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**REPORT**

**THE AUDITOR-GENERAL**

**ON**

**MOMBASA PORT AREA ROAD  
DEVELOPMENT PROJECT  
LOAN NO. KE-P29 & KE-P32**

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

**KENYA NATIONAL HIGHWAYS AUTHORITY**



OFFICE OF THE AUDITOR GENERAL  
P.O. Box 30084 - 00100, NAIROBI  
REGISTRY

07 NOV 2024

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**MINISTRY OF ROADS AND TRANSPORT**



**PROJECT NAME: MOMBASA PORT AREA ROAD DEVELOPMENT**

**IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY**

**PROJECT LOAN NUMBER: KE – P29 AND KE – P32**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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

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

CBK	Central Bank of Kenya
CPA	Certified Public Accountant
EIA	Environmental Impact Assessment
EIK	Environmental Institute of Kenya
Eng.	Registered Engineer
FY	Financial Year
GK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
JKIA	Jomo Kenyatta International Airport
JPY	Japanese Yen
KeNHA	Kenya National Highways Authority
KISM	Kenya Institute of Supplies and Management
Kshs.	Kenya Shillings
LSK	Law Society of Kenya
MoRT	Ministry of Roads and Transport
NEMA	National Environment Management Authority
TNT	National Treasury
PAPs	Project Affected Persons
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
RAP	Resettlement Action Plan
SDG	Sustainable Development Goals
SIA	Social Impact Assessment

## **2. Project Information and Overall Performance**

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

**Name:** Mombasa Port Area Road Development Project

**Objective:**

Mombasa is the main seaport on Kenya's Indian Ocean Coast and serves Kenya, Uganda, South Sudan, Eastern Democratic Republic of Congo, Rwanda, Burundi and Northern Tanzania hence it was necessary for the development of the project due to the following: -

Economic development in the area served by Mombasa Port has generated rapid increase in the demand for port services. In this regard, there was a major initiative to construct a new Kipevu Container Terminal with development cooperation from JICA. However, the road access to the Kipevu area currently has insufficient capacity and the government has decided to prioritize construction of a new high capacity road link to connect the New Kipevu Container Terminal to the National Highway network. This new road will link the new terminal to the National Highway network.

Mombasa is an island and currently does not have tarmac cross over road between the island and the mainland to the south hence vehicle movement between Mombasa and South Coast pass through the use of ferry services or alternatively a lengthy gravel road. The construction of the road will be part of the proposed Mombasa Port Area Road Development Project.

The project is split into the following three (3) packages: -

Package 1 – From Miritini Junction to Mwache Junction and Kipevu Link Road (10.1 Kms) – 4 lanes

Package 2 – From Mwache Junction to Mteza ( 8.96 ) kms including Mteza Bridge (1.44 Kms) – 2 lanes. Mwache Bridge (660 m). Mteza Bridge (1,450m). Pile – Slab type viaduct (690 m)

Package 3 – From Mteza (Excluding Mteza Bridge) to Kibundani Jct. (6.86 Kms) – 2 lanes

**Address:** Barabara Plaza  
Jomo Kenyatta International Airport (JKIA) off Mazao Road  
Nairobi Kenya

**Contacts:** Director General  
Kenya National Highways Authority  
Po Box 49712-00100  
Nairobi  
Telephone: (254) 020 495000  
E-mail: [dg@Kenha.co.ke](mailto:dg@Kenha.co.ke)  
Website: [www.kenha.co.ke](http://www.kenha.co.ke)

**Project Information and Overall Performance (Continued)**

**2.2 Project Information**

Project Start Date:	2 <sup>nd</sup> June, 2012
Project End Date:	30 <sup>th</sup> October, 2027
Project Coordinator	Eng. Henry Gakuru
Project Manager	Eng. Samuel O. Ogege
Project Sponsor:	Japan International Cooperation Agency (JICA) Government of Kenya (GK)

**2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of State Department for Roads at the Ministry of Roads and Transport																															
Project number	KE-P9 & KE-P32																															
Strategic goals of the project	The strategic goals of the project are as follows: (i) Increase efficiency of road transport along the Coast Region and neighbouring countries to facilitate trade and regional integration (ii) Promote private sector participation in the management, financing and maintenance of road assets (iii) Reduce transit time and costs incurred in cross-border movement.																															
Summary of Project Strategies for achievement of strategic goals	Management aims to achieve the goals by Implementing the project in timely, efficient and effective manner.																															
Other important background information of the project	<p><b>PROJECT COMPONENTS AND COSTS</b> The following components of the project are being implemented by KeNHA</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Million Japanese Yen</th> </tr> <tr> <th>Base Rate</th> <th>Foreign Exchange Cost</th> <th>Total Cost</th> </tr> <tr> <th></th> <th>%</th> <th>JPY ‘000,000</th> <th>JPY ‘000,000</th> </tr> </thead> <tbody> <tr> <td>A. Civil Works</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Mombasa Port Area Road Development Project</td> <td>80</td> <td>21,678</td> <td>21,678</td> </tr> <tr> <td>Consultancy Services</td> <td>100</td> <td>3,845</td> <td>3,845</td> </tr> <tr> <td>Contingency</td> <td>-</td> <td>2,168</td> <td>2,168</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b>27,691</b></td> <td><b>27,691</b></td> </tr> </tbody> </table>		Million Japanese Yen			Base Rate	Foreign Exchange Cost	Total Cost		%	JPY ‘000,000	JPY ‘000,000	A. Civil Works				Mombasa Port Area Road Development Project	80	21,678	21,678	Consultancy Services	100	3,845	3,845	Contingency	-	2,168	2,168	<b>Total</b>		<b>27,691</b>	<b>27,691</b>
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Contingency	-	2,168	2,168																													
<b>Total</b>		<b>27,691</b>	<b>27,691</b>																													
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: (i) To ease movement from Mombasa island to the mainland (ii) To improve cargo take-off from the port of Mombasa																															
Project duration	The project started on 2 <sup>nd</sup> June 2012 and is expected to be completed in October, 2027																															

**2.4 Bankers**                   Co-operative Bank of Kenya  
Upper Hill Branch  
Nairobi, Kenya

National Bank of Kenya  
Hill Branch  
Nairobi

**2.5 Independent Auditor**

The project is audited by the Office of the Auditor-General

**2.6 Roles and Responsibilities**

List of the people who are working on the project.

No	Names	Title Designation	Key Qualification	Responsibilities
1	Eng. Henry Gakuru	Director-Development	Registered Engineer	Senior Technical Advisor to the PIU
2	Eng. Samuel O. Ogege	Deputy Director-Special Projects	Registered Engineer	Implementation Team Leader / Manager
3	CPA. Chanje Kera	Deputy Director-Finance & Accounts	Certified Public Accountant of Kenya	Project Financial Management Specialist
4	Mr. Richard Kilel	Assistant Director-Supply Chain Management	Member KISM	Project Procurement Specialist
5	Ms. Norah Odingo	Deputy Director-Legal Services	Advocate of the High Court of Kenya	Project Legal Specialist
6	Mr. Walter B. Nyatwanga	Deputy Director-Environment & Social Interest	NEMA Lead Expert, Member-EIK	Project Safeguards Specialist

**Project Information and Overall Performance (Continued)**

**2.7 Funding summary**

The Project is for a duration of 10 Years from 2<sup>nd</sup> June, 2012 to 2<sup>nd</sup> June, 2024 to, 30<sup>th</sup> October 2027 with an approved loan of JPY 40,157,000,000 equivalent to Kshs. 32,258,118,100 as highlighted in the table below:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30.06.2024)		Undrawn balance to date (30.06.2024)	
	<i>JPY</i>	<i>Kshs</i>	<i>JPY</i>	<i>Kshs</i>	<i>JPY</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Loan</b>						
Japan International Corporation Agency (JICA)	40,157,000,000	32,258,118,100	40,011,276,767	32,141,058,627	145,723,233	117,059,473
<b>(ii) Counterpart funds</b>						
Government of Kenya		14,628,529,360		7,697,804,410	-	6,930,724,950
<b>Total</b>	<b>40,157,000,000</b>	<b>46,886,647,460</b>	<b>40,011,276,767</b>	<b>39,838,863,037</b>	<b>145,723,233</b>	<b>7,047,784,423</b>

**B. Application of Funds**

Application of funds	Amount received to date - (30.06.2024)		Cumulative Amount paid to date - (30.06.2024)		Unutilised balance to date - (30.06.2024)	
	<i>JPY</i>	<i>Kshs</i>	<i>JPY</i>	<i>Kshs</i>	<i>JPY</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Loan</b>						
JICA	40,011,276,767	32,141,058,627	40,011,276,767	32,141,058,627	-	-
<b>(ii) Counterpart funds</b>						
GK		7,697,804,410		-	-	157,009,784
<b>Total</b>	<b>40,011,276,767</b>	<b>39,838,863,037</b>	<b>40,011,276,767</b>	<b>39,681,853,253</b>	<b>-</b>	<b>157,009,784</b>

**Project Information and Overall Performance (Continued)**

**2.8 Summary of Overall Project Performance:**

(i) Budget performance against actual amounts for current year and for cumulative to-date: -

Budget	FY 2023/2024			Cumulative		
	Actual	Budget	%	Actual	Budget	%
	Kshs	Kshs		Kshs	Kshs	
<b>Counterpart Funds - GoK</b>	623,705,340	2,628,876,887	24%	7,540,794,626	10,483,237,377	72%
<b>Loan from Development Partners</b>						
Direct Payments	1,863,264,791	1,947,500,000	96%	32,028,450,585	35,435,553,322	90%
Revenue	-	-	-	112,608,042	120,000,000	94%
<b>TOTAL</b>	<b>2,486,970,131</b>	<b>4,576,376,887</b>	<b>55%</b>	<b>39,681,853,253</b>	<b>46,038,790,699</b>	<b>86%</b>

(ii) Physical progress based on outputs, outcome and impacts since project commencement: -

**Package 1**

The physical progress as at 30<sup>th</sup> June, 2024 is 100% against percentage of time elapsed of 100%

**Package 2**

The actual physical progress as at 30<sup>th</sup> June, 2024 is 96% against percentage of time elapsed of 100%

**Package 3**

The actual physical progress as at 30<sup>th</sup> June, 2024 is 99% against percentage of time elapsed of 140%

**Project Information and Overall Performance (Continued)**

(iii) Absorption rate for each year since the commencement of the project.

<b>Financial Year</b>	<b>Budget</b>	<b>Actual</b>	<b>Percentage</b>
	<b>Kshs</b>	<b>Kshs</b>	
FY-2023/24	4,576,376,887	2,486,970,131	54%
FY- 2022/23	3,987,377,856	3,516,238,896	91%
FY -2021/22	9,736,000,000	7,193,666,583	74%
FY- 2020/21	7,625,000,000	7,639,699,784	100%
FY -2019/20	4,101,193,511	3,708,213,107	90%
FY -2018/19	3,314,100,000	3,243,437,356	98%
FY -2017/18	3,018,272,713	2,941,669,488	97%
FY -2016/17	4,019,469,732	3,603,885,591	90%
FY -2015/16	2,243,000,000	2,166,200,421	97%
FY -2014/15	3,418,000,000	3,181,871,896	93%
<b>Total</b>	<b>46,038,790,699</b>	<b>39,681,853,253</b>	<b>87%</b>

(iv) Project Implementation Challenges

During the implementation phase of the project, the project has continued to experience inadequate funding arising from low counterpart budgetary provisions for timely settlement of the counterpart project costs.

It is recommended that the Government provides adequate budgetary provisions for all projects in order to facilitate smooth projects implementation.

**2.9 Summary of Project Compliance:**

There are no significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants, which have been reported.

### **3. Statement of Performance Against Project’s Predetermined Objectives**

#### **Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that the Accounting Officer include a statement of the national government’s performance against predetermined objectives at the end of each financial year.

The key development objectives of the project are to:

- a) Increase efficiency of road transport along the Coast Region and neighbouring countries to facilitate trade and regional integration
- b) Ease movement of people and goods between Mombasa Island and the South Coast.
- c) Reduce transit time and costs incurred in cross-border movement.

#### **Progress on attainment of Strategic development objectives**

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

Below we provide the progress on attaining the stated objectives:

<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Increase efficiency of road transport along the Coast Region and neighbouring countries to facilitate trade and regional integration	Linked road from the New Kipevu Container Terminal to the National Highway network	Increased discharge of containers from the Port of Mombasa	The road projects are 98% complete.
To ease movement of people and goods between Mombasa and the South Coast.	Linked road from Mombasa to the South Coast	Increased movement of people and goods between Mombasa Island and the South Coast.	Reduced vehicle operating costs Improved road roughness Increased road traffic to the border from both countries
Reduce transit time and costs incurred in cross-border movement.	Increased business turnover among transport business operators	Reduced traffic congestion at the coastal town of Mombasa	Increased cross border traffic. Increased cross border tourism. Increased Social economic activities across the two countries

#### **4. Environmental and Sustainability Reporting**

Mombasa Port Area Road Development Project exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

##### **i. Sustainability strategy and profile**

Sustainable Development Goals (SDGs) 2015-2030 provides a plan of action for the people and their prosperity. Five out of the seventeen goals are pertinent to management of projects being undertaken by the Authority. These are being addressed through the following initiatives;

- a) *Good health and well-being (SDG 3)*: The Authority strives to undertake Road Safety Audits to identify accident black spots, implement intervention measures and provide road safety education to reduce accidents;
- b) *Gender Equality (SDG 5)*: The Authority encourages mainstreaming of gender equality in project and programmes by incorporating compliance to one third gender rule in procurement and recruitment;
- c) *Industry, innovation and infrastructure (SDG 9)*: The Authority will develop quality, reliable, sustainable and resilient infrastructure including regional and trans-border infrastructure to support economic development and human wellbeing with a focus on affordable and equitable access for all;
- d) *Sustainable cities and communities (SDG 11)*: The Authority will extend the paved road network to hitherto underserved areas in the coastal region to improve nationwide access to high speed and all – weather connectivity; and
- e) *Climate action (SDG 13)*: The Authority will combat negative impacts of road development through environmental mitigation, climate change measures and compliance with National Environment Management Authority (NEMA) requirements in all development projects

## **Environmental and Sustainability Reporting (Continued)**

### **ii. Environmental performance**

The Authority is working towards ensuring environmental sustainability in projects by undertaking tree planting exercises, implementation of road beautification programs, enforce reinstatement of

quarries and borrow pits after construction works, undertake regular Environmental Impact Assessment (EIA) Audits, carry out M&E on Environment and Social Management Plan (ESMPs) as well as conduct Environmental Social Impact Assessment (ESIA) in projects.

To enhance social safeguards in projects, the Authority undertake Resettlement Action Plan (RAP) studies and implement recommendations, carry out Social Impact Assessment (SIA) in projects, undertake gender mainstreaming in projects and conduct stakeholders' forum to sensitize the public in cross cutting issues.

### **iii. Employee welfare**

In all its staff appointments, the Authority takes deliberate actions to embrace Equal Employment Opportunity policy, gender mainstreaming, address disability and take affirmative action in line with prevailing Government Policy guidelines. The Authority prioritize training to develop technical capacity of staff in the fields of Value Engineering, Project Financing, Project and Contract Management, Performance Based Maintenance and Safety.

### **iv. Market place practices**

The Authority strives to ensure responsible competition practices through undertaking annual governance audits in projects, monitoring the implementation of policies and further to promote ethical conduct in projects, the Authority sensitize staff about corruption and integrity.

The Authority undertakes to be actively involved in the negotiations during budget sector hearings in order to increase budgetary allocations for projects thus honouring contracts by paying in time.

The Authority has automated finance procedures, continue to create awareness on PFM Act, treasury circulars and regulations in order to enhance financial management in projects.

## **Environmental and Sustainability Reporting (Continued)**

### **v. Community Engagements**

During the implementation of the Project, the Project is committed to remaining a responsible corporate citizen by being accountable for its actions and maintaining high standards of social and

environmental record. The Project's goal in terms of community engagement is to ensure that the projects foster long-term relationships with stakeholders and communities around the project. The aim is not just to build roads that foster development but to ensure collaboration with the local

communities to achieve sustainable development. The project staff were also encouraged to give back to society by participating in the authority's corporate social responsibility projects.

The Contractor has been involved in various CSR activities geared towards providing the local residents through construction of water kiosks along the project road, improvement of access roads and enhancing learning and playing environment in schools along the project road.

## **5. Statement of Project Management Responsibilities**

The Director General, KeNHA and the Project Implementation Team Leader are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2024.

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

The Director General, KeNHA and the Project Implementation Team Leader accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

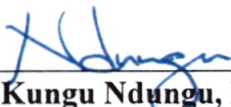
The Director General, KeNHA and the Project Implementation Team Leader are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30 2024, and of the Project's financial position as at that date. The Director General, KeNHA and the Project Implementation Team Leader for Mombasa Port Area Road Development Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Director General, KeNHA and the Project Implementation Team Leader confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

### **Approval of the Project Financial Statements**

The Project financial statements were approved by the Director General, KeNHA and the Project Implementation Team Leader on \_\_\_\_\_ and signed by:

10 SEP 2024



**Eng. Kungu Ndungu, MBS  
Director General**



**Eng. Henry Gakuru  
Director-Development**



**CPA Chanje Kera  
Deputy Director (F&A)  
ICPAK Member No. 8279**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON MOMBASA PORT AREA ROAD DEVELOPMENT PROJECT LOAN NO. KE – P29 & KE P32 FOR THE YEAR ENDED 30 JUNE, 2024 - KENYA NATIONAL HIGHWAYS AUTHORITY

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Mombasa Port Area Road Development JICA Loan No.KE - P29 and KE-P32 set out on pages 1 to 19, which

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*Report of the Auditor-General on Mombasa Port Area Road Development Project Loan No. KE – P29 & KE P32 for the year ended 30 June, 2024 - Kenya National Highways Authority*

comprise of the statement of financial assets as at 30 June, 2024, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of Mombasa Port Area Road Development Project as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreements No.KE-P29 and No.KE-P32 dated 2 June, 2012 and 4 July, 2017 respectively between Japan International Cooperation Agency (JICA) and the Government of the Republic of Kenya and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Inaccuracies in the Financial Statements**

The statement of receipts and payments reflects acquisition of non-financial assets amount of Kshs.2,483,389,056 and as disclosed in Note 4 to the financial statements which includes construction of roads of Kshs.2,238,199,105 that differ with the supporting schedule amount of Kshs.2,257,637,704 resulting to an unreconciled variance of Kshs.19,438,599. In addition, the statement reflects payments controlled by the entity surplus of Kshs.19,438,599 against total surplus of Kshs.19,483,599 resulting to an unreconciled variance of Kshs.45,000. Further, Note 4 to the financial statements omits road construction comparative and cumulative amounts of Kshs.3,045,785,895 and Kshs.33,690,448,070 respectively and reflects acquisition of non-financial assets cumulative amount of Kshs.39,604,6876,700 instead of Kshs.39,604,686,700.

In the circumstances, the accuracy and completeness of the financial statement amounts could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The summary statement of comparison of the budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.4,576,376,887 and Kshs.2,506,408,730 respectively resulting to an under-funding of Kshs.2,069,968,157 or

45% of the budget. Similarly, the Project spent a balance of Kshs.2,486,970,131 against actual receipts of Kshs.2,506,408,730 resulting to an under-utilization of Kshs.19,438,599 or 0.8% of the actual receipts.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

## **Other Matter**

### **1. Pending Bills**

Annex 5 to the financial statements reflects pending bills of Kshs.7,734,645,628 comprising of supply of services Kshs.11,059,457, civil works Kshs.4,178,074,939 and land compensation of Kshs.3,545,511,232. However, a detailed schedule indicating date, supplier name, contract number, contract value, invoice numbers, itemized payments to-date for each contract and outstanding balance was not provided for audit.

Failure to settle bills during the year in which they relate, adversely affects the budgetary provisions for the subsequent year as they form a first charge.

### **2. Unresolved Prior Year Matters**

In the audit report draft of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not given any explanation on how the issues were resolved.

## **Other Information**

The Management is responsible for the other information set out on page ii to xi which comprise of Project Information and Overall Performance, Environmental and Sustainability Reporting, Statement of Project Management Responsibilities, Statement of Performance against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

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

# REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

## Conclusion

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

## Basis for Conclusion

### Delay in Project Completion

The Project was for a duration of ten (10) years from 2 June, 2012 to 2 June, 2022 (Revised time of completion is March, 2026) with an approved budget of JPY 40,157,000,000 equivalent to Kshs.32,034,483,767. However, the financial statements under funding summary reflect that the donor commitment was Kshs.32,258,118,100 against actual cumulative disbursements of Kshs.32,141,058,627 resulting to pending disbursements of Kshs.117,059,473. Similarly, the Government funding commitment was Kshs.14,628,529,360 against actual cumulative disbursements of Kshs.7,697,804,410 resulting to pending disbursements of Kshs.6,930,724,950 which have affected Project completion contrary to Schedule 1, Section 3 of the Loan Financing Agreement Number KE-P32 dated 4 July, 2017 which states that the project expected completion date is December, 2021.

In the circumstances, the continued delay in disbursing the Government funding commitment is an indication that the Project financing model is in breach of financing agreement and affects the Project's execution.

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

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

## Conclusion

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

## **Basis for Conclusion**

### **Unconfirmed Ownership and Value of Fixed Assets**

The summary of fixed assets in Annex six (6) to the financial statements reflects total assets of Kshs.39,604,686,700 out of which Kshs.2,162,605,483 are in respect of land acquisitions. However, land ownership documents as well as valuation reports were not provided for audit review.

Failure to obtain land ownership documents may delay Project implementation and expose Project to litigations

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

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

As required by the Japan International Cooperation Agency (JICA) and the Government of the Republic of Kenya, 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, except for the matter described in the Basis for Qualified Opinion, I confirm that:

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

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Mombasa Port Area Road Development JICA Loan No.KE -P29 and KE-P32 in compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern applicable basis of accounting unless Management is aware of the intention to terminate the Project or to cease operations.

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 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**


**14 November, 2024**


**7. Statement of Receipts and Payments for the Year ended 30th June 2024**

	Note	FY 2023/24			FY 2022/23			Cumulative to Date <i>(from inception)</i>
		Receipts & Payments Controlled by the Entity	Payments Made by Third Parties	Total	Receipts & Payments Controlled by the Entity	Payments Made by Third Parties	Total	
		Kshs	Kshs	Kshs	Ksh	Kshs	Kshs	Kshs
<b>Receipts</b>								
Transfer from Government entities	1	643,143,939	-	643,143,939	187,377,856	-	187,377,856	7,697,804,410
Loan from external development partners	2	-	1,863,264,791	1,863,264,791	-	3,344,850,681	3,344,850,681	32,141,058,627
<b>Total Receipts</b>		<b>643,143,939</b>	<b>1,863,264,791</b>	<b>2,506,408,730</b>	<b>187,377,856</b>	<b>3,344,850,681</b>	<b>3,532,228,537</b>	<b>39,838,863,037</b>
<b>Payments</b>								
Purchase of goods and services	3	3,581,075	-	3,581,075	4,035,486	-	4,035,486	77,166,553
Acquisition of non-financial assets	4	620,124,265	1,863,264,791	2,483,389,056	167,352,729	3,344,850,681	3,512,203,410	39,604,686,700
<b>Total Payments</b>		<b>623,705,340</b>	<b>1,863,264,791</b>	<b>2,486,970,131</b>	<b>171,388,215</b>	<b>3,344,850,681</b>	<b>3,516,238,896</b>	<b>39,681,853,253</b>
<b>Surplus</b>		<b>19,438,599</b>	<b>-</b>	<b>19,483,599</b>	<b>15,989,641</b>	<b>-</b>	<b>15,989,641</b>	<b>157,009,784</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

  
Eng. Kungu Ndungu, MBS  
Director General

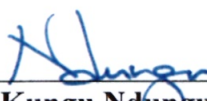
  
Eng. Henry Gakuru  
Director-Development

  
CPA Chanje Kera  
Deputy Director (F&A)  
ICPAK Member No. 8279


**8. Statement of Financial Assets and Liabilities as at 30th June 2024**

Description	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
<b>Financial Assets</b>			
Cash and Cash Equivalents	5	157,009,784	137,571,185
Imprest and Advances		-	-
		-	-
<b>Total Financial Assets (A)</b>		<b>157,009,784</b>	<b>137,571,185</b>
<b>Financial Liabilities</b>			
Third party Deposits and Retention	6	148,667,415	129,228,816
<b>Total Financial Liabilities (B)</b>		<b>148,667,415</b>	<b>129,228,816</b>
<b>Net Financial Assets (A-B)</b>		<b>8,342,369</b>	<b>8,342,369</b>
<b>Represented By</b>			
Fund balance B/fwd	7	8,342,369	-
Prior year adjustments		-	-
Surplus/(Deficit) for the year		19,438,599	15,989,641
(Increase)/Decrease in Retention		(19,438,599)	(7,647,272)
<b>Net Financial Assets</b>		<b>8,342,369</b>	<b>8,342,369</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on \_\_\_\_\_ and signed by:

  
\_\_\_\_\_  
Eng. Kungu Ndungu, MBS  
Director General

  
\_\_\_\_\_  
Eng. Henry Gakuru  
Director-Development

  
10 SEP 2024  
\_\_\_\_\_  
CPA Chanje Kera  
Deputy Director (F&A)  
ICPAK Member No. 8279

**9. Statement of Cashflow for the Year Ended 30th June 2024**

Description	Note	FY 2023/2024	FY 2022/2023
<b>Cashflow from operating activities:</b>		<b>Kshs</b>	<b>Kshs</b>
<b>Receipts</b>			
Transfer from Government entities	1	643,143,939	187,377,856
<b>Total receipts</b>		<b>643,143,939</b>	<b>187,377,856</b>
<b>Payments</b>			
Purchase of goods and services	3	(3,581,075)	(4,035,486)
<b>Total payments</b>		<b>(3,581,075)</b>	<b>(4,035,486)</b>
<b>Net receipts/(payments)</b>		<b>639,562,864</b>	<b>183,342,370</b>
<b>Net cash flow from operating activities</b>		<b>639,562,864</b>	<b>183,342,370</b>
<b>Cashflow from investing activities:</b>			
Acquisition of non-financial Assets	4	(2,483,389,056)	(3,512,203,410)
<b>Net cash flows from investing activities</b>		<b>(2,483,389,056)</b>	<b>(3,512,203,410)</b>
<b>Cashflow from financing activities:</b>			
Proceeds from foreign borrowings	2	1,863,264,791	3,344,850,681
<b>Net cash flow from financing activities</b>		<b>1,863,264,791</b>	<b>3,344,850,681</b>
<b>Net increase in cash and cash equivalents</b>		<b>19,438,599</b>	<b>15,989,641</b>
<b>Cash &amp; cash equivalents at beginning of the year</b>	5	<b>137,571,185</b>	<b>121,581,544</b>
<b>Cash and cash equivalents at end of the year</b>	5	<b>157,009,784</b>	<b>137,571,185</b>

**10. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30<sup>th</sup> June 2024**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Receipts</b>						
Transfer from Government entities	194,000,000	2,434,876,887	2,628,876,887	643,143,939	1,985,732,948	24%
Proceeds from Loans-Direct Payments	2,030,000,000	(82,500,000)	1,947,500,000	1,863,264,791	84,235,209	96%
<b>Total Receipts</b>	<b>2,224,000,000</b>	<b>2,352,376,887</b>	<b>4,576,376,887</b>	<b>2,506,408,730</b>	<b>2,069,968,157</b>	<b>55%</b>
<b>Payments</b>						
Purchase of goods and services				3,581,075		
Acquisition of non-financial assets	2,224,000,000	2,352,376,887	4,576,376,887	2,483,389,056	2,089,406,756	54%
<b>Total Payments</b>	<b>2,224,000,000</b>	<b>2,352,376,887</b>	<b>4,576,376,887</b>	<b>2,486,970,131</b>	<b>2,089,406,756</b>	
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,438,599</b>	<b>2,089,406,756</b>	<b>-</b>

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

## **11. Significant Accounting Policies**

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

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

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

The accounting policies adopted have been consistently applied to all the years presented.

### **(b) Reporting entity**

The financial statements are for Mombasa Port Area Road Development Project under the State Department of Roads. The financial statements are for the reporting entity's Mombasa Port Area Road Development Project as required by Section 81 of the PFM Act, 2012.

### **(c) Reporting currency**

The financial statements are presented in Kenya Shillings (Kshs), the project's functional and reporting currency. All values are rounded to the nearest Kenya Shilling.

### **(d) Recognition of receipts**

Mombasa Port Area Road Development Project recognises all receipts from various sources when an event occurs, and the related cash has is received.

#### **i) Transfers from the Exchequer**

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

#### **ii) External Assistance**

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

**Significant Accounting Policies (Continued)**

**iii) Other receipts**

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

**iv) Donations and grants**

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

**v) Proceeds from borrowing**

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

**vi) Undrawn external assistance**

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

**(e) Recognition of payments**

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

• **Compensation of employees**

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

• **Use of goods and services**

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

• **Interest on borrowing**

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

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

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

### **Significant Accounting Policies (Continued)**

- **Acquisition of fixed assets**

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

#### **(f) In-kind donations**

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

#### **(g) Cash and cash equivalents**

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

#### **(h) Restriction on cash**

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

#### **(i) Imprests and Advances**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are

treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders.

This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

## **Significant Accounting Policies (Continued)**

### **(j) Contingent Liabilities**

A contingent liability is:

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

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

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

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

### **(k) Contingent Assets**

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

### **(l) Pending bills**

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

**Significant Accounting Policies (Continued)**

**(m) Budget**

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

**(n) Third party payments**

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

**(o) Exchange rate differences**

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

**(p) Comparative figures**

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

**(q) Subsequent events**

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

**(r) Prior period adjustments**

There were no prior year adjustments on the financial statements for the year ended June 30, 2024

**12. Notes to the Financial Statements**

**1. Transfers from Government entities**

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

Description	FY 2023/24	FY 2022/23	Cumulative
	Kshs	Kshs	to-date
Counterpart funding through MoRT			
Counterpart funds Quarter 1		42,500,000	1,736,767,471
Counterpart funds Quarter 2	50,790,577	-	1,274,938,983
Counterpart funds Quarter 3	563,000,000	-	1,453,881,866
Counterpart funds Quarter 4	0	42,658,471	3,100,643,343
<b>Total (See Annex 3)</b>	<b>613,790,577</b>	<b>85,158,471</b>	<b>7,566,231,663</b>
<b>Other transfers from government entities</b>			
AIA Operations Funding	29,353,362		29,353,362
Annuity	-	102,219,385	102,219,385
<b>Total</b>	<b>643,143,939</b>	<b>187,377,856</b>	<b>7,697,804,410</b>

**2. Loan from External Development Partners**

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

Description	FY 2023/24			FY 2022/23	Cumulative to Date
	Name of Donor	Amount in loan currency	Loans received as direct payment*	Total amount	
	JPY	Kshs	Kshs	Kshs	Kshs
Loans Received from Multilateral Donors					
JICA	2,677,890,369	-	1,863,264,791	1,863,264,791	3,344,850,681
<b>Total</b>	<b>2,677,890,369</b>	<b>-</b>	<b>1,863,264,791</b>	<b>1,863,264,791</b>	<b>3,344,850,681</b>

\*The loan received during the financial year as Direct payments is indicated as shown in Annex 4

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

**3. Purchase of Goods and Services**

Description	FY 2023/24			FY 2022/23	Cumulative to Date
	Payments Made by the Entity in Cash	Payments Made by Third Parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Domestic Travel & Subsistence	3,581,075	-	3,581,075	4,035,486	60,293,566
Foreign Travel & Subsistence	-	-	-	-	5,130,275
Hospitality Supplies	-	-	-	-	3,824,209
Printing, Adverts & Information Supplies	-	-	-	-	7,429,467
Utilities, supplies & services	-	-	-	-	489,036
<b>Total</b>	<b>3,581,075</b>	<b>-</b>	<b>3,581,075</b>	<b>4,035,486</b>	<b>77,166,553</b>

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

Description	FY 2023/24			FY 2022/23	Cumulative to-date
	Payments Made by the Entity in Cash	Payments Made by Third Parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Research, studies, project preparation, design & supervision	-	245,189,951	245,189,951	371,417,515	3,751,633,147
Construction of Roads	620,124,265	1,618,074,840	2,238,199,105		
Acquisition of Land	-	-	-	95,000,000	2,162,605,483
<b>Total</b>	<b>620,124,265</b>	<b>1,863,264,791</b>	<b>2,483,389,056</b>	<b>3,512,203,410</b>	<b>39,604,6876,700</b>

Notes to the Financial Statements (Continued)

5. Cash and Cash equivalents

	FY 2023/24	FY 2022/23
	KShs	KShs
Bank accounts (Note 5A)	157,009,784	137,571,185
<b>Total</b>	<b>157,009,784</b>	<b>137,571,185</b>

5A Bank Accounts

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
<u>Local Currency Accounts</u>		
National Bank of Kenya Ltd <b>Retention</b> [A/c No. 0100132733200]	148,667,415	129,228,816
Co-operative Bank of Kenya <b>Exchequer</b> [A/c No. 01141160979900]	8,342,369	8,342,369
<b>Total bank account balances</b>	<b>157,009,784</b>	<b>137,571,185</b>

6. Third Party Deposits and Retention

Description	FY 2023/24		FY 2022/23	
	Kshs		Kshs	
Retention	148,667,415		129,228,816	
<b>Total</b>	<b>148,667,415</b>		<b>129,228,816</b>	
<b>Ageing analysis:</b>	<b>FY 2023/24</b>	<b>% of the Total</b>	<b>FY 2022/23</b>	<b>% of the Total</b>
Under one year	19,438,599	13%	7,647,272	6%
1-2 years	7,647,272	5%	38,890,330	30%
2-3 years	38,890,330	26%	76,094,962	59%
Over 3 years	82,691,214	56%	6,596,252	5%
<b>Total</b>	<b>148,667,415</b>	<b>100%</b>	<b>129,228,816</b>	<b>100%</b>

7. Fund Balance Brought Forward

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Bank accounts	157,009,784	137,571,185
Deposits and Retention	(148,667,415)	(129,228,816)
<b>Total</b>	<b>8,342,369</b>	<b>8,342,369</b>

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

**8. Prior Year Adjustment**

There were no prior year adjustments on the financial statements for the year ended June 30, 2024

**9. Changes in Accounts Payables (Deposits and Retention)**

<b>Description</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
Retentions as at 1st July	129,228,816	121,581,544
Closing accounts payables – retentions as at 30 <sup>th</sup> June	148,667,415	129,228,816
<b>Changes in accounts payables - retentions</b>	<b>19,438,599</b>	<b>7,647,272</b>

**Other Important Disclosures**

**10. Pending Accounts Payable (See Annex 5)**

<b>Description</b>	<b>Balance b/f fromFY 2022/2023</b>	<b>Additions for the year</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2023/24</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Construction of civil works	3,307,312,184	3,108,961,860	2,238,199,105	4,178,074,939
Land Compensation	3,545,511,232	-	-	3,545,511,232
Supply of services	11,059,457	248,771,026	248,771,026	11,059,457
<b>Total</b>	<b>6,863,882,873</b>	<b>3,357,732,886</b>	<b>2,486,970,131</b>	<b>7,734,645,628</b>

**11. Accounts Payables - Retentions Controlled by Third Parties**

<b>Description</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
Retentions controlled by third parties	101,884,254	101,884,254
<b>Total</b>	<b>101,884,254</b>	<b>101,884,254</b>

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

**12. Changes in Accounts Payable – Retentions Controlled by Third Parties**

<b>Description</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
Retentions as at 1st July	101,884,254	101,884,254
Closing accounts payables – retentions as at 30 <sup>th</sup> June	101,884,254	101,884,254
Changes in accounts payables - retentions	-	-

**13. External Assistance**

*a) External assistance relating to loans and grants*

<b>Description</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
External assistance received as loans	1,863,264,791	3,344,850,681
<b>Total</b>	<b>1,863,264,791</b>	<b>3,344,850,681</b>

*b) Undrawn external assistance*

<b>Description</b>	<b>Purpose for which the undrawn external assistance may be used</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
		<b>Kshs</b>	<b>Kshs</b>
Undrawn external assistance	Construction of roads & consultancy services	117,059,473	1,756,689,931
<b>Total</b>		<b>117,059,473</b>	<b>1,756,689,931</b>

**Other Important Disclosures (Continued)**

*c) Classes of providers of external assistance*

<b>Description</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
Multilateral donors	1,863,264,791	3,344,850,681
<b>Total</b>	<b>1,863,264,791</b>	<b>3,344,850,681</b>

*External assistance for road construction works, design & supervision consultancy services.*

*d) Purpose and use of external assistance*

<b>Description</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
Acquisition of non-financial Assets	1,863,264,791	3,344,850,681
<b>Total</b>	<b>1,863,264,791</b>	<b>3,344,850,681</b>

*Notes to the Financial Statements (Continued)*

*e) External Assistance paid by Third Parties on behalf of the Entity by Source*

*This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity*

	<b>FY 2023/24</b>	<b>FY 2022/23</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Multilateral donors	1,863,264,791	3,344,850,681
<b>Total</b>	<b>1,863,264,791</b>	<b>3,344,850,681</b>

**13. Annexes**

**Annex 1: Prior Year Auditor-General’s Recommendations**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
	<p><b><u>Basis for Opinion</u></b></p> <p><b>Unsupported Expenditure on Acquisition of Non-Financial Assets</b></p> <p>The statement of receipts and payments reflects Kshs.3,512,203,410 in respect of acquisition of non-financial assets expenditure. Included in this amount is Kshs.95,000,000 relating to land compensation for which the supporting schedule, valuation reports, beneficiary (projects affected persons) lists, title deed, were not provided for audit review.</p> <p>In the circumstances, the accuracy and propriety of the expenditure totalling to Kshs.95,000,000 could not be confirmed.</p>	<p>We disagree with the Auditor’s observation that included in Kshs 3,512,203,410 in respect of acquisition of non-financial assets expenditure is Kshs.95,000,000 relating to unsupported land compensation. We wish to clarify that the land compensation amount paid during the FY 2022/23 and included in Kshs 3,512,203,410 is Kshs 95,000,000 whose supporting schedule was provided during the audit exercise. We further wish to clarify that the National Land Commission (NLC) does not issue the Authority with the valuation reports and title deeds to the parcels of land being compensated but provides compensation schedules which were provided during the audit process.</p> <p>The supporting schedule in support of the payment of Kshs 95,000,000 was provided for verification.</p>	resolved	FY 2024/2025

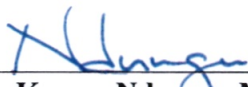
<p>1</p>	<p><b><u>Emphasis of Matter</u></b>  <b>Budgetary Control and Performance</b>  The statement of comparison of budget and actual amounts reflects final receipts budget and actual receipts on comparable basis of Kshs.3,987,377,856 and Kshs.3,532,228,537 respectively resulting in an underfunding of Kshs.455,149,319 or 11% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.3,987,377,856 and Kshs.3,516,238,896 respectively, resulting in an under expenditure of Kshs.471,138,960 or 12% of the budget.  The under-funding and under-performance affected the planned activities of the Project and may have impacted negatively on service delivery to the public.</p>	<p>We agree with the Auditor’s observation that the statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs 3,987,377,856 and Kshs 3,532,228,537 respectively. We however disagree with the Auditor’s observation that this constitutes an underfunding.  We wish to clarify that in FY 2023, the Project had a final GoK allocation of Kshs 187,377,856 which was received in full from the Exchequer as indicated in the statement of comparison of budget and actual amounts. Similarly, the Project had a final Development Partner budget allocation of Kshs 3,800,000,000 but the Authority was only able to request for Kshs 3,344,850,681 based on the works done by the contractors and services rendered by the supervision consultant as per their submitted Interim Payment Certificates (IPCs) and Fee Notes (FNs). It is important to note that the Development Partner does not disburse proceeds of the credit to the Authority but makes payments directly to the contractors and consultants of the project as per the duly approved IPCs and (FNs). From the foregoing, there was no underfunding but as correctly observed, an under-expenditure.  The under-expenditure was as a result of delayed compensation of Project Affected Persons (PAPs) for their acquired land in order to give Right of Way (RoW) for civil works.</p>	<p>Not resolved</p>	<p>FY 2024/2025</p>
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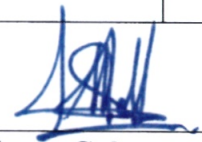
**Mombasa Port Area Road Development Project JICA Loan No.KE – P29 & KE – P32**  
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2	<p><b>Pending Bills</b></p> <p>Annex 4 to the financial statements discloses that the project had a pending bills amount of Kshs.6,863,882,873 as at 30 June, 2023. Management did not explain why the bills were not settled during the year when it occurred neither did they indicate when payments will be made. Further, the pending bills balance of Kshs.6,863,882,873 includes an amount of Kshs.813,216,495 in respect of accrued interest charged due delayed payments of pending bills for the project packages 1,2 and 3. The project risks incurring significant interest costs and penalties due to continued delay in payment. Failure to settle bills during the year in which they relate, adversely affects the budgetary provisions for the subsequent year as they form a first charge.</p>	<p>We agree with the Auditors observation that the project had pending bills of Kshs 6,863,882,873. Pending bills and interest on late payments arise due to inadequate GoK budgetary provisions coupled with delays in Exchequer releases to enable prompt settlement of bills whenever they fall due.</p> <p>In the FY 2024/25 the Authority has managed to secure a GoK Exchequer budgetary allocation of Kshs 2,389,848,193for the project to be utilized in reducing part of these pending bills.</p>	Not resolved	FY 2024/2025
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**Mombasa Port Area Road Development Project JICA Loan No.KE – P29 & KE – P32  
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	<p><b><u>Other Matter</u></b></p> <p><b>Unresolved Prior Year Issues</b></p> <p>In the audit report of the previous year, several issues were raised under Basis for Qualified Opinion and in the Report on Lawfulness and Effectiveness in Use of Public Resources sections. Although the project Management indicated that the issues were resolved, no evidence was provided to support this position. These issues therefore remained unresolved contrary to the provisions of Section 149(2)(1) of the Public Finance Management Act, 2012 which require the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.</p>	<p>We disagree with the audit observation that the Project Management did not provide any explanation on how prior year matters were resolved.</p> <p>We wish to confirm that as provided for in the Projects' reporting template, under Annex 1 (Progress on Follow Up of Prior Year Auditors Recommendations) to the financial statements, the Project Management has provided comments and explanations on the status of each of the audit observations in the prior year financial statements. We further wish to clarify that the Authority has already appeared before the Public Accounts Committee and made its submissions on the Report by the Auditor General on project financial statements for FYs 2021/2022. No further action is therefore required from the Authority until the Report of the Public Accounts Committee is received.</p>	<p>Not resolved</p>	<p>FY 2024/2025</p>
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**Eng. Kungu Ndungu, MBS**  
**Director General**  
 10 SEP 2024

  
**Eng. Henry Gakuru**  
**Director - Development**  
 10 SEP 2024

**Annex 2: Variance Explanations - Comparative Budget and Actual Amounts for FY 2023-2024**

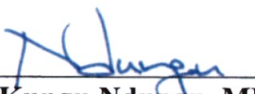
	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilisation Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance (below 90% and over 100%)</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Government of Kenya	2,628,876,887	643,143,939	1,985,732,948	24%	Budget under-funding due to below target performance of the economy and fiscal consolidation
External Financing-Direct Payments	1,947,500,000	1,863,264,791	84,235,209	96%	
<b>Total Receipts</b>	<b>4,576,376,887</b>	<b>2,506,408,730</b>	<b>2,069,968,157</b>	<b>55%</b>	
<b>Payments</b>					
Purchase of goods and services		3,581,075			Budget under-funding due to below target performance of the economy and fiscal consolidation
Acquisition of non-financial assets	4,576,376,887	2,483,389,056	2,089,406,756	54%	
<b>Total Payments</b>	<b>4,576,376,887</b>	<b>2,486,970,131</b>	<b>2,089,406,756</b>	<b>54%</b>	


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**Annex 3: Reconciliation of Inter-Entity Transfers**

<b>Project Name:</b>		<b>Mombasa Port Area Road Development Project (MPARD)</b>		
<b>Break down of Transfers from the State Department of Roads</b>				
<b>A. Government Counterpart Funding</b>				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
		18-Dec-23	50,790,577	FY 2023/24
		1-Jan-24	563,000,000	FY 2023/24
			-	
		<b>Total</b>	<b>613,790,577</b>	
<b>B. Others</b>				
			<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
	AIA Operations Funding	AIA Operations Funding	29,353,362	FY 2023/24
		<b>Total</b>	<b>29,353,362</b>	
		<b>Total (A+B)</b>	<b>643,143,939</b>	

The above amounts have been communicated to and reconciled with the State Department

  
Eng. Kungu Ndungu, MBS  
Director General

  
CPA Chanje Kera  
Deputy Director (F&A)  
ICPAK Member No. 8279

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**Annex 4: Loan from External Development Partners during the year**

Description	FY 2023/24					
	Name of Donor	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount in Kshs
			JPY	Kshs	Kshs	Kshs
Loans received from Multilateral Donors (International Organizations)						
JICA	07/08/2023	27,149,296		15,507,067	15,507,067	
JICA	07/08/2023	10,216,867		10,925,305	10,925,305	
JICA	04/10/2023	83,216,218		77,648,799	77,648,799	
JICA	04/10/2023	458,208,685		310,595,200	310,595,200	
JICA	20/12/2023	495,260,769		341,539,689	341,539,689	
JICA	20/12/2023	91,507,021		85,384,922	85,384,922	
JICA	02/02/2024	568,145,854		386,261,080	386,261,080	
JICA	02/02/2024	4,488,999		4,188,671	4,188,671	
JICA	11/03/2024	591,966,320		395,194,856	395,194,856	
JICA	28/05/2024	27,275,948		17,261,623	17,261,623	
JICA	11/09/2023	26,680,329		14,945,229	14,945,229	
JICA	11/09/2023	7,918,870		8,467,964	8,467,964	
JICA	18/09/2023	28,452,319		15,937,826	15,937,826	
JICA	18/09/2023	8,250,871		8,822,986	8,822,986	
JICA	23/10/2023	7,379,032		7,890,694	7,890,694	
JICA	23/10/2023	26,727,448		15,138,209	15,138,209	

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Description	FY 2023/24					
	Name of Donor	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount in Kshs
JICA		27/11/2023	26,561,730		15,044,348	15,044,348
JICA		27/11/2023	14,110,882		15,089,331	15,089,331
JICA		20/12/2023	27,003,878		15,296,827	15,296,827
JICA		20/12/2023	8,457,948		9,044,422	9,044,422
JICA		23/01/2024	27,357,745		15,002,463	15,002,463
JICA		23/01/2024	9,716,188		10,389,908	10,389,908
JICA		11/03/2024	8,152,028		8,717,290	8,717,290
JICA		11/03/2024	23,901,900		12,966,811	12,966,811
JICA		25/03/2024	26,192,317		14,192,054	14,192,054
JICA		25/03/2024	4,919,266		5,260,368	5,260,368
JICA		26/04/2024	11,450,406		12,244,377	12,244,377
JICA		26/04/2024	27,221,235		14,306,471	14,306,471
<b>Total</b>			<b>2,677,890,369</b>	-	<b>1,863,264,791</b>	<b>1,863,264,791</b>

**Mombasa Port Area Road Development Project JICA Loan No.KE – P29 & KE – P32**  
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**Annex 5: Analysis of Pending Bills**

Supplier of Goods or Services	Date Invoiced	Original Amount	Amount Paid To-Date	Outstanding Balance FY 2023/24	Outstanding Balance FY 2022/23	Comments
		a	b	c=a-b		
<b>Supply of Services</b>						
Katahira & Engineers	19-May-17	28,666,962	28,596,479	70,483	70,483	FN 52
Katahira & Engineers	20-Jun-17	28,188,636	27,358,062	830,575	830,575	FN 53
Katahira & Engineers	17-Jul-17	24,610,735	23,678,402	932,333	932,333.10	FN 54
Katahira & Engineers	28-Aug-17	22,344,268	21,572,829	771,439	771,438.80	FN 55
Katahira & Engineers	09-Oct-17	19,210,195	18,636,343	573,852	573,851.58	FN 56
Katahira & Engineers	01-Nov-17	21,055,837	20,491,673	564,164	564,163.86	FN 57
Katahira & Engineers	29-Nov-17	20,180,160	19,512,810	667,350	667,349.89	FN 58
Katahira & Engineers	18-Dec-17	19,857,621	19,350,693	506,928	506,927.74	FN 59
Katahira & Engineers	02-Feb-18	14,497,230	13,925,177	572,053	572,053.09	FN 60
Katahira & Engineers	20-Feb-18	14,779,996	14,015,527	764,469	764,469.15	FN 61
Katahira & Engineers	21-Mar-18	18,938,951	18,277,804	661,147	661,147.28	FN 62
Katahira & Engineers	23-Apr-18					FN 63

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Supplier of Goods or Services	Date Invoiced	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				FY 2023/24	FY 2022/23	
		18,313,774	17,641,560	672,214	672,213.83	
Katahira & Engineers	06-Jun-18	19,842,880	19,301,454	541,426	541,426.06	FN 64
Katahira & Engineers	01-Aug-18	20,882,505	20,426,701	455,804	455,804.00	FN 65
Katahira & Engineers	05-Jan-14	21,768,513	19,293,292	2,475,221	2,475,221	FN 15
<b>Sub-Total Services</b>		<b>313,138,264</b>	<b>302,078,807</b>	<b>11,059,457</b>	<b>11,059,457</b>	
<b>Civil Works</b>						
CCECC&CR11	06.09.2018	601,381,074	590,160,153	11,220,921	11,220,920	IPC 21
CCECC&CR11	01.10.2018	444,261,693	328,538,845	115,722,848	136,340,804	IPC 22
CCECC&CR11	01-Mar-21	86,057,367	83,210,419	2,846,948	2,846,948	FPC
FUJITA CORP.	19-Aug-20	1,637,997,599	1,633,580,068	4,417,531	4,417,531	IPC 2
FUJITA CORP.	30-Mar-21	570,268,482	479,171,262	91,097,220	91,097,220	IPC 3
FUJITA CORP.	27-Apr-21	1,120,076,632	995,220,365	124,856,267	124,856,267	IPC 4
FUJITA CORP.	23-Jun-21	790,862,087	711,775,878	79,086,209	79,086,209	IPC 5
FUJITA CORP.	11-Aug-21	542,836,830	488,553,147	54,283,683	54,283,683	IPC 6
FUJITA CORP.	19-Oct-21	1,071,421,190	964,279,071	107,142,119	107,142,119	IPC 7

***Mombasa Port Area Road Development Project JICA Loan No.KE – P29 & KE – P32  
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Supplier of Goods or Services	Date Invoiced	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				FY 2023/24	FY 2022/23	
FUJITA CORP.	01-Dec-21	591,229,552	510,807,420	80,422,132	80,422,132	IPC 8
FUJITA CORP.	09-Feb-22	557,417,000	453,856,850	103,560,150	103,560,150	IPC 9
FUJITA CORP.	16-Feb-22	603,348,223	495,427,727	107,920,497	107,920,497	IPC 10
FUJITA CORP.	23-Mar-22	601,284,000	487,198,493	114,085,507	114,085,507	IPC 11
FUJITA CORP.	13-Apr-22	596,061,362	490,736,183	105,325,179	105,325,179	IPC 12
FUJITA CORP.	30-May-22	595,836,807	487,396,208	108,440,599	108,440,599	IPC 13
FUJITA CORP.	16-Jun-22	732,540,567	600,196,663	132,343,903	132,343,903	IPC 14
FUJITA CORP.	03-Oct-22	931,940,679	838,746,611	93,194,068	93,194,068	IPC 15
FUJITA CORP.	07-Feb-23	1,031,388,461	928,249,615	103,138,846	206,277,692	IPC 16
FUJITA CORP.	17-Mar-23	810,915,893	729,824,303	81,091,590	162,183,179	IPC 17
FUJITA CORP.	17-Mar-23	972,357,987	875,122,188	97,235,799	194,471,598	IPC 18
FUJITA CORP.	13-Jun-23	790,713,408	711,642,067	79,071,341	158,142,682	IPC 19
FUJITA CORP.	14-Jun-23	796,618,077	716,956,270	79,661,807	159,323,615	IPC 20
FUJITA CORP.	30-Aug-23	48,530,500	-	48,530,500		IPC 21

**Mombasa Port Area Road Development Project JICA Loan No.KE – P29 & KE – P32**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

Supplier of Goods or Services	Date Invoiced	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				FY 2023/24	FY 2022/23	
FUJITA CORP.	15-Dec-23	53,365,574	-	53,365,574		IPC 22
FUJITA CORP.	12-Jan-24	80,612,438	-	80,612,438		IPC 23
FUJITA CORP.	19-Feb-24	103,114,120	-	103,114,120		IPC 24
FUJITA CORP.	06-May-24	499,499,565	-	499,499,565		IPC 25
FUJITA CORP.	26-May-24	491,576,962	-	491,576,962		IPC 26
CCECC	02-Dec-20	350,554,543	347,186,527	3,368,016	3,368,016	IPC 5
CCECC	25-Feb-21	314,324,254	302,170,757	12,153,497	72,621,483	IPC 6
CCECC	06-Jun-21	407,896,000	295,363,377	112,532,623	112,532,623	IPC 7
CCECC	26-Jul-21	545,930,539	393,057,476	152,873,063	152,873,063	IPC 8
CCECC	03-Nov-21	556,698,761	386,810,191	169,888,570	169,888,570	IPC 9
CCECC	27-Jan-22	743,566,781	516,906,938	226,659,843	226,659,843	IPC 10
CCECC	23-May-22	213,541,387	152,193,026	61,348,361	61,348,361	IPC 11
CCECC	16-Jun-22	264,037,208	194,068,286	69,968,922	69,968,922	IPC 12
CCECC	03-Oct-22	101,068,800	-	101,068,800	101,068,800	IPC 14 INT

*Mombasa Port Area Road Development Project JICA Loan No.KE – P29 & KE – P32  
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Supplier of Goods or Services	Date Invoiced	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				FY 2023/24	FY 2022/23	
CCECC	03-Oct-23	115,348,920	-	115,348,920		IPC 14
<b>Sub-Total Civil Works</b>		<b>21,366,481,321</b>	<b>17,188,406,383</b>	<b>4,178,074,939</b>	<b>3,307,312,184</b>	
<b>Land Compensation</b>						
PAPs		5,708,116,715	2,162,605,483	3,545,511,232	3,545,511,232	
<b>Grand Total</b>		<b>27,387,736,300</b>	<b>19,653,090,673</b>	<b>7,734,645,628</b>	<b>6,863,882,873</b>	

**Annex 6: Summary of Fixed Assets Register**

Asset class	Opening Cost	Purchases/Additions in the Year	Disposals in the Year	Closing Cost
	Ksh	Ksh	Ksh	Ksh
	FY 2023/24	FY 2023/24	FY 2023/24	FY 2023/24
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Land	2,162,605,483	-	-	2,162,605,483
Construction of Roads	34,958,692,161	2,483,389,056	-	37,442,081,217
<b>Total</b>	<b>37,121,297,644</b>	<b>2,483,389,056</b>	<b>-</b>	<b>39,604,686,700</b>