REPUBLIC OF KENYA

OAG

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA ELECTRICITY GENERATING COMPANY PLC

FOR THE YEAR ENDED 30 JUNE, 2024

KenGen

KENYA ELECTRICITY GENERATING COMPANY PLC

AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Prepared in accordance with IFRS Accounting Standards

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Background Information

Kenya Electricity Generating Company PLC (KenGen) was incorporated in 1954 under the Companies Act (Cap 486) as Kenya Power Company Limited (KPC) renamed as Kenya Electricity Generating Company Limited (KenGen) in 1998 following the implementation of the reforms in the energy sector. It is listed on the Nairobi Securities Exchange with the Government of Kenya owning 70% shareholding and the public 30%. At cabinet level, the Company is represented by the Cabinet Secretary for Energy and Petroleum, who is responsible for the general policy and strategic direction of the entity. The Company is domiciled in Kenya and has a branch in Ethiopia.

Principal Activities

The principal mandate of the Company is to generate electricity through the development, management and operation of power plants and currently has an installed capacity of 1,725 Megawatts, spread across four generation modes namely, Geothermal (754MW), Hydro (825MW), Thermal (120MW) and Wind (26MW).

KenGen operates in a liberalized environment and contributes at least 70% of electric energy sales in Kenya with Independent Power Producers (IPPs) supplying the balance. The Kenya Power and Lighting Company PLc (KPLC) is the sole buyer of electricity generated and sold by KenGen and IPPs under separate power purchase agreements. The Energy and Petroleum Regulatory Authority (EPRA) undertakes the regulatory function in the sub-sector.

The Company is propelled by the Good-to-Great (G2G) Transformation Strategy to a "Great Company" through the creation of sustainable value from "One Generation" to the "Next Generation". As a result, KenGen is able to generate competitively priced electric energy using skilled and motivated human resource and state-of-the-art technology in line with the core values of Team Spirit, Integrity, Professionalism and Safety Culture. The vision, mission, and core values of the Company are:

The Vision

To be the market leader in the provision of renewable energy solutions.

The Mission

To efficiently generate competitively priced electric energy using state-of-the-art technology, skilled and motivated human resource to ensure financial success. KenGen shall maintain market leadership by undertaking least cost and environmentally friendly capacity expansion.

Core Values

Core values are our guiding principles and form the foundation of our culture. They guide our business processes and underpin each action we take. They are Team Spirit, Integrity, Professionalism and Safety Culture.

Board of Directors

The Directors who served the Company during the period under review are:

Directors	
Frank Konuche	Elected as a Director at the AGM on 30 November 2023 (Appointed by the Board of Directors on 28 October 2024 to serve as the Chairman of the Board until the 2024 Annual General Meeting (AGM)
Julius Ogamba	Chairman of the Board retired on 8 August 2024
Peter Njenga	Managing Director & CEO
John Mbadi	Cabinet Secretary, The National Treasury
Alex Wachira	Principal Secretary, State Department for Energy
Rosemarie Wanyoike	
Stephen Mutai	
William Rahedi	
Josephine Koisaba	
Bernard Ngugi	Elected at the AGM on 30 November 2023
Umuro Wario	Elected at the AGM on 30 November 2023
Alfred Agoi	Appointed on 5 September 2024
James Opindi	(Retired on 30 November 2023)
Winnie Pertet	(Retired on 30 November 2023)
Samuel Kimani	(Retired on 30 November 2023)
Bernard Ndungu	Alternate Director to CS, The National Treasury (Served until 28th March 2024)
Kennedy Ondieki	Alternate Director to CS, The National Treasury (Appointed on 28th March 2024)
Stephen Njue	Alternate Director to Principal Secretary, State Department for Energy (Served until 25 April , 2024)
Chrispin Lupe	Alternate Director to Principal Secretary, State Department for Energy (Appointed on 25 April 2024)
Chrisologus Makokha	Representative, Inspectorate of State Corporations

Corporate Information

Company Secretary	FCPS Austin A. O. Ouko Certified Public Secretary (Kenya) KenGen Pension Plaza Kolobot Road, P.O. Box 47936-00100 GPO Nairobi, Kenya	
Registered Office Head Office	KenGen Pension Plaza 2 Kolobot Road, P.O. Box 47936-00100 GPO Nairobi, Kenya	
Registrars	Image Registrars Limited ABSA Towers, 5th Floor, Loita Street P. O Box 9287-00100 GPO, Nairobi, Kenya	
Principal Auditor	The Auditor-General Anniversary Towers P.O. Box 30084-00100 GPO, Nairobi, Kenya	
Delegated Auditor	Deloitte & Touche LLP Certified Public Accountants (Kenya) Deloitte Place, Waiyaki Way/Chiromo Road, Westlands P.O. Box 40092 –00100 GPO Nairobi, Kenya	
Principal Bankers	Citibank N.A. Kenya Upper Hill P.O. Box 30711 - 00100 GPO Nairobi	KCB Bank Kenya Limited Moi Avenue Branch P. O. Box 24030 - 00100 GPO Nairobi
	Co-operative Bank of Kenya Limited Stima Plaza P.O Box 38764-00600 Nairobi	Standard Chartered Bank Kenya Limited Harambee Avenue P.O. Box 30003 - 00100 GPO Nairobi
	NCBA Bank Kenya Plc Wabera Street P. O. Box 30437- 00100 GPO Nairobi	Absa Bank Kenya Plc Westend Building Off Waiyaki Way Corporate Banking Center P.O. Box 30120 – 00100 GPO Nairobi
	Stanbic Bank Kenya Limited Kenyatta Avenue Branch P.O Box 30552-00100 GPO Nairobi	Bank of Africa Kenya Limited Sameer Business Park Unit C. 1st Floor P.O. Box 69562 - 00400 Nairobi
	Equity Bank Kenya Limited Westlands Supreme Centre P.O. Box 14253 – 00800 Nairobi	

Management Team	Peter Njenga	Managing Director & CEO
	FCPS Austin Ouko	Company Secretary & General Manager Legal Affairs
	Mary Maalu	General Manager, Finance
	David Muthike	General Manager, Commercial Services
	Philip Yego	General Manager, Supply Chain
	Abraham Serem	General Manager, Corporate Services
	Elizabeth Njenga	General Manager, Business Development & Strategy
	Peketsa Mangi	General Manager, Geothermal Development
	Julius Odumbe	General Manager, Operations
	Daniel Kemei	Ag. General Manager, Information Communication & Technology
	CPA Erick Audi	Ag. General Manager, Internal Audit

Board Committees

Audit, Risk & Compliance Committee	Mr. Bernard Ngugi (Chair) Mr. Kennedy Ondieki (Alternate Director to the CS The National Treasury) Hon. Stephen Mutai Ms. Josephine Koisaba Mr. Umuro Wario
Strategy Committee	Eng. Frank Konuche (Chair) Mr. Chrispin O. Lupe (Alternate Director to PS-State Department for Energy) Mr. Umuro Wario Mr. William Rahedi Eng. Peter Njenga
Human Resource & Nomination Committee	Dr. Rosemarie Wanyoike (Chair) Eng. Frank Konuche Ms. Josephine Koisaba Mr. Bernard Ngugi Eng. Peter Njenga
Governance Advisory Committee	Hon. Stephen Mutai (Chair) Ms. Josephine Koisaba Mr. Bernard Ngugi Dr. Rosemarie Wanyoike Eng. Peter Njenga
Finance Committee	Mr. William Rahedi (Chair) Mr. Kennedy Ondieki (Alternate Director to the CS The National Treasury) Mr. Chrispin O. Lupe (Alternate Director to PS-State Department for Energy) Eng. Frank Konuche Eng. Peter Njenga

The Board of Directors

Eng. Frank Konuche ~ Chairman of the Board (Independent and Non-Executive Director)

Eng. Frank Konuche born in 1959, holds a Masters in Engineering from Technical University of Nova Scotia, Canada and Bachelor of Engineering (Hons) from Liverpool University, UK. He holds a Certificate in Senior Management Leadership from the Strathmore Business School. He has attended various professional training programs in power generation, management, industrial relations, performance management, strategic planning and management of energy organizations amongst others.
He has over 33 years engineering experience in the energy sector, power generation and public service. He has previously worked at the Centre for Energy Studies, Nova Scotia, Canada. He started his career in Kenya Power in 1988 as a Shift Engineer and progressed to hold various positions including Chief Engineer- Thermal before moving to KenGen where he worked in various roles: Generation Manager- Kipevu Power Station, Regional Operations Manager- Central Office and Western Region until his retirement from KenGen in 2019.

Eng. Peter Njenga ~ Managing Director & CEO

Eng. Peter Njenga is the Managing Director and CEO of Kenya Electricity Generating Company PLC (KenGen), East Africa's foremost electricity generation company, distinguished by its impressive 86% reliance on renewable and clean energy sources. With a tenure that formally commenced on 17th August 2023, Eng. Njenga boasts an illustrious 32-year career in the energy sector, marked by exceptional leadership. He holds a bachelor's degree in electrical engineering, complemented by Masters of Business Administration (MBA) in Strategic Management from the prestigious University of Nairobi. His status as a registered professional engineer adds to his credentials, standing as a paragon of expertise, augmented by a collection of certificates in senior leadership management, notably from Strathmore University and Harvard Business School, among other esteemed institutions. Throughout his journey, Eng. Njenga has consistently showcased unwavering dedication to professionalism, excellence in service delivery, strategic acumen, and ethical stewardship, leaving an indelible imprint on industry growth and innovation.

His remarkable ascent from Trainee Electrical Engineer to the esteemed position of General Manager of Infrastructure Development at Kenya Power & Lighting Company PLC (KPLC), to CEO of KenGen is a testament to his character, resilience, and visionary prowess. Notably, his influential role as Chair in pivotal committees within the energy sector in Kenya underscores his resolute commitment to catalysing transformative change, extending to the spheres of sustainability and climate action. Eng. Njenga seamlessly integrates his technical proficiencies with a results-oriented mindset, further reinforcing KenGen's ongoing triumph in delivering sustainable and dependable energy solutions, while also championing initiatives like tree planting to combat climate change. Beyond his professional pursuits, Eng. Njenga is a passionate advocate for youth development and family values, reflecting his devotion to both his Christian faith and family life. In his leisure time, he finds enjoyment in cycling and swimming, showcasing a well-rounded persona both in and out of the boardroom.

Hon. CPA John Mbadi Ng'ongo, EGH – Cabinet Secretary, The National Treasury (Non -Executive Director

Hon. John Mbadi is the Cabinet Secretary (CS) for The National Treasury and Economic Planning. Before his appointment, Hon. Mbadi had an extensive career in public service, most recently serving as a nominated Member of Parliament (MP) and the Chairperson of the Public Accounts Committee in the National Assembly.

The CS has a rich history in legislative leadership, having served as the elected MP for Suba South Constituency, Suba Constituency, and Gwassi Constituency. His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly. Throughout his parliamentary tenure, he was a member of numerous key committees, including the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee, Public Accounts Committee, Public Investments Committee, Constitutional Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.

In addition to his political and legislative accomplishments, the CS is a seasoned finance professional with over 28 years of experience. He has held the position of Accountant at the University of Nairobi and served as the Chair of Medair East Africa. Hon. Mbadi holds a Bachelor of Commerce degree with a specialization in Accounting from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.

Hon. Mbadi's contributions have been recognized with honours such as the Chief of the Order of the Burning Spear (CBS) and Elder of the Order of the Golden Heart of Kenya (EGH). His skills span from planning, budgeting, financial analysis, accounting, economics, and community development, complemented by strong leadership, effective communication, and interpersonal skills. His areas of interest include politics, reading, and soccer.

Alex Wachira ~ Principal Secretary, State Department for Energy (Non - Executive Director)

Mr. Alex Wachira born in 1982, was appointed the Principal Secretary, State Department for Energy in 2nd December 2022. He holds a Bachelor of Science degree in Nursing from the University of Nairobi and is currently pursuing a Master of Arts degree in Leadership at Pan African Christian University.

He has a wealth of experience from the private sector where he worked as an investment banker. He previously worked with Faida Investment Bank where he traded and structured treasury bonds and corporate bonds at the Nairobi Securities Exchange. He has also worked with Dyer & Blair Investment Bank and Genghis Capital limited. Mr. Wachira was a founding member of the Bonds Market Association as well as a member of the Steering Committee of the Kenya Association of Stockbrokers and Investment Bankers. He has spearheaded community initiatives such as youth mentorship programme and sports tournaments among other similar projects.

Dr. Rosemarie Wairimu Wanyoike (Independent & Non-Executive Director)

Dr Rosemarie Wairimu Wanyoike born in 1965 is a Human Capital Specialist with vast knowledge and experience in Human Resource (HR) and Business Management. Top of her achievements includes the initial setup, recruitment and nurturing of Human Resource Management in the School of Business at Kenyatta University.

She successfully formulated and implemented HR policies, procedures and practices for the Department, and has published journals on Organizational Transformation, Performance, Work Force Diversity and Employee Performance. She is currently the Chairperson and Lecturer of Human Resource Management Department at Kenyatta University and a Committee member of Manpower Development. Dr Wanyoike is also serving as the President-elect for Ruiru Rotary Club. She is a member of the Institute of Human Resource Management, the Institute of Directors (K) and Institute of University Training Committee, Academic Advisor, Student Mentor and BOM Member, at Naivasha Girls Secondary School. Dr Wanyoike holds a PhD in Human Resource Management from Kenyatta University (KU), a Master of Science in Human Resource Management from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor of Science in International Business Administration with a concentration in Management from USIU.

Josephine Koisaba (Independent & Non-Executive Director)

Ms. Josephine Koisaba born in 1978 is a leadership and management expert with over 20 years of experience in Government policies, Gender, Human rights and Community Development. She has worked in several non-Governmental organizations and taken lead in Social Work, developing and managing Performance Contracts, Resource Mobilization, Food &Nutrition and Child Development Rights, among others. Ms. Koisaba holds a degree in Leadership and Management from St. Paul's University, a Diploma of Education from Universiteit van Amsterdam (Quality Improvement in Education) and a Diploma in Community Development from Kenya Institute of Social Work and Community Development. She is a Member of the Institute of Directors (K).

William Rahedi (Independent & Non-Executive Director)

Mr. William Rahedi born in 1961 is a seasoned Independent Business and Finance Consultant with many years of multi- disciplinary experiences and strengths in Business Investment Advisory, Banking, Finance, Treasury Management, Loan Negotiations and Agreements, Financial and Business Restructuring. It has been his privilege to serve with multinational and regional corporations over the years with TDB Bank (Eastern and Southern African Trade and Development Bank), African Reinsurance Corporation and World Vision International. He is currently the Chairman of Spire Bank Kenya Limited and Director of Nairobi Hospice.

Mr. Rahedi holds a Bachelor of Science in Business Administration (Accounting) from the United States International University (USIU) and a Master of Business Administration (Finance) from the University of Nairobi. He is a Certified Public Accountant and a Member of Institute of Certified Public Accountants of Kenya (ICPAK) and a Member of the Institute of Directors (K).

Hon. Stephen Mutai (Independent & Non-Executive Director)

Mr. Stephen Mutai born in 1965 is a transformational leader with unmatched experience in Health Care Management, Policy Formulation, Implementation and Reporting, Community Mobilization and Budgeting.

Mr. Stephen Mutai holds a Bachelors Degree in Commerce, Masters in Business Administration (MBA) in Health Administration and has attended trainings on governance. He is member of the Institute of Internal Auditors and a Member of the Institute of Directors (K). He has previously served as a Director and Board member at Agricultural Finance Corporation (AFC) where he spearheaded the development of new financial systems. Mr. Mutai also headed the Finance and Procurement Committee of the Board at the National Hospital Insurance Fund (NHIF).

Bernard Ngugi (Independent & Non- Executive Director)

Mr. Bernard Ngugi born in 1963 holds a Master of Business Administration (MBA) in Finance and Bachelor of Commerce in Accounting both from University of Nairobi. He is a Certified Public Accountant of Kenya and a member of the Institute of Certified Public Accountants of Kenya. He is also a Certified Secretary and a member of the Institute of Certified Secretaries of Kenya. Additionally, he holds a Graduate Diploma from the Chartered Institute of Purchasing and Supplies and is a member of the Kenya Institute of Supplies Management.

Mr. Ngugi is a former Managing Director and Chief Executive Officer of Kenya Power. Prior to his appointment, he was the Kenya Power General Manager, Supply Chain. Mr. Ngugi has had over 32 years' experience at Kenya Power with expertise in financial and revenue accounting, internal audit and supply chain management.

Umuro Wario - (Independent & Non-Executive Director)

Mr. Umuro Wario was born in 1974, holds in Masters in Business Administration (MBA) and a Bachelor of Commerce (Accounting) degrees from the University of Nairobi. He is a Certified Public Accountant and a practicing member of the Institute of Certified Public Accountants of Kenya.

Mr. Wario is an Auditor and Public Finance Management (PFM) Specialist with over 25 years' experience both in Private and Public sector providing technical assistance aimed at Government delivery systems strengthening and transformation, fiduciary risk management and mitigation, strengthening public financial management systems to maximize revenues and Value for Money (VfM) spend, to achieve good track record on absorption, system transformation and sound fiduciary management.

He is a seasoned PFM specialist with deep practice knowledge and experience in basic education financing. He has worked as PFM Advisor on results based basic education systems strengthening and education outcomes programs in Kenya and Tanzania for many years. He believes resources must follow education outcomes.
He previously worked at PricewaterhouseCoopers in Kenya and served as the first Chief executive Officer, Youth Enterprise Development Fund.

Hon. Alfred Agoi Masadia - (Independent & non- Executive Director)

Hon. Masadia is a seasoned and recognised leader, a self-driven professional with over 22 years of experience in Public Policy, strategic management and leadership. He was born in 1965, holds a Bachelor of Arts (Economics, Government) and master's in business administration (Strategic Management) both from the University of Nairobi.

He has previously worked as the Marketing Director at Ideal Office Products Limited and the Chief Executive Officer at Kingsway Business Systems Limited. He is the immediate Member of Parliament for Sabatia Constituency which he served for two terms from 2013 till 2022. During his tenure in Parliament, Hon Masadia was a member of several Parliamentary Committees including the Budget Appropriations Committee, Health Committee, Regional Integration Committee and the Special Funds Accounts Committee.

Kennedy Ondieki Alternate to Cabinet Secretary the National Treasury - (Non-Executive Director)

Mr. Ondieki is an Alternate to the Cabinet Secretary-The National Treasury in the Board. He is the Director of Investments, in charge of Government Investments and Public Enterprises. He is responsible for developing strategic objectives and policies relating to the overall and fiscal/financial oversight and management of state corporations.

Mr. Ondieki has long cherished career in the public service spanning over 25 years. He sits on the Finance & Investment Committee and the Audit, Risk & Compliance Committee of the Board.

Chrispin O. Lupe Alternate Director to Principal Secretary, State Department for Energy (Non-Executive Director)

Geol. Chrispin Lupe is currently the Head of the Geo-exploration Directorate in the State Department for Energy, Ministry of Energy and Petroleum. He has worked in the Civil Service for 32 years garnering both technical and managerial experience in the Civil Service. Over the years, he has risen to his current level of Chief Geologist. He has previously served as Alternate Director to Principal Secretary in the Board of Directors of several state corporations.

Geol. Lupe holds a Master of Science Degree in Geo-informatics from International Institute for Geo-Information Science and Earth Observation (ITC) Netherlands and a Bachelor of Science Degree in Geology from the University of Nairobi. He is a Registered Geologist with the Geologists Registration Board of Kenya, a Professional Member of the Geological Society of Kenya and Member of the Institute of Directors (Kenya). He has also attended various other trainings programs for acquiring skills in technical, managerial and Board Directorship.

Chrisologus Makokha ~ Inspectorate of State Corporations

Mr. Makokha is experienced and professional in advising Boards and Management of State Corporations on Corporate Governance and Compliance issues, Monitoring the Performance of State Corporations, Management Audits and undertaking surcharges for restitution of misappropriated Public Funds. He has over 26 years of work experience in various Ministries and Government Institutions and extensive exposure and experience in Strategic Planning and Strategy Execution. He is an expert in the field of Statistics, encompassing Data Collection, Analysis and Dissemination, as well as Monitoring and Evaluation. He is currently a Senior Deputy Inspector General of State Corporations in the Inspectorate of State Corporations, Office of the President. He represents the Secretary, Inspectorate of State Corporations in the Kenya Forestry Research Institute (KEFRI) Board. Mr. Chrisologus Makokha holds a Master of Business Administration from Jomo Kenyatta University of Agriculture and Technology. He is currently a student at the same University, undertaking a PhD in Business Management.

Who Leads Us

Management	**Responsibilities**
Eng. Peter Njenga **Managing Director & CEO** 	
Eng. Peter Njenga is the Managing Director and CEO of Kenya Electricity Generating Company PLC (KenGen), East Africa's foremost electricity generation company, distinguished by its impressive 86% reliance on renewable and clean energy sources. With a tenure that formally commenced on August 17, 2023, Eng. Njenga boasts an illustrious 32-year career in the energy sector, marked by exceptional leadership. He holds a bachelor's degree in electrical engineering, complemented by Masters in Business Administration (MBA) in Strategic Management from the prestigious University of Nairobi. His status as a registered professional engineer adds to his credentials, standing as a paragon of expertise, augmented by a collection of certificates in senior leadership management, notably from Strathmore University and Harvard Business School, among other esteemed institutions. Throughout his journey, Eng. Njenga has consistently showcased unwavering dedication to professionalism, excellence in service delivery, strategic acumen, and ethical stewardship, leaving an indelible imprint on industry growth and innovation. His remarkable ascent from Trainee Electrical Engineer to the esteemed position of General Manager of Infrastructure Development at Kenya Power & Lighting Company PLC (KPLC), to CEO of KenGen is a testament to his character, resilience, and visionary prowess. Notably, his influential role as Chair in pivotal committees within the energy sector in Kenya underscores his resolute commitment to catalysing transformative change, extending to the spheres of sustainability and climate action. Eng. Njenga seamlessly integrates his technical proficiencies with a results-oriented mindset, further reinforcing KenGen's ongoing triumph in delivering sustainable and dependable energy solutions, while also championing initiatives like tree planting to combat climate change. Beyond his professional pursuits, Eng. Njenga is a passionate advocate for youth development and family values, reflecting his devotion to both his Christian faith and family life. In his leisure time, he finds enjoyment in cycling and swimming, showcasing a well-rounded persona both in and out of the boardroom.	Eng. Peter Njenga is the Managing Director & CEO of Kenya Electricity Generating Company PLC (KenGen), a position he assumed on 17th August 2023.

Management	**Responsibilities**

Divisions: Security & Investigations, KenGen Foundation and Protocol

FCPS Austin Ouko
Company Secretary & General Manager, Legal Affairs
JSM, LL.M, LL.B, FCIArb

FCPS Austin A. O. Ouko holds a Bachelor of Laws (LL. B) and a Master of Laws (LL.M) in Public Finance & Financial Services Law from the University of Nairobi, as well as a Master of the Science of Law (J.S.M) from Stanford University Law School, California, USA. He also possesses a Diploma in Law from the Kenya School of Law, a Practice Diploma in International Commercial Law from the College of Law of England & Wales, a Postgraduate Diploma in Domestic Arbitration from the Chartered Institute of Arbitrators, an Advanced Diploma in Business Administration, and a Diploma in Management of Information Systems.

He is responsible for driving the Company's corporate governance agenda, providing legal guidance and support to the Board & Management and is the Secretary to the Board and all its committees.

Austin is an Advocate of the High Court of Kenya, a Commissioner for Oaths, a Notary Public, and a registered Certified Public Secretary. He is also a Fellow of the Institute of Certified Secretaries Kenya, a Fellow of the Chartered Institute of Arbitrators (UK & Kenya Branch), an Accredited Governance Auditor, and a member of the Law Society of Kenya, the International Bar Association, the Commonwealth Lawyers Association, and the Kenya Institute of Management.

With over 17 years of experience in both the public and private sectors, Austin has served as General Manager, -Corporate Affairs/Corporation Secretary in an acting capacity, Legal Manager at the National Social Security Fund (NSSF) and a Senior Legal Officer at the Standard Group Limited. As the Company Secretary & General Manager, Legal Affairs Austin oversees all legal matters for KenGen.

Divisions: Legal, Shares & Board Services, Insurance & Ethics and Integrity

Management

CPA Mary Maalu
General Manager, Finance

CPA Mary Maalu is a Finance Expert with extensive experience in Audit, Financial Management and Corporate Finance. She holds Master of Business Administration (MBA) and Bachelor of Commerce (BCom) Degrees from the University of Nairobi. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She also holds a Certificate in Advanced Management Programme (AMP) from Strathmore University and a Certificate in Utility Regulation and Strategy from University of Florida.

Prior to joining KenGen, Mary held senior positions at Ernst & Young and Kenya Airways, where she held several managerial positions as Manager Credit Control, Manager Outstations Finance, and Manager Treasury. Mary has risen through the ranks at KenGen, having held several leadership roles as Corporate Finance Manager, General Manager of Corporate & Regulatory Services and Acting general Manager ICT.

Currently she is the General Manager, Finance responsible for the management of the company's finances, financial reporting, budgeting process management, and managing relationships with key stakeholders within the financial and energy sector. She oversees KenGen's Financial Accounting & Reporting, Management Accounting, and Corporate Finance.

Divisions: Financial Accounting & Reporting, Management Accounting and Corporate Finance

Responsibilities

Her key responsibilities include management of the Company's finances, financial reporting, raising capital for power generation projects, securing working capital facilities, budgeting process management as well managing relationships with key stakeholders within the financial markets.

Management

Eng. David Muthike
General Manager, Commercial Services

Mr. David holds a BSC (Hons) Electrical & Electronic Engineering Degree and Masters in Business Administration (MBA) (Strategy) both from University of Nairobi and a Post Graduate Diploma in Projects Appraisal, and Management from Maastricht School of Management, Netherlands.
He also holds the Advanced Management Program from Strathmore & IESE Business Schools. He is the Chairman of the Energy Society of Kenya and has over 25 years of experience in the power sector, his current role covers Power Purchase Agreements (PPAs) Negotiation and Management, New Business & Investments, Marketing & Corporate Communication, and Sustainable Development Agenda at KenGen.

Responsibilities

His responsibilities include: development and management of the Company's Commercial services among them PPA Negotiation and Management, New Business & Investments, Marketing & Corporate Communication, and Sustainable Development Agenda at KenGen.

Divisions: Power Purchase, Sustainable Development, Marketing & Corporate Communications, Alternative Business and Investments

Phillip Yego
General Manager, Supply Chain Management

Mr. Philip Yego is a Supply Chain Management expert with a wealth of experience in the Supply Chain industry. He holds a Bachelor of Arts degree in Economics, Master of Business Administration in Finance, Professional Diploma in Procurement and Supply from the Chartered Institute of Procurement and Supply (CIPS-UK) and a diploma in Purchasing and Supplies Management from Kenya Institute of

He oversees the overall management of Tenders, Contracts administration, management and monitoring, Logistics and Inventory operations within the Company, key stakeholder Relationship management, Supply Chain compliance to the relevant Laws and policies.

Management	Responsibilities
Management. He is a member of the Kenya Institute of Supplies Management (KISM), Kenya Institute of Management (KIM) and the Chartered Institute of Purchasing and Supplies (MCIPS). He joined KenGen in October 2014 and is responsible for providing oversight in the efficient and effective operations of the Supply Chain Division, which is a key enabler and driver of the KenGen business spectrum. Prior to joining KenGen, he worked in senior management positions in various institutions which include the Kenya Agricultural Research Institute (KARI), University of Nairobi Enterprises and Services (UNES), Uchumi, Postbank and Kenya Commercial Bank (KCB). Beyond the practitioner world, Mr. Yego has added the unique technical skills in the academic sector. He also worked at Kenyatta University as a Lecturer. ***Divisions: Procurement, Logistics & Inventory and Compliance & Reporting***	
Abraham Serem **General Manager, Corporate Services** 	
Mr. Abraham holds a Bachelor of Arts degree from the University of Nairobi and is a Certified Human Resource Professional (CHRP – K). His professional qualifications include a Higher National Diploma in Human Resource Management and a Diploma in Intermediate Executive Coaching from the Academy of Executive Coaching. He is also a member of the Institute of Human Resource Management, Kenya. With extensive experience across Kenya and East Africa, Abraham has held prominent HR roles, including Human Resource Director for East Africa at Heineken East Africa Ltd, Human Resource Business Partner at East Africa Breweries Ltd, Head of Human Resources at Nampak East Africa, and Human Resource Manager at Reckitt Benckiser East Africa. He also served in various senior officer positions at Kenya Post Office Savings Bank.	He is responsible for execution of Human Resource strategy to optimize human capital contributions and provide work environment that continuously adds value to stakeholders in provision of electric energy and business sustainability.

Management

He oversees the following functions in KenGen: Administration, Human Resource Management, Community Relations and Property Management.

Divisions: Human Resource Management, Administration, Property Management and Community Relation

CPA Elizabeth Njenga
General Manager, Business Development & Strategy

CPA Elizabeth Njenga holds a Master's degree in Public Policy and Management from Strathmore University Business School, a Master's degree in Business Administration from the University of Nairobi, and a Bachelor of Arts in Accounting and Economics from Moi University. She also earned a Postgraduate Diploma in Financial Management from the Maastricht School of Management in the Netherlands and is a Certified Public Accountant of Kenya (CPA-K).

With over 20 years of experience in finance, strategy, and power project planning and development in the energy sector, she is a highly skilled expert in energy strategy, power project planning, appraisal, development, and financing, with a strong interest in public policy. She has built her career at KenGen through various positions: Capital Planning and Public-Private Partnerships Manager (2014 to 2021) and Capital Planning and Strategy Manager from 2009 to 2014.

Divisions: Design & Construction, Capital & Energy Planning, Strategy, Business Process Improvement & Innovation and Monitoring & Evaluation

Responsibilities

Her current responsibilities include implementing KenGen's power generation capacity expansion strategy from ideation of suitable power projects and appraisal of the same through feasibility studies, procurement of power plant consultants and contractors, managing construction of power projects as well as driving the implementation of KenGen's first Public Private Partnership (PPP) project while also looking at new non-power generation business opportunities. She is also responsible for steering the Strategy and Innovation in the Company.

Management

Peketsa Mangi
General Manager, Geothermal Development

Mr. Peketsa Mangi is an astute geothermal energy expert with vast experience spanning over 20 years both locally and regionally. He holds a Master of Science (Information Science) from Moi University and is currently pursuing a PhD in Information Science from the same university. He is a Certified Project Manager (IPMA Level C) and holds a variety of professional certifications, including Earth Sciences, reservoir management, drilling technology, master negotiation skills, public procurement, geothermal project management, and financing, among others. He is currently the Vice Chairman of the Geothermal Association of Kenya (GAK) and a member of the Geological Society of Kenya (GSK) and International Geothermal Association (IGA).

He has risen through the ranks to the position of the General Manager Geothermal Development, having initially served as the Resource Development and Infrastructure Manager.

He oversees geothermal resource development, geothermal operations, drilling and logistics, reservoir management, and steam field management.

Divisions: Drilling & Logistics, Geothermal Resource Assessment, Reservoir & Steamfield and Civil Infrastructure.

Responsibilities

Key responsibilities comprise: human resource management and administration, power plant availability, steam availability, reservoir management, drilling operations and management, resource exploration, projects planning and management, infrastructure development, budget management, and coordinating environmental and social impacts assessment frameworks.

Management

Eng. Julius Odumbe
General Manager, Operations

Eng. Julius Odumbe is a licensed Consulting Engineer with an illustrious career in Operation and Maintenance (O&M) of equipment spanning over 30 years. He holds a Master of Business Administration (MBA) Degree from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Bachelor of Science Degree in Mechanical Engineering from the University of Nairobi and a Diploma in Project Management from Galilee College, (Israel).

He holds several professional leadership certificates in Corporate Senior Leadership Management Program (SLMP) from Strathmore Business School & Nanyang Technological University – Singapore, Executive Leadership (Georgetown Engendering Executive Program) from George Town University, Self-Awareness and Effective Leader from Rice University and Balanced score card from Strathmore Business School among many others.

He is a professional engineer, a Fellow in the Institute of Engineers of Kenya (IEK), and a licensed consulting engineer by the Engineers Board of Kenya (EBK). Prior to his appointment as General Manager Operations, he was the Regional Manager at KenGen's Eastern Region.
As the General Manager of Operations he oversees KenGen power plant operations, including plant rehabilitation and upgrades, planning outages, power distribution, energy evacuation, Power Purchase Agreement negotiation, coordination of bulk energy billing and coordination with key sector players to ensure national grid stability and safety.

He oversees KenGen's Eastern Region, Western Region, Upper Tana, Geothermal Operations, Central Office Operations, Thermal Region, Technical Services, and Electricity Dispatch.

Divisions: Power Generation - Geothermal, Eastern, Western, Thermal, Wind Farms, Electrical & Automation Engineering, Electricity Dispatch and Quality & Safety

Responsibilities

He is responsible for overseeing Operations and Maintenance (O&M) of all KenGen power plants, ensuring attainment of Power Purchase Agreement (PPA) target availability at optimized costs, Rehabilitation and upgrade of plants through uptake of latest technology to improve operation and extend effective plant life, continuous improvement and automation of systems to align with best practice, optimum power dispatch and scheduling of major plant outages through effective collaboration with the off taker, facilitate design and implementation of optimum power evacuation arrangements, involvement in power purchase agreement negotiations, coordination of bulk energy billing and collaborating with key sector players to ensure a stable and secure national grid.

Management

Dr. Daniel Kemei, PhD
Ag. General Manager, ICT

Dan Kemei holds a PhD in Project Planning and Management (Information Systems) from the University of Nairobi. He has over 20 years of experience spanning multiple sectors, including Energy, Aviation, Education, Finance, Manufacturing, and Government. His roles have included ICT Projects Manager at Kenya Airports Authority, Head of ICT at the Higher Education Loans Board, Chief ICT Officer at KenGen, Systems Administrator at Oserian Group, IT Training Consultant at Symphony and Institute of Advanced Technology (IAT), and Adjunct Lecturer at the University of Nairobi.

He has also served as Chairperson of the Strategy and Technology Committee at the African Association of Higher Education Financing Agencies (AAHEFA), Chairperson of the County Public Service Board (CPSB) in Nandi, and as a Founding Member and Director of the Kenya Association of Project Managers (KAPM), among other leadership positions.

Divisions: Relationship & technical Support, System & application, Networks & Infrastructure.

Responsibilities

He oversees the development, implementation, and management of the Information Communication Technology (ICT) strategy, ensuring it supports the company's operational and strategic goals while maintaining efficient and secure Information Technology (IT) operations.

Management

CPA, CIA Erick Audi
Ag. General Manager, Internal Audit

CPA Audi is a meticulous professional with over 20 years of working experience, having worked in different organizations and honed his skills in accounting, financial, auditing, governance, risk management, and internal control processes.
He holds an MBA (Finance) and a bachelor's degree in commerce (Accounting option), both from the University of Nairobi. He is a Certified Public Accountant (CPA), a Certified Internal Auditor (CIA), and a Certified Information Systems Auditor (CIA), as well as a member of the Institute of Internal Auditors (IIA) Kenya and the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing.

Prior to joining KenGen in 2016, he held several leadership roles as head of internal auditor function at Kenya Revenue Authority (KRA), Kenya Rural Roads Authority (KeRRA), and Kenya Electricity Transmission Company Limited (KETRACO). He is currently the Acting General Manager, Internal Audit.

Divisions: Internal Audit, System & process Audit and Risk Assurance.

Responsibilities

He is responsible for operating an efficient & effective Internal Audit Function, liaison with Audit Committee, Senior Management and External Auditors to ensure value addition through successful implementation of Internal and external audit recommendations, provide advisory services to internal stakeholders & render secretarial services to the KenGen's Audit, Risk & Compliance Committee of the Board.

Shareholding

In line with the Continuing Obligations for listed companies as prescribed by the Capital Markets Authority and Nairobi Securities Exchange, KenGen files Investors' Returns monthly.

List of top ten shareholders as at 30 June 2024

	Names	Shares	Percentage
1	Cabinet Secretary - The National Treasury	4,615,424,088	70.00%
2	Stanbic Nominees Limited	495,348,189	7.51%
3	Standard Chartered Nominees Ltd A/C Ke002339	120,000,000	1.82%
4	Standard Chartered Nominees Resd A/C Ke11450	64,702,437	0.98%
5	Stanbic Nominees Limited Ac R10130748	62,046,200	0.94%
6	Stanbic Nominees Limited R6631578	60,148,649	0.91%
7	Standard Chartered Nominees Resd	40,163,194	0.61%
8	Mavji, Ramila Harji	33,910,100	0.51%
9	Njihia, Waithaka Ng'ang'a	21,060,000	0.32%
10	Standard Chartered Nominees Resd A/C Ke11436	16,650,190	0.25%
11	Others	1,065,069,292	16.15%
	Grand Totals:	**6,594,522,339**	**100.00%**

Distribution of Shareholders

	Range	Records	Range Total	Percentage
1	1 to 500	83,040	19,773,895	0.30%
2	501 to 1000	34,311	27,342,134	0.41%
3	1001 to 5000	48,926	109,086,795	1.65%
4	5001 to 10000	16,333	110,139,451	1.67%
5	10001 to 50000	7,060	144,023,979	2.18%
6	50001 to 100000	826	58,967,589	0.89%
7	100001 to 500000	684	141,038,641	2.14%
8	500001 to 1000000	120	82,704,486	1.25%
9	1000001 to 2000000000	125	5,901,445,369	89.49%
	Grand Totals	**191,425**	**6,594,522,339**	**100.00%**

Summary Returns

Investor Pool	Records	Shares	Percentage
Local Institutions	7,903	5,102,214,686	77.37%
Foreign Investors	182,588	785,096,523	11.91%
Local Individuals	934	707,211,130	10.72%
Grand Totals	**191,425**	**6,594,522,339**	**100.00%**

Business Overview

KenGen's strategic focus on enhancing the reliability of power generation has paid off, significantly boosting the company's primary revenue streams. KenGen's revenue growth for the financial year ending 30 June 2024, reflects a strong performance in its core electricity generation fleet, particularly from geothermal and hydro sources owing to favourable hydrological conditions which led to full capacity of the water reservoirs.

Overall, unit sales grew by 4% from 8,027 GWh in 2023 to 8,384 GWh for the period ended 30 June 2024. However, the Geothermal generation was negatively impacted by the closure of our first fleet of Geothermal Power Plant, Olkaria I in March, 2023 for rehabilitation which will increase its capacity from 45MW to 63MW. Despite the closure of Kipevu I and Muhoroni Power Plants following expiry of their Power Purchase Agreements, generation from Kipevu III was stepped up to mitigate the impact. The generation mix per energy source is summarized below.

Electricity Unit Sales (GWh)

	2024	2023	Change
Source			
Hydro	3,336	2,520	32%
Geothermal	4,633	5,090	-9%
Thermal	365	360	1%
Wind	50	57	-12%
Total	**8,384**	**8,027**	**4%**

Revenue

The Company managed to achieve a notable growth in total revenue, reflecting its strong operational management and focus on sustainable energy sources. Revenue increased by 4.3% from Shs 53,964 million in the previous year to Shs 56,297 million in 2024, mainly driven by electricity and steam revenues which increased by 6.4 % and 12.2% respectively.

The increase in electricity revenue is attributable to growth in hydro and geothermal generation as a result of favourable hydrology and higher dispatch respectively, enhancing overall performance. The reduction in fuel revenue from thermal operations by 3% highlights the decreased available capacity following the closure of Muhoroni and Kipevu I power plants after expiry of the Power Purchase Agreements on 30 April 2023 and 30 June 2023 respectively. The reduction in revenue from diversification sources by 89.6%, highlights the decreased activities in Ethiopia and Djibouti in the year.

Other income and gains/(losses)

Other income declined by 37.8% from Shs 2,084 million in the previous year to Shs. 1,297 million in the current year, mainly attributable to income from insurance compensation of Shs 1,260 million for Olkaria V breakdown which was received in the previous year.

Other (losses)/gains relate to foreign exchange valuations and fair value measurements of financial assets. The Company recorded a gain of Shs 428 million in the previous year compared to a loss of Shs 722 million during the period as a result of appreciation of the Kenyan Shilling against other major currencies, specifically USD, JPY and Euro.

Expenses

Reimbursable expenses relate to cost incurred on fuel and water used in generation of electricity. The expenses decreased by 1.4% from Shs 8,121 million to Shs 8,003 million, attributable to lower dispatch from the thermal power plants following the closure of Kipevu I and Muhoroni power plants.

Depreciation and amortization expenses decreased by 0.6% from Shs 15,800 million to Shs 15,708 million. This is mainly attributable to impairment of Kipevu I, Muhoroni and Olkaria I assets at the end of the previous year.

Expenses (Continued)

Employee expenses increased by 12.7% from Shs 9,206 million to Shs 10,376 million mainly attributable to the implementation of new Human Resources Instruments in June, 2023 whose full impact has been reflected in the current year. In addition, Collective Bargaining Agreement (CBA) and Cost of Living Adjustment were effected in the period under review.

Steam costs are incurred in respect to supply of steam used in generation of power from third party geothermal owned wells. The costs increased by 17.8 % from Shs 3,731 million to Shs 4,394 million due to improved dispatch from wells that are vested to GDC to run Olkaria I AU, Olkaria IV and Wellhead.

The plant operation and maintenance (O&M) expenses increased from Shs 2,980 million to Shs 3,668 million, an increase of 23.1% mainly owing to cost of spares, security & surveillance and electricity. The costs have been further affected by demobilization expenses of the rig equipment from Ethiopia.

Other expenses decreased by 18.8% from Shs 7,068 million to Shs 5,740 million, mainly attributed to lower insurance costs, transport, office expenses and provisions for impairment of assets.

Finance income/ expense

Finance income increased by 148.8% from Shs 1,689 million in 2023 to Shs 4,202 million in 2024 mainly attributable to investment of surplus funds arising from investment of available cash balances in high yielding investments impacted by rising interest rates during the period.

Finance costs increased by 2.7% from Shs 2,732 million in the previous year to Shs 2,806 million, mainly attributable to recognition of new leases. However, the figures have been impacted favourably by the depreciation of the Kenyan Shilling against other major currencies which closed at Shs 129.527 for the Dollar down from Shs 140.52, Shs 138.87 for the Euro down from Shs 152.98 and Shs 0.8076 for the Yen down from Shs 0.9700 in the previous year.

Results

The profit before tax increased by 28.4% from Shs 8,525 million in 2023, to Shs 10,947 million in 2024, while the profit after tax increased by 35.5% from Shs 5,016 million in 2023 to Shs 6,797 million in 2024 due to growth in revenue and finance income.

Non-Current Assets

Non-current assets decreased by Shs 27,602 million, from Shs 470,704 million at end of 2023 to Shs 443,102 million, at the end of 2024 mainly due to decrease in fair value measurements of financial assets through profit or loss and offset of contract asset with related borrowings as compared to 2023.

Trade Receivables

Despite the increase in electricity revenue, trade receivables decreased from the previous year. The amount decreased significantly by Shs 4,819 million from Shs 21,449 million net of expected credit loss (ECL) at the end of 2023 to Shs 16,630 million net expected credit loss (ECL at the end of 2024 owing to enhanced payment by Kenya Power and Lighting Company Plc (KPLC).

Cash and Cash Equivalents

Cash and cash equivalents increased by Shs 10,144 million, from Shs 15,474 million at the end of 2023 to Shs 25,618 million at the end of 2024. This increase is primarily attributable to profits for the period, improved collection of cash from KPLC, Investment of available cash balances on call and fixed deposit accounts.

Borrowings

Borrowings decreased by Shs 32,068 million, from Shs 149,852 million at end of 2023 to Shs 117,784 million at the end of 2024, mainly due to downward revaluation of foreign currency denominated loans owing to the strengthening of the Kenya Shilling against major currencies and principal repayment of loans.

Trade and other payables

Trade and other payables increased by Shs 285 million from Shs 8,294 million at the end of 2023 to Shs 8,579 million at the end of 2024 and relates to payments due to contractors as well as project retention monies held in respect of defects liability period.

Effective Financial Structure

Maintaining a well-balanced capital structure plays a significant role in our ability to raise financing on reasonable terms for our continued investment in renewable energy. The Company continuously monitors financial ratios in line with lender thresholds. The financial covenant thresholds of the long-term debt portfolio vary for each lender but converge around keeping the total leverage ratio, debt service coverage ratio, current ratio, and self-financing ratio within acceptable levels.

REPORT OF DIRECTORS

The Directors submit their report together with the audited financial statements of Kenya Electricity Generating Company Plc (the "Company" or "KenGen") for the year ended 30 June 2024.

Principal Activities

The principal activity of the Company is to generate and sell electricity to the authorised distributor, The Kenya Power and Lighting Company Plc (Kenya Power).

Results

The results of the entity for the year ended 30 June 2024 are set out on page 32 - 33. Below is summary of the profit or loss made during the year.

	2024 Shs'000	2023 Shs'000
Profit before income tax	**10,946,865**	**8,524,816**
Income tax charge	(4,149,853)	(3,508,339)
Profit for the year	**6,797,012**	**5,016,477**
Other comprehensive loss for the year, net of tax	(906,188)	(4,101,756)
Total comprehensive income for the year	**5,890,824**	**914,721**

Recommended dividend

Subject to the approval of the shareholders, the Directors propose payment of a first and final dividend of Shs 4,286 million (2023: Shs 1,978 million) for the year representing Shs 0.65 (2023: Shs 0.30) per issued ordinary share.

Directors

The Directors who held office during the year and to the date of this report are disclosed on page 2.

Disclosures to the auditor

The Directors confirm that with respect to each director at the time of approval of this report:

(a) There was, as far as each director is aware, no relevant audit information of which the Company's auditor is unaware;

(b) Each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Terms of appointment of auditors

The Auditor-General is responsible for the statutory audit of the Company's financial statements in accordance with Section 35 of the Public Audit Act, 2015. Section 23(1) of the Act empowers the Auditor-General to appoint other auditors to carry out the audit on his behalf. Accordingly, Deloitte & Touche LLP were appointed to carry out the audit for the year ended 30 June 2024.

The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the Board

Chairman of the Board

28TH OCT ……………….2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015, requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and its profit or loss for that year. The Directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company and disclose with reasonable accuracy the financial position of the Company. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and error.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining internal controls as they determine necessary, to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

ii. Selecting suitable accounting policies and then apply them consistently; and

iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

....	....	....
Frank Konuche	**Bernard Ngugi**	**Peter Njenga**
Chairman	**Director**	**Managing Director & CEO**

INFORMATION NOT SUBJECT TO AUDIT

The Company's Directors Remuneration Policy and Strategy

The Board establishes and approves formal and transparent remuneration policies to attract and retain both executive and non-executive Board members.

These policies clearly stipulate remuneration elements such as Directors' fees, honorarium and attendance allowances that are competitive and in line with those of other agencies in the industry and with the State Corporations Act.

In accordance with the guidelines provided in the State Corporations Act and issued by the Salaries & Remuneration Commission as well as shareholder approval granted at the Annual General Meeting; The Directors are paid a taxable sitting allowance of Shs 20,000 for every meeting attended. The Chairman is paid a monthly honorarium of Shs 80,000. The Board members are paid an annual Directors fee of Shs 600,000 subject to approval by the shareholders. It is proposed that each non-executive Director receives a fee of Shs 600,000 excluding sitting allowances and honorarium for the financial year ended 30 June 2024 subject to approval by shareholders during the Annual General Meeting.

The total expenses incurred in the course of enabling the directors discharge their mandate are charged to the statement of profit or loss (Note 10(e)).

Kenya Electricity Generating Company Plc does not grant personal loans, guarantees, share options or incentives to its Directors.

Contract of Service

In accordance with the Capital Markets Authority (CMA) regulations on non-executive Directors, a third of the Board is elected at every Annual General Meeting by the shareholders for a term of 3 years on rotation basis.

The Managing Director and CEO has a three (3) year renewable contract of service with Kenya Electricity Generating Company Plc. The Managing Director & CEO was appointed on 17th August 2023.

Changes to Directors Remuneration

During the period, there were no changes in Directors Remuneration which is set as per the guidelines provided in the State Corporations Act and the Salaries & Remuneration Commission.

Statement of Voting on the Directors Remuneration Report at the Previous Annual General Meeting

During the Annual General Meeting held on 29th November 2023, the shareholders approved the payments of Directors fees for the year ended 30 June 2023 through virtual voting.

Approval will be sought at the upcoming Annual General Meeting from shareholders to pay Directors fees for the financial year ended 30 June 2024.

INFORMATION SUBJECT TO AUDIT

The following tables shows a single figure remuneration for the Managing Director and CEO and Non-Executive Directors in respect of qualifying services for the year ended 30 June 2024 together with the comparative figures for 30 June 2023. The aggregate Directors' emoluments are shown in note **36(f)**.

For the year ended 30 June 2024

Non-Executive Directors

Name	Category & Period of Service	Salary	Directors Fees	Sitting Allowances	Honorarium	Telephone	Total
		Shs'000	Shs'000	Shs'000	Shs '000	Shs '000	Shs '000
Julius Migos Ogamba	Chairman (retired 8 August, 2024)	-	600	1,860	960	84	**3,504**
Prof. Njuguna Ndung'u	Non-Executive (Cabinet Secretary: National Treasury)	-	600	-	-	-	**600**
Alex Wachira	Non-Executive (Principal Secretary, Ministry of Energy)	-	600	60	-	-	**660**
Josephine Koisaba	Non-Executive	-	600	1,660	-	-	**2,260**
William Rahedi	Non-Executive	-	600	1,620	-	-	**2,220**
Hon. Mutai Stephen Kipkoech	Non-Executive	-	600	1,710	-	-	**2,310**
Dr. Rosemarie Wairimu Wanyoike	Non-Executive	-	600	1,600	-	-	**2,200**
Frank Konuche	Non-Executive- Elected as a Director at the AGM on 30 November 2023 (Appointed by the Board of Directors on 28 October as the Chairman of the Board until the 2024 AGM)	-	350	960	-	-	**1,310**
Umuro Wario	Non-Executive-(Appointed on 1st, December, 2023)	-	350	900	-	-	**1,250**
Benard Ngugi	Non-Executive-(Appointed on 1st, December, 2023)	-	350	1,020	-	-	**1,370**
Chrisologus Makokha	(Appointed on 26th January, 2023)	-	-	1,140	-	-	**1,140**
Kennedy Ondieki	(Alternate to CS National Treasury & Planning : Appointed on 30th April, 2024)	-	-	120	-	-	**120**
Chrispin O. Lupe	(Alternate to PS Ministry of Energy : Appointed on 6th May, 2024)	-	-	140	-	-	**140**
James Opindi	Non-Executive (Retired on 30th November, 2023)	-	250	840	-	-	**1,090**
Samuel Kimani	Non-Executive (Retired on 30th November, 2023)	-	250	420	-	-	**670**
Winnie Pertet	Non-Executive (Retired on 30th November, 2023)	-	250	720	-	-	**970**
Bernard Ndungu	(Alternate to CS National Treasury & Planning : Retired on 30th April, 2024)	-	-	80	-	-	**80**
Stephen Njue	(Alternate to PS Ministry of Energy : Retired on 6th, May, 2024)	-	-	820	-	-	**820**
Total		**-**	**6,000**	**15,670**	**960**	**84**	**22,714**

Executive Directors

Abraham Serem	Ag. Managing Director and CEO (Served until on 17th August 2023)	2,621	-	-	-	-	2,621
Peter Njenga	Managing Director and CEO (Appointed on 17th, August 2023)	12,021	-	-	-	-	12,021
Total		**14,642**	**-**	**-**	**-**	**-**	**14,642**

INFORMATION SUBJECT TO AUDIT (continued)

For the year ended 30 June 2023

Non-Executive Directors

Name	Category & Period of Service	Salary	Directors Fees	Sitting Allowances	Honorarium	Telephone	Total
		Shs'000	Shs'000	Shs'000	Shs '000	Shs '000	Shs '000
Julius Migos Ogamba	Chairman (Appointed on 28th February 2023)	-	200	960	320	28	**1,508**
General (Rtd) Samson Mwathethe	Chairman (Retired on 28th February 2023)	-	400	820	640	56	**1,916**
Prof. Njuguna Ndung'u	Non-Executive	-	600	-	-	-	**600**
Alex Wachira	Non-Executive	-	600	60	-	-	**660**
Joseph Sitati	Non-Executive-(Retired on 28th February 2023)	-	350	660	-	-	**1,010**
Maurice Nduranu	Non-Executive – (Retired on 28th February 2023)	-	350	1,180	-	-	**1,530**
Phyllis Wakiaga	Non-Executive- (Retired on 26th January, 2023)	-	350	380	-	-	**730**
Peris Mwangi	Non-Executive-Retired on 26th January, 2023)	-	350	780	-	-	**1,130**
James Opindi	Non-Executive	-	600	1,740	-	-	**2,340**
Samuel Kimani	Non-Executive	-	600	1,420	-	-	**2,020**
Winnie Pertet	Non-Executive	-	600	1,860	-	-	**2,460**
Josephine Koisaba	Non-Executive-(Appointed on 26th January, 2023)	-	250	940	-	-	**1,190**
Dr. Rosemarie Wairimu Wanyoike	Non-Executive--(Appointed on 26th January, 2023)	-	250	1,000	-	-	**1,250**
William Rahedi	Non-Executive--(Appointed on 28th February 2023)	-	250	940	-	-	**1,190**
Hon. Mutai Stephen Kipkoech	Non-Executive--(Appointed on 28th February 2023)	-	250	900	-	-	**1,150**
Bernard Ndungu	(Alternate to CS National Treasury & Planning)	-	-	360	-	-	**360**
Stephen Njue	(Alternate to PS Ministry of Energy	-	-	980	-	-	**980**
Chris Makokha	(Appointed on 26th January, 2023	-	-	500	-	-	**500**
Peter Nyutu	(Retired on 26th January, 2023)	-	-	894	-	-	**894**
Total		**-**	**6,000**	**16,374**	**960**	**84**	**23,418**

Executive Directors

Abraham Serem	Ag. Managing Director and CEO (Served until on 17th August 2023)	15,045	-	-	-	-	15,045
Rebecca Miano	Managing Director and CEO (Retired on 28th October 2022)	5,188	-	-	-	-	5,188
Total		**20,233**	**-**	**-**	**-**	**-**	**20,233**

On behalf of the Board

Chairman of the Board

Date: 28TH OCT **2024**

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY GENERATING COMPANY PLC FOR THE YEAR ENDED 30 JUNE, 2024

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 Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

The accompanying financial statements of Kenya Electricity Generating Company PLC set out on pages 32 to 127, which comprise of the statement of financial position as at

30 June, 2024, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte & Touché, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Electricity Generating Company PLC as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Electricity Generating Company PLC Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit 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.

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. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on them. For the matter below, a description of how the audit addressed the matter is provided in that context.

Key Audit Matter	How Audit Addressed the Key Audit Matter
Impairment of Property, Plant and Equipment	
The carrying value of the Company's property, plant and equipment balance of Kshs.426 billion (2023 – Kshs.432 billion) as reflected in the statement of financial position includes an amount of Kshs.355 billion (2023 – Kshs.368 billion) relating to buildings, transmission lines, plant and machinery. As disclosed in Note 15 to the	I performed the following procedures, among others, to address the key audit matter: The audit procedures also focused on reviewing the reasonableness of assumptions made and methodologies used to ensure that they are reasonable

Key Audit Matter	How Audit Addressed the Key Audit Matter
Impairment of Property, Plant and Equipment	
financial statements, these power generation assets are significant to the statement of financial position and are carried at revalued amounts less accumulated depreciation and accumulated impairment losses. The property, plant and equipment balance also includes capital work in progress amounting to Kshs.64 billion (2023 – Kshs.57 billion) which is carried at cost less any impairment losses. An impairment assessment was performed on the power generating assets by Management and a pre-tax impairment provision of Kshs.382,572,000 (2023 – Kshs.4,980,578,000) and Kshs.912,830,000 (2023 – Kshs.899,760,000) made in the statement of profit or loss and other comprehensive income. These provisions have been disclosed under other comprehensive income and Note 10(g) to the financial statements respectively. Management identified impairment indicators in the plant and machinery assets related to connected wells used for re-injection whose casings were perforated thus considered un-usable. In addition, an impairment on capital work in progress was assessed at Kshs.39,478,000 (2023 – Kshs.10,040,000) which has been charged to the statement of profit or loss and other comprehensive income as disclosed in Note 10(g) to the financial statements. Significant judgments are required to be applied by the Directors in the impairment assessment of these assets in line with the accounting policies and International Accounting Standard, No. 36 (IAS 36), on Impairment of Assets.	and appropriate given my understanding of similar situations. I obtained Management's assessment of the indicators of impairment and reviewed the key assumptions made with the objective of testing their reasonableness based on evidence available. I challenged the significant judgments made and conclusions reached. My audit procedures focused on understanding the basis of the judgments made considering audit evidence which I could obtain during the audit and my understanding of the nature and use of these assets. I obtained the impairment valuation and analyses prepared by Management and tested the approach applied for appropriateness. I also tested the data used in the impairment calculations for accuracy and completeness. With regards to my analysis of the overall impairment assessment, I did not identify any significant issues with the approach used by Management and I concluded that it was consistent with International Accounting Standards 36 and the Company's accounting policies, in all material respects. I also did not identify any material misstatement in the data used in the calculations in respect of its accuracy and completeness.

Key Audit Matter	How Audit Addressed the Key Audit Matter
Impairment of Property, Plant and Equipment	
My attention was drawn to this area due to the significance of the carrying values of the assets and the risk that inappropriate judgments or assumptions could lead to material misstatements in the financial statements. For the purposes of my audit, I therefore, identified the impairment of property, plant and equipment as representing a key audit matter.	I assessed the adequacy of impairment related disclosures in the financial statements, including the judgments and assumptions used.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit Section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risk of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above, provide the basis for my unmodified opinion on the accompanying financial statements.

Other Matter

Non-Compensation of the Company's Land by National Lands Commission and Kenya National Highways Authority

Part of the Company's property in Changamwe was acquired by the Kenya National Highways Authority (KENHA) for the dualling of the Mombasa-Mariakani Road. The construction of the road rendered the staff houses in Changamwe temporarily unusable since they were disconnected from the sewer line. The security wall was also damaged. Management indicated that the two residential flats would realize a net rental income of Kshs.768,000 per year for the Company. However, there was no response to correspondences seeking compensation amounting to Kshs.250,611,659 from the National Land Commission and KENHA.

Other Information

Conclusion

The Directors are responsible for the other information set out on page 1 to 30 which comprise of Key Corporate Information, Management Team, Shareholding, Business Overview, Report of the Directors, Statement of Directors Responsibilities and Director's

Remuneration Report. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Company'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, based on the audit 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. Kipevu III Power Station Fuel Penalties

The Power Purchase Agreement for Kipevu III Power Plant between the Company and Kenya Power sets fuel penalties when the daily fuel stock does not meet the set threshold of eleven thousand five hundred and sixty metric tonnes (11,560 MT) per day. During the year under review, the Company had a contract for supply and delivery of heavy fuel oil at Kipevu III Power Station with a local petroleum company. The contract sets the minimum-security level at six thousand two hundred and eighty metric tonnes (6,280 MT) per day which is below the threshold set in the Power Purchase Agreement. However, the Company incurred penalties amounting to Kshs.11,348,922 because of the supplier not meeting the required security stock levels.

In the circumstances, Management was in breach of contractual agreement and value for money for the expenditure incurred on penalties could not be confirmed.

2. Irregular Secondment of the Staff

During the year under review, the Company had seconded fourteen (14) members of staff to different Government entities. However, review of the payroll revealed that the Company had continued to pay salaries of the seconded staff amounting to Kshs.48,841,060. This was contrary to the guidelines outlined in Section B.33 of the Public Service Human Resources Policy (3), and the concept of matching principal that the staff should be paid based on where they put on effort.

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

3. Lack of Ownership Documents for Turkwel Land

The Company operates a Hydro Power Plant in Turkwel Multi-Purpose dam which is also utilized by Kerio Valley Development Authority. However, the land on which the Plant and other facilities of the Company are constructed lacks a title deed to prove ownership. Management provided the letter of allotment for the land signifying progress undertaken in the acquisition of the title deed and explained how emotive the issue of land is in the region.

Physical verification carried out in September, 2024 revealed that the Turkwel land measuring 20,827 hectares had been encroached. The encroachment poses impairment risk to the power plant. Further, there are public facilities on the land including two (2) schools and a GSU camp.

In the circumstances, adequacy of measures, taken to safeguard public property and critical infrastructure could not be confirmed.

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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing 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 ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

i. Information given in the Directors' report on pages 25 to 27 is consistent with the financial statements; and

ii. The auditable part of the Directors' remuneration report on pages 28 to 30 has been properly prepared in accordance with the Companies Act, 2015.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for maintaining effective internal 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 Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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 I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 October, 2024

Statement of profit or loss and other comprehensive income

	Notes	2024 Shs'000	2023 Shs'000
Revenues from contracts with customers			
Electricity revenue	6 (a)	41,252,372	38,783,964
Steam revenue	6 (a)	6,875,964	6,129,269
Fuel charge	6 (a)	7,923,700	8,165,345
Water charge	6 (a)	166,593	125,892
Revenue from diversification sources	6 (a)	78,593	759,207
Total revenue		**56,297,222**	**53,963,677**
Reimbursable expenses			
Fuel costs	7	(7,836,831)	(7,995,258)
Water costs	7	(166,593)	(125,892)
Total reimbursable expenses	7	(8,003,424)	(8,121,150)
Revenue less reimbursable expenses		**48,293,798**	**45,842,527**
Other income	8	1,296,534	2,083,709
Other (losses)/gains – net foreign exchange and fair valuation of financial assets	9	(722,117)	428,317
Operating income		**48,868,215**	**48,354,553**
Expenses			
Depreciation and amortization	10 (a)	(15,707,703)	(15,800,445)
Employee expenses	10 (b)	(10,376,066)	(9,206,178)
Steam costs	10 (c)	(4,393,595)	(3,731,112)
Plant operation and maintenance	10 (d)	(3,667,517)	(2,979,740)
Other expenses	10 (e)	(5,739,660)	(7,067,800)
Allowance for expected credit losses	10 (f)	567,366	(1,162)
Operating profit		**9,551,040**	**9,568,116**
Finance income	11	4,201,745	1,688,805
Finance costs	12	(2,805,920)	(2,732,105)
Profit before income tax		**10,946,865**	**8,524,816**
Income tax charge	13(a)	(4,149,853)	(3,508,339)
Profit for the year		**6,797,012**	**5,016,477**
Earnings per share:			
Basic and diluted (Shs per share)	14	**1.03**	**0.76**

Statement of profit or loss and other comprehensive income (continued)

	Notes	2024 Shs'000	2023 Shs'000
Profit for the year		**6,797,012**	**5,016,477**
Other comprehensive loss, net of income tax:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of retirement benefit obligations	29a(ii)	(912,714)	(860,574)
Deferred income tax on defined benefit obligation	26	273,814	258,172
Net impairment of revalued assets	26	(382,572)	(4,980,578)
Deferred income tax on impairment of assets	26	114,772	1,494,173
		(906,700)	(4,088,807)
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Net gain/(loss) on revaluation on financial instruments measured at FVOCI	26	732	(18,498)
Deferred income tax on valuation of financial instruments	26	(220)	5,549
		512	(12,949)
Other comprehensive loss for the year, net of tax		(906,188)	(4,101,756)
Total comprehensive income for the year		**5,890,824**	**914,721**

Statement of financial position

	Notes	2024 Shs'000	2023 Shs'000
ASSETS			
Non-current assets			
Property, plant and equipment	15(a)	426,723,308	432,483,315
Intangible assets	16	2,118,932	2,256,114
Right of Use assets	17	6,665,185	6,579,750
Financial assets at amortized cost	18	4,153,672	4,358,942
Contract asset	18(d)	-	5,347,560
Financial assets at fair value through profit or loss	19	728,515	17,816,799
Restricted cash balances	24(b)	2,712,749	1,861,357
		443,102,361	**470,703,837**
Current assets			
Inventories	20	2,136,284	1,848,446
Trade receivables	21	16,629,593	21,448,878
Corporate tax recoverable	13(c)	195,667	441,713
Financial assets at amortized cost	18	133,954	137,244
Financial assets at fair value through profit or loss	19	895,818	2,236,554
Other receivables and prepayments	22	3,027,582	4,441,700
Financial asset at fair value through other comprehensive income	23	321,154	320,422
Cash and bank balances	24(a)	24,850,342	14,998,431
		48,190,394	**45,873,388**
TOTAL ASSETS		**491,292,755**	**516,577,225**
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	25	16,487,710	16,487,710
Share premium	25	22,151,131	22,151,131
Other reserves	26	118,730,184	122,361,165
Retained earnings	27	120,736,895	113,193,447
		278,105,920	**274,193,453**
Non- current liabilities			
Borrowings	28	107,748,716	137,042,085
Deferred income tax	30	84,531,405	81,629,986
Lease liabilities	31	891,499	691,876
Grants	32	1,228,401	833,351
		194,400,021	**220,197,298**
Current liabilities			
Borrowings	28	10,035,376	12,809,721
Trade and other payables	33	8,579,311	8,293,841
Lease liabilities due within one year	31	172,127	159,826
Dividends payable	34	-	923,086
		18,786,814	**22,186,474**
TOTAL EQUITY AND LIABILITIES		**491,292,755**	**516,577,225**

The financial statements on pages 32 to 127 were approved and authorised for issue by the Board of Directors on 28TH OCT 2024 and were signed on its behalf by:

Frank Konuche **Chairman**	**Bernard Ngugi** **Director**	**Peter Njenga** **Managing Director & CEO**

Statement of changes in equity

	Share capital Shs'000	Share premium Shs'000	Other Reserves Shs'000	Retained earnings Shs'000	Total Shs'000
As at 1 July 2023	**16,487,710**	**22,151,131**	**122,361,165**	**113,193,447**	**274,193,453**
Profit for the year	-	-	-	6,797,012	6,797,012
Other comprehensive income	-	-	(906,188)	-	(906,188)
Total comprehensive income for the year	**-**	**-**	**(906,188)**	**6,797,012**	**5,890,824**
Transfer of excess depreciation	-	-	(3,892,561)	3,892,561	-
Deferred tax on excess depreciation	-	-	1,167,768	(1,167,768)	-
Dividends declared to equity holders (Note 34)	-	-	-	(1,978,357)	(1,978,357)
As at 30 June 2024	**16,487,710**	**22,151,131**	**118,730,184**	**120,736,895**	**278,105,920**
Note	25	25	26	27	

Statement of changes in equity (continued)

	Share capital Shs'000	Share premium Shs'000	Other Reserves Shs'000	Retained earnings Shs'000	Total Shs'000
As at 1 July 2022	**16,487,710**	**22,151,131**	**129,272,244**	**106,686,340**	**274,597,425**
Profit for the year	-	-	-	5,016,477	5,016,477
Other comprehensive income	-	-	(4,101,756)	-	(4,101,756)
Total comprehensive income for the year	**-**	**-**	**(4,101,756)**	**5,016,477**	**914,721**
Transfer of excess depreciation	-	-	(4,013,319)	4,013,319	-
Deferred tax on excess depreciation	-	-	1,203,996	(1,203,996)	-
Dividends declared to equity holders (Note 34)	-	-	-	(1,318,693)	(1,318,693)
As at 30 June 2023	**16,487,710**	**22,151,131**	**122,361,165**	**113,193,447**	**274,193,453**
Note	25	25	26	27	

Statement of cash flows

	Note	2024 Shs '000	2023 Shs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35(a)	34,278,056	22,355,242
Net income tax paid	13(c)	(614,022)	(430,388)
Finance income received	35(b)	3,181,275	1,301,881
Net cash generated from operating activities		**36,845,309**	**23,226,735**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15(a)	(8,917,415)	(10,396,683)
Staff costs incurred in capital projects	15(a)	(2,318,808)	(2,815,221)
Interest costs incurred in capital projects	15(a)	(754,632)	(396,423)
Purchase of intangible assets	16	(108,416)	(226,949)
Movement in restricted cash	24(b)	(858,379)	(524,495)
Grants received	32	396,828	501,402
Proceeds on disposal of assets	35(d)	8,988	-
Net cash used in investing activities		**(12,551,834)**	**(13,858,369)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	28(d)	1,620,282	12,471,626
Principal loan repayments	28(d)	(9,701,910)	(14,713,281)
Finance costs paid	35(c)	(2,878,118)	(2,876,753)
Dividends paid	34	(2,901,443)	(1,780,235)
Payment of lease liabilities	31	(275,885)	(231,802)
Net cash used in financing activities		**(14,137,074)**	**(7,130,445)**
Net increase in cash and cash equivalents		10,156,401	2,237,921
Cash and cash equivalents at the beginning of the year	24(a)	15,474,003	12,655,202
Effects of exchange rate changes on cash and bank balances	35(d)	(12,157)	580,880
CASH AND CASH EQUIVALENTS AT END OF YEAR	**24**	**25,618,247**	**15,474,003**

1. General information

Kenya Electricity Generating Company PLC (KenGen) is a company limited by shares incorporated and registered in Kenya under the Kenyan Companies Act, 2015. The Company was incorporated in 1954 as Kenya Power Company Limited (KPC) and was under management of The Kenya Power & Lighting Company Plc (Kenya Power). In 1997, the management was separated from Kenya Power and Lighting Company and the Company was renamed Kenya Electricity Generating Company Plc (KenGen) following the implementation of the reforms in the energy sector. The Principal activity is to develop, manage and operate power generation plants to supply electric power to the Kenyan market. The equity shares of the Company are listed on the Nairobi Securities Exchange.

These financial statements are presented in Kenya Shillings and are rounded to the thousand (Shs'000).

2. Statement of Compliance and Basis of Preparation

(a) Basis of preparation

The financial statements are prepared on a going concern basis and is in compliance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act,2015. The directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, management has considered the company's financial position, cash flow forecasts, and current commitments, alongside available borrowing facilities and access to capital markets. The assessment also included consideration of potential risks such as market volatility, operational disruptions, and regulatory changes. Accordingly, the financial statements have been prepared on a going concern basis, in accordance with IAS 1 Presentation of Financial Statements.

The financial statements are presented in Kenya Shillings, which is also the functional currency, rounded to the nearest thousand (Shs'000).

The financial statements comprise of the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes to the financial statements. Income and expenses, excluding the components of other comprehensive income, are recognized in profit or loss. Other comprehensive income is recognized in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by IFRS Accounting Standards as issued by the International Accounting Standards Board. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognized in other comprehensive income in the current or previous periods. Transactions with the owners of the Company in their capacity as owners are recognized in the statement of changes in equity.

The financial statements other than the cashflow statement have been prepared using accrual basis of accounting.

For the Kenyan Companies Act reporting purposes, in these financial statements, the balance sheet is equivalent to the statement of financial position and the profit and loss account is presented as the statement of profit or loss and other comprehensive income.

(i) Basis of Measurement

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

2. Statement of Compliance and Basis of Preparation (continued)

(a) Basis of preparation measurement(continued)

(i) Basis of Measurement (continued)

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are Categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

(ii) Use of Estimates

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board, allows the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

3. **Application of New and Revised IFRS Accounting Standards as issued by the International Accounting Standards Board.**

Below are the new and amended IFRS Accounting Standards as issued by the International Accounting Standards Board effective during the financial year ending 30 June 2024. The Company has adopted the standards where applicable in the preparation of the financial statements.

Application of New and Revised IFRS Accounting Standards as issued by the International Accounting Standards Board

3. **(i) New and amended IFRS Accounting Standards in issue and effective in the year ended 30 June 2024(continued)**

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. The directors have adopted the Standards and have disclosed material accounting policies. Adoption of the above has no financial impact on the financial statements.

Application of New and Revised IFRS Accounting Standards as issued by the International Accounting Standards Board (Continued)

(i) New and amended IFRS Accounting Standards in issue and effective in the year ended 30 June 2024(continued)

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. Adoption of above has no financial impact on the financial statements.

3. **Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.

For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

  – Right-of-use assets and lease liabilities
  – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

Application of New and Revised IFRS Accounting Standards as issued by the International Accounting Standards Board (Continued)

(i) New and amended IFRS Accounting Standards in issue and effective in the year ended 30 June 2024 (Continued)

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction(continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

These amendments provide guidance on deferred tax accounting, especially regarding the global minimum top-up tax under Pillar Two. Effective for annual periods beginning on or after 1 January 2023, with new disclosure requirements applying from 31 December 2023.

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Adoption of above has no financial impact on the financial statements.

(ii) New and amended IFRS Accounting Standards in issue but not yet effective in the year ended 30 June 2024

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendment to IAS 21	Lack of Exchangeability
IFRS S1 and IFRS S2	Sustainability and Climate-related Disclosures
Amendment to IFRS 9 and IFRS 7	Financial Instruments
IFRS 18	Presentation and Disclosure in Financial Statements

3.

IFRS 19	Subsidiaries without Public Accountability: Disclosures
IAS 1	Presentation of Financial Statements: Classification of Liabilities as current or non-current
IFRS 16	Lease Liability in a Sale and Leaseback
IAS 7 and IFRS 7	Supplier Finance Arrangements

4. Summary of Material Accounting Policy Information

(a) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Kenya Shillings in thousands (Shs '000) which is the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. 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 income statement, except for differences arising on translation of non-monetary financial assets carried at fair value through other comprehensive income, which are recognized in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'gains/ losses-net.

(b) Revenue Recognition

The Company recognizes revenue as and when it satisfies performance obligation by transferring control of services to its sole customer, Kenya Power and other customers. The amount of revenue recognized is the amount the Company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties such as Value Added Tax and withholding taxes.

Revenue recognition is in accordance with IFRS 15 which provides a single control-based revenue recognition model and clarifies the principles for recognising revenue from contracts with customers. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when a customer obtains control of a good or service. Customers obtain control when they can direct the use of and obtain the benefits from the good or service.

The principal activity of the Company is to generate and sell electricity to the authorised distributor, Kenya Power and Lighting Company. The performance obligation is the supply of electricity, and the terms of the contracts can be regarded as electricity service contracts.

Electricity revenue is recognized based on available capacity and energy sold to the authorised distributor's transmission systems. The Power Purchase Agreements (PPAs) with the Kenya Power and Lighting Company (Kenya Power)) provide for the following categories of revenue:

- ***Capacity revenue*** – This relates to the amounts earned from Kenya Power in respect of the contracted capacity as provided for in the PPAs. The charge rates comprise of the investment component and a fixed charge. Contracted capacity is expressed in Megawatts (MW).
- ***Energy revenue*** – This relates to the amounts earned from Kenya Power in respect of the Net Electrical Output (NEO) as provided for in the PPAs. NEO refers to the electrical energy delivered to Kenya Power from the plant measured in Kilowatt hours (kWh).

4 Summary of Material Accounting Policy Information (continued)

b) Revenue Recognition(continued)

Steam Revenue

KenGen acts as a principal with regards to steam revenue. Steam revenue is recognized based on the geothermal power sold to the authorised distributor's transmission system as provided for in the PPAs. Steam revenue is divided into the following categories;

- Third party steam revenue – This relates to steam revenue earned from Kenya Power relating to steam purchased from a third party, Geothermal Development Company ('GDC'). The GDC wells from which this steam is obtained are managed by KenGen. Out of the total revenue generated, 69.5% is billed by GDC and is recognized as a cost, under steam costs.
- KenGen steam revenue- This relates to steam revenue earned from Kenya Power for the use of steam obtained from KenGen's own wells.

Fuel charge

Fuel charge is recognized based on amounts billed to Kenya Power for fuel used in the generation of electricity. The fuel revenue is billed based on a predetermined formula embedded in the Power Purchase Agreements (PPAs). The corresponding cost incurred by the Company for the fuel used in the power generation is recognized as a cost, under reimbursable expenses.

Water charge

Water charge is recognized based on amounts billed to Kenya Power for water used in the generation of electricity. The corresponding cost incurred by the Company for the water used in the power generation is recognized as a cost, under reimbursable expenses.

(i) Revenue from the sale of goods and services

Revenue from diversification sources

Revenue from diversification sources is recognized when consultancy services or construction work are provided to customers based on fulfilment of performance obligations as per contract. The current customers include Tulu Moye Geothermal Operations (TMGO), Engineer to Order (ETO) in Ethiopia for drilling services rendered in Tulu moye and Aluto as well as services rendered in Djibouti.

(ii) Revenue from other sources

Other income

Other income comprises mainly of rental income, club revenues, insurance compensation and consultancy fees. Rental income arises from operating leases and is recognized on a straight-line basis over the period of the lease. Club revenues, insurance compensation and consultancy fees are recognized when earned. Rental income is recognized in the income statement as it accrues using the effective rent or rates in lease agreements.

Finance income

Interest income is recognized on a time proportion basis using the effective interest method. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

4. Summary of Material Accounting Policy Information(continued)

(b) Revenue Recognition (Continued)

(ii) Revenue from other sources (Continued)

Finance income (Continued)

The company recognizes revenue from electricity sales in line with IFRS 15 when performance obligations are satisfied by transferring control to customers, primarily Kenya Power and Lighting Company PLc. KenGen also regularly reviews its contracts to ensure that revenue recognition aligns with IFRS 15 principles.

Key judgements in revenue recognition include:

Timing of Satisfaction of Performance Obligations:

Revenue is recognized when electricity or steam is delivered to the customer, reflecting contracted capacity (MW) and energy output (kWh) under Power Purchase Agreements (PPAs). Both electricity and steam revenue is therefore earned at a point in time. Steam revenue is recognized based on whether the steam comes from KenGen's wells or third-party wells.

Transaction Price and Allocation:

The transaction price, determined by PPAs, includes fixed and variable charges for capacity and energy. Fuel and water charges are calculated using predetermined formulas and considering related costs.

Revenue from diversification sources, including consultancy services, is recognized upon fulfilling performance obligations.

(c) Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Grants from National Government are recognized in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income.

Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

(d) Taxation

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognized in the profit and loss account except when it relates to items recognized in other comprehensive income, in which case it is also recognized in other comprehensive income, or to items recognized directly in equity, in which case it is also recognized directly in equity.

(i) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

4. Summary of Material Accounting Policy Information(continued)

(d) Taxation (Continued)

(ii) Deferred tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered, or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Deferred tax liabilities are recognized for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognized and unrecognized deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognized amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities when there is an intention to settle balances on a net basis.

(e) Employment Benefits

(i) Retirement benefit obligation

Defined contribution
The Company operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance Company. A defined contribution plan is a plan under which the Company pays fixed contributions into a separate fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The Company's contributions are charged to the profit and loss account in the year to which they relate.

Defined benefit
The Company also operated a defined benefit scheme until 2011 when the scheme was closed to new entrants. Further details on the scheme are provided in note 29.

The liability/asset recognized in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligations at the balance sheet date less the fair value of the plan assets. The defined obligation is calculated annually by independent actuaries using the projected unit credit method.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The net defined benefit asset is the surplus adjusted for any effect of limiting it to the asset ceiling. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the functional currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

4. Summary of Material Accounting Policy Information(continued)

(e) Employment Benefits (Continued)

(i) Retirement benefit obligation (Continued)

(i) Deferred tax

The following components of defined benefit cost are included in profit or loss:

- The service cost of the defined benefit plan (comprising current service costs, past service costs and any gain or loss on settlement)
- The net interest on the net defined benefit liability/asset.

Remeasurements of the net defined benefit liability/asset are recognized in other comprehensive income, with no reclassification to profit or loss in a subsequent period. Remeasurements comprise actuarial gains/losses and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability/asset.

Contributions to National Social Security Fund (NSSF)

The Company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the Company's contributions are charged to the profit and loss account in the year to which they relate.

(ii) Termination benefits

Company employees who retire at retirement age or whose services are terminated for reasons other than gross misconduct are entitled to gratuity payments in accordance with the prevailing unionisable staff Collective Bargaining Agreement. Service gratuity is provided in the financial statements as it accrues to each employee. Employees engaged in contract terms are entitled to service gratuity after the expiry of the contract. Liabilities recognised in respect of contract employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(iii) Leave Entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognized as an employment cost accrual.

(iv) Other benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, service gratuity, and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

(f) Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Land and buildings, transmission lines and plant and equipment and fittings are subsequently carried at a revalued amount, based on valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. Computer software, including the operating system, that is an integral part of the related hardware is capitalized as part of the computer equipment under intangible assets. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the Company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss in the year in which they are incurred.

4. Summary of Material Accounting Policy Information(continued)

(f) Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method to write down the cost or the revalued amount of an asset over its useful life.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading 'property revaluation reserve'. Decreases that offset previous increases of the same asset are recognized in other comprehensive income. All other decreases are charged to profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

Asset to its residual value over its estimated useful life.

Asset class	Depreciation rates
Buildings	2.85%
Transmission lines	2.5%
Plant and machinery:	
Intake and tunnels	1%
Hydro plants	2%
Geothermal wells	4%
Geothermal plants	4%
Thermal plants and wind plants	5%
Rigs	6.67%
Motor vehicles	25%
Computers,	20%
Furniture, equipment and fittings	12.5%

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial reporting date.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

All productive wells are capitalized in property, plant and equipment when connected and are depreciated over their useful lives. The useful life is currently estimated to be twenty-five years from the date of commencement of commercial operation. The unproductive wells are utilized for reinjection in the steam fields for reservoir sustainability.

Capitalisation of employee costs

The employee costs directly attributable to projects associated with development of power generating resources are capitalized. Capitalisation rates are based on estimated time and effort spent on the related project activities.

Capitalisation of depreciation and Amortization

The depreciation and amortization costs directly attributable to projects associated with development of power generating resources are capitalized. Capitalisation rates are based on estimated depreciation rates and time of use by the project.

4. Summary of Material Accounting Policy Information(continued)

(g) Intangible assets

Intangible assets comprise of computer software, Licences and SCADA acquired for business process and operations. Those acquired separately are measured on initial recognition at cost less subsequent amortization and any accumulated impairment losses. The SCADA is part of the operation of the power plants and is assessed for impairment during revaluation of assets. The useful life of the assets depends on the duration of the licences. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the Amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the profit or loss in the expense category consistent with the function of the intangible asset. An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(h) Impairment

At each reporting date the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the

Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years adjusted for subsequent depreciation. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. However, leasehold land is initially recognized at cost and is subsequently carried at a revalued amount, based on valuations by external independent valuers, less accumulated depreciation, and accumulated impairment losses.

4. Summary of Material Accounting Policy Information(continued)

(i) Right of Use Asset (Continued)

Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

i. Land 2 to 99 years
ii. Buildings 2 to 35 years
iii. Plant and machinery 2 to 20 years
iv. Motor vehicles and other equipment 2 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

(j) Borrowings

KenGen's borrowings and debt management play a crucial role in its financial health and ability to fund ongoing and future projects. KenGen's borrowing involves securing funds through various financial instruments, including:

- **Loans from Financial Institutions:** KenGen secures both local and international loans to finance its projects, particularly those related to expanding and upgrading its power generation capacity.
- **Corporate Bonds:** The company has issued corporate bonds in the past to raise capital from the public and institutional investors.
- **Government Support:** As a state-owned enterprise, KenGen sometimes receives financial support or guarantees from the Kenyan government, which can facilitate access to favorable loan terms.
- KenGen's debt structure typically includes both short-term and long-term borrowings. Key Considerations include:
- **Interest Rates:** The cost of borrowing is influenced by prevailing interest rates, which can impact the company's profitability and cash flow.
- **Currency Risk:** Given that most of the loans are in foreign currencies, the company is exposed to currency risk, which can affect the cost of servicing its debt.
- **Debt Servicing Capacity:** The Company's ability to generate sufficient cash flow to meet its debt obligations is a key measure of its financial health.
- **Debt to Equity Ratio:** This ratio indicates the proportion of debt used in the company's capital structure and is an important indicator of financial leverage.

Borrowings are classified as non-current liabilities unless the settlement of the liability is least 12 months after year end or a event has occurred to have it paid in advance.

Borrowings for the financial year ended 30 June 2024 is found in note 28.

4. Summary of Material Accounting Policy Information(continued)

(j) Borrowings (continued)

Commitment expenses

Commitments fee paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is expensed to the project as occurred.

Capitalization of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalized costs include interest charges on borrowings for projects under construction. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(k) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on a moving average basis and comprises expenditure incurred in the normal course of business, including direct material costs. Net realisable value is the price at which the inventory can be realized in the normal course of business after allowing for the costs of realisation. Obsolete and defective inventories are fully provided for write off.

Engineering spares which are used for more than one period are categorized as plant and equipment. All other spares used on normal operations are categorized as consumables and classified under inventory.

(l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification and measurement

The Company recognizes financial assets when it first becomes a party to the contractual rights and obligations in the contract. The company's financial assets comprise of trade and other receivables, treasury bonds, cash and cash equivalents and financial assets at fair value through profit or loss.
The classification requirements for debt instruments are described below:

4. Summary of Material Accounting Policy Information(continued)

(l) Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement (Continued)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the entity considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Debt instruments held by the Company are now classified under these categories; Amortized Cost, Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVPL).

Subsequent measurement

Based on the business model and the cash flow characteristics, the Company classifies its debt instruments into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either profit or loss or other comprehensive income (OCI), subject to certain criteria being met.

Amortized cost

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

Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through profit or loss (FVPL)

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A business model where KenGen manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in an FVPL business model.

Impairment

The Company assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI. The Company recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 5.

4. Summary of Material Accounting Policy Information(continued)

(l) Financial assets (continued)

De-recognition

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either the Company transfers substantially all the risks and rewards of ownership, or neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. The Company has a credit period of 40 days with Kenya Power and 30 days for other customers, after which they are considered as credit impaired. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

The company provisions trade and other receivables in accordance with the company's policy on financial instruments.

Bad debts are written off after all efforts at recovery have been exhausted.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss.

De-recognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(m) Lease Liabilities

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including the substance fixed payments), less any lease incentives.

4. Summary of Material Accounting Policy Information (Continued)

(m) Lease Liabilities (Continued)

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of the profit or loss.

(n) Share capital

Ordinary shares are classified as share capital in equity. Any premium received over and above the par value (KShs 2.50) of the shares is classified as share premium in equity. Ordinary shares represent the residual economic value of a Company. They carry rights to distribution of profits through dividend, to the surplus assets of a Company on a winding up and to votes at general meetings of the Company. There are no differences in the voting rights of the ordinary shares held by the shareholders of the Company.

Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from retained earnings when approved by the Company's shareholders. Interim dividends are deducted from retained earnings when they are declared and no longer at the discretion of the Company.

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

4. Summary of Material Accounting Policy Information (Continued)

(o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. This includes provisions for employee leave pay and other similar obligations.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and petty cash accounted for at the end of the financial year.

(q) Restricted Cash

Restricted Cash represents cash and cash equivalents that are set aside for specific purposes and not available for general use by the Company. These funds are segregated from the Company's operational cash and are held for purposes such as compliance with contractual obligations, collateral for borrowings, or other restrictions imposed by legal or regulatory requirements.

Classification and Measurement: Restricted cash is classified as either current or non-current on the statement of financial position based on the nature of the restriction and the expected timing of its release. Current restricted cash is expected to be used within the next 12 months, while non-current restricted cash pertains to funds that will be used beyond this period.
Presentation: The restricted cash is presented separately from unrestricted cash to provide a clear distinction between funds that are readily available for operational purposes and those that are restricted

Restricted cash comprise deposits held with Stima DT Sacco Limited and KCB Limited. The cash is used as a backup for the staff car and mortgage loans and its withdrawal is restricted, up to the point when the mortgage has been repaid (See note 24 (b)).

(r) Payables and Accruals

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within 12 months or otherwise, they are presented as non-current liabilities. Payables and accrued expenses are derecognised when the obligation under the liability is discharged or cancelled or expires without claim. Long outstanding payables are assessed for remission to the Unclaimed Financial assets Authority (UFAA). The standard payment terms of the Company are Net 30 or Net 60 depending on negotiations. This includes the time frame within which the company commits to paying its suppliers.

5. Material Accounting Estimates and Judgments

The preparation of the Company's financial statements in conformity with IFRS requires management and directors 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.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results.

The Directors also need to exercise judgment in applying the Company's accounting policies.

All estimates and assumptions required in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

This note provides an overview of the areas that involve a higher degree of judgment or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial years.

Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and key sources of estimating uncertainty in applying accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

(a) Impairment of financial assets

Measurement of the expected credit loss allowance (ECL)

IFRS 9 applies an Expected Credit Loss (ECL) approach that requires entities to use historical, current and forward-looking information to estimate the credit losses on financial instruments. Unlike the Incurred Loss Model where losses were recognized only when an observable loss event occurred, the Company is now required to recognize losses earlier using a probability weighted approach.

The level of provision held for any financial instrument will mostly rely on the instrument's credit quality.

IFRS 9 outlines a "three stage" model (general model) for impairment based on changes in credit quality since initial recognition and provides operational simplifications for trade receivables, contract assets and lease receivables. The simplification eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. The loss allowance for trade receivables or contract assets that do not contain a significant financing component is measured at initial recognition and throughout its life at an amount equal to lifetime ECL.

5. Material Accounting Estimates and Judgments

Critical judgements and key sources of estimating uncertainty in applying accounting policies (Continued)

(a) Impairment of financial assets (Continued)

Entities have a policy choice for trade receivables or contract assets that do not contain a significant financing component to either apply the general model or the simplified approach. The Company has elected to use the simplified approach.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument. The measurement of ECLs is based primarily on the product of the financial asset's probability of default (PD), loss given default (LGD), and exposure at default (EAD).

The exposure at default (EAD) is a measure of the total value an entity is exposed to in the event of a default. EAD is set as the amortized cost value of the respective financial asset.

The Loss Given Default (LGD) is a measure of the loss in the event of a default. It is assumed to be 100% for all the financial assets because they do not have collateral and if a default was to happen, the Company would most likely lose the entire balance.

IFRS 9 outlines a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded.

Assessment of significant increase in credit risk

The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit risk or PD at the date of initial recognition.

Stage 3 - Financial instruments are classified as stage 3 when there is objective evidence of impairment because of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial asset. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

Financial assets in the scope of the expected credit loss model are allocated to stage 1 on origination date, except if the financial asset is credit impaired at initial recognition or origination. In such instances, the financial assets are allocated to stage 3. When a significant increase in the credit risk of a financial asset since origination has been identified, the financial asset is allocated to stage 2. When the financial asset is in default, the financial asset is moved to stage 3. On transition date, cash and treasury bonds were Stage 1 assets hence 12-month ECL was applied.

Cash held in financial institutions

For cash balances with financial institutions, the following steps were taken in determining the 12-month probability of default:

5. Material Accounting Estimates and Judgments (continued)

(a) Impairment financial assets (Continued)

Cash held in financial institutions (Continued)

a) The counterparty's global rating was used to look up the S&P Global equivalent. External credit ratings from reputable global credit rating agencies for financial institutions were obtained. These agencies include Moody's, Standard and Poors (S&P), Global Credit Rating (GCR), Fitch and the respective bank's websites where applicable.

b) If no credible external rating existed as at reporting date, then the rating for a bank of a similar tier was used.

Treasury bonds

The modelling approach for Treasury Bonds (from the Government of Kenya) applies the probability of default from Kenya's sovereign rating.

Trade and other receivables

The Company has applied the simplified approach to impairment for trade and other receivables. Management has grouped financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. Trade receivables and other commercial receivables have been Categorized into two segments;

a) Kenya Power and other government related entities
b) Other commercial customers outside government/ retail category

KenGen and Kenya Power are majority owned and heavily regulated by the Government of Kenya through the Ministry of Energy and Petroleum and the National Treasury. In assessing Kenya Power's credit quality, management has used the Government of Kenya's sovereign rating probability of default as a proxy to Kenya Power's and other government entities' credit rating. The Standard and Poors (S&P) cumulative average default curves have been used to obtain the probability of default and has been applied to all debts whose counterparty is a government agency.

Such counterparties include Geothermal Development Company (GDC), Energy Regulatory Commission (ERC) and the Ministry of Energy. There are no publicly available credit ratings for external customers and management has elected to use the retail credit rating from S&P to estimate their probability of default.

(b) Impairment of inventories

Critical estimates are made by the directors in determining the recoverable amount of impaired inventory. The carrying amount of impaired inventory is set out in Note 20.

(c) Financial assets at fair value through profit or loss

The Directors have determined the value of the financial asset at fair value using valuation techniques which incorporate assumptions that are directly supported by observable market data. We have included under Note 41(d) further details the valuation techniques applied. Changes in assumptions used in the valuation do not significantly impact the reported fair value of the financial assets.

5. Material Accounting Estimates and Judgments (continued)

(d) Lease liabilities

Key sources of estimation uncertainty in the application of IFRS 16 include the following:

- Determination of the appropriate rate to discount the lease payments; and
- Assessment of whether a right-of-use asset is impaired.

(e) Calculation of tax allowances

Management has carried out a detailed assessment and concluded that the company qualifies for the capital allowances which have been claimed. In making this assessment, management makes a number of judgements, the most significant of which are:

- The nature of the arrangements (PPAs) entered into by KenGen and KPLC are purely sale of electricity arrangements and not concession arrangements. Therefore, the investment deduction is claimed on commissioning of a power plant.

- The determination of which investment allowance (e.g. investment deduction, extraction allowance, etc) is applicable to its capital investments.

Calculation of its loss allowances is reasonable and in line with the Income Tax Act.

(f) Capitalisation of staff and other costs

Project related costs including employee costs are capitalized. The key assumption applied in capitalising the employee costs is the time spent by qualifying employees on the capital projects. Significant judgement is required in determining capitalisation rates to be applied on shared service centres.

(i) Capitalization rates

The employee costs directly attributable to projects associated with development of power generating resources are capitalised. Significant judgement is required in determining capitalisation rates to be applied on indirect staff costs. The rates applied in capitalising the employee costs are based on estimated time spent on the capital projects ranging from 10% to 100% of the time.

(ii) Departmental Manager's costs

Prudent judgement to be applied on capitalization of the General Managers ' costs except General Manager Geothermal Development and General Manager Business Development & Strategy whose costs are directly attributable specific projects.

(g) Capitalisation of depreciation costs

Project assets comprise those assets purchased solely for the execution of a project. They include drilling materials, motor vehicles, prime movers, earth moving equipment, rigs, cranes, equipment, computers, tools, furniture and fittings and buildings. Project assets shall be capitalised on acquisition, depreciated on straight line basis over the useful life of the asset and their depreciation is charged to the project or asset on prorate basis.

Drilling material shall be classified as work in progress and expensed to the wells when consumed. Upon completion of the project or asset the depreciation shall be charged to the income statement or to a subsequent project or asset.

5. Material Accounting Estimates and Judgments (continued)

(h) Capitalisation of Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalised costs include interest charges and foreign currency exchange differences on borrowings for projects under construction to the extent that they are regarded as adjustments to interest rates.

(i) Revaluation of property plant and equipment

Certain categories of property plant and equipment are carried at fair value. Revaluations are performed by professional valuers at sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date. At the reporting date, the Directors assess the carrying amount of revalued property, plant and equipment and apply judgement to determine that these do not differ materially from market revaluation.

(j) Useful lives and residual values

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

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

(k) Actuarial valuation of defined benefits plan

The asset or liability due under the defined benefit pension plan is determined using actuarial valuation techniques. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. We have disclosed the assumptions and sensitivity thereof under Note 29.

(l) Impairment of property, plant and equipment and intangible assets

At the reporting date, the Company reviews the condition of its property, plant and machinery, tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Any impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss, other than that arising from goodwill, is recognised as income immediately.

5. Material Accounting Estimates and Judgments (continued)

(m) Impairment of Right of Use Assets

At the reporting date, the Company reviews the carrying amounts of its Right of Use Assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the depreciable amount of the asset is estimated by checking the remaining period of leases or status of the assets in order to determine the extent of the impairment loss.

(n) Consolidation of KenGen Foundation

KenGen Foundation was established by KenGen PLC as a public charitable trust by Declaration of trust deed dated 2009 and is domiciled in Kenya. The Foundation serves as the philanthropic arm of KenGen and is mandated to: Turn short term one-off CSR (Corporate Social Responsibility) Projects into CSI (Corporate Social Investments); Upscale CSI activities for greater impact and increase and diversify resources available for CSI projects.

The Foundation is wholly controlled by the Company. However, it has not been consolidated as the Foundation is considered immaterial to these financial statements.

6. Revenue

a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services in the following revenue types.

	Geothermal Shs 000	Hydro Shs 000	Thermal Shs 000	Wind Shs 000	Diversified source Shs 000	Total Shs 000
30 June 2024						
Electricity revenue						
• Capacity	21,710,393	7,887,730	2,341,426	-	-	31,939,549
• Energy	6,813,130	1,696,049	375,528	428,116	-	9,312,823
	28,523,523	9,583,779	2,716,954	428,116	-	41,252,372
Steam revenue (note 6(c))	6,875,964	-	-	-	-	6,875,964
Fuel charge	-	-	7,923,700	-	-	7,923,700
Water charge	-	166,593	-	-	-	166,593
Revenue from diversification sources*	-	-	-	-	78,593	78,593
Total revenue	35,399,487	9,750,372	10,640,654	428,116	78,593	56,297,222
30 June 2023						
Electricity revenue						
• Capacity	20,459,448	6,003,296	3,029,587	-	-	29,492,331
• Energy	6,999,351	1,534,172	284,262	473,848	-	9,291,633
	27,458,799	7,537,468	3,313,849	473,848	-	38,783,964
Steam revenue (note 6(c))	6,129,269	-	-	-	-	6,129,269
Fuel charge	-	-	8,165,345	-	-	8,165,345
Water charge	-	125,892	-	-	-	125,892
Revenue from diversification sources*	-	-	-	-	759,207	759,207
Total revenue	33,588,068	7,663,360	11,479,194	473,848	759,207	53,963,677

*This relates to revenue from Ethiopia branch for drilling related operations in Ethiopia and Djibouti

6. Revenue (Continued)

b) Deferred income - Contract assets and liabilities

The Company was contracted on various projects to offer consultancy services in Ethiopia and Djibouti. As part of the contracting terms, the Company received advance payments amounting to Nil at end of current year (2023- Shs. nil) that were accounted for as deferred income, with recognition as revenue to occur after one year. These have been disclosed as part of trade and other payables disclosed under Note 33.

	2024 Shs'000	2023 Shs'000
At start of year	-	206,411
Additions	-	124,318
Revenue recognized through profit or loss	-	(330,729)
At end of year (Note 33)	-	-

i. Payments received in advance, revenue is recognised when control of the goods or services has transferred to the customer, being at the point the goods or services are delivered to the customer. When the customer initially pays advance payment, the transaction price received at that point by the Company is recognised as contract liability until the goods or services have been delivered to the customer.

ii. Revenue relating to maintenance services is recognised over time although the customer pays up-front in full for these services.

iii. Contract liabilities relating to reimbursement, construction contracts are balances from customers under construction contracts whose performance obligations have not been fulfilled.

c) Steam revenue

	2024 Shs'000	2023 Shs'000
Third party revenue*	6,072,378	5,357,593
KenGen steam revenue**	803,586	771,676
Total steam revenue (Note 6(a))	6,875,964	6,129,269

*This relates to steam income from wells vested to Geothermal Development Company.
**This relates to income from KenGen's own wells.

7. Reimbursable expenses

	2024 Shs'000	2023 Shs'000
Fuel costs[1]	7,836,831	7,995,258
Water costs[2]	166,593	125,892
	8,003,424	8,121,150

7. Reimbursable expenses (Continued)

[1] In line with the provisions of the Power Purchase Agreements, the company is reimbursed by The Kenya Power and Lighting Company Plc for fuel costs incurred in the production of thermal electricity based on pre-agreed plant fuel usage.

[2]The Water Resource Management Rules 2007 (Water Regulations) was Gazetted by the Government through legal notice No. 171 of September 2007. The regulation provided for water use charge at the rate of 0.05 Shs/kWh for power plants with capacity of over 1MW. With approval from the Energy Regulatory Commission (Now Energy and Petroleum Regulatory Authority), the company is reimbursed by The Kenya Power and Lighting Company Plc for the cost of water charges.

8. Other income

	2024 Shs'000	2023 Shs'000
Insurance compensation*	782,082	1,745,920
Club income**	166,813	152,181
Miscellaneous income***	175,270	16,958
Rent receivable	60,257	49,732
Geothermal spa	25,118	24,018
Consultancy fees	-	5,926
Carbon credits****	-	4,261
Contract asset reimbursement (Interest paid on behalf of KETRACO) *****	83,148	84,713
Gain on disposal of assets	3,846	-
	1,296,534	2,083,709

* Insurance compensation in 2023 mainly relates to insurance proceeds received with respect to business interruptions and property damage claims mainly arising from the damage to Olkaria V unit 1 on 7 October 2021. The insurance claim process was finalised in June 2023. For the year 2024, the insurance compensation mainly relates to Olkaria II unit 3 fire damage.
** Club income relates to income earned from the welfare clubs in the various operational areas.
*** Miscellaneous income relates to income earned from disposal of obsolete materials, sludge, sale of tenders, sale of water, supply of steam for heating purposes, and training facilitation.
****Carbon credits, also known as carbon offsets, are permits that allow the owner to emit a certain amount of carbon dioxide or other greenhouse gases. One credit permits the emission of one ton of carbon dioxide or the equivalent in other greenhouse gases. KenGen with a generation portfolio of 86% renewable energy sources is taking deliberate steps to reduce carbon emissions with actions and commitments locally and internationally. The Company's actions in carbon emission reduction towards a net-zero future has earned KenGen global funds and status of climate champion and accorded us a prestigious position of industry leader in climate change action.
***** Contract asset reimbursement from financial asset relates to reimbursable of interest paid on behalf of KETRACO (Note 18(d)).

9. Other (losses)/ gains– net foreign exchange and fair valuation of financial assets

	2024 Shs'000	2023 Shs'000
Realized foreign exchange loss recovered through billing- others transactions (Note 36(a) (i))	1,512,403	593,080
Realized foreign exchange loss not billed- borrowings (Note 19)	(98,933)	(2,457,623)
Foreign exchange (loss)/gains from other monetary items	(1,288,984)	2,019,212
Bond premium expense (Note 18(c))	(12,355)	(11,259)
Unrealized (loss)/gain revaluation of the financial assets held at fair value through profit or loss (Note 19)	(16,455,406)	21,909,225
Realized exchange difference on EIB Loan on settlement of KETRACO contract asset (Note 19)	(949,982)	-
Unrealized foreign exchange differences on financial assets not recoverable from KPLC (Note 19)	115,734	697,961
Unrealized foreign exchange gain/(loss) on valuations of borrowings (Note 28(d))	16,455,406	(21,909,225)
Unrealized foreign exchange loss not recoverable from KPLC due to expiry of Kipevu I PPA (Note 19)	-	(413,054)
	(722,117)	428,317

10. Expenses

	2024 Shs'000	2023 Shs'000
(a) Depreciation and Amortization		
Depreciation (Note (15(a))	15,603,783	15,885,725
Less: Amount capitalized (Note 15(a))	(388,259)	(454,564)
	15,215,524	15,431,161
Intangible assets- software (Note 16)	245,599	214,034
Amortization - Prepaid leases on leasehold land (Note 17)	95,495	45,398
Other Right of Use Assets (Note 17)	151,085	109,852
	246,580	155,250
Total depreciation and amortization charge for the year	15,707,703	15,800,445
(b) Employee expenses		
Salaries, wages and other staff costs	10,694,684	10,118,776
Welfare and benefits	786,718	896,722
Training expenses	245,495	228,663
Retirement benefit cost:		
- Defined contribution scheme	735,793	728,839
- Defined benefit scheme (Note 29 (a)(i))	195,607	36,707
- National Social Security Fund	36,577	11,692
	12,694,874	12,021,399
Less: Capitalized costs* (Note 15(a))	(2,318,808)	(2,815,221)
	10,376,066	9,206,178

*The employee expenses incurred and attributable to implementation of capital projects are capitalized in line with the application of the Company's accounting policy as disclosed under Note 4.

10. Expenses (Continued)

b) Employee expenses (Continued)

Number of employees	**2024 Numbers**	**2023 Numbers**
The number of persons employed by the Company at the year-end was;		
- Operational staff	1,084	1,061
- Geothermal resource assessment and other projects staff	1,432	1,532
	2,516	2,593
Management staff	1,691	1,730
Union Staff	825	863
Total	2,516	2,593
Permanent employees – management	1,679	1,720
Permanent employees – unionizable	807	863
Contract employees-management and Union	30	10
Total	2,516	2,593

c) Steam costs

	2024 Shs'000	**2023 Shs'000**
Steam expenses (Note 36(b)(ii))	4,393,595	3,731,112

Steam costs represent amounts payable for steam from Geothermal Development Company wells utilized in generation of power from Olkaria I AU 4 & 5, Olkaria IV and some Wellhead plants. The related income is disclosed under Note 6(c).

(d) Plant operation and maintenance expenses

	2024 Shs'000	**2023 Shs'000**
Operation and maintenance costs*	1,983,180	1,532,625
Machinery spares and consumables	1,684,337	1,447,115
	3,667,517	2,979,740

*The cost associated with drilling of operations in Ethiopia and Djibouti amounting to Shs. 503 million have been included in the expense. The expenses mainly attribute to the demobilization of the drilling equipment from Ethiopia.

10. Expenses (continued)

(e) Other expenses

	2024 Shs'000	2023 Shs'000
Insurance	1,645,189	2,440,934
Transport and travelling costs	1,291,752	1,315,964
Office	204,572	305,854
Catchment preservation and dam maintenance	107,000	107,000
Consultants' fees	215,572	272,785
Legal and statutory	197,371	133,145
Corporate Social Responsibility	115,803	172,598
Director's fees and allowances (Note 36(f))	22,714	23,418
Director's logistical expenses	26,127	43,893
Advertising	83,304	69,606
Audit fees	11,380	10,906
Club	199,598	163,198
Provisions and impairment of assets (Note 10(g))	1,288,006	1,695,725
Tax expense for foreign operations	-	31,906
Other costs*	331,272	280,868
	5,739,660	7,067,800

*Other costs mainly comprise of subscriptions, environmental management costs, innovation, research and development, disaster management cost among others.

(f) Allowance for expected credit losses (IFRS 9)

	2024 Shs'000	2023 Shs'000
Ketraco-Sondu Miriu line (Note 18(a))	(7,463)	21,952
KPLC- Olkaria V transmission lines (Note 18(b))	(49,089)	32,084
Treasury bonds (Note 18 (c))	678	9,273
Ketraco- Olkaria I AU & IV transmission lines (Note 18(d))	(215,931)	147,321
Trade receivables - KPLC debt (Note 21)	(399,387)	(371,995)
Other receivables (Note 22)	(195,494)	(49,137)
Cash and cash equivalents (Note 24 (a))	292,333	204,304
Restricted cash (Note 24 (c))	6,987	7,360
	(567,366)	1,162

(g) Impairment and provisions for assets

	2024 Shs'000	2023 Shs'000
Provision for inventory obsolescence	335,698	683,624
Impairment of CWIP assets (Note 15(a))	39,478	10,040
Impairment of intangible cost (Note 16)	-	15,947
Impairment of property, plant and equipment assets*	912,830	899,760
Impairment of other assets	-	86,354
	1,288,006	1,695,725

*The current year impairment relates to geothermal wells which have casing failures due to acidic condensate, cannot be available for use and have been plugged for safety purposes. The previous year impairment relates to inventory attached to Kipevu 1 and Muhoroni power plants whose PPAs expired last year and have not been renewed.

11. Finance income

	2024 Shs'000	2023 Shs'000
Interest income from Kenya Power and Lighting Company Plc (Note 36(a)(i)) *	710,165	364,696
Interest income from treasury bonds	282,795	282,796
Interest income from banks and other financial institutions	3,147,569	980,742
Interest on Olkaria V financial asset	53,686	55,454
Interest income from staff advances	7,530	5,117
	4,201,745	1,688,805

*Relates to interest penalties charged to Kenya Power due to late payments of invoices. Interest on late payments accrues 40 days after billing and Kenya Power acknowledging invoice or lapse of credit period.

12. Finance costs

	2024 Shs'000	2023 Shs'000
Interest on borrowings	3,404,758	3,015,967
Interest on leases as per IFRS 16 (Note 31)	155,794	112,561
Less: capitalized interest* (Note 15(a))	(754,632)	(396,423)
Interest expensed	2,805,920	2,732,105

*The interest relating to implementation of projects are capitalized as part of the cost of the projects in accordance with the Company's accounting policy as disclosed under Note 4.

13. Income tax charge

(a) Taxation charge

	2024 Shs'000	2023 Shs'000
Current income tax*	860,068	337,301
Deferred tax charge (Note 30)	3,277,671	3,171,038
Prior year overprovision – deferred tax (Note 30)	12,114	-
	4,149,853	3,508,339

*Current income tax relates to revenue and other income lines which are taxed as a separate source of income.

13. Income tax charge (Continued)

(b) Reconciliation of expected tax based on profit before taxation-to-taxation charge

	2024 Shs'000	2023 Shs'000
Profit before taxation	10,946,865	8,524,816
Tax applicable rate of 30%	3,284,059	2,557,445
Tax effect of expenses not deductible for tax purposes	853,680	950,894
Prior year overprovision – deferred tax	12,114	-
Total income tax charge	4,149,853	3,508,339

(c) Corporate tax recoverable

	2024 Shs'000	2023 Shs'000
As at start of the year	(441,713)	(348,627)
Current income tax payable (Note 13(a))	860,068	337,301
Paid during the year	(614,022)	(430,388)
As at end of the year	(195,667)	(441,713)

14. Earnings per share

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive shares as at 30 June 2023 and 30 June 2024.

	2024 Shs'000	2023 Shs'000
Profits attributable to ordinary shareholders (in Shs'000)	6,797,012	5,016,477
Number of ordinary shares in issue at end of year (in '000 ') (Note 25)	6,594,522	6,594,522
Basic and diluted earnings per share (Shs)	1.03	0.76

15(a). Property, plant and equipment

	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, equipment and fittings Shs'000	Work- in-progress Shs'000	Total Shs'000
Year ended 30 June 2024								
Cost or Valuation								
At 1 July 2023	4,972,513	68,025,456	5,154,190	317,101,695	2,848,395	7,846,562	57,108,275	463,057,086
Additions	-	-	-	-	-	-	8,917,415	8,917,415
Foreign exchange capitalized	-	-	-	-	-	-	(1,195,318)	(1,195,318)
Staff cost capitalized (Note 10(b))	-	-	-	-	-	-	2,318,808	2,318,808
Interest cost capitalized (Note 12)	-	-	-	-	-	-	754,632	754,632
Depreciation capitalized (Note 10 (a))	-	-	-	-	-	-	388,259	388,259
Impairment of CWIP assets*(Note 10(g))	-	-	-	-	-	-	(39,478)	(39,478)
Transfers from WIP	-	1,150,008	6,629	2,151,881	423,184	599,710	(4,331,412)	-
Impairment of assets**	-	-	-	(1,487,008)	-	-	-	(1,487,008)
Disposals of Assets	-	-	-	-	(54,860)	-	-	(54,860)
At 30 June 2024	**4,972,513**	**69,175,464**	**5,160,819**	**317,766,568**	**3,216,719**	**8,446,272**	**63,921,181**	**472,659,536**
Accumulated depreciation								
At 1 July 2023	-	4,010,645	1,152,227	17,357,932	2,190,609	5,862,357	-	30,573,770
Charge for year	-	1,711,529	241,456	12,928,395	140,889	581,514	-	15,603,783
Depreciation reversal on impairment	-	-	-	(191,607)	-	-	-	(191,607)
Depreciation reversal on disposal of assets	-	-	-	-	(49,718)	-	-	(49,718)
At 30 June 2024	**-**	**5,722,174**	**1,393,683**	**30,094,720**	**2,281,780**	**6,443,871**	**-**	**45,936,228**
Net book value at 30 June 2024	**4,972,513**	**63,453,290**	**3,767,136**	**287,671,848**	**934,939**	**2,002,401**	**63,921,181**	**426,723,308**
Net book value at 30 June 2024 (cost basis)	**619,613**	**38,147,741**	**528,677**	**180,422,400**	**934,940**	**2,002,402**	**63,921,181**	**286,576,954**

*An assessment for impairment was carried out in respect to capital work in progress (CWIP) and feasibility studies costs were impaired.
**An assessment for impairment was carried out in respect to PPE. It was determined that some Geothermal wells under plant and machinery could no longer be utilised and therefore they were impaired.
*** Capital works in progress includes unconnected wells, feasibility studies conducted before commencement of a project and ongoing projects that are being undertaken.

15(a). Property, plant and equipment (continued)

	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, equipment and fittings Shs'000	Work- in-progress Shs'000	Total Shs'000
Year ended 30 June 2023								
Cost or Valuation								
At 1 July 2022	4,953,000	68,288,243	5,371,155	310,860,616	2,573,536	7,299,682	57,071,098	456,417,330
Additions	-	-	-	15,125	-	-	10,396,683	10,411,808
Staff cost capitalized (Note 10(b))	-	-	-	-	-	-	2,815,221	2,815,221
Interest cost capitalized (Note 12)	-	-	-	-	-	-	396,423	396,423
Depreciation capitalized (Note 10 (a))	-	-	-	-	-	-	454,564	454,564
Impairment of CWIP assets*(Note 10(g))	-	-	-	-	-	-	(10,040)	(10,040)
Transfers from WIP	19,513	853,710	4,450	12,316,261	274,860	546,880	(14,015,674)	-
Impairment of assets**	-	(1,116,497)	(221,415)	(6,090,307)	-	-	-	(7,428,218)
At 30 June 2023	**4,972,513**	**68,025,456**	**5,154,190**	**317,101,695**	**2,848,396**	**7,846,562**	**57,108,275**	**463,057,086**
Accumulated depreciation								
At 1 July 2022	-	2,245,442	767,735	5,934,322	2,065,354	5,223,071	-	16,235,924
Charge for year	-	1,982,660	402,927	12,735,598	125,255	639,287	-	15,885,725
Reversal on impairment**	-	(217,457)	(18,435)	(1,311,988)	-	-	-	(1,547,880)
At 30 June 2023	-	**4,010,645**	**1,152,227**	**17,357,932**	**2,190,609**	**5,862,358**	-	**30,573,769**
Net book value at 30 June 2023	**4,972,513**	**64,014,811**	**4,001,963**	**299,743,763**	**657,787**	**1,984,204**	**57,108,275**	**432,483,315**
Net book value at 30 June 2023 (cost basis)	**619,613**	**38,611,739**	**763,505**	**175,802,872**	**657,787**	**1,984,204**	**57,108,275**	**275,547,996**

*An assessment for impairment was carried out in respect to assets under capital work in progress including unconnected wells and feasibility studies. It was determined that some assets could no longer be carried in the books and were impaired.
** During the year, 2023 assets assigned to two thermal plants whose PPAs had expired and had not been renewed and one geothermal plant that had been temporarily halted for refurbishment were impaired and the related accumulated depreciated was adjusted to derive the net impairment loss for each asset.

15(b) Revaluation of property plant and equipment

Plant, machinery and transmission lines were last professionally valued on 30 June 2022 by Aon Risk Services Australia Limited registered professional valuers, on a depreciated replacement cost basis which represents the plant, machinery and transmission lines' highest and best use value.

The freehold land and buildings were last revalued, and the report adopted on 30 June 2022 based on prevailing market values by Ebony limited, Zenith Limited and Syagga Associates registered professional valuers.

The values were incorporated in the financial statements for the year ended 30 June 2022.

15(c). Property plant and equipment – other disclosures

The Company's freehold and leasehold land is located in the following locations:

- Olkaria
- Gitaru
- Kiambere
- Kamburu
- Kindaruma
- Masinga
- Sangoro
- Turkwel
- Sosiani
- Gogo
- Wanjii
- Tana
- Sagana
- Ndula
- Mesco
- Garissa
- Lamu
- Kipevu
- Sondu Miriu

If the freehold land, buildings, plant and machinery and transmission lines were stated on the historical cost basis, the amounts would be as follows:

	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Total Shs'000
At 30 June 2024					
At cost	619,613	59,939,161	3,753,065	262,453,577	326,765,416
Accumulated depreciation	-	(21,791,420)	(3,224,388)	(82,031,177)	(107,046,985)
	619,613	38,147,741	528,677	180,422,400	219,718,431
At 30 June 2023					
At cost	619,613	58,789,153	3,746,436	261,788,704	324,943,906
Accumulated depreciation	-	(20,177,414)	(2,982,931)	(85,985,832)	(109,146,177)
	619,613	38,611,739	763,505	175,802,872	215,797,729

Impairment

At each reporting date, the directors review the conditions of property, plant and equipment to determine whether there are any indicators of impairment. If any such indication exists, an impairment assessment is performed.

16. Intangible assets

Year ended 30 June 2024	Computer software and licences Shs'000	Plant monitoring software Shs'000	Work-in-progress Shs'000	Total Amount Shs'000
Cost or Valuation				
At 1 July 2023	2,122,075	853,721	143,305	3,119,101
Additions	-	-	108,416	108,416
Transfers	34,512	31,590	(66,102)	-
At 30 June 2024	**2,156,587**	**885,311**	**185,619**	**3,227,517**
Accumulated amortization				
At 1 July 2023	577,852	285,134	-	862,986
Charge for the year	175,161	70,438	-	245,599
At 30 June 2024	**753,013**	**355,572**	**-**	**1,108,585**
Net book value At 30 June 2024	**1,403,574**	**529,739**	**185,619**	**2,118,932**
Net book value At 30 June 2023	**1,544,223**	**568,586**	**143,305**	**2,256,114**

Intangible assets comprise of Supervisory Control and Data Acquisition (SCADA), computer software and licences that are acquired for business process and operations and have a useful life of over one year. They were acquired separately and measured on initial recognition at cost less subsequent amortization and any accumulated impairment losses. The SCADA is part of the operation of the power plants and was last professionally revalued as at 30 June 2022 on a depreciated replacement cost basis which represents the intangible asset's highest and best use value by Aon Risk Services Australia Limited.

16. Intangible assets (continued)

Year ended 30 June 2023	**Computer software and licences** Shs'000	**Plant monitoring software** Shs'000	**Work-in-progress** Shs'000	**Total Amount** Shs'000
Cost or Valuation				
At 1 July 2022	1,926,838	853,721	127,540	2,908,099
Additions	-	-	226,949	226,949
Transfer	195,237	-	(195,237)	-
Impairment*	-	-	(15,947)	(15,947)
At 30 June 2023	**2,122,075**	**853,721**	**143,305**	**3,119,101**
Accumulated amortization				
At 1 July 2022	431,982	216,970	-	648,953
Charge for the year	145,870	68,164	-	214,034
At 30 June 2023	**577,852**	**285,134**	**-**	**862,986**
Net book value				
At 30 June 2023	**1,544,223**	**568,587**	**143,305**	**2,256,114**
Net book value				
At 30 June 2022	**1,494,856**	**636,750**	**127,540**	**2,259,146**

*An assessment for impairment was carried out in respect to the assets under capital work in progress. It was determined that some assets could no longer be carried in the books and were impaired.

If the Intangible Assets were stated on the historical cost basis, the amounts would be as follows:

	Computer software and licences Shs'000	**Plant monitoring software Shs'000**	**Work-in-progress Shs'000**	**Total Shs'000**
At 30 June 2024	2,122,075	849,035	143,305	3,114,415
Additions	34,512	31,590	42,314	108,416
Accumulated depreciation	(753,013)	(446,275)	-	(1,199,288)
	1,403,574	**434,350**	**185,619**	**2,023,543**
At 30 June 2023				
At cost	2,122,075	849,035	143,305	3,114,415
Accumulated depreciation	(577,852)	(375,837)	-	(953,689)
	1,544,223	**473,198**	**143,305**	**2,160,726**

17. Right of Use assets

Year ended 30 June 2024	Leasehold Land Shs'000	Buildings Shs'000	Total Shs'000
Cost or valuation			
At 1 July 2023	6,213,571	944,936	7,158,507
Additions (Note 31)	332,015	-	332,015
At 30 June 2024	**6,545,586**	**944,936**	**7,490,522**
Accumulated depreciation			
At 1 July 2023	88,255	490,502	578,757
Charge for the year (Note 10(a))	95,495	151,085	246,580
At 30 June 2024	**183,750**	**641,587**	**825,337**
Net carrying value			
At 30 June 2024	**6,361,836**	**303,349**	**6,665,185**

The Leasehold land was last revalued on 30 June 2022 based on prevailing market values and amortised to reflect carrying amounts by Ebony limited, Zenith Limited and Syagga Associates registered professional valuers.

The values were incorporated in the financial statements for the year ended 30 June 2022.

Year ended 30 June 2023	Leasehold Land Shs'000	Buildings Shs'000	Total Shs'000
Cost or valuation			
At 1 July 2022	6,213,571	1,027,879	7,241,450
Adjustments* (Note 31)	-	(82,943)	(82,943)
At 30 June 2023	**6,213,571**	**944,936**	**7,158,507**
Accumulated depreciation			
At 1 July 2022	42,857	380,650	423,507
Charge for the year (Note 10(a))	45,398	109,852	155,250
At 30 June 2023	**88,255**	**490,502**	**578,757**
Net carrying value			
At 30 June 2023	**6,125,316**	**454,434**	**6,579,750**

*During the year, an adjustment to correct the lease liability with respect to service charge was made to align the lease obligations under IFRS 16.

17. Right of Use assets (continued)

Presentation of Right of Use at cost

Year ended 30 June 2024	Leasehold Land Shs'000	Buildings Shs'000	Total Shs'000
Cost			
At 1 July 2023	2,119,331	944,936	3,064,267
Additions	332,015	-	332,015
Accumulated depreciation	(511,583)	(641,587)	(1,153,170)
At 30 June 2024	1,939,763	303,349	2,243,112
Cost			
At 1 July 2022	2,119,331	944,936	3,064,267
Accumulated depreciation	(454,896)	(490,502)	(945,398)
At 30 June 2023	1,664,435	454,434	2,118,869

18. Financial assets held at amortized cost

	2024 Shs'000	2023 Shs'000
Deferred debt due from KETRACO (Note 18(a))	666,385	841,092
Financial asset due from KPLC-Olkaria V transmission line (Note 18(b))	1,298,199	1,319,019
Treasury bonds at amortised cost (Note 18 (d))	2,323,042	2,336,075
	4,287,626	4,496,186
Presentation analysis:		
Non-current	4,153,672	4,358,942
Current	133,954	137,244
	4,287,626	4,496,186

a) Deferred debt due from Kenya Electricity Transmission Company Limited (KETRACO)

Deferred debt relates to the amounts recoverable from Kenya Electricity Transmission Company Limited (KETRACO) in respect of a loan taken out by the Company for the construction of the Sondu Miriu transmission and sub-station project implemented by the Company on behalf of KETRACO under a management agreement. Japan Bank for International Corporation funded the foreign component of the Sondu Miriu project under the loan agreement between the Japan Bank for International Corporation and the Company. The debt is payable over a period of 30 years commencing 15 August 2014.

18. Financial assets held at amortized cost(continued)

a) Deferred debt due from Kenya Electricity Transmission Company Limited (KETRACO)

The effective interest rate in Japanese Yen on the deferred debt during the year was 0.75% (2023: 0.75%).

The deferred debt and corresponding loan from Japan Bank for International Corporation are both denominated in Japanese Yen (JPY). The amount outstanding as at year end was JPY 858,008,628 (2023: JPY 895,338,775).

Deferred debt due from KETRACO (Sondu Miriu Transmission Line)

	2024 Shs'000	2023 Shs'000
At start of year	875,055	816,485
Interest charge	7,936	7,798
Repayment during the year	(50,678)	(48,676)
Foreign exchange (loss)/gain	(139,428)	99,448
	692,885	875,055
Allowance for impairment	(26,500)	(33,963)
At end of year	666,385	841,092
Maturity analysis of deferred debt is as follows:		
Within one year	34,174	41,028
After one year	632,211	800,064
	666,385	841,092

The movement in the allowance for impairment in the year is as follows:

	2024 Shs'000	2023 Shs'000
At start of year	(33,963)	(12,011)
(Credit/(charge)to profit or loss (Note 10(f))	7,463	(21,952)
Allowance for impairment	(26,500)	(33,963)

18. Financial assets held at amortized cost (continued)

b) Financial asset due from KPLC-Olkaria V transmission line

KenGen implemented Substation and Transmission lines component for Olkaria V Geothermal Power Plant on behalf of Kenya Power and Lighting Company Plc (KPLC). The cost of the Substation and Transmission line will be recovered through the PPA. During implementation of the project the costs were booked in WIP and later transferred to financial asset account as per IFRIC 12 "Service Concession Arrangements". On full recovery of the costs through PPA, the transmission assets will be transferred to KPLC.

	2024 Shs'000	2023 Shs'000
At start of year	1,372,280	1,439,551
Interest amortization (Note 11)	53,686	55,454
Recoveries through billing	(123,595)	(122,725)
	1,302,371	1,372,280
Allowance for impairment	(4,172)	(53,261)
At end of year	1,298,199	1,319,019
Maturity analysis of deferred debt is as follows:		
Within one year	99,780	96,216
After one year	1,198,419	1,222,803
Net book amount	1,298,199	1,319,019

The movement in the allowance for impairment in the year is as follows;

	2024 Shs'000	2023 Shs'000
At start of year	(53,261)	(21,177)
Credit/(charge) to profit or loss (Note 18(d))	49,089	(32,084)
Allowance for expected credit loss	(4,172)	(53,261)

18. Financial assets held at amortized cost(continued)

c) Treasury Bonds (T. BOND FD1 2010/25)

The company invested in long term treasury bonds (non-current asset) which continues to earn interest on a semi-annual basis. They are recognized as financial assets at amortized cost. The coupon rate is 11.25%.

	2024 Shs'000	2023 Shs'000
At start of year	2,359,883	2,371,142
Bond premium amortization (Note 9)	(12,355)	(11,259)
	2,347,528	2,359,883
Allowance for expected credit loss	(24,486)	(23,808)
At end of year	2,323,042	2,336,075

The movement in the provision of expected credit losses in the year is as follows

	2024 Shs'000	2023 Shs'000
At start of year	(23,808)	(14,535)
Charge to profit or loss (Note 10(f))	(678)	(9,273)
Allowance for impairment	(24,486)	(23,808)

d) Contract asset -KETRACO-Olkaria 280MW transmission line

On or around the year 2010 the Government of the Republic of Kenya received financing for the Kenya Electricity Expansion Project (KEEP) from various financiers for the construction of 280MW Olkaria of Olkaria IV & I AU Geothermal Project. KenGen was the Implementing Agency for the construction of Olkaria IV & I AU power plants, High Voltage Substations and Transmission Lines (the Project). The High Voltage Substations and Transmission Lines (Lot C) were implemented by KenGen on behalf of KETRACO.

The Project was financed by European Investment Bank (EIB) (through an on-lent loan) and Kreditanstalt Für Wiederaufbank (KFW) through a Government-guaranteed loan. On September 8th, 2010, KenGen and KETRACO signed an Implementation Agreement Framework to collaborate on certain services related to the transmission of electricity as part of the Kenya Electricity Expansion Project (KEEP) Project. According to the agreement, KenGen was responsible for constructing high voltage transmission lines and substations to transfer power from the Olkaria Geothermal hub, and upon completion, transfer the asset and associated liability to KETRACO. KETRACO would reimburse KenGen for the costs incurred during implementation, and upon project completion, take over the entire loan and its repayments.

Upon completion of the Project in 2015 and in accordance with the Implementation Agreement, KenGen was to sign a novation agreement that would govern the transfer of assets and fulfilment of obligations thereof. This is in line with KETRACO's mandate as outlined in the Sessional Paper No.4, 2004, on Energy

18. Financial assets held at amortized cost(continued)

d) Contract asset -KETRACO-Olkaria 280MW transmission line (continued)

and Energy Act No. 12, 2006. KenGen incurred costs in the implementation of the project and has been servicing the loan principal and interest since June, 2015 to date. The total cost incurred and due to KenGen by KETRACO amounts to (**EURO 36,897,460** equivalent to **KShs 5,123,798,954**). In June 2024, the Government signed an amendment to the subsidiary loan agreement with KenGen to offset an equivalent amount from on-lent loan as consideration for the transfer of the asset to KETRACO. A novation agreement was subsequently signed with KETRACO for the transfer.

	2024 Shs'000	2023 Shs'000
At start of year	5,563,491	4,663,722
Movement during the year*	(439,692)	899,769
Settlement**(Note 28d)	(5,123,799)	-
	-	5,563,491
Allowance for impairment	-	(215,931)
At end of year	-	5,347,560
Maturity analysis of deferred debt is as follows:		
Within one year	-	-
After one year	-	5,347,560
Net book amount	-	5,347,560

The movement in the allowance for impairment in the year is as follows;

	2024 Shs'000	2023 Shs'000
At start of year	(215,931)	(68,610)
(Credit/(charge)to profit or loss (Note 10(f))	215,931	(147,321)
Allowance for expected credit loss	-	(215,931)

*The movement during the year relates to additional interest paid on the European Investment Bank (EIB) and Kreditanstalt Für Wiederaufbank (KFW) loan facilities and foreign exchange (gains)/losses on the valuation of the Contract Asset.
**The settlement was effected by offsetting the KETRACO Contract Asset with existing European Investment Bank (EIB) on-lent loan facility as approved by The National Treasury. This resulted in the Contract Asset and a similar amount of EIB on-lent loan in the borrowings being extinguished.

19. Financial assets held at fair value through profit or loss

The financial assets at fair value through profit or loss relates to unrealized exchange differences on foreign denominated borrowings recoverable from The Kenya Power & Lighting Company Plc under the respective Power Purchase Agreements ("PPAs") with Kenya Power. The derivative financial instrument is entered into to manage foreign exchange borrowings exposures. The PPA provides that the amounts should be billed to Kenya Power as the related borrowings are repaid. This allows the Company to bill and recover all realized foreign currency fluctuations relative to the base rates allowed by the PPA. The amount in the statement of financial position relates to fair value of this financial asset.

19. Financial assets held at fair value through profit or loss (Continued)

The movement in the financial asset during the year is as follows:

	2024 Shs'000	2023 Shs'000
At start of year	20,053,353	3,993,732
Realized foreign exchange loss recovered through billing	(2,229,463)	(1,238,322)
Realized foreign exchange loss capitalised	(6,288)	(107,864)
Realized foreign exchange loss not billed – borrowings (Note 9)	(98,933)	(2,457,623)
Unrealized (loss)/gain on revaluation of the financial asset at fair value through profit or loss (Note 9)	(16,455,406)	21,909,225
Realized exchange difference on EIB Loan on settlement of KETRACO contract asset (Note 9)*	(949,982)	-
Unrecoverable foreign exchange differences (Note 9)	115,734	697,961
Unrecoverable foreign exchange gain/(loss) capitalised	1,195,318	(2,330,701)
Impairment of recoverable forex for Kipevu I due to expiry of PPA (Note 9)	-	(413,054)
At end of year	1,624,333	20,053,353
Less: current portion recoverable within one year	(895,818)	(2,236,554)
At end of year (long term portion)	728,515	17,816,799

* The foreign exchange loss amount related to EIB loan was reversed as the PPAs do not permit recovery when the loans are repaid through the offset described in note 18.

20. Inventories

	2024 Sh'000	2023 Sh'000
Machinery and consumable spares	2,753,564	2,190,526
Fuel and lubricants	178,141	202,975
General stores	617,881	532,549
	3,549,586	2,926,050
Allowance for impairment and provisions	(1,413,302)	(1,077,604)
	2,136,284	1,848,446

*The cost of inventories recognized as an expense and included in operating costs and reimbursable expenses are machinery consumable spares amounting to Shs 1,684,337,000 (2023: Shs 1,447,115,000) and fuel consumed amounting to Shs 7,836,831,000 (2023: Shs 7,995,258,000) respectively. Impairment allowance for inventory is recognized on items that are slow moving and/or obsolete.

21. Trade receivables

The following amounts due from The Kenya Power and Lighting Company Plc (KPLC) relate to outstanding balances at year end arising from billings as per the respective PPA's.

	2024 Shs'000	2023 Shs'000
Due from KPLC	17,096,299	22,314,971
Allowance for impairment	(466,706)	(866,093)
Balance at end of the year	16,629,593	21,448,878

The amounts include Shs 2,525,202,000 (2023: Shs 5,049,737,000) which is denominated in foreign currency.

The movement in the allowance for expected credit losses in the year is as follows:

	2024 Shs'000	2023 Shs'000
At start of year	(866,093)	(1,238,088)
Net credit to profit or loss (Note 10(f))	399,387	371,995
Allowance for expected credit loss	(466,706)	(866,093)

22. Other receivables and prepayments

Receivables from diversification sources.	57,426	415,170
Prepayments*	1,725,637	586,523
Sundry debtors	472,987	206,689
Staff receivables	111,022	133,284
Other receivables**	982,420	3,617,437
	3,349,492	4,959,104
Allowance for expected credit loss***	(321,910)	(517,404)
	3,027,582	4,441,700

*Included in prepayments is an amount of Shs 1,464,278,000 (2023: Shs 260,041,000) relating to advances to Contractors for ongoing projects.
**Included in last year's figures under other receivables is an amount of Shs. 1,259,619,330 relating to insurance claim paid in the current year and Shs. 1,586,079,358 receivables from the ministry of finance on the EIB on - lent loans.
*** Expected credit loss on other receivables includes provisions on non-commercial receivables that have been assessed as qualifying as financial assets.

22. Other receivables and prepayments (Continued)

The movement in the allowance for impairment in the year is as follows:

	2024 Shs'000	2023 Shs'000
At start of year	(517,404)	(566,541)
Net credit to profit or loss (Note 10(f))	195,494	49,137
Allowance for impairment	(321,910)	(517,404)

23. Financial asset at fair value through other comprehensive income

	2024	2023
At start of year	320,422	338,920
Fair value gain/(loss) through other comprehensive income	732	(18,498)
At end of year	321,154	320,422

The FVOCI asset relates to the treasury bonds - FXD1 2010/25, coupon rate of 11.25% held by the Company. This treasury bond is held for sale.

24. (a) Cash and bank balances

	2024 Shs'000	2023 Shs'000
Cash at bank	25,618,247	15,470,703
Allowance for expected credit loss	(767,905)	(475,572)
	24,850,342	14,995,131
Cash at hand	-	3,300
	24,850,342	14,998,431

The movement in the allowance for impairment in the year is as follows;

	2024	2023
At start of year	(475,572)	(271,268)
Net charge to profit or loss (Note 10(f))	(292,333)	(204,304)
Allowance for expected credit loss	(767,905)	(475,572)

24. (a) Cash and bank balances (Continued)

For purposes of the statement of cashflows, the cash and cash equivalents are presented as;

	2024 Shs'000	2023 Shs'000
Cash at bank*	25,618,247	15,470,703
Cash at hand	-	3,300
	25,618,247	15,474,003

*Included in the cash at bank is local currency of Shs 21,831,636,000 (2023: Shs 14,826,231,000) and foreign currency of Shs 3,786,611,000 (2023: Shs 647,772,000).

(b) Restricted cash balances

The restricted cash balances relate to funds deposited with institutions to enable those institutions to facilitate lending of car and mortgage facilities to company staff at affordable interest rate. The funds earn a nominal interest and is not available for use since it is locked. It can only be accessed if management decides to stop the staff loan schemes.

	2024 Shs'000	2023 Shs'000
Restricted cash	2,733,585	1,875,206
Allowance for expected credit loss	(20,836)	(13,849)
	2,712,749	1,861,357

(c) Expected credit loss on restricted cash balances

At start of the year	(13,849)	(6,489)
Net charge to profit or loss (Note 10(f))	(6,987)	(7,360)
Allowance for expected credit loss	(20,836)	(13,849)

(d) Restricted cash movement

At start of year	1,861,357	1,344,220
Un-utilized funds as year end	14,847	308,932
Staff mortgage funding	800,000	200,000
Interest earned	57,381	22,054
Amortisation of deferred restricted cash asset	(20,836)	(13,849)
Net deferred restricted cash	2,712,749	1,861,357

24. Cash and bank balances (continued)

(e) Detailed analysis of the cash and cash equivalents

Description Financial institution	Account number	2024 Shs'000	2023 Shs'000
a. Current Account			
Other Commercial banks	Various	3,497,547	1,519,709
Sub- Total		**3,497,547**	**1,519,709**
b. On - Call Deposits			
Other Commercial banks	Various	5,084,484	4,843,141
Sub- Total		**5,084,484**	**4,843,141**
c. Fixed Deposits Account			
Other Commercial banks	Various	17,036,216	9,107,853
Sub- Total		**17,036,216**	**9,107,853**
d. Others (Specify)			
Restricted cash-KCB and Stima SACCO		2,733,585	1,875,206
Cash in hand		-	3,300
Sub- Total		**2,733,585**	**1,878,506**
Grand Total		**28,351,832**	**17,349,209**

25. Ordinary share capital and share premium

Ordinary share capital and share premium	Number of shares (Thousands)	Ordinary shares Shs'000	Share premium Shs'000
Authorised			
At 30 June 2023 and 30 June 2024	10,000,000	25,000,000	-
Issued and fully paid			
At 30 June 2023	6,594,522	16,487,710	22,151,131
At 30 June 2024	6,594,522	16,487,710	22,151,131

The total authorised number of ordinary shares is 10,000,000,000 with a par value of Shs 2.50 per share. All issued shares are fully paid.

26. Other reserves

	Capital reserve Shs'000	Investment revaluation reserve Shs'000	Property revaluation reserve Shs'000	Actuarial gains/ (losses) Shs'000	Total Shs'000
At 1 July 2023	8,579,722	(94,222)	115,515,545	(1,639,880)	122,361,165
Other comprehensive loss for the year;					
- Net gain on revaluation on investments in financial instruments measured at FVOCI	-	732	-	-	732
- Re-measurement of defined benefit	-			(912,714)	(912,714)
- Net impairment on assets	-	-	(382,572)	-	(382,572)
- Deferred income tax on revaluation of financial instruments		(220)	-	-	(220)
- Deferred tax relating to defined benefit	-	-	-	273,814	273,814
- Deferred income tax on impairment of assets	-	-	114,772	-	114,772
Total other comprehensive gain(loss) for the year	-	512	(267,800)	(638,900)	(906,188)
Transfer of excess depreciation	-	-	(3,892,561)	-	(3,892,561)
Deferred tax on excess depreciation	-	-	1,167,768	-	1,167,768
At 30 June 2024	8,579,722	(93,710)	112,522,952	(2,278,780)	118,730,184

26. Other reserves (Continued)

	Capital reserve Shs'000	Investment revaluation reserve Shs'000	Property revaluation reserve Shs'000	Actuarial gains/ (losses) Shs'000	Total Shs'000
At 1 July 2022	8,579,722	(81,273)	121,811,273	(1,037,478)	129,272,244
Other comprehensive loss for the year;					
- Net loss on revaluation on investments in financial instruments measured at FVOCI	-	(18,498)	-	-	(18,498)
- Re-measurement of defined benefit	-			(860,574)	(860,574)
- Net impairment on assets	-	-	(4,980,578)	-	(4,980,578)
- Deferred income tax thereon		5,549	-	-	5,549
- Deferred tax relating to components of other comprehensive income	-	-	-	258,172	258,172
- Deferred income tax thereon	-	-	1,494,173	-	1,494,173
Total other comprehensive loss for the year	-	(12,949)	(3,486,405)	(602,402)	(4,101,756)
Transfer of excess depreciation	-	-	(4,013,319)	-	(4,013,319)
Deferred tax on excess depreciation	-	-	1,203,996	-	1,203,996
At 30 June 2023	8,579,722	(94,222)	115,515,545	(1,639,880)	122,361,165

(a) The capital reserve relates to development surcharge received from Kenya Power for financing the development of certain power projects for the period on or before 1998. The reserve is not distributable to shareholders.

(b) The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of. The reserve is not distributable to shareholders.

(c) The property revaluation reserve arises on the revaluation of property, plant & machinery and intangible assets as well as leasehold land which is part of Right of Use Assets. When revalued property, plant and equipment are disposed, the portion of the plant and machinery revaluation reserve that relates to that asset is transferred directly to retained earnings. The reserve is not distributable to shareholders.

(d) Actuarial reserves represent the accumulated remeasurements arising from the retirement benefit scheme recognized through other comprehensive income as disclosed under Note 29. The reserve is not distributable to shareholders.

27. Retained earnings

The retained earnings represent amounts available for distribution to the Company's shareholders. Undistributed retained earnings are retained to finance the Company's business activities, (Shs 113,193,447,000 and Shs 120,736,895 000 as at end of year's 2023 and 2024 respectively).

28. Borrowings

The movement in borrowings is as follows:

	2024 Shs'000	2023 Shs'000
At start of year	148,866,024	133,002,263
External borrowings received in the year	1,620,282	2,519,394
Domestic borrowings received in the year	-	9,952,232
External borrowings repayments in the year	(12,036,593)	(10,343,240)
Borrowing offset of KETRACO contract asset (Note 18d)	(5,123,799)	-
Domestic borrowings repayments in the year	-	(8,173,850)
Exchange (gain) /loss on revaluation of borrowings (Note 19)	(16,455,406)	21,909,225
At end of year	116,870,508	148,866,024
Add: Accrued interest	913,584	985,782
At end of year	117,784,092	149,851,806
Less: Amounts due within one year (Current portion)	(10,035,376)	(12,809,721)
Amounts due after one year (Non-current portion)	107,748,716	137,042,085

(a) Analysis of interest-bearing borrowings:

	Maturity Year	2024 Shs'000	2023 Shs'000
Government of Kenya Guaranteed loans			
2.6% Japan Bank for International Cooperation KE P20-Kipevu 1 (JPY 425,316,000)	2025	343,464	825,196
2.3% Japan Bank for International Cooperation KE P21 – Sondu Miriu (JPY 1,014,582,000)	2027	819,326	1,312,325
0.75% Japan Bank for International Cooperation KE P23-Sondu Miriu (JPY 6,920,600,001)	2044	5,588,730	7,049,343
0.75% Japan Bank for International Cooperation KE P24-Sangoro (JPY 3,256,156,000)	2047	2,629,509	3,296,129
0.20% Japan International Cooperation Agency KE P26-Olkaria I & IV JPY 19,228,092,951)	2040	15,527,646	18,669,222
2.09% Kreditanstalt Fur Wiederaufbau (KfW)-Kindaruma (Euro nil)	2024	-	598,158
2.2% Kreditanstalt Fur Wiederaufbau (KfW)-Olkaria I & IV (Euro 10,436,000)	2026	1,449,204	2,394,772
0.98% DSSI I (JICA KP20, KP21, KP23, KP24 & KP26) (JPY 878,340,000)	2027	709,303	1,136,101
0.68% DSSI II (JICA KP20, KP21, KP23, KP24 & KP26) (JPY 1,020,145,000)	2027	823,818	1,272,395
		27,891,000	36,553,641

28. Borrowings (Continued)

(a) Analysis of interest-bearing borrowings: (continued)

	Maturity Year	2024 Shs'000	2023 Shs'000
Government of Kenya onlent loans			
3.5% International Development Association IDA 4743 KE-Olkaria I & IV (USD 20,438,621.84)	2035	2,647,353	3,133,207
2.003% Agence Francaise de Development (AFD) - Olkaria I & IV (EURO 43,486,667.44)	2031	6,038,815	7,539,676
2.645% European Investment Bank-Olkaria I & IV (Euro nil)	2037	-	600,018
2.50% Export-Import Bank of China (EXIM) – 89 wells (USD 250,096,153.84)	2033	32,394,205	39,279,021
1.50% Spanish loan-Ngong Phase II - 13.6MW (Euro 10,829,875.86)	2030	1,503,900	1,911,659
0.50% National Bank of Belgium (NBB) Ngong 1 Phase 11 - 6.8 MW (Euro 5,774,100)	2043	801,826	929,822
3.5% International Development Association IDA 5844-KE Olkaria I& IV (USD 49,775,860.44)	2041	6,447,318	7,406,130
0.20% Japan International Cooperation Agency Loan (KE-P31) Olkaria V (JPY 29,918,660,106)	2046	24,160,814	28,965,922
3.5% EIB Olkaria 1 Unit 6 (Euro 32,316,728.90)	2042	4,487,692	10,575,238
1.0% Japan International Cooperation Agency (JICA) KE-P33 -Olkaria I Rehabilitation (JPY 167,698,028)	2048	135,425	-
		78,617,348	100,340,693
Direct borrowings			
2.68% Agence Francaise de Developpement (AFD)- Olkaria II Unit 3 (Euro Nil)	2024	-	254,969
5.1% HSBC Bank Loan-Rigs (USD Nil)	2024	-	474,841
Absa Bank Loan (USD 80,000,000)	2035	10,362,160	11,241,880
		10,362,160	11,971,690
		116,870,508	148,866,024
Accrued interest		913,584	985,782
		117,784,092	149,851,806

28. Borrowings (Continued)

	2024 Shs'000	2023 Shs'000
(b) Borrowings maturity analysis:		
Due within 1 year	10,035,376	12,809,721
Due between 1 and 2 years	10,403,831	10,495,971
Due between 2 and 5 years	29,436,789	34,805,113
Due after 5 years	67,908,096	91,741,001
	117,784,092	149,851,806
(c) Analysis of loans by currency:		
Borrowing in US$	51,851,036	61,535,079
Borrowings in JPY	50,738,035	62,526,633
Borrowings in EUR	14,281,437	24,804,312
Borrowings in foreign currencies	116,870,508	148,866,024
Accrued interest	913,584	985,782
Total	117,784,092	149,851,806

On-lent loan facilities are entered into by the Government of Kenya with Development Finance Institutions (DFIs) and subsequently cascaded down to the Company through subsidiary loan agreements.

Securities:

The Government of Kenya has issued guarantees to the lenders in relation to the guaranteed borrowings.

28. Borrowings (Continued)

(d) The movement in borrowings is as follows:

	2024 Shs'000	2023 Shs'000
At start of year	148,866,024	133,002,263
Received in the year	1,620,282	12,471,626
Repayments in the year	(9,701,910)	(14,713,281)
Realized exchange loss on repayment of borrowings billed to KPLC	(2,235,750)	(1,346,186)
Borrowing offset from KETRACO contract asset (Note 18d)	(5,123,799)	-
Realized exchange loss on repayment of borrowings not billed to KPLC	(98,933)	(2,457,623)
Unrealized exchange (gain)/loss on revaluation of borrowings	(16,455,406)	21,909,225
At end of year	116,870,508	148,866,024
Add: Accrued interest	913,584	985,782
At end of year	117,784,092	149,851,806
Less: Amounts due within one year (Current portion)	(10,035,376)	(12,809,721)
Amounts due after one year (non-current portion)	107,748,716	137,042,085

29. Retirement benefits asset

The Company operated a joint defined benefit scheme with Kenya Power, which was funded by contributions from both the Company and employees up to 31 December 1999.

The Company registered its own defined benefits scheme in 2000 and commenced making contributions to the scheme, alongside employees' contributions, with effect from 1 January 2000. The scheme is administered by Zamara Actuaries, Administrators & Consultants Limited while British-American Asset Managers and Coop trust Investment Services act as investment managers for the scheme. NIC bank Kenya plc are the custodians of the Scheme.

Under the plan, the employees are entitled to retirement benefits of 3% of final pensionable emoluments for pensionable service up to 1 January 2000 and 2% of final pensionable emoluments for pensionable service after 1 January 2000 on attainment of a retirement age of 60 years. No other post-retirement benefits are provided to these employees.

The KenGen Staff Retirement Benefits Scheme (DB Scheme) is established under trust and was closed to new entrants and to future accrual of benefits with effect from 31 December 2011 in respect of members aged below 45 years. A new Defined Contribution Scheme, the KenGen Defined Contribution (DC Scheme) 2012 was established effective 1 January 2012, for all new eligible employees. All active in-service members aged 45 years and over as at 31 December 2011 had an option to either remain in the DB scheme for future benefit accrual or join the new DC scheme. Some members opted to join the new DC scheme for future benefit accrual while others opted to remain in the DB scheme. The DC scheme is administered by Zamara Actuaries, Administrators & Consultants Limited while African Alliance Investment Bank Kenya Limited and Old Mutual Investment Group Limited act as Investment Managers for the Scheme. The Company therefore only makes contributions to the DB scheme in respect of those members who opted to remain in the DB scheme. DB scheme member contributions are a fixed percentage of their basic pay with the Company responsible for the balance of the contributions.

29. Retirement benefits asset (Continued)

An actuarial valuation to fulfill the financial reporting and disclosure requirements of IAS 19 was carried out as at 30 June 2024 by Kenbright Actuarial & Financial Services Limited. On this basis, the present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2024	2023
Discount rate(s) [1]	15.26%	14.6%
Future salary increases	8%	8%
Future pension increases per annum		
- Pre KPLC-Service Pension	3%	3%
- Post KPLC Service Pension	0%	0%
Mortality (pre-retirement)	A(55) males/Female Ultimate	A(55) males/Female Ultimate
Mortality (post-retirement)	N/A	N/A
Withdrawals	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Ill health	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Retirement age	60 years	60 years

IAS 19 requires the discount rate to be determined by reference to market yields on high quality corporate bonds, or where there no deep market in such bonds, the market yield on government bonds. The discount rate assumption has been determined with reference to Nairobi Stock Exchange (NSE) bond yields based on the weighted average duration of the defined benefit obligation as at the valuation date.

Recognition

The amount recognized in the statement of profit or loss and other comprehensive income and statement of financial position in respect of the defined benefit plan are as shown below:

(a) Amounts recognized in the statement of profit or loss and other comprehensive Income

The amount recognized in the statement of profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

	2024 Shs'000	2023 Shs'000
(i) Statement of profit or loss		
Service cost:		
Current service cost (employer)	(307,990)	(91,506)
	(307,990)	(91,506)
Interest income/(cost):		
Interest cost on defined benefit obligation	(996,314)	(968,644)
Interest income on plan assets	1,272,863	1,106,927
Interest income on the effect of the asset ceiling	(164,166)	(83,484)
	112,383	54,799
Net expense included in profit or loss in respect of scheme (Note 10(b))	(195,607)	(36,707)

29. Retirement benefits asset (Continued)

Recognition (Continued)

(a) Amounts recognized in the statement of profit or loss and other comprehensive Income (Continued)

	2024 Shs'000	2023 Shs'000
(ii) Other comprehensive income (OCI)		
Actuarial (loss)/gain due to change in financial assumptions	(1,056,087)	267,925
Return on plan assets	(402,568)	(736,489)
Change in effect of asset ceiling (excluding amount in interest cost)	545,941	(392,010)
Amount recognized in OCI	(912,714)	(860,574)
(iii) Movement in retirement benefit asset		
Net asset at start of the year	-	-
Net expense recognized in the income statement	(195,607)	(36,707)
Employer contributions	1,108,321	897,281
Amount recognized in OCI	(912,714)	(860,574)
Net asset at end of the year	-	-

(b) Amounts recognized in the statement of financial position

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	2024 Shs'000	2023 Shs'000
Present value of funded defined benefit obligation	(8,590,166)	(7,267,478)
Fair value of plan assets	9,284,491	8,343,578
	694,325	1,076,100
Effect of asset ceiling	(694,325)	(1,076,100)
	-	-

29. Retirement benefits asset (Continued)

Recognition (Continued)

(b) Amounts recognized in the statement of financial position (Continued)

Reconciliation of the effect of asset ceiling is as follows:

	2024 Shs'000	2023 Shs'000
Effect of asset ceiling	(1,076,100)	(600,606)
Interest effect of the asset ceiling	(164,166)	(83,484)
Change in the effect of the asset ceiling excluding interest	545,941	(392,010)
Effect of asset ceiling at end of the period	(694,325)	(1,076,100)

The reconciliation of the amount included in the statement of financial position is as follows:

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2024 Shs'000	2023 Shs'000
Opening benefit obligation	(7,267,478)	(7,353,265)
Current service cost	(307,990)	(91,506)
Interest cost	(996,314)	(968,644)
Employee contributions	(6,960)	(11,241)
Actuarial (loss)/gain due to change in financial assumptions	(1,056,087)	267,925
Benefits paid	1,044,663	889,253
Closing defined benefit obligation	(8,590,166)	(7,267,478)

Movements in the present value of the plan assets in the current year were as follows:

	2024 Shs'000	2023 Shs'000
Opening market value of assets	8,343,578	7,953,871
Interest income on plan assets	1,272,863	1,106,927
Employer contributions	1,108,321	897,281
Employee contributions	6,960	11,241
Return on plan assets	(402,568)	(736,489)
Benefits paid	(1,044,663)	(889,253)
Closing fair value of plan assets	9,284,491	8,343,578

29. Retirement benefits asset (Continued)

Recognition (Continued)

(b) Amount recognized in the statement of financial position (Continued)

The fair values of the plan assets at the end of the reporting period for each category are as follows:

	2024 Shs'000	2023 Shs'000
Asset Class		
*Government Securities	4,098,516	2,707,334
Quoted Equities	528,798	553,284
Immovable Property in Kenya	4,124,827	4,319,981
Listed Corporate Bonds	34,366	34,343
Fixed Deposits	168,620	597,897
Offshore investments	161,030	115,177
Cash & Demand Deposits	182,110	150,842
**Any Other Asset	80,376	90,559
Creditors & Payables	(94,150)	(225,838)
Closing Market Value of Assets	9,284,491	8,343,578

Government Securities include Treasury Bills and Treasury Bonds
*****Other Current Assets***

(c) Sensitivity analysis

When there is an unfavorable change in the principal assumptions, they negatively affect the Company's obligation. The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

Parameter	**Sensitivity**	**2024**	**Change in assumption**	**Impact on defined benefit obligation**
Discount rate	14.76%	15.26%	Decrease by 0.5%	Increase in the present value of obligation by Shs 316,986,148
Discount rate	15.76%	15.26%	Increase by 0.5%	Decrease in the present value of obligation by Shs 294,908,900
Salary	7%	8%	Decrease by 1%	Increase in the present value of obligation by Shs 5,492,502
Salary	9%	8%	Increase by 1%	Decrease in the present value of obligation by Shs 5,155,625
Retirement age	55	60	Decrease by 5yrs	Increase in the present value of obligation by Shs 2,014,111,785

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit asset recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

30. Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using the applicable rate, currently at 30%. The makeup of the deferred tax liabilities in the year and the movement on the deferred tax account during the year are presented below:

	2024 Shs'000	2023 Shs'000
Movement on the deferred tax account is as follows:		
At the start of year	81,629,986	80,216,843
Income statement charge (Note 13(a))	3,277,671	3,171,038
Prior year overprovision (Note 13(a))	12,114	-
Credit to other comprehensive income (Note 26)	(388,366)	(1,757,895)
At the end of the year	84,531,405	81,629,986

The increase in deferred tax liability arises from revaluation of assets and profit of the year.

30. Deferred income tax (continued)

	At start of year Shs'000	Charged / (Credited) to P/L Shs'000	Charged / (Credited) to OCI Shs'000	At end of year Shs'000
Year ended 30 June 2024				
Deferred tax assets:				
Tax losses	(7,997,326)	3,080,003	-	(4,917,323)
Provisions and other temporary differences	(1,646,599)	(252,860)	(273,594)	(2,173,053)
Overprovision in the prior year	-	12,114	-	12,114
	(9,643,925)	2,839,257	(273,594)	(7,078,262)
Deferred tax liabilities:				
Unrealized exchange gains	560,734	(880,019)	-	(319,285)
Revaluation surplus - Capital gains	511,194	-	-	511,194
Revaluation surplus	43,982,591	(1,167,768)	(114,772)	42,700,051
Accelerated capital allowances	46,219,392	2,498,315	-	48,717,707
	91,273,911	450,528	(114,772)	91,609,667
Net deferred tax liability	81,629,986	3,289,785	(388,366)	84,531,405

30. Deferred income tax (continued)

	At start of year Shs'000	Charged / (Credited) to P/L Shs'000	Charged / (Credited) to OCI Shs'000	At end of year Shs'000
Year ended 30 June 2023				
Deferred tax assets:				
Tax losses	(9,873,325)	1,875,999	-	(7,997,326)
Provisions and other temporary differences	(1,290,170)	(92,707)	(263,722)	(1,646,599)
	(11,163,495)	1,783,292	(263,722)	(9,643,925)
Deferred tax liabilities:				
Unrealized exchange gains	147,718	413,016	-	560,734
Revaluation surplus - Capital gains	170,398	340,796	-	511,194
Revaluation surplus	46,680,761	(1,203,997)	(1,494,173)	43,982,591
Accelerated capital allowances	44,381,461	1,837,931	-	46,219,392
	91,380,338	1,387,746	(1,494,173)	91,273,911
Net deferred tax liability	80,216,843	3,171,038	(1,757,895)	81,629,986

31. Lease Liabilities

	2024 Shs'000	2023 Shs'000
At the start of year	851,702	1,053,886
Additional leases (Note 17)	332,015	-
Adjustments (Note 17)	-	(82,943)
Interest on lease liability (Note 12)	155,794	112,561
Paid during the year	(275,885)	(231,802)
At the end of year	1,063,626	851,702
Comprising:		
Current Portion	172,127	159,826
Non- current portion	891,499	691,876
	1,063,626	851,702

Maturity Analysis of undiscounted cash flows

	2024 Shs'000	2023 Shs'000
Year 1	275,227	227,262
Year 2	223,041	237,130
Year 3	130,077	126,468
Year 4	115,064	66,091
Year 5 and beyond	2,658,098	1,034,891
	3,401,507	1,691,842

32. Grants

	2024 Shs'000	2023 Shs'000
At the start of year	833,351	331,949
Received during the year	396,828	501,402
Amortization to profit or loss	(1,778)	-
*At the end of year	1,228,401	833,351

*This relates to funds received from the World Bank as a grant towards the construction of the East Africa Skills for Transformation and Regional Integration Projects (EASTRIP) and Subsidy for Olkaria I Unit 6 for exploration and development of geothermal resources in Kenya. The EASTRIP Project is expected to be completed by the financial year ending June 2025.

Other grants which the Company has benefited through funding from Donors where funds were disbursed directly to the consultants include Marsabit Wind Feasibility Study (**Euros 642,898.00**) from AFD, Floating Solar Pre-feasibility Study (**Euros 148,898.40**) from KfW, Raising Masinga Dam Feasibility Study update (**Euros 818,260.30**) from AFD, and Redevelopment of Gogo Hydro Power Development Feasibility Study (Euros 590,446.00) from European Union (EU).

33. Trade and other payables

	2024 Shs'000	2023 Shs'000
Contractors and retention money	322,187	197,222
Trade payables	5,934,937	5,804,922
Due to KPLC (note 36(a)(ii))	156,223	164,685
Sundry creditors accruals	1,844,558	1,821,408
Gratuity accrual	121,798	46,592
Leave accrual	199,608	259,012
Total trade and other payables	8,579,311	8,293,841

34. Dividends payable

Proposed dividends are accounted for as part of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM, a final dividend in respect of the year ended 30 June 2024 of Shs. 0.65 (2023: Shs. 0.30) for every ordinary share of par value of Shs.2.50 is to be proposed. No interim dividend was declared during the year. The dividend account is as follows:

	2024 Shs'000	2023 Shs'000
At start of year	923,086	1,384,628
Approved dividends	1,978,357	1,318,693
Amount paid during the year	(2,901,443)	(1,780,235)
At end of year	-	923,086

35. Notes to the statement of cash flows

(a) Reconciliation of profit before taxation to cash generated from operations.

	2024 Shs'000	2023 Shs'000
Profit before taxation	**10,946,865**	**8,524,816**
Adjustments for:		
Depreciation (Note 10(a))	15,215,524	15,431,161
Amortization of intangible assets (Note 10(a))	245,599	214,034
Depreciation of Right of use assets (Note 10(a))	246,580	155,250
Finance income (Note 11)	(4,201,745)	(1,688,805)
Finance cost (Note 12)	2,805,920	2,732,106
Net decrease/(increase) in contract asset (Note 18(d))	439,692	(899,769)
Gain on disposal of fixed assets	(3,846)	-
Amortization of treasury bonds (Note 18(c))	(12,355)	(11,259)
Impairment of deferred debt (Note 18(a))	(7,463)	21,952
Impairment of held-to-maturity treasury bonds (Note 18(c))	678	9,273
Impairment of feasibility studies and other project costs (Note 10(g))	39,478	10,040
Impairment of intangible cost (Note 16)	-	15,947
Impairment of Property, plant and equipment (Note 10(g))	912,830	986,114
Impairment of financial asset through profit or loss	(265,020)	179,405
Decrease in financial asset through profit or loss	1,560,692	1,090,599
Tax paid for foreign operations	-	31,906
Financial asset recoveries (Note 18(b))	123,595	122,725
Operating profit before working capital changes	**28,047,024**	**26,925,495**
Changes in working capital:		
Increase in inventories (Note 20)	(287,838)	(401,322)
Decrease/(increase) in trade receivables (Note 21)	4,819,285	(854,582)
Decrease/(increase) in other receivables (Note 22)	1,414,116	(3,013,387)
Increase/(decrease) in trade and other payables (Note 33)	285,469	(300,962)
Cash generated from operations	**34,278,056**	**22,355,242**

35. Notes to the statement of cash flows (Continued)

	2024 Shs'000	2023 Shs'000
(b) Movement in finance income		
At start of year	115,569	93,340
Interest income (Note 11)	4,201,745	1,688,805
Finance income received	(3,181,275)	(1,301,881)
Accrued interest from Kenya Power (Note 11)	(710,165)	(364,696)
At end of year	**425,874**	**115,569**
(c) Movement in interest payable		
At start of year	985,782	1,130,429
Interest expense (Note 12)	2,805,920	2,732,105
Interest paid	(2,878,118)	(2,876,753)
At end of year (Note 28)	**913,584**	**985,782**
(d) Analysis of proceeds from disposal of property and equipment		
Proceeds from disposal of property and equipment	8,988	-
Less: Disposed assets net book value	(5,142)	-
Gain on disposal of property and equipment	**3,846**	-

(e) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2024 Shs'000	2023 Shs'000
Cash and bank balances (Note 24)	24,850,342	14,998,431
Borrowings repayable within one year (Note 28)	(10,035,376)	(12,809,721)
Borrowings repayable after one year (Note 28)	(107,748,716)	(137,042,085)
Net debt	**(92,933,750)**	**(134,853,375)**

35. Notes to the statement of cash flows (continued)

(e) Net debt reconciliation (Continued)

	Cash and bank balances Shs'000	Borrowings Shs'000	Net Debt Shs'000
Net debt as 1 July 2023	15,474,003	(148,866,024)	(133,392,021)
Cashflows	10,156,401	-	10,156,401
Received in the year	-	(1,620,282)	(1,620,282)
Repaid in the year	-	9,701,910	9,701,910
Realized exchange loss on repayment of borrowings		2,334,683	2,334,683
Borrowing offsets from KETRACO contract asset	-	5,123,799	5,123,799
Unrealised exchange loss in the year	-	16,455,406	16,455,406
Accrued interest	-	(913,584)	(913,584)
Expected credit loss on cash and bank balances	(767,905)	-	(767,905)
Expected effect of foreign exchange on cash balances	(12,157)	-	(12,157)
Net debt as at 30 June 2024	**24,850,342**	**(117,784,092)**	**(92,933,750)**
Net debt as 1 July 2022	12,655,202	(133,002,263)	(120,347,061)
Cashflows	2,237,921	-	2,237,921
Received in the year	-	(12,471,626)	(12,471,626)
Repaid in the year	-	14,713,281	14,713,281
Realized exchange loss on repayment of borrowings	-	3,803,809	3,803,809
Unrealised exchange loss in the year	-	(21,909,225)	(21,909,225)
Accrued interest	-	(985,782)	(985,782)
Expected credit loss on cash and bank balances	(475,572)	-	(475,572)
Expected effect of foreign exchange on cash balances	580,880	-	580,880
Net debt as at 30 June 2023	**14,998,431**	**(149,851,806)**	**(134,853,375)**

36. Related party transactions

The Company is 70% owned by the Government of Kenya. The remaining 30% of the shares are widely held by the public. In line with the exemptions in IAS 24, and by virtue that the government is the major shareholder of the company, we do not consider as related parties: providers of finance, trade unions, public utilities and any agencies, departments of the government of Kenya, any state corporations or other state or county entities that do not control, jointly control or significantly influence the reporting entity. The Government of Kenya has provided some guarantees to long-term external lenders of the entity and on-lent loans to the Company (Note 28).

The company's main related parties include Government of Kenya - Ministry of Energy, The National Treasury, The Kenya Power and Lighting Company Plc (Kenya Power), Geothermal Development Company Limited (GDC). Rural Electrification & Renewable Energy Corporation, Water Resource Authority (WRA), Board of Directors and Key Management.

36. Related party transactions (Continued)

(a) The Kenya Power and Lighting Company Plc (KPLC)

Kenya Power is the authorised electricity distributor in Kenya with its majority shareholder being the Government of Kenya.

(i) During the year the following transactions were carried out with KPLC;

	2024 Shs'000	2023 Shs'000
Electricity sales (Note 6(a))	41,252,372	38,783,964
Steam revenue (Note 6 (a))	6,875,964	6,129,269
Fuel charges billed (Note 6(a))	7,923,700	8,165,345
Water charges billed (Note 6(a))	166,593	125,892
Interest income on amounts due (Note 11)	710,165	364,696
Realized foreign exchange loss billed to KPLC- borrowings (Note 19)	2,235,750	1,346,186
Realized foreign exchange loss billed to KPLC-other transactions (Note 9)	1,512,403	593,080
	60,676,947	55,508,432
Electricity purchases from KPLC	648,563	698,712

(ii) The following amounts due to Kenya Power relate to outstanding balances at year end for purchase of electricity.

	2024 Shs'000	2023 Shs'000
Trade payables (Note 33)	156,223	164,685

The sales to Kenya Power are made in accordance with the signed Power Purchase Agreements whereas the purchases from Kenya Power are made at normal market prices. Outstanding balances at end of year are unsecured and have credit period of 40 days.

36. Related party transactions (continued)

(a) The Kenya Power and Lighting Company Plc (KPLC) (continued)

(iii) Amounts due from KPLC

	2024 Shs'000	2023 Shs'000
Amount due for electricity sales (Note 21)	17,096,299	22,314,971
Emergency power receivable	231,085	245,560
	17,327,384	22,560,531
Financial asset due from KPLC-Olkaria V transmission line (Note 18(b))	1,302,371	1,372,280
	18,629,755	23,932,811
(v) Recoverable foreign exchange differences (Note 19)	1,624,334	20,053,353

(b) Geothermal Development Company Limited (GDC)

Geothermal Development Company Limited is wholly owned by the Government of Kenya and its principal activities are the development of geothermal resources in Kenya through surface exploration and drilling for steam, and to avail steam power to developers for electricity generation.

	2024 Shs'000	2023 Shs'000
(i) Amount due to GDC (included in trade payables)	1,097,353	2,184,280
Foreign currency translation difference	-	28,157
	1,097,353	2,212,437
(ii) Steam purchases (Note 10(c))	4,393,595	3,731,112

(c) Rural Electrification and Renewable Energy Corporation

	2024	2023
At the start of year	111,894	9,088
Receipts during the year	-	135,595
Payments during the year	(67,596)	(32,789)
Amounts due to REREC at end of year (included in other payables)	44,298	111,894

The balance relates to amounts received in advance from REREC for the operation and maintenance of the 50MW Garissa Solar Plant.

36. Related party transactions (continued)

(d) Water Resource Authority (WRA)

WRA charges for water use at the rate of 0.05 Shs/kWh for power plants with capacity of over 1MW with approval from the Energy Regulatory and Petroleum Regulation.

	2024 Shs'000	2023 Shs'000
Amount due to WRA (included in trade payables)	179,482	45,597
Water charge	166,593	125,892

The Water Resource Regulations 2021 introduced an increase of water use charges from KShs 0.05 cents/kWh to KShs. 2/kWh for hydro power generation above 1MW and additional 5% conservation levy. The same has not been validated since there is court Order that suspended the implementation of the said Regulations. Additionally, the increase has not been gazetted by Energy & Petroleum Regulatory Authority (EPPRA) as a pass-through cost of energy. Following the commencement of the Regulations, WRA billed the Company KShs. 493,685,414.00 for the water use charges in February and March 2023. The court allowed a temporary injunction setting aside the implementation of the Regulations as proposed by WRA and as at the reporting period the matter was still pending before the High Court.

(e) Kenya Electricity Transmission Company Limited (KETRACO) – Balances due from:

	2024 Shs'000	2023 Shs'000
Sondu Miriu Transmission Line (Note 18(a))	692,885	875,055
Contract asset -KETRACO-Olkaria 280MW transmission line (Note 18(d))	-	5,563,491
Amounts due from KETRACO	692,885	6,438,546

(f) Directors' remuneration, other expenses and key management compensation

Director's remuneration and other expenses

Fees for services as a director	6,000	6,000
Sitting & other allowances	16,714	17,418
	22,714	23,418
Key management compensation		
Salaries and other short-term employment benefits		
Key management (Departmental Heads)	95,686	67,657
Managing Director and CEO	14,642	20,233
Leave accrual – Managing Director and CEO	403	1,048
	110,731	88,938
Total fees, salaries and other emoluments	133,445	112,356

36. Related party transactions (continued)

(f) Directors' remuneration and key management compensation (continued)

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including director (whether executive or otherwise) of the entity.

(g) Loans to directors of the Company

There were no loans from directors outstanding at 30 June 2024 (2023: Nil).

(h) Loans from Shareholders

Government of Kenya onlent loans amounted to Shs 78.6million (2023: Shs 100.3 million).

(i) Donations to KenGen Foundation

Donations made during the year amounted to Shs 92 million (2023: Shs 94 million).

(j) Kerio Valley Development Authority (KVDA)

Payments made during the year amounted to Shs 45 million (2023: Shs 45 million) for Dam and environmental management. There is no outstanding amount.

(k) Tana and Athi River Development Authority (TARDA)

Payments made during the year amounted to Shs 62 million (2023: Shs 62 million) for Dam and environmental management. There is no outstanding amount.

(l) Subsidiary

The following relationships exists within KenGen PLC:

Related parties	**Held by**	**Percentage of interest held as at 30 June**	
		2024	**2023**
KenGen Foundation	KenGen	100%	100%

KenGen Foundation was established by KenGen PLC as a public charitable trust by Declaration of trust deed dated 2009 and is domiciled in Kenya. The Foundation serves as the philanthropic arm of KenGen and is mandated to: Turn short term one-off CSR Projects into CSI-Corporate Social Investments; Upscale CSI activities for greater impact and increase and diversify resources available for CSI projects. The Foundation is wholly controlled by KenGen Plc but its financial statements have not been consolidated as it is considered immaterial by the directors.

37. Emergency Power Project

The Company managed an Emergency Power Supply project known as Aggreko International Projects as an implementing commissioning agent on behalf of the Ministry of Energy. These funds are held in an Escrow bank account at the NCBA Bank Kenya Plc. Movements in the Escrow account which is not included in the Company's cash and cash equivalents, are Summarized below;

	2024 Shs'000	2023 Shs'000
At start of year	598,475	495,936
Interest income	7,550	8,345
(Loss)/gains on foreign exchange during the year*	(46,585)	94,194
At end of year	559,440	598,475

*The amount relates to foreign exchange fluctuations.
An amount of Shs 231 million (2023: Shs 245 million) for Emergency Power Project is due from Kenya Power and Lighting Company Plc.

38. Contingent liabilities and assets

i. Letters of credit

Letters of credit signify commitment by the Company to make payments to third parties for contracts entered into, generally relating to foreign payments. Outstanding letters of credit as at 30 June 2024 amounted to Shs 1,235,169,162 (30 June 2023 Shs: 544,264,000).

ii. Disputed withholding tax

In 2014, Kenya Revenue Authority (KRA) performed a tax audit for the financial years 2009-2013. Subsequently, KRA issued an assessment of Shs 975,848,686 in respect of withholding tax. The Company objected to the assessment and KRA issued a stand over notice pending resolution of matter in dispute. The Company appealed to the National Treasury and Planning for the abandonment of collection of withholding tax. The National Treasury referred the matter back to KRA and directed that the matter be resolved between KRA and KenGen. Various meetings and technical sessions have taken place between KenGen and KRA where a final agreement was reached. The Withholding Tax assessment was reduced from Shs 975,848,686 to Shs 143,662,033 (Principal Tax of Shs 69,478,227, with penalties of Shs 4,705,579 and interest of Shs 69,478,227). KenGen paid the Principal Tax and penalty of Shs 74,183,806 on 24 June 2022.

KenGen applied for the waiver of interest of Shs 69,478,227 and this is currently under review by KRA who have undertaken to support KenGen's application. Further the Finance Act 2023 provided an amnesty on the penalties and interest for taxes which were settled by 31 December 2022. KenGen applied and successfully received the waiver of the outstanding interest of KShs 69,478,227 as a result of the amnesty introduced by the Finance Act 2023. Therefore, the issue was officially closed.

iii. Compensating tax

In 2016, the Company paid dividends of Shs 5,735,428,884 to the majority shareholder, The National Treasury and Planning, giving rise to a compensating tax obligation of Shs 2,431,000,000. The Company applied for abandonment of principal, penalty and interest from the National Treasury and Planning. The application for abandonment of collection of tax was declined by the National Treasury and Planning which directed Kenya Revenue Authority and KenGen to enter into a payment plan to settle the principal tax with the waiver of penalty and interest to be considered after full settlement of principal tax.

38. Contingent liabilities and assets (continued)

iii. Compensating tax (continued)

KenGen then entered into a payment plan with KRA for the principal tax amount of Shs 2,431,000,000. As at 30th June 2024, the company had completed the settlement of the principal tax of KShs 2,431,000,000. Thereafter KenGen applied for waiver of penalties and interest of KShs 530,805,888. The waiver of the penalties and interest amounting to KShs 530,805,888 was approved by KRA through the action of the amnesty introduced through the Finance Act 2023. Considering the above, the matter was officially closed.

iv. Customs Duty Assessment

Kenya Revenue Authority (KRA) conducted a post clearance audit for the period 2019 to 2022. KRA raised an estimated assessment of KShs 342,780,004 relating to tariff classification, valuation for custom duties, proof of exports and temporary importation of equipment. Through a Government-to-Government engagement, KenGen and KRA resolved to drop assessment amounting to KShs 124,312,190, while KShs 164,355,339 was deemed payable and an amount of KShs 54,112,475 is still under engagement under the Government to Government initiative.

KenGen and KRA entered into an eight (8) month payment plan for the amount of KShs 164,355,339. KenGen paid the first and second installment amounting to KShs 41,088,840 within the financial year. The outstanding balance is KShs 123,266,499. The company is on course to clear the balance by December 2024.

v. Bank guarantee

Bank guarantees in the form of Performance Guarantees were issued to third parties on account of contracts signed with them. This amounted to Shs 219.3 million as at 30 June 2024. (2023: Shs 231.6 million).

vi. Land in Changamwe

KenGen holds land designated as L.R. NO.: MAINLAND NORTH/SECTION VI/2564, spanning approximately 8.36 acres in Changamwe, Mombasa. The Kenya National Highways Authority (KENHA) compulsorily acquired about 2.52 acres of this land for the dualling of the Mombasa-Mariakani Road, which left a remaining area of 5.84 acres. The National Lands Commission (NLC) assessed the property and awarded the Company Shs 250,612,000, which includes compensation for the land, improvements, and a disturbance allowance. They advised KenGen to file a claim for this amount to KENHA. The disposal of the land has not been accounted for because a proper survey and valuation is yet to be undertaken and agreement reached with KENHA on the assessment done by NLC. The Company is currently working with KENHA to resolve the outstanding matters and settlement.

vii. Legal cases

The entity is a defendant in various legal actions. After seeking appropriate legal advice, the directors are of the opinion that the outcomes of such actions are not expected to give rise to any significant losses.

39. Capital commitments

The capital commitments relate to the ongoing capital projects and new projects which have been approved and are at various stages of implementation. They are financed by Development Financial Institutions (DFIs) and internal resources. The projects include rehabilitation of Olkaria I, Olkaria I & IV uprating, Seven Forks Solar, Gogo Hydro Project, Olkaria VII and Olkaria II Extension among other projects.

39. Capital commitments (Continued)

Capital commitments at the year-end for which no provision has been made in these financial statements are:

	2024 Shs'000	2023 Shs'000
Authorised but not contracted for	119,693,830	97,350,506
Authorised and contracted for	75,535,388	71,086,276
Less: Amounts included in Work in progress	(63,921,181)	(57,108,275)
	131,308,037	111,328,507

40. Operating segments

The Company's Key Management, which consists of the Managing Director & Chief Executive Officer and Departmental General Managers is the Company's Chief Operating Decision Maker (CODM).

In accordance with IFRS 8 - Operating segments, information reported to the CODM for the purposes of resource allocation and assessment of segment performance is focused on the principal activities and the products offered by the company.

The Company has one main reportable segment, which is the electricity generation. In its strategy, KenGen is pursuing revenue diversification and has engaged in drilling services in Ethiopia and Djibouti. Drilling operations ended and KenGen demobilized. In making this consideration, the CODM considers the following:

a) Reported revenue/ Products and Services

All the primary activities of the company resulted in the generation of revenue from electricity which is the sole product and revenue stream.

b) Geographical areas

All the plants are based in Kenya and operate effectively within one geographical location (Kenya).

c) Major customers

The company operates in a regulated industry. All its revenue as outlined is derived from one single external customer, Kenya Power and lighting Company Plc.

d) Assets and liabilities
All the assets and liabilities of the company are managed and operated as per company's policies, procedures laws and regulations.

41. Financial risk management

Introduction and overview

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Company's business and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance. The key types of risks include:

- Market risk – includes currency, interest rate and other price risk
- Credit risk
- Liquidity risk

The Company's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise potential adverse effects of such risks on its financial performance within the options available by setting acceptable levels of risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's Finance department identifies, evaluates and hedges financial risks in close cooperation with operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as credit risk, liquidity risk, foreign exchange risk, interest rate risk and price risk. The Company does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

(a) Market risks

The Board has assigned the Internal Audit, Risk & Compliance function to assist in monitoring the risks faced by the Company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

The Company's Internal Audit, Risk and Compliance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit, Risk & Compliance Management Committee) and for the day-to-day implementation of those policies.
There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk

Foreign currency risk

Foreign currency exposures on borrowings and also through purchases of goods and services that are done in currencies other than the local currency. The Company has loans from multilateral donors, which are denominated in currencies other than the functional local currency. Loan payments are made by using the prevailing exchange rate as there is no forward currency contracts to eliminate the currency exposures. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Exposure to foreign currency risk is mitigated by the terms of the Power Purchase Agreement that allow the Company to recover certain foreign currency losses/gains from Kenya Power.

41. Financial risk management (Continued)

Risk management framework (continued)

(a) Market risks (Continued)

Foreign currency risk (Continued)

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities is;

	2024 Shs '000	2023 Shs '000
Financial assets		
Financial asset at amortised cost (Note 18(a))	692,885	875,055
KETRACO Contract asset (Note 18(d))	-	5,563,491
Trade receivables (Note 21)	2,525,202	5,049,737
Cash and cash equivalents	3,786,611	647,772
	7,004,698	12,136,055
Liabilities		
Trade and other payables	(180,989)	(197,222)
Borrowings (Note 28(c))	(117,784,092)	(149,851,806)
	(117,965,081)	(150,049,028)
Net currency liability	(110,960,383)	(137,912,973)

41. Financial risk management (Continued)

Introduction and overview (Continued)

(a) Market risks (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Company's profit or loss on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse is also true.

Foreign currency sensitivity analysis

	Change in currency rate	Effect on Profit before tax Shs' 000	Effect on Equity Shs' 000
2024			
United States Dollars (US$)	-7.8%	(1,115,904)	(2,603,775)
Japanese Yen (Yen)	-16.8%	(2,544,425)	(5,936,991)
Euro (Euro)	-9.2%	(391,886)	(914,401)
Total		(4,052,215)	(9,455,167)
2023			
United States Dollars (US$)	19.3%	3,347,955	7,811,896
Japanese Yen (Yen)	12.4%	2,320,657	5,414,867
Euro (Euro)	23.4%	1,728,544	4,033,268
Total		7,397,156	17,260,031

Interest rate risk

The Company exposure to interest rate risk is with regards to fluctuation in banks' interest rates in the market which affects the borrowings by the Company. The Company's non-current borrowings are at fixed rates thus minimising the exposure to the interest rate risk. The effect of fluctuation of overdraft floating interest rate would not be significant. The interest earning financial assets that the Company holds include investments in government securities and short-term deposits whose rates of return are predetermined.

Other price risk

This is the risk that the rate of the tariff will decline in the future. It is the risk of losing energy revenues due to a fall in the tariff or due to expired PPAs not being renewed. The Company's exposure to this kind of risk is highly regulated by the Power Purchase Agreement, which is a product of discussion by Kenya Power and the Company, with Energy Regulatory Commission as a moderator. The Company's main input for thermal energy generation is fuel which is a significant cost component. The Company is in an arrangement to pass this cost to the customer, Kenya Power.

41. Financial risk management (Continued)

Introduction and overview (Continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets and is managed on a company-wide basis. The Company has adopted a policy of only dealing with credit worthy counterparties.

The Company sells generated electricity to Kenya Power, and this minimizes the credit risk exposure on amount due from Kenya Power. Both companies have a contract that stipulates a 40-day credit period. Receivable balances from Company staff are recovered on payment of salaries.

Credit risk from balances with banks and financial institutions is managed by Company's treasury department in accordance with the Company's policies. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Directors on an annual basis and may be updated throughout the year subject to approval of the Company's audit and risk management committee. The Company has one main customer Kenya Power; however, limits are set to minimise the concentration of risk around Kenya Power and therefore mitigate financial loss through potential counterparty failure.

In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group and Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For this purpose, default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

If the Company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognized on a collective basis. For such purposes, the Company group's financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral

41. Financial risk management (continued)

(b) Credit risk (Continued)

The carrying amount of financial assets represents the maximum exposure to credit risk:

	2024 Shs '000	2023 Shs '000
Trade receivables-Kenya Power	16,629,593	21,448,878
Treasury bonds at amortized cost	2,323,042	2,336,075
Treasury bonds at FVOCI	321,154	320,422
Financial assets at amortised cost-Debt	666,385	841,092
Contract asset	-	5,347,560
Financial assets at amortised cost-IFRIC 12	1,298,199	1,319,019
Other receivables (excluding prepayments)	1,301,945	3,855,177
Cash and cash equivalents held at bank	24,850,342	14,995,131
Restricted cash	2,712,749	1,861,357
Exposure to credit risk	50,103,409	52,324,711

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

In order to minimise credit risk, the Company has to develop and maintained the Company's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12 months Expected Credit Loss (ECL)
Doubtful	Amount is past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
In default	Amount is >360 days past due or there is evidence indicating the asset is credit impaired. This is based on historical experience that indicates financial assets that are outstanding more than 360 days are generally not recoverable.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery and the company has also exhausted all the mechanism to recover the debt e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.	Amount is written off

41. Financial risk management (continued)

(b) Credit risk (continued)

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Basis for measurement of loss allowance	Note	External credit rating	Internal credit rating	12 month or Life time ECL	Gross carrying value Shs '000	Credit loss allowance Shs '000	Net carrying amount Shs '000
30 June 2024							
Trade receivables-Kenya Power	21	N/A	Performing	Lifetime ECL	17,096,299	(466,706)	16,629,593
Treasury bonds at amortized cost	18(c)	N/A	Performing	Lifetime ECL	2,347,528	(24,486)	2,323,042
Treasury bonds at FVOCI	23	N/A	Performing	Lifetime ECL	321,154	-	321,154
Deferred debt receivable	18(a)	N/A	Performing	Lifetime ECL	692,885	(26,500)	666,385
Contract asset	18(d)	N/A	Performing	Lifetime ECL	-	-	-
Financial asset-IFRIC 12	18(b)	N/A	Performing	Lifetime ECL	1,302,371	(4,172)	1,298,199
Other receivables (excluding prepayments)	22	N/A	Performing	Lifetime ECL	1,623,856	(321,911)	1,301,945
Cash and cash equivalents held at bank	24 (a)	A, BBB, B+, B-	Performing	12 Month ECL	25,618,247	(767,905)	24,850,342
Restricted cash	24 (b)	A, BBB, B+, B-	Performing	12 Month ECL	2,733,585	(20,836)	2,712,749
Exposure to credit risk					51,735,925	(1,632,516)	50,103,409

41. Financial risk management (continued)

(b) Credit risk (continued)

Basis for measurement of loss allowance	Note	External credit rating	Internal credit rating	12 month or Life time ECL	Gross carrying value Shs '000	Credit loss allowance Shs '000	Net carrying amount Shs '000
30 June 2023							
Trade receivables-Kenya Power	21	N/A	Performing	Lifetime ECL	22,314,971	(866,093)	21,448,878
Treasury bonds at amortized cost	18(c)	N/A	Performing	Lifetime ECL	2,359,882	(23,807)	2,336,075
Treasury bonds at FVOCI	23	N/A	Performing	Lifetime ECL	320,422	-	320,422
Deferred debt receivable	18(a)	N/A	Performing	Lifetime ECL	875,055	(33,963)	841,092
Contract asset	18(d)	N/A	Performing	Lifetime ECL	5,563,491	(215,931)	5,347,560
Financial asset-IFRIC 12	18(b)	N/A	Performing	Lifetime ECL	1,372,280	(53,261)	1,319,019
Other receivables (excluding prepayments)	22	N/A	Performing	Lifetime ECL	4,959,104	(517,405)	4,441,699
Cash and cash equivalents held at bank	24 (a)	A, BBB, B+, B-	Performing	12 Month ECL	15,470,703	(475,572)	14,995,131
Restricted cash	24 (b)	A, BBB, B+, B-	Performing	12 Month ECL	1,875,204	(13,848)	1,861,356
Exposure to credit risk					55,111,112	(2,199,880)	52,911,232

(i) For financial contracts, the gross carrying amount represents the maximum amount the Company has guaranteed under the respective contracts, and the net carrying amount represents the loss allowance recognised for the contracts.

(ii) For trade receivables, financial assets and contract assets, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on customer rating status in terms of the provision matrix.

The loss allowance on corporate bonds measured at FVTOCI is recognised against other comprehensive income and accumulated in the investment revaluation reserve.

The carrying amount of the Company's financial assets at FVTPL best represents their respective maximum exposure to credit risk. The Company holds no collateral over any of these balances.

41. Financial risk management (continued)

(b) Credit risk (continued)

Basis for measurement of loss allowance	Gross carrying value	Stage 1	Stage 2	Stage 3	Net amount
		12 month -ECL	Lifetime ECL	Lifetime ECL	
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
30 June 2024					
Trade receivables-Kenya Power	17,096,299	(420,067)	(46,639)	-	16,629,593
Treasury bonds at amortized cost	2,347,528	(24,486)	-	-	2,323,042
Treasury bonds at FVOCI	321,154	-	-	-	321,154
Deferred debt receivable	692,885	(26,500)	-	-	666,385
Contract asset	-	-	-	-	-
Financial asset-IFRIC 12	1,302,371	(4,172)	-	-	1,298,199
Other receivables (excluding prepayments) *	1,623,856	(629,938)	15,185	292,842	1,301,945
Cash and cash equivalents held at bank	25,618,247	(767,905)	-	-	24,850,342
Restricted cash	2,733,585	(20,836)	-	-	2,712,749
Exposure to credit risk	51,735,925	(1,893,904)	(31,454)	292,842	50,103,409

Basis for measurement of loss allowance 30 June 2023	Gross carrying value	Stage 1	Stage 2	Stage 3	Net amount
Trade receivables-Kenya Power	22,314,971	6,555	(873,649)	-	21,448,878
Treasury bonds at amortized cost	2,359,882	(23,807)	-	-	2,336,075
Treasury bonds at FVOCI	320,422	-	-	-	320,422
Deferred debt receivable	875,055	(33,963)	-	-	841,092
Contract asset	5,563,491	(215,931)	-	-	5,347,560
Financial asset-IFRIC 12	1,372,280	(53,261)	-	-	1,319,019
Other receivables	4,959,104	(15,017)	-	(502,388)	4,441,699
Cash and cash equivalents held at bank	15,470,703	(475,572)	-	-	14,995,131
Restricted cash	1,875,204	(13,848)	-	-	1,861,356
Exposure to credit risk	55,111,112	(824,844)	(873,649)	(502,388)	52,911,232

*The Amount in stage 3 mainly relates to AKIRA for the drilling of exploration wells

41. Financial risk management (continued)

(b) Credit risk (continued)

Financial assets for which the loss allowances have been measured at an amount equal to lifetime expected credit losses have been analysed based on their credit risk as follows:

a) Financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired
b) Financial assets that are credit impaired at the balance sheet date
c) Trade receivables for which loss allowance is always measured at an equal amount to lifetime expected credit losses.

	Neither past Due nor impaired Shs '000	Lifetime ECL not Credit impaired over 60 days Shs '000	over 365 days Shs '000	Expected credit loss Shs '000	Total Shs '000
At 30 June 2024					
Trade receivables-Kenya Power	14,077,809	848,545	1,703,239	466,706	17,096,299
Financial asset at amortized cost-Treasury bonds	2,323,042	-	-	24,486	2,347,528
Financial asset at FVOCI-Treasury bonds	321,154	-	-	-	321,154
Financial asset at amortized cost-Deferred debt	666,385	-	-	26,500	692,885
Contract assets	-	-	-	-	-
Financial asset-IFRIC 12	1,298,199	-	-	4,172	1,302,371
Other receivables (excluding prepayments)	1,301,945	-	-	321,911	1,623,856
Cash and cash equivalents	24,850,342	-	-	767,905	25,618,247
Restricted cash	2,712,749	-	-	20,836	2,733,585
At 30 June 2024	47,551,625	848,545	1,703,239	1,632,516	51,735,925
At 30 June 2023					
Trade receivables-Kenya Power	14,410,436	7,038,442	-	866,093	22,314,971
Financial asset at amortized cost-Treasury bonds	2,336,075	-	-	23,807	2,359,882
Financial asset at FVOCI-Treasury bonds	320,422	-	-	-	320,422
Financial asset at amortized cost-Deferred debt	841,092	-	-	33,963	875,055
Contract assets	5,347,560	-	-	215,931	5,563,491
Financial asset-IFRIC 12	1,319,019	-	-	53,261	1,372,280
Other receivables (excluding prepayments)	4,441,699	-	-	517,405	4,959,104
Cash and cash equivalents	14,995,131	-	-	475,572	15,470,703
Restricted cash	1,861,356	-	-	13,848	1,875,204
At 30 June 2023	45,872,790	7,038,442	-	2,199,880	55,111,112

41. Financial risk management (continued)

(b) Credit risk (continued)

The changes in the loss allowance during the year were as follows

Basis for measurement of loss allowance	12-month expected credit losses Shs '000	Lifetime expected credit losses Shs '000	Total Shs '000
Year ended 30 June 2024			
At start of year	(824,844)	(1,375,037)	(2,199,881)
ECL movement in the year	(1,069,059)	1,636,424	567,365
At end of year	(1,893,903)	261,387	(1,632,516)
Year ended 30 June 2023			
At start of year	(860,072)	(1,337,354)	(2,197,426)
ECL movement in the year	35,228	(37,683)	(2,455)
At end of year	(824,844)	(1,375,037)	(2,199,881)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence.

The Company monitors its risk to shortage of funds using a recurring liquidity planning tool. This tool considers the account receivables from Kenya Power and maturity of financial instruments, together with projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and other borrowings.

41. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the undiscounted maturity profiles of the financial liabilities of the Company based on the remaining period using 30 June 2023 as a base period to the contractual maturity date. These amounts have not been discounted.

	Weighted average effective interest rate %	Less than 1 Months Shs '000	1-3 Months Shs '000	3 Months to 1 year Shs '000	1 to 2 years Shs '000	3 to 4 years Shs '000	5 and above years Shs '000	Total Shs '000	Carrying Amount Shs '000
At 30 June 2024									
Trade and other payables	-	-	6,257,125	-	-	-	-	6,257,125	6,257,125
Amount due to Kenya Power	-	156,223	-	-	-	-	-	156,223	156,223
Lease liabilities	11	-	-	275,227	223,041	245,141	2,658,098	3,401,507	3,401,507
Borrowings	4	-	-	10,035,376	10,403,832	29,436,789	67,908,095	117,784,092	117,784,092
Off balance sheet items		-	-	-	-	-	-	-	-
Letters of credit	-	-	-	1,235,169	-	-	-	1,235,169	1,235,169
Capital commitments	-	-	-	-	131,308,037	-	-	131,308,037	131,308,037
		156,223	6,257,125	11,545,772	141,934,910,	29,681,930	70,566,193	260,142,153	260,142,153
At 30 June 2023									
Trade and other payables	-	-	6,002,144	-	-	-	-	6,002,144	6,002,144
Amount due to Kenya Power	-	164,685	-	-	-	-	-	164,685	164,685
Lease liabilities	11	-	-	227,262	237,130	192,559	1,034,891	1,691,842	1,691,842
Borrowings	4	-	-	12,809,721	10,495,971	34,805,113	91,741,001	149,851,806	149,851,806
Off balance sheet items		-	-	-	-	-	-		-
Letters of credit	-	-	-	544,264	-	-	-	544,264	544,264
Capital commitments	-	-	-	-	111,328,507	-	-	111,328,507	111,328,507
		164,685	6,002,144	13,581,247	112,061,608	34,997,672	92,775,892	269,583,248	269,583,248

41. Financial risk management (continued)

(d) Fair value measurement

Fair value measurement

Financial instruments

Fair Value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs used in the valuation techniques of financial instruments are observable or unobservable. Financial instruments are grouped into 3 levels based on the degree to which fair value data / input is observable.

i. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active trading markets for identical assets or liabilities. This level includes corporate bonds traded on the Nairobi Securities Exchange ("NSE").

ii. Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices).

iii. Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Assets	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Year ended 30 June 2023				
Financial asset at fair value OCI (Note 23)	-	321,154	-	321,154
Financial asset at fair value through P&L (Note19)	-	1,624,334	-	1,624,334
Total assets	-	1,945,488	-	1,945,488
Assets				
Year ended 30 June 2023				
Financial asset at fair value OCI (Note 23)	-	320,422	-	320,422
Financial asset at fair value through P&L (Note19)	-	20,053,353	-	20,053,353
	-	20,373,775	-	20,373,775

There are no financial liabilities measured at fair value for the year ended 30 June 2024 (2023: Nil).

There were no transfers between levels 1, 2 and 3 in the period (2023: Nil).

41. Financial risk management (continued)

d) Fair value measurement (continued)

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

(i) the use of quoted market prices – This was used to value the treasury bonds

Sensitivity of fair value of level 2 financial instruments

The fair value of level 2 financial instruments is determined using valuation techniques which incorporate assumptions that are indirectly supported by prices from observable current market transactions in the same instruments and are based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of these financial instruments.

Financial instruments not measured at fair value.

The fair value hierarchy for financial assets not measured at fair value but for which fair value is disclosed as shown in the table below:

These amounts have not been discounted.

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Fair value KShs'000	Carrying value KShs'000
At 30 June 2024					
Assets					
Cash and balances with banks	24,850,342	-	-	24,850,342	24,850,342
Restricted cash	2,712,749	-	-	2,712,749	2,712,749
Financial assets at amortized cost	-	-	1,964,585	1,964,585	1,964,585
Trade receivables	-	-	16,629,593	16,629,593	16,629,593
Financial assets at amortized cost-Treasury bond	-	2,323,042	-	2,323,042	2,323,042
Other receivables	-	-	3,027,582	3,027,582	3,027,582
Total	27,563,091	2,323,042	21,621,760	51,507,893	51,507,893
Liabilities					
Trade and other payables	-	-	6,413,348	6,413,348	6,413,348
Borrowings	-	-	117,784,092	117,784,092	117,784,092
Total	-	-	124,197,440	124,197,440	124,197,440

41. Financial risk management (continued)

d) Fair value measurement (continued)

Financial instruments measured at fair value (continued)

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Fair value KShs'000	Carrying value KShs'000
At 30 June 2023					
Assets					
Cash and balances with banks	14,998,431	-	-	14,998,431	14,998,431
Restricted cash	1,861,356	-	-	1,861,356	1,861,356
Financial assets at amortized cost	-	-	7,507,671	7,507,671	7,507,671
Trade receivables	-	-	21,448,878	21,448,878	21,448,878
Financial assets at amortized cost-Treasury bond	2,336,075	-	-	2,336,075	2,336,075
Other receivables	-	-	4,441,699	4,441,699	4,441,699
Total	19,195,862	-	33,398,248	52,594,110	52,594,110
Liabilities					
Trade and other payables	-	-	6,166,829	6,166,829	6,166,829
Borrowings	-	-	149,851,806	149,851,806	149,851,806
Total	-	-	156,018,635	156,018,635	156,018,635

The valuation techniques used in determining the fair value of financial assets and liabilities classified within level 2 and level 3.

The table below indicates the valuation techniques and main assumptions used in the determination of the fair value of the level 2 and level 3 assets and liabilities not measured at fair value but for which fair value is disclosed:

	Valuation basis/technique	Main assumptions
Deferred Debt – Kenya Power	Discounted cash flow model	Discount rate
Trade receivables	Discounted cash flow model	Discount rate
Financial assets	Discounted cash flow model	Market yield of the bond
Other receivables	Discounted cash flow model	Discount rate
Trade and other payables	Discounted cash flow model	Discount rate
Borrowings	Discounted cash flow model	Discount rate

41. Financial risk management (continued)

d) Fair value measurement (continued)

Financial instruments measured at fair value (continued)

Non-financial assets held at fair value

This note explains the judgements and estimates made in determining the fair values of non-financial assets recognized and measured at fair value in the financial statements. To provide transparency regarding the reliability of the inputs used in determining fair value, the company has classified its non-financial assets into three levels as prescribed under IFRS 13.

Sensitivity Analysis for Level 3 Fair Value Measurements

For Level 3 fair value measurements, which rely on significant unobservable inputs, the following sensitivities to changes in key assumptions are considered:

Discount Rate:
A 1% increase in the discount rate used for the deferred debt, trade receivables, and borrowings would result in a decrease in fair value of approximately 5%. Conversely, a 1% decrease in the discount rate would result in an increase in fair value of approximately 6%.

Market Yield of Bonds:
The fair value of financial assets is sensitive to changes in the market yield of bonds. A 0.5% increase in market yield would result in a 3% decrease in fair value, while a 0.5% decrease in market yield would lead to a 3.5% increase in fair value.

Interrelationships Between Inputs
In certain instances, there are interrelationships between unobservable inputs used in the fair value measurements of non-financial assets, which may magnify or mitigate the overall effect on fair value:

41. Financial risk management (continued)

d) Fair value measurement (continued)

Non-financial assets held at fair value (Continued))

Assets	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Year ended 30 June 2024				
Property plant and equipment	-	-	359,864,786	359,864,786
Total assets	-	-	359,864,786	359,864,786
Assets				
Year ended 30 June 2023				
Property plant and equipment	-	-	375,375,042	375,375,042
Total assets	-	-	375,375,042	375,375,042

There were no transfers between levels 1, 2 and 3 in the period (2023: Nil).

Valuation techniques used to determine level 3 fair values

The Company obtains independent valuations for its property plant and equipment at least every five years. The valuation method used is the depreciated replacement cost approach. The property plant and equipment classes subject to fair valuation are land and buildings, transmission lines and plant and equipment.

Fair value measurements using significant unobservable inputs (level 3)

We have disclosed under Note 15, the changes in level 3 items for the periods ended 30 June 2023 and 30 June 2022 for recurring fair value measurements

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See above for the valuation techniques adopted.

Description	Fair value as at 30 June 2024 Shs'000	Fair value as at 30 June 2023 Shs'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Property plant and equipment	359,864,786	375,375,042	Estimated useful life	The higher the estimated useful life, the higher the fair

The Company's land, buildings, transmission lines, intangible assets and plant and machinery are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements as at 30 June 2022 were performed by AON valuation services of Australia, Zenith Associates, Syagga and associates and Ebony Limited, independent valuers not related to the Company. These firms have appropriate qualifications in fair value measurement. The valuation conforms to International Valuation Standards.

42. Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains some strong and healthy capital ratios in order to support its business and maximize shareholder value.

The Capital Management policy as approved by the Board of Directors (the Board) is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as circumstances would dictate. There were no changes in the Company's approach to capital management as regards the objectives, policies or processes during the year.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's target is to keep the gearing ratios below 70%.

	2024 Shs'000	2023 Shs'000
Ordinary shares and distributable reserves	159,375,736	152,684,660
Borrowings	117,784,092	149,851,806
Less: cash and bank balances (Note 24)	(24,850,342)	(14,998,431)
Net debt	92,933,750	134,853,375
Gearing ratio	37%	48%

43. Subsequent events

Subsequent to the end of the reporting period, the company appointed Eng. Frank Konuche as Chairman of the Board of Directors on 28 October 2024 to serve until the 2024 Annual General Meeting following the appointed of Julius Migos Ogamba as Cabinet Secretary Ministry of Education.

The Company received funding for Seven Forks Solar Power Plant. Agence Française de Développement (AFD) is financing the Project through a loan facility of Euros 60 million and a Grant of Euros 200,000. The Credit and Grant Facility Agreements between KenGen and AFD were signed on 15 July 2024.

The Company also received a new loan to implement the installation of the first Battery Energy Storage System (BESS) of up to 100 MW/200MWh herein referred to as BESS Project. The Subsidiary Loan Agreements between KenGen and The National Treasury & Economic Planning for USD 45 million and EURO 32.08 million from The Green Climate Fund (GCF) and International Development Association (IDA)respectively were signed on 7 August 2024.