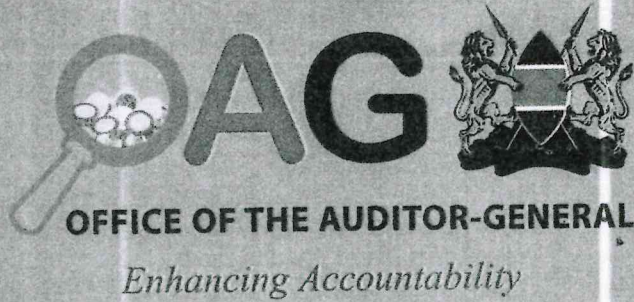


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA INDUSTRIAL ESTATES LIMITED

**FOR THE YEAR ENDED
30 JUNE, 2023**



**KENYA
INDUSTRIAL
ESTATES**



KENYA INDUSTRIAL ESTATES

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

Prepared in accordance with the International Financial Reporting Standards (IFRS)

KENYA INDUSTRIAL ESTATES
Annual Report and Financial Statements for the year ended June 30, 2023

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1. Acronyms and Glossary of Terms

<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>NT</i>	<i>National Treasury</i>
<i>PFM</i>	<i>Public Finance Management.</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>KIE</i>	<i>Kenya industrial Estates</i>
<i>MSMEs</i>	<i>Micro, Small and Medium Enterprises</i>
<i>BETA</i>	<i>Bottom Up Economic Transformation Agenda</i>
<i>GDP</i>	<i>Gross Domestic Product</i>
<i>GOK</i>	<i>Government of Kenya</i>
<i>BAS</i>	<i>Business Advisory Services</i>
<i>DFI</i>	<i>Development Finance Institution</i>
<i>SDG</i>	<i>Sustainable Development Goal</i>
<i>PWD</i>	<i>Persons Living with Disabilities</i>
<i>CSR</i>	<i>Corporate Social Responsibility</i>
<i>SMEs</i>	<i>Small and Medium Enterprises</i>
<i>TAT</i>	<i>Turn Around Time</i>
<i>FY</i>	<i>Financial Year</i>
<i>KICC</i>	<i>Kenyatta International Conference Centre</i>
<i>PhD</i>	<i>Doctor of Philosophy</i>
<i>MBS</i>	<i>Member of Burning Spear</i>
<i>CPA</i>	<i>Certified Public Accountant</i>
<i>CS</i>	<i>Certified Secretary</i>

2. Key Entity Information

(a) Background information

Kenya Industrial Estates Ltd was established as a Limited Liability Company under the Companies Act in 1967. At cabinet level, the company is represented by the Cabinet Secretary for Cooperatives and Micro Small and Medium Enterprises (MSMEs) Development, who is responsible for the general policy and strategic direction of the company. The entity is domicile in Kenya.

(b) Principal Activities

The principal activity of the company is to promote and facilitate industrialisation through the provision of credit facilities, business advisory services and industrial work spaces.

Vision

To lead in the development of vibrant and sustainable Micro, Small and Medium Enterprises in Kenya.

Mission

To empower MSMEs in value addition by providing industrial incubation, affordable finance, and business advisory services to support industrialization for job and wealth creation (in Kenya).

Core Values

The Company upholds the following values;

- Integrity
- Professionalism
- Equity
- Accountability

Acronym: **IPEA**

(c) Directors

The Board of Directors is appointed in line with the Provisions of section 6 of the State Corporations Act (Chapter 446) Laws of Kenya.

The provisions of section 6 provide that the Board shall comprise of:

- a) A Chairman appointed by the President who shall be non-executive unless the President otherwise directs;
- b) The Chief Executive;
- c) The Principal Secretary of the Parent Ministry;
- d) The Principal Secretary to the National Treasury; and
- e) Not more than seven other members not being employees of the state corporation, of whom not more than three shall be public officers, appointed by the Cabinet Secretary.

The appointment is by name and by notice in the Gazette and is for a renewable period of three years or for such shorter period as may be specified in the notice.

The Directors who served the entity during the period were as follows:

No	Name	Position	Date of Appointment
1	Lily Ng'ok	Chairman	Appointed on 10/2/2023
2	Dr. Parmain ole Narikae, PhD, MBS	Managing Director	Appointed on 5/9/2016
3	Ahmed Jibril	Director	Appointed on 26/5/2023
4	Emma Wangari Wainaina	Director	Appointed on 26/5/2023
5	Patricia Chelimo	Director	Appointed on 26/5/2023
6	Rakesh Kumar Bvats	Director	Appointed on 26/5/2023
7	Antony Kaara	Director	Appointed on 26/5/2023
8	Alex Wafula Wamalwa	Director	Appointed on 24/3/2023
9	Nicholas Kamau	Director	Appointed on 29/4/2021
10	Muthoni Kimani	Chairperson	Appointed on 6/10/2021 and left on 10/2/2023
11	Alvin Kibet	Director	Appointed on 05/08/2022 and left on 24/03/2023
12	Ruth Ngobi	Director	Appointed on 05/8/2022 and left on 26/5/2023
13	Parveen Sigei	Director	Appointed on 05/8/2022 and left on 26/5/2023
14	Eng. Elizabeth Odhiambo	Director	Appointed on 05/8/2022 and left on 26/5/2023
15	Anastasia Kamau	Director	Appointed on 05/8/2022 and left on 26/5/2023

(d) Manager-Legal Services & Company Secretary

Ms. Charity Ndeke
P.O. Box 78029-00507
Nairobi.

(e) Registered Officer
KIE Building
Likoni/ Lusingeti road
P.O. Box 78029-00507
Nairobi, KENYA

(f) Corporate Headquarters

P.O. Box 78029-00507
KIE Limited Building
Likoni/ Lusingeti Road
Nairobi, KENYA

(g) Corporate Contacts

Telephone: (254) -20-651348-54
E-mail: admin@kie.go.ke
Website: www.kie.co.ke

(h) Corporate Bankers

1. National Bank of Kenya Ltd
Harambee Avenue
P.O. Box 72866-00200
Nairobi, Kenya
2. Kenya Commercial Bank Ltd
P.O. Box 48400-00100
Nairobi, Kenya
3. Standard Chartered Bank Kenya Ltd
P. Box 30001-00100
Nairobi, Kenya
4. Cooperative Bank of Kenya Ltd
P.O. Box 48231-00100
Nairobi, Kenya

(i) Independent Auditors



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

(ii) Principal Legal Advisers



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

3. The Board of Directors

	Directors	Details
1	 <p data-bbox="395 734 746 835">Her Excellency Lily Ng'ok Chairperson Board of Directors</p>	<p data-bbox="770 342 1425 405">Hon Lily C. Ng'ok is a strong and firm leader with rich experience in various leadership positions.</p> <p data-bbox="770 405 1425 533">She is the Immediate Former Deputy Governor, Kericho County and also the county Minister for Education. In the County, she impacted greatly on the service delivery and transformation of education in the county.</p> <p data-bbox="770 533 1425 660">She is a seasoned educationist having served as dean of students and lecturer at the Kisii University where she contributed immensely to the development of the University.</p> <p data-bbox="770 660 1425 788">Her excellency Lily Ng'ok also has had a celebrated teaching career in various high schools in Kenya. She has also served in other responsible positions including Board Chair and Board member in many schools.</p> <p data-bbox="770 788 1425 1008">She is engaged in various Community activities including sponsoring over 83 high school students and currently sponsoring 30 students, a women leader leading operation okoa mlevi in Bureti Constituency, supporting vulnerable single women. She has also participated in church activities in the women Ministry of SDA church in the Kericho County.</p> <p data-bbox="770 1008 1425 1104">She is also well travelled having visited countries like the USA, Canada, China, Australia, south Africa, Nigeria, Egypt and all the East Africa Countries.</p> <p data-bbox="770 1104 1425 1229">Hon. Ng'ok Holds a Masters Degree (Arts) from the Northwestern University, USA and a Bachelors Degree Arts (Education) from Egerton University. She is also pursuing her PhD studies.</p> <p data-bbox="770 1229 1157 1258">She is married with three children.</p> <p data-bbox="770 1292 1166 1321">She is a non-executive Chairperson</p> <p data-bbox="770 1355 1115 1384">Date of birth 1st January , 1973</p>
2	 <p data-bbox="392 1731 743 1870">Hon. Susan Mang'eni Principal Secretary State Department for Micro, Small, and Medium Enterprises Development</p>	<p data-bbox="770 1424 1425 1664">Hon. Susan Auma Mang'eni is a distinguished Public servant and an advocate for the empowerment of micro, small, and medium enterprises (MSMEs). With a deep commitment to driving economic growth and fostering entrepreneurship, she currently serves as the Principal Secretary in the State Department for Micro, Small and Medium Enterprises.</p> <p data-bbox="770 1664 1425 1870">In her current career, Hon. Susan Auma Mang'eni has demonstrated exceptional leadership and expertise in promoting and supporting the MSME sector. She possesses a wealth of knowledge in business development, policy formulation, and strategic planning, enabling her to effectively address the</p>



		<p>unique challenges faced by small businesses and entrepreneurs.</p> <p>Recognizing the importance of collaboration and partnerships, Hon. Susan Auma Mang'eni has actively engaged with stakeholders from both the public and private sectors to drive inclusive growth and sustainable development. She has been a strong advocate for policy reforms that remove barriers to entry and promote fair competition, ensuring that MSMEs can compete on a level playing field.</p> <p>She is an independent non-executive Director</p>
3	 <p>Dr. Parmain ole Narikae Executive/Managing Director</p>	<p>Date of birth on 7th October, 1978</p> <p>Dr. Parmain ole Narikae is the Managing/Executive Director. He holds Doctorate in Business Administration. He also holds an MBA and Bachelor of Science Degree in Business Administration (First class honors) from United States International University. He has wide experience as a career banker having served in senior leadership position as Chief Manager, General Manager and Executive Director in Co-operative Bank and Chase Bank. He is a member of the Institute of Directors.</p> <p>He is an executive Director</p> <p>He joined on 5th September, 2016.</p>
4	 <p>Emma Wangari Wainaina Director</p>	<p>Date of birth 20th December, 1965</p> <p>Emma Wangari Wainaina is a resourceful and articulate leader with commitment to social, academic and professional development of the society.</p> <p>She holds a bachelor of Commerce Management from Greta University and a higher diploma in Business Administration from the Jomo Kenyatta University of Agriculture and Technology and a higher diploma in Accounting from Zetech College. Madam Emma has vast experience on matters finance and has worked as an accountant in various Enterprises.</p> <p>She is a member of the International Republican Institute's (IRI) flagship youth network, Generation Democracy, a network of 280 members and 50 alumni from 80 countries which provides access to opportunities that increase their capacity to effectively mobilize young people, champion democratic reform, as well as tackle barriers to</p>

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		<p>meaningful youth participation to build more resilient, responsive, and inclusive democracies. Emma Wangari is an independent non-executive Director and Chair of the Finance Committee.</p> <p>Date of birth 24th January , 1981</p>
5	 <p>Antony Kaara Director</p>	<p>Antony Kaara is an accomplished governance and communication expert specializing in political communication and strategy formulation. With a degree in Communication and Political Science from the esteemed University of Nairobi, he brings a wealth of knowledge and experience. Antony has honed his expertise in strategic planning, policy development, and public relations. His ability to craft comprehensive strategies and engage stakeholder's shapes policies and drives impactful governance processes. With a resolute commitment to excellence, Antony leverages his analytical abilities and passion for policy shaping to contribute to effective governance practices. His track record of success demonstrates his dedication to driving positive change, making him a valuable asset in shaping policies and enhancing governance processes for organizations and society as a whole. Antony Kaara is an independent non-executive Director and Chair of the Resource Mobilization Committee.</p> <p>Date of birth 8th January , 1978</p>
6	 <p>Alex Wafula Wamalwa Director</p>	<p>With over 9 years of legal expertise, Wamalwa, a practicing advocate of the High Court of Kenya, specializes in empowering Micro, Small and Medium Micro Enterprises (MSMEs) through commercial law and policy development. His proficiency spans diverse areas, including business formation, contract drafting, intellectual property, regulatory compliance, employment law, dispute resolution, taxation, data protection, consumer protection, credit access, and trans-border transactions. Collaborating closely with MSMEs, Wamalwa provides strategic legal counsel, enabling businesses to navigate complexities and foster innovation. His proactive approach involves shaping policies in collaboration with government and private sectors, creating a conducive environment for MSME's growth and sustainable success in the dynamic commercial landscape. Alex Wafula is an independent non-executive Director and Chair of HR & Legal Committee.</p> <p>Date of birth 1st September , 1989</p>




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7	 <p>Patricia Chelimo Director</p>	<p>Patricia Chelimo Chuma is a seasoned Information Scientist. She holds a Bachelor of Science in Information Science from Moi University and is currently pursuing a Master's Degree in Diplomacy and International Relations in Kenyatta University. Patricia has worked in various corporate institutions and Non-Governmental Organizations (NGO's). She brings rich experience of over 10 years, steadfast leadership, innovative thinking and strategic thinking that will be instrumental in ensuring that organization goals are achieved. Patricia Chelimo is an independent non-executive director and the Chair Audit Committee.</p> <p>Date of birth 11th October, 1982</p>
8	 <p>Charity Ndeke Manager, Legal Services & Company Secretary</p>	<p>Charity Ndeke is an Advocate of the High Court of Kenya with over 10 years post admission experience in the legal profession with expertise in Conveyancing, Litigation, Contracts and Commercial Law. She is a member of the Law Society of Kenya. She is also a Certified Secretary (CS) and a member of the Institute of Certified Public Secretaries. She is also a Governance, Ethics, Risk and Compliance (GERC) expert.</p> <p>She holds a Bachelor of Laws degree (LLB) from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law (KSL). She is currently pursuing a Master of Business Administration (Strategic Management) at the University of Nairobi.</p> <p>She Joined Kenya Industrial Estates in 2015.</p> <p>Date of birth: 29th September, 1986</p>



4. Key Management Team

1	 <p>Dr. Parmain ole Narikae Managing Director</p>	<p>Dr. Parmain ole Narikae is the Managing Director. He holds Doctorate in Business Administration. He also holds an MBA and Bachelor of Science Degree in Business Administration (First class honours) from United States International University. He has wide experience as a career banker having served in senior leadership position as Chief Manager, General Manager and Executive Director in Co-operative Bank and Chase Bank. He is a member of the Institute of Directors.</p> <p>He joined on 5th September, 2016.</p>
2	 <p>Monica C. Kotut Manager, Corporate Strategy and Planning</p>	<p>Mrs. Monica Kotut is currently the Manager, Corporate Strategy and Planning. She holds an MBA (HR Option) from Kenyatta University; Bachelor of Arts from Moi University and Higher National Diploma in Human Resource Management from the Institute of Human Resource management (IHRM). She is member of the Institute of Human Resource management. She joined KIE in 1994 as a Projects Officer and rose through the ranks to the current position.</p>
3	 <p>Joseph Otieno Ayieko Manager, Business Advisory Services</p>	<p>Mr. Joseph Ayieko holds an MSc in Entrepreneurship from Jomo Kenyatta University of Science and Technology, Bachelor of Business Administration with Information Technology, Diploma in Community Based Project Planning and Management, Diploma in Cooperative Audit, CPA-(Part II) and Certificate in Rural Credit Management, Certified ILO Trainer on Gender and Entrepreneurship, Certified in Strategic Management and Leadership. He has over Twenty-five (25) years of work experience within MSME Sector. He is a consultant and entrepreneurship trainer on sustainable rural economic empowerment, a trained Environmental Impact and Environmental Audit Assessor and a member of Eastern Africa Network for Gender and Enterprise Development Trust.</p>

<p>4</p>	 <p>Charity Ndeke Manager, Legal Services & Company Secretary</p>	<p>Charity Ndeke is an Advocate of the High Court of Kenya with over 10 years post admission experience in the legal profession with expertise in Conveyancing, Litigation, Contracts and Commercial Law. She is a member of the Law Society of Kenya. She is also a Certified Secretary (CS) and a member of the Institute of Certified Public Secretaries. She is also a Governance, Ethics, Risk and Compliance (GERC) expert. She holds a Bachelor of Laws degree (LLB) from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law (KSL). She is currently pursuing a Master of Business Administration (Strategic Management) at the University of Nairobi. She Joined Kenya Industrial Estates in 2015.</p>
<p>5</p>	 <p>CPA Charles M. Mativo Finance Manager</p>	<p>CPA Charles Mativo is an Accountant by profession and holds a Bachelor of Commerce degree from KCA University. He is a Certified Public Accountant CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is a highly motivated Finance professional with over 30 years' experience with excellent analytical, conceptual and human skills. He has extensive knowledge in accounting systems, data analysis, budget preparation and implementation, strategy formulation and financial reporting. He has track record in leading cross-functional teams to achieve organizational goals and has excellent inter-personal skills. He joined the company in 1985.</p>
<p>6</p>	 <p>Churchill W. Achika, Manager, Industrial Estates Development & Incubations services</p>	<p>Mr Churchill Achika holds a Bachelor's of Science degree in Electrical & Electronics Engineering from the Jomo Kenyatta University of Agriculture and Technology. He is currently pursuing Masters of Business Management degree at United States International University. He has extensive knowledge in engineering, manufacturing and facilities management having served in various managerial roles at East African Breweries Limited. He is a registered engineer and a member of the Project Management Institute. He joined KIE in the year 2021.</p>

7	 <p>Reginald Kimanthi Manager, Operations</p>	<p>Mr. Reginald Kimanthi is an economist by profession and holds a BA in Cooperative Management from Kenyatta University.</p> <p>He joined KIE in 1986 as a Projects Officer and rose through the ranks as Branch Manager, Regional Manager and Head of Department and is currently the Manager, Operations.</p>
10	 <p>CPA Teobard Mugo Manager, Internal Audit</p>	<p>CPA Teobard Mugo is an Accountant by profession and holds a Bachelor of Commerce degree from KCA University. He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is in charge of the Internal Audit Department. He joined the company in 1994.</p>
11	 <p>Dr. Doreen K. Kimathi Manager, Credit Department</p>	<p>Dr. Doreen Kimathi is currently the Manager in charge of Credit Department. She holds a PhD in entrepreneurship from Jomo Kenyatta University of Agriculture and Technology (JKUAT), an MBA (Strategic Management) from USIU-Africa and Bachelor of Commerce (Honours), Kenyatta University. She has vast banking and finance experience spanning over 13 years. She joined KIE in 2017.</p>
12	 <p>Moses Miano Manager, Risk Management</p>	<p>Mr. Moses Miano is a corporate risk specialist and strategist in communicating risk policies and processes for enterprises through research and skilful handling and interpreting data. He holds a Master's degree in Business Administration from the Nairobi University and a Bachelor's degree in science from Egerton University. He is a certified trainer of trainers in First aid and fire Marshal and also a graduate from Institute of Advanced technology. He joined KIE in 2021 from Absa Bank Kenya Ltd where he was a risk manager</p>

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13	 <p>Dennis G. Ong'aria Manager, ICT</p>	<p>Mr. Dennis G. Ong'aria is an ICT practitioner licensed by the Institute of Electrical and Electronics Engineers (IEEE). He holds a Bachelor of Science Degree in Information Technology and a Diploma in Information Systems Management. He is currently pursuing a Master of Science degree in Information Technology (MSc IT) at JKUAT.</p> <p>He joined KIE in November 2021 as Manager ICT. He has over 8 years ICT Management experience in various State Agencies.</p>
14	 <p>Esther M. Mbula Manager, Human Resource and Administration</p>	<p>Esther Mbula is currently the Manager, Human Resource and Administration. She holds a Master of Business Administration (Human Resource Management) from Kenyatta University; Bachelor of Arts in Social Sciences from The Catholic University of Eastern Africa; Higher National Diploma in Human Resource Management from the Institute of Human Resource Management and Certified Human Resource Professional Kenya, CHRP (K) from the Human Resource Management Professionals Examinations Board (HRMPEB). She is a Full Member of the Institute of Human Resource Management (IHRM). She joined KIE in September 2022 as the Human Resource and Administration Manager.</p>

5. Chairperson's Statement

Dear Shareholders,



It gives me great pleasure to present to you Kenya Industrial Estates Annual Report and Financial Statements for 2022/2023 Financial Year.

I am glad to inform you that the company delivered impressive results in its core mandate areas of providing affordable credit, affordable incubation facilities, Business Advisory Services and providing Business linkages.

The Operating Environment

During the period under review, the global economy experienced slowed growth in most countries including the advanced economies as well as emerging markets. Developing countries experienced slow growth due to monetary tightening, strengthening of US Dollar compared to most currencies, rising inflation and disruption of supply chain due to Russia-Ukraine war.

The Kenya Economy expanded by 4.6 percent in 2022 compared to growth of 7.6 percent in 2021. The growth was spread across all sectors but was more pronounced in the service related sectors such as financial and insurance sector, Information and communication, and transport and storage. The Micro, Small and Medium Enterprises remained resilient within the period despite the economic challenges.

The MSMEs sector continues to play an important role in the social economic transformation of the country. It contributes the largest number of jobs in the country with the sector contributing 93% of total employment and absorbing 9 out of 10 youths joining the job market. The MSMEs have shown that when well established they can contribute significantly to the economic growth, GDP and promote inclusive growth.

The Micro, Small and Medium Enterprises sector was boosted after being chosen by the government under the Bottom Up Economic Transformation agenda (BETA) together with Agriculture, Housing and settlement, Healthcare and Digital superhighway for prioritization in implementation of government programs. This was because of the sector's ability to create jobs and promote inclusive growth.

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Business Performance

The organization achieved strong results within the period despite the challenging operating environment. The Financial results were impressive with the company recording a 47.40% growth in pre-tax profit to post a profit of Kshs. 87.01 Million. On support to MSMEs, the company provided affordable credit amounting to Kshs.1.159 Billion in 2022/2023 Financial Year, created 35,341 jobs, trained 70,157 entrepreneurs on business and technical skills and linked 7,470 entrepreneurs to markets, source of materials and technology.

Our Strategy

Our value proposition to our customers is commitment to championing the development of MSMEs in Kenya by ensuring the enterprises are incubated, provided with affordable credit, adequate workspace as well as developing their capacity in a sustainable way. Our strategy is anchored on four key result areas in line with our mandate. The Key result areas are: Financing, Industrial development, Business Advisory services and Institutional Development. These pillars will ensure that we achieve our theme of consolidating operational gains for growth and sustainability.

Sustainability

The organization is concerned with the environment and social issues affecting our staff and the communities in the various parts of the country we operate in. Within the period under review, we worked with our MSMEs and communities in various parts of the county to ensure environmental sustainability. We had a number of community engagement where we planted trees in our industrial estates. Our staff are committed and will continue to be sensitized and capacity build to participate and contribute to environmental conservation.

Governance

The organization success is anchored on an entrenched culture of corporate governance. The organization has a Board with an ideal skill mix to offer appropriate guidance to management. The Board remained focused on sound principles of corporate governance and ensuring long-term growth and profitability of the organization. Within the period under review several Board members' term expired and were replaced with new members. The details are disclosed in the Statement of Corporate Governance.

Outlook

The operating environment is expected to remain challenging with the economic survey 2023 forecasting a deceleration in world economy attributed to the on-going global conflicts, tightening of monetary policies and high inflation. However, despite these challenges, the Kenya economy is expected to remain resilient in 2023 supported by robust performance in services sector and expected recovery of Agriculture, and the government's development Agenda aimed at achieving economic turnaround and inclusive growth. The Board will remain focused on the development of MSMEs which is among the sectors earmarked to turnaround the economy.

Appreciation

I highly appreciate the Government of Kenya, through the Ministry of Cooperative and Micro, Small and Medium enterprise (MSME) development for the support it continues to extend to the organization. I also thank my fellow Board member, our customers and staff for their dedication and unwavering support in ensuring the organization reaches great heights in realising its mandate.



Her Excellency, Lily Ng'ok
Chairperson, Board of Directors

6. Report of the Managing Director



I am delighted to present to you Kenya Industrial Estates (KIE) annual report for the year ended 30th June 2023. This was an exciting period when we witnessed increased business activities in the Micro, Small and Medium Enterprises Sector away from the Pandemic period. The MSMEs continued to be resilient despite many challenges they encountered within the period.

Our Purpose

Kenya Industrial Estates (KIE) is a government agency whose mandate is to support industrialization through the development of Micro, Small and Medium Enterprises in the country. KIE executes this mandate through provision of affordable credit to MSMEs, provision of Business Advisory Services (BAS), provision of incubation facilities, and provision of linkages to markets and Technology.

Business Environment

The operating environment was challenging due to slow down in global economy in both advanced economies and in the emerging markets and developing countries. This was caused by tightening of monetary policies, rising inflation, strengthening of US Dollar against most currencies and disruption of supply chain due to on-going conflicts.

Despite the challenging environment the Kenya Economy was resilient and expanded by 4.6 percent in 2022 compared to growth of 7.6 percent in 2021. The growth was spread across all sectors but was more pronounced in the service related sectors such as financial and insurance sector, Information and communication, and transport and storage. The Micro, Small and Medium Enterprises performance was impressive despite these challenges which affected the purchasing power of their customers. KIE support the MSMEs to sail through the challenging period by providing credit and Business Advisory Services.

The MSMEs sector was boosted by chosen among five government's priority sectors selected to champion economic turnaround under the Bottom Up Economic Transformation Agenda (BETA). The sector was selected because of its ability to create jobs, with the sector contributing 93% of total employment in the country making it the largest contributor to job creation and significantly contributing to the country's GDP.

Business Performance

The organization recorded remarkable performance in its business in the period under review. We noted many MSMEs were in need of working capital while other required machinery to modernise and increase production. Other enterprises also required capacity building to improve their skills. During the period under review we partnered with a development partner to conduct the SME loop training program with the aim of providing systematic and structured training and coaching of young entrepreneurs. Through this program 80 MSME were coached in Uasin Gishu and Kisumu Counties. The company also in collaboration with a local university to facilitate incubation of 30 selected women entrepreneurs to access Banana

processing technology in Tharaka-Nithi and Meru Counties and Dairy processing technology in Kajiado County.

Overall the company provided credit to MSMEs amounting to Kshs.1.159 Billion within the period under review compared to 1.03 Billion in 2021/2022 creating 35,341 jobs. The company trained 70,157 entrepreneurs on business and technical skills compared to 56,854 in the previous year and linked 7,470 entrepreneurs to markets, source of materials and technology compared to 4,312 in the previous year.

Financial Performance

The company has continued to register profitability year on year from the first time it registered a profit in 2019/2020. During the period under review, the Company recorded a 47.40% increase in profit by posting a pre-tax profit of Kshs.87.01 Million compared to pre-tax of Kshs. 52.34 Million in the last financial year. Company assets increased to Kshs. 6.21 Billion as at 30th June 2023 compared to Kshs. 5.89 Billion as at 30th June 2022. This is an indication that the company's business strategy is working.

Strategy

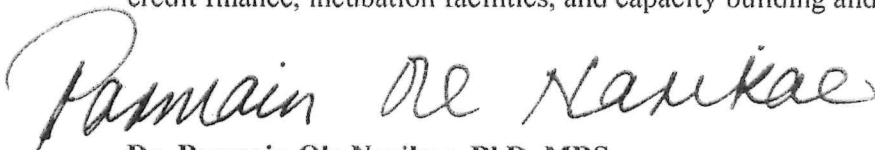
Our strategy is anchored on four key result areas in line with our mandate of facilitating Industrialization through development of Micro, Small and Medium Enterprises. These are: Financing, Industrial development, Business Advisory services and Institutional Development. The strategy will guide the company as we move aggressively to support the MSMEs.

Our people

Our people remain the most important assets of the company. The organization will continue ensure the staff are well skilled to perform in their areas and are facilitated with tools and conducive work environment to bring out their best.

Outlook

The global economic outlook is expected to be challenging because of tightening of monetary policies, rising inflation and on-going conflicts. However, the Kenya economy is projected to be resilient supported by a robust service sector and expected recovery of the Agricultural Sector. The MSMEs being the engine of growth are expected to play a major role in the economic turnaround. KIE will play its role of facilitating the enterprises with the much needed credit finance, incubation facilities, and capacity building and market linkages.



Dr. Parmain Ole Narikae, PhD, MBS
Managing Director

KENYA INDUSTRIAL ESTATES
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Strategic Pillar	Strategic Objectives	Key Performance Indicators	Activities	Achievements
Pillar 2: Industrial Development (Infrastructure & Services)	• Increase availability of industrial workspace for MSMEs	• Number of new Industrial Parks developed	• 12 sites in Unserved Counties • 5 sites in high density areas	• No activities undertaken due to lack of funds
	• Accelerate the growth of MSMEs from Micro-small-medium	• Number of MSMEs incubated and/or scaled up	• 300 MSMEs	• Incubated 32 MSMEs within the institutions industrial sheds across the country
Pillar 3: Business Advisory	• Develop the Entrepreneurial Capacity of MSMEs	• No. Of Entrepreneurs Reached;	• Train 58,000 entrepreneurs • Facilitate creation of 5,700 linkages	• Trained 70,157 entrepreneurs • Created 7,470 linkages
Pillar 4: Institutional Strengthening	Enhance Risk Management	Compliance with risk management	100%	• Fully complied with risk management
	Enhance Corporate Image	Brand awareness	100%	• To increase its brand awareness, visibility, the organization participated in 6 exhibitions and trade fares across the country as follows: • SMEs Exhibition by Nation Media Group at KICC • SMEs Exhibition by Kenya Association of

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7. Statement of Performance against Predetermined Objectives for FY 2022/2023

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

Kenya Industrial Estates has 4 strategic pillars/objectives and 5 strategic objectives within the current Strategic Plan for the FY 2021-FY2023. These strategic pillars/objectives are as follows:

Pillar/Objective 1: *Financing*

Pillar/Objective 2: *Industrial Development (Infrastructure & Services)*

Pillar/Objective 3: *Business Advisory*

Pillar/Objective 4: *Institutional Strengthening*

Kenya Industrial Estates develops its annual work plans based on the above 4 strategic pillars/objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Kenya Industrial Estates achieved its performance targets set for the FY 2022/2023 period for its 4 strategic pillars/objectives, as indicated in the diagram below: -

Strategic Pillar	Strategic Objectives	Key Performance Indicators	Activities	Achievements
Pillar 1: Financing	Mobilize resources to finance organizational activities	Amounts mobilized	Mobilize Kshs 876.99 million from GoK and (Kshs 697.01 million) from other sources	Received of Kshs 528.19 million GoK grant
	Increasing Disbursements	Amounts disbursed	Disburse at Kshs. 1.0 billion Create 32,000 jobs	Disbursed Kshs 1.16 billion Created 35,341 jobs

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Strategic Pillar	Strategic Objectives	Key Performance Indicators	Activities	Achievements
				Manufacturers at KICC • Nairobi Innovation Week at University of Nairobi • World SMEs day at Kitengela • St. Mark Anglican Church of Kenya MSME Exhibition • Featured in print media with national-wide circulation. • Maintained and ran social medial accounts (Twitter, Facebook and YouTube)
	Efficient Internal Systems and Processes	Service delivery Turn Around Time (TAT)	• Improve loan disbursement turnaround time from 40.17 days to 40 days	• TAT of 37 days
	Financial Sustainability	Profitability	Post a pre-tax profit of Kshs 56.2 million	• Achieved a Profit of Kshs 87.01 million
		Return on Investment (ROI)	0.76%	1.40%

8. Corporate Governance Statement

To strengthen accountability and to build confidence among stakeholders, KIE is committed to sound principles of corporate governance and sustainability. The Kenya Industrial Estates (KIE) Board of Directors is responsible for the long term growth and profitability of the company, whilst being accountable to shareholders and ensuring compliance with the law and maintaining the highest standards of Corporate Governance and business ethics.

The organization has adopted high ethical standards and applies strict rules of conduct based on the best corporate practices. As part of this commitment, the Board adheres to good corporate governance and has embraced the following principles:

1. Observing high standards of ethical and moral behaviour;
2. Acting in the best interest of the organization;
3. Remunerating and promoting fairly and responsibly;
4. Recognizing the legitimate interests of stakeholders;
5. Ensuring that the organization acts as a good corporate citizen.

The Board has developed a Charter that spells out the roles, composition and responsibilities of the Board of Directors.

The Board of Directors

The Board of Directors is the highest governing body of the organization. The Board is appointed within the provisions of Section 6 (1) (e) of the State Corporations Act. The Board exercises leadership, enterprise integrity and judgement in directing the organisation so as to achieve sustainability. The Board, at all times, acts in the best interest of the organisation and in a transparent manner with integrity, accountability and responsibility. Removal of the members of the Board is provided under section 7 of the State Corporations Act or by resignation by a member.

Role and Functions of the Board

In providing leadership and strategic direction to the organization, the Board is tasked with the following responsibilities:

1. Determining the business strategies, plans and policies that underpin the corporate strategy;
2. Discussing and approving strategic plans, policies and annual budgets;
3. Continually monitoring the exercise of delegated power by management;
4. Ensuring that a comprehensive system of policies and procedures is in place and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the company;
5. Identifying and reviewing key risks, opportunities and strengths relating to the Company;
6. Ensuring that the company's organisational structure and capability are appropriate for implementing the chosen strategies;

7. Setting policies on internal control and obtaining regular assurance that the system is functioning effectively and is effective in managing risks;

Board members are inducted and continuously trained to enrich their skills as they steer the organization to higher levels. Their performance is evaluated yearly.

In discharging their roles, Board members are required to declare any conflict of interest or the absence of the same in all matters.

Board members are also expected to continually adhere to the code of conduct and ethics as stipulated in the Mwongozo Code of Governance for State Corporations. Governance audit is carried out to promote appropriate ethics within the organisation.

Board Committees:

For efficient decision making by the Board in discharging its duties and responsibilities, the following Board Committees have been set up and meet under well-defined terms of reference.

1. Finance and Investment Committee;
2. Audit and Enterprise Risk Committee;
3. Human Resource and Legal Committee;
4. Resource Mobilization Committee.

The Board defines the terms of reference under which the respective Committees operate. The Company Secretary is the secretary to all the Board Committees except the Audit Committee which the Head of Internal Audit is the secretary. The Committees submit reports of their activities to the Board.

Finance and Investment Committee

This Committee provides leadership in the achievement of attractive returns on the organization's equity, to deliberate on the prudence of financial management and to review the asset mix and volumes, return on investment in order to achieve the institution's short-term and long-term goals.

The membership of the Finance and Investment Committee was as follows:

1. Alvin Kibet - Chairperson
2. Ruth Ngobi
3. Parveen Sigei
4. Anastasia Kamau
5. Nicholas Kamau

Audit and Enterprise Risk Committee

This is an oversight Committee of the Board. The Committee assists the board in discharging its duties in relation to the safeguarding of assets, the operation of adequate systems, control processes and the preparations of accurate financial reporting and statements in compliance

with applicable legal requirements and accounting standards. The Committee reviews and assesses the integrity of the risk control systems and ensures that the risk policies and strategies are effectively managed.

The membership of the Audit and Enterprise Risk Committee was as follows:

1. Elizabeth Odhiambo – Chairperson
2. Anastasia Kamau
3. Parveen Sigei
4. Nicholas Kamau

Human Resource and Legal Committee

The Committee's principal objective is to recommend to the Board strategic directions in matters relating to HR and legal compliance.

The membership of the Human Resources and Legal Committee was as follows:

1. Anastasia Kamau - Chairperson
2. Ruth Ngobi
3. Elizabeth Odhiambo
4. Alvin Kibet

Resource Mobilization Committee

The Committee's main objective of the Resource Mobilisation Committee is to create a pool of resources to ensure adequate resources are available to fund KIE activities in the foreseeable future. The Committee's aim is to ensure that KIE is sustainable in the foreseeable future.

The membership of the Resource Mobilization Committee was as follows:

1. Parveen Sigei - Chairperson
2. Ruth Ngobi
3. Alvin Kibet
4. Elizabeth Odhiambo
5. Nicholas Kamau

Board Meetings

The Board of Directors meets regularly as required in order to effectively and efficiently monitors the implementation of the Company's planned strategy, review it in conjunction with its financial performance and business development and approve issues of strategic nature. Specific reviews are also undertaken on operational issues and future planning.

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The Notice and Agenda and detailed Board Papers of meetings are circulated on a timely basis to ensure that the directors receive accurate, timely and clear information to enable them discharge their duties.

The Board held 2 meetings during the year under review. The attendance was as follows:

Name of non-executive Director	Expected No. of meetings in the year 2022/2023	No. of meetings attended	% Attendance
Muthoni Kimani	1	1	100%
Lily Ng'ok	1	1	100%
Parveen Sigei -	2	2	100%
Ruth Ngobi	2	2	100%
Alvin Kibet	2	2	100%
Elizabeth Odhiambo	2	2	100%
Nicholas Kamau	2	2	100%

Board Remuneration

Board members are remunerated in accordance with the relevant legislative provisions and/or guidance by the State Corporations Advisory Committee. Details of Directors emoluments during the year are shown on page 38 note 37 (d). Directors are entitled to sitting allowance for every meeting attended, lunch allowance, subsistence allowance and mileage reimbursement where applicable within set limits. In addition, the Chairman is paid a monthly honorarium.

Directors Shareholding

None of the Directors owns shares in the Company in their individual capacity

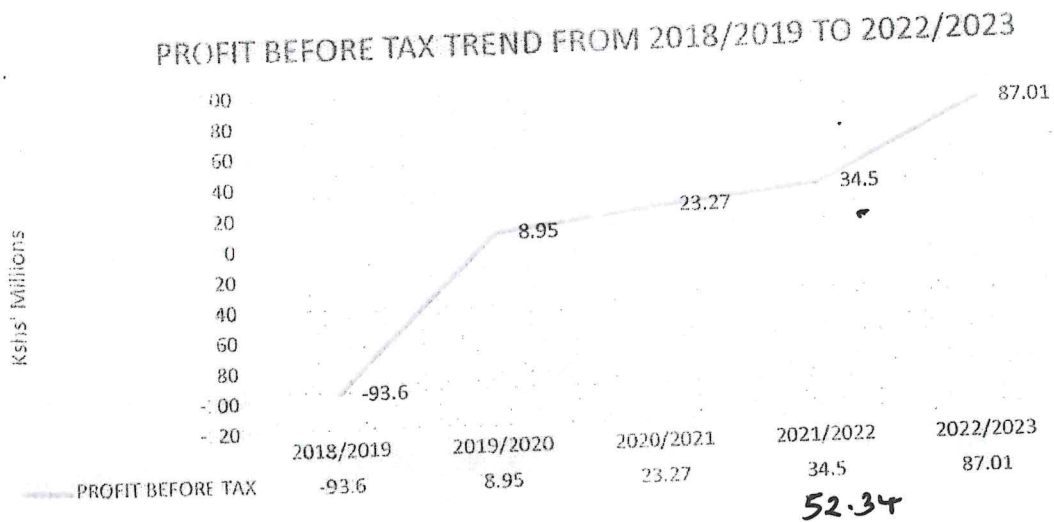
9. Management Discussion and Analysis

1. Financial Performance

(a) Pre-tax

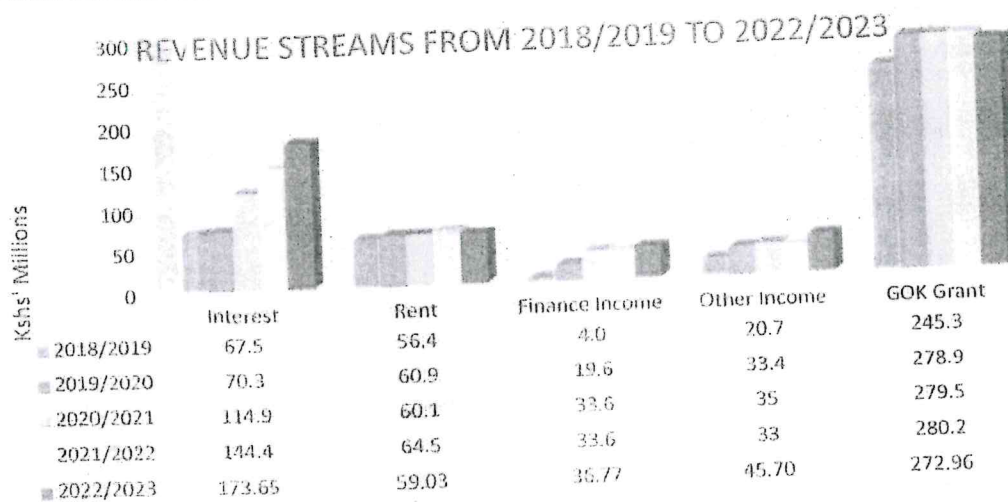
During the Financial year 2022/2023, the Company posted a pre-tax profit of Kshs.87.01 Million. This compares to Kshs 52.34 Million for the last financial year, 2021/2022, Kshs. 23.27 profit for the financial year, 2020/2021, a profit of Kshs. 8.95 million for the financial year 2019/2020, and a loss of Kshs 93.6 in the 2018/2019 financial year. The overall Return on investment for the financial year is 1.40%.

Profit before Taxation Trend for the last five years



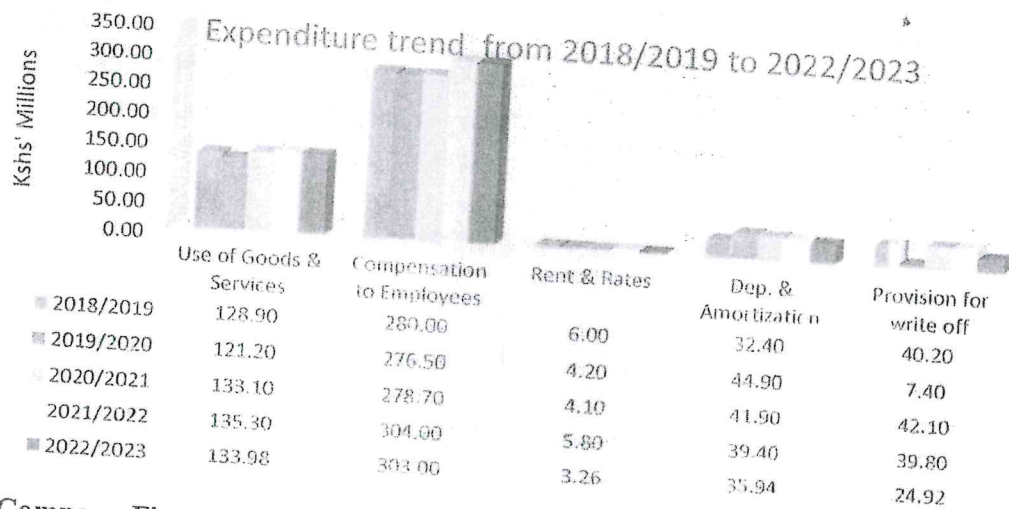
The Company's total income for the financial year under review was Kshs 588.12 million compared to Kshs 555.84 in the last financial year 2021/2022, Kshs. 523.1 in the financial year, 2020/2021, Kshs 463.10 million in the financial year 2019/2020, and Kshs 393.90 million in the financial year 2018/2019.

Revenue Streams Trend for the last five years



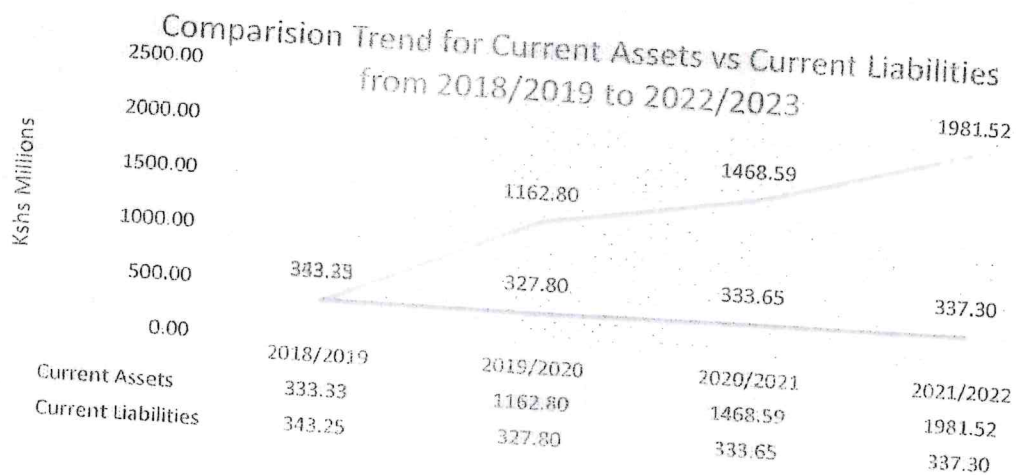
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The Company's operating expenditure for the financial year under review was Kshs 501.10 million compared to Kshs 503.50 in the last financial year 2021/2022, Kshs. 499.87 in the financial year, 2020/2021, Kshs 454.21 million in the financial year 2019/2020, and Kshs 487.45 million in the financial year 2018/2019.



(b) Company Financial Position

The company total assets as at 30th June, 2023 stood at Kshs.6.21 Billion compared to Kshs 5.89 Billion for the last financial year 2021/2022, Kshs. 5.23 Billion for the financial year, 2020/2021, Kshs 4.50 Billion for the Financial Year 2019/2020, and Kshs 3.29 Billion for the 2018/2019 Financial year. The company current assets amounted to Kshs 1.927 Billion compared to current liabilities of Kshs 329.67 Million. Current assets for the same period last year amounted to Kshs 1.982 Billion compared to current liabilities of Kshs. 337.30 Million. Current assets for the financial year 2020/2021 amounted to Kshs. 1.47 Billion compared to Current liabilities of 333.65 Million. Current assets for financial year 2019/2020 amounted to Kshs.1.16 Billion while current liabilities for same period amounted to Kshs.327.80 Billion and Current Assets for the financial year 2018/2019 were Kshs 333.33 Million while current liabilities were Kshs 343.25 Million. The organizations financial position has greatly improved as graphically shown below:

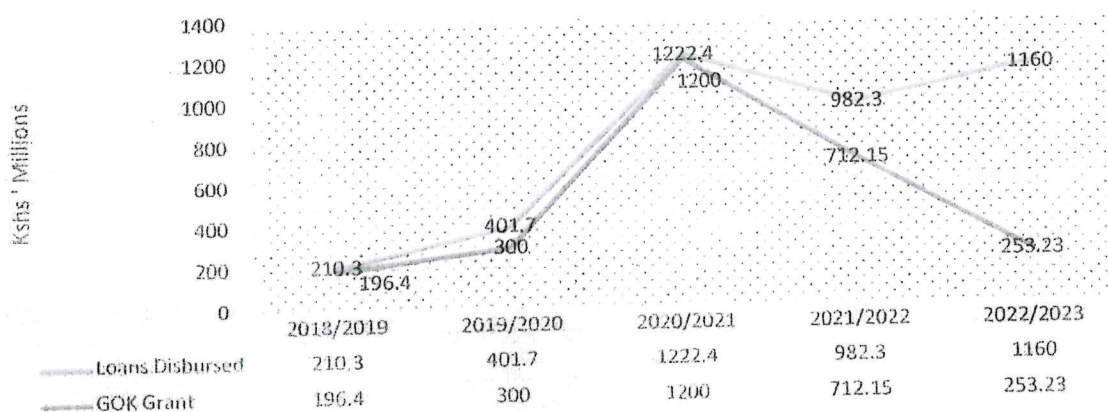


2. Operations

KIE has products designed to meet the needs of customers. There was a marked improvement in performance during the period under review compared to the previous period as demonstrated below:

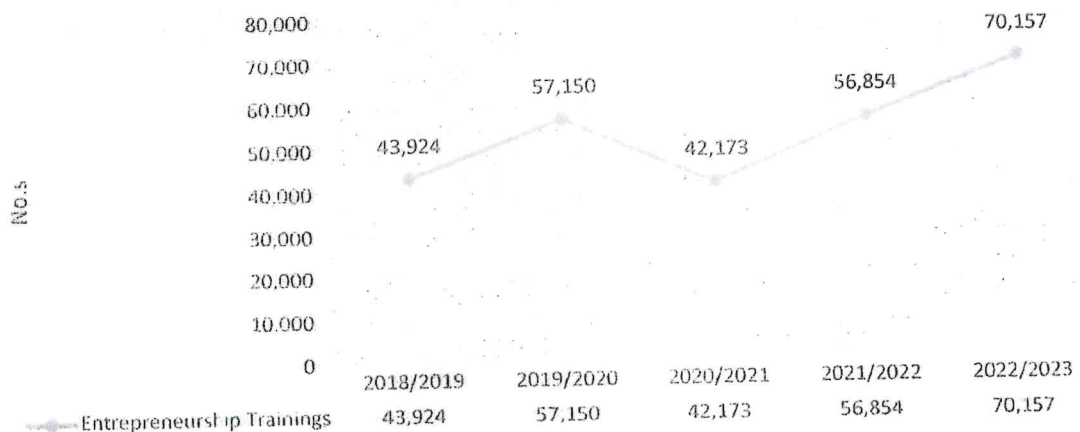
a) **Credit to SMEs:** For the period under review, the company disbursed Kshs 1,160 Million to SMEs. This compares to 1,028 Million disbursed in the 2021/2022 financial year, Kshs. 982.30 Million in the financial year 2020/2021, Kshs. 1222.4 Million disbursed in the 2019/2020 Financial Year and Kshs 401.7 in the financial year 2018/2019. This is graphically depicted below.

Credit to SME's trend from 2018/2019 to 2022/2023

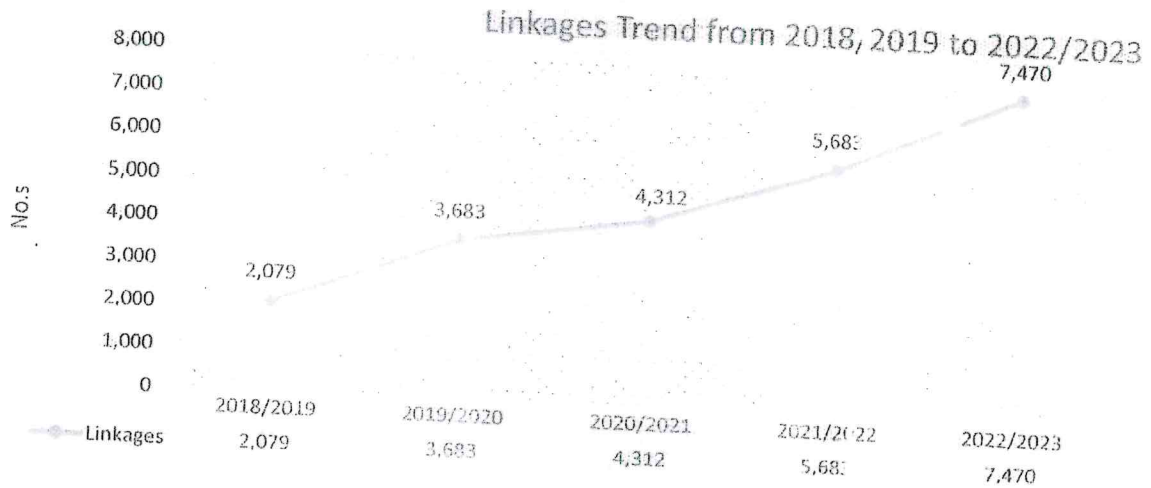


b) **Entrepreneurship Training:** For the period under review, the company trained 70,157 56,853 SMEs across the country. This compares to 56,854 SME's trained in 2021/2022, 42173 SME's trained in 2020/2021, 57150 SMEs trained in 2019/2020 Financial year and 43,924 trained in 2018/2019 Financial Year as shown in the table below.

Trend of Entrepreneurship Trainings from 2018/2019 to 2022/2023



c) **Linkages:** For the period under review, the company recorded 31.4 % growth in linkages of SMEs to large enterprises, market and suppliers of machinery. The company linked 7,470 SME's compared to 5,683 SME'S in the previous year, 4,312 SMEs in the financial year 2020/2021, 3,683 linkages in the financial year 2019/2020 and 2,079 Linkages in the Financial year 2018/2019. This is depicted in the table below.



3. Key projects and investment being implemented by KIE

The company is currently implementing one project namely Credit to Small and Medium Enterprises.

Credit to Micro, Small and Medium Enterprises (MSMEs)

This project aims at providing affordable medium to long-term credit to MSMEs in the manufacturing sector which is core to the country vision of becoming a newly industrialized, globally competitive and prosperous middle income country by year 2030. The total project cost is estimated at Kshs.5.35 Billion and is being implemented up to 2024/2025. The expected outputs of the project are: Disbursement of Kshs.5.35 Billion to SMEs. Creation of 10,700 new enterprises and Creation new 160,500 jobs. Other benefits of the project are: Stimulating rural industrialization, Wealth Creation, Equitable distribution of wealth. Support to Youth and Women, Value addition to local raw materials and increase in contribution to government taxes by SMEs. The project is funded by Government of Kenya.

4. Major risks facing the company

The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The major risks for the company are credit, liquidity market and operational risk.

a) Credit Risk Management

Credit risk refers to the risk that a counterparty will be unable to pay amounts in full when due. The company's credit risk is primarily attributable to liquid funds and loans advanced to customers. The company credit risk attributable to liquid funds is low because the counter parties are banks with high reputation. Credit risk attributable to loans is managed through a framework that sets out policies and procedures covering its measurement and management. The company has ensured clear segregation of duties between transaction originators in the business (Filed officers and Business Development) and approvers in the Risk Function. All credit exposure limits are approved within a defined credit approval authority matrix. The company also manages its credit exposures through the principle of diversification across products, geographical locations, industries and client segments. Potential credit losses from any given account, client or portfolio are mitigated using a range of tools such as collateral, credit insurance and guarantees.

b) Liquidity Risk Management

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. KIE's Board of Directors have built a liquidity risk management framework for managing the company short-term, medium and long-term funding requirements. KIE continuously monitors forecasts and actual cash flows to ensure company's liquidity requirements are met.

c) Market Risk Management

It is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect KIE. KIE currently is not actively affected by foreign exchange risk and equity/commodity prices due to its nature of business.

Interest rate risk is the risk of loss from fluctuations in the future cash flows because of a change in market interest rates which affects KIE's investment. KIE interest rate regime is fairly stable and not driven by on-going market dynamics.

d) Operational Risk

Operational risk is the potential for loss arising from inadequate or failed internal processes, people and systems or from the impact of external events. The management of operational risk is a challenge due to its broad scope as operational risks arise from all activities carried out within KIE. KIE endeavours to discuss all operational risks with department heads and unit managers to ensure effective controls are in place with a review at least once a year.

5. Material arrears in statutory/financial obligations

The company has no material arrears in statutory and financial obligations.

6. Company's compliance with statutory requirements

The company does not have any governance issues among the Board or members of top management. Further there is no conflict of interest.

10. Environmental and Sustainability Reporting

Kenya Industrial Estates (KIE) is a Government-owned Development Finance Institution (DFI) within the Ministry of Cooperatives and Micro, Small and Medium Enterprises (MSME) Development whose Mandate is to promote industrialization in Kenya through development of Micro, Small and Medium enterprises.

The Company's target clientele is biased towards entrepreneurs' integrated incubation program that nurtures Micro, Small and Medium Enterprises (MSMEs) by supporting them to survive and grow during the start-up period when they are most vulnerable, and in other growth stages. The company discharges its mandate by providing the following products that support MSMEs development: - Affordable industrial workspace; Affordable medium to long-term finance; Business Advisory Services (BAS) and facilitating Sub-Contracting and Linkages between small and medium enterprises and large-scale enterprises.

Kenya Industrial Estates is a responsible corporate citizen and recognises the importance of incorporating sustainability principles which include environmental, social and Governance (ESG) best practices in our operations and those of the MSMEs we support. Mainstreaming these practices is central to the attainment of development outcomes that are inclusive and equitable, and contributes to achievement of united nation's Sustainable Development Goals.

(i). Sustainability Strategy and profile

Kenya Industrial Estates (KIE) is committed to creating a long-term value for our Stakeholders in all the areas of our operation. As we deliver on our mission, we also seek to ensure sustainability of the organization, customers and the environment. We are committed to responsible and ethical business practices that ensure our customers derive value from our relationship. Our staff are nurtured to bring out their best and a robust relationship is maintained with our partners.

As an organization operating in various parts of the country, we are concerned with the environment, social and governance issues affecting our staff and the communities in the areas operate. KIE is involved in supporting MSMEs across the country and we seek to ensure that the supported MSMEs conform to environmental and Social guidelines to ensure their operation do not negatively affect the environment, Human health, Safety and Security of communities and do not threaten biodiversity and cultural heritage. Our mandate of supporting Industrialization through development of Small and Medium Enterprises (SMEs) is aligned to sustainable Development Goal (SDG) No.9 on building resilient infrastructure; promoting inclusive and sustainable industrialization and furthering innovation. Our focus areas for sustainability agenda are; Environment, Our employees, market place practices and community engagement.

(ii). Environmental Performance

Kenya Industrial Estates is committed to the conservation of the environment, prevention of pollution, effective waste management, minimization of consumption of resources and overall prevention of environmental degradation in all our business operations.

We recognize environmental protection as one of the guiding principles and a key component of sound business performance. We are committed to providing quality products and services as we promote and embrace the principle of responsible stewardship of the natural environment.

Kenya Industrial Estates has developed a policy covering the three broad categories of Environmental, Social and Governance. On environmental issues the policy has focused on usage, management and conservation of natural resources such as energy, land, fresh water and bio-diversity; reduction of carbon emissions, waste management and compliance with environmental regulations.

The organization has also developed procedures to identify the environmental risks posed by our funding, incubation and capacity building activities recognizing the importance of environmental sustainability. We have developed internal capacity to identify and manage the environmental risk and continually train our staff on all business risk areas. Our capacity building and sensitization on environmental issues extends to our entrepreneurs, suppliers and other stakeholders to empower them to participate and contribute to environmental conservation.

During the Financial year 2022/2023, the company undertook trees planting activities across our various branch with the aim of restoration sites and natural areas. More than 3,036 trees were planted.

(iii). Employee Welfare

The company is committed to nurturing talent to bring the best out of each employee. Employees are the most important asset for the company and form the base upon which the company delivers services to the public. On recruitment, we are guided by the Constitution, labour laws, Human Resource manual and best practice. The company is committed to continuous capacity building of our staff, ensure gender equality and provide a conducive working environment for all staff.

Gender Equality

The company is committed to provide equal opportunity for all genders and promote diversity at all levels of management. The gender-disaggregated ratio for the period was 56% Male and 44% Female.

Capacity Building

The organization ensure continuous training of staff to ensure upgrading of core competencies, knowledge, skills and attitudes to enhance organizational performance, assist employees to gain competences and skills in preparation for more responsible positions. Capacity building also helps each employee prepare for changes and ensure availability of sufficient trained

human resource-base to meet the company's future requirements. During the period under review, the company executed some training interventions to address gaps identified in the training needs assessment.

Employee Engagement

Having engaged employees is critical to the achievement of our strategic goals. We have undertaken to take on board all our employees' views and so we always encourage our employees to give their views openly.

Occupational Safety and Health

The Company continues to ensure implementation of Occupational safety and Health Act, 2007. During the period under review we undertook continuous monitoring of work environment based on regular risk assessment.

(iv). Market Place Practises

Kenya Industrial Estates conducts its businesses in a responsible and ethical manner and strives to follow these general principles; Honesty, Fairness, Respect for customers, suppliers, employees, and competitors. KIE through its zero tolerance to corruption promotes transparency and integrity in all its operations.

The organization ensures responsible competition practice by all suppliers in line with Public Procurement and Disposal Act 2015. The suppliers undergo a rigorous process of assessment of their social, environmental and ethical performance that increases reliability of the supply chain, conserves our planet's natural resources, and protects the people who work for and with us. KIE always ensures timely payment to suppliers.

The organization promotes marginalized groups (Women, Youth and Persons living with Disabilities) to access Government Procurement opportunities. In the period 2022/23, KIE trained youth, women and persons living with disabilities (PWD) on accessing government procurement opportunities. These group benefited from procurement opportunities worth Kshs. 74.3 Million.

In marketing and communications, KIE is committed to responsible advertising in compliance with the existing laws and national and regional standards. KIE ensures that its marketing communications are legal, decent, honest, and truthful, with claims having a sound scientific basis. We are committed to promoting our products in a socially acceptable manner. At the heart of our marketing is safeguarding consumer rights and interests.

(v). Community Engagements

At Kenya Industrial Estates, we are committed to integrating responsible business practices into all our activities, not just with words and statements, but also with action and deeds. With our Corporate Social Responsibility (CSR) commitment, we aim to positively impact the workplace, the marketplace, the environment and the community.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the company's affairs.

i) Principal activities

The principal activities of the company are to promote and facilitate industrialisation through the provision of credit facilities, business development services and industrial work spaces.

ii) Results

The results of the company for the year ended June 30, 2023 are set out on page 1.

iii) Dividends

The Directors do not recommend dividends.

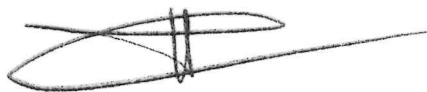
iv) Directors

The members of the Board of Directors who served during the year are shown on page v.

v) Auditors

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

By Order of the Board



Charity Ndeke
Company Secretary/ Secretary to the Board
Nairobi

Date 29/12/2023

12. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of the Company's financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year ended on June 30, 2023. These responsibilities include: (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 company; (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 Company; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Company's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2023, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the Company's financial statements as well as the adequacy of the systems of internal financial control.

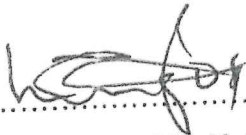
In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern and nothing has come to the attention of the Directors to indicate

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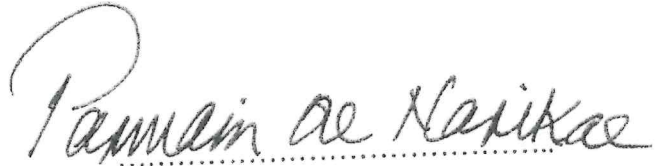
that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Kenya Industrial Estates Financial Statements were approved by the Board on 29/12/ 2023 and signed on its behalf by:



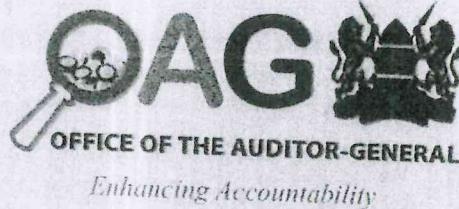
Her Excellency, Lily Ng'ok
Chairperson of the Board/Council



Dr. Parmain ole Narikae, PhD, MBS
Accounting officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA INDUSTRIAL ESTATES LIMITED FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 Industrial Estates Limited set out on pages 1 to 47, which comprise of the statement of financial position as at 30 June, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of

Report of the Auditor-General on Kenya Industrial Estates Limited for the year ended 30 June, 2023

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 the Kenya Industrial Estates Limited as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

Basis for Qualified Opinion

Unsupported Land Ownership

The statement of financial position and as disclosed in Note 16(c) to the financial statements indicates several parcels of land measuring 47.9928, which have no title documents. As reported previously, available information indicates that the process of acquiring titles for these land parcels has been underway for significantly long duration. Management has indicated that they are pursuing the National Lands Commission to process and issue the ownership documents. However, by the time of concluding this audit the title deeds were yet to be issued.

In the circumstances, it was not possible to confirm the rightful ownership of these parcels of land, and there is the risk of encroachment by private developers.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Industrial Estates Limited Management in accordance with ISSAI 130 on 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

1. Long Outstanding Payables – Retention Money

The statement of financial position and as disclosed in Note 33 to the financial statements reflects trade and other payables balance of Kshs.103,319,000. Included in the balance is an amount of Kshs.46,083,000 which relates to retention money, which has been outstanding for more than a period of eighteen (18) months, implying that payments due to contractors and suppliers have been delayed for periods which is beyond the defect liability period of six (6) months.

In the circumstances, the Company is at risk of incurring penalties and interest with the continued delays in paying the retention money.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.479,221,000 and Kshs.588,108,000 respectively resulting to an over-collection of Kshs.108,887,000 or 23% of the budget.

The revenue over-collection is an indication of under budgeting on revenue sources, which may have affected priority planning of activities and impact negatively on delivery of goods and services to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance which have remained unresolved as at 30 June, 2023.

Other Information

The Directors are responsible for the other information, which comprises the Chairman's Report, Report of the Chief Executive Officer, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Environmental and Sustainability Report, Report of the Directors, and Statement of Directors' Responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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 4000. The standard requires 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 are in compliance, in all material respects, with the authorities which 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 overall 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 control, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Companies Act, 2015, I report based on audit, that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements which are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Company'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 liquidate the Company or to cease its 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 are in compliance 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 Company'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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control which might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts which would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for my Opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters which may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 March, 2024

14. Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June 2023.

Description	Note	2023	2022
		Kshs'000'	Kshs'000'
Revenues			
Revenue from Contracts with Customers	6	172,829	143,585
Other Income			
Grants from the national government	7	272,960	280,240
Finance income	8	37,587	34,491
Other income	9	104,732	97,526
Total Revenues		588,108	555,842
Operating Expenses			
Administration costs	10	496,992	497,911
Selling and distribution costs	11	4,108	5,590
Total operating expenses		501,100	503,501
Profit/(loss) before taxation		87,008	52,341
Income tax expense/(credit)	13	5,514	3,457
Profit/(loss) after taxation		81,494	48,884
Earnings per share – basic and diluted	14	20	12
Dividend per share	15	-	-

KENYA INDUSTRIAL ESTATES

Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Position as at 30th June 2023

Description	Note	2023	2022
		Kshs'000'	Kshs'000'
Assets			
Non-Current Assets			
Property, Plant And Equipment			*
Intangible Assets	16	782,193	812,265
Investment Property	17	9,496	9,496
Right of use Assets	18	998,585	998,585
Unquoted Investments	19	485,425	489,394
Staff Receivables	20	-	-
Loans	24	28,074	28,918
Total Non-Current Assets	23	1,979,467	1,568,046
Current Assets		4,283,240	3,906,704
Inventories	21		
Trade And Other Receivables	22	6,843	6,390
Bank and Cash Balances	25	179,794	220,009
Total Non-Current Assets		1,740,467	1,755,119
Total Assets		1,927,104	1,981,518
Equity and Liabilities		6,210,344	5,888,222
Capital and Reserves			
Ordinary Share Capital	26		
Reserves	27	80,277	80,277
Capital and Reserves		5,765,085	5,435,025
Non-Current Liabilities		5,845,362	5,515,302
Deferred Tax Liability	32		
Total Non-Current Liabilities		35,608	35,608
Current Liabilities		35,608	35,608
Borrowings	31		
Trade and Other Payables	33	218,518	218,518
Provision of leave pay	35	103,319	113,548
Total Current liabilities		7,537	5,246
Total Equity and Liabilities		329,374	337,312
		6,210,344	5,888,222

The financial statements were approved by the Board on 29/12/ 2023 and signed on its behalf by:

P. Narikae

Dr. P. Narikae, PhD, MBS
Managing Director

Charles Mativo

Charles Mativo
Head of Finance
ICPAK M/NO: 3736

Lily Ng'ok

Her Excellency, Lily Ng'ok
Chairman of the Board

KENYA INDUSTRIAL ESTATES
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Changes in Equity for the year ended 30 June 2023

	Ordinary share capital	Capital Reserve	Disposal of Sheds	GOK Irredeemable Loans	Revaluation reserve	GOK Loan write off	Grants	Retained earnings	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
At July 1, 2021	80,277	22,523	68,637	190,257	838,405	1,210,000	5,843,812	(3,389,170)	4,864,741
Government grant							604,634	-	604,634
GOK loan write off									
Transfer to Retained Profit								(2,957)	(2,957)
Total comprehensive Loss								48,884	48,884
At June 30, 2022	80,277	22,523	68,637	190,257	838,405	1,210,000	6,448,446	(3,343,243)	5,515,302
At July 1, 2022	80,277	22,523	68,637	190,257	838,405	1,210,000	6,448,446	(3,343,243)	5,515,302
Government grant Note (7)							255,230	-	255,230
Transfer of amortization from capital fund to retained earnings								(6,664)	(6,664)
Prior year adjustments								81,494	81,494
Transfer to Retained profit (Loss)								(3,268,413)	(3,268,413)
At June 30, 2023	80,277	22,523	68,637	190,257	838,405	1,210,000	6,703,676	(3,268,413)	5,845,362

17. Statement of Cash Flows for the year ended 30 June 2023

		2023	2022
	Notes	Kshs'000	Kshs'000
OPERATING ACTIVITIES			
Cash generated from / (used in) operations	36	(304,745)	(282,358)
Interest received	8	36,765	33,579
Net cash generated from/ (used in) operating activities		(267,980)	(248,779)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	16	(1,901)	(8,527)
Net cash generated from/ (used in) investing activities		(1,901)	(8,527)
FINANCING ACTIVITIES			
GOK Development Grant	7	255,230	604,634
Net cash generated from/ (used in) financing activities		255,230	604,634
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	36(b)	(14,651)	347,328
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	36(b)	1,755,118	1,407,791
		1,740,467	1,755,118

KENYA INDUSTRIAL ESTATES
Annual Report and Financial Statements for the year ended June 30, 2023

18. Statement of Comparison of Budget and Actual amounts for the period ended 30 June 2023

	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Percentage (%) variance	Explanation on material variances
	2022-2023		2022-2023	2022-2023			
	Shs'000'	Shs'000'	Shs'000'	Shs'000'	Shs'000'		
Revenue							
Interest Income	119,078	-	119,078	173,651	54,573	31%	
Grant from National Government	272,990	(30)	272,960	272,960	-	0%	
Rent Income	50,384	-	50,384	59,027	8,643	15%	
Other Income	19,333	11,161	30,494	45,705	15,211	33% (a)	
Finance Income	6,305	-	6,305	36,765	30,460	83% (b)	
Total income	468,090	11,131	479,221	588,108	108,887	19%	
Expenses							
Compensation to Employees	320,300	(700)	319,600	303,000	16,600	5%	
Use of Goods and Services	137,005	12,861-	149,866	133,980	15,886	12% (c)	
Rent Paid	4,252	(1000)	3,252	3,259	(7)	0%	
Amortization and Depreciation	5,347	-	5,347	35,942	(30,595)	(85)%	
Provision write off	1,000	-	1,000	24,919	(23,919)	(96)% (d)	
Taxation paid	-	-	-	5,514	(5,514)	(100)%	
Grants and Subsidies Paid	-	-	-	-	-	-	
Total Expenditure	467,904	11,161	479,065	506,614	(25,492)	(5)%	
Net Profit / Loss for the Period	186	(30)	156	81,494	83,395	100%	

EXPLANATORY NOTES TO MAJOR VARIANCES

- (a) Other Income-: This was a result lower income from Business Advisory services than anticipated
- (b) Finance Income-: The achievement was higher than anticipated.
- (c) Provision Write-off- This was portfolio clean-up which was concluded within the year
- (d) Use of goods and services- Cost Management measures during the year resulted in some savings in the use of goods and services.

19. Notes to the Financial Statements

1. General Information

KIE is established by and derives its authority and accountability from the Companies Act. The company is wholly owned by the Government of Kenya and is domiciled in Kenya. The company's principal activity is to promote and facilitate industrialization through provision of credit facilities, business development services and industrial workspace. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements

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 Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Kenya Industrial Estates Ltd accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 5-(I-VII).

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Company and all values are rounded to the nearest thousand (Kshs'000).

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Application of New and Revised International Financial Reporting Standards (IFRS)

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

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	<p>The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.</p> <p><i>The Company does not issue insurance contracts. / The company is an insurance company. The adoption of IFRS 17 has had the following effects:</i></p> <p>Xxx Xxx <i>(amend as appropriate)</i></p>	Effective for annual periods beginning on or after 1 st January 2023.
IAS 8- Accounting Policies, Errors, and Estimates	<p>The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.</p> <p><i>(entity to state the effect of amendments on their financial statements for the year ended.)</i></p>	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued	<p>The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies.</p>	The amendments are effective for annual periods beginning on or after January 1, 2023.

KENYA INDUSTRIAL ESTATES
Annual Report and Financial Statements for the year ended June 30, 2023

Title	Description	Effective Date
in February 2021)	<i>(entity to state whether this has brought about changes to the accounting policies disclosed)</i>	
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	The amendments are effective for annual periods beginning on or after January 1, 2023.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

Notes to the Financial Statements (Continued)

Application of New and Revised International Financial Reporting Standards (IFRS)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

(The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements).

iii. *Early adoption of standards*

Kenya Industrial Estates did not early adopt any new or amended standards in year 2022-2023

Notes to the Financial Statements (Continued)

4. Summary of Accounting Policies

The principle accounting policies adopted in the preparation of these financial statements are set out below:

a) Revenue recognition

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

- i) Revenue from the sale of goods and services** is recognized in the year in which the Company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government** are recognized in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Capital grants received and are meant for capital projects are amortized and recognized as grants income in the Statement of Comprehensive Income. The amortized amount is transferred from GOK capital fund to retained earnings under the Statement of Changes in Equity each year. This is in line with IAS 20. Also, the Development/ Capital grants are recognized in the statement of financial position
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognized as it accrues.

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

b) In-kind contributions

In-kind contributions are donations that are made to the company in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the company includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognized in profit or loss in the income statement.

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

Buildings and civil works	40 years or the unexpired lease period
Plant and machinery	12.5 years
Motor vehicles, including motor cycles	5 years
Computers and related equipment	5 years
Office equipment	8 years
Office furniture and fittings	10 years

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

e) Amortization and impairment of intangible assets

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset for use over ten years. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

f) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Notes to the Financial Statements (Continued)
Summary of Accounting Policies

g) Unquoted investments

Unquoted investments are measured at fair value through profit or loss (FVTPL).

h) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method or First In First Out (FIFO). Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

i) Trade and other receivables

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These 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. Bad debts are written off after all efforts at recovery have been exhausted.

j) Taxation

i) 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 Entity 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.

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 Entity operates and generates taxable income.

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.

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

m) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

n) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

o) Retirement benefit obligations

The company operates a defined contribution scheme for all full-time employees from July 1, 2011. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees.

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month. With effect from February 2023, employees contribute 6% of basic pay capped to a maximum of Kshs. 1,080 and the employer matches the amount.

p) Provision for staff leave pay

Employees' entitlements to annual leave are recognized as they accrue at the employees. At provision is made for the estimated liability for annual leave at the reporting date.

q) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

r) Budget information

The original budget for FY 2022-2023 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity'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 section xxx of these financial statements.

s) Service concession arrangements

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

Notes to the Financial Statements (Continues)

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, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IFRS 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.

a) 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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur.

b) 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:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets

Notes to the Financial Statements (Continues)

c) 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 xxx. 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.

I. Provision for Loans

The organization applies the banking regulations issued by the Central Bank on risk classification for loans and provisioning for bad and doubtful loans, using prudential guidelines as shown in table below:

Category	Classification	Provisioning
A	Normal class (0-30 days)	general provision of 1% of loan balance
B	Watch class (31-90 days)	general provision of 2% of loan balance
C	Sub-standard class (91-180 days)	20% of loan balance less suspended interest
D	Doubtful class (181-365 days)	100% of loan balance less suspended interest
E	Loss class (365 days)	100% of loan balance less security

II. Impairment Losses

At the end of each reporting period, the Corporation reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash generating unit to which the asset belongs.

Notes to the Financial Statements (Continues)

III. Provision for Ex-staff Imprests and Advances

The company makes estimates of doubtful receivables in relation to ex-staff imprest and advances and makes provision based on the estimates. Bad debts in relation to ex-staff and advances are written off after all efforts at recovery have been exhausted.

IV. Impairment Losses on Loans and Advances

The estimation of potential credit losses is inherently uncertain and depends upon many factors, including general economic conditions, changes in individual customers' circumstances, structural changes within industries that alter competitive positions and other external factors such as legal and regulatory requirements. Impairment is measured for all accounts that are identified as non-performing. All relevant considerations that have a bearing on the expected future cash flows are taken into account which include but not limited to future business prospects for the customer and realizable value of security.

Subjective judgements are made in this process of cash flow determination both in value and timing and may vary from one person to another. Judgements may also change with time as new information becomes available.

The company review its loans and advances at each reporting date to assess whether an allowance for impairment should be recognized in profit or loss. Judgement is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions on a number of factors.

V. Property, Plant and Equipment

Property, plant and equipment are depreciated over its useful life taking into consideration residual values. Critical estimates are made by management in determining the depreciation rates based on reasonable estimates of the useful life of the assets.

Notes to the Financial Statements (Continues)

VI. Going Concern

The Board of Directors and Management have evaluated the going concern status of the company and have no reason to believe the company will not be in operation in the next financial year because the company is funded by the Government through budgetary allocations. In making this judgement the directors and management have made reasonable estimates and judgement on the budgetary allocation expected from government.

VII. Related Parties

In the normal course of business, the company has entered into transactions with related parties. The related party transactions are at arm's length.

KENYA INDUSTRIAL ESTATES
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continues)

6. Revenue from contract with customers

Description	2023	2022
	Kshs'000' ^a	Kshs'000'
Interest income from loans	172,829	143,585
Total	172,829	143,585

7. Grants from National Government

Description	2023	2022
	Kshs'000'	Kshs'000'
Recurrent grants received	272,960	280,240
Capital grants realized (see note below)	255,230	604,634
Total	528,190	884,874

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs'000'	Amount deferred under deferred income KShs'000'	Amount recognised in capital fund. KShs'000'	2023 Kshs '000'	2022 Kshs '000'
Ministry of Industrialization/ State Department	272,960	-	255,230	272,960	280,240
Total	272,960	-	255,230	272,960	280,240

8. Finance Income

Description	2023	2022
	Kshs'000'	Kshs'000'
Interest from commercial banks and financial institutions	36,765	33,579
Interest on Staff Loans	822	912
Total	37,587	34,491

Notes to the Financial Statements (Continued)

9. Other Income

Description	2023	2022
	Kshs'000'	Kshs'000'
Sale of Tender Documents	6	20
Commissions and charges	5,738	4,091
Business Development Services Income	34,411	18,761
Miscellaneous Receipts	5,550	10,202
Rental Income	59,027	64,452
Total	104,732	97,526

10. Administration Costs

Description	2023	2022
	Kshs'000'	Kshs'000'
Staff costs (Note (10a))	297,136	297,275
Directors' emoluments	10,390	20,728
Electricity and water	2,930	3,839
Communication services and supplies	15,862	14,757
Transportation, travelling and subsistence	29,222	22,945
Advertising, printing, stationery and photocopying	13,285	11,842
Rent expenses	3,259	4,853
Staff training expenses	5,864	11,948
Hospitality supplies and services	160	351
Insurance costs	10,178	9,462
Bank charges and commissions	1,844	1,702
Office and general supplies and services	6,980	6,722
Auditors' remuneration	600	600
Legal fees	4,916	4,053
Consultancy fees	338	604
Repairs and maintenance	3,283	3,805
Provision for bad and doubtful debts	24,919	24,683
Depreciation	31,973	35,181
Amortization	3,969	4,258
Other Operating Expenses	29,884	18,303
Total	496,992	497,911

KENYA INDUSTRIAL ESTATES
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

10(a) Staff Costs

Description	2023	2022
	Kshs'000'	Kshs'000'
Salaries and allowances of permanent employees	243,223	241,181
Wages of temporary employees	2,831	1,978
Medical insurance schemes	25,712	30,099
Employer's contributions to national social security schemes	1,189	1,032
Employer's contributions to pension scheme	20,136	21,182
Leave pay	2,291	-
Gratuity provisions	1,488	1,488
Fringe benefit tax	266	315
Staff welfare	-	-
Total	297,136	297,275
The average number of employees at the end of the year was:		
Permanent employees – management	17	21
Permanent employees – union-sable	188	189
Temporary and contracted employees	2	2
Total	207	212

11. Selling and Distribution Costs

Description	2023	2022
	Kshs'000'	Kshs'000'
Marketing and Promotional expenses	4,108	5,590
Total	4,108	5,590

Notes to the Financial Statements (Continued)

12. Operating Profit/ (Loss)

Description	2023	2022
	Kshs'000'	Kshs'000'
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff Costs (Note 10a)	(297,136)	(297,275)
Depreciation of property, plant and equipment	(31,973)	(35,181)
Amortization of right of use of Assets (leasehold land)	(3,969)	(4,258)
Provision for bad and doubtful debts	(24,919)	(24,683)
Directors' emoluments – fees	(10,390)	(20,728)
Auditors' remuneration - current year fees	(600)	(600)
Other Administrative expenses	(132,113)	(120,776)
Government recurrent grant	272,960	280,240
Interest receivable (Note 6)	172,829	143,585
Rent receivable (Note 9)	59,027	64,452
Finance income (Note 8)	37,587	34,491
Other income (Note 9)	45,705	33,074
	87,008	52,341

13. Income Tax Expense/(Credit)

(a) **Income tax charge/ credit**

Description	2023	2022
	Kshs'000'	Kshs'000'
Current taxation based on the adjusted Profit for the year at 30%	5,514	3,457
Current tax: Prior Year Under/(Over) provision	-	-
Current year deferred tax charge	-	-
Prior Year Under-provision for deferred tax	-	-
Total	5,514	3,457

KENYA INDUSTRIAL ESTATES
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

(b) Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

Description	2023	2022
	Kshs'000'	Kshs'000'
Profit before taxation	87,008	52,341
Tax at the applicable tax rate of 30%	26,102	15,702
Prior Year Under-Provision	-	-
Tax effects of expenses not deductible for tax purposes	-	-
Tax effects of income not taxable	(26,102)	(15,702)
Tax effects of excess capital allowances over Depreciation/Amortization	-	-
Deferred tax Prior Year Over-Provision	-	-
Total	-	-

14. Earnings Per Share

The earnings per share is calculated by dividing the profit after tax of Kshs.81,494,000 (2021/2022): Kshs. 48,884,000) by the average number of ordinary shares in issue during the year of 4,013,865 (2021/2022): 4,013,865). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

15. Dividend per Share

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM to be held before the end of 2023, no dividend in respect of the year ended June 30, 2023 is to be proposed just like year 2022 when no dividend was proposed.

KENYA INDUSTRIAL ESTATES
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

16. (a) Property, Plant and Equipment

2023	Buildings & civil works Kshs'000	Motor vehicles, including, motor cycles Kshs'000	Computers & related equipment Kshs'000	furniture & fittings Kshs'000	Office equipment Kshs'000	Capital work in progress Kshs'000	TOTAL Kshs'000
COST OR VALUATION							
At July 1, 2022	474,723	133,304	54,761	61,478	69,213	356,090	1,149,569
Additions	-	-	1,105	494	302	-	1,901
Adjustments	-	-	-	-	-	-	-
At June 30, 2023	474,723	133,304	55,866	61,972	69,515	356,090	1,151,470
DEPRECIATION							
At July 1, 2022	128,836	98,057	35,913	36,156	38,342	-	337,304
Charge for the year	13,418	14,311	1,728	1,238	1,278	-	31,973
At June 30, 2023	142,254	112,368	37,641	37,394	39,620	-	369,277
NET BOOK VALUES							
At June 30, 2023	332,469	20,936	18,225	24,578	29,895	356,090	782,193

Property, plant and equipment include the following items that are fully depreciated:

	Cost or Valuation	Normal Annual depreciation charge
Office equipment	-	12.5%
Motor vehicles, including motor cycles	61,750	20%
Computers and related equipment	39,633	20%
Furniture and fittings	-	10%
	<u>101,383</u>	<u>-</u>

KENYA INDUSTRIAL ESTATES
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

Property, Plant and Equipment (Continued)

2022	Buildings & civil works Kshs'000	Motor vehicles, including motor cycles Kshs'000	Computers & related equipment Kshs'000	furniture & fittings Kshs'000	Office equipment Kshs'000	Capital work in progress Kshs'000	TOTAL Kshs'000
COST OR VALUATION							
At July 1, 2021	470,829	133,304	53,373	59,085	68,361	356,090	1,141,042
Additions	3,894	-	1,388	2,393	852	-	8,527
Adjustments	-	-	-	-	-	-	-
At June 30, 2022	474,723	133,304	54,761	61,478	69,213	356,090	1,149,569
DEPRECIATION							
At July 1, 2021	115,096	83,746	34,145	33,269	35,867	-	302,123
Charge for the year	13,740	14,311	1,768	2,887	2,475	-	35,181
At June 30, 2022	128,836	98,057	35,913	36,156	38,342	-	337,304
NET BOOK VALUES							
At June 30, 2022	345,887	35,247	18,848	25,322	30,871	356,090	812,265

Notes to the Financial Statements (Continued)

16. (b) Property, Plant and Equipment

Property, plant and equipment include the following items that are fully depreciated:

	Cost or Valuation Kshs'000	Normal Annual Depreciation Charge Kshs'000
	-	12.5%
Office Equipment	61,750	20%
Motor vehicles, including motor cycles	39,633	20%
Computers & Related Equipment	-	10%
Furniture & Fittings	101,383	-

16. (c) Land without Title Documents

The company has 47 pieces of land measuring 47.9928 hectares which have no title documents. These are shown in annexure VI. The company is pursuing the National Land Commission for the issuance of the title documents.

17. Intangible Assets

Description	2023	2022
	Kshs'000'	Kshs'000'
Cost		
At July 1	48,126	48,126
Additions	-	-
Disposals	(-)	(-)
At June 30	48,126	48,126
Amortization		
At July 1	38,630	38,630
Charge For The Year	-	-
Disposals	(-)	(-)
Impairment Loss	(-)	(-)
At June 30	38,630	38,630
Net Book Value		
At June 30	9,496	9,496

NOTES: The intangible Assets relate to computer software

KENYA INDUSTRIAL ESTATES
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

18. Investment Property

Description	2023	2022
	Kshs'000'	Kshs'000'
Opening Valuation	998,585	998,585
Movements During The Year		
Additions	-	-
Disposals	-	-
Fair Value Gains/(Losses)	(-)	(-)
Closing Valuation	998,585	998,585
Depreciation (If At Cost)		
At July 1		
Charge For The Year	-	-
Disposals	-	-
Impairment Loss	(-)	(-)
At June 30	(-)	(-)
Net Book Value	-	-
At June 30	998,585	998,585

19. Right of use assets

Description	2023	2022
	Kshs'000'	Kshs'000'
Opening Valuation	537,335	537,335
Movements During The Year		
Additions	-	-
Disposals	-	-
Fair Value Gains/(Losses)	-	-
Closing Valuation	537,335	537,335
Depreciation (If At Cost)		
At July 1		
Charge For The Year	47,941	43,683
Disposals	3,969	4,258
Impairment Loss	(-)	(-)
At June 30	(-)	(-)
Net Book Value	51,910	47,941
At June 30	485,425	489,394

Note: Right of use assets refers to Leasehold land held by the company.

Notes to the Financial Statements (Continued)

20. Unquoted Investments

Description	2023	2022
	Kshs'000'	Kshs'000'
Cost		
At July 1	11,200	11,200
Less provisions	(11,200)	(11,200)
At June 30	-	-

The unquoted investment relates to investment of 440,000 non-cumulative preference shares of Kshs.20 each and 120,000 ordinary shares of Kshs.20 each at Consolidated Bank of Kenya Ltd.

21. Inventories

Description	2023	2022
	Kshs'000'	Kshs'000'
Stationery and general stores	7,007	6,554
Less: Impairment of Stock	(164)	(164)
Total	6,843	6,390

22. Trade and Other Receivables

Description	2023	2022
	Kshs'000'	Kshs'000'
Trade Receivables	325,829	366,173
Staff receivables -Note 21(b)	3,749	3,687
Gross Trade and Other Receivables	329,578	369,860
Provision for Bad And Doubtful Receivable	(149,784)	(149,851)
Net Trade and Other Receivables	179,794	220,009

22(a). Trade Receivables

Description	2023	2022
	Kshs'000'	Kshs'000'
Gross Trade Receivables	329,578	369,860
Provision for Doubtful Receivables	(149,784)	(149,851)
Net Trade Receivables	179,794	220,009
ageing analysis of gross Trade Receivables		
Less than 30 Days	130,287	161,166
Between 31 and 60 Days	1,688	15,554
Between 61 and 90 Days	846	1,066
Between 91 and 120 Days	1,396	1,544
Over 120 Days	195,361	190,530
Total	329,578	369,860

KENYA INDUSTRIAL ESTATES
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

22(b). Trade Receivables

Description	2023	2022
	Kshs'000'	Kshs'000'
Staff advances and imprest	3,749	3,687
Provision for staff advances and imprest	(2,528)	(2,528)
At the end of the year	1,221	1,159

23. Loans

Description	2023	2022
	Kshs'000'	Kshs'000'
Gross loans	2,225,536	1,753,939
Interest suspended	(171,680)	(134,899)
Specific provision	(81,107)	(51,678)
General provision	6,718	681
Total	1,979,467	1,568,046

24. Staff Receivables

Description	2023	2022
	Kshs'000'	Kshs'000'
Gross staff loans	30,130	30,759
Interest suspended	(975)	(758)
Specific provisions	(1,162)	(1,162)
General provisions	81	79
	28,074	28,918

25. Bank and Cash Balances

Description	2023	2022
	Kshs'000'	Kshs'000'
Cash at bank	1,739,811	1,754,463
Cash in hand	656	656
Total	1,740,467	1,755,119

The bulk of the cash at bank was held at Standard Chartered Bank Kenya Limited and Kenya Commercial Bank. These are the main company's bankers including National Bank of Kenya Limited.

Notes to the Financial Statements (Continued)

Detailed analysis of the cash and cash equivalents

Description	2023	2022
Current Account		
Financial institution	Kshs'000'	Kshs'000'
Standard Chartered Bank	1,213,211	1,353,309
Kenya Commercial Bank Ltd	504,398	321,821
National Bank of Kenya	21,540	78,671
Co-operative Bank of Kenya	168	168
M-pesa	494	494
Cash in hand	656	656
Grand Total	1,740,467	1,755,119

Detailed analysis of bank and account numbers are provided on appendix V

26. Ordinary Share Capital

Description	2023	2022
	Kshs'000'	Kshs'000'
Authorized:		
10,000,000 ordinary shares of Kshs.20 par value each	200,000	200,000
Issued and Fully paid:		
4,013,865 ordinary shares of Kshs.20 par value each	80,277	80,277

27. Reserves

Description	2023	2022
	Kshs'000'	Kshs'000'
Capital Reserves	22,523	22,523
Disposal of sheds	68,637	68,637
GOK Irredeemable Loans	190,257	190,257
Revaluation Reserves	838,405	838,405
Grants	6,703,676	6,448,446
GOK Loan write offs	1,210,000	1,210,000
Retained Earnings	(3,268,413)	(3,343,243)
	5,765,085	5,435,025

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Notes To The Financial Statements (Continued)

28. Revaluation Reserve

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

29. Fair Value Adjustment Reserve

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

30. Retained Earnings

The retained earnings represent amounts available for distribution to the entity's shareholders. Undistributed retained earnings are utilised to finance the entity's business activities.

31. Borrowings

Description	2023	2022
	Kshs'000'	Kshs'000'
a) External borrowings		
Balance at beginning of the year		
Repayments of during the year	152,864	152,864
Balance at end of the year	(-)	(-)
	152,864	152,864
b) Domestic borrowings		
Balance at beginning of the year:		
Youth Enterprise Fund	65,654	65,654
GOK		
Repayments during the year	(-)	(-)
Balance at end of the year	65,654	65,654
Balance at end of the period- domestic and external borrowings c = a+b	218,518	218,518

Notes To The Financial Statements (Continued)

The analyses of both external and domestic borrowings are as follows:

Description	2023	2022
	KShs'000'	KShs'000'
External borrowings		*
Dollar denominated loan from 'x organization'	152,864	152,864
Domestic borrowings		
Kenya shilling loan from Youth Enterprise Fund	1,709	1,709
Kenya shilling loan from GOK	63,945	63,945
Total balance at end of the year	218,518	218,518

32. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

Description	2023	2022
	Kshs'000'	Kshs'000'
Accelerated capital allowances	35,608	35,608
Unrealised exchange gains/(Losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	(-)	(-)
Provisions for liabilities and charges	(-)	(-)
Net deferred tax liability	35,608	35,608

The movement on the deferred tax account is as follows:

Description	2023	2022
	Kshs'000'	Kshs'000'
Balance at beginning of the year	35,608	35,608
Credit to revaluation reserve	(-)	(-)
Under Provision in Prior Year	-	-
Income Statement Charge/(Credit)	-	-
Balance at end of the year	35,608	35,608

KENYA INDUSTRIAL ESTATES
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Notes to the Financial Statements (Continued)

33. Trade and Other Payables

Description	2023	2022
	Kshs'000'	Kshs'000'
Trade payables	8,701	12,536
Retention/ Contract monies	46,083	46,083
Other payables	48,535	54,929
Total	103,319	113,548

34. Retirement Benefit Obligations

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1,080.00 per employee per month. Other than NSSF the company also has a defined contribution scheme operated by Kenya Industrial Estates Limited staff retirement benefit scheme and Kenya Industrial Estates Limited Staff provident fund. Employees contribute 8% while employers contribute 16% of basic salary. Employer contributions are recognized as expenses in the Statement of Financial Performance within the period they are incurred.

35. Provisions

Description	2023	Leave Pay Provisions 2022
	Kshs'000'	Kshs'000'
Balance at the beginning of the year	5,246	5,246
Additional provisions	2,291	-
Provision utilised	(-)	(-)
Balance at the end of the year	7,537	5,246

Provision for annual leave pay is based on services rendered by full-time employees up to the end of the year.

Notes to the Financial Statements (Continued)

36. Notes to the Statement of Cash Flows

Description	2023	2022
	Kshs'000'	Kshs'000'
(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations		
Profit or Loss before tax	87,008	52,341
Depreciation	31,973	35,181
Amortization	3,969	4,258
Rent Income	(59,027)	(64,452)
Other Income	(45,705)	(33,074)
Interest Income	(173,651)	(144,497)
Provisions	24,919	24,683
Interest Received	(36,765)	(33,579)
Operating Profit/(Loss) before Working Capital changes	(167,279)	(159,139)
(Increase)/Decrease in Inventories	(453)	(36)
(Increase)/Decrease in Trade and Other Receivables	40,215	(165,564)
Increase/(Decrease) in Trade and Other Payables	(10,229)	3,659
Increase/(Decrease) in Provision for Staff Leave Pay	-	-
Advances to Customers	(992,064)	(681,937)
Collections from Loans, Rent, Mortgage and Other Income	825,065	720,659
Cash Generated from/(used In) operations	(304,745)	(282,358)
(b) Analysis of Cash and Cash equivalent		
Cash At Bank	1,739,811	1,754,463
Cash In Hand	656	656
Balance At End Of The Year	1,740,467	1,755,119

c) Disclosure on changes in Financing Cash flow: -

- i.GOK Grant- This is grant from National Government given to support the company's development activities. The grant is not refundable.

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Notes to the Financial Statements (Continued)

37. Related Party Disclosures

Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity*'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 include:

- i) The Parent Ministry
- ii) Government Agencies
- iii) Government of Kenya
- iv) County Governments
- v) Key management
- vi) Board of directors

Transactions with related parties

Description	2023	2022
	Kshs'000'	Kshs'000'
a) Sales to related parties		
Rent income from govt. agencies		
Total	2,076	2,305
	2,076	2,305
b) Purchases from related parties		
Purchases of electricity from KPLC	1,074	2,004
Purchase of water from government service providers	1,856	1,835
Total	2,930	3,839
c) Grants from the government		
Grants from national government	528,190	884,874
Total	528,190	884,874
d) Key management compensation		
Directors' emoluments		
Compensation to key management	10,390	20,728
Total	42,916	34,228
	53,306	54,956

Notes to the Financial Statements (Continued)

38. Contingent Assets and Liabilities

Contingent Assets

Description	2023	2022
	Kshs'000'	Kshs'000'
Contingent assets		
Staff Houses (Eldoret)	191,000	191,000
Total	191,000	191,000

There is disputed ownership of staff houses in Eldoret where titles were obtained fraudulently. The company went to court and obtained a favourable judgement. The parties however, appealed against the judgement but the company also obtained a favourable judgement. The property is valued at Ksh.191M and the company is in the process of taking possession. There are also other parcels of land whose ownership is in dispute. These have been forwarded to National Land Commission.

Contingent Liabilities

Description	2023	2022
	Kshs'000'	Kshs'000'
Contingent Liabilities		
Bank overdraft	3,422	3,422
Legal claims against the company	-	-
Total	3,422	3,422

The company may be required to pay interest on the Bank Overdraft of Kshs.3.422 million with Continental Bank. The interest is expected to accrue from the date the Bank was placed under official Receivership. However, assurance in writing had been given that the interest charged in excess of the interest receivable from deposits will be borne by the Continental Credit Finance these were related Institutions.

Corporation Tax

This relate to claim by KRA for payment of tax arrears for period 1994 to 2014. The claim relates to interest and penalties for the said period and the company has applied to Kenya Revenue Authority (KRA) for waiver. The matter is under consideration by KRA. The liability amounted to Kshs. 140.20 Million as at 30/06/2023.

Court Cases

There are two on-going court cases in relation to disputed land ownership between the company and other parties and one arbitration matter in relation to a contract. The cases are on-going.

Notes To The Financial Statements (Continued)

39. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company'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 company 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 company's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, 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 company'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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs'000'	Fully performing Kshs'000'	Past due Kshs'000'	Impaired Kshs'000'
At 30 June 2023				
Receivables from non-exchange transactions	329,578	130,287	3,930	195,361
Bank balances	1,739,811	-	-	-
Loans	1,979,467	-	-	-
Total	4,048,856	130,287	3,930	195,361
At 30 June 2022				
Receivables from non-exchange transactions	369,860	161,166	18,164	190,530
Bank balances	1,754,463	-	-	-
Loans	1,596,964	-	-	-
Total	3,721,287	161,166	18,164	190,530

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Notes to the Financial Statements (Continued)

(iii) Market risk

The board has put in place an Internal Audit function and Risk Management Department to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

The company's Risk Management Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

a) Foreign currency risk

The company has no exposure to foreign currency risk because of the nature of its business.

b) Interest rate risk

Interest rate risk is the risk that the company's financial condition may be adversely affected as a result of changes in the interest rate levels. The company takes on exposure to the effect of fluctuation in prevailing levels of market interest rate on both fair value and cash flow risk. The company holds interest bearing assets in form of loans to customers. The Board has assessed the interest rate risk and does not foresee any changes in the market that may adversely affect the company's cash flow. This is because the company interest rate regime is fairly stable.

c) Capital Risk Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The company's capital structure comprises of the following funds

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Notes to the Financial Statements (Continued)

Description	2023	2022
	Kshs'000'	Kshs'000'
Ordinary share capital	80,277	80,277
Capital reserve	22,523	22,523
Disposal of sheds	68,637	68,637
GOK Irredeemable loans	190,257	190,257
Revaluation reserves	838,405	838,405
Retained earnings	(3,268,413)	(3,343,243)
Total funds	(2,068,314)	(2,143,144)
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

40. **Incorporation**

The company is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya

41. **Events after the Reporting Period**

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

42. **Currency**

The Financial Statements are presented in Kenya Shillings (Kshs).

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**Appendices
Appendix I: Implementation Status of Auditor-General prior year recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Un-Supported Land Ownership</p> <p>The statement of financial position and as disclosed in Note 11(c) to the financial statements indicates several parcels of land measuring 47.9937 which have no title documents. As reported previously, available information indicates that the process of acquiring titles for these land parcels has been underway for significantly long duration. Management indicated that they are pursuing the National Lands Commission to process and issue the ownership documents. However, by the time of concluding this audit the title deeds were yet to be issued.</p>	<p>We have duly noted your observation regarding some several parcels of land which have no title documents. The company has actively been pursuing the issuance of the ownership documents from The National Land Commission and has made some significant progress in the process of ensuring that the documents are obtained. This is an on-going process and the company is doing all it can to ensure the documents are issued. We wish to confirm that the parcels are owned by Kenya Industrial Estates and the company has put adequate measures to safeguard the properties</p>	<p>Not Resolved</p>	<p>30/06/2024</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, it was not possible to confirm the rightful ownership of these parcels of Land, and there is the risk of encroachment by private developers.	from encroachment. In addition, the parcels have been recognised in the company's books of accounts without omission.		
2	<p>Long Outstanding Payables</p> <p>The statement of financial position reflects trade and other payables balance of Kshs 113,548,000, and as disclosed in Note 24 to the financial statements. Included in this balance is Kshs 101,012,000 on payables which have been outstanding for more than five (5) months. Further included in the balance of payables is a balance of Kshs. 46,083,000 which relates to retention money, which has been outstanding for more than six (6) months, implying that payments due to contractors and suppliers have been delayed for periods which</p>	<p>The company is undertaking reconciliation of all the outstanding payables with the aim of sorting them out.</p>	<p>Not Resolved</p>	<p>30/06/2024</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	is beyond the defect liability period of six (6) months.			

Parmain de Narikae

Dr Parmain Narikae, PhD, MBS
 MANAGING DIRECTOR

Date

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Appendix II: Projects implemented by KIE

Projects

The company is currently implementing one project which is Credit to Small and Medium Enterprises. This project is funded by GOK. The project implementation status is shown in the table below:

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources
1	Credit to SMES 5.350 Billion	3.363 Billion	62.86%	604.634 Million	604.634 Million	GOK and Internally Generated resources

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Appendix III: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
N/A	-	-	-	-	-	-	-	-	-

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Appendix IV- Inter-Entity Confirmation Letter



Kenya Industrial Estates
 P.O. Box 78029-00507
 Nairobi, Kenya

The Kenya Industrial Estates wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below.

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2023				Amount Received by Kenya Industrial Estates (Kshs) as at 30 th June 2023 (E) Kshs '000	Differences (F)=(D-E) Kshs '000
		Recurrent (A) Kshs '000	Development (B) Kshs '000	Inter-Ministerial (C) Kshs '000	Total (D)=(A+B+C) Kshs '000		
FT22231YV8FZ	19/08/2022	22,749	-	-	22,749	22,749	-
FT22242MBQ3K	30/08/2022	22,749	-	-	22,749	22,749	-
FT2226424GXF	21/09/2022	22,750	-	-	22,750	22,750	-
FT222800RJFZ	7/10/2022	-	151,000	-	151,000	151,000	-
FT22305LBTG	1/11/2022	22,749	-	-	22,749	22,749	-
FT223360FN71	2/12/2022	22,749	-	-	22,749	22,749	-
FT223627P5YF	28/12/2022	22,750	-	-	22,750	22,750	-

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FT2303438D12	03/02/2023	22,749	-	-	22,749	22,749	-
FT23065D6TFL	06/03/2023	22,749	-	-	22,749	22,749	-
FT23104S916K	14/04/2023	22,749	=	-	22,749	22,749	-
FT231649ZKH3	13/06/2023	22,749	-	-	22,749	22,749	-
FT23180CJZ5J	29/06/2023	45,468	-	-	45,468	45,468	-
FT23187RF5ZZ	06/07/2023	-	104,230	-	104,230	104,230	-
Total		<u>272,960</u>	<u>255,230</u>	=	<u>528,190</u>	<u>528,190</u>	-

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

Head of Accountants department of beneficiary entity:

Name CPA Charles Mativo..... Sign *Charles Mativo* Date 29/12/2023

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Appendix V: List of Bank Accounts as at 30th June 2023

DETAILS		BRANCH	ACCOUNT NUMBER	KSHS	KSHS
1	STANDARD CHARTERED BANK	INDUSTRIAL AREA	104031412500	1,204,673,087.90	
2	STANDARD CHARTERED BANK	INDUSTRIAL AREA	102031412501	8,537,681.60	
	TOTAL STANDARD CHARTERED BANK				1,213,210,769.50
1	KENYA COMMERCIAL BANK	NAIROBI-MOI AVENUE	1107215188	400,910,906.79	
2	KENYA COMMERCIAL BANK	MACHAKOS	1108307051	3,442,297.90	
3	KENYA COMMERCIAL BANK	THIKA	1102280186	90,398,324.47	
4	KENYA COMMERCIAL BANK	MACHAKOS	1106241037	9,410,761.80	
5	KENYA COMMERCIAL BANK	VOI	1108156622	55,100.00	
6	KENYA COMMERCIAL BANK	MURANGA	1108563848	50,013.10	
7	KENYA COMMERCIAL BANK	NAIROBI MASHARIKI	1120695562	3,876.80	
8	KENYA COMMERCIAL BANK	MACHAKOS	1108303382	600.95	
9	KENYA COMMERCIAL BANK	TALA	1116060817	1,967.50	
10	KENYA COMMERCIAL BANK	SULTAN-HAMUD	1106464184	17,664.90	
11	KENYA COMMERCIAL BANK	KILINDINI	1101521694	1,694.05	
12	KENYA COMMERCIAL BANK	MALINDI	1104272482	1,320.65	
13	KENYA COMMERCIAL BANK	VOI	1108156959	1,374.05	
14	KENYA COMMERCIAL BANK	TAVETA	1116182750	9,615.50	

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	DETAILS	BRANCH	ACCOUNT NUMBER	KSHS	KSHS
33	KENYA COMMERCIAL BANK	BUSIA	1116061627	9,382.70	
34	KENYA COMMERCIAL BANK	KIMILILI	1137087676	673.00	
35	KENYA COMMERCIAL BANK	GARISSA	1107782651	32,253.45	
	TOTAL KENYA COMMERCIAL BANK				
1	NATIONAL BANK	HARAMBE AVENUE	1003002830802	21,538,962.32	504,398,281.66
2	NATIONAL BANK	KITUI	1003002830803	258.36	
3	NATIONAL BANK	KISUMU	1003023505800	463.20	
	TOTAL NATIONAL BANK				
1	CO-OPERATIVE BANK	INDUSTRIAL AREA	1109027125100	167,476.20	21,539,683.88
	TOTAL CO-OPERATIVE BANK				
1	MPESA	SAFARICOM	948800	493,930.00	167,476.20
	TOTAL			1,739,810,141.24	1,739,810,141.24

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	DETAILS	BRANCH	ACCOUNT NUMBER	KSHS	KSHS
15	KENYA COMMERCIAL BANK	NAKURU	1101899379	1,357.30	
16	KENYA COMMERCIAL BANK	NAROK	1116213605	494.50	
17	KENYA COMMERCIAL BANK	KABARNET	1103664379	1,852.85	
18	KENYA COMMERCIAL BANK	ELDORET	1102451290	206.30	
19	KENYA COMMERCIAL BANK	KERICHO	1107174058	1,644.45	
20	KENYA COMMERCIAL BANK	KAPSABET	1139206125	6,417.95	
21	KENYA COMMERCIAL BANK	KISII	1101873787	2,468.15	
22	KENYA COMMERCIAL BANK	HOMA-BAY	1116061732	78.25	
23	KENYA COMMERCIAL BANK	SIAYA	1116061422	377.60	
24	KENYA COMMERCIAL BANK	NYAMIRA	1131844947	66.50	
25	KENYA COMMERCIAL BANK	NYERI	1101877294	1,527.90	
26	KENYA COMMERCIAL BANK	KARATINA	1101877294	28,992.40	
27	KENYA COMMERCIAL BANK	MURANGA	1108563112	395.30	
28	KENYA COMMERCIAL BANK	THIKA	1102280038	381.70	
29	KENYA COMMERCIAL BANK	EMBU	1102849480	1,257.40	
30	KENYA COMMERCIAL BANK	MERU	1103264095	2,414.55	
31	KENYA COMMERCIAL BANK	KAKAMEGA	1101753404	398.40	
32	KENYA COMMERCIAL BANK	BUNGOMA	1106222555	122.55	

APPENDIX VI: SCHEDULE OF KIE LAND PARCELS

S/No.	County	Size (Ha.) With Titles	Size (Ha.) Without Titles	Total Size (Ha.)
1.	Nairobi	1.058	0.195	1.253
2.	Machakos	3.0785	4.43	7.5085
3.	Homabay	-	1.27	1.27
4.	Makueni	1.6339	2.9678	4.6017
5.	Kwale	0	0.7500	0.7500
6.	Meru	0.2077	1.0160	1.2237
7.	Taita Taveta	0	3.7566	3.7566
8.	Kitui	2.0416	0	2.0416
9.	Nyeri	0.5251	0.1727	0.6978
10.	Kilifi town	0	4.5500	4.550
11.	Kirinyaga	0	0.8094	0.8094
12.	Muranga	0.2456	0	0.2456
13.	Mombasa	0.1568	0.6546	0.8114
14.	Nakuru	0.3362	0	0.3362
15.	Baringo	0.1402	0.390	0.5302
16.	Uasin Gishu	0.3304	2.0478	2.3782
17.	Trans Nzoia	2.5063	1.7937	4.3000

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18.	Kericho		0.5299	0	0.5299
19.	Kisumu		0.9817	2.000	2.9817
20.	Siaya		1.233	1.8497	3.0827
21.	Kisii		0.4241	0.0325	0.4566
22.	Kakamega		2.3823	0.5927	2.975
23.	Bungoma		1.3000	2.9612	4.2612
24.	Narok		0	2.3870	2.3870
25.	Turkana		0	1.2100	1.2100
26.	Bomet		0	0.5000	0.5000
27.	Nandi		0	1.1870	1.1870
28.	Nyamira		0	0.4700	0.4700
29.	Busia		0	0.4000	0.4000
30.	Wajir		0	0.8000	0.8000
31.	Garissa		0	8.0000	8.0000
32.	Mandera		0	0.80000	0.8000
33.	Embu		1.9263	0	1.9263
	Total		21.0376	47.9937	69.0313