,299)	(471,437,199)	(254,099,463)	-	(20,641,582,864)
Disposals	-	-	-	-	(12,500)	(2,203,151)	(1,080,500)	-	(3,296,151)
Revaluation	2,751,549,030	14,458,550,000	3,287,931,988	211,440,000	326,741,273	297,716,410	132,928,352	-	21,466,857,053
Additions	178,725,664	-	14,046,501	484,474	28,458,733	268,481,829	1,990,218	997,274,700	1,489,462,119
Transfers Adjustments	118,727,647	-	7,910,450	-	-	22,254,785	-	(148,892,882)	-
As at 30th June 2024	3,049,002,341	14,458,550,000	3,309,888,939	211,924,474	355,200,005	588,453,024	134,918,570	1,729,951,288	23,837,888,641
Disposals	-	-	-	(1,300,000)	-	(136,000)	-	-	(1,436,000)
Additions	761,939,956	-	32,772,626	-	21,770,648	46,074,787	-	501,519,340	1,364,077,357
Transfers Adjustments	1,174,846,845	-	25,912,784	-	6,572,000	122,559,085	-	(1,329,890,714)	-
As at 30th June 2025	4,985,789,142	14,458,550,000	3,368,574,349	210,624,474	383,542,653	756,950,896	134,918,570	901,579,914	25,200,529,998
Depreciation & Impairment									
At 1st July 2023	1,698,272,013	-	400,996,369	244,234,097	386,538,039	398,348,820	216,130,831	-	3,344,520,169
Opening Balance Write Down	(1,698,272,013)	-	(400,996,369)	(244,234,097)	(386,525,539)	(396,145,669)	(215,050,331)	-	(3,341,224,018)
Disposals	-	-	-	-	(12,500)	(2,203,151)	(1,080,500)	-	(3,296,151)
Depreciation	304,900,234	-	82,747,223	42,384,895	71,040,001	196,151,008	26,983,714	-	724,207,075
As at 30th June 2024	304,900,234	-	82,747,223	42,384,895	71,040,001	196,151,008	26,983,714	-	724,207,075
Disposals	-	-	-	(260,000)	-	(45,333)	-	-	(305,333)
Depreciation	498,578,909	-	84,214,330	42,124,895	76,708,525	252,318,692	26,983,718	-	980,929,069
At 30th June 2025	803,479,143	-	166,961,553	84,249,790	147,748,526	448,424,367	53,967,432	-	1,704,830,811
NET BOOK VALUE									
As at 30th June 2024	2,744,102,107	14,458,550,000	3,227,141,716	169,539,579	284,160,004	392,302,016	107,934,856	1,729,951,288	23,113,681,566
As at 30th June 2025	4,182,309,999	14,458,550,000	3,201,612,796	126,374,684	235,794,128	308,526,529	80,951,138	901,579,914	23,495,699,188

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19.29 Intangible Assets		
Description	2025	2024
	Kshs	Kshs
Cost		
At the Beginning of the Year	436,486,874	401,300,223
Opening Balance Write Down	-	(401,300,223)
Revaluation	-	379,908,577
Additions During the Year	16,101,649	37,646,258
	452,588,523	417,554,835
Additions - Internal Development	-	2,005,639
Additions - Work In Progress	-	16,926,400
At the End of the Year	452,588,523	436,486,874
Amortizations & Impairment		
At the Beginning of the Year	139,853,491	379,120,072
Opening Balance Write Down	-	(379,120,072)
Amortization	145,220,721	139,853,492
At the End of the Year	285,074,212	139,853,492
At the End of the Year	285,074,212	139,853,492
NBV	167,514,311	296,633,382

19.29(a) Work in Progress – Intangible Assets

	Project Description	Supplier/Vendor	2025	2024
			Kshs	Kshs
1	EASA Integrated Student Management System	Appkings Solutions Limited	-	16,926,400
	Total		-	16,926,400

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19.30 Trade & Other Payables	2025	2024
	Kshs	Kshs
Trade Creditors - Local	792,251,768	675,936,536
Trade Creditors - Foreign	190,998,845	243,159,947
Third Party Claims	45,144,742	112,957,174
Stale and Unpaid Cheques	4,344,767	6,132,808
Collaboration Fees	8,900,077	3,288,640
Student Association Fees	875,345	1,389,387
External Examination Fees	606,854	2,125,629
Student Excursions	14,024,039	8,851,637
Caution Money	3,376,174	2,594,618
KUCCPS Placement Fees	1,021,500	995,500
Student Industrial Attachment	10,895,913	7,262,913
VAT Output/Input	(20,962,676)	93,544,770
Vat Input	(4,855,182)	-
VAT Withheld A/C	10,410,090	23,667,245
Withholding Tax	3,618,791	-
Total Trade and Other Payables	1,060,651,047	1,181,906,804

**19.30 (a) Ageing Analysis
for Trade and Other
Payables**

	2025		2024	
	Kshs		Kshs	
	Amount	% of the total	Amount	% of the total
Under one Year	791,202,631	74%	496,202,726	41%
1-2 Years	17,196,513	2%	278,138,536	24%
2-3 Years	79,765,233	8%	220,070,364	19%
Over 3 Years	172,486,670	16%	187,495,178	16%
Total	1,060,651,047	100%	1,181,906,804	100%

19.31 Refundable Deposits from Customers	2025	2024
	Kshs	Kshs
Consumer Deposits (Operators and Tenants)	15,085,018	14,105,343
Total Refundable Deposits	15,085,018	14,105,343

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19.31 (b) Ageing Analysis: Refundable Deposits	2025		2024	
	Kshs Amount	Kshs % of the total	Kshs Amount	% of the total
Under 1 Year	979,675	6%	-	0%
1-2 Years	-	0%	-	0%
2-3 Years	-	0%	163,000	1%
Over 3 Years	14,105,343	94%	13,942,343	99%
Total	15,085,018	100%	14,105,343	100%

19.32 Employee Benefits Obligations	2025	2024
	Kshs	Kshs
Net Salary	5,280,591	3,980,488
Payroll Deductions-Cheques	-	113,267
Payroll Deductions EFT	67,218,943	74,729,317
Staff Claims	1,161,811	10,150,878
EASA Housing Levy	-	179
Board Liability	-	225,465
PAYE Board of Directors	141,000	242,000
EASA NHIF	38,015	-
EASA NSSF	15,095	1,101
EASA Bank Loans	-	9,944
EASA Insurance Deductions		(50,594)
Service Gratuity Liability	112,543,848	89,988,620
Leave Provision	54,082,450	63,321,378
Others: PAYE Others	709,083	942,930
Total Employees Benefits Obligation	241,190,836	243,654,973

19.33 Current Portion of Borrowing	2025	2024
	Kshs	Kshs
NCTIP	52,491,025	52,491,026
KTSSP	129,833,330	129,833,330
Balance at End of Period	182,324,355	182,324,356

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19.34 Current Provisions

Description	National Treasury Kshs	Ex- Staff Kshs	Total Kshs
Balance as at 1st July 2023	4,430,096,020	258,676,220	4,688,772,240
Additional Provisions during the year	4,644,586,099	-	4,644,586,099
Surplus Payments during the year	(4,420,981,789)	-	(4,420,981,789)
2020/21FY Surplus Overpayment	(663,380)	-	(663,380)
2022/23 FY Surplus Overpayment	(2,726,231)	-	(2,726,231)
Domestic Air Navigation Service Charge VAT Assessment Liability Write Back	(5,406,830)	-	(5,406,830)
Balance as at 30th June 2024	4,644,903,889	258,676,220	4,903,580,109
Balance as at 1st July 2024	4,644,903,889	258,676,220	4,903,580,109
Additional Provisions for the year	4,245,434,341	-	4,245,434,341
Surplus Payments during the year	(4,644,903,889)	-	(4,644,903,889)
Balance as at 30th June 2025	4,245,434,341	258,676,220	4,504,110,561

19.35 (a) Borrowings

	2025 Kshs	2024 Kshs
NCTIP	78,736,538	131,227,564
KTSSP	1,038,666,641	1,168,499,972
Balance at End of Period	1,117,403,179	1,299,727,536

19.35 (b) Borrowings

	2025 Kshs	2024 Kshs
External Borrowing		
Balance at the Beginning of the Period	1,299,727,535	1,482,051,891
Repayments of External Borrowing During the Period	(182,324,356)	(182,324,356)
Balance at the End of the Period	1,117,403,179	1,299,727,535

19.36 Revaluation Reserve

	2025 Kshs	2024 Kshs
Opening Balance	12,851,109,613	8,326,882,978
Add: Accumulated Depreciation & Amortization 30th June 2023	-	3,720,344,091
Add: Revaluation 2023/24 Financial Year	-	21,846,765,630

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Less: Cost as at 30th June 2024 - (21,042,883,086)

Total Revaluation Reserves **12,851,109,613** **12,851,109,613**

19.37 Government Grants

	2025	2024
	Kshs	Kshs
Opening Balance	126,540,000	129,960,000
Less: Amount Amortised During the Year	(3,420,000)	(3,420,000)
Total Govt Grants	123,120,000	126,540,000

The Authority received a grant of Kshs 136.8 Million from GOK to construct the Regional Centre for Aviation Medicine.

19.38 Accumulated Surplus

	2025	2024
	Kshs	Kshs
Opening Balance	10,024,192,832	9,166,939,194
Add: Surplus for the period	471,714,927	1,349,542,900
Domestic Air Navigation Service Charge VAT Assessment Liability Write Back	-	5,406,830
2020/21FY Surplus Overpayment	-	663,380
2022/23 FY Surplus Overpayment	-	2,726,231
Less: Rationalized Budget Recall by TNT	-	(450,000,000)
Less: VAT Tax Arrears Settlement	-	(51,085,703)
Total Accumulated Surplus at the End of the Period	10,495,907,759	10,024,192,832

19.39 General Reserves

	2025	2024
	Kshs	Kshs
Opening Balance	-	-
Additions During the Year	355,000,000	-
	355,000,000	-

19.40 Surplus (Retained Earnings) Adjustments

	2025	2024
	Kshs	Kshs
Domestic Air Navigation Service Charge VAT Assessment Liability Write Back	-	5,406,830
2020/21FY Surplus Overpayment	-	663,380
2022/23 FY Surplus Overpayment	-	2,726,231
Rationalized Budget Recall by TNT	-	(450,000,000)

VAT Tax Arrears Settlement	-	(51,085,703)
Surplus (Retained Earnings) Adjustments	-	(492,289,262)

19.41. Licenses and Permits Cash flows	2025	2024
Total Licenses, Permits, Fines & Clearances as per performance	555,894,180	574,187,891
Add: Receivables (Non-Exchange) Previous Year	595,353,577	517,138,560
Add: Prepayments Previous Year	207,314,289	208,730,763
Less: Receivables (Non-Exchange) for Current Year	(655,927,478)	(595,353,577)
Less: Prepayment for Current Year	(209,155,141)	(207,314,289)
Total Licenses, Permits, Fines & Clearances as per cash flow	493,479,427	497,389,348

19.42 Rendering of Services Cash flow	2025	2024
Total Revenue from the Rendering of Services	7,344,682,357	8,077,799,034
Add: Exchange Receivables from Previous year	2,354,132,210	1,604,786,527
Less: Exchange Receivables from Current Year	(2,135,731,318)	(2,354,132,210)
Total Revenue from the Rendering of Services for Cash flow	7,563,083,249	7,328,453,351

19.43 Use of Goods & Services Cash Flows	2025	2024
	Kshs	Kshs
Total Use of Goods & Services as per performance	1,393,737,369	1,718,481,218
Add: Current Year Inventory	37,404,117	26,887,869
Less: Previous Year Inventory	(26,887,869)	(20,000,375)
Add: Trade and Other Payables for Previous Year	1,181,906,804	884,439,088
Less: Trade and Other Payables for Current Year	(1,060,651,047)	(1,181,906,804)
Add: Employee Benefits for Previous Year	243,654,973	207,488,703
Less: Employee benefits for current year	(241,190,836)	(243,654,973)
Add: Current Provisions for Previous Year	4,903,580,109	4,688,772,241
Less: Current Provisions for Current Year	(4,504,110,561)	(4,903,580,109)
Add: Refundable Deposits from Customers for Previous year	14,105,343	14,105,343

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Less: Refundable Deposits from Customers for Current Year	(15,085,018)	(14,105,343)
Add: Loss on Foreign Exchange Transactions	3,155,627	186,517,377
Less: Amortization of Debtors	(199,140,116)	-
Less: Amortization of Accrued Leave Days	(9,238,928)	(65,096,673)
Total Use of Goods as per Cashflows	1,721,239,967	1,298,347,562

19.44 Cash Generated from Operations	2025	2024
	Kshs	Kshs
Cash from Operating Activities		
Surplus for the Year before 90% Remittance	4,717,149,268	5,994,128,999
Interest Expense	52,835,416	60,004,133
Interest Income on Bank Balances	(208,507,656)	(186,005,822)
Adjusted for :		
Increase in Provision for Doubtful Debts	(59,672,494)	183,341,033
Depreciation of Property, Plant & Equipment	980,929,069	724,207,075
Amortization of Intangible Assets	145,220,720	139,853,491
Amortization of Capital Grant	(3,420,000)	(3,420,000)
Gain on Sale of Assets	(292,890)	(310,846)
Operating profit before working Capital changes	5,624,241,433	6,911,798,063
(Increase)/Decrease in Prepayments	(1,840,852)	1,416,473
(Increase)/Decrease in Receivables (Exchange Transactions)	277,480,061	(932,686,716)
(Increase)/Decrease in Receivables (Non-Exchange Transactions)	(60,573,901)	(78,215,017)
(Increase)/ Decrease in Inventories	(10,516,248)	(6,887,495)
Increase/ (Decrease) in trade and other Payables	(121,255,757)	297,467,717
Increase/(Decrease) in Refundable Deposits	979,675	-
Increase/(Decrease) in Employee Benefits Obligations	(2,464,137)	36,166,270
Increase/(Decrease) in Current Provisions	(399,469,548)	214,807,868
Net Cash from Operating Activities	5,306,580,726	6,443,867,163

19.45. FINANCIAL RISK MANAGEMENT

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

The Authority's financial risk management objectives and policies are detailed below:

(i) Credit Risk

The Authority 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.

Management assesses the credit quality of each customer, taking into account 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 the Authority's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Authority'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 30 June 2025				
Receivables from Exchange Transactions	2,786,838,449	2,510,921,840	275,916,609	-
Receivables from Non-Exchange Transactions	655,927,478	653,740,363	2,187,115	-
Bank Balances	4,243,877,490	4,243,877,490	-	-
Totals	7,686,643,417	7,408,539,693	278,103,724	-
As at 30 June 2024				
Receivables from Exchange Transactions	3,064,318,510	2,589,261,786	475,056,724	-
Receivables from Non-Exchange Transactions	802,667,867	800,480,752	2,187,115	-
Bank Balances	4,233,138,671	4,233,138,671	-	-
Totals	8,100,125,048	7,622,881,209	477,243,839	-

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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 the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Authority's has significant concentration of credit risk on amounts due from Kenya Airways Plc. The Board of Directors sets the Authority'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 the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company 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.

Description	Less than 1 Month	Between 1-3 months	Over 5 Months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Trade Payables & Other Payables	660,621,755	201,177,957	198,851,335	1,060,651,047
Current Portion of borrowings			182,324,355	182,324,355
Provisions		4,504,110,561	-	4,504,110,561
Refundable Deposits from Customers			15,085,018	15,085,018
Employee Benefit Obligation			241,190,836	241,190,836
Total	660,621,755	4,705,288,518	637,451,544	6,003,361,817
As at 30 June 2024				
Trade Payables	389,540,643	342,124,821	187,643,331	919,308,796
Current Portion of borrowings			182,324,356	182,324,356
Provisions				
Employee Benefit Obligation			243,654,973	243,654,973
Total	389,540,643	342,124,821	613,622,660	1,345,288,124

(iii) Market risk

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The Board has put in place an internal audit function to assist it in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

There has been no change to the Authority's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign Currency risk

The Authority 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.

The carrying amount of the Authority's 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 June 2025			
Financial Assets			
Cash	964,689,722	3,279,187,768	4,243,877,490
Debtors	1,773,542,974	1,013,295,475	2,786,838,449
Total Financial Assets	2,738,232,696	4,292,483,243	7,030,715,939
Financial Liabilities			
Trade & Other Payables	869,652,202	190,998,845	1,060,651,047
Borrowings	1,117,403,179	-	1,117,403,179
Total Financial Liabilities	1,987,055,381	190,998,845	2,178,054,226
Net Foreign Currency Asset/(Liability)	751,177,315	4,101,484,398	4,852,661,713

Description	In Kshs	Other Currencies	Total
	Kshs	Kshs	Kshs

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As at 30 June 2024			
Financial Assets			
Cash	771,093,769	3,462,044,902	4,233,138,671
Debtors	1,506,761,106	1,557,557,403	3,064,318,509
Total Financial Assets	2,277,854,875	5,019,602,305	7,297,457,180
Financial Liabilities			
Trade & Other Payables	938,746,857	243,372,259	1,182,119,116
Borrowings	1,299,727,535	-	1,299,727,535
Total Financial Liabilities	2,238,474,392	243,372,259	2,481,846,651
Net Foreign Currency Asset/(Liability)	39,380,483	4,776,230,046	4,815,610,529

Foreign Currency Sensitivity Analysis

Description	Change in Currency Rate	Effect on Profit before tax	Effect on Equity/ Net Assets
	Kshs	Kshs	Kshs
2025			
Euro	10%	-	-
USD	10%	(354,200)	3,870,619
2024			
Euro	10%	-	-
USD	10%	(18,668,644)	3,870,621

The Authority 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.

b) Interest rate risk

Interest rate risk is the risk that the Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The Authority's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Authority's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iv) Capital Risk Management

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

Capital Risk Management

Description	2025	2024
	Kshs	Kshs
Revaluation Reserve	12,851,109,613	12,851,109,613
Retained Earnings	10,495,907,759	10,024,192,832
Capital Reserve	123,120,000	126,540,000
Total Funds	23,470,137,372	23,001,842,445
Total Borrowings	1,299,727,535	1,482,051,891
Less: Cash and Bank Balances	4,243,877,490	4,233,138,671
Net Debt/(Excess Cash and Cash Equivalents)	(2,944,149,955)	(2,751,086,780)
Gearing	-13%	-12%

19.46. RELATED PARTY DISCLOSURES

Nature of Related Party Relationship

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over its operating and financial decisions. These include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long term lenders of the entity, both domestic and external. Other related parties' disclosures for the period are;

Related Party Disclosures

Description	2025	2024
Transactions with Related Parties	Kshs	Kshs
a) Sales to Related Parties		

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Sales to -Kenya Airports Authority	7,702,062	-
Totals	7,702,062	-
b) Purchase from Related Parties		
Purchase of Power from Kenya Power & Lighting Company Ltd	58,105,463	63,552,759
Training and Conferences Fees paid to Kenya School of Government	12,204,835	12,554,587
Totals	70,310,298	76,107,346
c) Key Management Compensation		
Directors' Emoluments	27,869,278	44,796,317
Compensation to Key Management	15,544,399	14,319,850
Totals	43,313,677	59,116,167

19.47 Capital Commitments

Description	2025	2024
	Kshs	Kshs
Authorized for		
Authorized and contracted for	526,703,662	1,386,096,790
Totals	526,703,662	1,386,096,790

19.48. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(a) A Summary of the Contingent Assets are as Follows:

(i) Potential Receipts from Kenya Airports Authority:

With reference to the Statute Law (Miscellaneous Amendments) Act, 2014 that came into effect on the 8th December 2014, the Authority has been pursuing up the arrears that may not have been remitted by the KAA over the period since the law came into effect and in addition to changes that were effected in light of the Legal Notice No. 143 dated 14th June 2018. As such, the Authority has been undertaking a reconciliation with the KAA and a team from Kenya Revenue Authority (KRA), with an aim to determine the amounts receivable from the KAA. The Authority has made efforts to follow up the amounts due from the KAA. KAA informed the Authority that they shall report Kshs. 1,893,427,540.25 as payable to KCAA as at 30 June 2025.

(ii) Pending Fraud Case:

This is a criminal Case No. 2840/03 at the Anti-Corruption Court. The case relates to a Kenya Revenue Authority officer who was responsible for collecting Air Navigation charges and is charged with defrauding

KCAA of USD 100,465. These assets have not been recognized in the accounts because there is material uncertainty on their realization.

(b) Contingent Liabilities:

(i) Potential Debts/Claims owed to Suppliers Totalling Ksh 40.32 Million:

Kenya Airports Authority billings for rent and utility charges for the period up to 30 June 2005 amounting to Ksh.40.32 million. Much of this period was a time when the Authority was still a department in the Ministry of Transport and Communications. The amount may increase to Kshs. 83,008,115 once an ongoing reconciliation is finalized. The amount has not been provided for in the financial statements.

(ii) Potential claims arising from dismissed staff:

This is a case involving 68 former employees of the Directorate of Civil Aviation (the predecessor of KCAA) emanating from alleged dismissal of the said employees from public service and malicious prosecution. The case was ruled in favour of the Plaintiffs. KCAA appealed against the judgment and the appeal proceeded for hearing on 7th January, 2014. The Court dismissed KCAA's appeal with costs. The Court of Appeal ordered the matter to be referred back to High Court for assessment of total damages. The High Court delivered the ruling on assessment for 40 plaintiffs out of 67 plaintiffs. The judgment amount in total is Kshs 154,841,140. The Claimants' sought a review. The application for review sought an additional Kshs. 103,835,080. To this extent, the Authority has made a provision of Kshs. 258, 676,220 in its financial statements for the period ended 30th June 2025. KCAA made a review application to review the Court orders to run up to the date when judgment was delivered. The Authority lost the review application to review the Court orders to run up to the date when judgment was delivered in the High court. An appeal has been filed. Awaiting courts directions on the appeal. Ruling for Applicants application for mandamus was set for 30th June 2025. Awaiting opinion from KCAA Advocates on record on concluding the matter.

(iii) Other Claims from former staff

The Authority is facing employee related disputes which are at different stages of litigation. The outcome of this dispute may occasion potential liability to the Authority.

19.49 EVENTS AFTER THE REPORTING PERIOD

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

19.50 ULTIMATE AND HOLDING ENTITY

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The Authority is a State Corporation under the Ministry of Roads and Transport. Its ultimate parent is the Government of Kenya.

19.51 CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

APPENDIX I: 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Basis of Qualified Opinion					
1.0	Inaccuracies in trade and other payables				
	<p>The statement of financial position and as disclosed in Note 19.29 to the financial statements reflects trade and other payables balance of Kshs.1,182,906,804. Included in the balance is an amount of Kshs.43,378,534 owed to Kenya Airports Authority (KAA). However, Kenya Airports Authority (KAA) financial statements revealed receivables of Kshs.102,387,215 from KCAA resulting in an unreconciled balance of Kshs.59,008,681.</p> <p>In the circumstances, the accuracy and completeness of the trade and other payables balance could not be confirmed.</p>	<p>At the time of preparing financial statements for FY 2023-2024, KCAA was not privy to the third-party information that KAA financial statements for the same period indicate that they are owed by KCAA Kshs. 102,387,215 as at 30 June 2024. Now that this information has been brought to its attention by the Office of the Auditor General, the Authority will follow-up with KAA to obtain complete details of accounts owed, services invoiced, specific periods of the debt with a view to reconciling the two amounts.</p>	Director General	Not Resolved	Update on progress to be given during the 2025/26 reporting.
2.0	Lack of ownership documents for assets				
	<p>As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.23,113,681,566. The balance includes an amount of Kshs.10,661,950,000 in respect of various assets without ownership documents.</p>				

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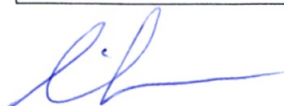
Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)										
	<p>Further, review of land records revealed that four (4) parcels of land belonging to the Authority had been allocated and registered in the names of third parties as shown in the below: -</p> <table border="0" data-bbox="183 981 608 1249"> <tr> <td>Property</td> <td>Acreage</td> </tr> <tr> <td>Mtito-Andei-Ngai Ndeithya Settlement Scheme/161</td> <td>13 acres</td> </tr> <tr> <td>Bamburi Staff Housing</td> <td>Unknown</td> </tr> <tr> <td>Central Stores in Nairobi</td> <td>0.7733 ha.</td> </tr> <tr> <td>East African School of Aviation</td> <td>37 acres</td> </tr> </table> <p>In addition, the Public Investment Committee in its 19th Report recommended that the National Land Commission revoke the titles and revert them to the Authority. In addition, the Committee had previously recommended that the National Land Commission investigate circumstances under which a plot in Nairobi County was transferred from public to private ownership.</p> <p>Management explained that various measures have been taken to secure title deeds while recoveries are being pursued through Courts and good progress has made recovering six (6) out of seventeen (17) parcels of land in Bamburi Staff Housing. However, for the other two, cases, the matters are still pending in court.</p>	Property	Acreage	Mtito-Andei-Ngai Ndeithya Settlement Scheme/161	13 acres	Bamburi Staff Housing	Unknown	Central Stores in Nairobi	0.7733 ha.	East African School of Aviation	37 acres	<p>Management has continued to follow up on ownership documents for its assets with the relevant Government agencies to ensure ownership documents are obtained. The Authority is also engaged in various court processes aimed at recovery of the properties.</p>	<p>Director General</p>	<p>Partially Resolved. The matter in regard to Central Stores in Nairobi has been closed.</p>	<p>Update on progress to be given during the 2025/26 reporting.</p>
Property	Acreage														
Mtito-Andei-Ngai Ndeithya Settlement Scheme/161	13 acres														
Bamburi Staff Housing	Unknown														
Central Stores in Nairobi	0.7733 ha.														
East African School of Aviation	37 acres														

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, the value, existence and ownership of the Authority's land parcels which were irregularly allocated to third parties could not be confirmed.				
Emphasis of Matter					
1.0	Long outstanding receivables from non-exchange transactions				
	<p>The statement of financial position and as disclosed in Note 19.25 to the financial statements reflects receivables from non-exchange transactions balance of Kshs.802,667,86. However, the aging analysis revealed that the receivables amount of Kshs. 593,385,525 or 74% has been outstanding for more than one (1) year. Management explained that this is a result of the staff mortgage scheme which has a tenure of 20 years.</p> <p>In the circumstances, the accuracy and recoverability of the current receivables from exchange transactions could not be confirmed.</p>	The outstanding amount on the mortgage facility is duly secured and the Authority is not exposed to credit risk.	Director General	Resolved	
2.0	Long outstanding receivables from exchange transactions				
	<p>The statement of financial position and as disclosed in Note 19.24 to the financial statements reflects net current receivables from exchange transactions balance of Kshs.2,354,132,209. The receivables aging analysis revealed that an amount of Kshs.1,973,041,455 has been outstanding for over two (2) years. No satisfactory explanation was</p>	<p>Out of the outstanding amount, a significant portion of Kshs.1,534,992,237.75 was due from Kenya Airways Plc. The Authority has continued to engage Kenya Airways Plc to settle the outstanding debt. Further, during the period there</p>	Director General	Not Resolved	Update on progress to be given during the 2025/26 reporting.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	given why the debts have not been recovered. The recoverability of the current receivables from exchange transactions could not be confirmed.	were delays in remittances for revenues collected via eCitizen platform. The Authority continues to engage the eCitizen Secretariat, Ministry of Roads & Transport and National Treasury.			
Other Matter					
1.0	Unresolved prior year matters				
	In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issued were not resolved.	The Authority has continued to progressively address all prior year matters	Director General	Not Resolved	Progress update to be given in the 2025/26 reports



**Emile N. Arao
Director General**

Date: 12/12/2025

APPENDIX II: 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	Statement of Financial Performance	Total Transfers during the Year
			Kshs	Kshs	Kshs
Kenya Airports Authority	05-08-24	Recurrent	478,083,528	478,083,528	478,083,528.00
Kenya Airports Authority	05-08-24	Recurrent	259,060,000	259,060,000	259,060,000.00
Kenya Airports Authority	02-09-24	Recurrent	197,049,803	197,049,803	197,049,803.05
Kenya Airports Authority	28-10-24	Recurrent	420,343,417	420,343,417	420,343,417.30
Kenya Airports Authority	28-10-24	Recurrent	608,810,372	608,810,372	608,810,371.90
Kenya Airports Authority	28-02-25	Recurrent	583,893,391	583,893,391	583,893,391.21
Kenya Airports Authority	14-03-25	Recurrent	559,767,282	559,767,282	559,767,281.50
Total			3,107,007,793	3,107,007,793	3,107,007,793

Appendix III: Reporting of Climate Relevant Expenditures

The Authority fully complies with international and domestic requirements on matters related to the environment. The Authority operates in line with the expectations of diverse global stakeholders and therefore sees environmental protection as a discipline through which the Authority integrates economic, environmental, and social objectives without compromising the ability of future generations to meet their needs. To this end KCAA has created a new department (Environmental Protection Department) within ASSR directorate to implement policies relating to aviation environmental protection in Kenya.

At the international level, KCAA is working together with the global civil aviation community towards reductions of aircraft emissions and reduce the effects of climate change. KCAA has participated in the following meetings:

1. Participated in CAEP online meeting for WG4.
2. Participated and organised a Session on CORSIA, SAF and CORSIA Eligible Fuels for Kenya Stakeholders.
3. Participated in ICAO Climate Week.
4. Two delegates participated in CORSIA Workshop in Dakar Organised by AFCAC and Qatar.
5. Participated in the EU CORSIA AFRICA Workshop in Nairobi on Aviation data Management Systems for CO2 emissions data.
6. Hosted three meetings of the National Steering Committee on Acceleration of Development & Deployment of Sustainable Aviation Fuel (SAF) during the year.
7. Seven delegates from Kenya participated in the Sub-Saharan regional workshop on the environment held in Abidjan.
8. Continued to collaborate with the EASA Project Team under EU-funded ACT-SAF Africa-India Project, where KCAA hosted three meetings.
9. Three delegates participated in the SAF Workshop in LAGOS under ACT_SAF for EU-EASA.
10. Participated in the AFC-ENI SAF Workshop and energy transition at Tamaridi Hotel Nairobi.
11. Participated in ICAO CAEP meeting held in Montreal, Canada.
12. Participated in (UN Climate Change Conference) the 62nd session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) in Bonn, Germany.

Kenya has been participating in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) in the pilot phase since 2021. The scheme aims at contributing to the global aspirations of keeping the global net CO2 emissions from international aviation neutral from 2020 at the same level and attain a target of Net Zero growth in carbon emissions for air transport industry by 2050. This implies that aircraft will increasingly use efficient fuels and Air Navigation Service providers will design routes that do not contribute to increased aircraft emissions. The authority compiled the 2024 CORSIA Emission Data into the ICAO CORSIA Central Registry (CCR) System. The compiled emission report indicates that total CO2 emissions recorded in 2024 for Kenyan aeroplane operators was 1,368,201.1

tonnes, representing an increase of approximately 3.6% from the 1,320,805.55 tonnes recorded in 2023. The graph below illustrates the emission trend for Airlines under the CORSIA thresholds from 2019 to 2024.

To ensure that efforts to protect and conserve the environment in the industry are anchored on a strong legal framework, the Authority developed the following sets of regulations and forwarded to the Ministry for approval; Carbon Offsetting and Reduction Scheme for International Aviation; Environmental Protection - Aircraft Noise; and Aircraft Engine Emissions that were gazetted for public comments and KCAA further developed the Technical Guidance Material (TGM)- Draft Manual of Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) Implementation Standards.

In a move aimed at reducing greenhouse emissions, stopping and reversing deforestation and restoring 10.6 million hectares of deforested and degraded landscapes, the government launched the National Tree Growing Restoration Campaign which targets to plant at least 15 billion trees and increase the country's forest coverage from 12% to 30% by 2032. In response to this initiative, the Board committed to planting 36,000 tree seedlings across various sites within KCAA operational network. For the FY 2024/25, the Authority successfully planted a total of 118,000 trees in different locations during the year which is an increase of 126% against the 52,245 tree seedlings planted in the FY 2023/24.

Appendix IV: Reporting of Disaster Management Expenditure

Programme	Sub Programme	Disaster Type	Category of Disaster Related Activity (response/recovery/mitigation/preparedness)	Expenditure Item	Amount (Kshs)	Comments
Search Mission Coordinators Training	Incident Management Training (IMT(ICS+ JESSIP))	Aviation Rescue Management	Develop Capacity to coordinate and Manage multi agency teams at to undertake the rescue activities at the scene of an aircraft accident.	Training of ten participants in Incident Command System Course (ICSC) at Kesal Base Camp - Meru 24th-30th Sep 2023 and 1st to 7th Oct 2023	565,000.00	All ten officers certified.
“Preventive Search and Rescue”	Mapping of SAR assets, personnel and Resources	Aeronautical Search and Rescue	Undertake preparatory activities in building the capacity of the National Search and Rescue system and collecting data for use in Search and Rescue Mission Coordination	Search and Rescue (SAR) Asset Mapping	78,400.00	SAR Database Updated.
“Preventive Search and Rescue”	Search and Rescue Stakeholders workshop	Aeronautical Search and Rescue	Meet the various stakeholders in Aeronautical search and Rescue to consider various guide and policy documents for approval ((Aeronautical Search and Rescue Standard Operating Procedures(SOP)) and National Aeronautical and Maritime Search and	Conference facility in Nairobi for 55 persons on 18 th December 2023.	209,000.00	Stakeholder engagement process The Workshop was successfully held, SOP and NAMSAR plan approved

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			Rescue plan (NAMSAR Plan).			by stakeholders.
“Preventive Search and Rescue”	Preparation of Aeronautical Search and Rescue Manual	Aeronautical Search and Rescue	Preparation of an overall guide for Aeronautical Search and Rescue Manual for reference in SAR Coordination and Training.	5 full day Conference in Machakos for 4 persons	70,000.00	The conference was held and a draft SAR manual prepared.
International Aeronautical Search and Rescue Collaboration	Africa and Indian Ocean (AFI) Inter-Regional Search And Rescue (SAR) Workshop	Aeronautical Search and Rescue	Development of a consolidated action plan coordinated by ICAO for cooperation and collaboration among AFI countries in Aeronautical Search and Rescue.	Return Ticket and Travel insurance to Luanda Angola for Alfred G. Wagura on 16th June and return 22 nd June 2024	180,775.00	The workshop was successfully held and Kenya was a key facilitator.