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OFFICE OF THE AUDITOR-GENERAL

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

THE NATIONAL ASSEMBLY  
PAPERS LAID  
ON: 05 DEC 2024  
TABLED BY: DAY.

**MULTINATIONAL KENYA TANZANIA  
POWER INTERCONNECTION PROJECT  
(KENYA COMPONENT)  
(ADF LOAN NO.2100150032846)**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

**KENYA ELECTRICITY TRANSMISSION  
COMPANY LIMITED**



**THE KENYA TANZANIA POWER INTERCONNECTION PROJECT - (KENYAN COMPONENT)**

**KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED**

**PROJECT GRANT/CREDIT NUMBER: ADF LOAN NO: 2100150032846**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30 JUNE, 2024**

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

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

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**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
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**1. ACRONYMS AND GLOSSARY OF TERMS**

ADF	African Development Fund
EUR	Euro
GAAP	Generally Accepted Accounting Principles
GOK	Government of Kenya
HVDC	High Voltage Direct Current
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
KETRACO	Kenya Electricity Transmission Company
KTPIP	Kenya Tanzania Power Interconnection Project
NCPE	North China Power Engineering Company
kV	Kilovolts
PFSs	Project Financial Statements
RAP	Resettlement Action Plan
SORP	Statement of Receipts and Payments
UA	Units of Account
UAC	Unit of Currency
US	United States Dollar
OGW	Order of Grand Warrior

## **2. PROJECT INFORMATION AND OVERALL PERFORMANCE**

### **2.1 Name and registered office**

#### **Name**

The project's official name is The Kenya Tanzania Power Interconnection Project (Kenyan Component).

#### **Objective**

The key objective of the project is to contribute to the delivery of adequate and reliable power supply which will catalyse the growth and competitiveness of the rural economy and the development of social institutions such as schools and hospitals.

#### **Address**

The project headquarters offices are in Nairobi, Nairobi County, Kenya.

The address of its registered office is:

Kenya Tanzania Power Interconnection Project (Kenyan Component)

Block B, Kawi House

Off Red Cross Road, South C

P. O. Box 34942 – 00100 Nairobi

**Contacts:** The following are the project contacts

Telephone: (+254) 20 – 4956000

E-mail: [info@ketraco.co.ke](mailto:info@ketraco.co.ke)

Website: [www.ketraco.co.ke](http://www.ketraco.co.ke)

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.2 Project Information**

<b>Project Start Date:</b>	The project start date is 14 February 2017
<b>Project End Date:</b>	The project end date is 31 May 2024
<b>Project Manager:</b>	The project manager is Engineer Ruth Mburu
<b>Project Sponsor:</b>	The project sponsors are Government of Kenya and African Development Fund (ADF)

**2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Kenya Electricity Transmission Company Limited, a state corporation under the State Department of Energy
Project number	P-Z1-FA0-086ADF, LOAN NO: 2100150032846
Strategic goals of the project	The strategic goals of the project are as follows: (i) To contribute to the delivery of adequate and reliable power supply. (ii) To improve the affordability of electricity in the East Africa region through cross-border exchanges of cheap and cleaner surplus power from neighbouring countries. (iii) To Provide a link with the neighbouring countries in order to facilitate power exchange and develop electricity trade in the region.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: Planning, designing, building and maintaining a new electricity transmission line.
Other important background information of the project	The project is implemented by Kenya Electricity Transmission Company Limited (KETRACO) which was incorporated on 2 December 2008 and registered under the Companies Act, Cap 486 pursuant to Sessional Paper No. 4 of 2004 on Energy. The Company was established to develop new high voltage electricity transmission infrastructure that will form the backbone of the National Transmission Grid, in line with Kenya Vision 2030. Its core business is to plan, design, build and maintain new electricity transmission lines and associated substations. These new lines will include 132kV, 220kV, 400kV and 500kV High Voltage Direct Current (HVDC). In carrying out this mandate, the Company is expected to develop a new and robust grid system in order to: i) Improve quality and reliability of electricity supply throughout the country; ii) Transmit electricity to areas that are currently not supplied from the national grid; iii) Evacuate power from planned generation plants; and iv) Provide a link with the neighbouring countries in order to facilitate power exchange and develop electricity trade in the region.  The project is being financed by African Development Fund (ADF) and the Government of Kenya through the Ministry of Energy and The National Treasury.  As the owner of the project, KETRACO provides the organizational set up for the activities, qualified staff and basic office infrastructure for efficient execution of the project.

**Kenya Tanzania Power Interconnection Project (Kenyan Component)  
Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.3 Project Overview (continued)**

<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <p>(i) Inadequate and unreliable power supply.</p> <p><b>Key Data: Kenya Tanzania Power Interconnection Project Lot K1 (Isinya-Namanga).</b></p> <p>Scope: Design, manufacture, supply, civil work, erection, testing and commissioning of 400kV double circuit overhead HVAC transmission line Contractor: North China Power Engineering Company (NCPE) Contract No: KETRACO/PT017/2014 Contract Award Date: 18 October 2016 Contract Effective Date: 14 February 2017 Original Contract Price: US\$ 22,428,704 plus KShs 439,444,244 Contract Completion Date: Twenty-two (22) months from Contract effective date.</p> <p>The scope comprises:</p> <p><b>a. Transmission lines:</b> Construction of a 400kV 510km Transmission line (TL) 510kms double circuit between Tanzania (414km) and Kenya(96km)</p> <p><b>b. Substations:</b> It includes the construction of a 400kV substation in Arusha and extension of Singida substation in Tanzania and the construction of 400kV substation at Isinya in Kenya (Component A4 - System Reinforcement financed by World Bank).</p> <p><b>c. Rural Electrification:</b> 80km of 33kv lines and LV system and customer connections along the 400kV TL in Tanzania and Rural Electrification, consisting of 147km of 33kV line, 34 transformers and connection to customers in Kenya</p> <p><b>d. Consultancy services for studies:</b> Interconnection Tariff Study and The Feasibility study for the 2nd Interconnection between Kenya and Tanzania (Menengai – Mwanza)</p> <p><b>Engineering Services for Kenya Tanzania Power Interconnection Project Lot K1 (Isinya-Namanga).</b></p> <p><b>Key contractual data</b></p> <p>Scope: Project Supervision and Management Consultant: M/s Intec GOPA International Energy Consultants of Germany. Contract No: KETRACO/PT/016/2014-PA/001/2015/HQ/C/024 Contract Signed On: 09 May 2016 Contract Price: EUR 2,024,137.50 and KShs 16,262,400 Contract Completion: 24 months from contract effective date</p>
<p>Project duration</p>	<p>The project started on 14 February 2017. Construction works were completed on 31 May 2024.</p> <p>Pre-construction costs amounting to KShs 22,904,446 was incurred in the financial year 2015/2016.</p>



**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.4 Bankers**

Below is the bank for the current year.

Kenya Commercial Bank Limited  
 Moi Avenue  
 P. O. Box 30081 – 00100  
 Nairobi

**2.5 Independent Auditors**

The project is audited by;

Principal Auditor:  
 Auditor General  
 Office of the Auditor-General  
 Anniversary Towers, University Way  
 P. O. Box 30084  
 Nairobi.

**2.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Dr. Eng. John Mativo, MBS	Managing Director	Doctorate (PhD) degree in Civil Engineering from Tokyo Metropolitan University (Japan), a Master's degree in Structural Engineering from Tongji University (China), and a Bachelor's degree in Civil Engineering from the University of Nairobi.	Managing Director
Eng. CPA. Antony Wamukota, OGW	General Manager, Design and Construction	Bachelor's degree in civil engineering; CPA final. He is registered by the Engineers Board of Kenya (EBK) as a professional engineer. Member of the Institution of Engineers of Kenya (IEK).	Project coordinator
Tom Imbo	General Manager Finance	Masters Business Administration, Bachelor of Education, Certified Public Accountant	Project reporting
Johnson Muthoka	Senior Manager Wayleaves	BA Land Econ (Hons), Master of Arts (urban and regional planning (University of Nairobi), Full member of Institute of Survey of Kenya, registered and Licensed land economist	Wayleaves Acquisition (Land Economists, Land surveyors, Social Economists, Environmental Experts)
Eng. Ruth Mburu	Project Manager	Bachelor's Degree in Civil Engineering	Project Manager

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.7 Funding summary**

The Project financing is for duration of 9 years from 2015 to 2024 with an approved budget of ADF funding amounting to UA. 27,500,000 equivalent to KShs. 4,740,147,500 (translated at 30 June 2024 at the rate of **1UA=KShs 172.369**) and cumulative counterpart funding of KShs. 2,224,379,106 as highlighted in the table below:

**2.7.A Source of Funds**

Source of funds	Donor Commitment-		Amount received to date (30.6.2024)		Undrawn balance to date:	
					(30.6.2024)	
	<i>Donor currency(UAC)</i>	<i>Kshs Equivaqlent(Million)</i>	<i>Donor currency(UAC)</i>	<i>Kshs Equivaqlent(Million)</i>	<i>Donor currency(UAC)</i>	<i>Kshs Equivaqlent(Million)</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant/Loan</b>						
ADB Loan No.2100150032846	27,500,000	4,740,147,500	23,364,213	3,580,309,344	4,135,787	-
<b>(ii) Counterpart funds</b>						
Government of Kenya		1,641,920,543		1,641,920,543		-
Ketraco Funding		409,486,412		409,486,412		
Transfer From Ketraco		177,845,092		177,845,092		
<b>Total</b>	<b>27,500,000</b>	<b>6,969,399,547</b>	<b>23,364,213</b>	<b>5,809,561,391</b>	<b>4,135,787</b>	<b>-</b>

**2.7.B Application of Funds**

Source of funds	Amount received to date (30.6.2024)		Undrawn balance to date:	
			(30.6.2024)	
	<i>Donor currency(UAC)</i>	<i>Kshs Equivaqlent(Million)</i>	<i>Donor currency(UAC)</i>	<i>Kshs Equivaqlent(Million)</i>
	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant/Loan</b>				
ADB Loan No.2100150032846	23,364,213	3,580,309,344	4,135,787	-
<b>(ii) Counterpart funds</b>				
Government of Kenya		1,641,920,543		-
Ketraco Funding		409,486,412		
Transfer From Ketraco		177,845,092		
<b>Total</b>	<b>23,364,213</b>	<b>5,809,561,391</b>	<b>4,135,787</b>	<b>-</b>

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.8 Summary of Overall Project Performance:**

- i) During the year under review, the project received KShs 791,994,786 against a final budget of KShs 1,418,337,662 representing 56% budget utilization. The project's cumulative receipts and payments to-date amount to KShs 5,809,561,391 and KShs 5,809,561,391 respectively.
- ii) Physical progress based on outputs, outcomes and impacts since project commencement.

**Kenya Tanzania Power Interconnection Project Lot K1**

Contract effective 14 February 2017:

- The overall implementation status of this project as at 30 June 2024 was at 100% .
  - Transmission line **Lot K1** is effective and show an overall progress of 100% as compared to a planned progress of 100%;
  - Rural Electrification **Lot K2** is effective and show an overall progress of 100% compared to a planned progress of 100%;
- Isinya 400Kv substation 100% complete.

Subject	Weight	Planned	Ac-tual	Comment
Design	5%	100%	100%	Milestone achieved.
Supply of equipment and material	60%	100%	100%	Milestone achieved.
Civil works foundations	15%	100%	100%	Milestone achieved.
	80%			
Tower erection works	10%	100%	100%	Milestone achieved.
Conductor, earthwire and OPGW stringing works	8%	100%	100%	Milestone achieved.
Line testing and commissioning works	2%	-	100%	Milestone achieved.
<b>Total progress</b>	<b>100%</b>		<b>100%</b>	

- iii) Absorption rate for each year since the commencement of the project;

FINANCIAL YEAR	% of variance
2023/24	56%
2022/23	78%
2020/22	64%
2020/21	105%
2019/20	72%
2018/19	79%
2017/18	12%
2016/17	17%

- iv) Implementation Challenges

Implementation of the project has delayed due to insufficient GOK Counterpart budget allocation and delays in disbursement of allocated GOK counterpart funds.

**2.9 Summary of Project Compliance:**

The project reporting has complied with the applicable laws and regulations, and essential external financing agreements/covenants.

**Kenya Tanzania Power Interconnection Project (Kenyan Component)  
Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objective of the project is to:

- Contribute to the delivery of adequate and reliable power supply which will catalyse the growth and competitiveness of the rural economy and the development of social institutions such as schools and hospitals.

**Progress on attainment of Strategic development objectives**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bund (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
The Kenya Tanzania Project	The ultimate development objective of the project is to improve the supply, reliability and affordability of electricity in the Eastern Africa region through cross-border exchange of cheap and cleaner sur-plus power from neighbouring countries. the project will help to improve the supply of electricity in Tanzania in the short to medium term with imports from Ethiopia.	Project Ongoing.	Number of substations and transmission lines complete.	Overall Project status is at 100%

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Kenya Electricity Transmission Company Limited (KETRACO) has the obligation to plan, design, construct, own, operate and maintain the country's high voltage electricity grid and regional power interconnectors. This primary objective must, however, be twinned with positive impacts to societies that such businesses operate in. These positive impacts include creation of employment opportunities, provision of goods and services, contribution to the economy by paying taxes, contributing towards development of infrastructure and improvement of quality of life for the people.

KETRACO, being an obliging and proactive company, has mainstreamed corporate social responsibility (CSR) in its operations. Beyond grid matters, the company has expanded its jurisdiction to improve the well-being of humanity and impact society to be better.

This deliberate move is necessary because it is the society that gives us a "license to operate" and their goodwill is necessary for continued security and room to operate long after our transmission projects construction is over.

Below is an outline of the organisation's policies and activities that promote sustainability.

**1. Sustainability strategy and profile**

KETRACO ensured that its operations were carried out professionally and in humane manner, considering that construction of transmission projects involves acquisition of land for substations and wayleaves access for the lines. This necessitates compensation and at times resettlement of the Projects Affected Persons (PAPs) hence the need to expedite the process harmoniously. In addition, KETRACO actively participated in several engagements with various stakeholders towards improving their quality of life which translates into creating a better society.

This was evident in key areas such as education, health and environmental conservation. In addition, KETRACO offered youth internship opportunities to fresh graduates and industrial attachments to ongoing University students for the purpose of transferring skills and future career preparation.

**2. Environmental performance**

KETRACO's environmental and social impact assessment plans are anchored on environmental laws, regulations, standards and best practices. The Company ensures compliance with all relevant national and international environmental and other statutory regulatory provisions that apply to its projects to ensure sound environmental management practice. The Company undertakes annual environmental audits and has valid permits and licenses for its operations. The Company is guided by the following environmental and social management laws and regulations in its execution of its projects:

The Environmental Management and Coordination Act, Cap 387; The Environmental Impact (Assessment and Auditing) Regulations, 2003; Environmental Management and Coordination (Environmental Impact Assessment and Audit) Regulations, 2003; Environmental Management and Coordination (Water Quality) Regulations of 2006; Environmental Management and Coordination (Waste Management) Regulations of 2006 ; Environmental Management and Co-ordination (Controlled Substances) Regulations, 2007; The Environmental Management and Co-ordination (Conservation of biological diversity and resources, and access to genetic resources and benefits sharing) Regulations, 2006; The Environmental Management and Coordination (Wetlands, Riverbanks, Lakeshores and seashores management ) Regulations, 2009; Environmental Management and Coordination (Noise and Excessive Vibration Pollution Control) Regulations, 2009; Environmental Management and Coordination (Air Quality) Regulations, 2008; Occupational Safety and Health Act (OSHA 2007) ; Wildlife Management and Conservation Act, 2013; Forest Act 2015; Public Health Act (Cap. 242) 36; The Environment and Land Court Act, 2011; Water Act, 2002.

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

### **3. Employee welfare**

During the period, KETRACO undertook a skill gap analysis exercise and submitted a report detailing priority training needs to the Human Resource Advisory Committee for consideration. Several staff members were trained in various identified areas.

In addition, the Company achieved the following in regard to employee welfare;

- (i) KETRACO deployed Azure Multifactor Authentication to all users in the organisation to mitigate against technological hazards. This is to provide an extra layer of security to minimize unauthorised log-ins in KETRACO network. 110 Critical Infrastructure Protection Unit (CIPU) officers were deployed on various substations.
- (ii) A nine-member gender mainstreaming committee was reconstituted and trained in the year. The gender policy was finalized and submitted to the Ministry of Energy and State Department for Gender for review, and later circulated to staff. Staff were also sensitized on gender mainstreaming.
- (iii) KETRACO staff attended an online sensitization on disability mainstreaming conducted by National Council for Persons with Disability (NCPWD). National Council for Persons with Disability (NCPWD) undertook an accessibility and usability audit of KETRACO HQ offices.
- (iv) In the year, an alcohol and drug abuse policy was developed, approved by the Board of Directors and circulated to staff. About 100 Employees were sensitized online on the findings of a baseline survey that was undertaken in the previous financial year by the Alcohol and Drug Abuse prevention committee. In addition, 7 committee members were trained on workplace-based prevention measures
- (v) The company drafted a road safety policy and circulated it to all staff. Road safety committee was reconstituted with the appointment of 10 members. In addition, 20 drivers were trained on defensive driving by the AA of Kenya.

### **4. Market place practices**

KETRACO continues to comply with the Treasury Circular No. 09/2015 on creation of the Government Advertising Agency (GAA) to coordinate public sector advertising; and Office of the President Circular No. OP/CAB.58/4A on establishment of MyGov publication. In addition, we are guided by the Company's core values and endeavour to responsibly update our stakeholders on our mandate through various Information, Education and Communication (IEC) materials published in print, broadcast and / or electronic media.

On matters procurement, we endeavour to comply with 30% of access to government procurement opportunities (AGPO) requirement by ensuring that youth, women and persons with disabilities supplied goods and services. Further, KETRACO complied with 40% Government requirement on local content procurement where goods and services were procured locally by the Company. These procurement opportunities have created diverse financial benefits for the special groups as well as enhancing the KETRACO corporate image and reputation.

During this Financial Year the Company revised its integrity and ethics instruments namely: Corruption and Fraud Prevention Policies, Whistle Blowing Policy and the Gifts and Benefit policy. A sensitization exercise was conducted via Microsoft teams to all staff to enlighten them on the need to promote an ethical culture within and outside the organisation. The policies were also uploaded to the companies SharePoint for ease of reference on any matter of interest. These policies shall also be uploaded to the Company's website for public viewing and reference.

As part of the signed performance contract on corruption prevention the company updated the Corruption Risk Assessment and mitigation plan which is shared with the Ethics and Anti-Corruption Commission (EACC). On a quarterly basis the corruption prevention committee held update meetings and reported on implementation status with supporting documents to EACC.

On a continuous basis the corruption reporting channels remain operational for use by all. They include a dedicated email address and phone number all uploaded in the Company website. The Company has also installed corruption reporting boxes on each floor at its headquarters in KAWI House.

The Company continued implementing corruption prevention measures as identified in the corruption risk assessment and mitigation plan. In addition, Integrity Committee quarterly meetings were held and quarterly reports of the corruption risk assessment reports and the implementation of the mitigation plans were prepared and submitted to EACC.

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Chief Executive Officer of KETRACO and the Project Coordinator for The Kenya Tanzania Power Interconnection Project (Kenyan Component) are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2024.

This responsibility includes (i) Maintaining adequate financial management arrangement 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 project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the project; (v) Selecting and applying appropriate accounting policies; and (v) Making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer of KETRACO and the Project Coordinator for The Kenya Tanzania Power Interconnection Project (Kenyan Component) accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Chief Executive Officer of KETRACO and the Project Coordinator for The Kenya Tanzania Power Interconnection Project (Kenyan Component) are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date. The Chief Executive Officer of KETRACO and the Project Coordinator for The Kenya Tanzania Power Interconnection Project (Kenyan Component) further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Chief Executive Officer of KETRACO and the Project Coordinator for The Kenya Tanzania Power Interconnection Project (Kenyan Component) that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Chief Executive Officer of KETRACO and the Project Coordinator for The Kenya Tanzania Power Interconnection Project (Kenyan Component) on 30/6 2024 and signed by them.



Chief Executive Officer  
DR. (Eng.) John Mativo, MBS



Project Coordinator  
ENG. (CPA) Antony Wamukota,  
OGW



General Manager - Finance  
CPA Tom Imbo  
ICPAK Member Number: 7039

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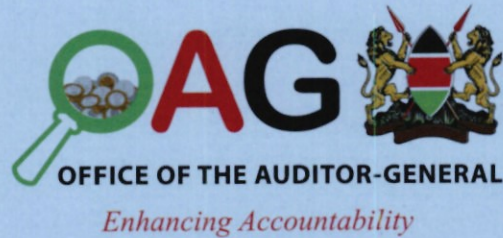
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# REPUBLIC OF KENYA

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HEADQUARTERS  
Anniversary Towers  
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P.O Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON MULTINATIONAL KENYA TANZANIA POWER INTERCONNECTION PROJECT (KENYA COMPONENT) (ADF LOAN NO.2100150032846) FOR THE YEAR ENDED 30 JUNE, 2024-KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED

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### PREAMBLE

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

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

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

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

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*Report of the Auditor-General on Multinational Kenya Tanzania Power Interconnection Project (Kenya Component)  
(Adf Loan No.2100150032846) for the year ended 30 June, 2024-Kenya Electricity Transmission Company Limited*

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of Kenya Tanzania Power Interconnection Project-(Kenya Component) ADF Loan No. 2100150032846 set out on pages 1 to 20, which comprise the statement of financial assets as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Tanzania Power Interconnection Project-(Kenya Component) ADF Loan No. 2100150032846 as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Loan Agreement No.2100150032846 dated 30 July, 2015 between the African Development Fund and the Republic of Kenya, and the Public Finance Management Act, 2012.

### Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Tanzania Power Interconnection Project-(Kenya Component) ADF Loan No. 2100150032846 Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matter

#### 1. Budget and budgetary Control

The statement of comparative budget and actual amounts reflects total receipt budget of Kshs.1,418,337,662 against actual receipts totalling Kshs.791,994,786, resulting to under-funding of Kshs.626,342,876 or approximately 46%. Further, the statement reflects final expenditure budget of Kshs.1,418,337,662 against actual expenditure totalling Kshs.791,994,786 resulting to under expenditure of Kshs.626,342,876 or approximately 46%.

Further, the statement reflects actual transfer from KETRACO receipt on comparable basis amounting to Kshs.44,191,638 which was not budgeted for.

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*Report of the Auditor-General on Multinational Kenya Tanzania Power Interconnection Project (Kenya Component)  
(Adf Loan No.2100150032846) for the year ended 30 June, 2024-Kenya Electricity Transmission Company Limited*

The underutilization of funds could have impacted negatively in the service delivery and completion of budgeted activities outlined in the project program.

## **2. Long Outstanding Pending Bills**

Annex 4 to the financial statements reflects other pending bills totaling Kshs.117,564,684. Review of records available revealed that the amount includes Kshs.32,533,652 which had been approved and certified for payment in the previous year but was not paid. No explanation was provided for the failure to pay. This is contrary to Regulation 42 (1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that debt service payments shall be a first charge on the consolidated fund and the Accounting Officer shall ensure this is done to the extent possible that the government does not default on debt obligations. Management attributed failure to pay the amount to lack of budgetary allocation and disbursement from the National Treasury.

Further, other important disclosures Note 2 to the financial statements reflects other pending payables totaling Kshs.32,533,652. However, the amount differs with the other pending payables totaling Kshs.117,564,684 reflected in Annex 4 to the financial statements resulting in a variance of Kshs.85,031,032. Management explained that the variance relates to wayleave compensations which had not been certified.

Failure to settle bills during the year they relate to distorts the financial statements and adversely affects the budgetary provision of the subsequent year as they form the first charge.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, eight (8) issues were raised under Other Matter, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Although Management has indicated that some of the issues have been resolved under progress on follow-up of the auditor's recommendation section of the financial statements, the matters remained unresolved as at 30 June, 2024.

### **Other Information**

#### **Conclusion**

Management is responsible for the other information set out on page iii to xvii, which comprise of Project Information and Overall Performance, Statement of Performance

Against Project's Predetermined Objectives, Environmental and Sustainability Reporting, and Statement of Project Management Responsibilities. The other information does not include the financial statements and my auditor's report thereon.

### **Basis for Conclusion**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the procedures performed, except for the matters 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**

#### **1. Irregular Wayleave Compensation**

The statements of receipts and payments reflects acquisition of non-financial assets totalling to Kshs.719,241,072. The amount includes wayleaves amounting to Kshs.1,800,000 as reflected in Note 5 to the financial statements. Review of records revealed that the wayleaves totalling Kshs.1,750,457 was paid for three (3) parcel land which were not affected. This was attributed to wrong initial survey based on Geo-referenced Registry Index (RIMs) which recorded wrong parcel numbers as affected by wayleave. However, no evidence of the refund of the erroneous payments to the parcel owners was provided for audit.

In the circumstances, value for money for the funds spent on the Project may not have been achieved.

#### **2. Failure to Operate Bank Account for the Project**

The statement of financial Assets and liabilities reflects NIL cash and cash equivalents as further disclosed in Note 6 to the financial statements. However, as reported in the

previous year, a separate bank account for the project is not maintained. This is contrary to Regulation 76(1) of the Public Finance Management (National Government) Regulations, 2015 which provides that for the purpose of disbursement of project funds, there shall be opened and maintained a project account for every project at Central Bank of Kenya.

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

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 THE 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 procedures performed, I confirm that, nothing else 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 ISSAIs 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the African Development Fund (ADF), I report based on the audit that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from examination of those records, and
- iii. The Project's financial statements are in agreement with accounting records and returns.

## **Responsibilities of Management and 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 (Cash 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 governance.

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

**Nairobi**


**05 November, 2024**

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2023/24			2022/23		Cumulative to-date (From Inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	
			KShs	KShs	KShs	KShs	KShs
<b>RECEIPTS</b>							
Transfer from Government entities	1	333,065,851		333,065,851	41,500,000		1,641,920,543
KETRACO Funding		-		-	-		409,486,412
Transfer From KETRACO	2	44,191,638		44,191,638	95,934,149		177,845,092
Loan from External Development Partners	3		414,737,296	414,737,296		520,744,334	3,580,309,344
<b>TOTAL RECEIPTS</b>		<b>377,257,489</b>	<b>414,737,296</b>	<b>791,994,786</b>	<b>137,434,149</b>	<b>520,744,334</b>	<b>5,809,561,391</b>
<b>PAYMENTS</b>							
Purchase of goods and services	4	72,752,821		72,752,821	2,057,475		365,568,712
Acquisition of non-financial assets	5	304,504,668	414,737,296	719,241,964	135,376,674	520,744,334	5,443,992,679
<b>TOTAL PAYMENTS</b>		<b>377,257,489</b>	<b>414,737,296</b>	<b>791,994,786</b>	<b>137,434,149</b>	<b>520,744,334</b>	<b>5,809,561,391</b>
<b>SURPLUS/ (DEFICIT)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The financial statements were approved on 30/9 2024 and signed by:

  
**Chief Executive Officer**  
**DR. (ENG.) John Mativo, MBS**

  
**Project Coordinator**  
**ENG. (CPA) Antony Wamukota, OGW**

  
**General Manager - Finance**  
**CPA Tom Imbo**  
**ICPAK Member Number: 7039**



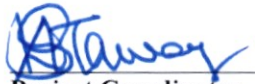
**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**7. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2024**

	Note	2023/2024	2022/2023
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	6	-	-
<b>Total Cash and Cash Equivalents</b>		-	-
<b>TOTAL FINANCIAL ASSETS</b>		-	-
<b>REPRESENTED BY</b>			
Fund balance b/fwd	7	-	-
Deficit/(surplus) for the year		-	-
<b>NET FINANCIAL POSITION</b>		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30/9 2024 and signed by:

  
 Chief Executive Officer  
 DR. (ENG.) John Mativo, MBS

  
 Project Coordinator  
 ENG. (CPA) Antony Wamukota,  
 OGW

  
 General Manager - Finance  
 CPA Tom Imbo  
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**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2023-2024 KShs	2022-2023 KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfer from Government entities	1	333,065,851	41,500,000
KETRACO Funding		-	-
Transfer From KETRACO	2	44,191,638	95,934,149
<b>Total receipts</b>		<b>377,257,489</b>	<b>137,434,149</b>
<b>Payments</b>			
Purchase of goods and services	4	(72,752,821)	(2,057,475)
Total Payments		(72,752,821)	(2,057,475)
<b>Net Cashflow from operating activities</b>		<b>304,504,668</b>	<b>135,376,674</b>
<b>Cash flows from investing activities</b>			
Acquisition of non-financial assets	5	(719,241,964)	(656,121,008)
<b>Net cash flow from Investing Activities</b>		<b>(719,241,964)</b>	<b>(656,121,008)</b>
<b>Cash flows from financing activities</b>			
Proceeds from foreign borrowings	3	414,737,296	520,744,334
<b>Net cash flow from Financing Activities</b>		<b>414,737,296</b>	<b>520,744,334</b>
<b>Net increase in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalent at beginning of the year</b>	7	<b>-</b>	<b>-</b>
<b>Cash and cash equivalent at end of the year</b>		<b>-</b>	<b>-</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/9 2024 and signed by:

  
 Chief Executive Officer  
 DR. (ENG) John Mativo, MBS

  
 Project Coordinator  
 ENG. (CPA) Antony Wamukota,  
 OGW

  
 General Manager - Finance  
 CPA Tom Imbo  
 ICPAK Member Number: 7039

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**


**8. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Receipts/Payment Item	Original Budget	Adjustments	Final Budget	Actual on Comparable basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c%
<b>Receipts</b>	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfer from Government entities	260,000,000	265,337,662	525,337,662	333,065,851	192,271,811	63%
KETRACO Funding			-	-	-	
Transfer From KETRACO			-	44,191,638	(44,191,638)	
Proceeds from borrowings	676,000,000	217,000,000	893,000,000	414,737,296	478,262,704	46%
<b>Total receipts</b>	<b>936,000,000</b>	<b>482,337,662</b>	<b>1,418,337,662</b>	<b>791,994,786</b>	<b>626,342,876</b>	<b>56%</b>
<b>Payments</b>						
Purchase of Goods & Services	72,752,821	-	72,752,821	72,752,821	-	-
Acquisition of non-financial assets	863,247,179	482,337,662	1,345,584,841	719,241,964	626,342,876	53%
<b>Total payments</b>	<b>936,000,000</b>	<b>482,337,662</b>	<b>1,418,337,662</b>	<b>791,994,786</b>	<b>626,342,876</b>	<b>56%</b>

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.

  
 Chief Executive Officer  
 DR. (ENG.) John Mativo, MBS

  
 Project Coordinator  
 ENG. (CPA) Antony Wamukota, OGW

  
 General Manager - Finance  
 CPA Tom Imbo  
 ICPAK Member Number: 7039

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**9. SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

**b) Reporting entity**

The financial statements are for the JICA Funded Projects under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

**c) Reporting currency**

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

**d) Recognition of receipts**

The Kenya Tanzania Power Interconnection Project recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

**i) Transfers from the Exchequer**

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

**ii) External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

**iii) Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

**iv) Donations and grants**

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

**v) Proceeds from borrowing**

Borrowing includes external loans acquired by the Project or any other debt the Project may take on will be treated on cash basis and recognized as a receipt during the year they were received.

**vi) Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary.

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**SIGNIFICANT ACCOUNTING POLICIES**

**e) Recognition of payments**

The Project recognises all payments when the event occurs and the related cash has actually been paid out by the Project.

**i) Compensation of employees**

Salaries and wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid

**ii) Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

**iii) Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

**iv) Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

**v) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as annex 4 to these financial statements.

**f) In-kind donations**

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

**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**h) Restriction on cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Imprests and advances**

For the purposes of these financial statements, imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**j) Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity 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.

**k) Contingent Assets**

The Entity 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 Entity 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.

**l) Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**m) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable – deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognized as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n) Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third party's column in the statement of receipts and payments.

**o) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of receipts and payments.

**p) Comparative figures**

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

**q) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended 30 June 2024.

**r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented in note xx of these financial statements

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

**10. NOTES TO THE FINANCIAL STATEMENTS**

**1. Receipts from Government of Kenya**

These represent counterpart funding and other receipts from government as follows:

	2023/2024	2022/2023	
	KShs	KShs	Cumulative to-date (from inception)
<i>Counterpart funding through Ministry Of Energy</i>			
Counterpart funds Quarter 4	-	-	50,000,000
Counterpart funds Quarter 1	-	41,500,000	264,250,000
Counterpart funds Quarter 2	30,000,000	-	589,512,398
Counterpart funds Quarter 3	303,065,851	-	588,763,663
Counterpart funds Quarter 4	-	-	149,394,482
<b>Total</b>	<b>333,065,851</b>	<b>41,500,000</b>	<b>1,641,920,543</b>

**2. KETRACO FUNDING & TRANSFER FROM KETRACO**

	2023/2024	2022/2023	
	KShs	KShs	Cumulative to-date (from inception)
KETRACO Funding	-	-	409,486,413
Transfer From KETRACO	44,191,638	95,934,149	177,845,092
<b>Total</b>	<b>44,191,638</b>	<b>95,934,149</b>	<b>587,331,505</b>



**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
**Annual Report and Financial Statements For the financial year ended 30 June, 2024**

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

**3. Loan from External Development Partners**

During the 12 months to 30 June 2024 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received as direct payment*	Total amount in KShs	
				2023/24	2022/23
Loans Received from Bilateral Donors (Foreign Governments)		UAC	Kshs	Kshs	Kshs
ADB Loan No.2100150032846	01/07/2023-30/06/2024	2,133,539	414,737,296	414,737,296	520,744,334
<b>Total</b>		<b>2,133,539</b>	<b>414,737,296</b>	<b>414,737,296</b>	<b>520,744,334</b>

\* The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project.

**4. Purchase of Goods and Services**

	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Consultancy & legal Fees	4,000,094	-	4,000,094	1,358,400	68,545,889
Domestic travel and subsistence	12,126,230	-	12,126,230	-	84,248,707
Foreign travel and subsistence	7,543,254	-	7,543,254	699,075	9,945,380
Other operating payments	76,769	-	76,769	-	547,245
Administrative Costs	49,006,474	-	49,006,474	-	202,281,512
<b>Total</b>	<b>72,752,821</b>	<b>-</b>	<b>72,752,821</b>	<b>2,057,475</b>	<b>365,568,733</b>

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

**5. Acquisition of Non-Financial Assets**

	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	
Consultancy fees/External Procurement GOK	302,694,668	-	302,694,668	54,141,717	919,202,322
Powerline (transmission equipment)		414,737,296	414,737,296	520,744,334	3,580,309,344
Wayleaves	1,800,000	-	1,800,000	81,234,957	944,481,012
<b>Total</b>	<b>304,504,668</b>	<b>414,737,296</b>	<b>719,241,964</b>	<b>656,121,008</b>	<b>5,443,992,678</b>

**6. Cash and Cash Equivalents**

	2023/2024	2022/2023
	KShs	KShs
Bank accounts	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

The project does not have a separate bank account. The cash is held in KCB Bank Kenya Limited [A/c No 1206560752]

**7. Fund Balance Brought Forward**

	2023/24	2022/23
	KShs	KShs
Bank accounts	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
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**OTHER IMPORTANT DISCLOSURES**

**1. Pending Accounts Payable (See Annex 3)**

	Balance b/f FY 2022/23	Additions for the period	Paid during the year	Balance c/f FY 2023/24
Description	KShs	KShs	KShs	KShs
Supply of Goods	143,563,431	111,772,027	183,978,314	71,357,144
Supply of Services	55,362,170	215,066,339	230,758,982	39,669,526
<b>Total</b>	<b>198,925,601</b>	<b>326,838,366</b>	<b>414,737,296</b>	<b>111,026,670</b>

**2. Other Pending Payables (See Annex 4)**

	Balance b/f 2023/2024	Adjustments for the year	Paid during the year	Balance c/f 2023/2024
Description	KShs	KShs	KShs	KShs
Project Affected Persons	-	34,343,652	(1,810,000)	32,533,652
<b>Total</b>	<b>-</b>	<b>34,343,652</b>	<b>(1,810,000)</b>	<b>32,533,652</b>

**Kenya Tanzania Power Interconnection Project (Kenyan Component)**  
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**8. ANNEXES**

**Annex 1. PROGRESSES ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
1. Budgetary control and performance	<p>The statement of comparison of budget and actual amounts reflects a total income budget of Kshs.841,500,000 against actual receipts of Kshs.658,178,483 resulting to underfunding of Kshs.183,321,517(or 12%) of the budget. Similarly, the statement also reflects a total expenditure budget balance of Kshs.841,500,000 against actual expenditure of Kshs.658,178,483 resulting to under absorption of Kshs.183,321,517(or 12%) of the budget.</p> <p>In addition, the Project received unbudgeted transfers from KETRACO of Kshs.95,934,149 during the period under review.</p> <p>The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public. In addition, it was not possible to confirm whether the unbudgeted receipt of Kshs. 95,934,149 was approved.</p>	<p>The cumulative expenditure compared to the budget results into an under-expenditure of Kshs. 183,321,517 due to low absorption of loan AIA because the project progress was affected by the budget cuts in the counterpart funding. The budget cut was equivalent to Kshs. 124,500,000 representing 75% GOK counterpart funding reduction. This affected the settlement of wayleave which also affected project progress. The company requested additional counterpart funding in FY 2023/2024 and the project was completed in May 2024.</p> <p>The commitments that had been made prior to supplementary II budget cut resulted in spill over/carry over of Kshs. 95,934,149 which</p>	G.M Finance	Closed	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
		has been treated as first charge to the current financial year 2023/2024 budget as per the National Treasury circular on the Financial Year 2023/2024 supplementary estimates No. 1			
2. Pending Bills.	<p>As reported in the previous year, the total value of the works and services contracted under the Project amounted to Kshs.3,871,646,477 as disclosed on Annex 3 of the financial statements out of which payments totaling Kshs.3,171,488,743 were made over the years leaving an unpaid balance of Kshs.700,157,734.</p> <p>Delay in settling pending bills may result to wasteful expenditure on interest, penalties, and litigation costs.</p>	<p>Of the Kshs.700,157,734 contract balance, an amount of Kshs.198,925,601 relates to invoices that were undergoing final approval and payment process as at the cut-off date of 30.06.2023. The same has since been settled. The contract balance of Kshs. 501,232,133 relates to invoices that have not yet been certified for payment and hence cannot attract interest and penalties. It is expected that the contract balance will be cleared in the 2024/2025 financial year since the project was completed in May 2024 and retentions are currently being processed</p> <p>Additional invoices of Kshs. 414,737,296 have been settled, the current balance on</p>	GM D&C	Closed	FY 2024/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
		the contracts as disclosed in Annex 3 is Kshs. 407,575,797 and is expected to be cleared in FY 2024/25 since final retentions are currently being processed due to project completion in May 2024.			
3. Failure to operate a separate bank account for the project	<p>The statement of financial assets and liabilities reflects Kshs. Nil balance of cash and cash equivalent as disclosed in Note 6 to the financial statements. However, review of records revealed that the project funds were commingled with other projects funds in a single bank account and cashbook that were maintained for processing and recording financial transactions for the project. This is contrary to Regulation 76(1) of the Public Finance Management (National Government) Regulations, 2015, provides that, "For the purpose of disbursement of project funds, there shall be opened and maintained a project account for every project at the Central Bank of Kenya unless it is exempted by the Cabinet Secretary, in writing, into which all funds shall be kept and such an account shall be known by the name of the project for which it is opened and each project shall maintain only one bank account."</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>Cognizant of section 76 (1) under the Public Finance Management Regulations, the specific section relates to management of grants and donations. (Donor Funds)</p> <p>The project is financed by Africa Development Bank and funds received from this financing are settled through direct payment. The project counterpart funding is financed by GoK and funds disbursed through the Ministry to the Company's development bank account (KCB a/c 1111251622)</p> <p>This account has been approved by The National Treasury. The Project Development account only holds GoK counterpart</p>	GM FINANCE		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
		funding and is reconciled periodically.			
4. Erroneous Compensation for Wayleaves	<p>The statement of receipts and payments reflects acquisition of non-financial assets of Kshs.656,121,008 which includes payments for wayleaves of Kshs.81,234,957 as disclosed Note 5 to the financial statements.</p> <p>Review of the wayleaves payment records revealed an erroneous payment of Kshs. 1,750,457 to three (3) parcel owners. The error occurred during the initial survey based on geo-referenced Registry Index Maps (RIMs) which had identified parcel numbers Kajiado/Mailua/1764/, Kajiado/Mailua/1765/, and Kajiado/Mailua/1766/ as affected by wayleave. However, re-survey, based on picked existing boundary marks/beacons identifies parcel Kajiado/Mailua 1763 and Kajiado/Mailua/1764 as the ones affected and not the three (3).</p> <p>Management issued refund notice of the erroneous payment to the landowners as required by Section 116 of the Land Act, 2019 which states that "If a person has received any money by way of compensation awarded for an interest in the land being acquired, either in error or before it has been established that some other person is rightfully entitled to the interest, the Commission may, by notice in writing served on that person, require that person to refund to the Commission the amount received, and the amount shall be a debt due from that person to the Commission". No evidence of the refund of the erroneous payments to the parcel owners was provided for audit examination.</p>	The matter has been escalated to our security office for follow-up.	GM FINANCE & PDS	Ongoing	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:									
	In the circumstances, Management did not achieve value for money from the expenditure of Kshs.1,750,457 for the year ended 30 June, 2023 on wayleaves compensation.													
5. Acceleration and Variation of the Project Cost	<p>The statement of receipts and payments reflects acquisition of non-financial assets of Kshs.656,121,008, which as disclosed in Note 5 to the financial statements includes consultancy fees/external procurement GOK of Kshs.54,141,717. Review of records revealed that the payment was in respect of acceleration of the project completion date by a period of five (5) months from 19 September, 2021 and 30 April, 2021.</p> <p>The main factors for the delay are attributed to the delay in acquiring wayleaves, long negotiation for land compensation and protracted legal cases. Management did not provide justification of accelerating of the works without first addressing these root causes of the delay.</p> <p>In addition, review of Addendum No.3 entered on 20th January 2021 revealed that the acceleration of the contract period resulted in the payment of additional costs of 9,986,787(USD) towards the mobilization and deployment of additional human, equipment, and technical resources as tabulated below:-</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Description</th> <th>Cost (USD)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Mobilization and maintenance of additional resources to accelerate foundation work</td> <td>3,265,966</td> </tr> <tr> <td>2</td> <td>Mobilization and maintenance of additional resources to accelerate Tower Erection work</td> <td>2,629,163</td> </tr> </tbody> </table>	No.	Description	Cost (USD)	1	Mobilization and maintenance of additional resources to accelerate foundation work	3,265,966	2	Mobilization and maintenance of additional resources to accelerate Tower Erection work	2,629,163	<p>Additional settlement of wayleave compensation has been done which gave access to site for project construction works resulting to completion of the project in in May 2024.</p> <p>Revenue from Power Purchase Agreement (Kenya, Ethiopia&amp;Tanzania ) is expected to be realized.</p> <p>The Kenya-Tanzania interconnector is implemented as a donor funded project and is guided by the donor's procurement regulations as stipulated in the Public Procurement and Assets disposal Act 2015 section 6 " Subject to the Constitution, where any provision of this Act conflicts with any obligations of the republic of Kenya arising from a treaty, agreement or other convention</p>	GM D&C	Closed	
No.	Description	Cost (USD)												
1	Mobilization and maintenance of additional resources to accelerate foundation work	3,265,966												
2	Mobilization and maintenance of additional resources to accelerate Tower Erection work	2,629,163												



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
	<p>3 Mobilization and maintenance of additional resources to accelerate Stringing work 2,455,891</p> <p>4 WHT (3%) 258,278.98</p> <p>5 VAT (16%) 1,377,488</p> <p>Total 9,986,787</p> <p>Though the variations were in line with the Financing Agreement, it did not achieve its intended objective of completing the projects by 30 April, 2021.</p> <p>In the circumstances, value for money was not achieved in the additional expenditure of 9,986,787(USD) on the project.</p>	<p>ratified by Kenya and to which Kenya is party, the terms of the treaty or agreement shall prevail”</p> <p>Regulation 5.1 states that “Where any bilateral or multilateral agreements are financed through negotiated loans for the procurement of goods, works or services, the act shall not apply where the agreement specifies the procurement and asset disposal procedures to be followed.”</p> <p>The Kenya-Tanzania Interconnector is a bilateral project being implemented jointly between Kenya and Tanzania. The project is expected to be completed to facilitate power exchange/trade between Kenya, Tanzania and Ethiopia. The variation in implementation was necessary to complete the project in tandem with the Tanzanian counterpart to ensure the benefits are realized through power trade. The project is expected</p>			

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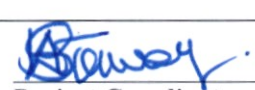
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
		to generate revenues to the company.			
6. Unconfirmed Repayment of the Project Loan	<p>During the audit review, Management did not provide documentation to confirm loan repayment as per the executed loan. This is contrary to Section 3.01 subject to Clause 3.05 of the Financing Agreement which provides that the borrower shall repay the principle of the loan over a period of 35 years, after a 5 year grace period commencing from the date of this agreement at the rate of 2.8572% per annum, a service charge at the rate of three quarters of one percent (0.75%) on the principal amount and commitment charge at the rate of one per cent of ( 0.50%) per annum on the undisbursed portion of the loan which shall begin to accrue 120 days after the date of the signature of this agreement.</p> <p>In the circumstances, Management may be in breach of the Financing Agreement and delay in repayment may result to extra penalties.</p>	The financing is on granted by the National Treasury to Ketraco through the subsidiary grant agreement. The company therefore does not repay the loan facility. The repayment of the facility is done by the National Government.	GM FINANCE	Closed	
7. Long Outstanding Wayleave Compensation	<p>As disclosed in Annex 4 to the financial statements, the expected/budgeted compensation to person affected by the project amounted to Kshs.1,571,806,258 for wayleave acquired since inception of the Project. The amount certified and paid as at 30 June, 2023 amounted to Kshs.942,671,013 leaving a balance of Kshs.629,135,245. However, the origin and build-up of the balance has not been explained and the aging analysis was not provided for audit review.</p> <p>Delay in settling pending bills may result to wasteful expenditure on interest, penalties and litigation costs</p>	The project shares the wayleave corridor with the Isinya-Namanga line. See explanatory notes in Annex 4 to the financial statements. *Kshs. 1,555,709,328 is part the of the original amount relating to the Kenya-Tanzania and Isinya-Namanga wayleave corridor. The outstanding balance under Kenya-	GM PDS GM FINANCE	Ongoing	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
		<p>Tanzania at the end of the period is Kshs. 117,564,684.02 as per Annex 4 to the financial statements.</p> <p>Outstanding wayleave compensation as at 30 June 2024 has reduced to Kshs. 117,564,684.02 as per Annex 4 to the financial statements.</p>			

  
 Chief Executive Officer  
 DR. (ENG.) John Mativo, MBS

Date

  
 Project Coordinator  
 ENG. (CPA) Antony Wamukota,  
 OGW

Date

  
 General Manager - Finance  
 CPA Tom Imbo  
 ICPAK Member Number: 7039

Date

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**Annex 2 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Receipts/Payment Item	Original Budget	Adjustments	Final Budget	Actual on Comparable basis	Budget Utilization Difference	% of Utilization	
	a	b	c=a+b	d	e=c-d	f=d/c%	
<b>Receipts</b>	Kshs	Kshs	Kshs	Kshs	Kshs		
Transfer from Government entities	260,000,000	265,337,662	525,337,662	333,065,851	192,271,811	63%	i
KETRACO Funding			-	-	-		
Transfer From KETRACO			-	44,191,638	(44,191,638)		
Proceeds from borrowings	676,000,000	217,000,000	893,000,000	414,737,296	478,262,704	46%	ii
<b>Total receipts</b>	<b>936,000,000</b>	<b>482,337,662</b>	<b>1,418,337,662</b>	<b>791,994,786</b>	<b>626,342,876</b>	<b>56%</b>	
<b>Payments</b>							
Purchase of Goods & Services	72,752,821	-	72,752,821	72,752,821	-	-	
Acquisition of non-financial assets	863,247,179	482,337,662	1,345,584,841	719,241,964	626,342,876	53%	iii
<b>Total payments</b>	<b>936,000,000</b>	<b>482,337,662</b>	<b>1,418,337,662</b>	<b>791,994,786</b>	<b>626,342,876</b>	<b>56%</b>	

- (i) Project had not yet received second half of the FY GOK disbursements from exchequer as at 30 June 2024 hence negatively impacted on utilization of the same.
- (ii) Reduced project activities due to final works in the period under review. Project was completed in the final quarter of the financial year hence awaiting processing of retentions.
- (iii) Reduced project activities due to final works in the period under review. Project was completed in the final quarter of the financial year hence awaiting processing of retentions.

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ANNEXES (Continued)

Annex 3 - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Amounts 2024	Outstanding Amounts 2023
	a	b	c	d=a-c	
<b>Supply of goods</b>					
KTPIP - NCPE	2,310,156,512	18.10.2016	2,066,219,679	243,936,833	358,960,505
	439,444,244	18.10.2016	355,072,079	84,372,165	126,099,137
M/s JV of Unique System FZE & Philafe Engineering Limited	292,979,060	07.05.2018	239,263,651	53,715,409	74,532,895
	129,615,945	07.05.2018	128,967,165	648,780	7,058,962
<b>Sub-Total</b>	<b>3,172,195,761</b>		<b>2,789,522,575</b>	<b>382,673,186</b>	<b>566,651,499</b>
<b>Supply of services</b>					
Intec GOPA	654,165,263	09.05.2016	577,378,716	76,786,548	55,962,333
	51,906,721	09.05.2016	50,075,252	1,831,469	-
STUDIO	89,907,239	30.12.2019	89,907,239		38,667,799
MERCADOS	83,301,987	15.11.2019	79,342,259	3,959,729	38,876,103
<b>Sub-Total</b>	<b>879,281,210</b>		<b>796,703,464</b>	<b>82,577,746</b>	<b>133,506,235</b>
<b>Grand Total</b>	<b>4,051,476,971</b>		<b>3,586,226,039</b>	<b>465,250,932</b>	<b>700,157,734</b>

*\*The total outstanding amounts from the project contracts is Kshs. 465,250,932 which is inclusive of Kshs, 111,026,670 as disclosed in Note 1 of Other Important Disclosures.*

*\*\*The Kshs, 111,026,670 outstanding in Note 1 of Other Important Disclosures relates to invoices that have been certified and payable as at the cut off date of 30.06.2024 and the balance relates to contract amounts not yet certified for payment.*

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ANNEXES (Continued)

**Annex 4 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief transaction description	Date Contracted/Invoiced	Original Amount	Amount paid to-date	Outstanding balance	Outstanding balance
					2024	2023
			a	b	c=a-b	
<b>Amounts due to Third Parties</b>		KShs	KShs	KShs	KShs	KShs
Project Affected Persons	Wayleaves compensation	2016-2024	1,062,045,697	944,481,013	117,564,684	237,064,569
			<b>1,062,045,697</b>	<b>944,481,013</b>	<b>117,564,684</b>	<b>237,064,569</b>

\* Kshs. 1,555,709,328 is the of the original amount relating to the Kenya-Tanzania and Isinya-Namanga wayleave corridor. The proportion of Kshs. 493,663,632 is reported under Isinya-Namanga line.

\*\* Total outstanding balance is Kshs. 117,564,684 as reported herein Annex 4 out of which Kshs. 32,533,652 reported in note 2 relates to amounts that are certified from the total amounts.

**Annex 5 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Opening Cost KShs 2023/2024	Donations in form of assets KShs 2023/2024	*Purchases/ Additions in the Year KShs 2023/2024	Disposals	Transfers in/out	Closing Cost KShs 2023/2024
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Powerline (Transmission Equipment)	4,724,750,716	-	719,241,964			5,443,992,680
<b>Total</b>	<b>4,724,750,716</b>	<b>-</b>	<b>719,241,964</b>			<b>5,443,992,680</b>

Notes

\* Purchases/Additions in the year reconciled to the amount in Statement of Receipts and Payments

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