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ANNUAL
REPORT
&
FINANCIAL
STATEMENTS

FOR THE YEAR ENDED JUNE 2016

KNEB

KENYA NUCLEAR
ELECTRICITY BOARD



PARLIAMENT
OF KENYA
LIBRARY



KNEB

KENYA NUCLEAR
ELECTRICITY BOARD

KENYA NUCLEAR ELECTRICITY BOARD

ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE FINANCIAL
YEAR ENDED JUNE 30, 2016

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

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I. KEY INFORMATION AND MANAGEMENT

(a) Background information

The Nuclear Electricity Project Committee was established under the aegis of the Ministry of Energy through The Kenya Gazette Notice No. 14188 of 19th November 2010. NEPC has since been transformed into a statutory body under the State Corporations Act (Cap 446) through Legal Notice No. 131 dated 16th November 2012.

It was hereinafter renamed Kenya Nuclear Electricity Board (KNEB). Its raison d'être is to realize Kenya's Vision 2030 by fast tracking the development of nuclear power in order to enhance the production of affordable and reliable electricity.

(b) Principal Activities

Mandate: To fast track the development of nuclear electricity generation in Kenya.

Vision: Safe, efficient and reliable nuclear technology for electricity generation.

Mission. To promote safe and secure application of nuclear technology for sustainable electricity generation and distribution in Kenya

Core Values: Safety & Security, Clean Environment Integrity, Professionalism, Transparency and Accountability, Innovation, Efficiency.

The KNEB has the following functions;

- I. To promote and expedite the development of nuclear electricity in Kenya
- II. Undertake public education and awareness on Kenya's nuclear power programme; Identify, prepare and facilitate the implementation of a roadmap for a nuclear power programme;
- III. In collaboration with relevant Government agencies, develop a comprehensive legal and regulatory framework for nuclear electricity generation in Kenya; Develop a human resource capacity to ensure Kenya has the requisite manpower to successfully establish and maintain a nuclear power programme;
- IV. Identify appropriate sites in Kenya for the construction of nuclear power plants and related amenities;
- V. Enter into collaborative programme's related to nuclear electricity research and development with other international and national organizations; Establish a library and information Centre on nuclear science and technology, and
- VI. Perform any other duties which may be necessary for the execution of its mandate under this Order

Headquarters

P.O. Box 26374-00100
 Kawi House
 South C-Red cross Road, Behind Boma Hotel
 Nairobi, KENYA

Contacts

Telephone: (254) 020 2219407
 E-mail: info@nuclear.co.ke
 Website: www.nuclear.co.ke

Bankers

- | | |
|--|--|
| <p>1. Kenya Commercial Bank Moi Avenue Branch Po Box 48400-00100 Nairobi</p> <p>2. Co-operative Bank of Kenya Agha khan Walk Branch P O Box 48231-00100 Nairobi</p> <p>3. CFC Stanbic Bank International Life House Branch P O Box 30550-00100 Nairobi</p> | <p>4. NIC Bank Harambee Avenue Branch P O Box 44599-00100 Nairobi</p> <p>5. Chase Bank City Centre Branch P O Box 66049-00800 Nairobi</p> <p>6. Family Bank Industrial Area Branch P O Box 74145-00200 Nairobi</p> |
|--|--|

(c) Key Management

The Board's day-to-day management is under the following Key organs;

1. Executive Chairman and CEO
2. Various Heads of Department

Independent Auditors

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

Principal Legal Adviser

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

(d) Fiduciary Management

The key management personnel who held office during the financial year Ended 30th June 2015 and who had direct fiduciary responsibility were:

| No | Designation | Name |
|----|--|-------------------|
| 1 | Ag Cabinet Secretary, Ministry of Energy and Petroleum | Henry Rotich |
| 2 | Principal Secretary, Ministry of Energy and Petroleum | Eng: Joseph Njoro |
| 3 | Principal Secretary, National Treasury | Dr.Kamau Thugge |

(e) Fiduciary Oversight arrangements

1. The Board Audit & Risk Committee
2. The Board Finance and General purpose committee
3. Parliamentary oversight committees
4. Inspectorate of State Corporations
5. International Atomic Energy agency
6. Kenya National Audit Office

II. BOARD OF DIRECTORS

The Following Board Members Held Office in the period under Review

| | Name | Notes |
|-----|---------------------------|---|
| 1. | Mr. Henry Rotich, EGH | Cabinet Secretary, National Treasury |
| 2. | Prof. Githu Muigai | Attorney General |
| 3. | Dr. Eng. Joseph Njoroge | Principal Secretary, Ministry of Energy & Petroleum |
| 4. | Prof. Colleta Suda | Principal Secretary, State Department of Science and Technology |
| 5. | Hon Ochilo G.M Ayacko* | Exited the Board 21st December 2015 |
| 6. | Prof. Joseph Malo* | Exited the Board 1st October 2015 |
| 7. | Eng: Nyanchanga Nyangeri* | Exited the Board 1st October 2015 |
| 8. | Dr Jane Dwasi* | Exited the Board 1st October 2015 |
| 9. | Dr. Evangeline Gichunge* | Exited the Board 1st October 2015 |
| 10. | Mr. David Maina* | Exited the Board 1st October 2015 |
| 11. | Ms Teresia Mbaika | Appointed Board Member 2nd October 2015 |
| 12. | Dr. Josephine Sinyo | Appointed Board Member 2nd October 2015 |
| 13. | Dr. Anderson Kipkoech | Appointed Board Member 2nd October 2015 |



Mr. Henry Rotich, E.G.H.

CABINET SECRETARY-NATIONAL TREASURY

Born in 1969, Mr. Rotich has a Master's Degree in Public Administration (MPA) from the Kennedy School of Government at Harvard University, and a Master's Degree - Economics and Bachelor's Degree Economics (First Class Honours) from the University of Nairobi.

He was previously the Head of Macroeconomics in the National Treasury, and has also served as an Economist with the International Monetary Fund (IMF), Nairobi Office. Mr. Rotich joined the Board of KNEB upon his appointment as the Cabinet Secretary to the National Treasury on 15th May, 2013.



Prof. Githu Muigai

ATTORNEY GENERAL-STATE LAW OFFICE

Prof. Githu Muigai has over 35 years' experience in the practice of law in Kenya and in East Africa. Prof. Muigai holds LLB and Ph.D. degrees from the University of Nairobi and an LLM Degree from Columbia University School of Law, New York. He was called to the Bar in 1985. In addition to the practice of law he is an Associate Professor of Public law in the School of Law of the University of Nairobi (currently on leave of absence). He has also published extensively in the areas of international law, arbitration and human rights and has previously worked as a consultant to various international organizations, including the African Union, United Nations Development Programme, The World Bank and The International Committee of the Red Cross. He has a wide range of areas of practice which include Commercial Litigation and Arbitration, Constitutional and Administrative Law, Information and Communications Technology Law, Insurance and Banking Law, Investments Law, Mergers & Acquisitions Law, Public and Private International Law, Public Procurement Law. He is a Fellow of the Chartered Institute of Arbitrators (UK) and a member of the American Association of Trial Lawyers, Institute of Public Secretaries, Law Society of Kenya, East African Law Society, Council of Legal Education, International Commission of Jurists, International Bar Association and the Commonwealth Lawyers Association. Prof. Githu Muigai was sworn as Attorney General of the Republic of Kenya on the 23rd August 2011. Article 156 (4) of the Constitution stipulates the roles of the Attorney General, critical amongst which is his role as Principal Legal Advisor to the Government of the Republic of Kenya.



Dr. Eng. Joseph Njoroge

PRINCIPAL SECRETARY, MINISTRY OF ENERGY & PETROLEUM

Dr. Eng. Njoroge is the Principal Secretary, State Department of Energy in the Ministry of Energy & Petroleum. He holds a PhD in Business Administration from the University of Nairobi and an MBA with a major in Strategic Management. He also holds a First Class Honours Degree in Electrical Engineering. He is a registered Consulting Engineer, a Chartered Engineer, a member of the Institution of Engineering & Technology (UK) and a fellow of the Institute of Engineers of Kenya. He is also a member of the Institute of Directors of Kenya and a trainer in corporate governance. He is the former Managing Director of Kenya Power & Lighting Company Limited, the country's transmitter, distributor and retailer of electricity, a position he held for six years. Dr. Eng. Njoroge is a distinguished Electrical Engineer with a career spanning over three decades.



Prof. Colette Suda

PRINCIPAL SECRETARY-STATE DEPARTMENT OF SCIENCE AND TECHNOLOGY

Collette Suda, an associate professor of sociology, is a well-respected Kenyan sociologist with a wealth of research experience in issues of gender and development, children in especially difficult circumstances, social development, agricultural/rural development and community development.

Prof Suda earned her PhD in rural sociology from the University of Missouri-Columbia in 1986. She also holds an MSc in rural sociology and an MSc in community development from the same university.



Mr. George Muthemba

ALT. TO PRINCIPAL SECRETARY- NATIONAL TREASURY

Born in 1959, Mr. Muthemba holds Bachelor of Commerce degree with a CPA(K). He has a wide experience in Government Accounting and Budgeting, and actively involved in the development of PFM Act, 2012 and PFM Regulation, 2015.



Ms. Belinda Kiilu

ALT. TO ATTORNEY GENERAL-STATE LAW OFFICE

Born 1981, Ms. Kiilu, is an advocate of the High Court of Kenya and is currently a Senior State Counsel in the Office of the Attorney General and Department of Justice, with experience in advising the Government on its transactions, commercial contracts as well international negotiations. She holds a Bachelor of Law (LLB) degree from University of Nairobi. She is a member of the Law Society of Kenya.



Mr. John Omenge

ALT. TO PRINCIPAL SECRETARY, MINISTRY OF ENERGY & PETROLEUM

Mr. Omenge, born in 1961, holds a BSc degree in Geology from the University of Poona, India and MSc Mineral Exploration and Mining Geology from Leicester University, UK. He is the alternate director to the Principal Secretary, Ministry of Energy & Petroleum and is currently the Chief Geologist at the Ministry of Energy & Petroleum. He is a Fellow Member of the Geological Society of Kenya and Registered Geologist by the Geologists Registration Board of Kenya. Mr. Omenge has worked for 30 years as a Geologist for the Government of Kenya.



Mr. Joseph Odhiambo

ALT. PRINCIPAL SECRETARY-STATE DEPARTMENT OF SCIENCE AND TECHNOLOGY

Born 1964, Mr. Odhiambo holds a Bsc, Msc. In Biochemistry and a PHD in Biochemistry. He has worked for ILRAD, ILRI, ICIPE, Tulane University (USA), Maseno University, MOEST-DRMD. He has over 20 years experience in research in Biomedical and Science Technology and Information policy formulation.



Hon. Josephine Sinyo

BOARD MEMBER KENYA NUCLEAR ELECTRICITY BOARD

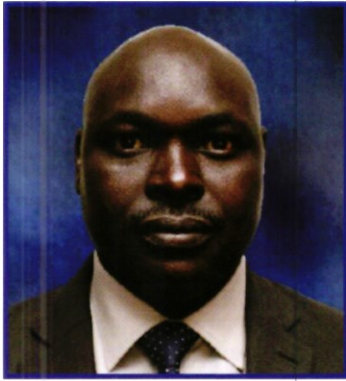
Josephine Sinyo is an advocate with a difference. She has over 30 years of experience in legal practice, training and research, an International, Regional, National celebrity in spite of her disability. She is the first blind woman lawyer in Kenya. She attended University of Nairobi in Kenya and The University of Hull in England where she achieved her LLB and LLM degrees in law respectively. Despite working at the State Law Office, she is a dynamic member of civil society, and was involved in the Constitutional Review process championing the agenda for children women and Persons with Disabilities generally. She has worked with several NGOs, some of this groups include: International Federation of Women Lawyers (FIDA, Kenya Chapter) Forum for Women Education (FAWE, Kenya Chapter); the Law Society of Kenya; Kenya Breast Health Programme; Kenya Union of the Blind; Kenya Society for the Blind and the United Disabled Persons of Kenya, a National umbrella Organization for persons with disabilities where she was the Chair Person between 2001-2005 She currently works at The Kenya Law Reform Commission where she's the Government Disability expert at the Attorney General's Office and she continues to ably represent the government at various global forums



Mr. Ernest Orito

BOARD MEMBER KENYA NUCLEAR ELECTRICITY BOARD

Born in 1984, Eng. Ernest Orito has a wide range of experience in chemical and process engineering and management. He holds a Masters in occupational and safety health. Bachelor of Technology in chemical and process engineering Currently he is the Technical Director of Focus OSHE LTD.



Dr. Anderson Kipkoech

BOARD MEMBER KENYA NUCLEAR ELECTRICITY BOARD

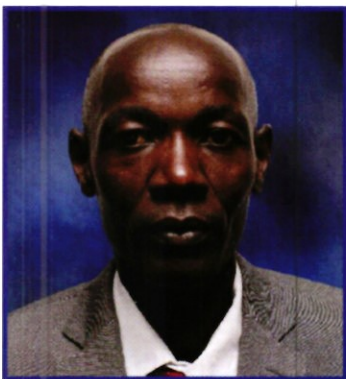
Born in 1974, Dr. Anderson Kipkoech holds Bachelors, Masters and Doctorate Degree in Environmental Economics awarded by Moi University. He has had various Competitive Grants (Projects) at the University Of Eldoret, for both International and local progrannnes. He has also served in many Community Activities.He is the Chairman in two well performing secondary Schools. He is currently Head, Department of Agricultural Economics and Rural Development university of Eldoret. Dr. Anderson has done various scientific publications books and Journals.



Ms. Teresia Malokwe

BOARD MEMBER KENYA NUCLEAR ELECTRICITY BOARD

Born in 1985, Ms.Teresia Malokwe holds a Masters in Health Economics and Policy from University of Nairobi and Bachelor of Science (Enviornmental Health from Kenyatta university. She is a Board member at Kenya Nuclear Electricity Board where she chairs the Finance and General Purpose committee



Mr. Sephen Karanja

BOARD MEMBER KENYA NUCLEAR ELECTRICITY BOARD

Born in 1970 Mr. Stephen Karanja holds a Masters in Nuclear Science and Bachelor of Education in Science from Kenyatta University. He is an experienced educationist, marketer and specialist in non destructive testing (NDT) using nuclear techniques. Mr. Mwangi is a part time lecturer at Dedan Kimathi University and Board member at Kenya Nuclear Electricity Board



Hon. Ochilo Ayako

**EXECUTIVE CHAIRMAN AND CEO, KENYA NUCLEAR
ELECTRICITY BOARD**

Born 1968, Hon. Ochilo Ayako holds a Master of Law (LLM) degree and a Bachelor of Law (LLB) degree from the University of Nairobi. He also holds a Diploma from the Kenya School of Law and another from Marquette University, USA: Democracy and Dispute resolution. Hon. Ayako is an advocate of the High Court of Kenya and a member of the Law Society of Kenya.

Exited the board on December 2015



Prof. Nyanchaga Nyangeri

PROFESSOR OF CIVIL ENGINEERING, UON

Born 1954, Ezekiel Nyangeri Nyanchaga is a PhD holder in civil engineering and associate professor, Department of Civil and Construction Engineering, University of Nairobi, Kenya. He has 34 years of practical civil engineering experience in water engineering services that include experience in the planning and design of water supply and waste water infrastructure; construction supervision and contract management; operation and maintenance of water facilities, among others.

Exited the board on October 2015



Prof. Joseph Malo

PH.D. PROFESSOR OF PHYSICS, UON

Born 1941, Professor Malo is highly specialized in Physical Sciences Including: Theoretical Space, Plasma and Nuclear Physics, Quantum Chemistry & Quantum Biology, Science Education, Capacity building in Science and Technology in Socioeconomic Development.

Professor Malo is a Member of Kenya National Academy of Science African Academy of Science, Kenya Physical society American Society and the Institute of Physics UK. He has served in various National positions previously as Chairman Lake Basin Development (LBDA), Chairman Tana and Athi rivers Development Authority (TARDA), Chairman Kenya Power Company, Member National council of science & Technology (NCST) Member of the Senate at the University of Nairobi. He has also held positions including Department of Physics University of Nairobi, Project manager equatorial Atmospheric Deposition Network EADN for 12 Countries in Africa and the Joint Coordinator of the Kenya International radio Observatory (KIRO)



Dr. Eva Gichunge

LECTURER KENYA METHODIST UNIVERSITY

Born 1955, Dr. Gichunge holds a PHD in Entrepreneurship Development from Kenyatta University. She holds a Masters in Education and a Bachelor of Education in Science from the same University.

Dr. Eva is a full time Lecturer at Kenya Methodist University. She chairs the KNEB Finance and General Purpose Committee

Exited the board on December 2015



Mr. David Maina

DIRECTOR, INSTITUTE OF NUCLEAR SCIENCE AND TECHNOLOGY-UON

Born 1956, Mr. Maina is a graduate of the University of Nairobi (UoN) having studied a Bachelor of Science (BSc) in Chemistry and a Masters degree (MSc) in environmental Chemistry. He holds a Masters of Science (MSc) in Applied Radiation Physics from the University of Birmingham, United Kingdom.

He is Currently serving as the Director, Institute of Nuclear Science and Technology, College of Architecture and Engineering, University of Nairobi. He is also a lecturer of nuclear technology and related courses in the UoN

Exited the board on October 2015



Dr. Jane Dwasi

LECTURER, UON

Born 1967, Dr. Dwasi holds a Bachelors, two Masters and Doctorate in Law awarded by the University of Nairobi (Kenya), Arkansas (USA) and Wisconsin (USA).

She is an Advocate of the High Court of Kenya with over seventeen years' experience. She chairs KNEB Publicity and Advocacy Committee. She has previously served as the Executive Director of OCRA, a non-governmental organization where she had overall responsibility for programme implementation including Publicity and Advocacy. She has taught Environmental Law and Policy and International Business Transactions Law in the School of Law, university of Nairobi.

Dr. Dwasi is a registered environmental Impact Assessment (EIA) Lead expert.

Exited the board on October 2015

III. MANAGEMENT TEAM



Sophia Githuku
*MBA- HR
Diploma in HRM
Director, Human Resource
& Administration*



Eng. Collins Juma
*MBA Operations
Management
Ag.CEO*



Philip Mutai
*LLM, Diploma in Law Kenya
School of Law Director,
Legal & regulatory Affairs*



Basett Buyukah
*Post Graduate Diploma In
Communication
Director, Publicity &
Advocacy*



CPA L. M. Ong'onge
*MBA Finance CPA(K)
CPS(K)
Director, Finance &
Strategy*



Ms Winfred Ndubai
*MBA: Finance
Post Graduate Diploma :
Financial Management
Ag. Director, Technical
affairs*

IV. CHAIRPERSON'S STATEMENT



The financial year 2015/16 marked a watershed for the Kenya Nuclear Electricity Board. The organization took a huge leap forward on the long and eventful journey toward nuclear electricity generation.

During this period, the organization experienced a change of guard in leadership at both Board and Management level. This process ushered in five new Board members: Ms. Teresia Mbaika, Dr. Josephine Sinyo, Mr. Stephen Karanja, Dr. Anderson Kipkoech and Mr. Ernest Orito, while Eng. Collins Juma was appointed Acting Chief Executive Officer.

In furtherance of KNEB's aim to nurture and develop strategic partnerships in nuclear power cooperation -both home and abroad- two new Memorandums of Understanding (MOUs) were signed. These partnership agreements with the China General Nuclear Power Corporation (CGN) and Russia's Rosatom State Atomic Energy Corporation will enhance capacity building, knowledge sharing, training opportunities and technical cooperation.

A key highlight during the financial year 2015/16 was the carrying out of a comprehensive assessment of Kenya's nuclear power programme by the International Atomic Energy Agency (IAEA). The evaluation known as 'Integrated Nuclear Infrastructure Review (INIR) mission, was conducted in August 2015. Subsequently the final report was handed over to the Government of Kenya in April 2016 by IAEA's Deputy Director General Mikhail Chudakov and received by Mining Cabinet Secretary Hon Dan Kazungu who represented the Deputy President Hon. William Ruto at the presentation ceremony.

In addition KNEB continued to cultivate a mutually beneficial partnership with its strategic partners like the Kenya Association of Manufacturers, National Assembly Departmental committee on Energy, Information and Communication, County Government and Academia. Not only as the future consumers of nuclear electricity and enactment of relevant nuclear legislation but a plank of our key stakeholders who form our stakeholder involvement approach.

All in all, the 2015-2016 Financial year has been a highly successful period in Kenya's journey toward nuclear electricity generation in about a decade from now.

My gratitude goes to our parent Ministry of Energy and Petroleum for wise counsel, guidance and support. To other entities in the energy sector, we salute their sedulous and passionate support in building synergy and reciprocity. We also bear a debt of gratitude to some of our key stakeholders such as Parliament: National Assembly and Senate, Kenya Private Sector Alliance (KEPSA), Kenya Association of Manufacturers, National and County Governments, Academic institutions, Agricultural society of Kenya (ASK), Institution of engineers of Kenya, to name but a few.



Teresia Malokwe

Ag. CHAIRPERSON

V. CHIEF EXECUTIVE OFFICER STATEMENT



The financial year 2015/16 was an eventful year for Kenya Nuclear Electricity Board (KNEB). Indeed the organization grew by leaps and bounds in its endeavor towards nuclear electricity generation in Kenya.

An outstanding achievement was the successful undertaking and outcome of the Integrated Nuclear Infrastructure Review of Kenya's nuclear power programme. The International Atomic Energy Agency's scorecard of Kenya's progress was encouraging and gave impetus to the actions and activities which have been completed and those planned within the framework of KNEB's strategic plan.

During this period, the organization moved its offices from Reinsurance Plaza to KAWI complex South C in December 2015.

The move reduced KNEB's rental costs by 58 per cent from seventeen million in the previous year to seven million in the 2015/16 financial year.

KNEB is also making steady progress towards facilitating the creation of a regulator for Kenya's nuclear power programme. A regulatory framework is a key component of a successful programme. The legislation required to bring this to fruition is currently being developed. During the year an Inter-sectoral technical working group was established for this purpose.

It was also during this period that KNEB launched the quality management system marking an important step towards full implementation of ISO 9001:2015 in the organization. KNEBS aims to attain ISO certification in the not-too-distant future.

Within KNEB's mandate is identification of suitable, potential locations for nuclear power plants in the country. During financial year 2015/16 a site selection team was constituted with membership from: Kenya Power, Ministry of Energy and Petroleum, Kenya Electricity Generating Company, National Land Commission, Kenya Meteorological Department and University of Nairobi, among others.

During the financial year 2015/16 KNEB continued to closely consult and collaborate with the bicameral parliament: the Senate and National Assembly. The organization further reached out to the broader stakeholder web through County forum in areas as diverse as Lamu, Mombasa and Homa Bay, participation in the Council of Governors annual conference, Agricultural society of Kenya shows, nuclear talks in high schools and tertiary institutions and various other stakeholder engagement including an Open day in Nairobi's Central Business District (CBD).

All in all the 2015/16 financial year has been a highly successful period for Kenya Nuclear Electricity Board in our journey towards nuclear electricity generation in the country in about a decade from now.



Eng. Collins Juma

A.g CHIEF EXECUTIVE OFFICER

VI. CORPORATE GOVERNANCE STATEMENT

KNEB has engrained corporate governance as the pivotal institutional framework, through which its strategic objectives of the Corporation are set, attained and its performance monitored. The Board has embraced this function to direct, control and be held to account by the shareholders. Governance dictates the modus operandi of engagement and interaction between the Corporations Board, management, stakeholders and regulators for the sustainable benefits of the shareholders. The Directors are responsible for the corporate governance practices of the Company. This Statement sets out the main practices in operation during the year under review.

Board of Directors

From July to September 2015 the Board was made up ten (10) members comprising the Executive Chairman and nine non-executive directors. In October 2016 five non-executive directors were replaced by five new directors. In December 2015 Executive Chairman Contract expired. Hence from January 2016 the meeting were chaired by a chairman picked from among the independent directors. The non-executive directors are independent within the meaning of the Capital Markets Authority's Guidelines on Corporate Governance. KNEB is wholly owned by the Kenyan Government.

Separation of Functions

For the six months to December 2015 the Executive Chairman/CEO played key roles in the governance structure of the Board. The Executive Chairman as a Chairman of the Board he was primarily responsible for the running of the Board and ensuring that it is supplied in a timely manner with sufficient information to enable it to discharge its duties. As the CEO he was responsible for recommending business plans and the budget to the Board, implementing approved corporate strategies and day to day administration of the Company.

From January 2016 a CEO was appointed in an acting capacity awaiting recruitment of a substantive CEO. The action was aimed at separating the functions of the Chairman and the CEO to ensure the independence of the Board and Management. The requisite balance of power, increased accountability, clear definition of responsibilities and improved decision making is attained through this distinction between the non-executive and executives roles.

The primary responsibilities of the Board include:

Defining the vision and mission statements of the Board elucidated in a corporate strategic plan which defines and sets the strategic objectives and goals of the Board; establishment of short and long term goals and ensuring preparation of annual financial statements; review and approval of the annual budgets; review of the financial performance of the Board; monitoring performance periodically; managing risks by ensuring that the Company has devised and implemented adequate systems of internal controls together with appropriate monitoring of compliance thereof; and working with management to realise mandate of the Board.

There are deliberate measures and plans in place for all Directors to receive appropriate training and to take independent professional advice if necessary.

New directors are also well inducted by provision of necessary information pertinent to the Board's business, meetings with Management and training.

In this regard, Directors attend training on good corporate governance by the Centre for Corporate Governance to enhance their skills. The Board also attended various workshops on audit and risk management during the period.

There is diverse mix of skills and gender parity in the board, as is shown from the profile of directors elsewhere in this Report which outlines their professional qualifications and experience.

Board Meetings

The Board meets at least once quarter or more often in accordance with the requirements of the business. The Board work plan and calendar of meetings is prepared in advance. Adequate notice is given for each board meeting, the agenda and papers are circulated in good time.

Attendance of Board Meetings for the period July- September 2015

| | Name | Attendance |
|-----|---|------------|
| 1 | Hon. Ochilo G. M. Ayacko | 1 |
| 2 | Mr. John Omenge (Alternate Director to Dr. Eng. Joseph Njoroge, CBS Principal Secretary, Ministry of Energy & Petroleum) | 1 |
| 3. | Mr. George Mothemba (Alternate Director to Mr. Henry Rotich, EGH, National treasury) | 1 |
| 4. | Belinda Kiilu(alternate Director, Hon Prof. Githu Muigai Attorney General-State Law Office) | 1 |
| 5. | Joseph Omondi Odhiambo (Alternate Director to Prof. Collette Suda, EBS Principal Secretary, State Department of Science and Technology) | 1 |
| 6 | Prof. Joseph Malo | 1 |
| 7. | Prof. Eng. Nyanchaga Nyangeri | 1 |
| 8. | Mr. David Maina | 1 |
| 9. | Dr. Eva Gichunge | 1 |
| 10. | Dr. Jane Dwasi | 1 |

Attendance of Board Meetings for the period October, 2015- June, 2016

| | Name | Attendance |
|-----|---|------------|
| 1 | Hon. Ochilo G. M. Ayacko | 1 |
| 2 | Mr. John Omenge (Alternate Director to Dr. Eng. Joseph Njoroge, CBS Principal Secretary, Ministry of Energy & Petroleum) | 2 |
| 3. | Mr. George Mothemba (Alternate Director to Mr. Henry Rotich, EGH, National treasury) | 1 |
| 4. | Belinda Kiilu(alternate Director, Hon Prof. Githu Muigai Attorney General-State Law Office) | 2 |
| 5. | Joseph Omondi Odhiambo (Alternate Director to Prof. Collette Suda, EBS Principal Secretary, State Department of Science and Technology) | 3 |
| 6 | Mr. Stephen Mwangi Karanja | 3 |
| 7. | Dr. Anderson Kipkoech | 3 |
| 8. | Dr. Josephine Odira Sinyo | 2 |
| 9. | Mr. Ernest Cliff Mutira Orito | 3 |
| 10. | Ms Teresiah Mbaika | 3 |

Board Committees

The following Board Committees were in place during the period under review:-

Audit & Risk Committee

The Audit & Risk management Committees duties are based on six broad functions namely the Internal Control, Risk Management and compliance, financial reporting, internal audit, external audit, compliance with laws and regulations; and compliance with KNEBs Code of Conduct and ethical guidelines. The Committee assesses effectiveness of the Boards internal control and risk management and compliance framework, it reviews the impact of significant accounting and reporting issues such as professional and regulatory pronouncement; meets management and both external and internal auditors to review the financial statements and results of the audit process; and assesses if generally accepted accounting principles have been consistently applied in the preparation of preliminary announcement & interim financial statements.

The Audit & Risk Committee was constituted in line with Treasury Circular No.16/2005 on establishment and operationalization of audit committees in the Public Service. The Committee comprised four non-executive directors and is chaired by a non-executive director. The members of the Committee for the period July to September, 2015 and their attendance of meetings is as tabulated:

Attendance of Audit & Risk Committee meetings during the period July to September, 2015

| | Name | Attendance |
|---|---|------------|
| 1 | Prof. Eng. Nyanchaga Nyangeri -(Chairman) | 2 |
| 2 | Ms Belinda Kiilu (alternate Director, Hon Prof. Githu Muigai Attorney General-State Law Office) | 1 |
| 3 | Prof. Joseph Malo | 2 |
| 4 | Mr. David Maina | 2 |

The members of the Committee for the period October, 2015 to June, 2016 and their attendance of meetings is as tabulated below:

| | Name | Attendance |
|---|---|------------|
| 1 | Dr. Josephine Odira Sinyo -(Chairperson) | 2 |
| 2 | Ms Belinda Kiilu (alternate Director, Hon Prof. Githu Muigai Attorney General-State Law Office) | 2 |
| 3 | Mr. Stephen Mwangi Karanja | 2 |
| 4 | Joseph Omondi Odhiambo (Alternate Director to Prof. Collette Suda, EBS Principal Secretary, State Department of Science and Technology) | 1 |
| 5 | Dr. Anderson Kipkoech | 2 |

The Committee routinely invited the Executive Chairman/CEO, and at times the other key staff to attend the meetings. The Manager, Internal Audit is the Secretary to the Committee.

Finance & General Purpose Committee

The Finance and General Purpose Committee mandate is to deliberate and approve all financial, human resource and related matters of the organization.

The members who served in the Committee during the period July to September, 2015 and attendance of meetings is as tabulated below:

| | Name | Attendance |
|---|--------------------------------|------------|
| 1 | Dr. Eva Gichunge (Chairperson) | 2 |
| 2 | Dr. Jane Dwasi | - |

| | Name | Attendance |
|---|---|------------|
| 3 | Mr. Joseph Odhiambo(Alternate Director to Prof. Collette Suda, EBS Principal Secretary, State Department of Science and Technology) | 2 |
| 4 | Mr. John Omenge (Alternate Director to Dr. Eng. Joseph Njoroge, CBS Principal Secretary, Ministry of Energy & Petroleum) | 1 |
| 5 | Mr.George Mothemba (Alternate Director to Dr. Kamau Thuge, National treasury) | 1 |

The members who served in the Committee during the period October 2015 to June, 2016 and attendance of meetings is as tabulated below:

| | Name | Attendance |
|---|--|------------|
| 1 | Ms Teresiah Mbaika (Chairperson) | 3 |
| 2 | Mr. Ernest Cliff Mutira Orito | 3 |
| 3 | Mr. John Omenge (Alternate Director to Dr. Eng. Joseph Njoroge, CBS Principal Secretary, Ministry of Energy & Petroleum) | 2 |
| 4 | Mr.George Mothemba (Alternate Director to Dr. Kamau Thuge, National treasury) | |

When appropriate, the Committee invites other members of the Board and staff to its meetings.

Technical Committee

The Technical Committee is responsible for overseeing technical matters affecting the organization.

The members who served in the Committee for the period July to September, 2015 and their attendance of meeting is as tabulated below:

| | Name | Attendance |
|---|--|------------|
| 1 | Prof. Joseph Malo- (Chairperson) | 2 |
| 2 | Mr. David Maina | 2 |
| 3 | Ms Belinda Kiilu (alternate Director, Hon Prof. Githu Muigai Attorney General-State Law Office) | 2 |
| 4 | Prof. Eng. Nyanchaga Nyangeri | 2 |
| 5 | Mr. John Omenge (Alternate Director to Dr. Eng. Joseph Njoroge, CBS Principal Secretary, Ministry of Energy & Petroleum) | - |
| 6 | Mr. Joseph Odhiambo (Alternate Director to Prof. Collette Suda, EBS Principal Secretary, State Department of Science and Technology) | 2 |

The members who served in the Committee for the period October, 2015 to June, 2016 and their attendance of meeting are as tabulated follows:-

| | Name | Attendance |
|---|--|------------|
| 1 | Dr. Anderson Kipkoech - Chairperson | 2 |
| 2 | Ms Belinda Kiilu (alternate Director, Hon Prof. Githu Muigai Attorney General-State Law Office) | 2 |
| 3 | Mr. Stephen Mwangi Karanja | 2 |
| 4 | Mr. Joseph Odhiambo (Alternate Director to Prof. Collette Suda, EBS Principal Secretary, State Department of Science and Technology) | 2 |

When appropriate, the Committee invites other members of the Board and staff to its meetings.

Publicity & Advocacy Committee

The Publicity & Advocacy Committee is responsible for overseeing the implementation of KNEB's communication strategy with its stakeholders. It also ensures that KNEB's public awareness programmes are effectively undertaken

The members who served in the Committee for the period July to September, 2015 and their attendance of meeting is as tabulated below:

| | Name | Attendance |
|---|--|------------|
| 1 | Dr. Jane Dwasi – (Chairperson) | - |
| 2 | Dr. Eva Gichunge | 2 |
| 3 | Mr. John Omenge (Alternate Director to Dr. Eng. Joseph Njoroge, CBS Principal Secretary, Ministry of Energy & Petroleum) | 1 |
| 4 | Prof. Eng. Nyanchaga Nyangeri | 2 |
| 5 | Mr. George Mothemba (Alternate Director to Dr. Kamau Thuge, National treasury) | - |

The members who served in the Committee for the period October, 2015 to June, 2016 and their attendance of meeting is as tabulated below:

| | Name | Attendance |
|---|---|------------|
| 1 | Mr. Ernest Cliff Mutira Orito – (Chairperson) | 2 |
| 2 | Dr. Josephine Odira Sinyo | 2 |

| | Name | Attendance |
|---|--|------------|
| 3 | Ms Teresiah Mbaika | 2 |
| 4 | Mr. Joseph Odhiambo (Alternate Director to Prof. Collette Suda, EBS Principal Secretary, State Department of Science and Technology) | 2 |
| 5 | Mr. George Mothemba (Alternate Director to Dr. Kamau Thuge, National treasury) | 1 |

When appropriate, the Committee invites other members of the Board and staff to its meetings.

DIRECTORS' REMUNERATION

Remuneration of Directors is determined by the appointing authorities in line with recommendations of the State Corporations Advisory Committee.

There were no directors' loans at any time during the year.

INTERNAL CONTROLS

The Board has systems and processes to ensure requisite internal controls, physical security of assets and reporting of accurate and up to-date information.

Whereas the Board has overall responsibility for the systems of internal control which are fully embedded in the operations of the Company, certain responsibilities, such as review of the effectiveness of the internal control systems are delegated to the Audit Committee of the Board. Internal controls comprise of methods and procedures adopted by Management to provide reasonable assurance in safeguarding assets, prevention and detection of errors, accuracy and completeness of accounting records together with reliability of financial statements.

ACCOUNTABILITY AND AUDIT

Directors' responsibilities in relation to financial statements

The Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. The Directors are responsible for ensuring that suitable accounting policies are consistently applied supported by reasonable and prudent judgements and estimates and those applicable accounting standards are followed.

The Directors have responsibility for ensuring that the company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board and enable them to ensure that the financial statements comply with the State Corporations Act.

They also have general responsibility for the systems of internal control for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

As a corporate citizen, the Kenya Nuclear electricity Board values and cherishes the rich tapestry variety and diversity of the country's social environment.

KNEB's core mandate is to expedite the development of nuclear electricity generation in Kenya. This forms the bulwark for KNEB's strong commitment to, and interaction with its various stakeholders and the public.

During the financial year 2015/16, the Board supported various initiatives whose import was to benefit Kenyans at community, local, sectoral and/or national level. Some of the programmes undertaken were in respect to youth rehabilitation and empowerment, corporate partnerships and environment conservation. In the financial year 2015/16 KNEB in partnership with other state agencies under the Ministry of Energy & Petroleum sponsored to a tune of one million shillings Energy Journalism Excellence Awards (EJEA). EJEA is an initiative by the Ministry of Energy and Petroleum and its agencies to enhance the interaction between the energy and petroleum sector players and the media. EJEA is a platform for information sharing and consensus building between the media and the energy and petroleum sector by recognizing and rewarding outstanding journalism.

In October 2015, KNEB participated in the 2015 Nairobi Standard Chartered marathon, to support in giving sight to the blind in partnership with Standard Chartered Bank. This was to offer the visually impaired an opportunity to live out their dreams and recover their sight through reconstructive surgery.

In April 2016, KNEB further played a vital in sponsoring the Energy Management Awards (EMA) held in Nairobi to a tune of three hundred thousand shillings. KNEB's consistent participation in EMA exhibits our enthusiasm in promoting energy efficiency across the country by addressing environmental pollution, waste reduction initiatives, recycling and enhancing energy efficiency.

In June 2016, KNEB donated assorted furniture to Ukweli Home for Hope for Street Boys in Ruaraka, Nairobi. This was KNEB's contribution to support youth rehabilitation and empowerment in Nairobi County. Ukweli Home was founded in 1995 by the Maryknoll Fathers and Brothers as a way of solving the problem of growing number of street children in Nairobi by rescuing street boys from crime and drugs.

The Board is fully committed to supporting endeavours that better the lives of Kenyans. As a responsible corporate citizen, KNEB is unswerving in enhancing its corporate social responsibility programmes.

VIII. REPORT OF THE DIRECTORS

The Board of Directors submit their report together with the Audited Financial Statements for the year ended 30th June 2016, which disclose the state of affairs of the Board

Incorporation

Kenya Nuclear Electricity Board is a State Corporation established through a Legal Notice No. 131 dated 16th November 2012

Directorate

The Board of Directors who held office during the year and to the date of this report are set out on page v-vii

Principal Activities

The principal activities of KNEB are outlined in the Kenya Gazette Supplement No 170 dated 16th Nov 2012, this are to;

- a) Promote and expedite the development of nuclear electricity in Kenya;
- b) Develop policies, and propose legislation necessary for the successful implementation of a nuclear power programme;
- c) Undertake public education and awareness on Kenya's nuclear power programme;
- d) Identify, prepare and facilitate the implementation of a roadmap for a nuclear power programme;
- e) Collaborate with relevant Government agencies, develop a comprehensive legal and regulatory framework for nuclear electricity generation in Kenya;
- f) Develop a human resource capacity to ensure Kenya has the requisite manpower to successfully establish and maintain a nuclear power programme;
- g) Identify appropriate sites in Kenya for the construction of nuclear power plants and related amenities;
- h) Enter into collaborative programmes related to nuclear electricity research and development with other international and national organizations;
- i) Establish a library and information centre on nuclear science and technology, and
- j) Perform any other duties which may be necessary for the execution of its mandate under this Order.

Auditor

The Board Auditor, The Auditor General, will continue to be in the office in accordance with Public Audit Act
By order of the Board,



Board Secretary
Nairobi

IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2016. 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 Board;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Board;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Board'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 Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2016, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board'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 Board 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 Board's financial statements were approved by the Board on 26th February 2017 and signed on its behalf by:



A.g CHAIRPERSON



A.g CHIEF EXECUTIVE OFFICER

X. REPORT OF THE INDEPENDENT AUDITORS ON THE KENYA NUCLEAR ELECTRICITY BOARD

REPUBLIC OF KENYA

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 E-mail: oag@oagkenya.go.ke
 Website: www.kenao.go.ke



P.O. Box 30084-00100
 NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA NUCLEAR ELECTRICITY BOARD FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Nuclear Electricity Board set out on pages 13 to 28, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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 such 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.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

Report of the Auditor-General on the Financial Statements of Kenya Nuclear Electricity Board for the year ended 30 June 2016

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

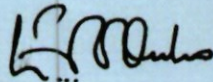
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Nuclear Electricity Board as at 30 June 2016, and 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 Legal Notice No. 131 of 16 November, 2012.

Other Matter

Delayed Remittance of Tax Deductions

As previously reported, the Board has not been remitting taxes to the Kenya Revenue Authority (KRA) on due dates. Included in trade and other payables of Kshs.97,381,954 as of 30 June 2016 are withholding taxes amounting to Kshs.8,751,883 (2015-Kshs.5,053,552) which ought to have been remitted KRA on or before the 20th day of the month following deduction as per the Income Tax Act. The Board is at risk of incurring tax penalties.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

10 February 2017

XI. STATEMENT OF FINANCIAL PERFORMANCE

KENYA NUCLEAR ELECTRICITY BOARD

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30TH JUNE 2016

| | | 2016 | 2015 |
|---|--------------|--------------------|----------------------|
| | | KSHS | KSHS |
| Revenue from non-exchange transactions | | | |
| | Notes | | |
| Government Grants | 1 | 622,847,831 | 313,485,148 |
| | | 622,847,831 | 313,485,148 |
| Expenses | | | |
| Employee costs | 2 | 180,281,685 | 164,958,668 |
| Board Expenses | 3 | 8,834,199 | 7,835,434 |
| Depreciation expense | 4 | 11,310,847 | 14,404,856 |
| Repairs and maintenance | 5 | 2,644,851 | 1,452,448 |
| Contracted services | 6 | 165,293,345 | 147,020,380 |
| Grants and subsidies | 7 | 2,800,000 | 1,225,000 |
| General expenses | 8 | 122,424,415 | 154,156,743 |
| Finance costs | 9 | 1,478,031 | 256,935 |
| Total expenses | | 495,067,373 | 491,310,464 |
| Surplus/(Deficit) for the Period | | 127,780,458 | (177,825,316) |

The notes set out on pages 20 to 32 form an integral part of the Financial Statements

XII. STATEMENT OF FINANCIAL POSITION

KENYA NUCLEAR ELECTRICITY BOARD STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2016

| Assets | | 2016 | 2015 |
|---|----|---------------------------|--------------------------|
| Current assets | | KSHS | KSHS |
| Cash and cash equivalents | 10 | (32,903,030) | 635,737 |
| Receivables from non-exchange transactions | 11 | 235,138,459 | 9,801,570 |
| | | 202,235,429 | 10,437,307 |
| Non-current assets | | | |
| Property, Plant and Equipment | 13 | 27,446,946 | 38,757,793 |
| | | - | - |
| Total assets | | <u>229,682,374</u> | <u>49,195,100</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 13 | 97,381,954 | 44,675,137 |
| Total liabilities | | <u>97,381,954</u> | <u>44,675,137</u> |
| Net assets | | <u>132,300,420</u> | <u>4,519,962</u> |
| Total net assets and liabilities | | <u>229,682,374</u> | <u>49,195,100</u> |

The Financial Statements set out on pages 20 to 32 were signed on behalf of the Board of Directors by



A.g CHAIRPERSON



A.g CHIEF EXECUTIVE OFFICER

XIII. STATEMENT OF CHANGES IN NET ASSETS

KENYA NUCLEAR ELECTRICITY BOARD STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2016

| | Accumulated surplus Kshs | Total Kshs |
|---|--------------------------------|--------------------|
| Balance as at 30 JUNE 2013 | 79,432,924 | 79,432,924 |
| Prior Year Adjustment | 1,972,500 | 1,972,500 |
| Surplus/(deficit) for the period | 101,999,441 | 101,999,441 |
| Transfers to/from accumulated surplus | - | - |
| Balance as at 30 JUNE 2014 | 183,404,865 | 183,404,865 |
| 1.Prior Year Adjustment-KPLC Cash | (1,081,051) | (1,081,051) |
| 2.Prior Year Adjustment-Computers and Accessories | 21,464 | 21,464 |
| Adjusted Balance as at 1st July 2014 | 182,345,278 | 182,345,278.00 |
| Surplus/(Deficit) for the period | (177,825,316) | (177,825,316) |
| Balance as at 30 JUNE 2015 | 4,519,962 | 4,519,962 |
| Surplus/(deficit) for the period | 127,780,458 | 127,780,458 |
| Balance as at 30 JUNE 2016 | 132,300,420 | 132,300,420 |

XIV. STATEMENT OF CASH FLOWS

KENYA NUCLEAR ELECTRICITY BOARD
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDING 30 TH JUNE 2016

| | Note | 2016 KSHS | 2015 KSHS |
|---|------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Surplus/(Deficit) as per the Income statement | | 127,780,458 | (177,825,316) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 13 | 11,310,847 | 14,404,857 |
| Operating profit/(loss) before working capital changes | | 139,091,305 | (163,420,459) |
| (Increase)/decrease in: | | | |
| Trade and other receivables | | (225,336,889) | 54,341,068 |
| Inventory | | - | 1,520,400 |
| Increase/(decrease) in inventory | | | |
| Trade and other payables | | 52,706,817 | 2,685,820 |
| Net cash generated from/(used in) operating activities | | (172,630,072) | 58,547,288 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 13 | - | (30,031,055) |
| Net cash generated from/(used in) investing activities | | - | (30,031,055) |
| Net (decrease)/increase in cash and cash equivalents | | (33,538,768) | (134,904,226) |
| Cash and cash equivalent at the beginning of the year | | 635,737 | 136,621,013 |
| Prior year Adjustment | | - | - |
| 1.Kenya Power Cash | | - | (1,081,051) |
| Cash and cash equivalents at 30th June | | (32,903,030) | 635,737 |

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

| | Original budget | Adjustments | Final Budget | Actual on comparable basis | Performance difference |
|---|--------------------|--------------------|--------------------|----------------------------------|---------------------------|
| | 2015-2016 | 2015-2016 | 2015-2016 | 2015-2016 | 2015-2016 |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Revenue | | | | | |
| Public contributions and donations | 7,000,000 | 5,157,183 | 12,157,183 | 12,157,183 | - |
| Government Grants and subsidies | 378,485,000 | 232,000,000 | 610,485,000 | 378,485,000 | (232,000,000) |
| Total income | 385,485,000 | 237,157,183 | 622,642,183 | 390,642,183 | (232,000,000) |
| Expenses | | | | | |
| 1.Compensation of employees | 170,299,370 | 9,982,315 | 180,281,685 | 180,281,685 | - |
| 2.General Expenses | 162,153,434 | (39,729,019) | 122,424,415 | 122,424,415 | - |
| 3.Finance cost | 1,200,000 | 278,031 | 1,478,031 | 1,478,031 | - |
| 4.Board Expenses | 5,280,000 | 3,554,199 | 8,834,19 | 8,834,199 | - |
| 5.Repairs and Maintenance | 4,497,225 | (1,852,374) | 2,644,851 | 2,644,851 | - |
| 6.Grants and Subsidies | - | 2,800,000 | 2,800,000 | 2,800,000 | - |
| 7.Contractured Services | 42,054,971 | 123,238,374 | 165,293,345 | 165,293,345 | - |
| Total expenditure | 385,485,000 | 98,271,526 | 483,756,526 | 483,756,526 | - |
| Surplus/(Deficit) for the period | - | 138,885,657 | 138,885,657 | (93,114,343) | (232,000,000) |

NOTE: The performance difference of Government Grants of Kshs.232,000,000 is due to delay in disbursement of supplementary Budget for 2015/2016.The Board received the funds on 4th July 2016,which was past cut -off time.

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The Board'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 Board. 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.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Board and can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Interest income

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

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Board. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Board differences 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 – IAS 12**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 Board operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

d) Property, plant and equipment – IPSAS 17

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

e) Leases – IPSAS 13

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Board. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Board also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

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

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

f) Intangible assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized

and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

g) Research and development costs

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

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

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

h) Financial instruments – IPSAS 29

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 Board determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. 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. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Board has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. 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. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Board assesses at each reporting date whether there is objective evidence that a financial asset or

a Board of financial assets is impaired. A financial asset or a Board of financial assets 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 or the Board of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a Board of debtors 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)

i) 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 Board 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.

IPSAS 29.65

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.

j) Provisions – IPSAS 19

Provisions are recognized when the Board 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 Board expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Contingent liabilities

The Board 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.

Contingent assets

The Board 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 Board 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.

k) Nature and purpose of reserves

The Board creates and maintains reserves in terms of specific requirements. The reverse maintained by the Board is capital reserve, where funds are set aside to purchase fixed assets. By setting aside a reserve, the Board of Directors segregates funds from the general operations

l) Changes in accounting policies and estimates – IPSAS 3

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

m) Employee benefits – IPSAS 25

Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions – IPSAS 4

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.

o) Borrowing costs – IPSAS 5

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed

and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties – IPSAS 20

The Board regards a related party as a person or an Board with the ability to exert control individually or jointly, or to exercise significant influence over the Board, or vice versa. Members of key management are regarded as related parties and comprise the councilors, the executive mayor, mayoral committee members, the city manager, deputy city manager and senior managers.

q) Service concession arrangements – IPSAS 32

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

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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Board'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.

State all judgements, estimates and assumptions made: e.g

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 Board based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Board. Such changes are reflected in the assumptions when they occur. 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 Board
- 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 14.

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.

Assumptions were used in determining the provision gratuity payable to employee at the end of contractual period.

u) Subsequent events – IPSAS 14

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, 2016

| REVENUE | 2016 | 2015 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| 1.Unconditional grants | | |
| Development Grants | 281,892,049 | 220,221,974 |
| Recurrent Grants | 328,592,950 | 79,778,026 |
| Other-International Atomic Energy Agency | 12,157,183 | 9,563,928 |
| Grants and Donation(Motor Vehicle) | - | 2,120,000 |
| Finance Income | 205,649 | 1,801,220 |
| Total Income | 622,847,831 | 313,485,148 |
| 2. Employee costs | | |
| Employee related costs - salaries and wages | 127,069,844 | 116,786,341 |
| Employee related costs - Mileage | 17,068,188 | 17,555,389 |
| Gratuity | 26,185,749 | 23,336,247 |
| Medical Expenses | 6,689,254 | 5,032,575 |
| Group Life | 2,557,884 | |
| Interns | 710,766 | 991,984 |
| Casuals | | 1,256,132 |
| Employee costs | 180,281,685 | 164,958,668 |
| 3. Board Expenses | | |
| Sitting Allowances | 5,097,805 | 2,564,243 |
| Directors fees | 1,800,000 | 1,800,000 |
| Travelling Expenses | 965,240 | 3,471,191 |
| Medical Expenses | 971,153 | |
| Total Board Expenses | 8,834,199 | 7,835,434 |
| 4. Depreciation expense | | |
| Office Equipment | 319,639 | 416,810 |
| Furniture and Fitting | 609,941 | 698,074 |
| Motor Vehicle | 1,295,364 | 1,491,596 |
| Computers & Accessories | 9,085,903 | 11,798,376 |
| Total Depreciation | 11,310,847 | 14,404,856 |
| 5. Repairs and maintenance | | |
| Property and Equipment | 656,046 | 204,459 |
| Vehicles | 1,988,805 | 1,247,989 |
| Total repairs and maintenance | 2,644,851 | 1,452,448 |

6. Contracted services

| | | |
|----------------------------------|--------------------|--------------------|
| Baseline Surveys | 3,975,028 | 299,499 |
| Legal Consultancy | - | 2,880,881 |
| Grid Study | 161,318,317 | 143,840,000 |
| Total contracted services | 165,293,345 | 147,020,380 |

7. Grants and subsidies

| | | |
|-----------------------------------|------------------|------------------|
| Sponsorship-KAM | 300,000 | 500,000 |
| Kengen-Journalism award | 1,000,000 | |
| Institution of Engineers | 1,000,000 | |
| Royal Nairobi Golf Club | 500,000 | |
| World Youth Parliament | | 300,000 |
| Living Water | | 425,000 |
| Total Grants and Subsidies | 2,800,000 | 1,225,000 |

8. General Expenses

The following are included in general Expenses:

| | | |
|-----------------------------|------------|------------|
| Advertising | 1,880,050 | 3,020,272 |
| Audit fees | 300,000 | 300,000 |
| Conferences and delegations | 8,364,171 | 9,711,469 |
| Energy Committee Expenses | | 600,000 |
| Cleaning Services | 755,146 | 688,555 |
| Computer Consumables | 6,113,339 | 8,123,604 |
| Travelling Expenses | 10,812,234 | 22,575,676 |
| Fuel and oil | 350,735 | 194,776 |
| Consultancy-ISO | 1,835,000 | 5,022,300 |
| Office refreshments | 2,088,916 | 1,662,004 |
| Postage | 42,678 | 37,190 |
| Printing and stationery | 2,304,076 | 3,621,290 |
| Rental | 7,335,835 | 17,625,918 |
| Overseas Training | 4,763,358 | 3,072,963 |
| Capacity Building | 23,346,877 | 23,951,072 |
| Resource Persons Allowance | 322,500 | 225,000 |
| Library | 99,325 | 10,281 |
| National Liaison Office | 11,463,879 | 1,714,103 |
| Security costs | 688,606 | 664,416 |

| | | |
|-------------------------------|--------------------|--------------------|
| Publicity and Advocacy | 10,790,965 | 20,396,343 |
| Membership and Subscription | 414,844 | 625,660 |
| Office supplies | 5,305,111 | 10,232,129 |
| Telephone and Internet | 3,312,718 | 3,284,235 |
| Local Training | 6,750,607 | 8,875,508 |
| Insurance Covers | - | 2,665,473 |
| Hotel Fares and Accommodation | 12,983,445 | 5,256,506 |
| Total general expenses | 122,424,415 | 154,156,743 |

9. Finance costs

| | | |
|---------------------|-----------|---------|
| Bank Charges | 1,478,031 | 256,935 |
| Total Finance costs | 1,478,031 | 256,935 |

10. Cash and cash equivalents

| | 2016 | 2015 |
|--|---------------------|----------------|
| | Kshs | Kshs |
| Cash and Bank | | |
| Bank | (33,097,686) | 442,557 |
| Cash-on hand and transit | 194,656 | 193,180 |
| Total cash and cash equivalents | (32,903,030) | 635,737 |

Detailed analysis of the cash and Cash equivalents

10 (a) Banks

| Name of the bank | Bank Account Number | Currency | | |
|-------------------------|----------------------------|-----------------|---------------------|----------------|
| Kenya Commercial Bank | 1139780085 | Kes | (33,384,788) | (507,227) |
| CFC Stanbic Bank | 0100002778291 | Kes | 27,508 | 194,901 |
| Co-operative Bank | 01136308333200 | Kes | 101,922 | 186,994 |
| NIC bank | 1001126217 | Kes | 57,899 | 157,699 |
| Family Bank | 031000012597 | Kes | 79,441 | 410,190 |
| Chase Bank | 0012078702001 | Kes | 20,332 | |
| TOTAL | | | (33,097,686) | 442,557 |

11. Receivables from Non exchange transactions

| | | |
|----------------------------------|--------------------|------------------|
| Current receivables | | |
| Capacity Building-Kenya Power | 1,049,302 | 6,888,007 |
| Treasury Receivable | 232,000,000 | |
| Staff Advances | 2,089,157 | 2,913,563 |
| Total current receivables | 235,138,459 | 9,801,570 |

12. Inventories

The inventory of Kshs.6,141,076 was expensed in the year to office supplies as shown in the Note 8 above. General expenses for the Financial Year 2014/2015 was in effect restated from Kshs.148,015,667 to Kshs.154,156,743.. This has led to increase of the Deficit for the period to Kshs.177,825,316 and reduction of Net assets to Kshs.4,519,962.

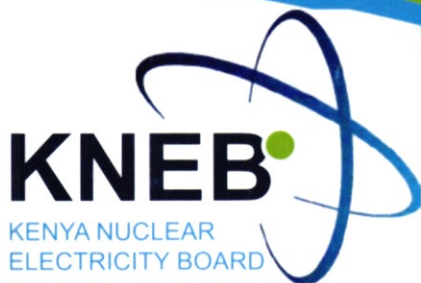
The accounts have been restated to reflect these changes

13. Property, plant and equipment

| | Office Equipment Buildings | Furniture & Fitting | Motor Vehicle | Computers and Accessories | Total |
|------------------------------------|-------------------------------|------------------------|------------------|------------------------------|-------------------|
| Cost | Shs | Shs | Shs | Shs | |
| Depreciation rates | 12.50% | 12.50% | 25% | 33.33% | |
| At 1 July 2014 | 6,724,796 | 4,973,033 | 5,330,540 | 10,227,616 | 32,415,551 |
| Additions | 18,495 | - | - | 5,141,071 | 5,159,566 |
| Disposals | - | - | - | - | - |
| At 30 June 2014 | 6,743,291 | 4,973,033 | 5,330,540 | 15,368,687 | 32,415,551 |
| Adjustment | | | | 21,464 | 21,464 |
| Additions | | - | 2,120,000 | 27,911,055 | 30,031,055 |
| Disposals | - | - | - | - | - |
| Transfer/adjustments | | | | | |
| At 30 June 2015 | 6,743,291 | 4,973,033 | 7,450,540 | 43,301,206 | 62,468,070 |
| At 1 July 2015 | 6,743,291 | 4,973,033 | 7,450,540 | 43,301,206 | 62,468,070 |
| Additions | | | - | - | - |
| Transfer/adjustments | (2,422,028) | 2,422,028 | - | - | - |
| At 30 June 2016 | 4,321,263 | 7,395,061 | 7,450,540 | 43,301,206 | 62,468,070 |
| Depreciation and impairment | | | | | |
| At 1 July 2014 | 1,551,537 | 757,610 | 111,050 | 2,690,165 | 5,110,362 |
| Depreciation | 266,526 | 993,458 | 666,300 | 2,268,775 | 4,195,059 |
| Impairment | - | - | - | - | - |
| At 30 June 2014 | 1,818,063 | 1,751,068 | 777,350 | 4,958,940 | 9,305,421 |
| Charge for the Year | 416,810 | 698,074 | 1,491,596 | 11,798,376 | 14,404,857 |
| Disposals | - | - | - | - | - |
| At 30 June 2015 | 2,234,873 | 2,449,142 | 2,268,946 | 16,757,316 | 23,710,278 |
| Charge for the Year | 319,639 | 609,941 | 1,295,364 | 9,085,903 | 11,310,847 |
| At 30 June 2016 | 2,554,513 | 3,059,083 | 3,564,309 | 25,843,219 | 35,021,124 |
| Net book values | | | | | |
| At 30 June 2016 | 1,766,750 | 4,335,978 | 3,886,231 | 17,457,987 | 27,446,946 |
| At 30 June 2015 | 4,508,418 | 2,523,891 | 5,181,594 | 26,543,890 | 38,757,793 |

14. Payables

| | 2016 | 2015 |
|---------------------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Employee Gratuity | 36,955,523 | 23,068,513 |
| Withholding Tax | 8,751,883 | 8,751,883 |
| Audit Fees | 900,000 | 600,000 |
| Directors Fees | 2,724,411 | 2,340,000 |
| Payroll Liabilities | 338,403 | 9,914,741 |
| Feradon & Associates | 47,079,517 | - |
| Medical Expenses | 632,217 | - |
| Total trade and other payables | 97,381,954 | 44,675,137 |



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