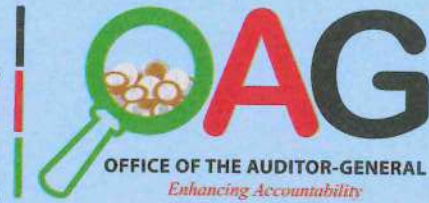


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**RURAL ELECTRIFICATION AND RENEWABLE  
ENERGY CORPORATION (REREC)**

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

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**RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2025**

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

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

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**1. Acronyms and Definition of Key Terms**

**A: Acronyms**

|       |  |
|-------|--|
| CEO   | Chief Executive Officer                                |
| CBK   | Central Bank of Kenya                                  |
| ICPAK | Institute of Certified Public Accountants of Kenya     |
| IPSAS | International Public Sector Accounting Standards       |
| NT    | National Treasury                                      |
| PFM   | Public Finance Management                              |
| PPE   | Property Plant & Equipment                             |
| SAGAs | Semi-Autonomous Government Agencies                    |
| SC    | State Corporations                                     |
| REREC | Rural Electrification and Renewable Energy Corporation |
| PSC   | Public Service Commission                              |
| OSHA  | Occupational Safety and Health Act of 2007             |
| CAJ   | Commission on Administrative Justice                   |
| MoE   | Ministry of Energy                                     |
| KEMP  | Kenya Electricity Modernisation Project                |
| KEEP  | Kenya Electricity Expansion Project                    |
| KOSAP | Kenya Off-grid Access Project                          |
| REP   | Rural Electrification Project in Five Regions in Kenya |
| SPPGP | Solar Power Plant in Garissa Project                   |
| BADEA | Arab Bank for Economic Development in Africa           |
| OFID  | The OPEC Fund For International Development            |
| GOK   | Government of Kenya                                    |
| SCAC  | State Corporation Advisory Committee                   |

**B: Definition of Key Terms**

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

**Comparative Year-** Means the prior period.

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**2. Key Entity Information and Management**

**(a) Background information**

The Rural Electrification and Renewable Energy Corporation (REREC) is a State Corporation established under section 43 of the Energy Act, 2019. Its mandate is set out under section 44 of the Energy Act, 2019.

**(b) Principal Activities**

The entity's principal activities are rural electrification and renewable energy.

**Vision & Mission**

**Vision:** "A green energy driven nation".

**Mission:** "To provide sustainable energy solutions for all through rural electrification and renewable energy for social economic transformation."

**Mandate of Rural Electrification & Renewable Energy Corporation as set out under section 44 of the Energy Act, 2019**

- a. Oversee the implementation of the Rural Electrification Programme;
- b. Manage the Rural Electrification Programme Fund established under section 143;
- c. Source additional funds for the Rural Electrification Programme and renewable energy;
- d. Develop and update the rural electrification master plans in consultation with County Governments;
- e. Develop and update the renewable energy master plan taking into account county specific needs and the principle of equity in the development of renewable energy resources;
- f. Support the establishment of energy centres in the counties;
- g. Establish framework for collaboration with County Governments in the discharge of its mandate;
- h. Undertake on-farm and on station demonstration of wood-fuel species, seedling production and management;
- i. Undertake feasibility studies and maintain data with a view to availing the same to developers of renewable energy resources;
- j. Develop, promote and manage in collaboration with other agencies, the use of renewable energy and technologies, including but not limited to biomass (biodiesel, bio-ethanol,

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- charcoal, fuel-wood, biogas) municipal waste, solar, wind, tidal waves, small hydropower and co-generation but excluding geothermal;
- k. Formulate, in conjunction with the Agency, a national strategy for coordinating research in renewable energy;
  - l. Undertake, in conjunction with the Agency, research, development and dissemination of appropriate renewable energy technologies;
  - m. Provide an enabling framework for the efficient and sustainable production, conversion, distribution, marketing and utilization of biomass, solar, wind, small hydro's, municipal waste;
  - n. Promote, in conjunction with the agency responsible for forests, the use of fast maturing trees for energy production including bio-fuels and the establishment of commercial woodlots including peri-urban plantations;
  - o. Promote, in collaboration with other agencies, the development of appropriate local capacity for the manufacture, installation, maintenance and operation of renewable technologies such as bio-digesters, solar systems, turbines and other renewable energy technologies;
  - p. Promote international co-operation programmes focusing on renewable energy sources;
  - q. Harness opportunities offered under clean development mechanism and other mechanisms including, but not limited to, carbon credit trading to promote the development and exploitation of renewable energy sources;
  - r. Promote the development of electricity generation through co-generation by sugar millers;
  - s. Provide technical and other capacity building support to County Governments in the discharge of the function of electricity reticulation and energy regulation; and
  - t. Undertake any other duty or perform such other function as may be necessary for the execution of its mandate under this Act.

**(c) Key Management**

The Corporation's day-to-day management is under the following;

1. Board of Directors
2. Chief Executive Officer
3. General Managers
4. Managers.

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**(d) Fiduciary Management**

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

| No. | Designation  | Name                            |
|-----|--|---------------------------------|
| 1   | Chief Executive Officer  | CS Dr. Rose Mkalama             |
| 2   | General Manager, Renewable Energy Research and Development     | Eng. Fred Tom Ishugah           |
| 3   | General Manager, Power Distribution and Regional Coordination. | Eng. Dr. James Muriuki          |
| 4   | General Manager, Strategy and Business Development             | Dr. David Gitonga               |
| 5   | General Manager, Internal Audit                                | CPA Hassan Yusuf Haji           |
| 6   | General Manager, Finance & ICT                                 | CPA Davis Cheruiyot             |
| 7   | General Manager, Information Education and Communication       | Beatrice Njuguna                |
| 8   | Acting General, Manager, Human Resource & Administration       | CHRP-K Everlyn Koech            |
| 9   | Corporation Secretary & Manager, Legal Services                | Sharon Tugee                    |
| 10  | Manager, Supply Chain Management                               | Wilfred Oduor                   |
| 11  | Manager, ICT   | Alex Kangethe                   |
| 12  | Manager, Advocacy, Public Education & Awareness                | Dr. Charles Kiprono Keter       |
| 13  | Manager, Research, Monitoring & Evaluation                     | Dr. Joel Omusebe                |
| 14  | Manager, Process Audit   | CPA Emmanuel Odero              |
| 15  | Manager, Alternative Energy                                    | Eng Jonathan Mbutu              |
| 16  | Manager, Systems and Forensic Audit                            | CPA. Irene Chelang'at           |
| 17  | Manager, Strategy Planning                                     | CPA. Francis Mutua              |
| 18  | Manager, Renewable Energy, Research & Innovation               | Eng. Ephantus Kamweru           |
| 19  | Manager, Business Development                                  | Edward Gakunju                  |
| 20  | Manager, Corporate Communications                              | Christine Mwendwa Ndwiga        |
| 21  | Manager, Operation and Maintenance                             | Paul Ekuam Arongat              |
| 22  | Manager, Design  | Eng. Terry Lumbasi              |
| 23  | Manager, Construction  | Brian Kemibaro Olimba           |
| 24  | Manager, Quality and Risk Management                           | Gilbert Mutai                   |
| 25  | Manager, Biomass Energy  | Dr. Isaiah Kase Okuthe          |
| 26  | Manager, Security  | Jillo Konde                     |
| 27  | Manager, Geospatial  | Wycliffe Onyango Abiero         |
| 28  | Acting Manager, Administration                                 | Margaret Nzau                   |
| 29  | Acting Manager, Finance and Accounts until 11th December 2024  | CPA Fredrick Gicharu            |
| 30  | Acting Manager, Finance and Accounts from 12th December 2024   | CPA Caroline Kamau              |
| 31  | Acting Manager, Energy Centers                                 | Eng. Victor Magerer             |
| 32  | Regional Manager, Coast Region                                 | Jackbed Turi Njangu             |
| 33  | Regional Manager , West Kenya Region                           | Eng. Michael Alfred Osewe Apudo |
| 34  | Regional Manager , North Rift Region                           | Eng. Jonah Kosgei               |
| 35  | Regional Manager, Central Rift Region                          | Eng. Gideon Gitonga Rwamba      |
| 36  | Regional Manager , Mount Kenya Region                          | Fredrick Nyamai                 |
| 37  | Regional Manager, Nairobi, Eastern & North Eastern Region      | Eng. Nicholas Musembi Maundu    |
| 38  | Acting Regional Manager, South Nyanza Region                   | Eng. Zack Magomere              |

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

**(e) Fiduciary Oversight Arrangements**

The oversight for financial management is vested in the two Board Committees as discussed below;

**Audit Committee**

The Audit Committee plays a critical oversight role in ensuring accountability, integrity and transparency in the Corporation financial and risk management processes. It is a key component of good governance in the Corporation. It ensures that all the systems in the Corporation are functioning properly. The main terms of reference as provided in the Board manual are as follows;

- i. Support the Board of Directors in reviewing the effectiveness of the Corporation's processes of Corporate Governance;
- ii. Review the annual financial statements and consider whether they are complete, consistent and reflect appropriate accounting principles and make appropriate recommendations for necessary action;
- iii. Consider the effectiveness of the REREC internal control systems established by management to ensure compliance with policies, laws and regulations;
- iv. Review and approve the internal audit plan, charter and manual.

In addition to the Terms of Reference, the Committee also has an Audit Committee Charter that defines how they are supposed to execute their responsibilities.

**Finance Committee**

The Committee is responsible for Financial Management and proper resource allocation in the Corporation. The Terms of reference of the Committee are as follows;

- i. Develop and recommend to the Board the Corporation's Annual Budget;
- ii. Develop strategies aimed at achieving financial sustainability for the Corporation;
- iii. Consider and recommend to the Board Banking facilities and Corporation levels;
- iv. Ensure proper financial management systems are in place.

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**(f) Entity Headquarters**

Kawi House  
Red Cross road  
P.O Box 34585-00100  
NAIROBI

**(g) Entity Contacts**

Telephone: (254) 709 193 000  
E-mail: [info@rerec.co.ke](mailto:info@rerec.co.ke)  
Website: [www.rerec.co.ke](http://www.rerec.co.ke)

**(h) Entity Bankers**

1. The Co-operative Bank of Kenya Ltd  
P.O. Box 48231 – 00100  
Nairobi Business Centre  
NAIROBI
2. Kenya Commercial Bank of Kenya Ltd  
P.O Box 69695-00400  
Milimani Branch  
NAIROBI
3. Standard Chartered Bank Kenya Ltd  
P.O Box 98683-80100  
Kenyatta Avenue Branch  
NAIROBI
4. CFC Stanbic Bank Kenya Ltd.  
P.O Box, 72833-00200  
Upper Hill Branch  
NAIROBI
5. Equity Bank Kenya Ltd  
P.O Box 75104-00200  
Equity Centre Branch  
NAIROBI
6. National Bank of Kenya Ltd  
P.O Box 38645-00100  
South C-Red Cross Branch  
NAIROBI
7. Citi Bank N.A Kenya  
P.O Box 30711-00100  
Citibank House  
NAIROBI
8. Family Bank Ltd  
P.O. Box 74145-00200  
Family Bank Towers  
NAIROBI

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

**(i) Independent Auditor**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue



P.O. Box 40112

City Square 00200



Nairobi, Kenya

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**3. The Board of Directors/Council**

|           |   |  |
|-----------|---|--|
| <p>1.</p> |  <p>Mr. Godfrey Lemiso<br/><b>Chairperson<br/>of the Board of Directors</b></p>  | <p>Mr. Godfrey Lemiso was born in the year 1969.</p> <p>He was appointed via <b>Gazette Notice No. 5050</b> as a non-executive chairperson of the Corporation on 20/04/2023.</p> <p>He holds Master of Arts (MA) in Peace and Justice from the University of San Diego – California, United States of America (2004 – 2005) and a Bachelor of Arts Degree (Geography and History) from Kenyatta University (1990 – 1995).</p> <p>Mr. Lemiso has an extensive work experience in the public sector with lead roles in the Athi Works Development Agency Board. He has also worked at the Independent Electoral and Boundaries Commission (IEBC) as well as the United Nation Development Program (UNDP) and several Non-Governmental Organisations discharging various roles.</p>   |
| <p>2.</p> |  <p>Dr. Chris Kiptoo<br/><b>Principal Secretary, The National Treasury</b></p> | <p>Dr. Chris Kiptoo is the Principal Secretary, National Treasury. He was appointed Principal Secretary on 1<sup>st</sup> December 2022. Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, and Trade &amp; Cooperatives. In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities.</p> <p>His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector and macroeconomic accounting, and modelling and forecasting.</p> |



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|           |  |  |
|-----------|--|--|
| <p>3.</p> |  <p><b>Mr. Alex Kamau Wachira<br/>Principal Secretary, State<br/>Department for Energy</b></p>                  | <p>Mr. Alex K. Wachira joins the State Department for Energy as the Principal Secretary with a wealth of experience from the private sector where he worked variously as an investment banker.</p> <p>Prior to his appointment, he worked with Faida Investment Bank where he traded and structured Treasury bonds and Corporate bonds at the Nairobi Stock Exchange (NSE). His other assignments include working with Dyer &amp; Blair Investment Bank and Genghis Capital limited in the same capacity. PS Wachira has served in various leadership positions right from his university days.</p> <p>He was a founding member of the Bonds Market Association as well as a member of the Steering Committee of the Kenya Association of Stock Brokers and Investment Bankers (KASIB). His contribution to the Bond's market saw him being appointed to the Central Depository Project at the Central Bank of Kenya (CBK). In 2021, the project dealt in government securities worth 900 billion, the highest turnover ever in Kenya.</p> |
| <p>4.</p> |  <p><b>Ms. Wendy Murugi Nguyu<br/>Alternate to Cabinet Secretary,<br/>National Treasury &amp; Planning</b></p> | <p>Ms. Wendy Murugi Nguyu was born in the year 1991.</p> <p>She was appointed to the Corporation's Board on 11<sup>th</sup> March, 2025.</p> <p>She has a Master of Arts in Economics and Bachelor of Economics and Statistics from the University of Nairobi.</p> <p>She has over 10 years of experience in the public and private sector. She is currently serving as a Senior Investment Officer at the National Treasury, overseeing State-Owned Enterprises (SOEs) reforms, strategic investments, and fiscal risk analysis. She has Certificate in Program on Investment Appraisal and Risk Analysis conducted by John Deutsch International Executive Programs of the Department of Economics at Queen's University, Ontario, Canada and Senior Management Course from the Kenya School of Government.</p> <p>She is a member of the Finance &amp; Administration and Audit Committees of the Board.</p>  |




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|           |   |   |
|-----------|---|---|
| <p>5.</p> |  <p>Mr. Peter N. Ngumi Alternate Director<br/>Alternate PS State Department for Energy</p> | <p>Mr. Peter N. Ngumi was born in the year 1987.</p> <p>He was appointed to the Corporation's Board on 20/12/2022.</p> <p>He is currently pursuing a Masters in International Anti-Corruption Compliance and Collective Action from the International Anti- Corruption Academy, Austria. He is an Advocate of the High Court of Kenya with a Bachelor of Laws Degree from Catholic University of East Africa and a post graduate Diploma from the Kenya School of Law. He has over 10 years' experience in Civil, Commercial, Conveyance and Intellectual matters. He has been providing legal advice and opinions to the Ministry and SAGAs in the energy sector; and ensuring compliance with regional and international instruments.</p> <p>He is a Member of the Finance &amp; Administration Committee, the Human Resource Committee and the Strategy &amp; Project Implementation Committee of the Board.</p> |
| <p>6.</p> |  <p>Mr. Sammy K. Choge</p>  | <p>Mr. Sammy Choge was born in the year 1952.</p> <p>He was appointed to the Corporation's Board on 24/2/2023 via Gazette Notice No. 2378.</p> <p>He is a Member of the Human Resource Committee.</p>   |
| <p>7.</p> |  <p>Mr. Peter Kenneth Kimani</p>   | <p>Mr. Peter Kenneth Kimani was born in the year 1965.</p> <p>He was appointed to the Corporation's Board on 24/02/2023 via Gazette Notice No. 2378.</p> <p>He holds a Bachelor of Commerce Degree (BCom) from Inoorero University, Nairobi. Additionally, he also holds a BTEC, National Diploma, Business and Finance from Woodwich College. He is a full member of Institute of Certified Investment and Financial Analysts (ICIFA).</p> <p>He has over 25 years' experience working in National and International institutions.</p> <p>He is the Chairperson of the Finance &amp; Administration Committee and a Member of the Human Resource Committee of the Board.</p>   |

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|     |  |   |
|-----|--|---|
| 8.  |  <p>Mr. Mark Nderitu Muturi</p> | <p>Mr. Mark Nderitu Muturi was born in the year 1987.</p> <p>He was appointed to the Corporation's Board on 24/02/2023 via <b>Gazette Notice No. 2378</b>.</p> <p>He holds a Bachelors of Purchasing and supplies Management from Jomo Kenyatta University of and Technology. He also holds a Diploma in Purchasing and Supplies Management, Jomo Kenyatta University of Agriculture and technology. He has extensive experience in strategy, business development, business process improvement, financial leadership and strategy, people leadership, offshoring, controllership &amp; compliance, business start-ups, process design and Financial Planning &amp; Analysis.</p> <p>He is the Chairperson of the Human Resource Committee and a Member of the Finance &amp; Administration Committee of the Board.</p>  |
| 9.  |  <p>Dr. Charles O. Owino</p>   | <p>Dr. Charles O. Owino was born in the year 1967.</p> <p>He was appointed via <b>Gazette Notice No. 6484</b> to the Corporation's Board on 23<sup>rd</sup> May, 2025.</p> <p>He has PhD in Public Policy, M.A in Development Communications and B.A (Hons) in Economics. He has Certificate in Development Journalism from Rhodes University (South Africa); PG Diploma in Business Administration from the Chartered Institute of Management (UK); and PG Diploma in Mass Communication from the University of Nairobi.</p> <p>He is currently the Head of Resource Mobilization &amp; Strategic Partnerships, African Economic Research Consortium (AERC) responsible for ensuring predictable and sustainable long-term funding to support AERC programs; accountable for implementation of the AERC Resource Mobilization, and Strategic Partnerships.</p> <p>Has extensive experience in Resource Mobilization, Strategic Development and Implementation, Strategic Partnerships, and Planning and Management.</p> <p>He is a member of International Public Policy Association; Association for Public Policy Analysis and Management (APPAM); African Association of Public Administration &amp; Management (AAPAM); Thomson Reuters Foundation (TRF); Media Educationists and Trainers Association (META); East African Communication Association (EACA);</p> <p>Public Relations Society of Kenya (PRSK); Kenya Business Journalists Association (KBJA); and Kenya Library Association.</p> <p>He is a member of Strategy &amp; Project Implementation and Audit Committees of the Board.</p> |
| 10. |  |   |

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|     |   |  |
|-----|---|--|
|     |  <p>Ms. Rosemary Nyambura Njaramba<br/>Nominee, Council of Governors</p> | <p>Ms. Rosemary Njaramba was born in the year 1987.</p> <p>She was appointed via <b>Gazette Notice No. 9135</b> to the Corporation's Board on 14<sup>th</sup> July, 2023.</p> <p>She is an Advocate of the High Court of Kenya. She holds a Master of Arts in International Studies and a Bachelor of Laws both from the University of Nairobi and a Diploma in Law from the Kenya School of Law. Ms. Njaramba is a member of the Law Society of Kenya and the International Commission of Jurists-Kenya (ICJ-K). She currently works at the Council of Governors. She previously worked at The Institute for Social Accountability, the firms of Muriu Mungai Advocates and Kefa Ombati Advocates and International Commissions of Jurists, Kenya.</p> <p>She is a member of the Strategy &amp; Project Implementation Committee.</p>   |
| 11. |  <p>Mr. Hussein Adbnassir Mohammed<br/>Nominee Council of Governors</p> | <p>Mr. Hussein A. Mohammed was born in the year 1987.</p> <p>Mr. Mohammed was appointed via <b>Gazette Notice No. 9135</b> to the Corporation's Board on 14<sup>th</sup> July, 2023.</p> <p>He is an Advocate of the High Court of Kenya. He holds a Master of Laws Degree and a Bachelor of Laws both from the University of Nairobi and a Diploma in law from the Kenya School of Law. Mr. Mohammed is a member of the Law Society of Kenya, East African Law Society, and Committee member of the Jamia mosque Committee and a life member of the Kenya Red Cross Society. Mr. Hussein has for the past ten years worked in both private practice, governmental and non-governmental sector with tasks ranging from provision of legal advice and opinion; review of national and international legal instruments among others.</p> <p>He is a member of the Strategy &amp; Project Implementation Committee.</p> |
| 12. |  <p>Mr. Philip Kibiwot Cherige,<br/>Nominee, Council of Governors</p>  | <p>Mr. Philip K. Cherige was born in 1982.</p> <p>Mr. Cherige was appointed via <b>Gazette Notice No. 9135</b> to the Corporation's Board on 14<sup>th</sup> July, 2023. He holds a Bachelor's Degree from the University of Nairobi. He is a Certified Credit Professional (CCP) Part III. Mr. Cherige worked at the Middle East Bank Kenya Ltd and the Communication Commission of Kenya. He has over 10 years' experience in the banking sector.</p> <p>He is the Chairperson of the Audit Committee.</p>   |

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**4. Key Management Team**

|    | <b>Management</b>  | <b>Details</b>   |
|----|--|--|
| 1. |  <p><b>CS. Dr. Rose N. Mkalama</b><br/>Chief Executive Officer</p>        | <p>Dr. Rose Mkalama serves as the Chief Executive Officer of the Rural Electrification and Renewable Energy Corporation (REREC) where she provides visionary leadership in advancing the national agenda on rural electrification and renewable energy development. Her stewardship is focused on driving operational excellence, strengthening stakeholder partnerships and ensuring sustainable access to energy for all Kenyans.</p> <p>She holds a Doctorate in Business Administration (PhD), a Master of Business Administration (MBA) and a Bachelor of Laws (LLB), all from the University of Nairobi. She also holds a Master of Laws (LLM) in Oil and Gas from Strathmore University.</p> <p>Dr. Mkalama is a Certified Utility Management Specialist, having qualified through the Institute of Public-Private Partnerships and the Water Engineering and Development Centre (WEDC) of Loughborough University in Washington, DC.</p> <p>She is an Advocate of the High Court of Kenya and a Certified Secretary accredited by the Institute of Certified Secretaries of Kenya (ICPSK).</p> |
| 2. |  <p><b>CPA Davis Cheruiyot</b><br/>General Manager, Finance and ICT</p> | <p>CPA Davis Cheruiyot is the General Manager, Finance and ICT. He provides leadership in budgeting, financial planning, ICT infrastructure and digital transformation, enterprise resource management, and statutory compliance, ensuring the Corporation's financial sustainability and operational efficiency.</p> <p>He contributes to strengthening internal controls, fiscal discipline, and financial reporting systems aligned with public sector standards. He holds a Master of Science in Finance and Investment (MSFI) and a Bachelor of Business Administration in Finance and Accounting, both from Kenya Methodist University (KEMU).</p> <p>CPA Cheruiyot is a Certified Public Accountant and an active member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>   |

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|           |  |  |
|-----------|--|--|
| <p>3.</p> |  <p><b>Dr. David Gitonga</b><br/>General Manager, Strategy and Business Development</p>             | <p>Dr. David Gitonga is the General Manager, Strategy and Business Development. He oversees corporate strategy formulation, project planning and evaluation, applied research, and innovation. He also leads the Corporation's quality management systems and risk management frameworks, ensuring alignment with REREC's long-term goals and national development priorities.</p> <p>With a strong foundation in engineering and policy research, Dr. Gitonga plays a pivotal role in developing alternative revenue models, enhancing organizational resilience and facilitating data-driven decision-making.</p> <p>He holds a Bachelor of Science in Civil Engineering (Hons) from Jomo Kenyatta University of Agriculture and Technology (JKUAT), a Master's degree in Integrated Water Resources Management from the University of Dar es Salaam, and a Doctorate in Disaster Management and Humanitarian Assistance from Masinde Muliro University of Science and Technology (MMUST).</p>   |
| <p>4.</p> |  <p><b>Dr. Eng. James Muriuki</b><br/>GM, Power Distribution and Regional Coordination (PDRC)</p> | <p>Dr. Eng. James Muriuki is the General Manager, Power Distribution and Regional Coordination. He oversees the planning, design, and implementation of rural electrification projects across the country. His focus is on ensuring timely delivery of quality projects in line with engineering standards, safety regulations, and national energy goals.</p> <p>He provides technical oversight to regional teams, coordinates contractors and consultants and ensures compliance with grid integration and community access standards.</p> <p>He holds a PhD and a Master of Science in Electrical Engineering, a Master of Science in Project Management, and a Bachelor of Science in Electrical and Electronic Engineering, all from the Jomo Kenyatta University of Science and Technology (JKUAT).</p> <p>Dr. Eng. Muriuki is a registered Professional Engineer with the Engineers Board of Kenya (EBK), a corporate member of the Institution of Engineers of Kenya (IEK) and a licensed Class A1 Electrician by the Energy and Petroleum Regulatory Authority (EPRA).</p> |

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| 5. |  <p><b>Eng. Tom Fred Ishugah</b><br/>General Manager, Renewable Energy Research and Development</p> | <p>Eng. Fred Ishugah serves as the General Manager, Renewable Energy Research and Development. He is responsible for spearheading innovation, technology transfer, and the scaling of renewable energy solutions including solar, wind, biogas and small hydro. His role involves piloting new technologies, developing technical standards and promoting policy frameworks that advance clean energy uptake in Kenya.</p> <p>He holds a Master of Science in Power Engineering and Engineering Thermal Physics from Shanghai Jiao Tong University, a Postgraduate Diploma in Chinese Language and Culture from Beijing Language and Culture University and a Bachelor of Science in Energy Engineering.</p> <p>He is a Registered Professional Engineer (EBK), Corporate Member of the Institution of Engineers of Kenya (IEK), Registered Engineering Technologist (KETRB), Certified Energy Manager by the Association of Energy Engineers (AEE), Registered Environmental and Social Impact Assessment Expert by the National Environmental Management Authority (NEMA), a member of the Association of Energy Professionals Eastern Africa (AEPEA) and a Licensed Solar Photovoltaic Technician (T3) Solar Water Heating Technician and an Energy Auditor (Class A) by the Energy and Petroleum Regulatory Authority (EPRA).</p> |
| 6. |  <p><b>Alhaji Yusuf Suleiman</b><br/>General Manager, Internal Audit</p>                          | <p>CPA Hassan Yusuf is the General Manager, Internal Audit. He is responsible for formulating and executing internal audit strategies, plans, and systems, and oversees comprehensive audits of both financial and non-financial operations across the Corporation.</p> <p>He is a Lead Auditor in both Quality Management systems and Information Security Management Systems ISO/IEC. He is a professional accountant with experience in Auditing, Risk Management, Accounting, and Finance.</p> <p>He is a member of the Institute of Internal Auditors (IIA), the Institute of Certified Public Accountants of Kenya (ICPAK) and an affiliate of the Institute of Risk Management (IRM).</p>  |

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| <p>7.</p> |  <p><b>CHRP. Beatrice Njuguna</b><br/>General Manager, Information<br/>Education &amp; Communication<br/>Directorate</p> | <p>CHRP. Beatrice Njuguna is the General Manager, Information, Education and Communication. She oversees the Advocacy, Public Education, Corporate Communication, and Resource Centre departments. Her role is to ensure that all Corporation projects are effectively supported through strategic communication and stakeholder engagement.</p> <p>She holds a Bachelor's degree in Business Management (Human Resource Management), a Master's degree in Public Administration (Public Policy and Administration), and a Diploma in Human Resource Management.</p> <p>Ms. Njuguna is a full member of the Institute of Human Resource Management (IHRM) and has undertaken various professional trainings in governance and leadership.</p>  |
| <p>8.</p> |  <p><b>CHRP-K Everlyn Koech</b><br/>Ag. General Manager,<br/>HR/Admin</p>   | <p>CHRP-K Everlyn Koech is the Acting General Manager, Human Resource and Administration. She leads the Corporation's Human Resource and Administration functions and plays a key role in aligning human capital development with REREC's strategic goals.</p> <p>She holds a Master of Business Administration in Human Resource Management from Kabarak University, a Bachelor's degree in Business Administration (Human Resource Management) from Kenya Methodist University and an International Diploma in Human Resource Management from Cambridge International College.</p> <p>She is a Certified Human Resource Professional (CHRP-K) and a full member of the Institute of Human Resource Management (IHRM), with extensive training in Human Resource policy, performance management, strategy and leadership.</p> |

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**5. Chairman's Statement**

**Introduction**

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for Rural Electrification and Renewable Energy Corporation (REREC) for the year ended 30<sup>th</sup> June 2025. During the year, the following were undertaken:

**Strategy implementation and Performance improvement**

REREC implements its Strategic Plan through a coordinated framework that involves performance management - from Board targets with the government (through the State Department of Energy) to cascading of the Board PC (Performance Contract) to the CEO and Executive Management all the way to the lower levels. The framework also includes Monitoring of the implementation of these targets and monthly report updates which together have ensured continuous performance improvement. This was evidenced by a calculated productivity index of 2.548 in the FY 2024/25 up from 1.867 when it was first calculated in FY2023/24.

**Lighting up Rural Kenya**

The performance improvement referred to above was further evidenced by an increase in the number of completed and commissioned projects during the period. In FY 2024/25 REREC commissioned a total of 889 projects comprising both Public Facilities and Transformer Maximization projects. This was a 15% increase from the previous year. Completion and commissioning of these projects resulted in connection of 75,944 customers throughout the country.

The Corporation also maintained 138 primary schools earlier installed with solar PV systems during the Digital Learning Programme mostly in off grid areas.

**Project Commissions and Launches**

REREC' launched and commissioned 77 rural electrification projects during the year. The activities included pre-event publicity, live coverage, post-event reporting, and digital media amplification which significantly enhance public awareness and visibility of these REREC projects.

The projects were mainly officiated by H.E the President, H.E the Deputy President, the Cabinet Secretary for Energy and Petroleum, the Principal Secretary for Energy and REREC Chief Executive Officer.

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**Financial Performance**

REREC's total budget for the year under review was Kshs. 21.43 Billion out of which Kshs. 20.51 Million was funded by the GOK, the balance was funded through partnerships with counties, constituencies as well as generated internally and the balance of Kshs. 924.62 Million was raised through donor funds. These receipts were used to fund the recurrent (15%) and development expenditure (85%) enhancing the Corporation's visibility, stakeholder engagement, and positive public perception.

**Future Prospects**

The Corporation remains committed to the continued electrification of the rural population and offering energy solutions. In the coming year, the Corporation will focus on enhancing customer service through re-engineering some identified internal services end-to-end, improving the Productivity Index further and Electrification of People Settlement Areas.

**Appreciation**

I wish to thank my colleagues in the Board for their support and the staff of the Corporation for their efforts during the year that has ensured that the Corporation meets its objectives. In addition, I wish to thank the Government and our development partners for their continued support to REREC during the year.



**MR. GODFREY LEMISO**  
**CHAIRPERSON**

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

**Introduction**

During the financial year, the corporation implemented and commissioned several projects. At the same time, various other projects were ongoing and at different levels of implementation at the end of the financial year. Below is a brief of the projects implementation status as at 30<sup>th</sup> June 2025.

**Electrification of Public Facilities and Development of Renewable Energy Sources**

In FY 2024/25 REREC raised a total of Ksh. 12.43 billion out of which Ksh.11.96 billion was for development expenditure and Ksh. 0.48 billion was for recurrent. During the year, REREC managed to commission a total of 481 Public Facilities projects in the Country which included Trading Centres, Markets, Villages, Health Centres, Administration offices, public Primary and Secondary Schools among others. These Commissioned projects comprised 232 Carry forward, 212 new projects, 26 BADEA and 11 OFID/KEEP projects. A total of 138 Primary Schools earlier installed with Solar systems under the Digital Learning Programme had their systems maintained for continued operations.

**Last Mile Constituency Transformer project**

REREC was allocated Kshs 950 Million in FY 2024/25 to maximize transformers in Constituencies. The total number of projects commissioned under the Transformer Maximization Programme were 408 consisting of both identified and those carried forward from previous years. This was an increase of 37% compared to the previous year. REREC managed to connect 75,944 new customers/households from all commissioned projects, 18,553 more than what was connected the previous year and the highest number in recent years.

**KEMP Solar Solar Power Plants Commissioned**

The Corporation commissioned three (3) KEMP Mini-grids - Mageta Island Hybrid Mini-Grid Station in Siaya County and Ngothe and Takawiri in Homa Bay County. The three projects connected a total of 2,382 customers who were previously not served.

**KOSAP project**

During the year the KOSAP programme kicked off. Under the KOSAP Mini-grids component, tendering was completed and Award done under 6 Lots, Contracts prepared and a kick-off meeting

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held and site handover done, design preparations by the contractors is in progress. The solarization of boreholes under eleven lots is was evaluated and completed. The evaluation report was submitted to the World Bank for “No Objection to Award”.

**Board changes**

During the year, one (1) new member was appointed to join the REREC Board of Directors. Charles Owino (Dr) replaced Milton Luchiri in the month of May 2025.

**Financial Performance**

The Corporation continues to pursue prudent financial management policies as attested to by the financial results herein. As highlighted by the Chairman, out of the total receipts of Kshs 21.43 Billion during the year, 85% was channelled to capital expenditure while 15 % was utilized on recurrent expenditures.

**Other important activities**

During the year, the Corporation undertook a number of constructive activities aimed at promoting of renewable energy and clean cooking. This included installation of four (4) solar-powered Electric Vehicle Charging Stations in 4 Energy Centres Jamhuri (Nairobi), Mtwapa (Kilifi), Kericho and Busia. The Corporation is also giving Technical support/training in development of 33 Charcoal Kilns to Caritas SACCO.

**Our Employees**

Our staff remain the greatest asset of the Corporation. The Corporation will continue to build on the commitment of the staff through facilitating continuous professional development as well as structured remuneration to ensure that they remain motivated in line with the Corporation’s staff retention policy.

**Future Outlook**

In the coming year, REREC will continue focusing on facilitating the achievement of universal access and providing energy solutions throughout the country while improving productivity. In the coming year the corporation will specifically undertake Electrification of People Settlement Areas - an electrification programme targeting informal settlements. The initiative will ensure safe and legal access to electricity and will involve extending power lines and installation of transformers.

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**Appreciation**

I wish to acknowledge the commitment and dedication of staff who worked tirelessly to ensure that they achieve set targets. Any form of achievement can only be made through commitment, hard work and self-sacrifice. My sincere gratitude also goes out to the Rural Electrification and Renewable Energy Corporation Board of Directors for the continued support accorded to us throughout this process. We are also indebted to the Government and the Ministry of Energy & Petroleum and our development partners for their support that has ensured successful implementation of the REREC's mandate.



**CS. Dr. Rose N. Mkalama**

**CHIEF EXECUTIVE OFFICER**

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

REREC's performance targets for FY 2024/25 covered most of its operational areas including grid public facilities, transformer maximization and electrification of the Galana Kulalu Food Security project. Under Renewable energy and off-grid areas, targets included Kenya Off-grid Solar Access Project (K-OSAP) - installation of New Hybrid Mini-Grids and solarization of pumps for Boreholes, upgrading of earlier installed Gensets and hybrid mini-grids, installation of Biogas Clean Cooking System in Public Secondary Schools and maintenance of solar PV systems installed in Primary schools.

Achievements recorded for the year included 481 Public Facilities-projects commissioned against a target of 214. The 481 projects comprised 232 Carry forwards and, 212 new projects, 26 others under done under BADEA and 11 under OFID/KEEP. For Transformer Maximization Projects installed in Constituencies, 408 projects comprising 139 new and 269 carry forward from previous years were commissioned against a target of 148 for the period. The Galana Kulalu project recorded an overall achievement of 28.6% against a target of 25% for the period. Achievements included Contract signing, Site handover, Advance Payment to contractor, Design review and approval, Commencement of Works on site and Pegging of the power line.

On the off-grid projects K-OSAP - Tendering for the Hybrid Mini-Grids was completed and Award done under 6 Lots, Contracts were prepared and the kick-off meeting and site handover done, designs and mobilization by contractors was in progress. There were also two (2) solar mini-grids (Liboi and Ashabito) and Dadaab diesel Generators identified for upgrade and battery replacement and upgrade. The two Solar Mini grids were awarded and installation works in progress. As for Dadaab diesel Generator the upgrade was suspended because the town is scheduled for grid connection. Further, a total of 138 primary schools whose installed PV systems required maintenance were identified, scoped, awarded and maintained against a target of 100.

**Performance Management and Strategy Achievement**

The Strategic Plan 2023-2027 has divided the projected targets by individual years and budgets. The targets are then actualized through annual Performance Contracts and Annual work plans as dictated by available budget. The Board Performance contract is signed between the Ministry of Energy & Petroleum and the REREC Board of Directors. This is cascaded to the Executive Management and the CEO with an elaborate Annual Work plan which assigns individual targets and timelines plus specific

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responsibilities. HoDs develop detailed work plans for all activities under their realm and responsible officers. Officers then craft their individual work plans developed from those of HoDs to ensure linkage. This forms a basis for Monitoring and Evaluation of target implementation, reporting and learning at the corporate level and any necessary corrective action taken to ensure focus on projected outcome. Quarterly Directory Performance Evaluations and ranking are undertaken with a report done to the Board.

At the individual level, Staff Performance Appraisal is undertaken for all employees and an Appraisal Report for the preceding year compiled. An action plan is then developed with recommendations emanating from the staff appraisal reports for implementation.

This Performance Management framework is meant to ensure top-bottom linkage and ownership in the implementation of the corporate strategy.

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**8. Corporate Governance Statement**

**Introduction**

Section 43 of the Energy Act, 2019 establishes the Rural Electrification and Renewable Energy Corporation (REREC) (hereinafter 'the Corporation'). The Corporation's mandate as set out under section 43 of the Energy Act, 2019 is inter alia to implement the Rural Electrification Programme and the development of renewable energy technologies.

**Corporate Governance Practices**

Corporate Governance refers to the manner in which the power of any organization is exercised in the stewardship of the organization's total portfolio of assets and resources. This is with the objective of maintaining and increasing the satisfaction of the stakeholders, in the context of the corporate vision and mission. The Board of Directors and Management of REREC acknowledge that the Corporation, as an agent of Government, manages public funds while electrifying rural areas and in the development of renewable energy technologies which require a high degree of accountability. In order to achieve its mandate and to properly report back to the owners on how well it has utilized public resources, the Corporation has developed and embraced the ethos of good corporate governance. To this end, the Corporation has taken deliberate measures to ensure that levels of governance in the Corporation are in line with accepted good governance standards. The main corporate Governance practices and structures are set out in this statement.

**Appointment of Board members, Process of appointment and removal of directors**

The Board of Directors of the Corporation are appointed pursuant to Section 45 (1) of the Energy Act, 2019. This provision further sets out mandatory qualifications that individuals must possess to qualify for appointment as directors. The Chairperson was appointed by the His Excellency, the President of the Republic of Kenya vide Gazette Notice No. 5050 dated 27<sup>th</sup> February, 2023 with effect from 20<sup>th</sup> April, 2023. Four (4) Directors were appointed by the Cabinet Secretary, Ministry of Energy & Petroleum vide Gazette Notice No. 2378 dated 20<sup>th</sup> February, 2023 with effect from 24<sup>th</sup> February, 2023. Three (3) Directors were appointed by the Cabinet Secretary, Ministry of Energy & Petroleum vide Gazette Notice No. 9135 dated 13<sup>th</sup> July, 2023 with effect from 14<sup>th</sup> July, 2023. One Director was appointed by the Cabinet Secretary, Ministry of Energy & Petroleum vide Gazette Notice No. 6484 dated 23<sup>rd</sup> May, 2025, while one Director was removed from office vide the same Gazette Notice No. 6484 dated 23<sup>rd</sup> May, 2025. During the reporting period, two Directors were removed from the Board.

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**The size, diversity, and demographics of the Board**

As at 30<sup>th</sup> June, 2025, the Corporation's Board of Directors constituted ten (10) members comprising of a Chairperson, the Principal Secretary, State Department for Energy, The Principal Secretary, The National Treasury, seven (7) Directors, three (3) appointed by the Cabinet Secretary, Cabinet Secretary, Ministry of Energy & Petroleum and four (4) being nominees of the Council of Governors and appointed by the Cabinet Secretary, Ministry of Energy & Petroleum. The Chairman of the Board and the other seven (7) directors are drawn from the private and public sector. This provides the necessary mix of skills, experience and expertise to the Board that are required to propel the Corporation towards meeting its mandate of spearheading Kenya's renewable energy drive, in addition to implementing rural electrification projects.

**The Board Charter**

The Charter seeks to facilitate the effectiveness of each Director's contribution, consistent with the standards of independent judgement, ethics and integrity that Directors are expected to observe as they provide leadership in achieving the Corporation's mandate as articulated in Section 44 of the Energy Act, 2019. By abiding to the Charter and living the values of the Corporation, the Board has committed that it will provide leadership and strategic direction to the staff in achieving the Vision and Mission of the Corporation. In summary, the charter provides for the roles and responsibilities of the Directors and the tenets that are expected of the Board members in the discharge of their duties.

**Ethics and Conduct**

The Corporation has developed a Code of Ethics that is aligned to the Constitution of Kenya dictates and Conduct for Directors which has been signed by all Directors as a demonstration of individual commitment in upholding good corporate governance.

**Roles and functions of the Board**

The functions of the Board are strategic in nature in that they provide overall leadership to Management to ensure that the Corporation is at all times on course in achieving its mandate. The Board of the Corporation is mandated to exercise all the powers of the Corporation within the framework of the Energy Act, 2019 and the laws and regulations that regulate State Corporations, in particular the State Corporations Act, Chapter 446. The main functions of the Board include;

- a) Manage, supervise and administer the assets of the Corporation in such a manner as best promotes the purpose for which it is established;

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- b) Determine the provisions to be made for capital, recurrent expenditure and reserves of the Corporation;
- c) Receive any grants, gifts, donations or endowments on behalf of the Corporation and make legitimate disbursements therefrom;
- d) Open a banking account or bank accounts for the funds of the Corporation;
- e) Approve the annual work plan including the short and long term programs of the Corporation; and
- f) Any other function that enhances or adds value to the proper performance of the Corporation.

**Board Induction**

The Corporation conducts induction of the newly appointed Directors where Management makes detailed presentations on the Corporation's mandate, the Corporation's strategic Plan, the financial performance and the policies that guide the Corporation in the discharge of its mandate.

**Board training and development**

The Board members prepare their work plan for the financial year which includes the Board Capacity building. The members attend various trainings, workshops and conferences in the work plan and any such trainings, conferences and workshops that may be necessary for the development of the Board.

**Board and Members' Performance – Board Evaluation**

The State Corporations Advisory Committee conducts an annual Board evaluation to determine the Board and members' performance. In this regard, the members evaluate the entire Board's performance, the Chair is evaluated by all members, the Chairperson evaluates each member and the CEO is evaluated by all members. The Corporation Secretary is also evaluated by the Board and the Internal Auditor is evaluated by the Board's Audit Committee. The State Corporations Advisory Committee thereafter issues the results to the Board. The Board Evaluation for the Financial Year 2023/2024 was conducted on 26<sup>th</sup> September, 2024. The Board is scheduled to undertake the Evaluation for the 2024/2025 on 27<sup>th</sup> November, 2025.

**Number of Board meetings held and the attendance to those meetings by members.**

The State Corporations Act provides that the Board shall meet at least four (4) times in a year. The responsibility of deciding the number of meetings that the Board and Board committee should hold is vested on the Board. In order to ensure that Directors plan early, the schedule of Board meetings for

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each financial year is approved by the Board at the beginning of the year. Special Board meetings may be called from time to time to address specific issues that cannot wait for the scheduled meeting. Notices to board meetings are sent fourteen (14) days before the meeting. Board papers are circulated at least seven days before meetings. The Chairman provides leadership during Board meetings and strives to ensure open and constructive discussions during the meetings. During the year under review, the Board and the Board Committees held its meeting as follows;

| <b>S/No.</b> | <b>Meetings</b>                             | <b>No. of Meetings</b> | <b>Attendance</b> |
|--------------|---|------------------------|-------------------|
| 1.           | Full Board                                  | 4                      | 98%               |
| 2.           | Special Full Board                          | 3                      | 90%               |
| 3.           | Finance & Administration Committee          | 4                      | 84%               |
| 4.           | Human Resource Committee                    | 4                      | 84%               |
| 5.           | Strategy & Project Implementation Committee | 4                      | 92%               |
| 6.           | Special Finance & Administration Committee  | 1                      | 100%              |
| 7.           | Special Human Resource Committee            | 1                      | 100%              |
| 8.           | Human Resource Committee Retreat            | 2                      | 100%              |
| 9.           | Capacity Building/Board Retreat             | 2                      | 79%               |
| 10.          | Human Resource Ad-hoc Committee             | 1                      | 90%               |
|              | <b>Total</b>                                | <b>26</b>              | <b>-</b>          |

**Policy to Manage conflicts of interest**

The Corporation has ensured that there is a policy on conflict of interests in place. The Corporation further maintains a conflict of interest register which is present at all Board and Board Committee meetings to ensure that any Member in attendance with a conflict can declare the same and record it in the register before the meeting. In this regard, such member is forbidden from taking part in any discussions and decision making regarding the matter where the conflict arises. During the period, no member declared any conflict in matters presented to the Board and the Committees.

**Board Remuneration**

The Chairman and members of the Board are paid out of the funds of the Corporation, such sitting or other remuneration and/or benefits as the Board may, within the scales of remuneration specified by Government while in the conduct of the Corporation's business.

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**Summary of entitlement of Board members**

| TYPE OF PAYMENT             | CHAIRPERSON   | MEMBER        |
|-----------------------------|---------------|---------------|
| Honoraria (per month)       | Kshs. 80, 000 | N/A           |
| Sitting Allowance           | Kshs. 20, 000 | Kshs. 20, 000 |
| Transport/Mileage Allowance | *N/A          | AAK Rates     |
| Lunch Allowance             | Kshs. 2, 000  | Kshs. 2, 000  |
| Accommodation allowance     | Kshs. 18, 200 | Kshs. 18, 200 |

\*The Chairperson is provided with a Corporation vehicle

For the Financial Year ended 30<sup>th</sup> June, 2025, the Director's remuneration was as follows;

| NAME                 | HONORARIUM     | SITTING ALLOWANCE | ACCOMMODATION    | MILEAGE            | LUNCH          |
|----------------------|----------------|-------------------|------------------|--------------------|----------------|
| Godfrey Lemiso       | 960,000        | 1,060,000         | 1,146,600        | -                  | 14,000         |
| Peter Ngumi          | -              | 1,180,000         | 800,800          | 44,931.2           | 28,000         |
| Milton Lucheri*      | -              | 860,000           | 1,110,200        | 561,772.6          | 30,000         |
| Philip Cherige       | -              | 920,000           | 1,219,400        | 481,548.2          | 26,000         |
| Rosemary Njaramba    | -              | 960,000           | 600,600          | 52,418.4           | 24,000         |
| Hussein Mohammed     | -              | 900,000           | 1,128,400        | 525,000.0          | 30,000         |
| Stephen Ikikii, PhD* | -              | 360,000           | 182,000          | 12,710.8           | 18,000         |
| Sammy K Choge        | -              | 1,000,000         | 1,164,800        | 103,814.7          | 20,000         |
| Mark Nderitu         | -              | 800,000           | 673,400          | 81,112.6           | 24,000         |
| Peter K Kimani       | -              | 600,000           | 782,600          | 344,255.8          | 22,000         |
| Wendy Nguyu          | -              | 360,000           | 309,400          | 11,824.0           | 6,000          |
| Charles Owino        | -              | 200,000           | 200,200          | 11,824.0           | 2,000          |
| Noreen Wambui**      | -              | 20,000            |                  |                    | 2,000          |
| <b>TOTAL</b>         | <b>960,000</b> | <b>9,220,000</b>  | <b>9,318,400</b> | <b>2,231,212.4</b> | <b>246,000</b> |

\*The members have since exited the Corporation as Directors.

\*\* Representative from the Inspectorate of State Corporations.

**Governance Audit**

A Governance Audit for the year is to be conducted in the next financial year by an accredited governance auditor in compliance with the Mwongozo Code of Conduct for State Corporations. A Governance Audit for the financial year 2023/2024 was conducted and the report will be presented to the Board with the requisite recommendations.

**Communication Policy**

The Corporation has developed a Communication policy that provides the roadmap for the implementation of corporate communication functions, strategic communication in the Corporation, strategies for communication on risk management, the role of technology in communication within the Corporation and crisis management strategy within the Corporation.

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**Terms of Reference of Committees**

The State Corporations Act gives powers to the Board to constitute such other standing committees as it deems fit. Board committees are designed to ensure that the Board is run efficiently, effectively and in a manner that embraces Corporate Governance. They delve into issues that require attention and in this way, the committees are able to give greater attention to issues and then report back to the Board. This enables the Board to deliberate on issues and make more informed decisions. In order to achieve this, the Board has established four (4) committees as follows;

- a) Audit Committee
- b) Finance & Administration Committee
- c) Strategy and Project Implementation Committee
- d) Human Resources Committee

In coming up with the members of the various Committees, the Board is guided by the area of specialization of each Director.

The Committees meet at least four times in a year. However, special meetings may be called from time to time to deal with specific matters. Notices to meetings are sent fourteen (14) days to the date of the meeting, and papers for discussion are circulated seven (7) days to the date of the meeting. This way, members are able to adequately prepare for meetings and give meaningful contribution.

Unless expressly delegated by the Board to one of its committees, all matters determined by committees are submitted to the full Board as recommendations for Board decision. All committees are allowed to obtain outside independent professional advice from qualified individuals to advice on specific issues if they consider it necessary. The costs for such services are met by the Corporation. Each committee has its own terms of reference that guide its operations as summarized here below;

**The Board Audit Committee**

Terms of Reference;

- (i) Support the Board of Directors in reviewing the effectiveness of the Corporation's processes of Corporate Governance;
- (ii) Review the result of the audit on the financial statements by the External Auditor or any other inspector or investigator engaged by REREC;

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- (iii) Consider the effectiveness of the REREC internal control systems established by management to ensure compliance with policies, laws and regulations;
- (iv) Review and approve the internal audit plan, charter and manual;
- (v) Review the activities, organizational structure and qualifications of the internal auditors;
- (vi) Assess managements' action on significant findings and audit recommendations and ensure that action taken is adequate to maintain the integrity of the financial systems.

In addition to the Terms of Reference, the committee also has an Audit Committee Charter that defines how they are supposed to execute their responsibilities.

**Finance & Administration Committee**

Terms of Reference;

- Develop and recommend to the Board the Corporation's Annual Budget;
- Develop, review and approve major changes in the Corporation's accounting policies;
- Oversee the preparation of year-end financial statements of the Corporation;
- Develop strategies aimed at achieving financial sustainability for the Corporation;
- Consider and recommend to the Board Banking facilities and Corporation levels;
- Ensure proper financial management systems are in place;

**Strategy and Project Implementation Committee**

Terms of Reference;

- (i) Advise the Board on strategies to be adopted in order to enhance performance of the Corporation towards achieving its mandate and objectives;
- (ii) Develop annual work plans for the Committee and ensure compliance with the same;
- (iii) Receive and consider the reports of all proposed new business practices, policies and capital development;
- (iv) Review the Corporation's Master plan from time to time and make recommendations for its amendment to the Board;
- (v) Develop, Review and oversee the implementation of the Corporation's corporate strategic plan;
- (vi) Consider and make recommendations to the Board on an annual basis on project identification, preliminary costing of projects and funds allocation;
- (vii) Monitor the Corporation's performance.

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**Human Resources Committee**

Terms of Reference;

- (i) Oversee human resource planning and ensure that the Corporation has the right number of staff at the right time and at the right place capable of delivering the Corporation's mandate;
- (ii) Consider and recommend the Corporation's staff establishment and remuneration, including bonuses and other incentives, to the Board for approval;
- (iii) Consider staff recruitment and make recommendations to the Board and to ensure that the recruitment process is done in a fair manner;
- (iv) Approve the training plan for the Corporation and recommend the training budget to the Board for approval;
- (v) Develop and oversee the implementation of a health and safety policy for the staff in the work place as required by the law;
- (vi) Develop anti-sexual harassment policy, HIV policy and an equal employment policy for the Corporation as required by the law;
- (vii) Develop and oversee the implementation of a comprehensive human resource manual for the staff; and to review it from time to time;
- (viii) Ensure that the Corporation complies with all the labour laws and Government circulars released by the office of the President from time to time;
- (ix) Ensure that staff has a conducive work environment.

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**9. Management Discussion and Analysis**

The FY 2024/25 was marked with achievements in many areas of operations by REREC for both new projects identified and funded within the year and carry forward from previous years. A total of 889 grid last mile projects were commissioned including 481 Public Facilities and 408 Transformer projects. Arising from this, a total of 4,791.56 KMs of medium voltage length (951.59 KMs of High Voltage (HT) and 3,839.97 KMs of Low Voltage (LV) lines were constructed connecting 75,944 customers across the country compared to 57,391 connected in the previous year. The Corporation also commissioned three (3) new hybrid mini-grids funded under the KEMP programme.

**Other Achievements**

1. REREC launched An Energy Hub at Jamhuri Energy Center. The hub will play a crucial role in promoting clean cooking solutions across Kenya by providing technical training, demonstrations, and raising awareness for communities. This initiative aligns with REREC's commitment to promoting the use of renewable energy technology and ensuring access to sustainable energy.
2. A total of 138 schools Identified, scoped, awarded and maintained under the Primary Schools Solar Systems Maintenance Programme
3. The Galana Kulalu project Contract was signed on 3rd July 2024. The Project Designs, the Actual Equipment Drawings and Designs by Manufacturer - (GTP) and Equipment Engineering Designs were all approved. The Review and approval of equipment and materials GTP's were also done. The Site Handover was done on 1st August, 2024; with the supporting handover report and certificates provided. FATs for 100% of the required 12m concrete poles, 57% of the required 15m concrete pole was done and the poles accepted for use. The CIT report was also submitted. Pegging of the power line started on 14th February 2025 while Commencement of Works on Lot 1 site took place on 20th February 2025. Pole erection stood at 86.7% for Lot 2 by end of the year.

**Electrification Off-grid areas;**

REREC continues to support socio-economic transformation through provision of electricity to all Kenyans who lack access to electricity especially in rural areas. This is achieved through grid densification, intensification and extensions as well as development of renewable energy mini grids and standalone solutions especially in off-grid areas as an affirmative action. In line with this, The

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Government of Kenya, in collaboration with the World Bank, is undertaking inclusive development with the Kenya Off-grid Solar Access Program (K-osap) a Kshs. 9.4 billion project to construct 113 off-grid solar-powered mini-grids in areas classified as marginalised in 14 counties. This transformative initiative aims to significantly improve the quality of life for thousands of residents in underserved areas by expanding access to clean, reliable electricity.

The mini-grids will serve an additional 300,000 people, on top of the 900,000 already benefiting from stand-alone solar home systems under the Project. These will augment the ongoing electrification through the Last Mile Connectivity and Rural Electrification to Public Facilities initiative. The project is being implemented jointly by The MOEP, KPLC and REREC.

On REREC's part - Tendering was completed and Award done under 6 Lots, Contracts were prepared and a kickoff meeting was conducted on 26<sup>th</sup> March, 2025. The site handover process was completed and Mobilization and Designs preparation by the contractors is in progress.

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

Rural Electrification and Renewable Energy Corporation (REREC) exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 5 (five) pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

### *i. Sustainability strategy and profile*

Clean energy is a key element for achieving Sustainable Development Goals (SDGs). The SDG 7 and 13 aim to ensure access to affordable, reliable, sustainable and modern energy for all and for nations to take urgent action to combat climate change and its impacts as the way to transform lives and protect the environment. REREC promotes adoption of modern and clean energy solutions in a bid to reduce Green-house Gases emissions through appropriate pathways such as training of artisans on clean cooking technologies and extension services to communities; establishment/renovation of nursery beds to increase seedlings production; Promotion of sustainable energy solutions to support economic growth and reduce environmental impact by expanding the use of solar, wind, and other renewable resources, especially in under-served areas.

REREC functions include inter alia;

- Expanding Rural Electrification: Facilitating access to electricity in under-served rural regions to drive local development.
- Advancing Renewable Energy Projects: Establishing solar, wind, and other renewable projects to reduce reliance on non-renewable resources.
- Creating Renewable Energy Policies: Formulate and implement policies for sustainable energy development across Kenya.
- Supporting Kenya's Electrification Goals: Working towards universal access to electricity, especially for marginalized areas.
- Installing Off-Grid Systems: Setting up mini-grids and standalone solar systems in areas outside the main grid.
- Community Outreach and Training: Educating communities on renewable energy benefits and sustainable energy practices.

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The Corporation in FY 2024/25 supported the transition of Kenyan households and institutions towards adoption of modern and clean cooking solutions and reduction of GHGs emissions through the following;

- a) Training of 9,000 artisans in production and use of improved/energy saving cook-stoves
- b) Gave Technical support to Caritas SACCO in training and development of 33 Charcoal Kilns.
- c) Installed 4 solar-powered Electric Vehicle Charging Stations in four (4) Energy Centres Jamhuri (Nairobi), Mtwapa (Kilifi), Kericho and Busia.

**ii. Environmental performance**

The environment constitutes the foundation of national economic and social advancement. The Environmental Management and Coordination Act, 1999 (EMCA) establishes the legal and institutional framework for the management of the environment and connected matters. REREC's Strategic Plan has identified programmes and projects that will be subjected to Environmental and Social Impact Assessment (ESIA) and Environmental Audits (EA) processes in line with the EMCA. In addition, the implementation of the Strategy are guided by other policies and laws that have been identified in the Corporation's Compliance register which include but not limited to: State Corporations Act, Cap 446; Public Audit Act, 2015; Controller of Budget Act, 2016; Leadership and Integrity Act, 2012; Public Service (Values and Principles) Act, 2015; Fair Administrative Action Act, 2015; Public Officers Ethics Act, 2003; Anti- Corruption and Economic Crimes Act, 2011; Public Private Partnership Act, 2013; Access to Information Act, 2016; Public Service Commission Act, 2017; Occupation, Health, and Safety Act, 2007; Employment Act, 2007; Data Protection Act, 2019; Mwongozo (Code of Governance for State Corporations) and National Energy Policy, 2018. Among projects that are subjected to ESIA and EA processes are mini-grids and substations. In FY2024/25 Environmental and Social Impact Assessment (ESIA) studies for 120 mini-grid sites in 12 KOSAP Counties undertaken by a Consultant were completed. The ESIA reports for the 120 Sites were reviewed and cleared by the funding partner World Bank. The reports were approved and issued with licenses by NEMA. The ESIA consultant finalized and submitted the Social Assessments (SA) and Vulnerable and Marginalized Group Report (VMGR) reports for Phases 2 and 3 of the assignment to the Ministry after the review of the reports by both KPLC and REREC. All ESIA reports and SA and VMGP reports were submitted to the respective Implementing Agencies- (KPLC and REREC) for implementation.

For the Galana Kulalu Food Security Project, the following environment-related activities have been undertaken for Lot 1 and Lot 4; Soil investigation studies; Stripping of topsoil 300mm deep;

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Topographical survey after stripping; Revision and approval of implementation designs – earthworks, grading and drainage.

*iii. Employee welfare*

The Corporation's efficiency and effectiveness depends on the quality and competencies of employees it engages. The Corporation shall therefore endeavor to recruit suitably qualified and experienced employees with the right skills and experience required to achieve its goals and objectives. In light of this REREC is committed to attracting and retaining competent employees required for efficient and effective service delivery. REREC is an equal opportunity employer and shall not in its recruitment and selection process, discriminate on the basis of gender, race, religion, ethnicity or any other form of discrimination. It therefore observes the constitutional requirement on mainstreaming of gender and persons with disabilities as stipulated in Article 54 to 57 of the Constitution alongside any other policies issued by the National Cohesion and Integration Corporation.

All appointments are aligned to clear job descriptions and specifications for various cadres of employees in their respective fields of employment. The REREC Career Guidelines lay down the Grading Structure, qualifications and other requirements for recruitment into the Corporation that must be followed in processing appointments and promotions of employees in their respective fields of employment.

To facilitate the management of its Human resources, the Corporation developed the following five (5) Human Resource Instruments (the Instruments) which were approved by the State Corporations Advisory Committee (SCAC): Organizational Structure; Staff Establishment; Career Guidelines; Human Resource Policy and Procedures Manual; and Remuneration Structure.

The instruments are reviewed and updated for efficacy every three (3) years and as and when need arises.

The Corporation undertakes an objective Skills Gap Analysis every five (5) years to ensure the identification of interventions is comprehensive and the Training Needs Assessment is undertaken effectively. Also Staff Training Needs Assessment is undertaken every three (3) years or as need arises and annual staff training projections are prepared. These analyses and assessments facilitate development of competences, through systematic enhancement of skills and proficiency in order to address career progression of individual employees and improve institutional performance.

Under OSHA, REREC provides insurance for all procured materials, Corporation's assets, Work Injury Benefits Act (WIBA) and insurance for staff and the Board. REREC also held a staff Team

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Building exercise during the year that brought together the entire staff body to reconnect, recharge and re-energize as one community

*iv. Market place practices-*

*a) Responsible Competition Practice.*

REREC has established a Service Charter of its products and service and requirements for service and timelines. A total of 66 Service Charters have been displayed at the Headquarters and Regional offices, with each station having versions in English and Swahili.

At the-REREC HQ (Kawi Complex, there are 18 charter displays covering all floors and the REREC Boardroom. Transcription of the Charter into audio and sign language to facilitate Digital Access of the Charter was undertaken and is available on the REREC website, social media channels and in video format (sign language English and Swahili). Quarterly Compliance Monitoring Reports and done to ensure continuity of standards.

The Corporation also identified two (2) Customer-facing products/services for Business Process Re-engineering (BPR). The two services (Sale of Energy Saving Jikos and Sale of tree seedlings) were on-boarded to e-citizen platform and can be paid through e-payment. REREC processes all requests on access to information and resolves any and all complaints received on its operations and submits quarterly reports to Commission of Administrative Justice (CAJ)

*b) Responsible Supply chain and supplier relations*

REREC continuously complies with the provisions of the Public Procurement and Asset Disposal Act, 2015 (PPADA, 2015) which gives effect to Article 227 of the Constitution and provides procedures for efficient public procurement, assets disposal by public entities and other connected purposes.

The Corporation also complies with the provisions of-the Public Finance Management Act, 2012 that provides for the effective management of public finances by the national and county governments. This ensures its operations are guided and are within the tenets of the fiscal framework and policy objectives of the National Government. REREC shall continue to comply with the provisions of the PFM Act and the principles of public finance as articulated in Article 201 of the Constitution.

REREC prepares and updates an Ageing List of its service vendors as a guide for settlement of pending invoices. As at the end of FY 2024/25 there were no pending bills. All unpaid vendors beyond the credit period, were due to received incomplete invoices that required the vendor's action.

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

In the Financial Year 2024/25, REREC enhanced collaboration with County Governments through the Matching Fund Framework. Publicity of these initiatives was executed through both mainstream and social media, significantly enhancing the Corporation's visibility, stakeholder engagement, and budget mobilisation. As a result, counterpart funding from County Governments and the National Government Constituency Development Fund (NG-CDF) increased from Ksh. 339 million in FY 2023/24 to Ksh. 513 million in FY 2024/25

The Corporation continuously sensitizes its internal and external customers on its service standards through online and physical channels. In FY 2024/25 REREC All complaints received were resolved and quarterly reports done to CAJ. Monthly complaints registers were maintained and Online Staff Sensitisation on Complaints Handling undertaken where 105 staff were sensitised.

d) *Product stewardship or Awareness creation*

REREC enhanced adherence to the provisions of Article 10 of the Constitution through civic education, training and sensitization and mainstreaming of national values and principals of governance. In FY 2024/25 the Corporation coordinated and publicised the launch and commissioning of 77 rural electrification projects and several matching fund initiatives across various counties. These events were extensively covered through mainstream and social media, significantly enhancing the Corporation's visibility and stakeholder engagement. These efforts got the support of high ranking stakeholders including the following;

- i. The President - commissioned/launched 22 REREC projects
- ii. The Deputy President - commissioned three (3) REREC projects
- iii. The Cabinet Secretary MOEP - commissioned 17 REREC projects
- iv. The Principal Secretary SDE - commissioned seven (7) REREC projects
- v. One (1) County Governor - flagged off five (5) and commissioned one (1) REREC project(s).
- vi. The REREC Board Chair and the CEO - flagged off five/commissioned six (6) REREC projects.

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

In FY 2024/25, REREC implemented several Corporate Social Responsibility (CSR) initiatives under the Health, Education, and Sports pillars across multiple counties in Kenya. The initiatives were aimed at uplifting community well-being, supporting basic education, promoting health awareness, and fostering youth development through sports. The activities undertaken covered seven (7) counties across the country and involved the following;

- a) Donation of furniture - 100 pieces donated to five (5) schools in five (5) counties.
- b) Donation of foodstuff - clothing and essential items to a Children's Home and a Special School in two (2) counties.
- c) A Free Eye Medical Camp - in one (1) county.
- d) Donation of assorted sports equipment - to one (1) Primary & Junior Secondary School

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**11. Report of the Directors**

The Directors submit their report and audited financial statements for the year ended 30<sup>th</sup> June 2025 which disclose the state of affairs of the Corporation.

**Principal Activities**

The principal activities of REREC as stipulated in section 44 of the Act are as follows;

- a) Oversee the implementation of the Rural Electrification Programme;
- b) Manage the Rural Electrification Programme Fund established under section 143;
- c) Source additional funds for the Rural Electrification Programme and renewable energy;
- d) Develop and update the rural electrification master plans in consultation with County Governments;
- e) Develop and update the renewable energy master plan taking into account county specific needs and the principle of equity in the development of renewable energy resources;
- f) Support the establishment of energy centres in the counties;
- g) Establish framework for collaboration with County Governments in the discharge of its mandate;
- h) Undertake on-farm and on station demonstration of wood-fuel species, seedling production and management;
- i) Undertake feasibility studies and maintain data with a view to availing the same to developers of renewable energy resources;
- j) Develop, promote and manage in collaboration with other agencies, the use of renewable energy and technologies, including but not limited to biomass (biodiesel, bio-ethanol, charcoal, fuel-wood, biogas) municipal waste, solar, wind, tidal waves, small hydropower and co-generation but excluding geothermal;
- k) Formulate, in conjunction with the Agency, a national strategy for coordinating research in renewable energy;
- l) Undertake, in conjunction with the Agency, research, development and dissemination of appropriate renewable energy technologies;
- m) Provide an enabling framework for the efficient and sustainable production, conversion, distribution, marketing and utilization of biomass, solar, wind, small hydro's, municipal waste;

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- n) Promote, in conjunction with the agency responsible for forests, the use of fast maturing trees for energy production including bio-fuels and the establishment of commercial woodlots including peri-urban plantations;
- o) Promote, in collaboration with other agencies, the development of appropriate local capacity for the manufacture, installation, maintenance and operation of renewable technologies such as bio digesters, solar systems, turbines and other renewable energy technologies;
- p) Promote international co-operation programmes focusing on renewable energy sources;
- q) Harness opportunities offered under clean development mechanism and other mechanisms including, but not limited to, carbon credit trading to promote the development and exploitation of renewable energy sources;
- r) Promote the development of electricity generation through co-generation by sugar millers;
- s) Provide technical and other capacity building support to County Governments in the discharge of the function of electricity reticulation and energy regulation; and
- t) Undertake any other duty or perform such other function as may be necessary for the execution of its mandate under this Act.

**Results for the year**

The results for the Corporation for the year are shown in the Statement of Financial performance as set out on page 1

**Directors**

The members of the Board of Directors who served during the year are as shown in pages x - xiv. During the year, one (1) new member was appointed to join the REREC Board of Directors. Charles Owino (Dr) replaced Milton Luchiri in the month of May 2025.

**Auditors**

The Auditor General is responsible for the Statutory Audit of the Corporation's books of accounts in accordance with provisions of the Public Audit Act, 2015.

By Order of the Board

  
.....  
**Sharon Tugee**

**Corporation Secretary & Manager, Legal Services**

**Rural Electrification and Renewable Energy Corporation**  
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**12. Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and section 77 of the Energy Act 2006, require the Directors to prepare financial statements in respect of that Corporation, which give a true and fair view of the state of affairs of the Corporation at the end of the financial year and the operating results of the Corporation for that year. The Directors are also required to ensure that the Corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the Corporation. The Directors are also responsible for safeguarding the assets of the Corporation.

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

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

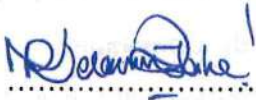
Nothing has come to the attention of the Directors to indicate that the Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

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**Approval of the financial statements**

The Corporation's financial statements were approved by the Board on 9<sup>th</sup> December 2025 and signed on its behalf by:



.....

**CS. Dr. Rose N. Mkalama**  
**Chief Executive Officer**



.....

**Mr. Godfrey Lemiso**  
**Chairperson**

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Rural Electrification and Renewable Energy Corporation set out on pages 1 to 55, which comprise of the statement

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*Report of the Auditor-General on Rural Electrification and Renewable Energy Corporation for the year ended 30 June, 2025*

of financial position as at 30 June, 2025 and the statement of financial performance, statement of cash flows and statement of comparison of budget and actual amount 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 Rural Electrification and Renewable Energy Corporation as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Unsupported Expenditure on Land Survey Services**

The statement of financial position reflects property, plant and equipment balance of Kshs.120,067,936,000 as disclosed in Note 32 to the financial statements. Included in the balance is capital in progress balance of Kshs.12,379,892,000. The disclosure indicates Kshs.1,600,000,000 paid to three (3) firms for land survey services which is subject to investigation. The review of the balance revealed that it was for previous years for unspecified projects undertaken by the Corporation. During the audit, no evidence was provided of budgeting for the services, their inclusion in the annual procurement plan and competitive procurement. Management explained that the amount of Kshs.1,600,000,000 relates to irregular survey services which had been charged to already completed projects and that the Board during its 47 meeting wrote to the Ministry of Energy requesting them to invite the Directorate of Criminal Investigations (DCI) to undertake the investigations into the fraudulent payments. As at the time of the audit, the matter was still under investigation by the Directorate of Criminal Investigations.

In the circumstances, the accuracy, completeness and validity of the land survey expenditure amounting to Kshs.1,600,000,000 could not be confirmed.

### **2. Unconfirmed Court Deposits**

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.1,315,283,000 as disclosed in Note 28 to the financial statements. The balance includes Kshs.55,000,000 in respect of court case deposit arising from dispute between a supplier of conductors and the Corporation. The court instructed the deposit to be made in a joint account held by the advocates representing the Corporation and the supplier. Management stated that, since the court has acknowledged that it had no knowledge that the amount so deposited in Court was a security for stay pending appeal. Further, it is not clear why the amount of Kshs.5,000,000

deposited in court pursuant to the court order of 30 June, 2015 to be deposited by 6 July, 2015 is still being held in court.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.1,315,283,000 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Issues**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the Corporation in 2024/2025 revealed that the following matters remained unresolved.

| <b>No</b> | <b>Audit Issue</b>  |
|-----------|---|
| 1.        | Late Exchequer Releases   |
| 2.        | Unsupported Receivable from Exchange Transactions                             |
| 3.        | Unconfirmed Court Deposits  |
| 4.        | Unsupported Expenditure on Land Survey Services                               |
| 5         | Long Outstanding Payables   |
| 6         | Un-Invoiced Trade and Other Payables  |
| 7         | Non -Contribution to the Fund   |
| 8         | Unaccounted Payment to Rural Electrification and Renewable Energy Corporation |
| 9         | Irregular Reallocation of Petroleum Development Levy Funds                    |
| 10        | Unapproved Board Retreats   |
| 11        | Irregular Acting Positions  |
| 12        | Non-Compliance with the Salaries and Remuneration Commission Approvals        |
| 13        | Irregular Expenditure on Air-Time Allowance                                   |
| 14        | Default in Repayment of Concessional Loan                                     |
| 15        | Funding of Privately-Owned Property in Joska Malaa                            |
| 16        | Unsatisfactory Operations of the Board's Committees                           |
| 17        | Excess Board Committees Membership  |

## **Other Information**

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

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Irregular Transfers from State Department for Energy to Rural Electrification and Renewable Energy Corporation (REREC)**

The State Department for Energy transferred an amount of Kshs.4,685,000,000 to the Corporation on 13 November, 2024 being exchequer development funds that related to the financial years 2023/2024 (Kshs.2,927,940,260) and 2024/2025 (Kshs.1,757,059,740) respectively. The Corporation justified their request on account of pending bills incurred in the financial year 2023/2024 on unfunded projects. However, the following anomalies were noted:

- i. There was no disclosure of a detailed tabulation of the projects' amounts that REREC spent the funds on;
- ii. Several activities were listed more than once with only the amount involved changing;
- iii. REREC did not submit a work plan and procurement plans to show that these works/projects were envisaged in the previous financial year, 2023/2024;
- iv. The financial statements of REREC did not contain verifiable information on the projects that it had undertaken but not paid for as evidenced by the reported payables during that year (2023-2024); and
- v. Further, no evidence was provided to show that the contractors/suppliers have since carried the specified works, billed REREC and eventually been paid as had been budgeted.

The State Department for Energy, requested REREC to refund Kshs.458,600,000 through letter Ref. MOE/ACC/Vol.1 on 17 July, 2025. However, no refund has been made by Corporation to date.

In the circumstances, value for money on the unused funds amounting to Kshs.4,685,000,000 could not be ascertained.

## **2. Failure to Transfer Motor Vehicle Ownership**

The Corporation operated a motor vehicle that was formally owned by the Ministry of Energy at the Mtwapa Energy Centre. Document verification revealed that the vehicle had not been transferred to Corporation and was registered in the name of the Ministry.

In the circumstances, the ownership and valuation of the motor vehicle which is excluded from the asset register could not be confirmed.

## **3. Failure to Transfer Mtwapa Energy Centre Land**

Field verification conducted in August, 2025 revealed that Mtwapa Energy Centre own four (4) parcels of land with a total acreage of 8.32 hectares. Review of documents revealed that ownership documents are under the Permanent Secretary, The National Treasury instead of the Corporation. Therefore, non- transfer of the parcels of land to the Corporation makes it difficult to include the parcels of land in the Corporation's asset register. This is contrary to Section 143 (1) of Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the ownership and valuation of the motor vehicle which is excluded from the asset register could not be confirmed.

#### **4. Non-Compliance with Gender Representation Requirements in Board Composition**

Review of the Board composition revealed that, out of the ten (10) Board members, only two (2) were female, representing 20% of the total Board membership which is below the statutory minimum requirement for gender representation. This is contrary to Article 27 (8) of the Constitution of Kenya, 2010, which provides that a state entity shall take legislative and other measures to implement the principle that not more than two-thirds of the members of elective or appointive bodies shall be of the same gender. Management has written to the Cabinet Secretary, Ministry of Energy and Petroleum for rectification of the position.

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

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

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

##### **Conclusion**

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

##### **Basis for Conclusion**

#### **1. Lack of Projects Related Information and Procurement Documentation at Regional Offices**

Field verification conducted in August, 2025 at the regional offices revealed that did not maintain project information and relied on information from the Head Office. Further, it was noted that regional offices were not involved in the requisitioning, supply and delivery process of key production materials.

In the circumstances, non- involvement of the regional offices in the procurement process may have a negative effect on project implementation in terms of support, decision making, accountability and reporting.

## **2. Failure to Activate the Data Monitoring Equipment and System at the Mini Grids**

Review of documents provided for audit, including the internal audit report revealed that data acquisition and monitoring equipment was installed at the following Solar Plants; Eldera, Garsweino and Sangailu within Garissa and Basir, Riba, Sarif and Biyamathow in Wajir counties. However, a field visit to the stations revealed that the monitoring equipment was not activated in all of them. The non- activation of the equipment made it impossible for the Solar Plant Operators to extract data on the peak load of the Solar Plants, charging levels of the batteries, how much power is being received from the Solar Modules, among others. Further, the data monitoring system was also supposed to send system data through GSM system so as to allow remote access to the Solar Plants. However, the GSM system was installed but the same was not activated.

In the circumstances, the effectiveness and efficiency of the Data Acquisition and Monitoring Equipment and Data Monitoring System could not be confirmed.

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

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

#### **Conclusion**

As required by the Companies Act, 2015, I report, based on my 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. The information given in the Directors' report on pages xlii is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on pages xxx has been properly prepared in accordance with the Companies Act, 2015.

#### **Basis for Conclusion**

The Companies Act, 2015 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Company's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

Nairobi

19 December, 2025

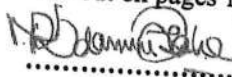


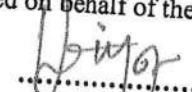
**Rural Electrification and Renewable Energy Corporation  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

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

|   | Notes | 2024-2025          | 2023-2024          |
|---|-------|--------------------|--------------------|
|   |       | Kshs'000'          | Kshs'000'          |
| <b>Revenue from non-exchange transactions</b> |       |                    |                    |
| Transfers from other governments entities     | 6     | -                  | 480,000            |
| Levies, Fines, and penalties                  | 7     | 3,121,273          | 2,427,257          |
| Public contributions and donations            | 8     | -                  | -                  |
| Property taxes revenue                        | 9     | -                  | -                  |
|   |       | <b>3,121,273</b>   | <b>2,907,257</b>   |
| <b>Revenue from exchange transactions</b>     |       |                    |                    |
| Rendering of services                         | 10    | -                  | -                  |
| Sale of Electricity                           | 11    | 592,014            | 674,338            |
| Rental revenue from facilities and equipment  | 12    | -                  | -                  |
| Finance income                                | 13    | 436,179            | 158,116            |
| Other income                                  | 14    | 5,519              | 7,036              |
|   |       | <b>1,033,711</b>   | <b>839,490</b>     |
| <b>Total revenue</b>                          |       | <b>4,154,984</b>   | <b>3,746,747</b>   |
| <b>Expenses</b>                               |       |                    |                    |
| Use of goods and services                     | 15    | 825,484            | 700,705            |
| Employee costs                                | 16    | 2,022,909          | 1,787,802          |
| Board Expenses                                | 17    | 28,172             | 46,343             |
| Depreciation and amortization expense         | 18    | 3,042,296          | 2,390,027          |
| Repairs and maintenance                       | 19    | 413,601            | 352,941            |
| Contracted services                           | 20    | -                  | -                  |
| Grants and subsidies                          | 21    | -                  | -                  |
| Finance costs                                 | 22    | -                  | -                  |
|   |       | <b>-</b>           | <b>-</b>           |
| <b>Total expenses</b>                         |       | <b>6,332,463</b>   | <b>5,277,818</b>   |
| <b>Other gains/(losses)</b>                   |       |                    |                    |
| Gain/Loss on sale of assets                   | 23    | 1,570              | (282,228)          |
| Gain/Loss on fair value of investments        | 24    | -                  | -                  |
| Impairment loss                               | 25    | (1,630)            | -                  |
|   |       | <b>(60)</b>        | <b>(282,228)</b>   |
| <b>Surplus/ (deficit) before tax</b>          |       | <b>(2,177,539)</b> | <b>(1,813,299)</b> |
| Taxation                                      |       | 76,973             | 33,882             |
| <b>Surplus/(deficit) for the period/year</b>  | 26    | <b>(2,254,512)</b> | <b>(1,847,182)</b> |

The notes set out on pages 7 to 50 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

  
.....  
CS. Dr. Rose N. Mkalama  
Accounting Officer

  
.....  
CPA Davis Cheruiyot  
Head of Finance  
ICPAK M/No:19351  
Date 09/12/2025

  
.....  
Mr. Godfrey Lemiso  
Chairman of the Board  
Date 09/12/2025

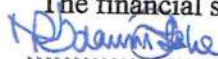


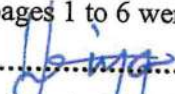
**Rural Electrification and Renewable Energy Corporation**  
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**for the year ended June 30, 2025.**


**15. Statement of Financial Position as at 30 June 2025**

|  | Notes | 2024-2025<br>Kshs'000' | 2023-2024<br>Kshs'000' |
|--|-------|------------------------|------------------------|
| <b>Assets</b>                              |       |                        |                        |
| <b>Current Assets</b>                      |       |                        |                        |
| Cash and Cash equivalents                  | 27    | 8,036,652              | 7,028,483              |
| Receivables from Exchange Transactions     | 28    | 1,315,283              | 543,636                |
| Receivables from Non-Exchange Transactions | 29    | 11,256,034             | 11,001,170             |
| Inventories                                | 30    | 6,564,937              | 4,242,638              |
| <b>Total Current Assets</b>                |       | <b>27,172,906</b>      | <b>22,815,927</b>      |
| <b>Non-Current Assets</b>                  |       |                        |                        |
| Property, Plant and Equipment              | 32    | 120,067,936            | 115,789,988            |
| Intangible Assets                          | 33    | 46,891                 | 49,323                 |
| Biological Assets                          | 34    | 2,345                  | 3,975                  |
| Investments in financial assets            | 31    | 349,982                | 300,000                |
| <b>Total Non- Current Assets</b>           |       | <b>120,467,154</b>     | <b>116,143,285</b>     |
| <b>Total Assets (A)</b>                    |       | <b>147,640,060</b>     | <b>138,959,212</b>     |
| <b>Liabilities</b>                         |       |                        |                        |
| <b>Current Liabilities</b>                 |       |                        |                        |
| Trade and Other Payables                   | 35    | 4,236,265              | 3,884,207              |
| Refundable Deposits from Customers         | 36    | -                      | -                      |
| Current Provision                          | 37    | 102,041                | 58,689                 |
| Deferred Income                            | 39    | 280,000                | 280,000                |
| Taxation                                   | 51    | 51,553                 | 141,074                |
| <b>Total Current Liabilities</b>           |       | <b>4,669,860</b>       | <b>4,363,969</b>       |
| <b>Non-Current Liabilities</b>             |       |                        |                        |
| National Treasury                          | 42    | 13,588,909             | 13,588,909             |
| <b>Total Non- Current Liabilities</b>      |       | <b>13,588,909</b>      | <b>13,588,909</b>      |
| <b>Total Liabilities (B)</b>               |       | <b>18,258,769</b>      | <b>17,952,879</b>      |
| <b>Net Assets (A-B)</b>                    |       | <b>129,381,291</b>     | <b>121,006,334</b>     |
| <b>Represented by:</b>                     |       |                        |                        |
| Development Reserves                       |       | 71,737,598             | 60,668,073             |
| Accumulated Surplus                        |       | 57,590,097             | 60,284,665             |
| Capital Fund                               |       | 53,596                 | 53,596                 |
| <b>Net Assets</b>                          |       | <b>129,381,291</b>     | <b>121,006,334</b>     |

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

  
 CS. Dr. Rose N. Mkalama  
 Accounting Officer

  
 CPA Davis Cheruiyot  
 Head of Finance

  
 Mr. Godfrey Lemiso  
 Chairman of the Board

Date 09/12/2025

ICPAK M/No: 19351  
 Date 09/12/2025

Date 09/12/2025

**Rural Electrification and Renewable Energy Corporation  
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**16. Statement of Changes in Net Assets for the year ended 30 June 2025**

| Description  | Capital Fund<br>Kshs'000' | Revaluation<br>Reserve<br>Kshs'000' | Fair Value<br>Adjustment<br>Reserve<br>Kshs'000' | Accumulated<br>Surplus<br>Kshs'000' | Capital/<br>Development<br>Grants/Fund |                    | Total<br>Kshs'000' |
|--|---------------------------|-------------------------------------|--|-------------------------------------|--|--------------------|--------------------|
|  |                           |                                     |  |                                     |  |                    |                    |
| <b>At July 1, 2023</b>                                       | <b>53,596</b>             | -                                   | -  | <b>62,116,438</b>                   | <b>48,809,481</b>                      | <b>110,979,515</b> |                    |
| Total comprehensive income                                   | -                         | -                                   | -  | (1,847,183)                         | -                                      | (1,847,183)        |                    |
| Development grants received during the year                  | -                         | -                                   | -  | -                                   | 7,737,732                              | 7,737,732          |                    |
| Energy Centres Asset recognition                             | -                         | -                                   | -  | -                                   | 4,116,885                              | 4,116,885          |                    |
| Provisions for bad debts written back                        | -                         | -                                   | -  | 15,410                              | -                                      | 15,410             |                    |
| Recognition of Biological Asset & Inventories-Energy Centres | -                         | -                                   | -  | -                                   | 3,975                                  | 3,975              |                    |
| <b>At June 30, 2024</b>                                      | <b>53,596</b>             | -                                   | -  | <b>60,284,665</b>                   | <b>60,668,073</b>                      | <b>121,006,334</b> |                    |
| <b>At July 1, 2024-Restated</b>                              | <b>53,596</b>             | -                                   | -  | <b>59,844,609</b>                   | <b>60,668,073</b>                      | <b>120,566,277</b> |                    |
| Total comprehensive income                                   | -                         | -                                   | -  | (2,254,512)                         | -                                      | (2,254,512)        |                    |
| Development grants received during the year                  | -                         | -                                   | -  | -                                   | 11,069,525                             | 11,069,525         |                    |
| <b>At June 30, 2025</b>                                      | <b>53,596</b>             | -                                   | -  | <b>57,590,097</b>                   | <b>71,737,598</b>                      | <b>129,381,291</b> |                    |

**Rural Electrification and Renewable Energy Corporation**  
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**17. Statement of Cash Flows for the year ended 30 June 2025**

|  | 2024-2025          | 2023-2024          |
|--|--------------------|--------------------|
|  | Kshs'000'          | Kshs'000'          |
| <b>Cash flows from operating activities</b>                  |                    |                    |
| <b>Receipts</b>  |                    |                    |
| Levies   | 8,053,353          | 8,911,029          |
| Government grants and subsidies                              | 4,685,000          | 1,068,231          |
| Sale of goods  | 542,876            | 978,579            |
| Finance income   | 436,179            | 158,116            |
| Other income   | 7,152              | 7,036              |
| <b>Total receipts</b>  | <b>13,724,559</b>  | <b>11,122,992</b>  |
| <b>Payments</b>  |                    |                    |
| Compensation of employees                                    | 2,022,869          | 1,894,164          |
| Goods and services   | 760,528            | 525,100            |
| Rent paid  | 64,957             | 69,243             |
| Taxation paid  | 33,882             | 712                |
| Other payments   | 441,773            | 399,285            |
| <b>Total payments</b>  | <b>3,324,009</b>   | <b>2,888,504</b>   |
| <b>Net cash flows from/(used in) operating activities</b>    | <b>10,400,550</b>  | <b>8,234,488</b>   |
| <b>Cash flows from investing activities</b>                  |                    |                    |
| Purchase of Property, Plant, Equipment and intangible assets | (9,392,381)        | (6,212,094)        |
| Proceeds from sale of Property, Plant and Equipment          | -                  | -                  |
| Increase in investments                                      | -                  | -                  |
| Sale of investments  | -                  | -                  |
| <b>Net cash flows from/(used in) investing activities</b>    | <b>(9,392,381)</b> | <b>(6,212,094)</b> |
| <b>Cash flows from financing activities</b>                  |                    |                    |
| Proceeds from borrowings                                     | -                  | -                  |
| Repayment of borrowings                                      | -                  | -                  |
| Increase in deposits   | -                  | -                  |
| <b>Net cash flows from financing Activities</b>              | <b>-</b>           | <b>-</b>           |
| <b>Net increase/(decrease) in cash &amp;Cash equivalents</b> | <b>1,008,169</b>   | <b>2,022,394</b>   |
| Cash and cash equivalents at 1 July 2024                     | 7,028,483          | 5,006,089          |
| <b>Cash and cash equivalents at 30 June 2025</b>             | <b>8,036,652</b>   | <b>7,028,483</b>   |

**Rural Electrification and Renewable Energy Corporation  
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**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025**

| Revenue Source   | Proposed Budget 2024/25 FY<br>Kshs. '000' | Adjustments<br>Kshs. '000' | Final Budget 2024/25 FY<br>Kshs. '000' | Actual on Comparable Basis<br>Kshs. '000' | Performance Difference<br>Kshs. '000' | % Performance against Budget<br>% | Remarks   |
|--|---|----------------------------|--|---|---------------------------------------|-----------------------------------|---|
|  | (a)                                       | (b)                        | (c)                                    | (d)                                       | (e)=(b-a)                             | (f)=(d/c)                         |   |
| <b>GOK Appropriation</b>   |   |                            |  |   |                                       |                                   |   |
| Exchequer Development  | 1,703,000                                 | 828,900                    | 2,531,900                              | 1,756,900                                 | (775,000)                             | 69%                               | Disbursements from Exchequer allocated through Supplementary II and Supplementary III yet to be disbursed.  |
| 5% REP Levy (Development)  | 5,019,245                                 | 228,755                    | 5,248,000                              | -   | (5,248,000)                           | 0%                                | This is revenue expected to be received from KPLC collection on 5% REP Levy. KPLC is yet to make disbursements relating to current year budgeted revenue. |
| 5% REP Levy (Development)-<br>County/Constituency Matching<br>Fund | 250,000                                   |                            | 250,000                                | -   | (250,000)                             | 0%                                | This is revenue expected to be received from KPLC collection on 5% REP Levy. KPLC is yet to make disbursements relating to current year budgeted revenue. |
| 5% REP Levy (Recurrent)  | 2,455,041                                 | 133,739                    | 2,588,780                              | -   | (2,588,780)                           | 0%                                | This is revenue expected to be received from KPLC collection on 5% REP Levy. KPLC is yet to make disbursements relating to current year budgeted revenue. |
| <b>Sub-Total GOK- Development</b>                                  | <b>9,427,286</b>                          | <b>1,191,394</b>           | <b>10,618,680</b>                      | <b>1,756,900</b>                          | <b>(8,861,780)</b>                    | <b>17%</b>                        |   |
| <b>External Resources</b>  |   |                            |  |   |                                       |                                   |   |
| BADEA, OPEC, SAUDI,<br>ABUDHABI                                    | 809,000                                   | (342,134)                  | 466,866                                | 189,042                                   | (277,824)                             | 40%                               | The expenditure pertains to the payment to the project contractors  |
| OFID (KEEP)  | 67,000                                    | 65,756                     | 132,756                                | 132,756                                   | 0                                     | 100%                              | The expenditure pertains to the payment to the project contractors  |
| World Bank(KOSAP)  | 500,000                                   | (175,000)                  | 325,000                                | 227,173                                   | (97,827)                              | 70%                               | The expenditure pertains to the payment to the project contractors  |
| <b>Sub-Total External Resources</b>                                | <b>1,376,000</b>                          | <b>(451,378)</b>           | <b>924,622</b>                         | <b>548,971</b>                            | <b>(375,651)</b>                      | <b>59%</b>                        |   |
| <b>Other Revenue</b>   |   |                            |  |   |                                       |                                   |   |
| Interest Income  | 150,000                                   | 351,362                    | 501,362                                | 436,179                                   | (65,183)                              | 87%                               | This pertains to revenues from interest earned on funds on call deposits. Income attained slightly below the target for the year.                         |
| Garissa Solar Power Sales<br>County/Constituency<br>Partnerships   | 625,000                                   | -                          | 625,000                                | 592,014                                   | (32,986)                              | 95%                               | Income slightly below the target for the year.  |
|  | 250,000                                   | -                          | 250,000                                | 513,002                                   | 263,002                               | 205%                              | Income surpassed the target due to more collaborations with the counties and constituencies.  |
| Energy Centers Sales   | 1,500                                     | 26,500                     | 28,000                                 | 1,279                                     | (26,721)                              | 5%                                | Low revenue is attributed to delay in procurement of key production materials necessary to produce items for the Energy Centres.                          |
| Disposal Proceeds  | 10,000                                    | -                          | 10,000                                 | 4,063                                     | (5,937)                               | 41%                               | Income generated on disposal bid deposit. Items disposal expected to be carried out in FY 2025/26.  |
| <b>Sub-Total Other Revenue</b>                                     | <b>1,036,500</b>                          | <b>377,862</b>             | <b>1,414,362</b>                       | <b>1,546,536</b>                          | <b>132,174</b>                        | <b>109%</b>                       |   |
| Retained Earnings  | -   | 8,473,716                  | 8,473,716                              | 8,473,716                                 | -                                     | 100%                              | Bank balances brought forward from FY 2023/2024   |
| <b>Total Revenue</b>   | <b>11,839,786</b>                         | <b>9,591,593</b>           | <b>21,431,379</b>                      | <b>12,326,123</b>                         | <b>(9,105,256)</b>                    | <b>58%</b>                        |   |

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| Recurrent Expenditure                        | Proposed Budget<br>2024/25 FY<br>Kshs. '000' | Adjustments<br>Kshs. '000' | Final Budget<br>2024/25 FY<br>Kshs. '000' | Amounts Under<br>Capital Budget<br>Kshs. '000' | Final Budget<br>Kshs. '000' | Actuals<br>Comparable basis<br>Kshs. '000' | Performance<br>Difference<br>Kshs. '000' | Performance<br>% of Budget | Remarks  |
|--|--|----------------------------|---|--|-----------------------------|--|--|----------------------------|--|
|  | (a)  | (b)                        | (c)=(a+b)                                 | (d)  | e=(c-d)                     | f=d/c                                      |  |                            |  |
| Salaries, Wages and Allowances               | 965,517                                      | 367,850                    | 1,333,367                                 | 456,845  | 1,790,212                   | 1,768,134                                  | 22,078                                   | 99%                        | Budget absorption within expected range  |
| Other Staff Costs                            | 342,613                                      | 8,833                      | 351,446                                   | -  | 351,446                     | 268,946                                    | 82,500                                   | 77%                        | Budget absorption within expected range  |
| Board Expenses                               | 30,000                                       | -                          | 30,000                                    | -  | 30,000                      | 28,172                                     | 1,828                                    | 94%                        | Budget absorption within expected range  |
| Staff Training and Seminars                  | 44,659                                       | 904                        | 45,563                                    | -  | 45,563                      | 43,419                                     | 2,144                                    | 95%                        | Budget absorption within expected range  |
| Postage & Telephone                          | 32,513                                       | 9,927                      | 42,440                                    | -  | 42,440                      | 40,953                                     | 1,487                                    | 96%                        | Budget absorption within expected range  |
| General Transport/Vehicle Expenses           | 75,578                                       | 33,458                     | 109,036                                   | -  | 109,036                     | 109,036                                    | (0)                                      | 100%                       | Budget fully absorbed  |
| Local Travelling                             | 85,508                                       | 20,000                     | 105,508                                   | -  | 105,508                     | 105,491                                    | 17                                       | 100%                       | Budget fully absorbed  |
| Travel-Foreign                               | 15,000                                       | (5,000)                    | 10,000                                    | -  | 10,000                      | 4,483                                      | 5,517                                    | 45%                        | Few foreign related travels during the period  |
| Hospitality Expenses                         | 17,200                                       | (1,998)                    | 15,202                                    | -  | 15,202                      | 13,651                                     | 1,551                                    | 90%                        | Budget absorption within expected range  |
| Office Cleaning Services                     | 24,300                                       | -                          | 24,300                                    | -  | 24,300                      | 19,638                                     | 4,662                                    | 81%                        | Budget absorption within expected range  |
| Printing & stationery                        | 10,547                                       | 15,400                     | 25,947                                    | -  | 25,947                      | 27,376                                     | (1,429)                                  | 106%                       | Budget fully absorbed  |
| Advocacy & Communication costs               | 38,339                                       | 9,600                      | 47,939                                    | -  | 47,939                      | 37,840                                     | 10,099                                   | 79%                        | Budget absorption within expected range  |
| Computer Maintenance and Software Costs      | 190,227                                      | 2,248                      | 192,475                                   | -  | 192,475                     | 184,019                                    | 8,456                                    | 96%                        | Budget absorption within expected range  |
| Audit Expenses                               | 3,500  | -                          | 3,500                                     | -  | 3,500                       | 3,000                                      | 500                                      | 86%                        | Budget fully absorbed  |
| Consultancy & Professional Fees              | 25,334                                       | 45,800                     | 71,134                                    | -  | 71,134                      | 57,025                                     | 14,109                                   | 80%                        | Some activities not undertaken during the year   |
| Bank Charges                                 | 2,000  | -                          | 2,000                                     | -  | 2,000                       | 1,883                                      | 117                                      | 94%                        | Budget absorption within expected range  |
| Corporate Social Responsibility              | 5,568  | -                          | 5,568                                     | -  | 5,568                       | 3,990                                      | 1,578                                    | 72%                        | Some activities not undertaken during the year   |
| Rent   | 75,513                                       | -                          | 75,513                                    | -  | 75,513                      | 63,796                                     | 11,717                                   | 84%                        | Budget absorption within the expected range  |
| Rates  | 270  | 890                        | 1,160                                     | -  | 1,160                       | 1,160                                      | (0)                                      | 100%                       | Budget fully absorbed  |
| Repair & Maintenance                         | 15,000                                       | 15,000                     | 30,500                                    | -  | 30,500                      | 22,995                                     | 7,505                                    | 75%                        | Some activities not undertaken during the year   |
| General Insurance                            | 86,277                                       | (55,329)                   | 30,948                                    | -  | 30,948                      | 30,030                                     | 918                                      | 97%                        | Budget absorption within the expected range  |
| Electricity and water                        | 27,909                                       | 30,744                     | 58,653                                    | -  | 58,653                      | 52,580                                     | 6,073                                    | 90%                        | Budget absorption within the expected range  |
| Security Expenses                            | 40,303                                       | 11,021                     | 51,324                                    | -  | 51,324                      | 51,050                                     | 274                                      | 99%                        | Budget absorption within the expected range  |
| Subscription & Periodicals                   | 8,366  | -                          | 8,366                                     | -  | 8,366                       | 2,916                                      | 5,450                                    | 35%                        | Membership and subscriptions to professional bodies was rationalized and cut by 100%.  |
| Finance Costs                                | 1,000  | -                          | 1,000                                     | -  | 1,000                       | -  | 1,000                                    | 0%                         | No loan facilities undertaken  |
| Legal Fees                                   | 30,000                                       | -                          | 30,000                                    | 101,712  | 131,712                     | 75,648                                     | 56,064                                   | 57%                        | The costs associated to this vote are emergent in nature   |
| Tender Processing Costs                      | 4,600  | 3,000                      | 7,600                                     | -  | 7,600                       | 7,595                                      | 5  | 100%                       | Budget fully absorbed  |
| Energy Centres Costs                         | 24,986                                       | 9,600                      | 34,586                                    | -  | 34,586                      | 23,235                                     | 11,351                                   | 67%                        | Some activities not undertaken during the year   |
| Tree Planting                                | -  | 50,400                     | 50,400                                    | -  | 50,400                      | 12,318                                     | 38,082                                   | 24%                        | The tree planting exercise was delayed due to the rain pattern in the country.   |
| Relocation of Yards                          | -  | 12,000                     | 12,000                                    | -  | 12,000                      | 8,829                                      | 3,171                                    | 74%                        | Relocation to Awasi yard and Mweiga Yard was carried out. Some works are still ongoing.  |
| Advertisement Costs                          | 6,000  | -                          | 6,000                                     | -  | 6,000                       | 5,994                                      | 6  | 100%                       | Budget fully absorbed  |
| Land Registration Costs                      | 14,000                                       | 2,000                      | 16,000                                    | -  | 16,000                      | 14,237                                     | 1,763                                    | 89%                        | Budget absorption within the expected range  |
| Lease Administration Costs                   | 1,200  | -                          | 1,200                                     | -  | 1,200                       | 317  | 883                                      | 26%                        | Lease registration can only be done on an original sale agreement, Mombasa road landlord could not provide the original sale agreement which made the registration of the lease not possible. Follow up for the provision of the sale agreement ongoing. |
| Conferences                                  | 5,000  | (2,500)                    | 2,500                                     | -  | 2,500                       | 894  | 1,606                                    | 36%                        | Some activities not undertaken during the year   |
| Regional Managers Coordination Support Costs | 3,675  | -                          | 3,675                                     | -  | 3,675                       | -  | 3,675                                    | 0%                         | Budget absorption within the expected range  |
| Internal Audit Support Costs                 | 3,292  | -                          | 3,292                                     | -  | 3,292                       | 2,634                                      | 658                                      | 80%                        | Budget absorption within the expected range  |
| Operations and Maintenance (O & M)           | 191,945                                      | (3,045)                    | 188,900                                   | -  | 188,900                     | 160,788                                    | 28,112                                   | 85%                        | Budget absorption not within the expected range. Advance payment to vendor not facilitated due to failure by vendor to account for the previously issued advance payment.  |
| <b>Total Recurrent Expenditure</b>           | <b>2,458,739</b>                             | <b>570,303</b>             | <b>3,029,042</b>                          | <b>558,557</b>                                 | <b>3,587,599</b>            | <b>3,254,073</b>                           | <b>333,526</b>                           | <b>91%</b>                 |  |
| <b>Capital Expenditure</b>                   | <b>9,330,045</b>                             | <b>9,072,293</b>           | <b>18,402,338</b>                         | <b>-</b>                                       | <b>18,402,338</b>           | <b>12,771,746</b>                          | <b>5,630,592</b>                         | <b>69%</b>                 |  |

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

### **1. General Information**

Rural Electrification and Renewable Energy Corporation was established by an Act of Parliament 43 of Energy Act 2019 and derives its authority and accountability from Energy Act 2019. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is rural electrification and renewable energy.

### **2. Statement of Compliance and Basis of Preparation**

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

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

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

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**Notes to the Financial Statements (Continued)**

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

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

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

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

| Standard   | Effective date and impact:  |
|--|---|
| IPSAS 43<br>Leases   | <i>Applicable 1<sup>st</sup> January 2025</i><br>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.<br>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.   |
| IPSAS 44:<br>Non- Current<br>Assets Held<br>for Sale and<br>Discontinued<br>Operations | <i>Applicable 1<sup>st</sup> January 2025</i><br>The Standard requires,<br>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:<br>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.   |
| IPSAS 45-<br>Property<br>Plant and<br>Equipment  | <i>Applicable 1<sup>st</sup> January 2025</i><br>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. |
| IPSAS 46<br>Measurement  | <i>Applicable 1<sup>st</sup> January 2025</i><br>The objective of this standard was to improve measurement guidance across IPSAS by:<br>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.<br>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.  |

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| Standard  | Effective date and impact:   |
|---|--|
|   | <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>   |
| IPSAS 47- Revenue   | <p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>   |
| IPSAS 48- Transfer Expenses                                 | <p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>   |
| IPSAS 49- Retirement Benefit Plans                          | <p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>  |
| IPSAS 50: Exploration For & Evaluation of Mineral Resources | <p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> |

**iii. Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year 2024.

**Rural Electrification and Renewable Energy Corporation**  
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**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Taxes, Levies and fines**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

The Corporation recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for the Current FY 2024-25 was approved by the National Assembly on April 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Corporation upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of Kshs. 570,303,000 on the 2024 budget following the governing body's approval.

The Corporation'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 6 of these financial statements.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**c) Taxes**

**Current income tax**

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

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

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 Corporation and the same taxation authority.

***Sales tax***

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

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

Depreciation is calculated to write-off the asset cost to the residual values on a straight-line basis over the expected useful life. Where an asset is acquired during the year, depreciation is applied on a prorata basis over the number of days to the end of the financial year of purchase.

| <b>Asset</b>                           | <b>Depreciation Rate (%)</b> |
|--|------------------------------|
| Distribution lines                     | 2.5                          |
| Plant and Machinery                    | 12.5                         |
| Motor Vehicles                         | 25                           |
| Furniture, fittings & Equipment        | 12.5                         |
| Computers & Allied Hardware & Software | 33.3                         |
| Tools implements and Testing apparatus | 22.5                         |

**Distribution lines**

All distribution lines are capitalized in property, plant and equipment when commissioned and are depreciated over their useful lives. The useful life is currently estimated to be forty years from the date of commissioning.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Work in Progress**

Work-in-progress represents costs incurred in acquisition/installation of an item of property plant and equipment which is not in use. Work-in-progress is not depreciated until the assets are completed and brought into use.

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Corporation. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Corporation also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Corporation will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

**g) Intangible assets**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**h) Biological Assets**

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

**i) Research and development costs**

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

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

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

**j) Financial instruments**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**a) Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Fair value through net assets/ equity**

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

**Trade and other receivables**

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

**Fair value through surplus or deficit**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. There were no critical estimates and significant judgments made by management in determining the expected credit loss (ECL) during the year.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**b) Financial liabilities**

**Classification**

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

**k) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

**l) Provisions**

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**m) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**n) Contingent liabilities**

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

**o) Contingent assets**

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

**p) Nature and purpose of reserves**

The Corporation creates and maintains reserves in terms of specific requirements.

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

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

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

**r) Employee benefits**

**Retirement benefit plans**

The Corporation provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

The Authority runs a defined contribution pension scheme. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the company at 10% and employees at 5% of basic salary. During the year, the scheme was managed by the following service providers;

|                                |               |
|--------------------------------|---------------|
| Genesis Investments            | Fund Manager  |
| Co-operative Bank of Kenya Ltd | Custodian     |
| Liaison Associate              | Administrator |

**s) Foreign currency transactions**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**t) Borrowing costs**

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

**u) Related parties**

The Corporation regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**v) Service concession arrangements**

The Corporation analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Corporation 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 Corporation also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**w) Cash and cash equivalents**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**x) Comparative figures**

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

**y) Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions**

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

**Useful lives and residual value**

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

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

**Rural Electrification and Renewable Energy Corporation**  
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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**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 37. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

The provisions recognized by the Corporation includes; provision for gratuity and provision for audit fees

The said provisions are estimated as follows;

- Provision for gratuity is calculated at the rate of 31% of basic salary of the beneficiary.
- Audit fees are estimated based on previous year's payment.
- Tax provision is based on applicable Corporation tax rate on accrued interest

**Rural Electrification and Renewable Energy Corporation  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. (a) TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

| Description   | 2024-2025        | 2023-2024      |
|---|------------------|----------------|
|   | Kshs'000'        | Kshs'000'      |
| <b>Unconditional Grants</b>                                 |                  |                |
| Operational Grant   | -                | 480,000        |
| Development Grants  | 4,685,000        | 424,000        |
| Other Grants  | -                | -              |
| <b>Total Unconditional Grants</b>                           | <b>4,685,000</b> | <b>904,000</b> |
| <b>Conditional Grants amortised/ transferred to revenue</b> |                  |                |
| Other Organizational Grants (specify)                       | -                | -              |
| <b>Total Government Grants And Subsidies</b>                | <b>4,685,000</b> | <b>904,000</b> |

**6 (b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

| Name of The Entity Sending The Grant | Amount recognized to Statement of Financial performance. * | Amount deferred under deferred income. | Amount recognised in capital fund. | Total transfers (2024-2025) | Total transfers (2023-2024) |
|--------------------------------------|--|--|------------------------------------|-----------------------------|-----------------------------|
|                                      | Kshs'000'  | Kshs'000'                              | Kshs'000'                          | Kshs'000'                   | Kshs'000'                   |
| Ministry of Energy                   | -  | -                                      | 4,685,000                          | 4,685,000                   | 904,000                     |
| <b>Total</b>                         | <b>-</b>   | <b>-</b>                               | <b>4,685,000</b>                   | <b>4,685,000</b>            | <b>904,000</b>              |

**7. LEVIES, FINES AND PENALTIES**

| Description           | 2024-2025        | 2023-2024        |
|-----------------------|------------------|------------------|
|                       | Kshs'000'        | Kshs'000'        |
| Revenue - 5% REP Levy | 3,121,273        | 2,427,257        |
| <b>Total</b>          | <b>3,121,273</b> | <b>2,427,257</b> |

**8. PUBLIC CONTRIBUTIONS AND DONATIONS**

| Description   | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
|   | Kshs'000' | Kshs'000' |
| Health Donations  | -         | -         |
| Research Donations  | -         | -         |
| Donations transferred to revenue on conditions being met.   | -         | -         |
| Other Public Donations (Specify)                            | -         | -         |
| <b>Total Transfers and Sponsorships</b>                     | <b>-</b>  | <b>-</b>  |
| <b>Reconciliation Of Public Contributions and Donations</b> |           |           |
| Balance Unspent at Beginning of The Year                    | -         | -         |
| Current Year Receipts                                       | -         | -         |
| Conditions Met - Transferred to Revenue                     | -         | -         |
| Conditions To Be Met - Remain Liabilities                   | -         | -         |

**Rural Electrification and Renewable Energy Corporation**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9. PROPERTY TAXES REVENUE**

| <b>Description</b>                   | <b>2024-2025</b> | <b>2023-2024</b> |
|--------------------------------------|------------------|------------------|
|                                      | <b>Kshs'000'</b> | <b>Kshs'000'</b> |
| <b>Taxable Land and Buildings</b>    |                  |                  |
| Residential                          | -                | -                |
| Commercial                           | -                | -                |
| State                                | -                | -                |
| Penalties                            | -                | -                |
| <b>Sub- Total Property and Taxes</b> | <b>-</b>         | <b>-</b>         |
| Income Forgone/ waived               | -                | -                |
| <b>Total Property Taxes Revenue</b>  | <b>-</b>         | <b>-</b>         |

No revenue from this item

**10. RENDERING OF SERVICES**

| <b>Description</b>                                  | <b>2024-2025</b> | <b>2023-2024</b> |
|---|------------------|------------------|
|   | <b>Kshs'000'</b> | <b>Kshs'000'</b> |
| Tuition Fees  | -                | -                |
| Training Fees                                       | -                | -                |
| Health services                                     | -                | -                |
| Service Fees (specify)                              | -                | -                |
| Quality Assurance                                   | -                | -                |
| Others (specify)                                    | -                | -                |
| <b>Total Revenue from The Rendering Of Services</b> | <b>-</b>         | <b>-</b>         |

No revenue from this item

**11. SALE OF GOODS**

| <b>Description</b>                          | <b>2024-2025</b> | <b>2023-2024</b> |
|---|------------------|------------------|
|   | <b>Kshs'000'</b> | <b>Kshs'000'</b> |
| <b>Sale of goods</b>                        |                  |                  |
| Sale of electricity                         | 592,014          | 674,338          |
| <b>Total revenue from the sale of goods</b> | <b>592,014</b>   | <b>674,338</b>   |

This revenue relates to sale of power generated by Garissa Power Plant.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT**

| Description              | 2024-2025 | 2023-2024 |
|--------------------------|-----------|-----------|
|                          | Kshs'000' | Kshs'000' |
| Operating Lease Revenues | -         | -         |
| Staff Houses             | -         | -         |
| Contingent Rentals*      | -         | -         |
| <b>Total Rentals</b>     | -         | -         |

No revenue from this item

**13. FINANCE INCOME – SHORT-TERM INVESTMENTS**

| Description                         | 2024-2025      | 2023-2024      |
|-------------------------------------|----------------|----------------|
|                                     | Kshs'000'      | Kshs'000'      |
| Cash investments and fixed deposits | 436,179        | 158,116        |
| <b>Total finance income</b>         | <b>436,179</b> | <b>158,116</b> |

This revenue relates to interest on call deposits held with our banks

**14. OTHER INCOME**

| Description                    | 2024-2025    | 2023-2024    |
|--------------------------------|--------------|--------------|
|                                | Kshs'000'    | Kshs'000'    |
| License                        | 177          | 176          |
| Income from disposal of assets | 4,063        | -            |
| Insurance Refunds              | -            | 6,224        |
| Revenue from Energy Centers    | 1,279        | 635          |
| <b>Total other income</b>      | <b>5,519</b> | <b>7,036</b> |

**Rural Electrification and Renewable Energy Corporation**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**15. USE OF GOODS AND SERVICES**

| Description                            | 2024-2025      | 2023-2024      |
|--|----------------|----------------|
|  | Kshs'000'      | Kshs'000'      |
| Electricity                            | 51,338         | 30,159         |
| Water                                  | 1,242          | 458            |
| Security                               | 51,050         | 42,397         |
| Subscriptions                          | -              | 2,915          |
| Advertising & Promoting                | 43,834         | 27,211         |
| Audit fees                             | 3,000          | 3,000          |
| Conferences & Delegations              | 894            | 5,215          |
| Consulting Fees                        | 54,025         | 3,855          |
| Corporate Social Responsibility        | 3,990          | 5,286          |
| Fuel and Oil                           | 63,238         | 68,238         |
| Insurance                              | 30,030         | 23,469         |
| Legal Expenses                         | 75,648         | 85,826         |
| Research & Development                 | -              | 9,942          |
| Postage                                | 3,785          | 2,747          |
| Printing & Stationery                  | 27,376         | 17,229         |
| Newspapers & Periodicals               | 2,916          | 3,200          |
| Rental                                 | 64,957         | 69,243         |
| Telecommunication                      | 37,168         | 26,727         |
| Training                               | 43,419         | 75,106         |
| Energy Centre Expenses                 | 23,235         | 36,337         |
| Domestic Travelling Expenses           | 105,491        | 104,232        |
| Foreign Travelling Expenses            | 4,483          | 2,130          |
| Other general expenses                 | 134,365        | 55,784         |
| <b>Total Use of Goods and Services</b> | <b>825,484</b> | <b>700,705</b> |

**16. EMPLOYEE COSTS**

| Description   | 2024-2025        | 2023-2024        |
|---|------------------|------------------|
|   | Kshs'000'        | Kshs'000'        |
| Salaries and wages  | 1,272,383        | 1,145,782        |
| Employee related costs - contributions to pensions and medical aids | 384,271          | 319,286          |
| Housing benefits and allowances                                     | 331,398          | 302,801          |
| Social contributions  | 25,362           | 11,287           |
| Gratuity  | 9,496            | 8,646            |
| <b>Total Employee costs</b>   | <b>2,022,909</b> | <b>1,787,802</b> |

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**17. BOARD EXPENSES**

| Description   | 2024-2025     | 2023-2024     |
|---|---------------|---------------|
|   | Kshs'000'     | Kshs'000'     |
| Chairman's Honoraria                                  | 960           | 960           |
| Directors emoluments                                  | 9,154         | 16,729        |
| Other allowances-Local Travel and Telephone allowance | 18,059        | 28,654        |
| <b>Total director emoluments</b>                      | <b>28,172</b> | <b>46,343</b> |

**18. DEPRECIATION AND AMORTIZATION EXPENSE**

| Description                                | 2024-2025        | 2023-2024        |
|--|------------------|------------------|
|  | Kshs'000'        | Kshs'000'        |
| Property, plant and equipment              | 3,021,162        | 2,373,380        |
| Intangible assets                          | 21,134           | 16,647           |
| Investment property carried at cost        | -                | -                |
| <b>Total depreciation and amortization</b> | <b>3,042,296</b> | <b>2,390,027</b> |

**19. REPAIRS AND MAINTENANCE**

| Description                          | 2024-2025      | 2023-2024      |
|--------------------------------------|----------------|----------------|
|                                      | Kshs'000'      | Kshs'000'      |
| Property                             | 183,784        | 87,344         |
| Vehicles                             | 45,798         | 72,278         |
| Computers and accessories            | 184,019        | 193,319        |
| <b>Total repairs and maintenance</b> | <b>413,601</b> | <b>352,941</b> |

**20. CONTRACTED SERVICES**

| Description                      | 2024-2025 | 2023-2024 |
|----------------------------------|-----------|-----------|
|                                  | Kshs'000' | Kshs'000' |
| Actuarial valuations             | -         | -         |
| Investment valuations            | -         | -         |
| Property valuations              | -         | -         |
| <b>Total contracted services</b> | <b>-</b>  | <b>-</b>  |

**Rural Electrification and Renewable Energy Corporation**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**21. GRANTS AND SUBSIDIES**

| Description                        | 2024-2025 | 2023-2024 |
|------------------------------------|-----------|-----------|
|                                    | Kshs'000' | Kshs'000' |
| Community development              | -         | -         |
| Education initiatives and programs | -         | -         |
| Social development                 | -         | -         |
| Community trust                    | -         | -         |
| Sporting bodies                    | -         | -         |
| <b>Total grants and subsidies</b>  | -         | -         |

**22. FINANCE COSTS**

| Description                             | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
|   | Kshs'000' | Kshs'000' |
| Borrowings (amortized cost)*            | -         | -         |
| Finance leases (amortized cost)         | -         | -         |
| Unwinding of discount                   | -         | -         |
| Interest on Bank Deposits               | -         | -         |
| Interest on loans from commercial banks | -         | -         |
| <b>Total finance costs</b>              | -         | -         |

**23. GAIN ON SALE OF ASSETS**

| Description                         | 2024-2025    | 2023-2024        |
|-------------------------------------|--------------|------------------|
|                                     | Kshs'000'    | Kshs'000'        |
| Property, plant and equipment       | 1,570        | 6,794            |
| Intangible assets                   | -            | -                |
| Other assets not capitalised        | -            | (289,022)        |
| <b>Total gain on sale of assets</b> | <b>1,570</b> | <b>(282,228)</b> |

**Rural Electrification and Renewable Energy Corporation**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**24. GAIN/(LOSS) ON FAIR VALUE INVESTMENTS**

| Description                                   | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
|   | Kshs'000' | Kshs'000' |
| Investments at Fair Value- Equity investments | -         | -         |
| Fair value – Investment property              | -         | -         |
| Fair value- other financial assets (specify)  | -         | -         |
| <b>Total Gain</b>                             | -         | -         |

**25. IMPAIRMENT LOSS**

| Description                   | 2024-2025      | 2023-2024 |
|-------------------------------|----------------|-----------|
|                               | Kshs'000'      | Kshs'000' |
| Property, plant and equipment | -              | -         |
| Intangible assets             | -              | -         |
| Biological Assets             | (1,630)        | -         |
| <b>Total impairment loss</b>  | <b>(1,630)</b> | -         |

The loss in fair value of biological assets is due to aging of the animals.

**26. TAXATION**

| Description  | 2024-2025     | 2023-2024     |
|--|---------------|---------------|
|  | Kshs'000'     | Kshs'000'     |
| Tax charged on interest income   | -             | 712           |
| Current Income Tax Charge  | 76,973        | 33,170        |
| <b>Income tax expense reported in the statement of financial performance</b> | <b>76,973</b> | <b>33,882</b> |

**27. CASH AND CASH EQUIVALENTS**

| Description                            | 2024-2025        | 2023-2024        |
|--|------------------|------------------|
|  | Kshs'000'        | Kshs'000'        |
| Current account                        | 4,454,735        | 4,353,346        |
| On - call deposits                     | 3,578,744        | 2,672,837        |
| Fixed deposits account                 | -                | -                |
| Cash in hand                           | 3,173            | 2,300            |
| <b>Total cash and cash equivalents</b> | <b>8,036,652</b> | <b>7,028,483</b> |

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**27. (a) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

|                                       |                | 2024-2025        | 2023-2024        |
|---------------------------------------|----------------|------------------|------------------|
| Financial Institution                 | Account Number | Kshs'000'        | Kshs'000'        |
| <b>a) Current account</b>             |                |                  |                  |
| Cooperative Bank                      | 01136125016300 | 1,000            | 32,174           |
| Standard Chartered                    | 0106004955900  | 4,113            | 208,165          |
| KCB Main                              | 1103201557     | 14,637           | 168,947          |
| KCB Development                       | 1103201808     | 131,567          | 434,615          |
| Kcb Escrow Account- Revenue           | 1293033375     | 1,896,053        | 1,389,942        |
| Kcb Escrow Account USD                | 1178001539     | 1,991,272        | 1,991,273        |
| CFC Stanbic                           | 0100000547616  | 7,441            | 7,477            |
| Equity Bank                           | 0810270199897  | 30,846           | 29,568           |
| Family Bank                           | 068000031186   | 301,952          | -                |
| Citi Bank                             | 0104679006     | 11,817           | 11,817           |
| Current Account- KEEP                 | 01136125016301 | 133              | 138              |
| Current Account- KEMP                 | 01136125016302 | -                | 1,102            |
| Current Account- KOSAP                | 01141125016301 | 63,905           | 78,128           |
|                                       |                |                  | -                |
| <b>Sub- total</b>                     |                | <b>4,454,735</b> | <b>4,353,346</b> |
| <b>b) On - call deposits</b>          |                |                  |                  |
| Held with Cooperative Bank            | 01150125016310 | 100,000          | 500,000          |
| Held with Cooperative Bank- S/account | 01150125016300 | 39,685           | 86,460           |
| Held With Standard Chartered          | 0140004955900  | 20               | 20               |
| Held with KCB- Fountain               | 1103201557     | -                | 5,871            |
| KCB                                   | 1103201557     | 1,040,000        | 590,000          |
| Family Bank                           | 068000031186   | 2,399,040        | 1,490,486        |
| <b>Sub- total</b>                     |                | <b>3,578,744</b> | <b>2,672,837</b> |
| <b>c) Fixed deposits account</b>      |                |                  |                  |
| <b>Sub- total</b>                     |                | <b>-</b>         | <b>-</b>         |
| <b>d) Others(specify)</b>             |                |                  |                  |
| Cash in hand (Head Office)            |                | 173              | 200              |
| Cash in hand (Regions)                |                | 3,000            | 2,100            |
| <b>Sub- total</b>                     |                | <b>3,173</b>     | <b>2,300</b>     |
| <b>Grand total</b>                    |                | <b>8,036,652</b> | <b>7,028,483</b> |

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28. RECEIVABLES FROM EXCHANGE TRANSACTIONS

28. (a)

| Description                             | 2024-2025        | 2023-2024      |
|---|------------------|----------------|
|   | Kshs'000'        | Kshs'000'      |
| <b>Current receivables</b>              |                  |                |
| Advance to vendors*                     | 931,328          | 108,264        |
| Less Provisions for Bad & Doubtful Debt | -                | (16,484)       |
| Advance to Vendors*                     | 931,328          | 91,781         |
| Interest Receivables                    | -                | 4,121          |
| Prepayments- Others                     | 1,300            | 1,300          |
| Deposits- Rent                          | 15,011           | 15,011         |
| Deposits- Court Cases                   | 55,000           | 55,000         |
| Other Receivables-Sale Of Power         | 312,644          | 376,423        |
| <b>Total current receivables</b>        | <b>1,315,283</b> | <b>543,636</b> |

28 (b)

| Description  | 2024-2025        | 2023-2024      |
|--|------------------|----------------|
|  | Kshs'000'        | Kshs'000'      |
| <b>Non-current receivables</b>                     |                  |                |
| Prepayments- Others                                | -                | -              |
| Deposits- Rent                                     | -                | -              |
| Deposits- Court Cases                              | -                | -              |
| Less: impairment allowance                         | -                | -              |
| <b>Total receivables</b>                           | <b>-</b>         | <b>-</b>       |
| Current portion transferred to current receivables | -                | -              |
| <b>Total non-current receivables</b>               | <b>-</b>         | <b>-</b>       |
| <b>Total receivables (a+b)</b>                     | <b>1,315,283</b> | <b>543,636</b> |

29. RECEIVABLES FROM NON-EXCHANGE CONTRACTS

| Description                      | 2024-2025         | 2023-2024         |
|----------------------------------|-------------------|-------------------|
|                                  | Kshs'000'         | Kshs'000'         |
| <b>Current receivables</b>       |                   |                   |
| Other Accrued Revenues           | 11,223,909        | 10,919,837        |
| Staff Advances                   | 32,125            | 81,333            |
| <b>Total current receivables</b> | <b>11,256,034</b> | <b>11,001,170</b> |

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**30. INVENTORIES**

| Description  | 2024-2025        | 2023-2024        |
|--|------------------|------------------|
|  | Kshs'000'        | Kshs'000'        |
| Poles  | 348,388          | 117,939          |
| Insulators   | 254,802          | 281,428          |
| Conductors, Stay Blocks and Wires                                      | 2,063,786        | 683,427          |
| Hardware line items  | 2,271,672        | 2,167,286        |
| Transformers   | 944,773          | 483,332          |
| Surge Diverters Circuit Breakers and Isolators                         | 618,968          | 489,420          |
| Stationery   | 60,716           | 17,973           |
| ICT  | 1,833            | 1,833            |
| <b>Total inventories at the lower of cost and net realizable value</b> | <b>6,564,937</b> | <b>4,242,638</b> |

**31. INVESTMENTS**

| Description   | 2024-2025      | 2023-2024      |
|---|----------------|----------------|
|   | Kshs'000'      | Kshs'000'      |
| <b>a) Investment in Treasury bills and bonds</b>        |                |                |
| <b>Financial institution</b>                            |                |                |
| CBK   | -              | -              |
| CBK   | -              | -              |
| <b>Sub- total</b>                                       | -              | -              |
| <b>b) Investment with Financial Institutions/ Banks</b> |                |                |
| Stima Sacco/ Staff Mortgage and Car Loan Scheme         | 349,982        | 300,000        |
| <b>Sub- total</b>                                       | <b>349,982</b> | <b>300,000</b> |
| <b>c) Equity investments (specify)</b>                  |                |                |
| Equity/ shares in entity xxx                            | -              | -              |
| <b>Sub- total</b>                                       | -              | -              |
| <b>Grand total</b>                                      | <b>349,982</b> | <b>300,000</b> |

**d) Movement of Equity Investments**

| Impairment allowance/ provision                                     | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
|   | Kshs'000' | Kshs'000' |
| At the beginning of the year  | -         | -         |
| Purchase of investments in the year                                 | -         | -         |
| Sale of investments during the year                                 | -         | -         |
| Gain/(loss) in fair value of investments through surplus or deficit | -         | -         |
| At the end of the year  | -         | -         |

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**e) Shareholding in other entities**

For investments in equity share listed under note 31 above, list down the equity investments under the following categories:

| Name of entity where investment is held | No of shares        |                       |                        | Nominal value of shares | Fair value of shares |            |
|---|---------------------|-----------------------|------------------------|-------------------------|----------------------|------------|
|   | Direct shareholding | Indirect shareholding | Effective shareholding |                         | Current year         | Prior year |
|   | %                   | %                     | %                      |                         | Kshs'000'            | Kshs'000'  |
| Entity A                                | -                   | -                     | -                      | -                       | -                    | -          |
| Entity B                                | -                   | -                     | -                      | -                       | -                    | -          |
| Entity C                                | -                   | -                     | -                      | -                       | -                    | -          |
| Entity D                                | -                   | -                     | -                      | -                       | -                    | -          |
|   | -                   | -                     | -                      | -                       | -                    | -          |

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**32. PROPERTY, PLANT AND EQUIPMENT**

|                                | Land        |             | Buildings   |             | Motorvehicles/ Fittings |             | Furniture and Computers |             | Other Assets                |                  |                    | Capital Work in Progress |             | Total       |
|--------------------------------|-------------|-------------|-------------|-------------|-------------------------|-------------|-------------------------|-------------|-----------------------------|------------------|--------------------|--------------------------|-------------|-------------|
|                                | Kshs. '000' | Kshs. '000' | Kshs. '000' | Kshs. '000' | Kshs. '000'             | Kshs. '000' | Kshs. '000'             | Kshs. '000' | Overhead Distribution Lines | Office Equipment | Tools & Implements | Plant & Equipment        | Kshs. '000' |             |
| Cost/Valuation                 | 93,467      | 27,048      | 601,223     | 225,775     | 468,923                 | 108,291,241 | 42,344                  | 118,612     | 197,386                     | 7,898,140        | 7,457,786          | 117,964,160              | 7,898,140   | 117,964,160 |
| As at 1st July 2023            | -           | 27,048      | 601,223     | 225,775     | 468,923                 | 108,291,241 | 42,344                  | 118,612     | 197,386                     | 7,898,140        | 7,457,786          | 117,964,160              | 7,898,140   | 117,964,160 |
| Additions                      | -           | -           | -           | -           | 33,297                  | -           | 15,440                  | 37,379      | -                           | -                | -                  | -                        | 7,457,786   | 7,457,786   |
| * Addition- Energy Centre Cost | 3,826,474   | 239,611     | 20,375      | 9,009       | 3,659                   | -           | 250                     | 6,155       | 11,351                      | -                | -                  | 4,116,885                | -           | 4,116,885   |
| Disposals                      | -           | -           | (70,338)    | -           | -                       | -           | -                       | -           | -                           | -                | -                  | (70,338)                 | -           | (70,338)    |
| Transfers/adjustments          | -           | -           | -           | -           | -                       | 3,881,452   | -                       | -           | -                           | -                | -                  | (3,881,452)              | -           | -           |
| As at 30th June 2024           | 3,919,942   | 266,659     | 551,260     | 234,784     | 505,879                 | 112,172,693 | 58,034                  | 162,146     | 208,737                     | 11,474,474       | 7,697,581          | 129,554,609              | 11,474,474  | 129,554,609 |
| Additions                      | 19,310      | 2,477       | 0           | 39          | 59,528                  | -           | 39,947                  | 1,186       | 0                           | -                | -                  | 7,820,067                | 7,697,581   | 7,820,067   |
| Disposals                      | -           | -           | (4,501)     | -           | (376)                   | -           | -                       | -           | -                           | -                | -                  | (4,877)                  | -           | (4,877)     |
| Transfers/adjustments          | -           | -           | -           | -           | -                       | 6,792,163   | -                       | -           | -                           | -                | -                  | (6,792,163)              | -           | -           |
| At 30th June 2025              | 3,939,252   | 269,136     | 546,760     | 234,823     | 565,031                 | 118,964,856 | 97,981                  | 163,332     | 208,738                     | 12,379,892       | 12,379,892         | 137,369,798              | 12,379,892  | 137,369,798 |
| Depreciation and Impairment    | -           | -           | -           | -           | -                       | -           | -                       | -           | -                           | -                | -                  | -                        | -           | -           |
| As at 1st July 2023            | -           | 6,793       | 552,860     | 169,465     | 324,708                 | 10,127,112  | 33,312                  | 48,135      | 154,794                     | -                | -                  | 11,417,179               | -           | 11,417,179  |
| Depreciation charged           | -           | 676         | 21,928      | 21,586      | 75,785                  | 2,264,416   | 2,667                   | 23,809      | 6,912                       | -                | -                  | 2,417,779                | -           | 2,417,779   |
| Disposals                      | -           | -           | (70,338)    | -           | -                       | -           | -                       | -           | -                           | -                | -                  | (70,338)                 | -           | (70,338)    |
| As at 30th June 2024           | -           | 7,469       | 504,450     | 191,051     | 400,493                 | 12,391,528  | 35,979                  | 71,944      | 161,706                     | -                | -                  | 13,764,620               | -           | 13,764,620  |
| As at 1st July 2024 (Restated) | -           | 7,469       | 504,393     | 191,819     | 417,948                 | 12,894,607  | 35,979                  | 71,944      | 161,353                     | -                | -                  | 14,285,514               | -           | 14,285,514  |
| Depreciation charged           | -           | 6,697       | 21,149      | 22,488      | 69,188                  | 2,852,965   | 5,368                   | 35,658      | 7,649                       | -                | -                  | 3,021,162                | -           | 3,021,162   |
| Disposals                      | -           | -           | (4,501)     | -           | (314)                   | -           | -                       | -           | -                           | -                | -                  | (4,814)                  | -           | (4,814)     |
| Total Accumulated Depreciation | -           | 14,167      | 521,042     | 214,307     | 486,823                 | 15,747,572  | 41,348                  | 107,602     | 169,002                     | -                | -                  | 17,301,862               | -           | 17,301,862  |
| Net Book Values                | -           | -           | -           | -           | -                       | -           | -                       | -           | -                           | -                | -                  | -                        | -           | -           |
| NBV 30th June 2024             | 3,919,942   | 259,190     | 46,810      | 43,733      | 105,386                 | 99,781,165  | 22,055                  | 90,202      | 47,031                      | 11,474,474       | 11,474,474         | 115,789,988              | 11,474,474  | 115,789,988 |
| NBV 30th June 2025             | 3,939,252   | 254,969     | 25,718      | 20,516      | 78,208                  | 103,217,284 | 56,633                  | 55,731      | 39,736                      | 12,379,892       | 12,379,892         | 120,067,936              | 12,379,892  | 120,067,936 |

**NOTE:**

- 1) Included in the PPE is an amount approximately Kshs. 1.6 Billion which is subject to Investigation
- 2) Included also are assets from Energy Centers valued at Ksh. 4.1B
- 3) WIP relates to projects that have been started but are yet to be completed

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**33. INTANGIBLE ASSETS-SOFTWARE**

| Description                                  | 2024-2025        | 2023-2024        |
|--|------------------|------------------|
|  | Kshs'000'        | Kshs'000'        |
| <b>Cost</b>                                  |                  |                  |
| <b>At beginning of the year (Reinstated)</b> | <b>463,846</b>   | <b>417,071</b>   |
| Additions                                    | 23,865           | 46,775           |
| <b>At end of the year</b>                    | <b>487,710</b>   | <b>463,846</b>   |
| Additions—internal development               | -                | -                |
| <b>At end of the year</b>                    | <b>487,710</b>   | <b>463,846</b>   |
| <b>Amortization and impairment</b>           |                  |                  |
| <b>At beginning of the year(restated)</b>    | <b>(419,685)</b> | <b>(397,876)</b> |
| Amortization                                 | (21,134)         | (16,647)         |
| <b>At end of the year</b>                    | <b>(440,819)</b> | <b>(414,523)</b> |
| Impairment loss                              | -                | -                |
| <b>At end of the year</b>                    | <b>(440,819)</b> | <b>(414,523)</b> |
| <b>NBV</b>                                   | <b>46,891</b>    | <b>49,323</b>    |

**34. BIOLOGICAL ASSETS**

| Description   | 2024-2025    | 2023-2024    |
|---------------|--------------|--------------|
|               | Kshs'000'    | Kshs'000'    |
| Animals -Cows | 2,345        | 3,975        |
| <b>Total</b>  | <b>2,345</b> | <b>3,975</b> |

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**35. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

| Description                           | 2024-2025        | 2023-2024        |
|---------------------------------------|------------------|------------------|
|                                       | Kshs'000'        | Kshs'000'        |
| Trade-Creditors invoiced              | 2,308,495        | 2,519,489        |
| Trade-Creditors not invoiced          | 1,926,875        | 1,364,004        |
| Trade-KPLC Metre Deposits             | 713              | 713              |
| Other payables-Payroll Payables       | 182              | -                |
| <b>Total trade and other payables</b> | <b>4,236,265</b> | <b>3,884,207</b> |

**36. REFUNDABLE DEPOSITS FROM CUSTOMERS**

| Description           | 2024-2025 | 2023-2024 |
|-----------------------|-----------|-----------|
|                       | Kshs'000' | Kshs'000' |
| Consumer deposits     | -         | -         |
| Other deposits        | -         | -         |
| <b>Total deposits</b> | <b>-</b>  | <b>-</b>  |

**37. CURRENT PROVISIONS**

| Description                              | Gratuity      | Tax provision | Audit Fees   | Total          |
|--|---------------|---------------|--------------|----------------|
|  | Kshs'000'     | Kshs'000'     | Kshs'000'    | Kshs'000'      |
| <b>Balance b/d (1.07.2024)</b>           | <b>15,807</b> | <b>33,882</b> | <b>9,000</b> | <b>58,689</b>  |
| Additional Provisions                    | 9,496         | 76,973        | 3,000        | 89,469         |
| Less: Provision utilised                 | (3,234)       | (33,882)      | (12,062)     | (49,178)       |
| Add: Provision written back              | -             | -             | 3,062        | 3,062          |
| <b>Total provisions as at 30.06.2025</b> | <b>22,068</b> | <b>76,973</b> | <b>3,000</b> | <b>102,041</b> |

**38. FINANCE LEASE OBLIGATION**

| Description                          | 2024-2025 | 2023-2024 |
|--------------------------------------|-----------|-----------|
|                                      | Kshs'000' | Kshs'000' |
| <b>At the start of the year</b>      | <b>-</b>  | <b>-</b>  |
| Discount interest on lease liability | -         | -         |
| Paid during the year                 | -         | -         |
| <b>At end of the year</b>            | <b>-</b>  | <b>-</b>  |

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**39. DEFERRED INCOME**

| Description                        | 2024-2025      | 2023-2024      |
|------------------------------------|----------------|----------------|
|                                    | Kshs'000'      | Kshs'000'      |
| National government                | 280,000        | 280,000        |
| International funders              | -              | -              |
| Public contributions and donations | -              | -              |
| <b>Total deferred income</b>       | <b>280,000</b> | <b>280,000</b> |

The deferred income movement is as follows:

|                                | National government | International funders | Public contributions and donations | Total          |
|--------------------------------|---------------------|-----------------------|------------------------------------|----------------|
| <b>Balance brought forward</b> | <b>280,000</b>      | -                     | -                                  | <b>280,000</b> |
| Additions                      | -                   | -                     | -                                  | -              |
| Transfers to Capital fund      | -                   | -                     | -                                  | -              |
| Transfers to income statement  | -                   | -                     | -                                  | -              |
| Other transfers                | -                   | -                     | -                                  | -              |
| Balance carried forward        | <b>280,000</b>      | -                     | -                                  | <b>280,000</b> |

**40. EMPLOYEE BENEFIT OBLIGATIONS**

| Description                               | Defined benefit plan | Post-employment medical benefits | Other Provisions | 2024-2025 | 2023-2024 |
|---|----------------------|----------------------------------|------------------|-----------|-----------|
|   | Kshs'000'            | Kshs'000'                        | Kshs'000'        | Kshs'000' | Kshs'000' |
| Current benefit obligation                | -                    | -                                | -                | -         | -         |
| Non-current benefit obligation            | -                    | -                                | -                | -         | -         |
| <b>Total employee benefits obligation</b> | <b>-</b>             | <b>-</b>                         | <b>-</b>         | <b>-</b>  | <b>-</b>  |

**Retirement benefit Asset/ Liability**

The entity operates a defined benefit scheme for all full-time employees from July 1, 2020. The Scheme is based on percentage of salary of an employee at the time of retirement. During the year, no actuarial valuers were engaged to value the scheme. The liability at the end of the year is as follows:

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| Description                               | Defined benefit plan | Post-employment medical benefits | Other Provisions | 2024-2025 | 2023-2024 |
|---|----------------------|----------------------------------|------------------|-----------|-----------|
|   | Kshs'000'            | Kshs'000'                        | Kshs'000'        | Kshs'000' | Kshs'000' |
| Current benefit obligation                | -                    | -                                | -                | -         | -         |
| Non-current benefit obligation            | -                    | -                                | -                | -         | -         |
| <b>Total employee benefits obligation</b> | -                    | -                                | -                | -         | -         |

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.4,320 per employee per month.

**41. NON-CURRENT PROVISIONS**

| Description                                     | Long service leave | Gratuity  | Other Provisions | Total     |
|---|--------------------|-----------|------------------|-----------|
|   | Kshs'000'          | Kshs'000' | Kshs'000'        | Kshs'000' |
| <b>Balance at the beginning of the year</b>     | -                  | -         | -                | -         |
| Additional Provisions                           | -                  | -         | -                | -         |
| Provision utilised                              | -                  | -         | -                | -         |
| Change due to discount and time value for money | -                  | -         | -                | -         |
| Less: Current portion                           | -                  | -         | -                | -         |
| <b>Balance at the end of the year</b>           | -                  | -         | -                | -         |

**42. BORROWINGS**

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

| Description   | 2024-2025         | 2023-2024         |
|---|-------------------|-------------------|
|   | Kshs'000'         | Kshs'000'         |
| Balance at beginning of the period                  | 13,588,909        | 13,588,909        |
| External borrowings during the year                 | -                 | -                 |
| Domestic borrowings during the year                 | -                 | -                 |
| Repayments of external borrowings during the period | -                 | -                 |
| Repayments of domestic borrowings during the period | -                 | -                 |
| <b>Balance at end of the period</b>                 | <b>13,588,909</b> | <b>13,588,909</b> |

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

| Description   | 2024-2025         | 2023-2024         |
|---|-------------------|-------------------|
|   | Kshs'000'         | Kshs'000'         |
| <b>External Borrowings</b>                              |                   |                   |
| Dollar denominated loan from 'xxx organisation'         | -                 | -                 |
| Sterling Pound denominated loan from 'yyy organisation' | -                 | -                 |
| Euro denominated loan from 'zzz organisation'           | -                 | -                 |
| <b>Domestic Borrowings</b>                              |                   |                   |
| Kenya Shilling loan from National Treasury              | 13,588,909        | 13,588,909        |
| Kenya Shilling loan from Barclays Bank                  | -                 | -                 |
| Kenya Shilling loan from Consolidated Bank              | -                 | -                 |
| <b>Total balance at end of the year</b>                 | <b>13,588,909</b> | <b>13,588,909</b> |

| Description                            | 2024-2025         | 2023-2024         |
|--|-------------------|-------------------|
|  | Kshs'000'         | Kshs'000'         |
| Short term borrowings(current portion) | -                 | -                 |
| Long term borrowings                   | 13,588,909        | 13,588,909        |
| <b>Total</b>                           | <b>13,588,909</b> | <b>13,588,909</b> |

**43. SERVICE CONCESSION ARRANGEMENTS**

| Description  | 2024-2025 | 2023-2024 |
|--|-----------|-----------|
|  | Kshs'000' | Kshs'000' |
| Fair value of service concession assets recognized under PPE | -         | -         |
| Accumulated depreciation to date                             | -         | -         |
| Net carrying amount  | -         | -         |
| Service concession liability at beginning of the year        | -         | -         |
| Service concession revenue recognized                        | -         | -         |
| Service concession liability at end of the year              | -         | -         |

**44. CASH GENERATED FROM OPERATIONS**

| Description                                    | 2024-2025          | 2023-2024          |
|--|--------------------|--------------------|
|  | Kshs'000'          | Kshs'000'          |
| <b>Surplus for the year before tax</b>         |                    |                    |
| <b>Adjusted for:</b>                           | <b>(2,177,539)</b> | <b>(1,813,299)</b> |
| Depreciation                                   |                    |                    |
| Non-cash grants received                       | 3,021,162          | 2,390,027          |
| Contributed assets                             | -                  | -                  |
| Impairment                                     | -                  | -                  |
| Gains and losses on disposal of assets         | 21,134             | 16,647             |
| Contribution to provisions                     | -                  | -                  |
| Prior year adjustments                         | 89,469             | 45,528             |
| Finance income                                 | -                  | -                  |
| Finance cost                                   | -                  | -                  |
| <b>Working Capital adjustments</b>             |                    |                    |
| Decrease/(Increase) in Inventory               | (2,322,300)        | (407,681)          |
| Decrease/(Increase) in Receivables             | 9,054,433          | 6,486,440          |
| Increase in deferred income                    | -                  | -                  |
| Increase/(Decrease) in Payables                | 2,714,190          | 1,516,826          |
| Increase in payments received in advance       | -                  | -                  |
| <b>Net cash flow from operating activities</b> | <b>10,400,550</b>  | <b>8,234,488</b>   |

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**45. FINANCIAL RISK MANAGEMENT**

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

**(i) Credit risk**

The Corporation 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 entity's management based on prior experience and their assessment of the current economic environment.

**(i) Credit risk (Continued)**

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

| Description                                | Total amount      | Fully performing  | Past due  | Impaired  |
|--|-------------------|-------------------|-----------|-----------|
|  | Kshs'000'         | Kshs'000'         | Kshs'000' | Kshs'000' |
| <b>At 30 June 2025</b>                     |                   |                   |           |           |
| Receivables from exchange transactions     | 1,315,283         | 1,315,283         | -         | -         |
| Receivables from non exchange transactions | 11,256,034        | 11,256,034        | -         | -         |
| Bank balances                              | 8,036,652         | 8,036,652         | -         | -         |
| <b>Total</b>                               | <b>20,607,969</b> | <b>20,607,969</b> | -         | -         |
| <b>At 30 June 2024</b>                     |                   |                   |           |           |
| Receivables from exchange transactions     | 543,636           | 543,636           | -         | -         |
| Receivables from non exchange transactions | 11,001,170        | 11,001,170        | -         | -         |
| Bank balances                              | 7,028,483         | 7,028,483         | -         | -         |
| <b>Total</b>                               | <b>18,573,289</b> | <b>18,573,289</b> | -         | -         |

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Corporation has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts.

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The board of directors sets the Corporation's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Corporation's directors, who have built an appropriate liquidity risk management framework for the management of the Corporation's short, medium and long-term funding and liquidity management requirements. The Corporation manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Corporation under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**(ii) Liquidity risk management (Continued)**

| Description                   | Less than 1 month | Between 1-3 months | Over 5 months    | Total            |
|-------------------------------|-------------------|--------------------|------------------|------------------|
|                               | Kshs'000'         | Kshs'000'          | Kshs'000'        | Kshs'000'        |
| <b>At 30 June 2025</b>        |                   |                    |                  |                  |
| Trade payables                | -                 | -                  | 4,236,265        | 4,236,265        |
| Current portion of borrowings | -                 | -                  | -                | -                |
| Provisions                    |                   |                    | 102,041          | 102,041          |
| Deferred income               |                   |                    | 280,000          | 280,000          |
| Employee benefit obligation   | -                 | -                  | -                | -                |
| <b>Total</b>                  | -                 | -                  | <b>4,618,306</b> | <b>4,618,306</b> |
| <b>At 30 June 2024</b>        |                   |                    |                  |                  |
| Trade payables                | -                 | -                  | 3,884,207        | 3,884,207        |
| Current portion of borrowings | -                 | -                  | -                | -                |
| Provisions                    |                   |                    | 58,689           | 58,689           |
| Deferred income               |                   |                    | 280,000          | 280,000          |
| Employee benefit obligation   | -                 | -                  | -                | -                |
| <b>Total</b>                  | -                 | -                  | <b>4,222,896</b> | <b>4,222,896</b> |

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the Corporation 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 Corporation'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 Corporation's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

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

**a) Foreign currency risk**

The Corporation has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

| Description                                   | In Kshs          | Other currencies | Total            |
|---|------------------|------------------|------------------|
|   | Kshs'000'        | Kshs'000'        | Kshs'000'        |
| <b>At 30 June 2025</b>                        |                  |                  |                  |
| <b>Financial assets</b>                       |                  |                  |                  |
| Investments                                   | -                | -                | -                |
| Cash  | 8,036,652        | -                | 8,036,652        |
| Debtors                                       | 1,315,283        | -                | 1,315,283        |
| <b>Total financial assets</b>                 | <b>9,351,935</b> |                  | <b>9,351,935</b> |
| <b>Financial Liabilities</b>                  |                  |                  |                  |
| Trade and other payables                      | 4,236,265        | -                | 4,236,265        |
| Borrowings                                    | -                | -                | -                |
| <b>Total financial liabilities</b>            | <b>4,236,265</b> |                  | <b>4,236,265</b> |
| <b>Net foreign currency asset/(liability)</b> | <b>5,115,670</b> |                  | <b>5,115,670</b> |

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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| Description                                   | In Kshs   | Other currencies | Total     |
|---|-----------|------------------|-----------|
|   | Kshs'000' | Kshs'000'        | Kshs'000' |
| <b>At 30 June 2025</b>                        |           |                  |           |
| <b>Financial assets</b>                       |           |                  |           |
| Investments                                   |           |                  |           |
| Cash  | -         | -                | -         |
| Debtors                                       | -         | -                | -         |
| <b>Total financial assets</b>                 | -         | -                | -         |
| <b>Financial Liabilities</b>                  |           |                  |           |
| Trade and other payables                      |           |                  |           |
| Borrowings                                    | -         | -                | -         |
| <b>Total financial liabilities</b>            | -         | -                | -         |
| <b>Net foreign currency asset/(liability)</b> | -         | -                | -         |

| Description | Change in     | Effect on Profit | Effect on |
|-------------|---------------|------------------|-----------|
|             | currency rate | before tax       | equity    |
|             | Kshs'000'     | Kshs'000'        | Kshs'000' |
| <b>2025</b> |               |                  |           |
| Euro        |               |                  |           |
| USD         | 10%           | -                | -         |
|             | 10%           | -                | -         |
| <b>2024</b> |               |                  |           |
| Euro        |               |                  |           |
| USD         | 10%           | -                | -         |
|             | 10%           | -                | -         |

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates.

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**FINANCIAL RISK MANAGEMENT (Continued)**

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value**

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Corporation's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Corporation considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

| Description                  | Level 1          | Level 2   | Level 3   | Total            |
|------------------------------|------------------|-----------|-----------|------------------|
|                              | Kshs'000'        | Kshs'000' | Kshs'000' | Kshs'000'        |
| <b>At 30 June 2025</b>       |                  |           |           |                  |
| <b>Financial Assets</b>      |                  |           |           |                  |
| Quoted equity investments    | -                | -         | -         | -                |
| <b>Non- financial Assets</b> |                  |           |           |                  |
| Investment property          | -                | -         | -         | -                |
| Land and buildings           | 4,194,221        | -         | -         | 4,194,221        |
|                              | <b>4,194,221</b> | -         | -         | <b>4,194,221</b> |
| <b>At 30 June 2024</b>       |                  |           |           |                  |
| <b>Financial Assets</b>      |                  |           |           |                  |
| Quoted equity investments    | -                | -         | -         | -                |
| <b>Non- financial Assets</b> |                  |           |           |                  |
| Investment property          | -                | -         | -         | -                |
| Land and buildings           | 4,179,132        | -         | -         | 4,179,132        |
|                              | <b>4,179,132</b> | -         | -         | <b>4,179,132</b> |

There were no transfers between levels 1, 2 and 3 during the year.

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

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**FINANCIAL RISK MANAGEMENT (Continued)**

**iv) Capital Risk Management**

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

| Description                                 | 2024-2025<br>Kshs'000' | 2023-2024<br>Kshs'000' |
|---|------------------------|------------------------|
| Development reserve                         | 71,737,598             | 60,668,073             |
| Retained earnings                           | 57,590,097             | 60,284,665             |
| Capital reserve                             | 53,596                 | 53,596                 |
| <b>Total funds</b>                          | <b>129,381,291</b>     | <b>121,006,334</b>     |
| Total borrowings                            | -                      | -                      |
| Less: Cash and bank balances                | 8,036,652              | 7,028,483              |
| Net debt/(excess Cash and cash equivalents) | 121,344,640            | 113,977,851            |
| <b>Gearing</b>                              | <b>0%</b>              | <b>0%</b>              |

**46. RELATED PARTY BALANCES**

**Nature of related party relationships**

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

**Government of Kenya**

The Government of Kenya is the principal shareholder of the Corporation, holding 100% of the Corporation'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 National Government;
- ii) The Parent Ministry.
- iii) Kenya Power.
- iv) Key management.
- v) Board of directors

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| Description  | 2024-2025      | 2023-2024      |
|--|----------------|----------------|
|  | Kshs'000'      | Kshs'000'      |
| <b>Transactions with related parties</b>               |                |                |
| <b>a) Sales to related parties</b>                     |                |                |
| Sales of services (Power)                              | 592,014        | 674,338        |
| <b>Total</b>   | <b>592,014</b> | <b>674,338</b> |
| <b>b) Grants from the Government</b>                   |                |                |
| Grants from National Govt                              | -              | 480,000        |
| <b>Total</b>   | <b>-</b>       | <b>480,000</b> |
| <b>c) Expenses incurred on behalf of related party</b> |                |                |
| Payments of salaries and wages for employees           | -              | -              |
| Payments for goods and services                        | -              | -              |
| <b>Total</b>   | <b>-</b>       | <b>-</b>       |
| <b>d) Key management compensation</b>                  |                |                |
| Directors' emoluments                                  | 28,172         | 46,343         |
| Compensation to key management                         | 204,548        | 300,000        |
| <b>Total</b>   | <b>232,720</b> | <b>346,343</b> |

**47. SEGMENT INFORMATION**

The Corporation does not have independent regional operations.

**48. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

| Contingent Liabilities                  | 2024-2025      | 2023-2024      |
|---|----------------|----------------|
|   | Kshs'000'      | Kshs'000'      |
| Court case against the entity           | 457,584        | 457,584        |
| Bank guarantees in favour of subsidiary | -              | -              |
| <b>Total</b>                            | <b>457,584</b> | <b>457,584</b> |

**49. CAPITAL COMMITMENTS**

| Capital commitments           | 2024-2025 | 2023-2024 |
|-------------------------------|-----------|-----------|
|                               | Kshs'000' | Kshs'000' |
| Authorised for                | -         | -         |
| Authorised and contracted for | -         | -         |
| <b>Total</b>                  | <b>-</b>  | <b>-</b>  |

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**50. DIVIDENDS/SURPLUS REMISSION**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Corporation does not pay dividends.

**51. TAXATION**

| Description                             | 2024-2025     | 2023-2024      |
|---|---------------|----------------|
|   | Kshs'000'     | Kshs'000'      |
| Tax payable- Withheld Tax 3% Agency     | 7,184         | 10,772         |
| Tax payable- Withheld Tax 5% Prof. fees | 2,141         | 15,372         |
| Tax payable- Withheld Vat (Output)      | -             | 112,249        |
| Tax payable- Withheld Tax 2% Agency     | 42,228        | 2,681          |
| <b>At end of the year</b>               | <b>51,553</b> | <b>141,074</b> |

**52. 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   | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
|   | Kshs'000' | Kshs'000' |
| Accelerated capital allowances                          | -         | -         |
| Unrealised exchange gains/(losses)                      | -         | -         |
| Revaluation surplus                                     | -         | -         |
| Tax losses carried forward                              | -         | -         |
| Provisions for liabilities and charges                  | -         | -         |
| <b>Net deferred tax liability/(asset)</b>               | <b>-</b>  | <b>-</b>  |
| The movement on the deferred tax account is as follows: | =====     | =====     |
| Balance at beginning of the year                        | -         | -         |
| Credit to revaluation reserve                           | -         | -         |
| Under provision in prior year                           | -         | -         |
| Income statement charge/(credit)                        | -         | -         |
| <b>Balance at end of the year</b>                       | <b>-</b>  | <b>-</b>  |
|   | =====     | =====     |

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**53. RESERVES**

The Corporation reserves include Development reserves, Capital Fund and Accumulated surplus.

**54. EVENTS AFTER THE REPORTING PERIOD**

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

**55. ULTIMATE AND HOLDING ENTITY**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Energy. Its ultimate parent is the Government of Kenya.

**56. CURRENCY**

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

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**20. APPENDICES**

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

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

| Reference No. on the external audit Report | Issue / Observations from Auditor                 | Management comments   | Focal Point person to resolve the issue (Designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|---|-----------------------------------|--|
| <b>Basis for Qualified Opinion</b>         |   |   |   |                                   |  |
| 1.0  | Late Exchequer Releases                           | When funds are remitted late to the implementing agency, the projects which were planned up to the end of FY2023/24 were delayed in terms of completion period. This delay was attributed to the NT and MoE. The payment was accrued and later received. The affected projects have since been completed. | GM, Finance & ICT                                     | Resolved                          | 11.07.2024   |
| <b>2.0</b>                                 | <b>Receivable from Exchange Transactions</b>      |   |   |                                   |  |
| 2.1  | Unsupported Receivable from Exchange Transactions | The Corporation has engaged the Service providers with efforts to recover and support the receivables.  | GM, Finance & ICT                                     | Ongoing                           | 30.06.2026   |
| 2.2  | Unconfirmed Court Deposits                        | The Corporation has written to the firm of KTK Advocates to confirm the deposits of Kshs. 50 Million and the Kshs. 5 Million deposited in court   | Manager Legal   | Ongoing                           | Trade and Other payables schedule provided                       |
| 3.0  | Unsupported Expenditure on Land Survey Services   | This matter is still under investigation by the relevant government agencies  | GM, Finance & ICT, Manager Supply Chain               | Ongoing                           | The matter is actively with the DCI                              |
| <b>4.0</b>                                 | <b>Trade and Other Payables</b>                   |   |   |                                   |  |
| 4.1  | Long Outstanding Payables                         | Management is in the process of reconciling the amounts in GR/IR  | GM, Finance & ICT                                     | Ongoing                           | 30.06.2026   |

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| Reference No. on the external audit Report                               | Issue / Observations from Auditor   | Management comments   | Focal Point person to resolve the issue (Designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|---|-----------------------------------|--|
|  |   | accounts with a view to settle the creditors balances in the system   |   |                                   |  |
| 4.2  | Un-Invoiced Trade and Other Payables  | Management is in the process of reconciling the amounts in GR/IR accounts with a view to settle the creditors balances in the system  | <b>GM, Finance &amp; ICT</b>                          | Ongoing                           | 30.06.2026   |
| 5.0  | Non-Contribution to the fund  | The contribution and the arrears will be considered for budgetary allocation moving forward.  | <b>GM, Finance &amp; ICT</b>                          | Ongoing                           | 30.06.2026   |
| 6.0  | Unaccounted Payment to Rural Electrification and Renewable Energy Corporation | The Matching fund projects were implemented and commissioned.   | <b>GM, Finance &amp; ICT</b>                          | Resolved                          | 30.06.2025   |
| <b>Report on lawfulness and effectiveness in use of public resources</b> |   |   |   |                                   |  |
| 1.0  | Irregular Reallocation of Petroleum Development Levy Funds                    | The amount was allocated to the Corporation through printed estimates and was used to undertake planned projects during the Financial year  | <b>GM, Finance &amp; ICT</b>                          | Resolved                          | 30.06.2024   |
| 2.0  | Unapproved Board Retreats   | The management take cognizance of that the approvals were communicated by the Principal Secretary, State Department for Energy. We were guided accordingly that the communication ought to have emanated from the Cabinet Secretary, Ministry of Energy & Petroleum. The management is now observing all the prevailing regulations and circulars | <b>Manager Legal</b>                                  | Resolved                          | 30.06.2025   |
| 3.0  | Irregular Acting Positions  | Acting appointments for critical positions were undertaken in   | <b>GM, HR &amp; Admin.</b>                            | Ongoing                           | 30.06.2026   |

**Rural Electrification and Renewable Energy Corporation**  
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| Reference No. on the external audit Report | Issue / Observations from Auditor                                      | Management comments   | Focal Point person to resolve the issue (Designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|---|-----------------------------------|--|
|  |  | <p>accordance with the provisions of the Corporation's Human Resource Policy and Procedure Manual 2019, clause 4.6.5.</p> <p>Acting appointments for some positions has since been concluded and successful candidates' on boarded.</p> <p>The advertisement for the other Position has been done awaiting shortlisting, interviews and selection process</p> |   |                                   |  |
| 4.0  | Non-Compliance with the salaries and Remuneration Commission Approvals | The Corporation wrote to SRC on 12 <sup>th</sup> May, 2025 requesting for correction on the grading for the position of General Managers. The Commission responded on 26 <sup>th</sup> May, 2025 indicating that they were looking into it and will revert.   | <b>GM, HR &amp; Admin.</b>                            | Ongoing                           | 30.06.2026   |
| 5.0  | Irregular expenditure on airtime allowance                             | The Corporation rates paid to staff is a consolidated amount of the allowances provided for in the Circular. The rate are broken down therein.  | <b>GM, HR &amp; Admin.</b>                            | Resolved                          | 30.06.2024   |
| 6.0  | Default in repayment of concessional loan                              | The Corporation has faced delays in utilizing the funds for loan repayment, primarily due to procedural challenges in finalizing the loan repayment framework with the National Treasury.   | <b>GM, Finance &amp; ICT</b>                          | Ongoing                           | 30.06.2026   |

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| Reference No. on the external audit Report | Issue / Observations from Auditor                  | Management comments   | Focal Point person to resolve the issue (Designation)            | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|--|-----------------------------------|--|
| 7.0  | Funding of privately owned property in Joska Malaa | <p>i. Strategy and planning provided the Survey and Design Memo – Dated 11<sup>th</sup> December 2023. Project number 143: REC-1607723/24002</p> <p>ii. The BE and sketches were generated and provided accordingly.</p> <p>iii. During BE, the designer considered the scope limited, thus survey data was not necessary for the project. The GSP team acquired the necessary wayleaves. The wayleave documentation file has been availed.</p> <p>iv. The site has three phase supply at LV board, internal power distribution within the property serves 40No. Customers/ beneficiaries. The project has low cost of connection per households. REREC does connections to villages who are mostly households/private property owners.</p> <p>v. The design maps indicate the actual project location.</p> <p>vi. Most of the corporation installed transformers are hosted on private properties.</p> | <b>GM Strategy, GM, Power Distribution, Manager Supply Chain</b> | Resolved                          | 30.06.2025   |

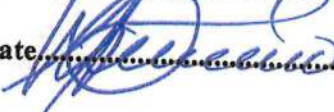
**Rural Electrification and Renewable Energy Corporation  
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| Reference No. on the external audit Report  | Issue / Observations from Auditor                   | Management comments  | Focal Point person to resolve the issue (Designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---|--|---|-----------------------------------|--|
|   |   | The corporation does sensitization to get community ownership and thus own the project. This actually helps to provide security for our transformers.  |   |                                   |  |
| <b>Report on the effectiveness of internal controls, risk management and governance</b> |   |  |   |                                   |  |
| 1.0   | Unsatisfactory operations of the board's committees | The observation was noted and the Board henceforth adhere to the requirements therein as to Board composition/ committee membership  | Manager Legal   | Resolved                          | 30.06.2024   |
| 2.0   | Excess board committees membership                  | The issue was tabled before the Board in its 69th meeting held on 16th May, 2024 and during the Board's 71st meeting held on 26th September, 2024 where the issue of excess membership was dealt with. Effective 26th September, 2024, the Committee membership constitution is three (3) members per committee. | Manager Legal   | Resolved                          | 26.09.2024   |

Chief Executive Officer

Date:  .....

Chairperson of the Board

Date:  .....

**Rural Electrification and Renewable Energy Corporation  
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**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

Projects implemented by Rural Electrification and Renewable Energy Corporation Funded by development partners

| No | Project title | Project Number             | Donor                        | Period/duration (Years) | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements |
|----|---------------|----------------------------|------------------------------|-------------------------|------------------|---|--|
|    |               |                            |                              |                         | Kshs. '000'      |   | (Yes/No)                                   |
| 1  | KEMP          | Grant No. TFA0579          | IDA (World Bank)             | 8.6                     | 759,750          | Yes   | Yes  |
|    |               | Loan No. 55870KE           | IDA (World Bank)             |                         | 253,250          | Yes   | Yes  |
| 2  | KOSAP         | Loan No. 6135KE            | IDA (World Bank)             | 9                       | 4,705,842        | Yes   | Yes  |
| 3  | REP           | Loan No. 11/597KE, 1407PKE | The Arab Department Partners | 11.3                    | 4,805,628        | Yes   | Yes  |
| 4  | SPPGP         | Loan No. GCL2015           | The EXIM Bank of China       | 7                       | 13,603,572       | No  | Yes  |
| 5  | KEEP          | Loan No. 1487KE            | OFID                         | 8.3                     | 1,500,000        | Yes   | Yes  |

**Status of Projects completion**

| No | Project | Total project Cost | Total expended to date | Completion % to date | Final Budget FY 2024/25 | Actual on Comparable Basis FY 2024/25 | Sources of funds       |
|----|---------|--------------------|------------------------|----------------------|-------------------------|---------------------------------------|------------------------|
|    |         | Kshs. '000'        | Kshs. '000'            | %                    | Kshs. '000'             | Kshs. '000'                           |                        |
| 1  | KEMP    | 1,084,184          | 722,683                | 83%                  | 300,000                 | 21,057                                | Loan & Grant           |
| 2  | KOSAP   | 4,705,842          | 334,763                | 0%                   | 325,000                 | 301,948                               | Loan                   |
| 3  | REP     | 5,704,341          | 4,190,729              | 53%                  | 466,866                 | 189,360                               | Loan & GOK counterpart |
| 4  | SPPGP   | 13,605,736         | 13,605,736             | 100%                 | -                       | -                                     | Loan                   |
| 5  | KEEP    | 1,352,914          | 1,241,915              | 75%                  | 132,756                 | 132,756                               | Loan                   |

**Rural Electrification and Renewable Energy Corporation  
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**APPENDIX III: INTER-ENTITY TRANSFERS**

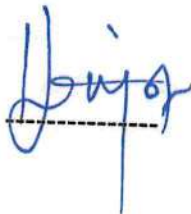
| Entity name:   |                    | Rural Electrification and Renewable Energy Corporation |                       |                                       |
|--|--------------------|--|-----------------------|---------------------------------------|
| Break down of Transfers from the Ministry of Energy 2024/2025 FY |                    |  |                       |                                       |
|  |                    | <u>Bank Statement Date</u>                             | <u>Amount (KShs.)</u> | <u>FY to which the amounts relate</u> |
| a  | Development Grants |  |                       |                                       |
|  |                    | 13/11/2024   | 4,685,000,000         | 2024-2025                             |
|  |                    |  | 4,685,000,000         |                                       |

The above amounts have been communicated to and reconciled with the parent Ministry


General Manager Finance & ICT  
REREC

Head of Accounting Unit  
Ministry Of Energy

Sign



Sign



**Rural Electrification and Renewable Energy Corporation  
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**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

| Ministry Of Energy          | Date received as per Bank statement | Nature:                        |             | Total Amount Kshs'000' | Statement of Financial Performance Kshs'000' | Development Reserves Kshs'000' | Deferred Income | Receivables | Others- Must be specific | Total Transfers During the Year Kshs'000' |
|-----------------------------|-------------------------------------|--------------------------------|-------------|------------------------|--|--------------------------------|-----------------|-------------|--------------------------|---|
|                             |                                     | Recurrent/ Development/ Others | Recurrent   |                        |  |                                |                 |             |                          |   |
| Recurrent Funds             |                                     |                                | Recurrent   | -                      | -  |                                |                 |             |                          | -   |
| Development Funds           | See Appendix (iii) above            |                                | Development | 4,685,000              |  | 4,685,000                      |                 |             |                          | 4,685,000                                 |
| Other Transfers from Donors |                                     |                                | Development | 336,323                |  | 336,323                        | -               |             |                          | 336,323                                   |
| <b>Total</b>                |                                     |                                |             | <b>5,021,323</b>       | -  | <b>5,021,323</b>               | -               | -           | -                        | <b>5,021,323</b>                          |

