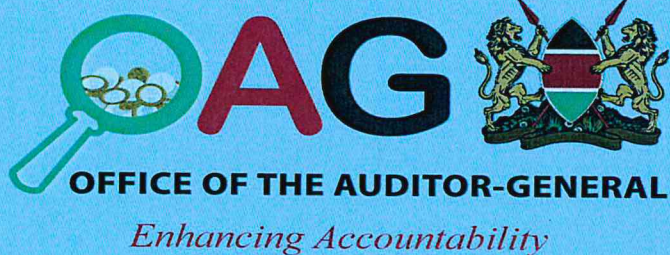


REPUBLIC OF KENYA



REPORT

OF

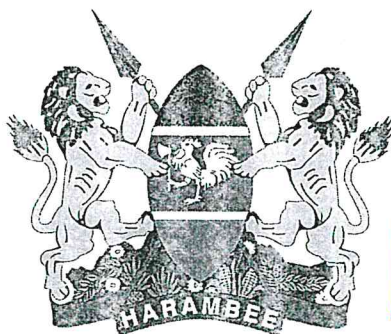
THE AUDITOR-GENERAL

ON

KENYA NATIONAL HIGHWAYS AUTHORITY

FOR THE YEAR ENDED
30 JUNE, 2019

| | |
|-----------------------|---------------|
| THE NATIONAL ASSEMBLY | |
| DATE: 19 AUG 2021 | |
| TABLED BY: | LOM |
| CLERK-AT THE-TABLE: | Benson Inzofy |



Kenya National Highways Authority

Quality Highways, Better Connections

KENYA NATIONAL HIGHWAYS AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2019**

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

KENYA NATIONAL HIGHWAYS AUTHORITY
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For the year ended June 30, 2019

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For the year ended June 30, 2019

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Authority was established vide the Kenya Roads Act, 2007. The Authority is under the State Department of Infrastructure in the Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works for the general policy and strategic direction.

(b) Principal Activities

The principal activity/mission of the Authority is to manage, develop, rehabilitate and maintain the national road network.

(c) Key Management

The Authority's day-to-day management is under the Director General who is an *ex officio* member of the Board of Directors and Secretary to the Board.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|--|---------------------------|
| 1. | Director General | Eng. Peter M. Mundinia |
| 2. | Director, Highway Planning and Design | Eng. Samuel O. Omer |
| 3. | Director, Development | Eng. David Muchilwa |
| 4. | Director, Policy, Strategy & Compliance | Eng. Njuguna Gatitu |
| 5. | Director, Corporate Services | CPA James Bowen |
| 6. | Director, Audit Services | CPA. William Masita |
| 7. | Ag. Director, Road Asset & Corridor Management | Eng. Mutii Kivoto |
| 8. | Corporation Secretary/Deputy Director, Head Legal Services | Ms. Norah Odingo-Kajwang' |
| 9. | Deputy Director, Head Supply Chain Management | Ms Levina Wanyonyi |
| | | |

KENYA NATIONAL HIGHWAYS AUTHORITY
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(c) Fiduciary Oversight Arrangements

| No. | Designation | Name |
|-----|---|--|
| 1. | Chairman (<i>non-executive</i>) | Eng.Erastus K. Mwongera, CBS, FIEK, RCE |
| 2. | Director | Mrs. Marykaren C. Kigen-Sorobit |
| 3. | Director | Ms.Mary Gesare |
| 4. | Director | CPA. Andrew C. Mitei |
| 5. | Director | Mr. Charles Gathogo |
| 6. | Director | Mr. George Wanjau; Alternate to PS State Department for Transport |
| 7. | Director | Eng. Gilbert Arasa, OGW,RCE,FIEK Alternate to PS State Department for Infrastructure (Appointed 7 th February,2019) |
| 8. | Director | Mr. Protus Sigei, Alternate to CS National Treasury (Appointed 8 th August, 2018) |
| 9. | Director | Dr. Lydia Muriuki; Alternate to PS State Department for Infrastructure (Retired 11 th October, 2018) |
| 10. | Director | Mr. Humphrey Muhu; Alternate to CS National Treasury (Retired 12 th October,2018) |
| 11. | Director General/Board Secretary (<i>ex-officio member</i>) | Eng. Peter M. Mundinia |

The Board of Directors constituted four Board Committees which included the Technical and Strategy Committee, the Finance, Human Resource and General Purpose Committee, the Audit, Risk and Governance Committee and the Procurement and Disposal Oversight Committee. The Finance, Human Resource and General Purpose Committee, and the Audit, Risk and Governance Committee are responsible for the fiduciary oversight of the Authority.

Their key responsibilities are outlined below:

i) Finance, Human Resource and General Purpose Committee

This is a committee of the Board whose key responsibilities are to;

➤ Review, approve and/or recommend for Board's approval;

- 1) Financial, Human Resources, ICT, Legal & Regulatory Affairs and Corporate Communications policies and procedures.
- 2) Estimates of receipts and expenditures including their revisions,
- 3) Re-allocation of funds between budget heads,
- 4) Special funding proposals including borrowings and grants.
- 5) Proposals for opening bank accounts,
- 6) Proposals for investments and their returns.
- 7) Annual Corporate Social Responsibility activities and

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For the year ended June 30, 2019

8) Staff terms and conditions of service.

➤ Ensure that

- 1) Proper books of accounts and records are maintained for the Authority's transactions,
- 2) All expenditures are within the approved budget,
- 3) Proper records are maintained on property and material liabilities.

ii) Audit, Risk and Governance Committee

This is a committee of the Board whose key responsibilities are to;

➤ Review, approve and/or recommend for Board's approval;

- 1) The external auditor's management letter and management's response to the external auditor's findings and recommendations,
- 2) The Authority's procedures for detecting fraud and to review the investigation and remediation of any alleged or suspected fraud;
- 3) At least annually, the status of the enterprise risk management program and
- 4) The annual internal audit work plan.

➤ Ensure that;

- 1) Unsettled and unimplemented Public Investment Committees' (PIC) issues are resolved,
- 2) There is clarity of disclosure in financial reporting and the presentation of a balanced and understandable assessment of the Authority's financial position;
- 3) Recommendations of the Auditor General are implemented.
- 4) Integrity of the financial statements of the Authority is maintained at all times
- 5) Disagreements between management and any auditor regarding the Authority's financial reporting are resolved
- 6) Special audit/ investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency are conducted

iii) Technical and Strategy

This is a committee of the Board whose key responsibilities are review, approve and/or recommend for Board's approval;

- 1) Proposals formulated by Management for re-classification of a roads.
- 2) The road works programme formulated by Management, for all national roads.
- 3) The viability of Private Public Partnerships.

iv) Procurement and Disposal Oversight Committees

This is a committee of the Board whose key responsibilities are to review, approve and/or recommend for Board's approval: -

- 1) The consolidated Annual Procurement and Disposal Plans;
- 2) Revision of the approved Consolidated Procurement Plans;
- 3) Quarterly procurement reports;
- 4) Procurement of goods, services and projects that would require external financing;
- 5) Proposals for contract awards for strategic procurements;
- 6) Awarded contracts are complying with the law;
- 7) Implementation of the Procurement Plan.

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v) Office of the Auditor General

The Annual Report and Financial Statements of the Kenya National Highways Authority are audited in accordance with Article 229 *sub article* 7 of the Constitution of Kenya and Section 35 of the Audit Act 2015

vi) Development Partner Oversight Activities

This group constitutes Bi/Multi – lateral lenders to the Government of the Republic of Kenya for development projects under implementation of the Authority, whose key responsibilities include;

- 1) To examine the annual reports of the Auditor General on the financial statements of projects
- 2) To conduct financial management supervision and offer project implementation support
- 3) Review of quarterly Interim Financial Reports
- 4) Commission independent auditors to undertake financial and technical review of projects they have financed.

(vii) The Public Investments Committee

This is a Parliamentary Select Committee charged with the responsibility of examining the activities of state agencies. It receives audit reports from the Clerk of the National Assembly who in turn would have received them from the Authority.

Its key responsibilities as appertains to the Authority are to;

- 1) Examine the reports of the Auditor General on the financial statements of the Authority,
- 2) Examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.

Within three months after receiving the PIC report, Parliament shall debate and consider the report and take appropriate action.

(f) Kenya National Highways Authority Headquarters

Nairobi, Kenya

Barabara Plaza, Jomo Kenyatta International Airport (JKIA), Nairobi,

Off Mazao Road (Opposite KCAA Headquarters)

P.O. Box 49712

GPO 00100

Nairobi, Kenya

(g) Kenya National Highways Authority Contacts

Telephone: (254) 02 8013842

E-mail: dg@kenha.co.ke

Website: www.kenha.co.ke

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(h) Kenya National Highways Authority Bankers'

1. Kenya Commercial Bank Limited
Moi Avenue Branch
P.O Box 30081
GPO 00100
Nairobi, Kenya

2. National Bank of Kenya
Hill Plaza Branch
P.O. Box 45219
GPO 00100
Nairobi, Kenya

3. Equity Bank Limited
Equity Centre Branch
P.O Box 75104-00200
City Square 00200
Nairobi, Kenya

4. Co-operative Bank of Kenya
Upper Hill Branch
P.O Box 30415-00100
GPO 00100
Nairobi, Kenya

5. NIC Bank
Masaba Road Branch, NIC
House
P.O Box 44599
GPO 00100
Nairobi, Kenya

(i) Independent Auditors
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya





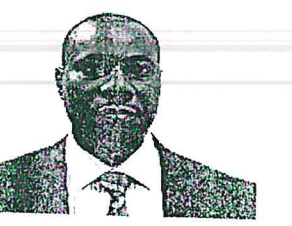
(j) Principal Legal Adviser
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

KENYA NATIONAL HIGHWAYS AUTHORITY

Annual Reports and Financial Statements

For the year ended June 30, 2019





THE BOARD OF DIRECTORS

| | |
|---|---|
|  | <p>Date of Birth: 2nd December, 1949. Registered Professional Engineer Fellow of the Institution of Engineers of Kenya Registered Consulting Engineer BSc (Civil Engineering) HND. Construction Dip. Water Engineering Civil Engineering Consultant 44 years of Public Sector Administration and Management experience</p> |
|  | <p>Date of Birth: 14th February, 1969 LL.B (Hons) PGD. KSL, CPS(K) Advocate of the High Court of Kenya Member, Law Society of Kenya 24 years experience in legal and compliance management.</p> |
|  | <p>Date of Birth: 31st January 1968 Bachelor of Business Management Member, Infrastructure Committee, Devolution and Security Committee (KAM) Member, Institute of Human resource management (IHRM) 26 years of management experience</p> |
|  | <p>Date of Birth: 9th June 1956 Certified Public Accountant Bachelor of Commerce (Accounting) Member, Institute of Certified Public Accountants (Kenya) 39 years of Private Sector Management experience</p> |
|  | <p>Date of Birth: 24th February 1966 Licensed Land Surveyor and GIS Consultant Bsc. (Survey and Photogrammetry). Master's Degree in Cadastral Application Member of Institute of Surveyors of Kenya. 21 years of Private Sector Management experience in Engineering Survey, Cadastral Surveying and planning.</p> |

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For the year ended June 30, 2019

| | |
|---|---|
|  <p>6. Eng. Gilbert Arasa, OGW,RCE,FIEK Director – Alt. to PS (Infrastructure)</p> | <p>Date of Birth: 3rd December, 1967 Professional Membership: Registered Professional Engineer, Registered Consulting Engineer, Member of the Institution of Engineers of Kenya and Fellow of the Institution of Engineers of Kenya Degree: Bachelor of Science (Civil Engineering) Current Employment / Designation : Senior Principal Superintending Engineer (Roads), State Department of Infrastructure. Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works 25 years' of management experience (Appointed 7th February, 2019)</p> |
|  <p>7. Mr. Protus Sigei Director – Alt. to CS (National Treasury)</p> | <p>Date of Birth: 1st December 1965 Master of Science from the University of York B.A(Hons) degree in Economics(with Mathematics) Member of the Society for Benefit-Cost Analysis Member of the Australian Institute of Company Directors 25 years of management experience (Appointed 8th August 2018)</p> |
|  <p>8. Mr. George Wanjau Director – Alt. to PS (Transport)</p> | <p>Date of Birth: 19th January, 1962, Economist and Urban Transport Planner. MSc (Project Planning & Financing) BA (Economics) 32 years of Public Sector Management experience</p> |
|  <p>9. Dr. Lydia Muriuki, Director – Alt. to PS (Infrastructure)</p> | <p>Date of Birth 28th November, 1958 Director of Administration (MOTIHUD& PW Doctor of Philosophy (Strategic Management Option) Member, Kenya Institute of Management (KIM) Member, Institute of Directors (Kenya) 29 years of Public Sector Management experience in Strategic leadership in Public Administration & Security Management (Retired 11th October 2018)</p> |

KENYA NATIONAL HIGHWAYS AUTHORITY

Annual Reports and Financial Statements

For the year ended June 30, 2019






| | |
|---|--|
|  <p>10. Mr. Humphrey Muhu Director – Alt. to CS (National Treasury)</p> | <p>Date of Birth: 28th August, 1964. Economist and Financial advisor (The National Treasury). BSc (Statistics and Mathematics) B.Phil Economics MA (Economics) Dip. Financial Management 26 years of Public Sector Management experience <i>(Retired 12th October 2018)</i></p> |
|  <p>11. Eng. Peter M. Mundinia Director General & Secretary to the Board</p> | <p>Date of Birth: 7th December, 1963, MBA (Business Management) BSc. (Civil Engineering) Diploma in Theology Member-Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya Registered Consulting Engineer Member of Kenya Institute of Management (KIM) 30 years of management experience</p> |

KENYA NATIONAL HIGHWAYS AUTHORITY

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MANAGEMENT TEAM

| | |
|---|--|
|  <p>1. Eng. Peter M. Mundinia Director General</p> | <p>Date of Birth: 7th December, 1963, MBA (Business Management) BSc. (Civil Engineering) Diploma in Theology Member-Institution of Engineers of Kenya Registered Engineer with Engineers Board of Kenya Registered Consulting Engineer Member of Kenya Institute of Management (KIM) 30 years' of management experience</p> |
|  <p>2. Eng. Samuel O. Omer Director, Highway Planning & Design</p> | <p>Date of Birth: 17th February 1962, MSc. (Civil Engineering) BSc. (Civil Engineering) Member-Institution of Engineers of Kenya 31 years of Management experience</p> |
|  <p>3. CPA James K. Bowen Director, Corporate Services</p> | <p>Date of Birth: 1st January, 1973 MBA, BCom (Accounting) Certified Professional Credit Manager (CMP), Certified Public Secretary – Kenya (CPSK), Certified Public Accountant - Kenya (CPAK) Member of ICPAK & ICPSK 21 years Management experience</p> |
|  <p>4. Eng. David Muchilwa Director, Development</p> | <p>Date of Birth: 28th December 1964 BSc. (Civil Engineering) Member-Institution of Engineers of Kenya 29 years Management experience</p> |
|  <p>5. Eng. Njuguna Gatitu Director, Policy, Strategy & Compliance</p> | <p>Date of Birth: 1965. BSc (Civil Engineering) Post Graduate Diploma in Computer Science Member-Institution of Engineers of Kenya 29 years' Management experience</p> |

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For the year ended June 30, 2019

| | |
|---|---|
|  <p>6. CPA. William O. Masita Director, Audit Services</p> | <p>Date of Birth: 2nd February 1979 MBA, BA (Economics) Certified Information Systems Auditor (CISA) Certified Internal Auditor (CIA) Certified Public Accountant (CPA) Certified Public Secretary (CPS) Member of ICPAK, ISACA, IIA 14 years' Management Experience</p> |
|  <p>7. Eng. Mutii Kivoto Ag. Director Road Asset & Corridor Management</p> | <p>Date of Birth: 18th August 1965 Msc. Project Management Bsc Civil Engineering Registered Engineer Member-Institution of Engineers of Kenya 29 years' of Management experience</p> |
|  <p>8. Ms. Norah Odingo-Kajwang Corporation Secretary/Deputy Director, Head Legal Services</p> | <p>Date of Birth: 27th April 1969 Degrees: MBA Bachelor of Laws Registered Advocate Member Law Society of Kenya Member Public Secretaries of Kenya 24 years' of Management experience</p> |
|  <p>9. Ms. Levina Wanyonyi Deputy Director, Head Supply Chain Management</p> | <p>Date of Birth: 13th February 1972 Degrees: MBA Bachelor of Science Member: Kenya Institute of Supplies Management , The Chartered Institute of Purchasing & Supply Institute for Management of Information Systems 22 years' of Management experience.</p> |

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Reports and Financial Statements
For the year ended June 30, 2019
CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Kenya National Highways Authority (KeNHA), it gives me great pleasure to present the Financial Statements of the Authority for the year ended 30th June 2019. The period under review marked the first year in the implementation of the Authority's 2018/2019 – 2022/2023 Strategic Plan. The Authority experienced exciting moments as it focused its efforts towards the delivery of world class road infrastructure necessary in the delivery of the “Big Four” Development Agenda and the Vision 2030 development blueprint.

The Authority is implementing its 2018/2019 – 2022/2023 Strategic Plan together with its corresponding Business Plan. Ambitious targets and innovative strategies have been included in the new plans. The Plans have been aligned to key national and international standards while taking cognizance the provision of back-bone road infrastructure to support affordable housing, manufacturing, food security and access to universal health care facilities.

In the implementation of our mandate of development, rehabilitation, maintenance and management of the national trunk road network, the Authority enhanced its efforts towards completion of on-going improvements and maintenance of existing roads. Furthermore, the Authority with guidance from the parent Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works continued to deliver the Government's ambitious plan of investing in the national road infrastructure network. The Authority is tasked with delivering high quality services for the public by ensuring that our road network totalling 18,549 kilometres is motorable and in good condition. This results into enhanced service levels through reduced travel times and vehicle operating costs.

The Board of Directors continued to provide its oversight role to Management to ensure that all projects were implemented as planned. To this end, the Technical and Strategic Committee facilitated continuous inspection of the Authority's road projects under implementation throughout the country. In the year under review, several road projects were inspected and specific areas that required improvement to facilitate smooth project implementation identified. Management's attention was drawn on common challenges occurring across various projects hence the need of drawing valuable lessons and taking corrective action.

Following the Authority's re-categorisation from Category 3A to Category 7A1, the Board of Directors approved and oversaw the implementation of the new Organisation Structure in line with the re-categorization. The new structure will enable the Authority to deliver its mandate in a more effective and efficient manner. The process of ensuring that members of staff are suitably assigned responsibilities within the new structure is almost complete. This process depicts the Board's

KENYA NATIONAL HIGHWAYS AUTHORITY
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For the year ended June 30, 2019

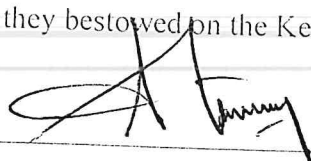
commitment in ensuring that the Authority has optimal staffing as well as adherence to the two-thirds (2/3) gender rule and regional balance as stipulated in the Constitution of Kenya, 2010 and the Executive Order No. 6 of 2015.

The Authority has aligned all its projects in support of the President's Big Four Transformation Agenda for the next four years. The Board of Directors remained focused on efficient and timely delivery of major road projects to ensure that the public promptly derives benefits from these investments. This past year saw KeNHA engaging with the community at a number of events and specifically on Resettlement Action Plans for Project Affected Persons and sensitization forums on illegal encroachment on road reserves. This was undertaken in cognizance of the Government's commitment on the delivery of infrastructure, as well as its continued commitment to improving the lives of Kenyans. In general, the Authority continued to deliver its mandate and achieved its targets as set out in the Strategic Plan and Annual Performance Contract.

The second phase of the Road Sector Investment Plan is on-going and will inform the medium to long term prioritization of road development and maintenance needs in the sub-sector. The Strategic Plan and Business Plan have been programmed for heightened road kilometres to be upgraded, rehabilitated and maintained. The Plan envisages upgrading of the entire class "A" roads to bitumen standards.

During the year Mr. Humphrey Muhu and Dr. Lydia Muriuki retired from the Authority's Board of Directors. Following their retirement, Mr. Protus Sigei and Eng. Gilbert Arasa were appointed as new Members of the Board.

On behalf of the Board, I wish to express our sincere gratitude to the Management and Staff Members of KeNHA for their dedication and team work that enabled the Authority deliver on its mandate in the just concluded financial year 2018/2019. I also extend my appreciation and thanks to my colleagues, Directors of the Board for their support, contribution and strategic guidance to Senior Management during the year. Finally, I wish to thank the Government through the State Department for Infrastructure, our Customers, Development Partners and key stakeholders for the confidence and support they bestowed on the Kenya National Highways Authority.



CPA. Andrew C. Mitei
ICPAK Member Number: 1514
For Chairman of the Board of Directors
20th September 2019

KENYA NATIONAL HIGHWAYS AUTHORITY
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For the year ended June 30, 2019

DIRECTOR GENERAL'S STATEMENT

This Report and Financial Statements for the year ended 30th June 2019 sets out what the Authority has achieved over the past year and highlights how funds allocated were utilized. It also gives an overview of the activities undertaken by the Authority during the Financial Year 2018/2019.

During the year, the Authority delivered key road infrastructure projects geared towards efficient movement of traffic across the Country and the region at large. In the year under review, the Authority completed various road projects and commenced new works towards opening up of new important corridors. Projects that were substantially completed by 30th June 2019 include Masara - Suna - Kehancha, Voi - Mwatate Road, Multinational Mwatate – Taveta Road, Port Reitz – Moi International Airport Road, Bachuma Gate – Maji ya Chumvi Road, Webuye – Kitale Road, Kangema-Gacharage Road, Kaloleni-Kilifi Road, Rumuruti - Naibor Road, Siaya-Ruambwa Road, Sotik-Ndanai-Gorgor Road, three Interchanges at Mau Summit, Njoro and Nyahururu Package I of Dongo Kundu Bypass Package I (Miritini – Mwache – Kipevu Link Road).

The Authority continued to embrace Performance Based Maintenance Contracting (PBC) and Road Asset & Corridor Management of the road network which aims at ensuring that efficient customer service is delivered through the provision of a national road network of high quality and standards. The road works program has been successful with the continuous implementation of PBC on major roads which has since resulted in reduction of vehicle operating costs, achievement of a sustainable road management system, increased flexibility in attending to emergency situations and deterrent of road encroachments hence improvement of road safety and curtailing of expensive relocation costs, to pave way for road expansion.

The Authority continued to oversee the implementation of on-going projects which include; rehabilitation of Nuno – Modogashe Road; Loichangamatak – Lodwar – Nakodok Road; Isebania – Kisii – Ahero Road, James Gichuru Junction – Rironi Road, Second carriageway between Athi River – Machakos Turnoff Road, Kainuk Bridge, Garsen – Witu – Lamu Road; Narok – Sekenani Road; Kisiriri – Mau Narok Road; Kitale – Endeless – Suam Road; Eldoret Town Bypass; Busia – Malaba Road; Naibor (Posta) - Maralal Road; Uplands – Githunguri – Ruiru Road, Kibwezi – Mutomo – Kitui Road; Dualling of Kisumu Boys – Mamboleo Road; Kisumu – Kakamega – Webuye; Mombasa – Kwa Jomvu Road, Changamwe – Kwa Jomvu (Magongo Road) among other road projects which are at various stages of completion.

Projects that are under design for future improvement include; Kenol– Muranga - Sagana Road, Marua – Nanyuki - Lewa Road, Nakuru - Loruk-Marich Pass Road, Malindi – Madogo - Garissa

KENYA NATIONAL HIGHWAYS AUTHORITY

Annual Reports and Financial Statements

For the year ended June 30, 2019

Road and Isiolo -Nginyang - Lokichar Road section of the Lamu Port South Sudan Ethiopia Transport (LAPSSET) corridor.

Some of the challenges that negatively affected project delivery during the year included inadequate budgetary allocation and subsequent budget cuts which led to the increase in pending bills. The Authority experienced destruction of the road network due to the countrywide heavy rains between the months of March and June 2019, vandalism of road furniture which compromised road safety; high cost and delays in land acquisitions and relocation of utilities which resulted into escalated costs and delays in project completion.

To augment the Exchequer, the Authority is engaging the Private Sector under the Public Private Partnerships (PPP). There are several road projects that are planned for construction under the PPP framework. During the year under review, the Authority continued to work towards the Financial Close for Annuity Construction of 68 Km between Modogashe and Samatar and 75 Km between Rhamu and Mandera. The other priority project is the Dualling of Nairobi – Nakuru – Mau Summit Highway (A8) which was tendered and evaluation completed. The evaluation report has been submitted to the PPP Committee at the National Treasury for deliberation.

I take this opportunity to assure all our stakeholders that the Authority remains steadfast in enabling the realization of the Kenya Vision 2030 and the “Big Four” Development Agenda. I wish to thank the Board of Directors for the support and guidance extended to the Management throughout the year. I also commend members of staff for working tirelessly to deliver our mandate. I also extend my gratitude to the Government through the parent Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works, National Treasury and our various Development Partners for financing various projects and programmes. Last but not least, I wish to thank the other stakeholders for their invaluable contribution to the continuous improvement of the national trunk road network.



Eng. Peter M. Mundinia

Director General

30th

September 2019

The Kenya National Highways Authority is committed to the values and principles of good corporate governance as an integral part of the corporate culture. This guides the way its Directors, Management and Staff conduct the business of the organization. As a public sector organization dedicated to providing quality service to its stakeholders, the Authority's decisions are guided by the core tenets prescribed in the Public Officers Ethics Act, the Leadership and Integrity Act, Corporate Governance Guidelines and the Authority's code of conduct. The Authority endeavours to develop, strengthen and sustain the trust that the Government, employees and the public have bestowed on it. The Board is committed to regularly evaluating national and international standards in responsible, transparent and efficient manner with a view of enhancing corporate governance at the Authority and consistently delivering on its statutory mandate.

The Authority's Board is constituted as per the provisions of the Kenya Roads Act, 2007 with membership drawn from both the public and private sector. The Board is composed of nine (9) Directors with six directors having a background or knowledge in the following areas:

- Business Industry
- Highway Engineering
- Transport economics
- Surveying
- Accountancy
- Law

In line with the provisions of the Kenya Roads Act, 2007, the Chairman and other members of the Board, other than designated public officers, shall hold office for a period of three years from the date of appointment and may be eligible for re-appointment for one further term. The appointment of all members of the Board as first constituted and at every change in membership shall be by notice published in the Kenya Gazette. The Director General is appointed by the Board in consultation with the Cabinet Secretary in charge of roads following a competitive recruitment process.

New Directors are provided with extensive materials on the Authority and its operations, the procedures relating to the Board and its Committees and their duties and responsibilities as Directors.

The primary function of the Board of Directors' (the Board) is to provide effective strategic leadership and direction to enhance the long-term value of the Authority to its stakeholders. The Board has the overall responsibility for overseeing the development and implementation of the strategic plan, performance objective, financial plans, annual budget, key operation initiatives, financial performance reviews and corporate governance practices. They are also responsible for instilling the

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Reports and Financial Statements
For the year ended June 30, 2019

appropriate culture, value and behavior throughout the organization. The Board is therefore committed to maintaining very high standards of corporate governance and ethical conduct.

The Board has established four Committees from among its Members to assist in the execution of its responsibilities. These are the Audit, Risk and Governance Committee, the Finance Human Resources and General Purpose Committee, Procurement and Disposal Oversight Committee and the Technical and Strategy Committee. Each of these Committees operates pursuant to approved terms of reference delegated to them by the Board. The Board and each Committee have scheduled meetings held in every quarter of the financial year. The Chairman of each Committee regularly reports to the full Board on the Committee's deliberations at quarterly meetings of the Board.

A schedule of individual board members, their position and number of meetings attended and held are as shown below;

| No. | Name of Director | Board Position | No. of Meetings Attended/Held |
|-----|---|----------------|-------------------------------|
| 1 | Eng. Erastus K.Mwongera, CBS, FIEK, RCE | Chairman | 28/28 |
| 2 | Mrs.Marykaren C. Kigen-Sorobit | Member | 28/28 |
| 3 | Ms.Mary Gesare | Member | 23/28 |
| 4 | Mr.Andrew C.Mitei | Member | 24/28 |
| 5 | Charles Gathogo | Member | 24/28 |
| 6 | Mr.George Wanjau | Member | 10/28 |
| 7 | Mr.Humphrey Muhu (Retired 12 th October, 2018) | Member | 2/7 |
| 8 | Dr.Lydia Muriuki (Retired 11 th October, 2018) | Member | 6/7 |
| 9 | Mr. Protus Sigei (Appointed 8 th August 2018) | Member | 15/21 |
| 10 | Eng. Gilbert Arasa (Appointed 7 th February 2019) | Member | 7/10 |

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MANAGEMENT DISCUSSION AND ANALYSIS**Mandate**

To manage, develop, rehabilitate and maintain national roads.

SECTION A**The Entity's Operational and Financial Performance****Road Maintenance**

The Authority is undertaking numerous road maintenance projects on our entire road network as summarized in the table below.

| S/No. | Project Activity | Targeted Output(km) | Actual Output(Km) | Source of Funding |
|-------|-----------------------------|---------------------|--------------------|----------------------------|
| 1. | Periodic maintenance | 614 | 715 | Road Maintenance Levy Fund |
| 2. | Routine maintenance | 4,755 | 4,285 | Road Maintenance Levy Fund |
| 3. | Performance Based Contracts | 6,403 | 6,050 | Road Maintenance Levy Fund |
| | Total | 11,772 | 11,050 | |

Development & Rehabilitation Projects

The Authority is implementing a number of development projects across the country on behalf of the Government. A number of these projects are co-funded with our key Development Partners such as the International Development Association (IDA), African Development Bank (AfDB), European Union (EU), Trade Mark East Africa (TMEA), Export Import (EXIM) Bank Japanese International Co-operation (JICA), Consortium of Arab Banks etc.

| No. | | Current status | No. of projects | Value of Contract Sums in Kshs. Millions |
|-----|-----------------------------|------------------------|-----------------|--|
| 1 | Fully funded by GoK | Completed | 6 | 13,828 |
| | | Substantially complete | 9 | 29,231 |
| | | On-Going | 5 | 29,864 |
| | | Sub-total | 20 | 79,923 |
| 2 | Jointly funded by GoK & IDA | Completed | 4 | 5,370 |
| | | Substantially complete | 4 | 16,390 |
| | | On-Going | 16 | 67,859 |
| | | Sub-total | 24 | 89,619 |

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| No. | | Current status | No. of projects | Value of Contract Sums in Kshs. Millions |
|-----|--|------------------------|-----------------|--|
| 3 | Jointly funded by GoK & AfDB | Completed | 3 | 34,630 |
| | | Substantially complete | - | |
| | | On-Going | 3 | 33,636 |
| | | Sub-total | 6 | 68,266 |
| 4 | Jointly funded by GoK & EXIM Bank of China | Completed | 1 | 19,812 |
| | | Substantially complete | - | - |
| | | On-Going | 2 | 35,536 |
| | | Sub-total | 3 | 55,348 |
| 5 | Jointly funded by GoK & JICA | Completed | | - |
| | | Substantially complete | 1 | 11,521 |
| | | On-Going | 1 | 4,055 |
| | | Sub-total | 2 | 15,576 |
| 6 | Jointly funded by GoK & TMEA | Completed | 1 | 2,798 |
| | | Substantially complete | - | - |
| | | On-Going | 3 | 3,576 |
| | | Sub-total | 4 | 6,374 |
| 7 | Jointly funded by GoK & AfDB, BADEA, KfD, OfID & SFD | Completed | - | - |
| | | Substantially complete | - | - |
| | | On-Going | 1 | 8,363 |
| | | Sub-total | 1 | 8,363 |
| 8 | Jointly funded by GoK & E.U | Completed | 3 | 27,817 |
| | | Substantially complete | - | - |
| | | On-Going | - | - |
| | | Sub-total | 3 | 27,817 |
| | GRAND TOTAL | | | 316,469 |

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SECTION B

Entity's compliance with statutory requirements

The Authority has complied with all statutory requirements which include: -

- 1) Accurate and timely remittance of monthly;
 - i. National Hospital Insurance Fund contributions,
 - ii. National Social Security Fund contributions,
 - iii. Pay As You Earn recoveries
 - iv. Withholding Tax
 - v. Value Added Tax
 - vi. Training Levy
- 2) Prompt payment of vendors subject to budget and liquidity

SECTION C

Key Projects and Investment Decisions the Entity is Implementing

The Authority is planning/ implementing projects using funds from Development Partners and the Government of Kenya as summarized in Appendix II.

SECTION D

Major risks facing the Authority

The key corporate risks for KeNHA have been presented in their order of negative financial/ corporate impact on the Authority whenever they crystallize.

- a) Contract Management
- b) Road Reserve and Camp Encroachment
- c) Budget Constraints
- d) Cyber Crime
- e) Negative Publicity
- f) Legal Risks

Mitigation Measures on KeNHA's Key Corporate Risk Profile

The risk drivers and broad mitigation strategies are as shown in table below:

Table 1: Summary of Key Corporate Risk Profile

| | Key Risk Area | Risk Drivers | Broad Risk Response/Mitigation |
|---|------------------------------------|--|--|
| 1 | Contract Management | <ul style="list-style-type: none"> Unfavourable weather conditions Delayed payments causing delays at implementation thus Interest on delayed payments Over reliance on foreign Contractors and consultants Delays in land acquisition, resulting in delayed project completion Delays in relocation of utilities, resulting in delayed project completion | <ul style="list-style-type: none"> Implement roads as per strategic plans and allocated annual budget/Work plans Timely resolution of contract issues Review project costing to take cognize of all parameters Take action against consultants and contractors who fail to perform Ensure inclusion of all required skills in project implementation and supervision teams Build local capacity of contractors |
| 2 | Road Reserve and Camp Encroachment | <ul style="list-style-type: none"> Inadequate funds for enforcement of road reserve mapping and policing Limited public awareness and sensitization on road reserve encroachment | <ul style="list-style-type: none"> Sensitize public Enhance/ Increase funding for road reserve protection Enforce law on road reserve protection Acquire Title Deeds for KeNHA Road Camps Ensure road reserves are not encroached at any time |
| 3 | Budget Constraints | <ul style="list-style-type: none"> Lack of alternative revenue streams for acquisition of right of way apart from the Exchequer Delayed Exchequer Releases Unexpected budget cuts during project implementation cycles Interests on delayed payments Commencing projects with encumbrances within the project corridor Contractual claims resulting from idle equipment and labour and project elongation. Implication of the 5% reduction in RMLF on the Authority | <ul style="list-style-type: none"> Timely payments of certificates to avoid interest on delayed payments Adoption of zero base - budgeting methodology Alternative sources of funding Ensure availability of the project corridor before issuance of possession of sites Conduct a scenario analysis on the implication of 5% reduction of RMLF on the Authority. |
| 4 | Cyber Crime | <ul style="list-style-type: none"> Rapid Technological Advancements and changing IT Landscapes Lack of knowledge on IT related operations making staff susceptible to cyber | <ul style="list-style-type: none"> Sensitization on Cyber security policy and Cybercrime Act. Procure Cyber security software Implement Measures for Detecting Compromises and Develop a Cybersecurity Incident Response Plan |

KENYA NATIONAL HIGHWAYS AUTHORITY**Annual Reports and Financial Statements**

For the year ended June 30, 2019

| Key Risk Area | | Risk Drivers | Board Risk Response/Mitigation |
|---------------|--------------------|---|---|
| | | crimes <ul style="list-style-type: none"> Malware, spyware, viruses, worms and spam | <ul style="list-style-type: none"> Implement an Employee Cybersecurity Training Program & Involve Executives/ Top Management in Cybersecurity Developing a business Continuity plan & Backup Restoration Plan/Infrastructure |
| 5 | Negative Publicity | <ul style="list-style-type: none"> Disgruntled Stakeholders Unsatisfied Customers | <ul style="list-style-type: none"> Sensitization / involvement / engagement of key stake holders Continuous Media management Ensure stakeholders needs are met if not justification for the same is provided |
| 6 | Legal Risks | <ul style="list-style-type: none"> Implications of the County Finance Acts on operations of the Authority especially increase of cess on road construction materials Continuous increase in cases against the Authority | <ul style="list-style-type: none"> Engage County Governments on cess for road construction materials and its impacts on county development Always ensure proper documentation and contract management to seal any loophole that may negatively legally expose the Authority |

SECTION E**Material arrears in statutory/financial obligations**

The Authority has complied with all statutory obligations such as timely remittance of taxes (VAT, WHT and Corporate tax) and timely remittance of statutory staff deductions (PAYE, NSSF, NHIF, Pension contributions, HELB). The Authority however has pending development bills amounting to Kshs. 51 billion. This is made up of payment certificates and fee notes for certified development works amounting to Kshs.28 billion and outstanding dues to Project Affected Persons amounting to Kshs.23 billion as a result of inadequate GOK Development Budget and delayed release of Exchequer funds. This has led to accumulation of interest on delayed payments and other contractual claims.

SECTION F**The Authority's Financial Probity and Serious Governance Issues**

Through financial probity, the Authority has no serious governance issues. The Board of Directors takes overall responsibility for establishing systems of internal control and for reviewing and evaluating their effectiveness. The day-to-day responsibility for implementation of these systems and for ongoing monitoring of risk and the effectiveness of controls rests with senior management.

The systems, which have been in place throughout the financial year and up to the date of approval of these financial statements, include the following: -

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- The Audit, Risk & Governance Committee of the Board provides oversight over the internal and external audit work and implementation of recommendations contained in audit reports.
- The Risk Management Committee comprising of senior management is responsible for ensuring that controls are in place to identify, evaluate and manage risk.
- Enterprise Risk Management Section documents risks and the responses to them, carry out risk assessments annually and report to the Risk Management Committee and the Audit, Risk & Governance Committee of the Board on how effectively risks have been managed during the year.
- Periodic reviews of performance and quality in road construction and maintenance are carried out by the Quality Assurance Section.
- Internal Audit Section reviews the effectiveness of the financial and operational systems and controls throughout the Authority and reports to the Audit, Risk & Governance Committee.
- External auditors comprising of the Office of the Auditor General, Office of the Internal Auditor General, Kenya Roads Board and Development Partners review the Authority's financial statements and effectiveness of systems of internal controls.

The Authority's systems of internal control and corporate governance arrangements in operation during the year were reviewed based on these institutional arrangements and found to be effective. Our internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives or in the case of financial controls, the risk of material misstatement in our financial statements. Accordingly, they provide reasonable but not absolute assurance against such failure or material misstatement.

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CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Authority is committed to remaining a responsible corporate citizen by being accountable for its actions and maintaining high standards of social and environmental record. The Authority's goal is to ensure that the projects foster long-term relationships with stakeholders and communities around the projects. The aim is not just to build roads that foster development but to ensure collaboration with the local communities to achieve sustainable development. Our members of staff are encouraged to give back to society by participating in the authority's corporate social responsibility projects.

In the Fiscal year 2018/2019, the Board approved a CSR Policy to guide in the implementation of Corporate Social Responsibility in the Authority. In the policy, the Authority set thematic areas of CSR as Provision of Access Roads, Environmental Preservation, Road Safety, Education, Health, Water and Sanitation and Trade.

The Authority continued to live to its statutory obligation of supporting category of Youth, Women and Persons with disabilities (PWD) in business opportunities. During the year under review, various works, goods and services worth Kshs. 7.4 billion was awarded to this category of people.

Some of the CSR activities implemented in the year under review are tabulated below..

| No. | Road Project | CSR Activity | Status of CSR activity | Cost incurred (Kshs. million) |
|-----|--------------------------------|----------------------------|---|-------------------------------|
| 1 | Various | Youth empowerment | The Authority provided internship, industrial attachment and apprenticeship opportunities to 228 young people. Out of this, 122 were engaged at the Headquarters while the remaining 166 were engaged in various KeNHA projects spread throughout the country. Besides these, the Authority partnered with Bandari College and Technical University, both in Mombasa, to sponsor students undertaking technical courses through its development partner co funded projects. | |
| 2 | Kisumu – Kakamega Road Project | Centres along project road | Gambogi market, Chavakali shoe shine sheds, Sigalagala street lights, Kiboswa, Majengo and Khayega loop roads | 79 |
| | | Mwoki School | The Authority constructed 10 new classrooms and administration block. (The leveled pupils' playground, kitchen and a dining hall, toilet for staff and pupils, fencing of school compound was done by | 35 |

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For the year ended June 30, 2019

| | | | | |
|---|--------------------------------|---|---|-----|
| | | | the Contractor since they leased school land for quarrying) | |
| | | Magongo water supply | Installation of a borehole and an elevated water tower with one 10,000 litre tank to be used by the community. | 13 |
| 3 | Kakamega – Webuye Road Project | Lubao Market | The amenities include construction of an ablution block and market stalls - ongoing | 58 |
| | | Kakoi Dispensary | Dispensary Block and Toilet Block - ongoing | 20 |
| | | Bukhuywa Secondary school | Construction of two classrooms at Bukhuywa Secondary School - ongoing | 5 |
| | | Matete Centre | A modern maternity wing was successfully completed at Matete and awaiting handing over to handed over to the Kakamega County. (The County to furnish the maternity with equipment) | 26 |
| 4 | Webuye - Kitale Road Project | Webuye Interchange | Constructed an ablution block, septic tank, a borehole, elevated water tank for the community and overhead flood light | 12 |
| | | Kamukuywa, Misikhu, Sikhendu and Kiminini centres | The amenities include market stalls at Misikhu, Sikhendu and Kiminini with loop roads. At Kamukuywa a bus park, loop road, toilet, septic tank, borehole and shoe shine shed were constructed | 134 |
| 5 | Bachuma Gate – Maji ya Chumvi | Samburu and Taru | The amenities include two markets at Samburu and Meli Kubwa, and, three water kiosks erected along the project route. The same have been handed over to County Government for management. | 84 |
| 6 | Voi – Mwatate – Taveta Road | Voi, Mwatate and Bura | The amenities include Access roads to Taita Taveta University and Bura Mission and a 6.5km loop road at Voi. | |

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For the year ended June 30, 2019

REPORT OF THE DIRECTORS

The Directors submit their report together with the un-audited financial statements for the year ended 30th June, 2019 which show the state of the Authority's affairs.

Principal activities

The principal activities of the Authority are to manage, develop, rehabilitate and maintain national roads

Results

The results of the Authority for the year ended 30th June, 2019 are set out on page 1

Directors

Directors of the Board who served during the year are shown on page *vii, viii & ix*. During the year, Mr Humphrey Muhu and Dr. Lydia Muriuki retired from the Board of Directors on 12th October 2018 and 11th October 2018 respectively. Consequently, Mr. Protus Sigei and Eng. Gilbert Arasa were appointed on 8th October 2018 and 7th February 2019 respectively.

Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended 30th June, 2019

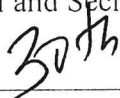
By Order of the Board



Eng. Peter M. Mundinia

Director General and Secretary to the Board

Nairobi



September 2019

KENYA NATIONAL HIGHWAYS AUTHORITY

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For the year ended June 30, 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the Board of Directors to prepare financial statements in respect of Kenya National Highways Authority (herein after referred to as the Authority) which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Board of Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Board of Directors is responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on 30th June, 2019. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of Authority;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the prevailing circumstances.

The Board of Directors accepts responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended 30th June, 2019, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Authority's financial statements were approved by the Board on ^{25th} September 2019 and signed on its behalf by:



CPA. Andrew C. Mitei
(ICPAK Member Number: 1514)
For Chairman of the Board



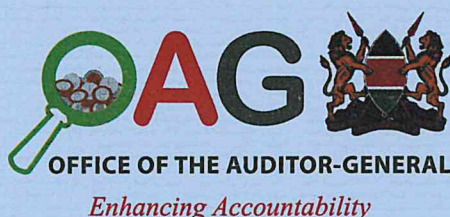
Mr. Charles R. Gathogo
Director



Eng. P.M. Mundinia
Director General

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL HIGHWAYS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya National Highways Authority for the year ended 30 June, 2019, set out on pages 1 to 41, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya National Highways Authority as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kenya Roads Act, 2007 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Lack of Ownership Documents for Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance totalling Kshs.440,797,434,562 (2018-Kshs.372,411,102,018) as further disclosed in Note 35 to the financial statements. Included in the balance are land and buildings valued at Kshs.148,360,000 and Kshs.41,787,057 respectively. However, the Authority does not have ownership documents for these assets occupied by its staff and as a result, their ownership and legal custody could not be confirmed.

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

Emphasis of Matter

Material Uncertainty in Relation to Going Concern

The statement of financial position reflects current assets and liabilities balances totalling Kshs.30,680,674,457; (2018-Kshs.40,845,296,104) and Kshs.57,114,949,232; (2018-Kshs.45,507,442,377) respectively as at 30 June, 2019, resulting to negative working capital of Kshs.26,434,274,775;(2018-Kshs.4,662,146,273). In view of the unfavourable financial position, Management may need to take urgent measures to curb and reverse the situation.

My opinion, is not qualified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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

High Interest on Delayed Contractors Payments

Examination of contract payments and outstanding amounts over time indicated that the Authority had, as at 30 June, 2019, incurred cumulative interest expenses totalling Kshs.6,405,158,682 due to delays in settling payments owed to contractors on several projects. This cost on public funds would have been avoided had the payments been made in due time. Management has attributed the cost to insufficient and delayed budgetary funding but has not indicated the measures taken to rationalize its projects portfolio to align its implementation with the annual funding calendar.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the Management is aware of the intention to liquidate the Authority or cease its operations.

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

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

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Authority 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

19 July, 2021

KENYA NATIONAL HIGHWAYS AUTHORITY

Annual Reports and Financial Statements

For the year ended June 30, 2019

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2019**

| | Notes | 2018-2019 | 2017-2018 |
|---|-------|-----------------------|-----------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Road Maintenance Contributions | 6 | 21,573,916,667 | 19,464,127,999 |
| Fines, penalties and levies | 7 | 735,405,835 | 521,247,647 |
| Transfers from Development Budget Grants | 8 | 1,213,631,100 | 369,339,721 |
| | | 23,522,953,602 | 20,354,715,367 |
| Revenue from exchange transactions | | | |
| Rental revenue from facilities and equipment | 9 | 1,168,500 | 1,211,500 |
| Finance income - external investments | 10 | 728,448,180 | 580,952,999 |
| Other income | 11 | 92,055,871 | 50,714,121 |
| | | 821,672,551 | 632,878,620 |
| Total Revenue | | 24,344,626,153 | 20,987,593,987 |
| Expenses | | | |
| Road Maintenance and Axle Load Expenses | 12 | 20,376,069,936 | 16,630,870,822 |
| Employee costs | 13 | 1,709,585,818 | 1,360,698,939 |
| Directors' Expenses | 14 | 85,915,860 | 48,751,858 |
| Depreciation and amortization expense | 15 | 215,559,392 | 217,048,858 |
| Repairs and maintenance | 16 | 122,782,700 | 89,134,282 |
| Transfers from Development Budget Grants | 8 | 1,213,631,100 | 369,339,721 |
| Field activities | 17 | 155,377,981 | 164,013,149 |
| Stationary & Consumables | 18 | 22,454,165 | 21,917,714 |
| Cleaning & Sanitation | 19 | 12,239,278 | 10,345,952 |
| Rent & Rates | 20 | 90,043,897 | 92,273,656 |
| Security Costs | 21 | 46,652,556 | 33,240,739 |
| Professional fees | 22 | 77,747,986 | 74,869,289 |
| Conference & Seminars | 23 | 62,123,550 | 35,309,840 |
| Administration & General expenses | 24 | 75,345,477 | 62,530,671 |
| Finance costs | 25 | 3,872,688 | 2,967,652 |
| Total expenses | | 24,269,402,384 | 19,213,313,142 |
| Other gains/(losses) | | | |
| Gain on sale of assets | 26 | 17,759 | 4,493,312 |
| Provision for doubtful debtors | 27 | (21,594,446) | (15,000,000) |
| Loss on foreign exchange transactions | 28 | (718,265) | (13,505,986) |
| Profit on foreign exchange translations | 29 | 982,181 | 551,842 |
| Surplus before tax | | 53,910,998 | 1,750,820,013 |
| Taxation | 30 | (215,541,488) | (230,279,690) |
| (Deficit)/ Surplus for the year | | (161,630,490) | 1,520,540,323 |

The notes set out on pages 7 to 39 form an integral part of these Financial Statements

KENYA NATIONAL HIGHWAYS AUTHORITY

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For the year ended June 30, 2019

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2019

| | Notes | 2018-2019 | 2017-2018 |
|---|-------|------------------------|------------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 31 | 12,216,998,016 | 8,750,326,227 |
| Receivables from exchange transactions | 32 | 3,513,089,446 | 13,604,169,625 |
| Receivables from non-exchange transactions | 33 | 14,944,630,197 | 18,486,568,238 |
| Inventories | 34 | 5,956,798 | 4,232,014 |
| | | 30,680,674,457 | 40,845,296,104 |
| Non-current assets | | | |
| Property, plant and equipment | 35 | 440,797,434,562 | 372,411,102,018 |
| Intangible assets | 36 | 122,727,645 | 119,027,141 |
| Long term receivables from exchange transactions | 37 | 61,875,000 | - |
| | | 440,982,037,207 | 372,530,129,159 |
| Total assets | | 471,662,711,664 | 413,375,425,263 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 38 | 56,630,579,429 | 45,248,282,834 |
| Refundable deposits from customers | 39 | 152,095,409 | 150,505,960 |
| Provisions | 40 | 166,374,146 | 49,943,175 |
| Taxation | 41 | 165,900,248 | 58,710,408 |
| | | 57,114,949,232 | 45,507,442,377 |
| Total liabilities | | 57,114,949,232 | 45,507,442,377 |
| Net assets | | 414,547,762,432 | 367,867,982,886 |
| Reserves | | 403,397,435,151 | 356,556,025,115 |
| Accumulated surplus | | 11,150,327,281 | 11,311,957,771 |
| Total net assets and liabilities | | 471,662,711,664 | 413,375,425,263 |

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



Director General
Eng. Peter M. Mundinia



Director Corporate Services
CPA James Bowen
ICPAK Member Number: 7842



For Chairman of Board of Directors
CPA. Andrew C. Mitei
ICPAK Member Number: 1514

Date: 30th Sept. 2019

Date: 30th Sept. 2019

Date: 30th Sept. 2019

Deputy Director (Finance & Accounts)

CPA. Chanje Kera
ICPAK Member No. 8279

Date: 30th Sept. 2019

KENYA NATIONAL HIGHWAYS AUTHORITY
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For the year ended June 30, 2019

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019**

| | Ordinary share capital | Revaluation reserve | Fair value adjustment reserve | Retained earnings | Proposed dividends | Capital/ Development Grants/Fund | Total |
|---|------------------------|---------------------|-------------------------------|-------------------|--------------------|----------------------------------|-----------------|
| At July 1, 2017 | - | - | - | 9,791,417,448 | - | 319,397,689,980 | 329,189,107,428 |
| Surplus for the year | - | - | - | 1,520,540,323 | - | - | 1,520,540,323 |
| Capital/Development grants received during the year | - | - | - | - | - | 37,158,335,135 | 37,158,335,135 |
| At June 30, 2018 | - | - | - | 11,311,957,771 | - | 356,556,025,115 | 367,867,982,886 |
| At July 1, 2018 | - | - | - | 11,311,957,771 | - | 356,556,025,115 | 367,867,982,886 |
| Deficit for the year | - | - | - | (161,630,490) | - | - | (161,630,490) |
| Capital/Development grants received during the year | - | - | - | - | - | 46,841,410,036 | 46,841,410,036 |
| At June 30, 2019 | - | - | - | 11,150,327,281 | - | 403,397,435,151 | 414,547,762,432 |

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Reports and Financial Statements
For the year ended June 30, 2019
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

| | | 2018-2019 | 2017-2018 |
|--|----|-------------------------|-------------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Road Maintenance Contributions | | 21,573,916,667 | 19,464,127,999 |
| Fines, penalties and levies | | 735,405,835 | 521,247,647 |
| Transfers from other Development Budget Grants | | 1,213,631,100 | 369,339,721 |
| Finance income | | 728,448,180 | 580,952,999 |
| Other income, rentals and agency fees | | 71,893,842 | 23,971,477 |
| Total Receipts | | 24,323,295,624 | 20,959,639,843 |
| Payments | | | |
| Compensation of employees | | 1,709,585,818 | 1,360,698,939 |
| Road Maintenance and Axle Load Expenses | | 20,376,069,936 | 16,630,870,822 |
| Finance cost | | 3,872,688 | 2,967,652 |
| Rent paid | | 90,043,897 | 92,273,656 |
| Taxation paid | | 215,541,488 | 230,279,690 |
| Other payments | | 660,639,553 | 540,113,494 |
| Transfers from other Development Budget Grants | | 1,213,631,100 | 369,339,721 |
| Total Payments | | 24,269,384,480 | 19,226,543,974 |
| Net cash flows from operating activities | 42 | 53,911,144 | 1,733,095,869 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | | (68,605,608,281) | (56,954,151,940) |
| Proceeds from sale of property, plant and equipment | | 33,600 | 4,576,298 |
| Decrease in current receivables | | 13,633,018,219 | (3,806,110,279) |
| Increase in long term receivables | | (61,875,000) | - |
| Increase in trade and other payables | | 11,491,075,884 | 18,839,693,299 |
| Increase in Inventory | | (1,724,784) | 721,905 |
| Increase in provisions | | 116,430,971 | 42,119,835 |
| Net cash flows used in investing activities | | (43,428,649,391) | (41,873,150,882) |
| Cash flows from financing activities | | | |
| Proceeds from Exchequer/Development Partners | | 46,841,410,036 | 37,158,335,135 |
| Net cash flows used in financing activities | | 46,841,410,036 | 37,158,335,135 |
| Net increase/(decrease) in cash and cash equivalents | | 3,466,671,789 | (2,981,719,878) |
| Cash and cash equivalents at 1 JULY | 31 | 8,750,326,227 | 11,732,046,105 |
| Cash and cash equivalents at 30 JUNE | 31 | 12,216,998,016 | 8,750,326,227 |

The Authority's cash flow statement is presented using the indirect method

KENYA NATIONAL HIGHWAYS AUTHORITY
Annual Reports and Financial Statements
For the year ended June 30, 2019

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2019**

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference |
|--|-----------------------|----------------------|-----------------------|----------------------------|------------------------|
| | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 |
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs |
| Road Maintenance Contributions | 22,519,028,000 | 6,477,534,962 | 28,996,562,962 | 21,573,916,667 | (7,422,646,295) |
| Fines, penalties and levies | 336,000,000 | 99,000,000 | 435,000,000 | 735,405,835 | 300,405,835 |
| Transfers from other Development Budget Grants | 1,213,631,100 | - | 1,213,631,100 | 1,213,631,100 | - |
| Finance Income | 200,000,000 | 150,000,000 | 350,000,000 | 728,448,180 | 378,448,180 |
| Gains on disposal, rental income and agency fees | 7,000,000 | (3,500,000) | 3,500,000 | 94,224,311 | 90,724,311 |
| Total income | 24,275,659,100 | 6,723,034,962 | 30,998,694,062 | 24,345,626,093 | (6,653,067,969) |
| Expenses | | | | | |
| Compensation of employees | 2,244,946,303 | 159,197,363 | 2,404,143,666 | 1,709,585,818 | 694,557,848 |
| Road Maintenance and Axle Load Expenses | 19,873,028,000 | 6,477,534,962 | 26,350,562,962 | 20,376,069,936 | 5,974,493,026 |
| Finance cost | 3,212,370 | - | 3,212,370 | 3,872,688 | (660,318) |
| Rent paid | 90,500,000 | - | 90,500,000 | 90,043,897 | 456,103 |
| Taxation paid | - | - | - | 215,541,488 | (215,541,488) |
| Other payments | 850,341,327 | 86,302,637 | 936,643,964 | 898,511,656 | 38,132,308 |
| Transfers from other Development Budget Grants | 1,213,631,100 | - | 1,213,631,100 | 1,213,631,100 | - |
| Total expenditure | 24,275,659,100 | 6,723,034,962 | 30,998,694,062 | 24,507,256,583 | 6,491,437,479 |
| Surplus for the period | - | - | - | (161,630,490) | (161,630,490) |

(a)

(b)

(c)

(d)

(e)

(f)

KENYA NATIONAL HIGHWAYS AUTHORITY

Annual Reports and Financial Statements

For the year ended June 30, 2019

Budget notes

a) Road Maintenance Contributions

The fuel levy budget includes a carryover of Kshs. 8,291,988, 989 approved by the Board of Directors on 29th January, 2019 thus the variance

b) Fines, Penalties & Levies

Most of the income was overload fees and exemption permits. The installation of virtual weighbridges contributed to the increase in overload fees. The Authority continued to sensitize transporters on the need to acquire the necessary exemption permits.

c) Finance Income

The Authority continued to invest in call deposits, the 90 day Treasury bill and interest earned on bank account balances. The Authority endeavoured to negotiate the best rates in the market despite the interest rate capping.

d) Gains on disposal, rental income and agency fees

The favourable variance was mainly as a result of liquidated damages recovered from various maintenance and development projects among them S. Kitui N.R Gate-Kona Kalite, Kinango-Mariakani (B91), Ukunda - Lunga Lunga (A14) Rd, Madogo - Cheredende, Mutomo-S. Kitui N.R Gate (B88), Nyahururu - Rumuruti (A4) Rd, Athi River - Namanga, Ruaka -Kamandura, Masara-Suna, North Horr-Darathe, Ukasi-Baghley, Bhangley- Madogo, Bura-Hola amounting to Kshs.212, 324,154

e) Employee costs

The increase in employee costs is as a result of recruitment of new staff and promotion of some existing staff in grades 6 to 10 in January 2019.

f) Road Maintenance and Axle Load Expenses

The variance was as a result of budget that was unutilised in the financial year for some road maintenance works stretching over to the following financial year. These funds will be rolled over as carry over budget upon approval in the FY 2019/2020

g) Changes between Original and Final budget.

The changes between original and final budget were as a result of revision of the budget within the Financial Year and inclusion of the approved carry over budget from Financial Year 2017-2018

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Authority is established by and derives its authority and accountability from Kenya Roads Act, 2007. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is the management, development, rehabilitation and maintenance of national roads.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Authority's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

| Standard | Impact |
|--|---|
| IPSAS 40: Public Sector Combinations | Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

| Standard | Effective date and impact: |
|---------------------------------|--|
| IPSAS 41: Financial Instruments | <p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| IPSAS 42: Social Benefits | <p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iii. Early adoption of standards

The entity did not adopt any new or amended standards in year 2019.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fines, penalties & Levies

The entity recognizes revenues from fines, penalties and levies 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 Development Budget Grants-Recurrent Revenue/Expenditure

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

ii) Revenue from exchange transactions

Interest and other incomes

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. Other income relates to incomes that arise from miscellaneous activities that are not primarily aimed at raising revenue.

b) Budget information

The original budget for FY 2018-2019 was approved by the board on 24th January 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific

NOTES TO THE FINANCIAL STATEMENTS (Continued)

approvals from the appropriate authorities. The additional appropriations are added to the original budget

by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kshs. 6,723,034,962 on the 2018-2019 budget following the governing body's approval.

The annual budget is prepared on the accrual basis where all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, there is no basis for timing differences on the Authority that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

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 Entity operates and generates taxable income.

d) Property, plant and equipment

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

KENYA NATIONAL HIGHWAYS AUTHORITY

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For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The annual depreciation rates in use are: -

| | |
|----------------------------------|-------|
| Computer Equipment & Accessories | 33.3% |
|----------------------------------|-------|

| | |
|----------------------------------|-------|
| ICT Infrastructure and Telephony | 33.3% |
|----------------------------------|-------|

| | |
|----------------|-------|
| Motor Vehicles | 25.0% |
|----------------|-------|

| | |
|--|-------|
| NOTES TO THE FINANCIAL STATEMENTS (Continued) | 12.5% |
|--|-------|

| | |
|--------------------------------|-------|
| Office Equipment and Furniture | 16.7% |
|--------------------------------|-------|

| | |
|----------------------------------|-------|
| Office Partitioning and fixtures | 10.0% |
|----------------------------------|-------|

| | |
|-------------------|------|
| Plant & Machinery | 2.5% |
|-------------------|------|

| | |
|-----------|--|
| Buildings | |
|-----------|--|

- An item of property and equipment is de-recognised upon disposal. Any gain or losses on de-recognition of the asset is included in the Statement of Financial Performance in the year the asset is de-recognised.

- There are no restrictions on property, plant and equipment

- Contractual commitments for the acquisition of property, plant & equipment in the FY 2018/2019 amounted to Kshs. 171,744,638,958.97 [2017/2018 Kshs.82,664,568,739]

- There was no compensation from third parties for impaired, lost or given up items of PPE

- Assets that cost Kshs.505m and Kshs.458m were fully depreciated as at 30.06.2019 and 30.06.2018 respectively

e) Leases

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

Non-cancellable operating lease rentals are payable as follows;

| | <u>2019</u> <u>Kshs</u> | <u>2018</u> <u>Kshs</u> |
|--|----------------------------|----------------------------|
| Not Later than one year | 82,710,701 | 82,927,530 |
| Later than one year and not later than three years | 165,421,402 | 168,964,842 |
| | 248,132,103 | 251,892,372 |

The Authority leased head office premises under two operating leases. The leases typically run for 6 years with an option for renewal upon expiry on 31st March 2020 respectively.

Lease payments are increased according to the contract stipulations. The Board does not have an option to purchase the leased asset at the expiry of the lease period. There are no contingent rents recognised in the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at. 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 only intangible assets in the Authority's books of accounts are computer software.

The useful life of these intangible assets is assessed as indefinite.

g) Research and development costs

The Authority expenses research costs as incurred.

h) Financial instruments

Financial Assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

Impairment of financial assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset can be reliably estimated.

Evidence of impairment may include the following indicators:

- The debtors of the Authority are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories

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

After initial recognition, inventory is measured at the lower of cost and current replacement cost. 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.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

j) Provisions

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

Where the Authority expects 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

k) Contingent liabilities

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

l) Contingent assets

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

m) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. The Authority maintains grants and surplus reserves. The grant reserves are exchequer and donor funds received from the Government and Development Partners for development of roads. The surplus reserve represents the surplus or deficit of Road maintenance contributions and other internally generated funds against road maintenance and operation expenses. The exchequer and Development partner funds are capitalized in the statement of financial position whereas Road maintenance contributions are expensed in the statement of financial performance. However, the portion of exchequer funds spent on non-capital items or project expenses is transferred to recurrent transfers and treated as recurrent government grants and expenditures accordingly.

n) Changes in accounting policies and estimates

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

o) Employee benefits - Retirement benefit plans

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Authority pays fixed contributions into a separate fund

NOTES TO THE FINANCIAL STATEMENTS (Continued)

account, and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date.

Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Related parties

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

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

s) Comparative figures

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

t) 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, 2019.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION OF UNCERTAINTY

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

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

Additional disclosure of these estimates of provisions is included in Note 24.

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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ROAD MAINTENANCE CONTRIBUTIONS

| Description | 2018-2019 | 2017-2018 |
|---|-----------------------|-----------------------|
| | KShs | KShs |
| Road Maintenance funds | 18,388,916,667 | 16,899,999,999 |
| Administration & Operations Fund | 2,645,000,000 | 2,100,000,000 |
| Transit Toll | 539,000,000 | 464,128,000 |
| Total Road Maintenance Contributions | 21,573,916,667 | 19,464,127,999 |

7. FINES, PENALTIES AND LEVIES

| Description | 2018-2019 | 2017-2018 |
|--|--------------------|--------------------|
| | KShs | KShs |
| Overload charges* | 414,222,950 | 253,146,175 |
| Transgression charges | 7,854,864 | 2,535,600 |
| Weighbridge Parking fees | 5,493,330 | 1,412,000 |
| Road Cutting charges | 60,651,373 | 40,896,617 |
| Road Reserve user fees | 7,113,678 | 15,010,295 |
| Exemption permit fees | 239,980,340 | 208,053,360 |
| Sale of Tender Documents | 89,300 | 193,600 |
| Total Fines, Penalties & Levies | 735,405,835 | 521,247,647 |

* The installation of ten virtual weighbridges from 1st October 2018 contributed to the significant increase in collection of overload charges. These were installed in various locations namely; Nairobi Southern Bypass (Nakuru bound), Nairobi Southern Bypass (Mombasa Rd Bound), Kangundo Road (Kamulu), Thika – Nyeri Road (Sagana/ Makutano), Garissa – Thika Road (Yatta), Eldoret – Webuye Road (Eldoret), Kakamega - Webuye Road (Mayoni), Kericho – Kisumu Road (Ahero), Mariakani – Kilifi Road (Kaloleni) and Isiolo – Moyale Road (Laisamis). In addition, new static weighbridges were installed at Miritini and Suswa to serve MPARD Phase I (Dongo Bypass) and Mai Mahiu – Narok Road respectively.

8. TRANSFERS FROM DEVELOPMENT BUDGET GRANTS-RECURRENT REVENUE

| Description | 2018-2019 | 2017-2018 |
|---|------------|------------|
| | KShs | KShs |
| Northern Corridor Transport Improvement Project | 1,432,739 | 84,000 |
| North Eastern Transport Improvement Project | 24,543,693 | 890,800 |
| East African Trade & Transport Facilitation Project | 2,939,851 | 3,519,720 |
| Kenya Transport Sector Support Project | 82,709,232 | 44,840,699 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. TRANSFERS FROM DEVELOPMENT BUDGET GRANTS-RECURRENT REVENUE

| Description | 2018-2019 | 2017-2018 |
|---|----------------------|--------------------|
| | KShs | KShs |
| Nuno-Modogashe | 3,598,118 | 3,822,400 |
| South Sudan –EARTTDFP/SS* | 71,097,877 | 33,809,017 |
| Mombasa by-pass | 8,814,540 | 25,040,754 |
| Nairobi Urban Transport Improvement Project | 7,590,942 | 33,425,433 |
| Nairobi-Thika Highway | 4,186,787 | 2,085,548 |
| Nairobi Western bypass | 1,202,200 | - |
| Consultancy & Design | 8,237,832 | 10,046,894 |
| Road Reserve Mapping | 18,240,561 | 17,396,027 |
| Road Network Management System | 7,000,343 | 27,075,164 |
| Monitoring & Evaluation | 32,019,839 | 34,684,387 |
| Dualling of Mombasa-Mariakani | 32,630,223 | 30,492,387 |
| Mwatate-Taveta | 982,020 | 454,123 |
| Merille-Marsabit | 52,900 | 3,521,000 |
| Turbi-Moyale | - | 5,315,862 |
| Marsabit-Turbi | - | 4,392,350 |
| Isebania-Mukuyu-Kisii-Ahero | 18,884,919 | 23,122,057 |
| Kibwezi-Kitui-Isiolo | 19,692,377 | 4,542,880 |
| Kangema-Gacharage | 3,001,500 | 755,840 |
| Rumuruti-Maralal | 354,200 | 1,022,700 |
| Chebilat-Ikongge-Chabera | 5,907,741 | 4,724,280 |
| Kehancha-Migori-Muhuru | 4,200,836 | 1,114,150 |
| Eldoret by-pass | 7,783,511 | 13,371,232 |
| Kitale-Endebbes-Suam | 16,819,928 | 11,506,630 |
| Sotik-Ndanai-Gorgor | 889,800 | 98,400 |
| Timboroa -Eldoret | - | 28,245 |
| Garsen-Witu-Lamu | 12,158,769 | 368,075 |
| Mariakani –Kilifi** | 736,211,615 | 940,600 |
| Changamwe-Magongo | 17,390,846 | 1,025,053 |
| Uplands-Githunguri-Ngewa | 4,359,339 | - |
| Mau Summit-Kericho | 4,178,384 | - |
| Thika-Kenol-Marwa-Nyeri | 4,011,743 | - |
| Annuity Program | - | 42,000 |
| Other Development Projects | 50,505,895 | 25,781,014 |
| Total Transfers from Development Budget Grants-Recurrent Revenue/Expenditure | 1,213,631,100 | 369,339,721 |

* Included in this expenditure are expenses relating to the official launch of Lodwar-Lokitaung road, staff training, environmental and social safeguards, short term consultancies, official launch of early oil pilot scheme and land acquisition.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

*** Included in this expenditure is Ksh.732,366,215 which relates to the re-negotiated arbitration award to Dhanjal Brothers Ltd following the termination of Mariakani-Kilifi Road project*

TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

| Name of the Entity sending the grant | Amount recognized to Statement of Comprehensive Income KShs | Amount recognised in capital fund. | Total grant income during the year | 2017-2018 |
|--------------------------------------|--|------------------------------------|------------------------------------|-----------------------|
| | | | | |
| | | KShs | KShs | KShs |
| MOTIHUD & PW | 1,213,631,100 | 18,618,429,823 | 19,832,060,923 | 16,387,645,859 |
| KRB | 21,573,916,667 | 1,050,000,000 | 22,623,916,667 | 20,876,828,000 |
| Total | 22,787,547,767 | 19,668,429,823 | 42,455,977,590 | 37,264,473,859 |

9. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

| Description | 2018-2019 | 2017-2018 |
|---|------------------|------------------|
| | KShs | KShs |
| Straight-lined operating lease receipts | 1,168,500 | 1,211,500 |
| Total rentals | 1,168,500 | 1,211,500 |

This rental revenue was generated from residential houses in South Rift region that were built as resident engineer's premises through bill 1 of the Lanet – Njoro Road construction contract before establishment of the Authority. The fair value of land alongside the developments therein were brought on board effective 30th June 2019 as a post balance sheet effect.

10. FINANCE INCOME - EXTERNAL INVESTMENTS

| Description | 2018-2019 | 2017-2018 |
|---|--------------------|--------------------|
| | KShs | KShs |
| Interest on Call deposits and 91 day treasury bills | 355,359,972 | 296,297,448 |
| Interest on Bank Accounts Balances | 373,088,208 | 284,655,551 |
| Total finance income – external investments | 728,448,180 | 580,952,999 |

11. OTHER INCOMES

| Description | 2018-2019 | 2017-2018 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Liquidated damages* | 90,572,597 | 49,044,290 |
| Laboratory fees, Training levy refund & Guard rails penalty, sale of disposable items. | 1,419,444 | 1,615,700 |
| Interest on salary advance | 63,830 | 54,131 |
| Total other income | 92,055,871 | 50,714,121 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

*Liquidated damages were recovered from various maintenance and development projects which are S. Kitui N.R Gate-Kona Kalite, Kinango-Mariakani (B91), Ukunda - Lunga Lunga (A14) Rd, Madogo - Cheredende, Mutomo-S. Kitui N.R Gate (B88), Nyahururu - Rumuruti (A4) Rd, Athi River -- Namanga, Ruaka-Kamandura, Masara-Suna, North Horr-Darathe, Ukasi-Baghley, Bhaghaley- Madogo and Bura-Hola

12. ROAD MAINTENANCE AND AXLE LOAD EXPENSES

| Description | 2018-2019 | 2017-2018 |
|--|-----------------------|-----------------------|
| | KShs | KShs |
| Road maintenance expenses | 18,517,247,037 | 15,184,593,648 |
| Emergency Road Works | 495,571,701 | 811,309,585 |
| Weighbridges Management Contracts* | 1,320,098,283 | 607,103,462 |
| Weighbridge Operational Expenses | 43,152,915 | 27,864,127 |
| Total Road Maintenance & Axle Load Expenses | 20,376,069,936 | 16,630,870,822 |

* The installation of ten virtual weighbridges from 1st October 2018 contributed to the significant increase in expenses relating to Weighbridges Management Contracts. The weighbridges were installed in various locations as per note no. 7 above.

13. EMPLOYEE COSTS

| | 2018-2019 | 2017-2018 |
|---|----------------------|----------------------|
| | KShs | KShs |
| Salaries and wages | 1,293,345,495 | 1,003,012,000 |
| Employee related costs - contributions to pensions and medical aids | 223,396,836 | 205,374,388 |
| Travel, motor car, accommodation, subsistence and other allowances | 46,358,669 | 36,799,996 |
| Training and Subscription | 112,019,013 | 84,584,066 |
| Staff Welfare | 27,594,516 | 24,329,190 |
| Recruitment | 6,871,289 | 6,599,299 |
| Total Employee costs | 1,709,585,818 | 1,360,698,939 |

14. DIRECTORS' EXPENSES

| Description | 2018-2019 | 2017-2018 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Chairman's Honoraria | 960,000 | 960,000 |
| Directors emoluments | 21,227,138 | 20,806,625 |
| Transport, Travelling & Accommodation* | 25,654,596 | 11,788,358 |
| Insurance | 212,055 | 517,453 |
| Training** | 16,593,617 | 6,607,451 |
| Refreshments | 311,510 | 324,745 |
| Overseas Travelling & Accommodation*** | 18,911,407 | 7,269,299 |
| Ministerial and Other Official functions**** | 1,961,537 | 393,900 |
| Telephone | 84,000 | 84,000 |
| Total director emoluments* | 85,915,860 | 48,751,858 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

- * *Most of this expenditure was incurred during board retreats to discuss the 5-year Strategic Plan which had not been concluded in FY 2017/2018, Country wide road inspections and meetings with County Governors to discuss cross cutting issues etc. Most of these activities though initially planned for FY 2017/2018 could not proceed due to disruptions caused by the general election of 2017.*
- ** *Most of this expenditure arose from overseas Board training and capacity building in PPP, Procurement and Project Management and Audit.*
- *** *This relates to travel expenses for Board Members and senior ministry officials accompanying the President to China, benchmarking tour to Spain and Portugal.*
- **** *Most of the expenses reported related to official road launches and commissioning .These activities went up in FY 2018/2019*

15. DEPRECIATION AND AMORTIZATION EXPENSE

| Description | 2018-2019 | 2017-2018 |
|--|--------------------|--------------------|
| | KShs | KShs |
| Property, Plant and Equipment | | |
| Office Equipment | 10,729,042 | 11,052,393 |
| Office Partitions and Fixtures | 3,240,414 | 4,993,128 |
| Computer Equipment and Accessories | 15,420,608 | 18,238,934 |
| ICT Infrastructure and Accessories | 9,159,955 | 8,951,038 |
| Furniture and Fittings | 4,087,122 | 5,520,896 |
| Motor Vehicles | 67,558,938 | 62,955,824 |
| Plant and Machinery | 101,141,265 | 101,114,598 |
| Buildings | 4,222,048 | 4,222,047 |
| Total depreciation and amortization | 215,559,392 | 217,048,858 |

16. REPAIRS AND MAINTENANCE

| Description | 2018-2019 | 2017-2018 |
|---------------------------------------|--------------------|-------------------|
| | KShs | KShs |
| Property, Plant and Equipment | 5,330,604 | 3,114,978 |
| Vehicles | 86,078,630 | 67,211,656 |
| Renewals | 31,373,466 | 18,807,648 |
| Total repairs and maintenance* | 122,782,700 | 89,134,282 |

**Repairs and maintenance expenses for the period are related to office 365, sage pastel and team mate audit management tool annual licence renewals, annual maintenance of equipment and motor vehicle maintenance (the Authority acquired three new motor vehicles during the period)*

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NOTES TO THE FINANCIAL STATEMENTS (Continued)**17. DEPARTMENTAL FIELD ACTIVITIES**

| | | |
|----------------------------------|--------------------|--------------------|
| Director General | 8,739,415 | 16,483,287 |
| Road Asset & Corridor Management | 43,448,510 | 46,284,465 |
| Policy Strategy & Compliance | 24,859,301 | 15,960,601 |
| Highway Planning & Design | 8,521,631 | 15,380,695 |
| Development | 24,399,028 | 21,523,767 |
| Audit Services | 6,308,255 | 5,390,625 |
| Corporate Services | 29,447,012 | 39,483,975 |
| Legal | 2,762,330 | 233,860 |
| Procurement | 6,892,499 | 3,271,875 |
| | 155,377,981 | 164,013,149 |

18. STATIONARY & CONSUMABLES

| | | |
|------------------|-------------------|-------------------|
| Headquarters | 16,998,880 | 16,783,954 |
| Regional Offices | 5,455,285 | 5,133,760 |
| | 22,454,165 | 21,917,714 |

19. CLEANING & SANITATION

| | | |
|-------------|-------------------|-------------------|
| Headquarter | 4,965,724 | 4,688,156 |
| Regions | 7,273,554 | 5,657,796 |
| | 12,239,278 | 10,345,952 |

20. RENT & RATES

| | | |
|--------------|-------------------|-------------------|
| Office Space | 77,812,569 | 82,181,451 |
| Parking | 12,231,328 | 10,092,205 |
| | 90,043,897 | 92,273,656 |

21. SECURITY COSTS

| | | |
|---------------|-------------------|-------------------|
| Headquarter | 3,758,569 | 4,434,440 |
| Nairobi | 1,787,427 | 1,629,009 |
| Central | 4,437,290 | 3,277,987 |
| Coast | 6,730,243 | 5,694,150 |
| Lower Eastern | 4,816,900 | 2,145,379 |
| North Eastern | 1,153,659 | 1,939,480 |
| Nyanza | 7,966,453 | 4,195,020 |
| North Rift | 3,171,658 | 3,292,672 |
| Upper Eastern | 2,597,090 | 1,906,706 |
| Western | 4,220,160 | 1,728,829 |
| South Rift | 6,013,107 | 2,997,067 |
| | 46,652,556 | 33,240,739 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. PROFESSIONAL FEES

| | | |
|----------------------------|------------|------------|
| Audit Fees | 3,000,000 | 3,000,000 |
| Legal Fees | 22,225,868 | 32,784,126 |
| Consultancy-ISO Activities | 20,400,018 | 25,789,990 |
| Consultancy-Others | 32,122,100 | 13,295,173 |
| | 77,747,986 | 74,869,289 |

23. CONFERENCES & SEMINARS

| | | |
|------------------------------|------------|------------|
| Director General | 4,179,704 | 2,421,172 |
| RA & CM | 9,676,948 | 8,407,743 |
| Policy Strategy & Compliance | 4,873,416 | 2,484,757 |
| Highway Planning & Design | 11,610,626 | 2,312,410 |
| Development | 2,632,219 | 1,380,711 |
| Corporate Services | 21,852,017 | 15,880,500 |
| Legal | 1,112,093 | 328,350 |
| Procurement | 3,197,588 | 1,568,890 |
| Audit Services | 2,988,939 | 525,307 |
| | 62,123,550 | 35,309,840 |

24. ADMINISTRATION & GENERAL EXPENSES

| Description | 2018-2019 | 2017-2018 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Advertising | 39,079,252 | 25,931,534 |
| Anti- Corruption and Integrity Issues | 8,676,530 | 7,515,164 |
| Staff Uniforms | 388,200 | 1,927,520 |
| Donations | - | 81,495 |
| Utilities | 3,035,054 | 3,038,541 |
| Insurance | 1,624,162 | 1,631,882 |
| Postage | 817,495 | 1,424,135 |
| Reference material | 143,480 | 69,395 |
| Printing and photocopying | 1,329,402 | 645,267 |
| Hire charges | 1,306,015 | 2,404,972 |
| Kitchen Utensils | 280,645 | 284,252 |
| Telecommunication | 14,010,439 | 13,326,413 |
| Newspapers and Magazines | 3,073,009 | 2,925,850 |
| Drinking Water | 1,581,794 | 1,324,251 |
| Total Administration & General expenses | 75,345,477 | 62,530,671 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. FINANCE COSTS

| Description | 2018-2019 | 2017-2018 |
|----------------------------|------------------|------------------|
| | KShs | KShs |
| Bank charges* | 3,872,688 | 2,967,652 |
| Total finance costs | 3,872,688 | 2,967,652 |

*The finance costs increased due to the increase in the number of bank transactions during the period.

26. GAIN ON SALE OF ASSETS

| Description | 2018-2019 | 2017-2018 |
|-------------------------------------|---------------|------------------|
| | KShs | KShs |
| Property, plant and equipment | 17,759 | 4,493,312 |
| Intangible assets | - | - |
| Other assets not capitalised | - | - |
| Total gain on sale of assets | 17,759 | 4,493,312 |

27. PROVISION FOR DOUBTFUL DEBTORS

| Description | 2018-2019 | 2017-2018 |
|---|-------------------|-------------------|
| | KShs | KShs |
| Provision for doubtful debtors | 21,594,446 | 15,000,000 |
| Total provision for doubtful debtors | 21,594,446 | 15,000,000 |

28. LOSS ON FOREIGN EXCHANGE TRANSACTIONS

| Description | 2018-2019 | 2017-2018 |
|--|----------------|-------------------|
| | KShs | KShs |
| Loss on foreign exchange transactions* | 718,265 | 13,505,986 |
| Total loss on foreign exchange transactions | 718,265 | 13,505,986 |

29. PROFIT ON FOREIGN CURRENCY TRANSLATION

| Description | 2018-2019 | 2017-2018 |
|---|----------------|----------------|
| | KShs | KShs |
| Profit on foreign currency translation* | 982,181 | 551,842 |
| Total profit on foreign currency translation | 982,181 | 551,842 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. TAXATION

| Description | 2018-2019 | 2017-2018 |
|---|-------------|-------------|
| | KShs | KShs |
| Gross Interest Income Earned | 722,344,312 | 770,566,619 |
| Less: Expenses: Bank Charges | (3,872,688) | 2,967,652 |
| Net Taxable Interest Income | 718,471,624 | 767,598,967 |
| Corporate Tax (30%) - Income tax expense reported in the statement of financial performance | 215,541,488 | 230,779,690 |

31. (a) CASH AND CASH EQUIVALENTS

| Description | 2018-2019 | 2017-2018 |
|---------------------------------|----------------|---------------|
| | KShs | KShs |
| Current account | 8,098,032,805 | 4,865,452,336 |
| On - call deposits | 4,118,049,700 | 3,883,935,000 |
| Others (Cash in Hand) | 915,511 | 938,891 |
| Total cash and cash equivalents | 12,216,998,016 | 8,750,326,227 |

(b). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

| Financial institution | Account number | 2018-2019 | 2017-2018 |
|-------------------------------------|----------------|---------------|---------------|
| | | KShs | KShs |
| a) Current account | | | |
| NIC Bank -NCTIP A/C) | 1-110-000895 | 52,201,237 | 50,178,296 |
| NIC Bank -EATTFP A/C | 1-110-000985 | 10,674,014 | 10,260,142 |
| NIC Bank -Timboroa-Eldoret Road A/C | 1-110-001311 | 16,506,222 | 15,866,213 |
| NIC Bank -KTSSP A/C | 1-110-001524 | 399,163,910 | 88,542,249 |
| NIC Bank -Marsabit- Turbi Road A/C | 1000015004 | 2,893,752 | 17,703,340 |
| NIC Bank -USD A/C | 1001936677 | 22,299,521 | 21,838,097 |
| NIC Bank-NETIP | 1005164164 | 386,634 | 6,414,100 |
| Co-operative Bank-GoK | 01141160979900 | 3,120,396,978 | 813,822,921 |
| Co-operative Bank-RMLF | 01141160979901 | 1,429,901,491 | 802,517,000 |
| National Bank – Salaries A/C | 01001-326625 | 93,649,904 | 94,859,638 |
| National Bank – Gratuity A/C | 01001-327333 | 133,633,965 | 411,797,376 |
| National Bank – Retention A/C | 01001-327332 | 933,312,013 | 402,845,331 |
| National Bank – EARTTDFT- A/C | 01001032662501 | 8,356,111 | 9,995,937 |
| KCB Bank-Operations A/C | 1110623704 | 1,325,244,333 | 1,087,579,818 |
| KCB Bank-NUTRIP A/C | 1138238945 | 7,728,398 | 79,023,346 |
| KCB Bank-Nairobi Region | 1114840149 | 109,932,435 | 84,651,942 |
| KCB Bank-Coast Region | 1114772089 | 29,895,097 | 28,169,288 |
| KCB Bank-South rift Region | 1114781592 | 23,797,827 | 19,065,004 |
| KCB Bank-North Eastern Region | 1114751928 | 7,873,531 | 6,776,777 |
| KCB Bank- North rift Region | 1114793272 | 8,298,129 | 5,240,805 |
| KCB Bank-Central Region | 1114745707 | 20,350,396 | 19,349,778 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

| | | 2018-2019 | 2017-2018 |
|--------------------------------|----------------|-----------------------|----------------------|
| Financial institution | Account number | KShs | KShs |
| KCB Bank-Upper Eastern Region | 1114752045 | 14,024,092 | 12,477,104 |
| KCB Bank- Lower Eastern Region | 1114756326 | 18,796,711 | 18,174,949 |
| KCB Bank-Nyanza Region | 1114756229 | 18,471,249 | 18,307,773 |
| KCB Bank-Western Region | 1114774405 | 18,710,338 | 7,767,683 |
| Equity Bank-Headquarters A/C | 0810295139897 | 271,534,517 | 732,227,429 |
| Sub- total | | 8,098,032,805 | 4,865,452,336 |
| b) On - call deposits | | | |
| KCB Bank | 1134650795 | 1,000,000,000 | 1,000,000,000 |
| Co-operative Bank | 0115016097990 | 700,000,000 | 1,000,000,000 |
| National Bank | 01329032733212 | 300,000,000 | 300,000,000 |
| NIC | 1003680278 | 500,000,000 | 500,000,000 |
| Equity | 0810374050817 | 300,000,000 | - |
| Central Bank of Kenya | 138217-1 | 1,279,924,700 | 983,935,000 |
| *SBM/Chase Bank | 0053061735030 | 38,125,000 | 100,000,000 |
| Sub- total | | 4,118,049,700 | 3,883,935,000 |
| c) Others(specify) | | | |
| cash in hand | | 915,511 | 938,891 |
| Sub- total | | 915,511 | 938,891 |
| Grand total | | 12,216,998,016 | 8,750,326,227 |

The balance in the Co-operative bank accounts included Kshs. 3,525,958,104 received towards the end of the financial year in June 2019.

32. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| Description | 2018-2019 | 2017-2018 |
|---|----------------------|-----------------------|
| | KShs | KShs |
| Current receivables | | |
| Interest receivable on call deposits | 44,516,022 | 24,673,878 |
| Travel Imprest | 6,647,226 | 8,789,776 |
| Bank guarantee and Deposits | 25,348,780 | 9,728,780 |
| Advertising receivables | 289,268,586 | 290,134,655 |
| Staff Mortgage deposit fund with Housing Finance Company of Kenya | 551,099,014 | 542,056,062 |
| Road Maintenance Funds | - | 8,757,876,308 |
| Exchequer Funds | 2,898,956,000 | 4,260,799,478 |
| Debtors and Prepayments | 33,560,957 | 25,323,381 |
| Receivable from Unipolar Insurance Brokers Ltd | 500,000 | - |
| Less:Provision for doubtful debtors | (336,807,139) | (315,212,693) |
| Total current receivables | 3,513,089,446 | 13,604,169,625 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. RECEIVABLES FROM NON-EXCHANGE CONTRACTS

| Description | 2018-2019 | 2017-2018 |
|--|---------------|---------------|
| | KShs | KShs |
| Current receivables | | |
| Other debtors (non-exchange transactions) | | |
| a. Development projects | | |
| Chiakariga - Mitunguu-Meru | 38,424,474 | 171,864,422 |
| Chebilat - Ikonge-Chabera | 175,076,689 | 310,653,623 |
| Kangema - Gacharage | 63,999,951 | 63,999,951 |
| One-Stop Border Post –Malaba | - | 17,669 |
| Rehabilitation of Kisumu-Kakamega | - | 64,922,640 |
| Kakamega-Webuye | - | 133,842,046 |
| Renovation of MoR/MoP offices in Homabay, Oyugis, Kisumu | - | 7,735,779 |
| Masara – Suna - Kehancha/Awendo Mariwa | 4,674,633 | 4,674,633 |
| Mombasa Port Area Devt Road III | 405,456,986 | 978,887,734 |
| Office Complex -Barabara Plaza | - | 165,069,299 |
| Kisumu Boys-Mamboleo | 40,750,664 | 256,552,131 |
| Mwatate –Taveta | 12,166,121 | 18,805,968 |
| Dualling of Magongo | 448,818,224 | 484,065,506 |
| Posta(Naibor)-Maralal | 268,925,268 | 268,925,268 |
| Eldoret Bypass | 903,025,368 | 903,025,368 |
| Kitale-Endebes-Suam | 795,554,027 | 795,554,027 |
| KWS Gate-Kaleminjorok | 21,853,062 | 40,834,421 |
| Footbridge Witeithie-Mangu | 26,539,729 | 43,032,716 |
| Wajir-Kotulo | 16,299,682 | 16,299,682 |
| Kotulo-Elwak | 16,643,848 | 16,643,848 |
| Marua-Nanyuki-Lewa | - | 27,840,383 |
| Nuno-Modogashe | 14,123,682 | 528,322,359 |
| Marich Pass- Kainuk | - | 13,549,197 |
| Kaleminjorok-Lokichar | 26,487,369 | 41,487,371 |
| Lokichar-Amosing | 19,727,933 | 36,982,089 |
| Mombasa-Mariakani Dualling | 802,622,495 | 865,284,884 |
| Narok-Sekenani | 78,257,735 | 219,433,413 |
| Kainuk bridge & Approach Roads | 161,055,848 | 236,381,323 |
| Garsen-Witu-Lamu | 752,830,890 | 891,000,000 |
| Nyaru-Iten | 241,145,745 | 197,000,000 |
| Busia-Malaba | 46,982,673 | 96,136,027 |
| Isebania-Kisii-Ahero | 3,133,890,796 | 3,718,254,482 |
| Lodwar-Lakitaung | 710,540,678 | 1,286,393,368 |
| Kericho-Ahero-Interchange | - | 113,891,536 |
| Athi River -Machakos Turn Off | 460,826,815 | 793,282,381 |
| Loichangamatak-Lodwar | 895,372,338 | 928,999,460 |
| Lokitaung-Kalobeiyei | 1,093,287,914 | 1,093,287,914 |
| Kalobeiyei-Nadapal | 1,016,114,481 | 1,016,105,666 |
| James Gichuru-Rironi | 1,636,658,656 | 1,637,529,654 |
| Lamu Link Road | 231,089,741 | |
| Footbridge KSMS & Garden City | 36,795,179 | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. RECEIVABLES FROM NON-EXCHANGE CONTRACTS (Continued)

| Description | 2018-2019 | 2017-2018 |
|---|-----------------------|-----------------------|
| Current receivables | KShs | KShs |
| Other debtors (non-exchange transactions) | | |
| a. Development projects (contd) | | |
| Kwa Jomvu-Mariakani | 72,806,597 | - |
| Ugunja-Ukwala Ruambwa | 58,133,424 | |
| Sub Total | 14,726,959,715 | 18,486,568,238 |
| b. Road Maintenance Projects | | |
| Kericho-Mau Summit | 14,027,997 | - |
| Webuye-Mailu Tisa | 14,249,543 | - |
| Nyahururu-Naivasha Interchange | 23,301,713 | - |
| Bhangaley-Madogo A3 Road | 24,465,263 | - |
| Tsavo River-Voi A8 Road | 50,960,641 | - |
| Mtito Andei –Tsavo River A8 Road | 53,144,750 | - |
| Homa Bay-Rongo | 37,520,575 | - |
| Sub Total | 217,670,482 | - |
| Total current receivables from non-exchange transactions | 14,944,630,197 | 18,486,568,238 |

34. INVENTORIES (Consumable stocks)

| Description | 2018-2019 | 2017-2018 |
|--|------------------|------------------|
| | KShs | KShs |
| Headquarters | 4,173,855 | 2,979,208 |
| Nairobi Region | 142,680 | 110,929 |
| Coast Region | 64,939 | 19,100 |
| Lower Eastern Region | 167,286 | 136,857 |
| Upper Eastern Region | 323,657 | 104,562 |
| North Eastern Region | 209,059 | 96,462 |
| South Rift Region | 102,658 | 176,273 |
| North Rift Region | 203,098 | 61,331 |
| Central Region | 85,856 | 76,593 |
| Western Region | 184,565 | 119,801 |
| Nyanza Region | 299,145 | 350,898 |
| Total inventories at the lower of cost and net realizable value | 5,956,798 | 4,232,014 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. PROPERTY, PLANT AND EQUIPMENT

| | Buildings | Land | Motor vehicles | Furniture and fittings | Office Equipment | Office Partitions | Computers | ICT Infrastructure and Accessories | *Plant and equipment | Capital Works in progress-Road Assets | Total |
|-------------------------------|-------------|-------------|----------------|------------------------|------------------|-------------------|-------------|------------------------------------|----------------------|---------------------------------------|-----------------|
| Cost | Shs | | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| At 1 July 2017 | 40,515,322 | - | 362,864,222 | 51,984,045 | 94,275,428 | 69,313,131 | 166,898,338 | 84,094,857 | 764,696,253 | 314,752,612,553 | 316,386,654,174 |
| Additions | 128,366,606 | - | 37,469,820 | 4,199,441 | 6,103,823 | 397,549 | 17,147,730 | 10,964,573 | 398,694,575 | 56,347,251,343 | 56,950,595,460 |
| Disposals | | | (16,195,299) | (429,700) | (47,352) | | | | | | (16,672,351) |
| At 30 th June 2018 | 168,881,928 | - | 384,138,743 | 55,753,786 | 100,331,899 | 69,710,680 | 184,046,068 | 95,059,430 | 1,163,390,828 | 371,099,263,901 | 373,320,577,263 |
| Additions | 41,787,057 | 148,360,000 | 20,220,974 | 2,606,612 | 7,965,599 | - | 30,242,738 | 11,533,272 | 137,240,830 | 68,201,950,695 | 68,601,907,777 |
| Disposals | - | - | - | (53,000) | (45,685) | - | (1,197,060) | (74,750) | - | - | (1,370,495) |
| At 30 th June 2019 | 210,668,985 | 148,360,000 | 404,359,717 | 58,307,398 | 108,251,813 | 69,710,680 | 213,091,746 | 106,517,952 | 1,300,631,658 | 439,301,214,596 | 441,921,112,515 |
| Depreciation and impairment | | | | | | | | | | | |
| At 1 July 2017 | 4,094,624 | - | 238,090,809 | 36,777,092 | 37,778,910 | 58,998,697 | 145,981,950 | 67,664,782 | 119,628,888 | - | 709,015,752 |
| Depreciation | 4,222,047 | - | 62,935,824 | 5,520,896 | 11,052,393 | 4,993,128 | 18,238,934 | 8,551,038 | 191,114,598 | | 217,048,350 |
| Disposals | | | (16,195,299) | (360,694) | (33,372) | | | | | | (16,589,365) |
| At 30 th June 2018 | 8,316,671 | - | 284,851,334 | 41,937,294 | 48,797,931 | 63,991,825 | 164,220,884 | 76,615,820 | 220,743,486 | | 909,475,245 |
| Depreciation | 4,222,047 | - | 67,558,938 | 4,087,122 | 10,729,042 | 3,240,414 | 15,420,608 | 9,159,955 | 101,141,265 | | 215,559,392 |
| Disposals | - | - | - | (38,175) | (45,684) | - | (1,196,045) | (74,750) | - | | (1,354,654) |
| At 30 th June 2019 | 12,538,719 | - | 352,410,272 | 45,986,241 | 59,481,289 | 67,232,239 | 178,445,447 | 85,701,025 | 321,884,751 | - | 1,123,679,983 |
| Net book values | | | | | | | | | | | |
| At 30 th June 2019 | 198,130,266 | 148,360,000 | 51,949,445 | 12,321,157 | 48,770,524 | 2,478,441 | 34,646,299 | 20,816,927 | 978,746,907 | 439,301,214,596 | 440,797,434,562 |
| At 30 th June 2018 | 160,565,257 | - | 99,287,409 | 13,816,492 | 51,533,968 | 5,718,855 | 19,825,184 | 18,443,610 | 942,647,342 | 371,099,263,901 | 372,411,402,018 |

The Vesting Order of 2011 which transferred the function of management of road networks to the three road Authorities did not include the monetary values of government investments of capital nature on the Road Assets. Management has put in place systems aimed at obtaining ownership documents and fair values of the entire road network including road camps, structures and road furniture. So far, Management has obtained fair values of land and building in South Rift Region which houses a few members of staff and rent collected by the Authority based on government rates. These values have been brought in the Books of the Authority effective 30th June 2019. The other values recorded under Capital Works in Progress – Road Assets does not include the value of investments in the Road Asset (Road Corridor and its reserves, road furniture and structures and road camps) prior to the establishment of the Authority. Road assets' values only include expenditures made by the Government through the Authority from FY 2009/2010 to date on development expenditure. It does not include expenditures on road maintenance and emergency works.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. INTANGIBLE ASSETS-SOFTWARE

| Description | 2018-2019 | 2017-2018 |
|--|--------------------|--------------------|
| | KShs | KShs |
| Cost | | |
| At beginning of the year | 119,027,141 | 115,470,661 |
| Additions | | |
| Customer Relationship Management system Implementation and training fees | 1,782,804 | - |
| Supply of 200 E1 email licences | 1,917,700 | - |
| Provision of ICT help desk system | - | 1,908,500 |
| Human resource & Payroll ERP System | - | 1,227,980 |
| Provision of Autocad/Archicad Software Suite | - | 420,000 |
| Total Additions | 3,700,504 | 3,556,480 |
| At end of the year | 122,727,645 | 119,027,141 |
| Additions-internal development | - | - |
| At end of the year | - | - |
| Amortization and impairment | | |
| At beginning of the year | - | - |
| Amortization | - | - |
| At end of the year | - | - |
| Impairment loss | - | - |
| At end of the year | - | - |
| NBV | 122,727,645 | 119,027,141 |

37. LONG TERM RECEIVABLES FROM EXCHANGE TRANSACTIONS

| Description | 2018-2019 | 2017-2018 |
|--|-------------------|-----------|
| | KShs | KShs |
| Funds held in Fixed deposit account at SBM Kenya Ltd | 37,125,000 | - |
| Chase Bank(IR) funds held at Kenya Deposit Insurance Corporation | 24,750,000 | - |
| Total non-current receivables | 61,875,000 | - |

38. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

| Description | 2018-2019 | 2017-2018 |
|---------------------------|-----------------------|-----------------------|
| | KShs | KShs |
| Trade payables | | |
| Development Payables | 51,219,097,140 | 40,681,147,454 |
| Retention Payables | 4,891,808,717 | 3,496,091,051 |
| Road Maintenance Payables | 401,704,541 | 990,664,215 |
| Sundry Payables | 117,969,031 | 80,380,114 |
| | 56,630,579,429 | 45,248,282,834 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

39. REFUNDABLE DEPOSITS FROM CUSTOMERS

| Description | 2018-2019 | 2017-2018 |
|-----------------------|--------------------|--------------------|
| | KShs | KShs |
| Road Cutting Deposits | 152,095,409 | 150,505,960 |
| Total deposits | 152,095,409 | 150,505,960 |

40. CURRENT PROVISIONS

| Description | Leave provision | Gratuity provision | Audit fees provision | Total |
|---|-------------------|--------------------|----------------------|--------------------|
| | KShs | KShs | KShs | KShs |
| Balance b/d (1.07.2018) | - | 43,943,175 | 6,000,000 | 49,943,175 |
| Additional Provisions | 69,896,295 | 46,534,676 | 3,000,000 | 119,430,971 |
| Provision utilised | - | | (3,000,000) | (3,000,000) |
| Total provisions as at 30.6.2019 | 69,896,295 | 90,477,851 | 6,000,000 | 166,374,146 |

41. TAXATION

| Description | 2018-2019 | 2017-2018 |
|---------------|--------------------|-------------------|
| | KShs | KShs |
| Tax Liability | 165,900,248 | 58,710,408 |
| Total | 165,900,248 | 58,710,408 |

42. CASH GENERATED FROM OPERATIONS

| | 2018-2019 | 2017-2018 |
|---|----------------------|----------------------|
| | KShs | KShs |
| (Deficit)/ Surplus for the year before tax | (161,630,490) | 1,520,540,323 |
| Adjusted for: | | |
| Depreciation | 215,559,393 | 217,048,858 |
| Gains and losses on disposal of assets | (17,759) | (4,493,312) |
| Net cash flow from operating activities | 53,911,144 | 1,733,095,869 |

43. FINANCIAL RISK MANAGEMENT

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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

| | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|-----------------------|-----------------------------|-------------------|--------------------|
| At 30 June 2019 | | | | |
| Receivables from exchange transactions | 3,513,089,446 | 3,161,945,860 | 61,875,000 | 289,268,586 |
| Receivables from non-exchange transactions | 14,944,630,198 | 14,944,630,198 | - | - |
| Bank balances | 12,216,998,016 | 12,216,998,016 | - | - |
| Total | 30,674,717,660 | 30,323,574,074 | 61,875,000 | 289,268,586 |
| At 30 June 2018 | | | | |
| Receivables from exchange transactions | 18,486,568,238 | 18,196,433,583 | | 290,134,655 |
| Receivables from non-exchange transactions | 13,604,169,625 | 13,604,169,625 | - | - |
| Bank balances | 8,750,326,227 | 8,750,326,227 | - | - |
| Total | 40,841,064,090 | 40,550,929,435 | - | 290,134,655 |

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 entity 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 due from the Exchequer.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

The table below represents cash flows payable by the entity 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.

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2019 | | | | |
| Trade payables | 117,969,031 | 5,293,513,258 | 51,219,097,140 | 56,630,579,429 |
| Provisions | - | - | 166,374,146 | 166,374,146 |
| Total | 117,969,031 | 5,293,513,258 | 51,385,471,286 | 56,796,953,575 |
| At 30 June 2018 | | | | |
| Trade payables | 139,090,522 | 45,109,192,312 | - | 45,248,282,834 |
| Provisions | - | 43,943,175 | - | 43,943,175 |
| Total | 139,090,522 | 45,159,135,487 | - | 45,298,226,009 |

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) Market risk (Continued)

optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

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

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

| | | Other currencies | Total |
|---|-----------------------|---------------------|-----------------------|
| | Kshs | Kshs | Kshs |
| At 30 June 2019 | | | |
| Financial assets | | | |
| Investments | - | - | - |
| Cash | 12,216,998,016 | - | 12,216,998,016 |
| Debtors | - | - | - |
| Total financial assets | 12,216,998,016 | - | 12,216,998,016 |
| Financial Liabilities | | | |
| Trade and other payables | - | - | - |
| Borrowings | - | - | - |
| Total financial liabilities | - | - | - |
| Net foreign currency asset/(liability) | 12,216,998,016 | - | 12,216,998,016 |

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) Market risk (Continued)

| | Ksh | Other currencies | Total |
|---|------|---------------------|-------|
| | Kshs | Kshs | Kshs |
| At 30 June 2018 | | | |
| Financial assets | - | - | - |
| Investments | - | - | - |
| Cash | - | - | - |
| Debtors | - | - | - |
| Total financial assets | - | - | - |
| Financial Liabilities | | | |
| Trade and other payables | - | - | = |
| Borrowings | - | - | - |
| Total financial liabilities | - | - | - |
| Net foreign currency asset/(liability) | - | - | - |

Foreign currency sensitivity analysis

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

Foreign currency sensitivity analysis (Continued)

| | Change in currency rate | Effect on Profit before tax | Effect on equity |
|-------------|----------------------------|--------------------------------|---------------------|
| | Kshs | Kshs | Kshs |
| 2019 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |
| 2018 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |

b) Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point.

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 *entity'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 *entity* 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:

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| | Level 1 Kshs | Level 2 Kshs | Level 3 Kshs | Total Kshs |
|------------------------------|-----------------|-----------------|-----------------|---------------|
| At 30 June 2019 | | | | |
| Financial Assets | | | | |
| Quoted equity investments | - | - | - | - |
| Non- financial Assets | | | | |
| Investment property | - | - | - | - |
| Land and buildings | - | - | - | - |
| | - | - | - | - |
| | | | | |
| At 30 June 2018 | | | | |
| Financial Assets | | | | |
| Quoted equity investments | - | - | - | - |
| Non- financial Assets | | | | |
| Investment property | - | - | - | - |
| Land and buildings | - | - | - | - |
| | - | - | - | - |

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

b) *Financial instruments not measured at fair value*

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.

iv) Capital Risk Management

The objective of the entity'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:

| | 2018-2019 | 2017-2018 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Revaluation reserve | - | - |
| Retained earnings | - | - |
| Capital reserve | - | - |
| Total funds | - | - |
| Total borrowings | - | - |
| Less: cash and bank balances | - | - |
| Net debt/(excess cash and cash equivalents) | - | - |
| Gearing | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity 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 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) Key management;
- iv) Board of directors;

| | 2018-2019 | 2017-2018 |
|--|-----------------------|-----------------------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) Sales to related parties | | |
| | | |
| | | |
| | | |
| Total | - | - |
| b) Grants from the Government | | |
| | | |
| Grants from National Govt | 23,401,246,546 | 21,406,709,235 |
| Fuel levy funds from Kenya Roads Board | 31,381,792,975 | 15,459,936,161 |
| Total | 54,783,039,521 | 36,866,645,396 |
| c) Expenses incurred on behalf of related party | | |
| | | |
| Total | | |
| d) Key management compensation | | |
| | | |
| Directors' emoluments | 74,903,208 | 36,085,779 |
| Compensation to the CEO | 15,741,128 | 12,666,079.00 |
| Compensation to key management | 247,647,645 | 301,143,311 |
| Total | 338,291,981 | 349,895,169 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

| Contingent liabilities | 2018-2019 | 2017-2018 |
|---|-----------------------|----------------------|
| | Kshs | Kshs |
| Court cases against the authority* | 11,783,381,318 | 8,884,134,035 |
| Unclaimed Interest on works and Land acquisitions | 512,317,950 | - |
| Unresolved contractual claims | 7,500,000,000 | - |
| Total | 19,795,699,268 | 8,884,134,035 |

*The increase in the contingent liability associated to court cases was mainly because of a general revision of the liabilities from the previous period.

46. CAPITAL COMMITMENTS

| Capital commitments | 2018-2019 | 2017-2018 |
|-------------------------------|------------------------|------------------------|
| | Kshs | Kshs |
| Authorised for | 53,759,891,479 | 44,683,247,695 |
| Authorised and contracted for | 135,653,756,594 | 171,744,638,958 |
| Total | 189,413,648,073 | 216,427,886,653 |

47. TAXATION

| | 2018-2019 | 2017-2018 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| At beginning of the year | 58,710,408 | - |
| Gross Interest Income Earned | 722,344,312 | 770,566,619 |
| Less: Expenses: Bank Charges | (3,872,688) | 2,967,652 |
| Net Taxable Interest Income | 718,471,624 | 767,598,967 |
| Income tax charge for the year (note 23) | 215,541,487 | 230,279,690 |
| Income tax paid during the year | (108,351,647) | (171,569,282) |
| Income tax outstanding at the end of the year | 107,189,840 | 58,710,408 |
| At end of the year | 165,900,248 | 58,710,408 |

48. EVENTS AFTER THE REPORTING PERIOD

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

49. ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Transport & Infrastructure, Housing, Urban Development & Public Works. Its ultimate parent is the Government of Kenya.

50. CURRENCY

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

KENYA NATIONAL HIGHWAYS AUTHORITY

Report and Financial Statements for the year ended 30th June 2019

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.

| BASIS FOR QUALIFIED OPINION Issue / Observations from Auditor | Management comments |
|--|---|
| <p>Property, Plant and Equipment - Undetermined Value of Rental Property</p> <p>The statement of financial position reflects Property, Plant and Equipment balance of Kshs.372,411,102,018; (2017-Kshs 315,677,638,402) and as disclosed under Note 27 of the financial statements. Available information indicates that this balance excludes value of land and houses occupied by staff in the South Rift region. Their value has not been determined despite the Authority reporting an annual income of Kshs. 1,211,500 during the year. The Ownership documents were not made available for audit. Consequently, the accuracy and completeness of Property, Plant and equipment balance of Kshs.372,411,102,018 as at 30 June 2018 could not be confirmed.</p> | <p>We agree with the audit observation that the value of land and houses occupied by some KeNHA staff at the South Rift Region is not included under the Property, Plant and Equipment whose value as at 30th June, 2018 was Kshs. 372 billion. This amount of Kshs. 372 billion represents Government's Development Expenditure through KeNHA for the eight year period from Financial Year 2009/2010 to end of Financial year 2017/2018 on 30th June, 2018. The houses where a few of KeNHA staff reside and rent collected amounting to Kshs. 1,173,500 during the financial year were built as Resident Engineer's premises under then Lanet-Nakuru - Njoro Turnoff road construction contract. The contract was managed by the Parent Ministry. The undetermined value of land and houses therefore relates to land previously acquired by the Government and payments made to the Contractor prior to the establishment of the Authority. These values alongside the development expenditures met by the Government over the years up to FY 2009/2010 in all trunk roads were not made available to the Authority.</p> <p>Management is currently developing a mechanism of obtaining ownership documents for all the land, structures and developments on the road, road reserves or former camps that are under the jurisdiction of KeNHA. Upon obtaining such title deeds, the Authority will proceed to the next stage of professionally establishing the values of its road network including all developments and structures on/ along its corridors, road reserves and camps. The values so established will be entered in the Authority's books of accounts as provided by <i>IPSAS 17 on Property, Plant and Equipment</i>.</p> <p>Section 51 of IPSAS 17 requires that <i>if an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued simultaneously</i>. This therefore prevents the Authority from piece meal valuations and recognition of property, plant and equipment.</p> |

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| Focal Point person to resolve the issue | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|--|---|
| Director- Highway planning and Design | Ongoing. Currently the Authority has applied for Physical Development Plans from the respective county government to facilitate issue of of tittles and hence valuation of the land. | Next five years |

| EMPHASIS OF MATTER Negative Working Capital. The statement of financial position reflects current assets and liabilities balances of Kshs. 40,845,296,104; (2017- Kshs. 40,021,627,608) and Kshs. 45,507,442,377; (2017- Kshs.26,625,629,243) respectively resulting into negative working capital of Kshs. 4,662,146,273. Management has not satisfactorily explained measures being undertaken to reverse this trend which may affect the Authority's ability to meet its obligations as and when they fall due. | | |
|---|--|---|
| It is true that the Authority had a negative working capital as at 30 June 2018. This was attributed to the pending bills due to contractors , consultant and Projects Affected Persons that accrued due to: insufficient budgetary allocation against Authority's requirements on projects Budget reductions To alleviate this situation, the National Treasury, Parent Ministry and the Authority have developed new models of project financing on Annuity Fund Financing and Public Private Partnerships (PPPs) to execute new projects which will abate the increase in pending bills as the Authority will not be expected to disburse funds to the contractors and consultants, but funding will be from the fund set aside by the Parent Ministry and by investors for the PPPs. | | |
| Focal Point person to resolve the issue | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
| Director, Corporate Services | New financing models of Public, Private Partnership and Annuity financing used in financing new roads development and rehabilitation | Over the next ten years |



Eng. Peter M. Mundinia
Director General

Date.....September 2019

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

| No. | Credit No. | Donor | Period/ Duration | Donor commitment | Report * (Yes/No) |
|-----|-------------------|--|------------------------|---------------------|----------------------|
| 1. | 5140-KE | NUTRIP | 24.12.2012-31.12.2018 | 19,140,160,545 | Yes |
| 2. | 3930-KE & 4571-KE | NCTIP | 24.06.2004-30.12.2015 | 32,546,562,544 | Yes |
| 3. | 4148-KE | EATTFP | 04.04.2006-30.09.2015 | 1,672,310,872 | Yes |
| 4. | 4926-KE & 5410-KE | KTSSP | 23.05.2011-31.12.2018 | 33,258,366,990 | Yes |
| 5. | 2000130015238 | AfDB | 09.06.2017-08.05.2021 | 17,896,678,223 | Yes |
| 6. | BLA2016K001 | China -EXIM | 26.11.2016-31.12.2020 | 32,499,088,819 | Yes |
| 7. | 5638-KE | EARTTDFP | 20.07.2015-31.12.2021 | 46,158,383,724 | Yes |
| 8. | KE-P29 | MPARD-JICA | 02.06.2012-02.06.2022 | 22,089,969,121 | Yes |
| 9. | V0630 | NETIP | - | 607,131,600 | Yes |
| 10. | - | TMEA | 01.04.2018-31.03.2023 | 3,606,947,004 | Yes |
| 11. | 202061919 | KfW | 01.08.2017-31.12.20120 | 19,120,725,600 | Yes |
| 12. | 27459 | EIB | 01.08.2017-31.12.20120 | 5,842,860,000 | Yes |
| 13. | - | OPEC Fund/BADEA/Saudi Fund/Kuwait Fund/Abu Dhabi | 20.11.2015-18.11.2019 | 6,773,847,400 | Yes |

KENYA NATIONAL HIGHWAYS AUTHORITY
Report and Financial Statements for the year ended 30th June 2019

Status of Projects completion

| No | Credit | Total Credit cost (Kshs.) | Total expended to date | Completion % to date | Annual Budget (Kshs.) | Actual per quarter (Kshs.) | Remarks |
|-----|---|---------------------------|------------------------|----------------------|-----------------------|----------------------------|------------|
| 1. | NUTRIP | 19,140,160,545 | 3,141,819,952 | 23.43% | 2,120,000,000 | 427,357,118 | Terminated |
| 2. | NC TIP | 32,546,562,544 | 32,546,562,544 | 100% | - | 0 | Closed |
| 3. | EATTFP | 1,672,313,872 | 1,672,310,872 | 100% | 60,000,000 | 0 | Closed |
| 4. | KTSSP | 33,258,366,990 | 31,276,920,682 | 87.18% | 7,204,280,000 | 150,560,740 | Ongoing |
| 5. | AfDB | 17,896,678,223 | 20,633,889,903 | 25.93% | 5,030,000,000 | 3,152,724,938 | Ongoing |
| 6. | China -EXIM | 32,499,088,819 | 17,281,704,673 | 29.5% | 5,509,370,560 | - | Ongoing |
| 7. | EARTTFP | 46,158,383,724 | 12,163,111,522 | 29.2% | 5,152,600,000 | 2,644,093,821 | Ongoing |
| 8. | MPARD-JICA | 22,089,969,121 | 9,041,024,828 | 33.33% | 4,546,500,000 | 415,871,924 | Ongoing |
| 9. | NETIP | 607,131,600 | 405,523,797 | 33.33% | 300,000,000 | 106,568,961 | Ongoing |
| 10. | TMEA | 3,606,947,004 | 3,234,422,108 | 72.4% | 500,000,000 | - | Ongoing |
| 11. | KfW | 19,120,725,600 | - | 6% | 100,000,000 | - | Ongoing |
| 12. | EIB | 5,842,860,000 | - | 6% | - | - | Ongoing |
| 13. | OPIC Fund/BADDEA/Saudi Fund/Kuwait Fund/Abu Dhabi | 6,773,847,400 | 931,598,711 | 8.7% | 1,504,400,000 | 381,303,821 | Ongoing |

KENYA NATIONAL HIGHWAYS AUTHORITY

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APPENDIX III: INTER-ENTITY TRANSFERS

| | | FY 2018/2019 | |
|----|---------------------------|---|-----------------------------|
| a. | Recurrent Grants | | |
| | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> |
| | | 1-Oct-18 | 3,413,861,289 |
| | | 24-Dec-18 | 35,000,000 |
| | | 24-Dec-18 | 4,739,677,117 |
| | | 7-Mar-19 | 4,849,489,679 |
| | | 31-May-19 | 4,544,459,651 |
| | | 19-Jun-19 | 3,525,958,104 |
| | | 1-Oct-18 | 327,101,400 |
| | | 24-Dec-18 | 138,369,427 |
| | | 10-Jan-19 | 525,000,000 |
| | | 7-Mar-19 | 525,000,000 |
| | | Total | 22,623,916,667 |
| b. | Development Grants | | |
| | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> |
| | | 11-Oct-18 | 1,204,486,683 |
| | | 18-Oct-18 | 860,143,040 |
| | | 18-Oct-18 | 1,995,169,025 |
| | | 28-Dec-18 | 54,750,764 |
| | | 28-Dec-18 | 307,358,020 |
| | | 28-Dec-18 | 1,143,145,140 |
| | | 28-Dec-18 | 527,939,377 |
| | | 28-Dec-18 | 633,186,819 |
| | | 28-Dec-18 | 1,494,447,780 |
| | | 11-Mar-19 | 1,605,956,794 |
| | | 11-Mar-19 | 1,113,500,000 |
| | | 11-Mar-19 | 210,317,239 |
| | | 11-Mar-19 | 1,703,018,488 |
| | | 11-Mar-19 | 245,060,258 |
| | | 11-Mar-19 | 1,761,681,930 |
| | | 11-Mar-19 | 1,735,427,999 |
| | | 11-Mar-19 | 147,368,510 |
| | | 30-June-19 | 190,147,057 |
| | | Transfer to other Development Budget Grants | (1,213,631,100) |
| | Receivable | | 968,956,000 |
| | Receivable | | 1,930,000,000 |
| | | Total | 18,618,429,823 |
| | | | |
| | | | |

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Report and Financial Statements for the year ended 30th June 2019

| c. | Direct Payments | | |
|----|---------------------------------|---------------------|---------------|
| | African Development Bank (AfDB) | Bank Statement Date | Amount (KShs) |
| | | 17-Jul-18 | (15,007,195) |
| | | 19-Jul-18 | 147,496,075 |
| | | 19-Jul-18 | 104,512,905 |
| | | 23-Jul-18 | 8,826,467 |
| | | 23-Jul-18 | 11,108,942 |
| | | 23-Jul-18 | 17,336,400 |
| | | 23-Jul-18 | 6,127,179 |
| | | 25-Jul-18 | 12,987,956 |
| | | 25-Jul-18 | 136,299,485 |
| | | 25-Jul-18 | 84,518,056 |
| | | 25-Jul-18 | 107,131,395 |
| | | 25-Jul-18 | 4,571,419 |
| | | 25-Jul-18 | 157,999,310 |
| | | 25-Jul-18 | 124,187,458 |
| | | 25-Jul-18 | 107,529,333 |
| | | 25-Jul-18 | 121,751 |
| | | 30-Jul-18 | 3,279,405 |
| | | 30-Jul-18 | 9,412,406 |
| | | 30-Jul-18 | 90,356,308 |
| | | 30-Jul-18 | 95,858,708 |
| | | 30-Jul-18 | 13,843,218 |
| | | 30-Jul-18 | 4,000,000 |
| | | 30-Jul-18 | 52,512,224 |
| | | 30-Jul-18 | 24,201,910 |
| | | 30-Jul-18 | 86,380,587 |
| | | 30-Jul-18 | 121,751 |
| | | 30-Jul-18 | 3,649,369 |
| | | 30-Jul-18 | 14,179,532 |
| | | 30-Jul-18 | 15,449,248 |
| | | 7-Aug-18 | 3,696,293 |
| | | 7-Aug-18 | 3,645,072 |
| | | 7-Aug-18 | 907,263 |
| | | 7-Aug-18 | 907,263 |
| | | 7-Aug-18 | 3,501,662 |
| | | 7-Aug-18 | 960,644 |
| | | 14-Aug-18 | 2,295,750 |
| | | 14-Aug-18 | 17,743,863 |
| | | 17-Aug-18 | 52,814,181 |
| | | 17-Aug-18 | 43,307,599 |
| | | 24-Aug-18 | 13,074,830 |
| | | 28-Aug-18 | 144,089,277 |
| | | 28-Aug-18 | 183,319,691 |
| | | 6-Sep-18 | 7,428,058 |
| | | 6-Sep-18 | 2,954,586 |
| | | 6-Sep-18 | 3,154,372 |
| | | 6-Sep-18 | 4,877,980 |

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 Report and Financial Statements for the year ended 30th June 2019

| Direct Payments | | |
|---------------------------------|---------------------|---------------|
| African Development Bank (AfDB) | Bank Statement Date | Amount (KShs) |
| | 6-Sep-18 | 4,823,549 |
| | 6-Sep-18 | 7,015,255 |
| | 14-Sep-18 | 907,263 |
| | 20-Sep-18 | 3,843,649 |
| | 20-Sep-18 | 3,472,880 |
| | 20-Sep-18 | 936,319 |
| | 20-Sep-18 | 3,857,862 |
| | 20-Sep-18 | 3,973,522 |
| | 20-Sep-18 | 3,296,102 |
| | 20-Sep-18 | 121,751 |
| | 20-Sep-18 | 938,077 |
| | 20-Sep-18 | 135,033 |
| | 2-Oct-18 | 2,333,360 |
| | 2-Oct-18 | 4,375,051 |
| | 2-Oct-18 | 2,916,701 |
| | 3-Oct-18 | 3,469,518 |
| | 5-Oct-18 | 3,957,942 |
| | 15-Oct-18 | 2,387,605 |
| | 26-Oct-18 | 160,428,222 |
| | 26-Oct-18 | 167,812,046 |
| | 29-Oct-18 | 77,486,501 |
| | 29-Oct-18 | 22,796,753 |
| | 29-Oct-18 | 2,897,168 |
| | 29-Oct-18 | 2,975,997 |
| | 29-Oct-18 | 80,447,477 |
| | 29-Oct-18 | 24,864,386 |
| | 29-Oct-18 | 23,667,862 |
| | 9-Nov-18 | 25,603,448 |
| | 9-Nov-18 | 3,775,927 |
| | 9-Nov-18 | 686,436 |
| | 14-Nov-18 | 3,673,510 |
| | 14-Nov-18 | 1,610,351 |
| | 19-Nov-18 | 120,175,288 |
| | 19-Nov-18 | 35,355,918 |
| | 6-Dec-18 | 13,912,358 |
| | 6-Dec-18 | 137,569 |
| | 6-Dec-18 | 4,593,153 |
| | 6-Dec-18 | 60,968,469 |
| | 6-Dec-18 | 49,994,144 |
| | 10-Dec-18 | 3,017,236 |
| | 10-Dec-18 | 2,577,746 |
| | 10-Dec-18 | 4,750,187 |
| | 10-Dec-18 | 4,761,071 |
| | 10-Dec-18 | 2,170,550 |
| | 10-Dec-18 | 4,944,983 |
| | 10-Dec-18 | 3,053,934 |
| | 13-Dec-18 | 40,912,423 |

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Report and Financial Statements for the year ended 30th June 2019

| Direct Payments | | |
|---------------------------------|---------------------|---------------|
| African Development Bank (AfDB) | Bank Statement Date | Amount (KShs) |
| | 15-Dec-18 | 109,745,966 |
| | 15-Dec-18 | 78,837,745 |
| | 15-Dec-18 | 64,646,951 |
| | 15-Dec-18 | 106,385,435 |
| | 15-Dec-18 | 6,877,590 |
| | 15-Dec-18 | 101,704,476 |
| | 15-Dec-18 | 7,167,042 |
| | 15-Dec-18 | 6,991,242 |
| | 8-Jan-19 | 102,718,282 |
| | 8-Jan-19 | 130,684,837 |
| | 14-Jan-19 | 2,295,750 |
| | 14-Jan-19 | 2,295,750 |
| | 14-Jan-19 | 1,530,500 |
| | 21-Jan-19 | 1,913,125 |
| | 21-Jan-19 | 10,899,571 |
| | 21-Jan-19 | 6,539,765 |
| | 21-Jan-19 | 4,359,807 |
| | 21-Jan-19 | 181,845,012 |
| | 21-Jan-19 | 17,743,885 |
| | 21-Jan-19 | 53,499,330 |
| | 21-Jan-19 | 8,871,943 |
| | 21-Jan-19 | 106,738,118 |
| | 21-Jan-19 | 135,799,132 |
| | 21-Jan-19 | 13,307,969 |
| | 31-Jan-19 | 7,770,483 |
| | 5-Feb-19 | 36,245,155 |
| | 5-Feb-19 | 4,796,471 |
| | 5-Feb-19 | 282,103 |
| | 5-Feb-19 | 120,718,423 |
| | 5-Feb-19 | 2,744,677 |
| | 5-Feb-19 | 45,457,647 |
| | 8-Feb-19 | 790,023 |
| | 8-Feb-19 | 3,932,169 |
| | 14-Feb-19 | 120,658,712 |
| | 14-Feb-19 | 7,067,493 |
| | 14-Feb-19 | 1,722,282 |
| | 14-Feb-19 | 5,548,592 |
| | 14-Feb-19 | 4,486,535 |
| | 14-Feb-19 | 974,208 |
| | 14-Feb-19 | 86,345,566 |
| | 18-Feb-19 | 124,191,931 |
| | 18-Feb-19 | 97,614,858 |
| | 1-Mar-19 | 91,494,917 |
| | 1-Mar-19 | 95,705,944 |
| | 5-Mar-19 | 90,413,517 |
| | 5-Mar-19 | 94,574,767 |
| | 7-Mar-19 | 4,121,822 |

KENYA NATIONAL HIGHWAYS AUTHORITY

Report and Financial Statements for the year ended 30th June 2019

| Direct Payments | | | |
|---------------------------------|---------------------|--|---------------|
| African Development Bank (AfDB) | Bank Statement Date | | Amount (KShs) |
| | 7-Mar-19 | | 135,263 |
| | 11-Mar-19 | | 1,688,860 |
| | 11-Mar-19 | | 6,608,850 |
| | 11-Mar-19 | | 74,823,769 |
| | 11-Mar-19 | | 95,195,635 |
| | 25-Mar-19 | | 4,096,822 |
| | 25-Mar-19 | | 135,777 |
| | 1-Apr-19 | | 27,086,683 |
| | 1-Apr-19 | | 92,068,037 |
| | 1-Apr-19 | | 6,604,422 |
| | 1-Apr-19 | | 1,710,476 |
| | 3-Apr-19 | | 8,534,483 |
| | 4-Apr-19 | | 4,742,309 |
| | 4-Apr-19 | | 500,184 |
| | 11-Apr-19 | | 156,948,183 |
| | 11-Apr-19 | | 123,361,272 |
| | 17-Apr-19 | | 9,656,918 |
| | 17-Apr-19 | | 66,294,638 |
| | 17-Apr-19 | | 56,318,961 |
| | 17-Apr-19 | | 47,455,382 |
| | 17-Apr-19 | | 22,633,999 |
| | 17-Apr-19 | | 8,613,432 |
| | 17-Apr-19 | | 478,414 |
| | 25-Apr-19 | | 236,859,507 |
| | 6-May-19 | | 1,629,426 |
| | 6-May-19 | | 3,491,869 |
| | 6-May-19 | | 5,152,725 |
| | 6-May-19 | | 8,507,359 |
| | 6-May-19 | | 1,748,030 |
| | 6-May-19 | | 123,649 |
| | 6-May-19 | | 7,909,332 |
| | 6-May-19 | | 1,367,570 |
| | 6-May-19 | | 5,034,624 |
| | 6-May-19 | | 5,093,483 |
| | 7-May-19 | | 160,635,766 |
| | 7-May-19 | | 126,259,712 |
| | 16-May-19 | | 19,608,448 |
| | 16-May-19 | | 9,104,842 |
| | 23-May-19 | | 179,608,423 |
| | 23-May-19 | | 231,155,952 |
| | 1-Jun-19 | | 3,923,197 |
| | 4-Jun-19 | | 2,170,550 |
| | 11-Jun-19 | | 112,033,080 |
| | 11-Jun-19 | | 7,190,244 |
| | 11-Jun-19 | | 107,103,625 |
| | 11-Jun-19 | | 26,972,834 |
| | 11-Jun-19 | | 71,052,692 |

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Report and Financial Statements for the year ended 30th June 2019

| African Development Bank (AfDB) | Bank Statement Date | Amount (KShs) |
|--|----------------------------|----------------------|
| | 11-Jun-19 | 134,150,507 |
| | 11-Jun-19 | (105,869,401) |
| | 11-Jun-19 | 105,442,299 |
| | 11-Jun-19 | 105,869,364 |
| | 11-Jun-19 | 9,509,011 |
| | 19-Jun-19 | 70,876,391 |
| | 19-Jun-19 | 58,118,641 |
| | 30-Jun-19 | (26,460,580) |
| | 30-Jun-19 | 3,742,989 |
| | 30-Jun-19 | 76,564,007 |
| | 30-Jun-19 | 49,190,865 |
| | 30-Jun-19 | 40,336,503 |
| | 30-Jun-19 | 905,721 |
| | 30-Jun-19 | (71,052,782) |
| | 30-Jun-19 | 97,409,678 |
| | 30-Jun-19 | 68,006,751 |
| | Total | 7,997,709,722 |
| | | |
| ADfD | | |
| | Bank Statement Date | Amount (KShs) |
| | 19-Jul-18 | 26,829,787 |
| | 19-Jul-18 | 4,734,668 |
| | 1-Aug-18 | 35,361,677 |
| | 1-Aug-18 | 6,240,296 |
| | 26-Sep-18 | 32,608,197 |
| | 3-Oct-18 | 4,375,107 |
| | 3-Oct-18 | 24,792,272 |
| | 1-Nov-18 | 28,767,331 |
| | 1-Nov-18 | 3,547,471 |
| | 1-Nov-18 | 20,102,334 |
| | 21-Nov-18 | 5,076,588 |
| | 14-Jan-19 | 35,127,476 |
| | 14-Jan-19 | 6,198,966 |
| | 15-Jan-19 | 22,735,953 |
| | 15-Jan-19 | 4,012,227 |
| | 8-Feb-19 | 2,346,688 |
| | 8-Feb-19 | 13,297,899 |
| | 11-Mar-19 | 3,237,371 |
| | 11-Mar-19 | 18,345,104 |
| | 6-May-19 | 17,455,201 |
| | 6-May-19 | 3,080,330 |
| | Total | 318,272,942 |
| | | |
| BADEA | | |
| | Bank Statement Date | Amount (KShs) |
| | 19-Jul-18 | 2,950,730 |
| | 19-Jul-18 | 16,720,804 |

KENYA NATIONAL HIGHWAYS AUTHORITY

Report and Financial Statements for the year ended 30th June 2019

| BADEA | Bank Statement Date | Amount (KShs) |
|---------------------------|----------------------------|----------------------|
| | 25-Jul-18 | 23,893,402 |
| | 25-Jul-18 | 4,216,483 |
| | 1-Aug-18 | 22,038,031 |
| | 1-Aug-18 | 3,889,064 |
| | 26-Sep-18 | 20,322,013 |
| | 3-Oct-18 | 15,450,989 |
| | 3-Oct-18 | 2,726,645 |
| | 1-Nov-18 | 2,210,847 |
| | 1-Nov-18 | 12,528,135 |
| | 1-Nov-18 | 17,928,316 |
| | 21-Nov-18 | 3,163,820 |
| | 14-Jan-19 | 21,892,072 |
| | 14-Jan-19 | 3,863,307 |
| | 15-Jan-19 | 2,500,492 |
| | 15-Jan-19 | 14,169,453 |
| | 8-Feb-19 | 8,287,489 |
| | 8-Feb-19 | 1,462,498 |
| | 11-Mar-19 | 2,017,588 |
| | 11-Mar-19 | 11,432,998 |
| | 6-May-19 | 10,878,394 |
| | 6-May-19 | 1,919,717 |
| | Total | 226,463,286 |
| | | |
| EXIM Bank of China | | |
| | Bank Statement Date | Amount (KShs) |
| | 14-Jan-19 | 2,362,267,393 |
| | Total | 2,362,267,393 |
| | | |
| EU | | |
| | Bank Statement Date | Amount (KShs) |
| | 5-Dec-18 | 54,205,760 |
| | 5-Dec-18 | (27,067,933) |
| | 15-Apr-19 | 145,794,240 |
| | Total | 172,932,067 |
| | | |
| IDA | | |
| | Bank Statement Date | Amount (KShs) |
| | 19-Jul-18 | 3,639,906 |
| | 19-Jul-18 | 6,845,272 |
| | 19-Jul-18 | 2,426,463 |
| | 19-Jul-18 | 46,465,248 |
| | 19-Jul-18 | 43,135,646 |
| | 23-Jul-18 | 3,532,110 |
| | 23-Jul-18 | 2,398,168 |
| | 23-Jul-18 | 986,196 |
| | 23-Jul-18 | 350,230 |
| | 23-Jul-18 | 1,299,683 |
| | 23-Jul-18 | 511,266 |

KENYA NATIONAL HIGHWAYS AUTHORITY

Report and Financial Statements for the year ended 30th June 2019

| IDA | Bank Statement Date | Amount (KShs) |
|-----|---------------------|---------------|
| | 23-Jul-18 | 619,481 |
| | 23-Jul-18 | 2,198,901 |
| | 23-Jul-18 | 519,904 |
| | 23-Jul-18 | 47,888,838 |
| | 23-Jul-18 | 23,587,040 |
| | 25-Jul-18 | 3,114,892 |
| | 25-Jul-18 | 3,830,578 |
| | 25-Jul-18 | 3,061,681 |
| | 30-Jul-18 | 7,537,079 |
| | 30-Jul-18 | 3,336,264 |
| | 30-Jul-18 | 7,434,917 |
| | 30-Jul-18 | 3,158,812 |
| | 31-Jul-18 | 55,798,044 |
| | 31-Jul-18 | 3,747,081 |
| | 31-Jul-18 | 69,526,143 |
| | 31-Jul-18 | 97,978,161 |
| | 31-Jul-18 | 13,770,733 |
| | 31-Jul-18 | 5,968,610 |
| | 9-Aug-18 | 2,831,258 |
| | 9-Aug-18 | 2,581,326 |
| | 9-Aug-18 | 3,330,546 |
| | 9-Aug-18 | 4,440,778 |
| | 9-Aug-18 | 5,686,446 |
| | 9-Aug-18 | 7,171,856 |
| | 9-Aug-18 | 7,278,403 |
| | 9-Aug-18 | 4,930,650 |
| | 9-Aug-18 | 5,511,174 |
| | 13-Aug-18 | 69,175,997 |
| | 13-Aug-18 | 94,330,904 |
| | 13-Aug-18 | 141,496,356 |
| | 13-Aug-18 | 63,574,858 |
| | 13-Aug-18 | 60,736,898 |
| | 24-Aug-18 | 89,017,983 |
| | 24-Aug-18 | 71,920,091 |
| | 24-Aug-18 | 74,891,956 |
| | 24-Aug-18 | 44,935,174 |
| | 24-Aug-18 | 3,720,701 |
| | 24-Aug-18 | 4,457,243 |
| | 24-Aug-18 | 8,261,615 |
| | 24-Aug-18 | 8,129,824 |
| | 24-Aug-18 | 8,198,318 |
| | 24-Aug-18 | 3,068,729 |
| | 27-Aug-18 | 189,566,961 |
| | 27-Aug-18 | 44,601,783 |
| | 27-Aug-18 | 58,623,940 |
| | 27-Aug-18 | 21,649,026 |
| | 27-Aug-18 | 15,179,558 |
| | 28-Aug-18 | 169,094,665 |
| | 28-Aug-18 | 128,897,226 |

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Report and Financial Statements for the year ended 30th June 2019

| IDA | Bank Statement Date | Amount (KShs) |
|-----|---------------------|---------------|
| | 29-Aug-18 | 16,465,327 |
| | 29-Aug-18 | 8,099,322 |
| | 29-Aug-18 | 9,436,168 |
| | 29-Aug-18 | 4,643,769 |
| | 29-Aug-18 | 22,685,114 |
| | 1-Sep-18 | (440,000) |
| | 1-Sep-18 | (1,280,000) |
| | 1-Sep-18 | (2,058,000) |
| | 1-Sep-18 | (1,464,000) |
| | 5-Sep-18 | 95,786,902 |
| | 5-Sep-18 | 32,169,063 |
| | 5-Sep-18 | 7,181,405 |
| | 5-Sep-18 | 78,689,667 |
| | 5-Sep-18 | 2,682,530 |
| | 6-Sep-18 | 119,229,701 |
| | 6-Sep-18 | 87,620,841 |
| | 6-Sep-18 | 11,485,268 |
| | 6-Sep-18 | 8,313,256 |
| | 6-Sep-18 | 5,172,520 |
| | 6-Sep-18 | 34,733,756 |
| | 6-Sep-18 | 17,107,671 |
| | 10-Sep-18 | 359,976 |
| | 10-Sep-18 | 169,849,117 |
| | 10-Sep-18 | 158,442,402 |
| | 10-Sep-18 | 4,576,193 |
| | 10-Sep-18 | 359,976 |
| | 10-Sep-18 | 4,576,193 |
| | 10-Sep-18 | 359,976 |
| | 10-Sep-18 | 4,576,193 |
| | 13-Sep-18 | 723,110 |
| | 17-Sep-18 | 2,668,193 |
| | 17-Sep-18 | 4,421,909 |
| | 18-Sep-18 | 24,915,418 |
| | 18-Sep-18 | 33,049,855 |
| | 18-Sep-18 | 2,418,239 |
| | 18-Sep-18 | 2,135,755 |
| | 18-Sep-18 | 65,347,543 |
| | 18-Sep-18 | 66,489,671 |
| | 18-Sep-18 | 9,485,960 |
| | 20-Sep-18 | 5,548,212 |
| | 26-Sep-18 | 96,543,993 |
| | 26-Sep-18 | 105,319,829 |
| | 26-Sep-18 | 59,213,388 |
| | 26-Sep-18 | 2,746,614 |
| | 26-Sep-18 | 56,619,457 |
| | 26-Sep-18 | 20,323,449 |
| | 26-Sep-18 | 15,122,319 |
| | 26-Sep-18 | 54,162,169 |
| | 26-Sep-18 | 18,249,883 |

KENYA NATIONAL HIGHWAYS AUTHORITY

Report and Financial Statements for the year ended 30th June 2019

| IDA | Bank Statement Date | Amount (KShs) |
|-----|---------------------|---------------|
| | 26-Sep-18 | 13,116,893 |
| | 26-Sep-18 | 11,293,073 |
| | 26-Sep-18 | 8,113,029 |
| | 26-Sep-18 | 11,810,127 |
| | 26-Sep-18 | (8,099,127) |
| | 26-Sep-18 | 22,362,472 |
| | 26-Sep-18 | 17,736,428 |
| | 26-Sep-18 | 15,709,170 |
| | 26-Sep-18 | 16,583,420 |
| | 27-Sep-18 | 11,243,114 |
| | 2-Oct-18 | 62,101,578 |
| | 2-Oct-18 | 16,465,553 |
| | 2-Oct-18 | 135,997,403 |
| | 3-Oct-18 | 13,470,286 |
| | 3-Oct-18 | 18,009,303 |
| | 3-Oct-18 | 56,367,306 |
| | 12-Oct-18 | 8,864,282 |
| | 12-Oct-18 | 3,411,130 |
| | 12-Oct-18 | 5,754,569 |
| | 12-Oct-18 | 140,741,945 |
| | 15-Oct-18 | 72,869,210 |
| | 15-Oct-18 | 43,721,526 |
| | 24-Oct-18 | 3,137,332 |
| | 24-Oct-18 | 6,069,902 |
| | 24-Oct-18 | 6,603,104 |
| | 24-Oct-18 | 4,367,616 |
| | 24-Oct-18 | 173,545,842 |
| | 24-Oct-18 | 63,317,334 |
| | 24-Oct-18 | 2,403,438 |
| | 24-Oct-18 | 3,031,375 |
| | 24-Oct-18 | 5,781,757 |
| | 24-Oct-18 | 11,428,718 |
| | 1-Nov-18 | 5,232,654 |
| | 1-Nov-18 | 98,412,264 |
| | 1-Nov-18 | 75,707,236 |
| | 1-Nov-18 | 3,058,670 |
| | 1-Nov-18 | 5,494,592 |
| | 1-Nov-18 | 5,668,083 |
| | 1-Nov-18 | 3,051,266 |
| | 1-Nov-18 | 3,491,508 |
| | 1-Nov-18 | 3,287,079 |
| | 1-Nov-18 | 3,582,377 |
| | 1-Nov-18 | 3,851,112 |
| | 1-Nov-18 | 3,389,922 |
| | 1-Nov-18 | 1,751,930 |
| | 1-Nov-18 | 14,325,333 |
| | 1-Nov-18 | 58,348,946 |
| | 1-Nov-18 | 1,520,853 |
| | 1-Nov-18 | 5,331,636 |

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Report and Financial Statements for the year ended 30th June 2019

| IDA | Bank Statement Date | Amount (KShs) |
|-----|---------------------|---------------|
| | 1-Nov-18 | 6,743,916 |
| | 5-Nov-18 | 6,343,995 |
| | 8-Nov-18 | 50,675,057 |
| | 8-Nov-18 | 52,232,668 |
| | 8-Nov-18 | 12,753,084 |
| | 8-Nov-18 | 7,964,042 |
| | 9-Nov-18 | 22,038,395 |
| | 9-Nov-18 | 19,996,675 |
| | 9-Nov-18 | 57,778,264 |
| | 14-Nov-18 | 89,759,777 |
| | 14-Nov-18 | 53,855,867 |
| | 14-Nov-18 | 4,308,041 |
| | 14-Nov-18 | 6,177,222 |
| | 14-Nov-18 | 5,591,683 |
| | 14-Nov-18 | 2,640,854 |
| | 14-Nov-18 | 14,066,348 |
| | 14-Nov-18 | 16,004,903 |
| | 14-Nov-18 | 30,157,585 |
| | 14-Nov-18 | 21,796,843 |
| | 19-Nov-18 | 3,275,026 |
| | 19-Nov-18 | 58,670,086 |
| | 20-Nov-18 | 2,383,075 |
| | 20-Nov-18 | 9,317,630 |
| | 20-Nov-18 | 5,128,284 |
| | 26-Nov-18 | 3,207,069 |
| | 26-Nov-18 | 6,562,687 |
| | 26-Nov-18 | 5,956,441 |
| | 26-Nov-18 | 5,813,686 |
| | 26-Nov-18 | 3,706,449 |
| | 5-Dec-18 | 4,382,114 |
| | 5-Dec-18 | 189,048,538 |
| | 5-Dec-18 | 7,736,226 |
| | 6-Dec-18 | 6,522,146 |
| | 6-Dec-18 | 62,898,118 |
| | 13-Dec-18 | 9,672,962 |
| | 13-Dec-18 | 12,145,620 |
| | 13-Dec-18 | 40,430,143 |
| | 13-Dec-18 | 44,732,599 |
| | 13-Dec-18 | 74,554,331 |
| | 13-Dec-18 | 13,768,907 |
| | 13-Dec-18 | 3,714,593 |
| | 13-Dec-18 | 170,080,659 |
| | 13-Dec-18 | 150,029,300 |
| | 13-Dec-18 | 50,113,893 |
| | 13-Dec-18 | 17,589,409 |
| | 13-Dec-18 | 12,528,473 |
| | 13-Dec-18 | 96,521,218 |
| | 13-Dec-18 | 4,441,497 |
| | 13-Dec-18 | 91,189,445 |

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Report and Financial Statements for the year ended 30th June 2019

| IDA | Bank Statement Date | Amount (KShs) |
|-----|---------------------|---------------|
| | 13-Dec-18 | 63,238,657 |
| | 13-Dec-18 | 27,767,346 |
| | 13-Dec-18 | 24,440,969 |
| | 13-Dec-18 | 126,483,028 |
| | 15-Dec-18 | 2,688,343 |
| | 15-Dec-18 | 2,181,726 |
| | 15-Dec-18 | 2,511,471 |
| | 17-Dec-18 | 109,474,716 |
| | 17-Dec-18 | 56,895,534 |
| | 17-Dec-18 | 84,487,335 |
| | 17-Dec-18 | 135,715,760 |
| | 19-Dec-18 | 7,844,644 |
| | 19-Dec-18 | 9,014,596 |
| | 19-Dec-18 | 3,011,491 |
| | 19-Dec-18 | 8,638,790 |
| | 8-Jan-19 | 18,611,925 |
| | 8-Jan-19 | 14,889,540 |
| | 8-Jan-19 | 74,389,159 |
| | 8-Jan-19 | 23,495,014 |
| | 8-Jan-19 | 26,235,336 |
| | 8-Jan-19 | 22,776,506 |
| | 8-Jan-19 | 20,515,067 |
| | 8-Jan-19 | 27,057,937 |
| | 14-Jan-19 | 233,565,887 |
| | 14-Jan-19 | 12,252,527 |
| | 14-Jan-19 | 5,899,775 |
| | 14-Jan-19 | 169,359,092 |
| | 14-Jan-19 | 66,325,358 |
| | 14-Jan-19 | 9,087,272 |
| | 14-Jan-19 | 5,393,789 |
| | 21-Jan-19 | 27,866,713 |
| | 21-Jan-19 | 22,519,230 |
| | 21-Jan-19 | 4,340,012 |
| | 21-Jan-19 | 117,964,255 |
| | 21-Jan-19 | 3,331,617 |
| | 21-Jan-19 | 142,861,924 |
| | 21-Jan-19 | 203,024,455 |
| | 21-Jan-19 | 7,652,794 |
| | 21-Jan-19 | 3,003,513 |
| | 21-Jan-19 | 178,762,331 |
| | 21-Jan-19 | 21,373,423 |
| | 21-Jan-19 | 19,172,631 |
| | 24-Jan-19 | 24,261,469 |
| | 24-Jan-19 | 48,446,456 |
| | 24-Jan-19 | 26,338,603 |
| | 24-Jan-19 | 41,959,149 |
| | 30-Jan-19 | 30,178,125 |
| | 30-Jan-19 | 138,897,152 |
| | 30-Jan-19 | 112,195,532 |

KENYA NATIONAL HIGHWAYS AUTHORITY

Report and Financial Statements for the year ended 30th June 2019

| IDA | Bank Statement Date | Amount (KShs) |
|-----|---------------------|---------------|
| | 30-Jan-19 | 2,393,094 |
| | 30-Jan-19 | 9,173,952 |
| | 31-Jan-19 | 3,988,590 |
| | 5-Feb-19 | 2,420,456 |
| | 5-Feb-19 | 5,964,945 |
| | 8-Feb-19 | 47,963,138 |
| | 8-Feb-19 | 7,803,772 |
| | 8-Feb-19 | 31,747,249 |
| | 8-Feb-19 | 9,716,496 |
| | 8-Feb-19 | 6,602,430 |
| | 8-Feb-19 | 3,721,960 |
| | 8-Feb-19 | 4,719,422 |
| | 8-Feb-19 | 5,003,621 |
| | 14-Feb-19 | 143,999,450 |
| | 14-Feb-19 | 8,647,697 |
| | 14-Feb-19 | 8,708,585 |
| | 14-Feb-19 | 5,178,050 |
| | 18-Feb-19 | 4,369,523 |
| | 20-Feb-19 | 145,589,229 |
| | 20-Feb-19 | 66,478,840 |
| | 20-Feb-19 | 94,267,238 |
| | 20-Feb-19 | 60,729,469 |
| | 20-Feb-19 | 58,367,802 |
| | 1-Mar-19 | (5,862,978) |
| | 1-Mar-19 | 5,826,978 |
| | 1-Mar-19 | 3,237,963 |
| | 1-Mar-19 | 3,782,223 |
| | 11-Mar-19 | 11,187,274 |
| | 11-Mar-19 | 9,139,628 |
| | 11-Mar-19 | 8,896,627 |
| | 11-Mar-19 | 16,564,925 |
| | 11-Mar-19 | 216,299,520 |
| | 11-Mar-19 | 8,551,532 |
| | 20-Mar-19 | 4,357,738 |
| | 20-Mar-19 | 8,010,676 |
| | 20-Mar-19 | 2,782,822 |
| | 27-Mar-19 | 156,029,610 |
| | 27-Mar-19 | 100,445,811 |
| | 27-Mar-19 | 5,182,226 |
| | 28-Mar-19 | 12,439,295 |
| | 1-Apr-19 | (66,478,840) |
| | 1-Apr-19 | 78,764,886 |
| | 1-Apr-19 | 3,708,468 |
| | 1-Apr-19 | 7,550,366 |
| | 1-Apr-19 | 14,331,638 |
| | 4-Apr-19 | 71,643,541 |
| | 4-Apr-19 | 3,613,764 |
| | 8-Apr-19 | 53,926,272 |
| | 11-Apr-19 | 4,768,177 |

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Report and Financial Statements for the year ended 30th June 2019

| IDA | Bank Statement Date | Amount (KShs) |
|------|---------------------|-----------------------|
| | 17-Apr-19 | 15,578,761 |
| | 17-Apr-19 | 6,862,464 |
| | 17-Apr-19 | 123,390,388 |
| | 17-Apr-19 | 151,970,374 |
| | 17-Apr-19 | 99,768,391 |
| | 17-Apr-19 | 8,267,539 |
| | 17-Apr-19 | 7,685,013 |
| | 17-Apr-19 | 2,985,897 |
| | 17-Apr-19 | 1,902,857 |
| | 17-Apr-19 | 251,549,750 |
| | 30-Apr-19 | 398,704 |
| | 6-May-19 | 4,047,968 |
| | 6-May-19 | 8,170,749 |
| | 6-May-19 | 3,843,341 |
| | 6-May-19 | 5,979,391 |
| | 16-May-19 | 6,858,345 |
| | 16-May-19 | 200,594,358 |
| | 16-May-19 | 12,590,527 |
| | 11-Jun-19 | 8,285,317 |
| | 11-Jun-19 | 5,952,823 |
| | 19-Jun-19 | 12,686,814 |
| | 20-Jun-19 | 137,708,336 |
| | 20-Jun-19 | 8,650,482 |
| | 20-Jun-19 | 14,336,151 |
| | 20-Jun-19 | 38,787,930 |
| | 27-Jun-19 | 12,146,030 |
| | 27-Jun-19 | (12,065,249) |
| | 30-Jun-19 | 45,073,596 |
| | 30-Jun-19 | 64,506,502 |
| | 30-Jun-19 | 4,272,434 |
| | Total | 11,644,104,381 |
| | | |
| JICA | Bank Statement Date | Amount (KShs) |
| | 30-Jul-18 | 10,318,998 |
| | 30-Jul-18 | 8,513,407 |
| | 30-Jul-18 | 9,128,153 |
| | 30-Jul-18 | 8,982,456 |
| | 9-Aug-18 | 9,356,204 |
| | 9-Aug-18 | 11,070,497 |
| | 1-Sep-18 | 300,000 |
| | 26-Sep-18 | 163,525,762 |
| | 26-Sep-18 | 24,935,841 |
| | 26-Sep-18 | 33,939,418 |
| | 2-Oct-18 | 209,451,120 |
| | 29-Oct-18 | 32,230,585 |
| | 1-Nov-18 | 17,659,659 |
| | 1-Nov-18 | 9,704,011 |

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Report and Financial Statements for the year ended 30th June 2019

| JICA | Bank Statement Date | Amount (KShs) |
|--------|---------------------|----------------------|
| | 1-Nov-18 | 12,165,458 |
| | 1-Nov-18 | 10,829,739 |
| | 1-Nov-18 | 12,066,377 |
| | 1-Nov-18 | 8,660,195 |
| | 5-Nov-18 | 7,680,959 |
| | 5-Nov-18 | 14,715,593 |
| | 8-Jan-19 | 405,456,987 |
| | 14-Jan-19 | 8,182,534 |
| | 14-Jan-19 | 54,284,705 |
| | 21-Jan-19 | 5,151,363 |
| | 21-Jan-19 | 8,361,758 |
| | 13-Feb-19 | 1,532,756 |
| | 13-Feb-19 | 1,176,240 |
| | 6-May-19 | 2,604,912 |
| | 6-May-19 | 2,063,338 |
| | 16-May-19 | 7,291,946 |
| | 16-May-19 | 8,681,773 |
| | 11-Jun-19 | 5,941,381 |
| | 11-Jun-19 | 1,914,892 |
| | 19-Jun-19 | 370,876,443 |
| | 20-Jun-19 | 7,121,804 |
| | 20-Jun-19 | 9,375,435 |
| | Total | 1,515,252,700 |
| | | |
| KFW | Bank Statement Date | Amount (KShs) |
| | 1-Aug-18 | 48,013,140 |
| | 1-Aug-18 | 8,472,907 |
| | 7-Aug-18 | 5,852,483 |
| | 7-Aug-18 | 5,852,483 |
| | 2-Oct-18 | 56,306,596 |
| | Total | 124,497,609 |
| | | |
| KUWAIT | Bank Statement Date | Amount (KShs) |
| | 19-Jul-18 | 36,428,767 |
| | 19-Jul-18 | 6,428,606 |
| | 25-Jul-18 | 9,186,237 |
| | 25-Jul-18 | 52,055,342 |
| | 30-Jul-18 | 5,852,483 |
| | 30-Jul-18 | 5,734,228 |
| | 30-Jul-18 | 6,035,997 |
| | 30-Jul-18 | 32,493,960 |
| | 29-Aug-18 | 5,852,483 |
| | 26-Sep-18 | 44,274,537 |
| | 3-Oct-18 | 5,940,403 |
| | 3-Oct-18 | 33,662,284 |
| | 1-Nov-18 | 27,294,411 |
| | 1-Nov-18 | 4,816,661 |

KENYA NATIONAL HIGHWAYS AUTHORITY

Report and Financial Statements for the year ended 30th June 2019

| KUWAIT | | Bank Statement Date | Amount (KShs) |
|--------|--|---------------------|--------------------|
| | | 20-Nov-18 | 6,411,307 |
| | | 21-Nov-18 | 39,059,512 |
| | | 21-Nov-18 | 6,892,855 |
| | | 5-Dec-18 | 6,481,923 |
| | | 5-Dec-18 | 5,852,483 |
| | | 14-Jan-19 | 5,852,483 |
| | | 14-Jan-19 | 8,416,791 |
| | | 14-Jan-19 | 47,695,147 |
| | | 15-Jan-19 | 30,870,269 |
| | | 15-Jan-19 | 5,447,694 |
| | | 5-Feb-19 | 5,852,483 |
| | | 8-Feb-19 | 3,186,270 |
| | | 8-Feb-19 | 18,055,531 |
| | | 11-Mar-19 | 4,395,616 |
| | | 11-Mar-19 | 24,908,492 |
| | | 6-May-19 | 4,182,389 |
| | | 6-May-19 | 23,700,205 |
| | | 19-Jun-19 | 11,000,933 |
| | | 19-Jun-19 | 62,338,619 |
| | | Total | 596,657,403 |
| OPEC | | | |
| | | Bank Statement Date | Amount (KShs) |
| | | 19-Jul-18 | 25,390,850 |
| | | 19-Jul-18 | 4,480,738 |
| | | 25-Jul-18 | 6,402,807 |
| | | 25-Jul-18 | 36,282,573 |
| | | 30-Jul-18 | 3,996,757 |
| | | 30-Jul-18 | 22,648,290 |
| | | 1-Aug-18 | 5,905,616 |
| | | 1-Aug-18 | 33,465,158 |
| | | 26-Sep-18 | 30,859,352 |
| | | 3-Oct-18 | 23,462,612 |
| | | 3-Oct-18 | 4,140,461 |
| | | 1-Nov-18 | 19,024,205 |
| | | 1-Nov-18 | 3,357,213 |
| | | 21-Nov-18 | 4,804,320 |
| | | 21-Nov-18 | 27,224,480 |
| | | 14-Jan-19 | 33,243,517 |
| | | 14-Jan-19 | 5,866,503 |
| | | 15-Jan-19 | 21,516,577 |
| | | 15-Jan-19 | 3,797,043 |
| | | 8-Feb-19 | 2,220,830 |
| | | 8-Feb-19 | 12,584,705 |
| | | 11-Mar-19 | 3,063,745 |
| | | 11-Mar-19 | 17,361,219 |
| | | 6-May-19 | 16,519,043 |
| | | 6-May-19 | 2,915,125 |
| | | Total | 370,533,740 |

KENYA NATIONAL HIGHWAYS AUTHORITY

Report and Financial Statements for the year ended 30th June 2019

| | | | |
|-----------|-----------------------|----------------------------|-----------------------|
| | SAUDI | | |
| | | Bank Statement Date | Amount (KShs) |
| | | 19-Jul-18 | 5,621,816 |
| | | 19-Jul-18 | 31,856,957 |
| | | 25-Jul-18 | 28,415,968 |
| | | 25-Jul-18 | 8,033,364 |
| | | 25-Jul-18 | 45,522,396 |
| | | 30-Jul-18 | 5,014,583 |
| | | 1-Aug-18 | 41,987,491 |
| | | 1-Aug-18 | 7,409,557 |
| | | 26-Sep-18 | 38,718,083 |
| | | 3-Oct-18 | 29,437,667 |
| | | 3-Oct-18 | 5,194,883 |
| | | 1-Nov-18 | 23,868,962 |
| | | 1-Nov-18 | 4,212,170 |
| | | 21-Nov-18 | 6,027,802 |
| | | 21-Nov-18 | 34,157,544 |
| | | 14-Jan-19 | 7,360,483 |
| | | 14-Jan-19 | 41,709,406 |
| | | 15-Jan-19 | 26,996,049 |
| | | 15-Jan-19 | 4,764,009 |
| | | 8-Feb-19 | 15,789,562 |
| | | 8-Feb-19 | 2,786,393 |
| | | 11-Mar-19 | 3,843,966 |
| | | 11-Mar-19 | 21,782,476 |
| | | 6-May-19 | 3,657,499 |
| | | 6-May-19 | 20,725,829 |
| | | 19-Jun-19 | 9,620,316 |
| | | 19-Jun-19 | 54,515,122 |
| | | Total | 529,030,353 |
| d. | Donor Receipts | | |
| | IDA | Bank Statement Date | Amount (KShs) |
| | | 11-Oct-18 | 25,907,075 |
| | | 11-Oct-18 | 108,874,105 |
| | | 24-Dec-18 | 27,000,000 |
| | | 24-Dec-18 | 160,367,063 |
| | | 25-Mar-19 | 109,973,840 |
| | | 24-Jan-19 | 30,652,820 |
| | | 24-Jan-19 | 120,000,000 |
| | | 25-Mar-19 | 425,983,040 |
| | | 13-May-19 | 26,302,152 |
| | | 18-Oct-18 | 122,621,015 |
| | | 29-Oct-18 | 157,577,508 |
| | | Total | 1,315,258,618 |
| | C +D | GRAND TOTAL | 27,172,980,213 |

KENYA NATIONAL HIGHWAYS AUTHORITY

Report and Financial Statements for the year ended 30th June 2019

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

CPA. James Bowen
Director Corporate Services

Sign -----

30th

-----September 2019

CPA. Chanje Kera
Deputy Director (Finance & Accounts)

Sign -----

30th

-----September 2019

