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CLERK-AT THE-TABLE	OF Mr. Benson Inzofu	

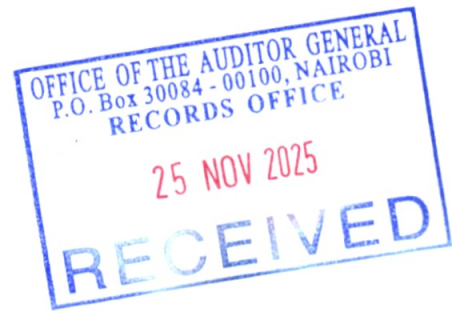
THE AUDITOR-GENERAL

ON

**KENOL-SAGANA-MARUA HIGHWAY
IMPROVEMENT PROJECT (P-KE-DBO-037)
CREDIT NOs.5050200000901 AND 2000200004504**

**FOR THE YEAR ENDED
30 JUNE, 2025**

KENYA NATIONAL HIGHWAYS AUTHORITY



MINISTRY OF ROADS & TRANSPORT



Kenya National Highways Authority

Quality Highways, Better Connections

PROJECT NAME: KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT

IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY

**PROJECT ID: -ADB LOAN ID P-KE-DB0-037
PROJECT CREDIT Nos. 5050200000901 & 2000200004504.**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

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

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2025

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2025

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1. Acronyms and Definition of Terms

AfDB	African Development Bank
AGTF	Africa Growing Together Fund
CBK	Central Bank of Kenya
CPA	Certified Public Accountant
EIA	Environmental Impact Assessment
ESIA	Environmental Social Impact Assessment
ESMP	Environment and Social Management Plan
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KeNHA	Kenya National Highways Authority
Kshs.	Kenya Shillings
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
SDG	Sustainable Development Goals
SIA	Social Impact Assessment

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2025

2. Project Information and Overall Performance

2.1 Name and registered office

Project Name	Kenol - Sagana - Marua Highway Improvement Project
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Project Objectives	<p>a) To enhance movement of goods/ services (trade) and people between the counties in Central, Eastern Kenya and the capital city, Nairobi and also links with Ethiopia.</p> <p>b) Contribute to the social and economic development by providing more efficient and effective transport system.</p>
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Project Registered Office and Physical Location:	The project headquarters offices are at Barabara Plaza, Jomo Kenyatta International Airport, Nairobi, Off Mazao Road (Opposite KCAA Headquarters)
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Project Address	P.O. Box 49712-00100 Nairobi
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Contacts:	Telephone: 020-8013842; Email dg@kenha.co.ke; Website www.kenha.co.ke
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2.2 Project Information

Project Start Date:	9 th January, 2020
Project End Date: Lot 1	6 th October, 2023 revised to 15 th March 2025
Project End Date: Lot 2	18 th October 2023 revised to 9 th July 2025
Project Manager:	Eng. H. Gakuru – Ag. Director, Development
	Eng. C. Makau – Project Engineer.
Project Sponsor:	African Development Bank (AfDB)/ Africa Growing Together Fund (AGTF) Government of Kenya

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2025

Project Information and Overall Performance (Continued)

2.3 Project Overview

Line Department	Ministry/State	The project is under the supervision of the State Department of Roads under the Ministry of Roads & Transport.																					
Project number		P-KE-DB0-037																					
Strategic goals of the Project		<p>The project management aims to achieve the goals through the following means: -</p> <p>(i) To support the transport infrastructure sector to attain sustainable, safe roads network that facilitates economic growth and the improvement in living standards.</p> <p>(ii) To promote trade and regional integration.</p> <p>(iii) To improve road transport services by reducing travel time and vehicle operating cost</p>																					
Achievement of strategic goals		Implementation of the project in timely, efficient and effective manner.																					
Other important background information of the project		<p>PROJECT COMPONENTS AND COSTS - LOAN</p> <table border="1"> <thead> <tr> <th></th> <th>Foreign Exchange Cost</th> <th>Total Cost</th> </tr> <tr> <th></th> <th>Euro</th> <th>Euro</th> </tr> </thead> <tbody> <tr> <td>A. Civil Works</td> <td></td> <td></td> </tr> <tr> <td>ADB</td> <td>178,020,000</td> <td>178,020,000</td> </tr> <tr> <td>AGTF</td> <td>31,150,000</td> <td>31,150,000</td> </tr> <tr> <td>Government of Kenya</td> <td>48,510,000</td> <td>48,510,000</td> </tr> <tr> <td>TOTAL</td> <td>257,680,000</td> <td>257,680,000</td> </tr> </tbody> </table> <p>The total cost of the Project is EUR 257.68 million. The Project is co-financed by the AfDB (69%), Africa Growing Together Fund (12 %) and Government of Kenya (19%). The overall implementation period is 5 years (2020 – 2025).</p> <p>PROJECT BACKGROUND: -</p> <p>The project road is part of the Kenyan section of Trans-Africa Highway, TAH4 (Cairo to Cape), through Nairobi on to Moyale. The project road also links the Capital City Nairobi to some of the major commercially and agriculturally rich Mt Kenya region as well as to Ethiopia through the Moyale border. The Project consists of the dualling of 84 km of the Kenol – Sagana – Marua Road with grade separated junctions, road safety interventions and social complementary initiatives. The project also includes soft components such as training of unemployed youth;</p>		Foreign Exchange Cost	Total Cost		Euro	Euro	A. Civil Works			ADB	178,020,000	178,020,000	AGTF	31,150,000	31,150,000	Government of Kenya	48,510,000	48,510,000	TOTAL	257,680,000	257,680,000
	Foreign Exchange Cost	Total Cost																					
	Euro	Euro																					
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ADB	178,020,000	178,020,000																					
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Government of Kenya	48,510,000	48,510,000																					
TOTAL	257,680,000	257,680,000																					

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2025

	<p>institutional capacity building; monitoring and evaluation; sensitization and awareness; tree planting, among others.</p> <p>LOCATION AND EXTENT OF WORKS</p> <p>The proposed new dual carriageway is a Class A International Trunk Road, approximately 84 kms long. The project area in Central and upper Eastern region of Kenya covers five counties of Muranga, Machakos, Embu, Kirinyaga and Nyeri.</p>
Current situation that the project was formed to intervene	The existing road is a two-way single carriageway of bitumen standard, which is congested with high accident rate making transport costly and a threat for life. The road therefore is proposed for upgrading to dual carriageway to reduce travel cost and improve road safety.
Project duration	The project started on 9 th January 2020 and is expected to run until 15 th March 2025 for Lot I and started on 18 th October 2023 and is expected to run until 9 th July 2025 for Lot 2 .

2.4 Bankers

Co-operative Bank of Kenya Ltd
 Upper Hill Branch, Nairobi

National Bank of Kenya Ltd
 Hill Branch, Nairobi

Kenya Commercial Bank
 JKIA

2.5 Independent Auditor

Auditor General
 Office of the Auditor General
 P.O Box 30084-00100 GPO
 Nairobi

2.6 Roles and Responsibility

No	Names	Title Designation	Key Qualification	Responsibilities
1	Eng. Henry Gakuru	Director-Development	Registered Civil Engineer	Project Implementing Team Leader
2	Eng. Cleophus Makau	Deputy Director-Development	Registered Civil Engineer	Project Engineer
3	Mr. Walter B. Nyatwang'a	Deputy Director Environment & Social Interests	Environmental & Social Specialist	Project Safeguards Specialist
4	Ms. Levina K. Wanyonyi	Deputy Director-Supply Chain Management	Registered KISM	Project Procurement Specialist
5	Mr. Chanje Kera	Deputy Director-Finance & Accounts	Certified Accountant	Project Financial Specialist

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2025

Project information and overall performance (continued)

2.7 Funding summary

The project is for duration of five years with an approved budget of EURO 271,434,739 equivalent to Kshs. 31,035,848,068 as highlighted in the table below:

A. Source of Funds

Source of funds	Donor Commitments		Amount received to date (30th June 2025)		Undrawn balance to date (30th June 2025)	
	EURO	Kshs	EURO	Kshs	EURO	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') – (B')
(i) Grant						
AGTF	31,150,000	3,561,691,000	18,834,188	2,153,501,014	12,315,812	1,408,189,986
(ii) Loan						
AfDB	178,020,000	20,354,806,800	113,371,782	12,962,929,501	64,648,218	7,391,877,299
(iii) Counterpart Funds						
Government of Kenya	69,293,907	7,923,065,332	-	7,923,065,332	69,293,907	-
Total	278,463,907	31,839,563,132	132,205,969	23,039,495,847	146,257,938	8,800,067,285

NOTE: Contract exchange rate- Kshs. 114.34

B. Application of Funds

Application of funds	Amount received to date- (30th June 2025)		Cumulative Amount paid to date-(30th June 2025)		Unutilised balance to date	
	EURO	Kshs	EURO	Kshs	EURO	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') – (B')
(i) Grant						
AGTF	18,834,188	2,153,501,014	18,834,188	2,153,501,014	-	-
(ii) Loan						
AfDB	113,371,782	12,962,929,501	113,371,782	12,962,929,501	-	-
(iii) Counterpart Funds						
Government of Kenya	-	7,923,065,332	-	7,111,294,234	-	811,771,098
Total	132,205,969	23,039,495,847	132,205,969	22,227,724,749	-	811,771,098

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2025

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: -

	2024/2025			Cumulative		
	Budget	Actual	%	Budget	Actual	%
Counterpart Funds - Gok	2,910,960,829	2,102,174,469	72%	10,191,859,737	7,124,278,970	70%
Loan from External Development Partners	3,300,000,000	2,560,080,118	78%	19,790,000,000	15,103,445,779	76%
Total	6,210,960,829	4,662,254,587	75%	29,981,859,737	22,227,724,749	74%

- ii. Physical progress based on outputs, outcome and impacts since project commencement: -
 The physical progress as at 30th June 2025; **Lot 1 Dualling of Kenol-Sagana (A2) Road** is at 98% and **Lot 2 Dualling of Sagana -Marua (A2) Road** is at 88%.

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

FY	Budget	Actual	%
2024/25	6,210,960,829	4,662,254,587	75%
2023/24	2,950,069,048	1,754,309,142	59%
2022/23	5,950,829,860	3,818,634,603	64%
2021/22	8,310,000,742	8,310,000,742	100%
2020/21	5,969,999,258	3,654,552,708	61%
2019/20	590,000,000	27,972,967	5%
Total	29,981,859,737	22,227,724,749	74%

Comment on value-for-money achievements.

- The authority (KeNHA) had put in place adequate checks & balances on appointment of the works consultant supervision who oversaw the project implementation on daily basis on consultation and subsequent approvals from the employer and the bank.
- In addition to works supervision, the consultant undertook design review prior to commencement of roads construction works to reduce conflict during the project implementation.
- Regular auditing of the project by the Authority's Internal Auditors, External Auditors and Quality Assurance Departments.
- Monthly site meetings that involve the employer, the consultant and the contractor.

2.9 Summary of Project compliance: -

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

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2025

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 statement of the national government entity's performance against predetermined objectives at the end of each financial year.

The key development objectives of the project are to:

- a) Improve road transport services along the corridor by reducing travel time and vehicle operating costs.
- b) Mitigating traffic congestion and associated emissions.
- c) Improving road safety along the road.

Progress on the attainment of Strategic development objectives

To implement and cascade 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 to track progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Kenol - Sagana - Marua Highway Improvement Project	Improve road transport services along the corridor by reducing travel time and vehicle operating costs;	Increased efficiency in transportation within the counties in Central, Eastern, Nairobi city and linkage with Ethiopia.	Reduction in travel time and vehicle operating costs	Both Lot 1 and 2 have been substantially taken over.
	Mitigating traffic congestion and associated emissions;	Reduced traffic congestion and associated emissions.	Better traffic movements and less emission.	Both Lot 1 and 2 have been substantially taken over.
	Improving road safety along the road.	Better road safety and reduction in accidents	Reduction in the number of accidents.	Both Lot 1 and 2 have been substantially taken over.

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT

Annual Report and Financial Statements for the financial year ended June 30, 2025

4. Environmental and Sustainability Reporting

Kenol – Sagana - Marua Highway Improvement 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 develops 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 endeavours to extend the paved road network to hitherto underserved areas in the region to improve nationwide access to high speed and all – weather connectivity; and
- e) *Climate action (SDG 13)*: The Authority endeavours to 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

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2025

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, undertakes regular Environmental Impact Assessment (EIA) Audits, carries out M&E on Environment and Social Management Plan (ESMPs) as well as Environmental Social Impact Assessment (ESIA) on projects.

iii. Employee welfare

In all its staff appointments, the Authority takes deliberate actions to embrace Equal Employment Opportunity policies, gender mainstreaming, addresses concerns around Persons Living with Disabilities (PWDs) and takes affirmative action in line with prevailing Government Policy guidelines. The Authority prioritizes training to develop technical capacity of staff in the fields of Value Engineering, Project Financing, Project, Contract Management, Performance Based Maintenance and Safety.

iv. Marketplace practices

The Authority strives to ensure responsible competition practices through undertaking annual governance audits in projects, monitoring the implementation of policies and further promotes ethical conduct in projects. The Authority equally sensitizes staff on anticorruption and integrity issues. 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 its liabilities on time.

v. Community Engagements

During the implementation of the Project, the Authority is committed to remaining a responsible corporate citizen by being accountable for its actions through engaging in Public Participation. 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 is also encouraged to give back to society by participating in the Authority's corporate social responsibility projects.

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2025

Environmental and Sustainability reporting (Continued)

To enhance social safeguards in projects, the Authority undertakes Resettlement Action Plan (RAP) studies and implements its recommendations, carries out Social Impact Assessments (SIA), undertakes gender mainstreaming and conduct stakeholders' forum to sensitize the public in several cross-cutting issues.

The Project has undertaken some CSR activities such as training of unemployed youth, institutional capacity building, monitoring and evaluation, sensitization and awareness and tree planting.

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT

Annual Report and Financial Statements for the financial year ended June 30, 2025

5. Statement of Project Management responsibilities

The Director General, KeNHA and the Project Management for Kenol – Sagana - Marua Highway Improvement Project 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, 2025. 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 Management for Kenol – Sagana - Marua Highway Improvement Project, accept responsibility for the project’s Financial Statements, which have been prepared on the accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with the International Public Sector Accounting Standards.

The Director General, KeNHA and Project Management for Kenol – Sagana - Marua Highway Improvement Project are of the opinion that the Project financial statements give a true and fair view of the state of the Project’s transactions during the financial year ended June, 30, 2025 and the Project’s financial position as at that date.

The Director General, KeNHA and the Project Implementation Team Leader for Kenol – Sagana - Marua Highway Improvement Project further confirm that 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 on the adequacy of the systems of internal financial control.

The Director General, KeNHA and the Project Implementation Team Leader for Kenol – Sagana - Marua Highway Improvement Project 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 are 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 Project Management for Kenol – Sagana – Marua Highway Improvement Project on.....2.7.AUG.2025..... and signed by them.



Eng. Luka Kimeli
Ag. Director General



Eng. Henry Gakuru
Director, Development

REPUBLIC OF KENYA

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Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENOL-SAGANA-MARUA HIGHWAY IMPROVEMENT PROJECT (P-KE-DBO-037) CREDIT NOs.5050200000901 AND 2000200004504 FOR THE YEAR ENDED 30 JUNE, 2025 - KENYA NATIONAL HIGHWAYS AUTHORITY

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

I have audited the accompanying transitional IPSAS financial statements of Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) set out on pages 1 to 33,

Report of the Auditor-General on Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) for the year ended 30 June, 2025 - Kenya National Highways Authority

which comprise of the statement of financial position as at 30 June, 2025 and the statement of statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standard (Accrual Basis) including the transitional provisions permitted under IPSAS 33 comply with the Financing Agreements Credit No.5050200000901 and No.2000200004504 dated 09 January, 2020 between Republic of Kenya and the African Development Bank and the Public Finance Management Act, 2012; and The National Treasury and Economic Planning Circular No. 3 of April, 2025.

In addition, the special accounts statements present fairly, transactions for the year, and the closing balance have been reconciled with the books of account.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Long Outstanding Trade and Other Payables.

The statement of financial position and as disclosed in Note 11 to the financial statements reflects balance of Kshs.1,473,183,365 in respected of trade and other payables. Included in this balance is Kshs.680,646,103 or 46% of total trade and other payables that has been outstanding for over three (3) years.

Failure to settle payables when due may attract interests and penalties. Further, the unsettled payables will distort the budget of the subsequent year as they form first charge.

2. Low Absorption of Loan Balance

Review of the financial statements and as disclosed in Note 2.2 on Project Information and Note 2.7 on Funding Summary indicate that the Project period was for five (5) years

and six (6) months from 9 January, 2020 to 9 July, 2025 at a funding commitment of Kshs.3,561,691,000, Kshs.20,354,806,800 and Kshs.7,923,065,332 from Development Partners (AGTF and AfDB) and Government of Kenya (GoK) respectively all totalling Kshs.31,839,563,132. However, the Project had drawn an amount of Kshs.23,039,495,847 or 72% of the committed funds with time lapse at 100% with undrawn amount of Kshs.8,800,067,285.

Failure to exhaust the credit facility within the Project period denied the public services that could have accrued from outstanding deliverables.

3. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.6,223,945,567 and Kshs.5,474,025,685 respectively resulting to an under-funding of Kshs.749,919,882 or 12% of the budget. However, the Project spent an amount of Kshs.4,662,254,587 against actual receipts amounting to Kshs.5,474,025,685 resulting to under-performance of Kshs.811,771,098 or 15% of actual receipts.

The underfunding and under-performance affected the planned activities of the Project and impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, several issues were raised under the Emphasis of Matter and Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of Project in 2024/2025 revealed that the following seven issues remained unresolved:

No.	Financial year	Audit Issue
	2023/2024	Pending bills
2	2023/2024	Budgetary Control and Performance
3	2023/2024	Delayed project implementation
4	2023/2024	Failure to relocate powerline posts
5	2023/2024	Nugatory payment- compensation of Buildings and business
6	2023/2024	Extended consultancy services
7	2023/2024	Delayed in land acquisition

Other Information

The Management is responsible for the Other Information set out on page iii to xii which comprise of project Information and Management, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting, and Statement of project Management Responsibilities. 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.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

1. Irregular Variation of the Contract

The Government of Kenya entered into a contract with a foreign company on 30 July, 2020 for the dualling of Sagana-Marua (A2) road (36 kilometers) for a contract period of 36 months. The commencement date of the contract according to the contract agreement provided for audit was 19 October, 2023. However, the contract completion was extended to 10 July, 2025 resulting to variation of original contract sum of Kshs.6,115,038,571 to Kshs.9,146,922,301 or 49.58% rise. This was contrary to Section 139(4)e of Public Procurement and Asset Disposal Act, 2015 that provides for a maximum variation of 25%.

Further, progress report on the project outputs, outcomes and impacts since implementation provided for audit inspection indicated weighted overall work completion (physical progress) at 88% against the programmed target of 99% (Main carriageway works) resulting to a shortfall in the completion percentage by 11%.

In addition, project inspection carried out in the month of October, 2025 revealed that the Project had stalled. The Contractor vide a letter reference Lot1/A2/KE/NHA/2025/03 dated 19 May, 2025 issued notice to suspend works on two grounds; delayed payment on certified works totaling to Kshs.949,895,176 and exhaustion of budget and unapproved cost appraisal under addendum number 3. The Contractor had submitted revised three (3) revised cost appraisals on the 6 September, 2024, 4 March, 2025 and 5 May, 2025 for approval but the employer had not responded to them thereby leaving the contractor with no option other than to terminate the works.

In the circumstances, delayed completion of the Project denied the public benefits that could have accrued from it.

2. Avoidable Expenditures

The statement of financial position and as disclosed in Note 11 to the financial statements reflects an amount of Kshs.1,474,183,365 in respect of trade and other payables. Included in the amount is a balance of Kshs.6,498,029 relating to interest charged on delayed payment of Interim Performance Certificate (IPC) Number 29A. The payment could have been avoided had the Project Management made payment when due.

In the circumstances, the effectiveness in use of public resources could not be confirmed.

3. Idle Medical Equipment-Sagana Trauma Centre

Review of procurement documents revealed procurement process of supply, delivery and installation of medical equipment for the Trauma Centre at Sagana which was awarded to a supplier at a contract sum of Kshs.895,071,859. However, it was noted that the Trauma Centre stalled at 60% completion in January, 2025 and the contractor had suspended the works. Management did not explain reasons for procuring equipment for stalled Centre and where the medical equipment will be stored awaiting completion of the Trauma Centre.

In the circumstances, the procurement of idle equipment denied the public benefits that would accrue from installed equipment.

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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Financing Agreements Credit No.5050200000901 and No.2000200004504 between Africa Development Bank (ADB) and the republic of Kenya, I report based on my audit, that:

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

Basis for Conclusion

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 Project's 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 (Accrual 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting 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 57 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(5) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of 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 58 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 ISSAIs 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

26 November, 2025


KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
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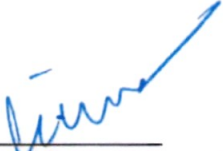
7. Statement of Financial Performance for the year ended 30th June 2025

	Notes	FY 2024/25
		Kshs
Revenue		
Revenue Transfers	6	19,554,328
Miscellaneous Revenue		-
Total revenue		19,554,328
Expenses		
Employee costs		-
Use of goods and services	7	24,483,028
Depreciation and amortization expense		-
Transfer to other Government Entities		-
Other Transfers/Subsidies/Grants		-
Certified Works		-
Total expenses		24,483,028
Other gains/Losses		-
Gain/Loss on sale of Assets		-
Gain/Loss on foreign exchange transactions		-
Impairment Loss		-
Surplus/ (deficit)		(4,928,700)

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


 Eng. Luka Kimeli
 Ag. Director General


 Eng. Henry Gakuru
 Director, Development


 CPA Isaac Kimani Karumba
 Ag. Deputy Director (F&A)
 ICPAK Member No: 3321


KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
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8. Statement of Financial Position as at 30th June 2025

	Note	FY 2024/25	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	8	811,771,098	12,984,738
Receivables	9	199,229,796	294,295,061
Total Current Assets		1,011,000,894	307,279,799
Non-Current Assets			
Property, Plant and Equipment	10	23,265,855,528	20,803,169,041
Total Non- Current Assets		23,265,855,528	20,803,169,041
Total Assets (a)		24,276,856,422	21,110,448,840
Liabilities			
Current Liabilities			
Trade and Other Payables	11	1,473,183,365	3,663,028,046
Third Party Deposits	12	212,413,475	292,719,131
Total Current Liabilities		1,685,596,840	3,955,747,177
Total Liabilities (b)		1,685,596,840	3,955,747,177
Net Assets (a-b)		22,591,259,582	17,154,701,663
Represented By:			
Accumulated Surplus		8,056,038	12,984,738
Capital Grant		22,583,203,544	17,141,716,925
Total Net Assets		22,591,259,582	17,154,701,663

The financial statements were approved on 27 AUG 2025 2025 and signed by:


 Eng. Luka Kimeli
 Ag. Director General


 Eng. Henry Gakuru
 Director, Development


 CPA Isaac Kimani Karumba
 Ag. Deputy Director (F&A)
 ICPAK Member No: 3321

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
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9. Statement of Changes in Net Assets

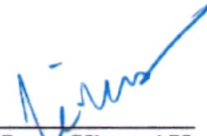
Description	Capital Grants	Accumulated Surplus	Total
	Kshs	Kshs	Kshs
As at 30 th June 2024 (Cash Basis)	-	12,984,738	12,984,738
Adjustments:			
Asset Recognition	21,097,464,102		21,097,464,102
Liabilities recognition	(3,955,747,177)		(3,955,747,177)
As at 1st July 2024	17,141,716,925	12,984,738	17,154,701,663
Surplus/(Deficit) for the year	-	(4,928,700)	(4,928,700)
Capital Grant for the year	5,441,486,619		5,441,486,619
	5,441,486,619	(4,928,700)	5,436,557,919
As at 30th June 2025	22,583,203,544	8,056,038	22,591,259,582

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

The financial statements were approved on 27 AUG 2025 2025 and signed by:


 Eng. Luka Kimeli
 Ag. Director General


 Eng. Henry Gakuru
 Director, Development


 CPA Isaac Kimani Karumba
 Ag. Deputy Director (F&A)
 ICPAK Member No: 3321

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10. Statement of cashflow for the year ended 30th June 2025

Description	Note	FY 2024-25 Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers		19,554,328
Total receipts		19,554,328
Payments		
Use of goods and services		24,483,028
Total payments		24,483,028
Net cash flow from operating activities	13	(4,928,700)
Cashflow from investing activities		
Acquisition of non-financial assets		(4,637,771,559)
Proceeds from sale of Assets		-
Acquisition of Intangible assets		-
Net cash flows from investing activities		(4,637,771,559)
Cash flow from financing activities		
Capital transfers-Gok Counter funding		2,900,960,831
Capital transfers-Development Partner		2,540,525,790
Net cash flow from financing activities		5,441,486,621
Net increase/Decrease in cash and cash equivalents		798,786,360
Cash and cash equivalent at 1st July 2024	8	12,984,738
Cash and cash equivalent at end June 2025	8	811,771,098

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11. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2025

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 %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods	12,984,738	-	12,984,738	12,984,738	-	100%
Receipts						
Revenue Transfers -GoK	1,084,000,000	1,826,960,829	2,910,960,829	2,900,960,829	10,000,000	100%
Revenue Transfers -Direct	2,000,000,000	1,300,000,000	3,300,000,000	2,560,080,118	739,919,882	78%
Total Revenue	3,096,984,738	3,126,960,829	6,223,945,567	5,474,025,685	749,919,882	88%
Payments						
Use of goods and services				24,483,028		
Acquisition of non-financial assets	3,096,984,738	3,126,960,829	6,223,945,567	4,637,771,559	1,561,690,980	75%
Total Payments	3,096,984,738	3,126,960,829	6,223,945,567	4,662,254,587	1,561,690,980	75%
Surplus	-	-	-	811,771,098	(811,771,098)	

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Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	811,771,098
1	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	811,771,098

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2025

12. Notes to the Financial Statements

1. General Information

Kenya National Highways Authority is established by and derives its authority and accountability from Kenya Roads Act of 2007. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is the development, rehabilitation, management and maintenance of all National Trunk Roads comprising of Class S, A, and B roads.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

These financial statements were authorized for issue by the accounting officer on 27 AUG 2017

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The project does not anticipate that the standard will have any impact on the operations and reporting.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

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Annual Report and Financial Statements for the financial year ended June 30, 2025

Standard	Effective date and impact:
	<i>The project does not anticipate that the standard will have any impact on the operations and reporting.</i>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>The project does not anticipate that the standard will have any impact on the operations and reporting.</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>The project does not anticipate that the standard will have any impact on the operations and reporting.</i></p>

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

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Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The project does not anticipate that the standard will have any impact on the operations and reporting.</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>The project does not anticipate that the standard will have any impact on the operations and reporting.</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>The project does not anticipate that the standard will have any impact on the operations and reporting.</i></p>
IPSAS 50: Exploration For & Evaluation of	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.

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Annual Report and Financial Statements for the financial year ended June 30, 2025

Standard	Effective date and impact:
Mineral Resources	<p>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p><i>The project does not anticipate that the standard will have any impact on the operations and reporting.</i></p>

iii. Early adoption of standards

The project did not early – adopt any new or amended standards in the financial year .

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii. Revenue from Exchange transactions

Interest income

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

b) Budget Information

The original budget for FY 2024/2025 was approved by the National Assembly on 28th January 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of ***Kshs.3,126,960,829*** on the FY 2024/2025 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented **on page 5 under section 11** of these financial statements.

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Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

c) Property, plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

f) Research and development costs

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

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

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

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one Project and a financial liability or equity instrument of another Project. At initial recognition, the Project 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 surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

The Project classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling

KENOL - SAGANA - MARUA HIGHWAY IMPROVEMENT PROJECT

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Notes to the financial statements

financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity 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 fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument 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 net assets/ equity

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 net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Project manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables 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.

Impairment

The Project assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Project recognizes a loss allowance for such losses at each reporting date. The project did not have any impairment during the financial year.

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Financial liabilities

Classification

The Project classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Project.

i) Provisions

Provisions are recognized when the Project has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Project expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The *Project* 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.

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Contingent assets

The 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 the 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.

j) Nature and purpose of reserves

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

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

The project does not employ project specific employees hence does not maintain retirement benefit Plans.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

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Notes to the financial statements

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed, and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

o) Related parties

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

p) Service concession arrangements

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

q) 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.

r) 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, 2025.

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Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Project's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. There were no additional provisions made in the financial year.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the financial statements

6. Revenue Transfer

Description	FY 2024/25
	KShs
Unconditional Transfers	
GoK Counter Part funding	1,015,000,000
Transfers from Development partners	-
<i>Other unconditional transfers (Bridge Settlement Financing)</i>	1,885,960,829
Total Unconditional Transfers (a)	2,900,960,829
Conditional Transfers	
Transfers from Development partners (AfDB)	2,560,080,118
Transfers from Development partner 2	-
<i>Other conditional transfers (specify)</i>	-
Total Conditional Transfers (b)	2,560,080,118
Total Transfers for the Year (a + b)	5,461,040,947

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (Current FY)
	Kshs	Kshs	Kshs	Kshs
State Department of Roads GOK Funding	-	-	2,900,960,829	2,900,960,829
Development Partner; ADB	19,554,328	-	2,540,525,790	2,560,080,118
Subtotal	19,554,328	-	5,441,486,619	5,461,040,947
Deferred Income realized	-	-	-	-
Transfers in Kind	-	-	-	-
Total	19,554,328	-	5,441,486,619	5,461,040,947

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Notes to the financial statements

7. Use of Goods and Services

De scription	FY 2024/25
	Kshs
Domestic travel and subsistence	4,928,700
Training payments	19,554,328
Total	24,483,028

8. Cash and Cash Equivalents

Description	FY 2024/25	1 st July
	Kshs	Kshs
Cash in Bank	811,771,100	12,984,738
Total Cash and Cash Equivalents	811,771,100	12,984,738

Project Bank Accounts

Details	FY 2024/25	1 st July 2024
	Kshs	Kshs
Local Currency Accounts		
Co-operative Bank of Kenya [A/c No.01141160979900]	811,771,098	12,984,738
National Bank of Kenya Ltd. [A/c No. 0100132733200]	-	-
KCB Revenue [A/c No.1274695775]	-	-
Total bank account balances	811,771,098	12,984,738

9. Receivables

Description	FY 2024/25	1st July 2024
	Kshs	Kshs
Contractor's Advance payments	199,229,796	294,295,061
Total Receivables	199,229,796	294,295,061

Ageing analysis for Receivables

Description	Insert Current FY		1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	199,229,796	100%	294,295,061	100%
Total (a+b)	199,229,796	100%	294,295,061	100%

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Notes to the financial statements

10. Property, Plant and Equipment

Cost	Other Assets	Capital	Total
	Land	Work in progress	
	Kshs	Kshs	
Depreciation rate			
As At 1 July 2024 (opening balances)	5,108,424,565	15,694,744,476	20,803,169,041
Additions	5,675,475	2,452,141,688	2,457,817,163
Disposals	-	-	-
Transfers/Adjustments	-	4,869,324	4,869,324
As at 30th June 2025	5,114,100,040	18,151,755,488	23,265,855,528
Depreciation And Impairment			
As at 1 July 2025	-	-	-
Depreciation charge for the year	-	-	-
Impairment loss	-	-	-
Transfers/ Adjustments	-	-	-
As At 30th June 2025	-	-	-
Net Book Values			
As at 1st July 2024	5,108,424,565	15,694,744,476	20,803,169,041
As at 30th June 2025	5,114,100,040	18,151,755,488	23,265,855,528

11. Trade and Other Payables

Description	FY 2024/25		1 st July 2024	
	Kshs		Kshs	
Trade payables	1,473,183,365		3,663,028,046	
Total trade and other payables	1,473,183,365		3,663,028,046	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	541,471,795	37%	-	0%
1-2 years	251,065,467	17%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	680,646,103	46%	3,663,028,046	100%
Total (tie to above total)	1,473,183,365		3,663,028,046	

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Notes to the financial statements

12. Third - Party Deposits

Description	FY 2024/25		1 st July 2024	
	Kshs		Kshs	
Contractor's Retention-Direct Payment	212,413,475		292,719,131	
Total deposits	212,413,475		292,719,131	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	0%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	212,413,475	100%	292,719,131	100%
Total	212,413,475		292,719,131	

13. Cash Generated from Operations

Description	FY 2024/25
	Kshs
Surplus/Deficit for the year	(4,928,700)
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	-
Increase in payments received in advance	-
Net cash flow from operating activities	(4,928,700)

14. Events after the Reporting Period

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

15. Ultimate and Holding Entity

The Entity is a State Corporation under the Ministry of Roads and Transport. Its ultimate parent is the Government of Kenya.

16. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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13. Annexes

Annex 1-Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Emphasis of Matter</p> <p>Pending Bills</p> <p>Note 9 and Annex 6 to the financial statements reflect pending accounts payable balance of Kshs.3,663,028,046 which includes acquisitions of land, construction of roads and consultancy services amounts of Kshs.2,461,673,627, Kshs.1,198,282,335 and Kshs.3,072,084 respectively. Although Management committed to liaise with the line Ministry and The National Treasury for adequate budgetary allocation and timely exchequer releases for prompt payments in the subsequent financial year, the Project was at risk of incurring unquantified significant interest costs and penalties with the continued delay in making payments for invoiced bills.</p>	<p>We note the audit observation that Note 9 and Annex 6 to the financial statements reflect pending accounts payable balance of Kshs.3,663,028,046 which includes acquisitions of land, construction of roads and consultancy services amounting to Kshs.2,461,673,627, Kshs.1,198,282,335 and Kshs.3,072,084 respectively.</p> <p>We wish to clarify that the pending bills are as a result of inadequate GoK budgetary allocations in the current and prior financial years.</p> <p>The Authority has, however, managed to reduce the pending bill from Kshs. 3,663,028,046 to Kshs.1,473,183,376 in FY 2024/2025.</p>	Unresolved	Continuous

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>The Authority will continue to closely liaise</p> <p>In addition, the Authority has managed to secure budget allocation and settle pending bills amounting to Kshs. 736,490,882 in the current FY 2025/2026.</p>		
2	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.2,950,069,048 and Kshs.1,767,293,878 respectively resulting to an under-funding of Kshs.1,182,775,170 or 40% of the budget. Similarly, the project spent Kshs.1,754,309,140 against an approved budget of Kshs.2,950,069,048 resulting to an under-expenditure of Kshs.1,195,759,908 or 41% of the budget.</p> <p>The under-funding and under-expenditure will delay the overall completion of the project and may affect service delivery to the public.</p>	<p>We note the audit observation that the statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.2,950,069,048 and Kshs.1,767,293,878 respectively resulting to an under-funding of Kshs.1,182,775,170 or 40% of the budget.</p> <p>We however wish to clarify that during the financial year, the Authority did not receive the entire exchequer funds that had been budgeted for in the FY 2023/2024 from the National Treasury.</p> <p>The Authority is however working closely with the Parent Ministry and the National Treasury with an aim of</p>	Unresolved	Continuous

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		securing additional GoK budgetary provision to ensure smooth service delivery of the project.		
	<p>Basis for Conclusion Project Implementation</p> <p>Lot 1-Dualling of Kenol-Sagana (A2) Road - 48km</p> <p>As reported previously, the Government of Kenya awarded a contract of Kshs.8,496,537,823 to an international Contractor on 05 August, 2020 for the dualling of Kenol-Sagana (A2) road (48Km) through contract for a period of thirty-six (36) months. The commencement date of the contract was 07 October, 2020 with an expected completion date of 06 October, 2023. Physical verification revealed that the contractor was working under Defect Liability period which was ending on 6 March, 2025.</p> <p>In the circumstances, it was not possible to confirm the defect liability period for the pending works.</p>	<p>We note the audit observation that the commencement date of the contract was 07 October, 2020 with an expected completion date of 06 October, 2023 yet the contractor was working under the Defect Liability period which was ending on 6 March, 2025.</p> <p>We however wish to clarify that the Bank gave a No objection to further extend Defect Liability period to 15th December 2025.</p>	Unresolved	Continuous
1.1	<p>i. Delay in Project Implementation</p> <p>According to the Engineer's report dated September, 2024, the percentage of weighted overall work completed (physical progress) stood at 105% against planned 100% (including estimated preliminaries and materials on site, and</p>	<p>We note the audit observation regarding delay in project implementation.</p> <p>We wish to clarify that the delays in settling the pending accounts payable</p>	Unresolved	Continuous

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>financial progress of 89% against 84%) based on appraisal no. 2 addendum 3). Further, the amount certified to date for the contract as advance payment was Kshs.1,123,530,189 and for work done and materials on site was totalling Kshs.9,618,876,924 (113%) inclusive of interest on delayed payments on Interim Payment Certificate (IPC) No. 29. In addition, the time elapsed was 48.8 Months. Based on the analysis, it was noted that the contract was behind the programmed or planned physical progress. Physical verification carried out in the month of September, 2024 revealed that some of the component to be undertaken were behind schedule mainly due to failure to acquire land for construction by the National Land Commission.</p>	<p>balance is due to inadequate GoK Budgetary allocations in the current as well as prior financial years. This caused delays in land acquisition and relocations of project affected persons which affected the timelines of implementation.</p> <p>The Authority is however working closely with the Parent Ministry and the National Treasury with an aim of securing additional GoK budgetary provision.</p> <p>As at April 2025 the project implementation stands at 98%.</p>		
	<p>ii. Failure to Relocate Powerline Posts Kenya National Highways Authority paid Kshs.8,773,753 to Kenya Power and Lighting Company Limited for relocation of all the powerline posts for Lot 1. However, physical verification in September, 2024 revealed that eighteen (18) posts had not been relocated despite payment. In a letter dated 18 July, 2024, Kenya Power and Lighting Company Limited issued an additional quotation of Kshs.13,000,000 for relocation of the remaining eighteen (18) posts</p>	<p>We note the audit observation that the Authority paid Kshs.8,773,753 to Kenya Power and Lighting Company Limited for relocation of all the powerline posts for Lot.</p> <p>We however wish to clarify that the cross-section was adjusted from a 9-meter road width to 5 meters, which reduced the number of poles to be relocated. The initial relocation was</p>	Unresolved	Continuous

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>leading the client to reduce the relocation to only four (4) posts. This failure compromised the Project to a reduction of the service road width from 9M to 5M and omission of footpath due to space constraints.</p> <p>In the circumstances, value for money on the Kshs.8,773,753 paid to Kenya Power and Lighting Company Limited and expected benefits from civil works could not be confirmed.</p>	<p>for 18 powerline posts at a cost of Kshs.13 million reduced down to just four powerlines.</p> <p>The Authority is waiting for a revised quotation from KPLC for the relocation of four power poles in Kenol town which is necessary for the contractor to proceed with the pending service roads on both the left and right sides of the main carriageway.</p>		
	<p style="text-align: center;">iii. Nugatory Expenditure</p> <p>(a) Compensation of Buildings and Businesses</p> <p>Note 9 and Annex 6 to financial statements discloses pending accounts payable balance of Kshs.3,663,028,046 which includes acquisitions of land, construction of roads and consultancy services amounts of Kshs.2,461,673,627, Kshs.1,198,282,335 and Kshs.3,072,084 respectively.</p> <p>The balance of Kshs.2,461,673,627 on land acquisition includes an amount of Kshs.1,188,670,182 on land acquisition at Karatina town through compensation to business owners whose buildings are to be demolished. However, the original approved map in respect to</p>	<p>We note the audit observation.</p> <p>We however wish to clarify that according to the appraisal report, the purpose of the project is to improve the road transport services and to facilitate regional trade. Central Kenya is considered a highly populated region with hilly terrain and the savings on the buildings would have most likely been consumed by the additional structures on the valleys, cuts on the hills and additional climbing lanes requirements for such terrains.</p>	Unresolved	Continuous

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the dual carriage was not provided for audit review.</p> <p>In the circumstances, the authenticity of Kshs.1,188,670,182 payable on proposed land acquisition in Karatina town could not be confirmed.</p>	<p>In addition, the relocation of the corridor would subsequently affect the achievement of the purpose of the project: to improve road transport services and to facilitate regional trade.</p>		
	<p>(b) Extended Consultancy Services</p> <p>Consultancy services for the construction supervision of Lot 1 dual of Kenol - Sagana (A2) Road vide contract number KenHA /CS/D/023/2020 was awarded to a consultancy firm at a contract price of USD,1,003,914 and Kshs.256,734,047 exclusive of VAT. This was to end in August, 2023. However, the delayed completion of works by the main contractor due to failure to acquire land and relocation of power line posts resulted to a variation of the contract to USD 1,371,209 and Kshs.308,132,051 (exclusive of VAT) on 11 July, 2024. This resulted to an increase in costs of USD 367,295 and Kshs.51,398,004. Further, a penalty on interest for late payment on interim payment certificate No.29 totalling Kshs.24,992,420 was charged on 27 July, 2023.</p>	<p>We note the audit observation.</p> <p>We however wish to clarify that the delay in land acquisition and relocation of project affected persons have cost both time delays and cost overruns. Interest on delayed payment is also a contractual obligation provided for in the contract agreement which the contractor opted to invoke as a result of delays in the settling the pending bills.</p> <p>The Authority will continue to liaise and coordinate with the NLC and National Treasury to aid in resolving the pending right of way and settlement of PAPs. Further a total of Kshs.1,794,644,184 was paid in the FY 2024/2025.</p>	Unresolved	Continuous

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Dualling of the Sagana-Marua (A2) Road Section</p> <p>The Government of Kenya entered into a contract with a foreign contractor on 30 July, 2020 for the dualling of Sagana-Marua (A2) road (36Km) through contract for a period of thirty-six (36) months. The commencement date of the contract was 19 October, 2020 and therefore the expected completion date was 18 October, 2023. However, there was a revised contract completion date to 10 July, 2025. Original contract sum totalled Kshs.6,115,038,571 including contingencies. This was revised to a total of Kshs.9,146,922,301 including contingencies.</p> <p>According to Project brief for September, 2024 the percentage of weighted overall work completed (physical progress) stood at 87% against the programmed target of 99% (Main carriageway works). Based on the analysis, it was noted that the contract was behind schedule of the programmed or planned physical progress.</p>	<p>We note the audit observation that the commencement date of the contract was 19 October, 2020 with an expected completion date of 18 October, 2023.</p> <p>We however wish to clarify that a Letter of No objection was issued revising the completion date to 10 July, 2025</p> <p>We note the audit observation that the contract was behind schedule of the programmed or planned physical progress.</p> <p>We wish to state that the percentage of weighted overall work completed stands at 88%.</p>	Unresolved	Continuous

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Annual Report and Financial Statements for the financial year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																						
	<p>Pending works on Lot 2 section of the Road The following pending works were noted from the monthly work in progress report.</p> <table border="1" data-bbox="521 611 1032 1348"> <thead> <tr> <th data-bbox="521 611 645 679">BQ Item</th> <th data-bbox="645 611 1032 679">Observations</th> </tr> </thead> <tbody> <tr> <td data-bbox="521 679 645 748">Surface Dressing</td> <td data-bbox="645 679 1032 748">17.28Km out of 72km has not been completed</td> </tr> <tr> <td data-bbox="521 748 645 807">Road marking</td> <td data-bbox="645 748 1032 807">39.1km out of 72km has not been completed</td> </tr> <tr> <td data-bbox="521 807 645 866">Box culverts</td> <td data-bbox="645 807 1032 866">6No. out of 32No. has not been completed.</td> </tr> <tr> <td data-bbox="521 866 645 959">Kibingoti Market</td> <td data-bbox="645 866 1032 959">Construction has not commenced although land has been identified by the County Government.</td> </tr> <tr> <td data-bbox="521 959 645 1018">Access Culverts</td> <td data-bbox="645 959 1032 1018">110No. out of 450No. has not been completed</td> </tr> <tr> <td data-bbox="521 1018 645 1077">Pipe Culverts</td> <td data-bbox="645 1018 1032 1077">254m out of 5850m has not been completed</td> </tr> <tr> <td data-bbox="521 1077 645 1169">Binder course (AC)</td> <td data-bbox="645 1077 1032 1169">14.19km out of 72km has not been completed</td> </tr> <tr> <td data-bbox="521 1169 645 1228">Box culverts</td> <td data-bbox="645 1169 1032 1228">6no out of 32No has not been completed</td> </tr> <tr> <td data-bbox="521 1228 645 1287">Guard rails</td> <td data-bbox="645 1228 1032 1287">9,677m out of 25,000m has not been completed</td> </tr> <tr> <td data-bbox="521 1287 645 1348">Jersey Barrier</td> <td data-bbox="645 1287 1032 1348">2,150m out of 4,500m has not been completed</td> </tr> </tbody> </table>	BQ Item	Observations	Surface Dressing	17.28Km out of 72km has not been completed	Road marking	39.1km out of 72km has not been completed	Box culverts	6No. out of 32No. has not been completed.	Kibingoti Market	Construction has not commenced although land has been identified by the County Government.	Access Culverts	110No. out of 450No. has not been completed	Pipe Culverts	254m out of 5850m has not been completed	Binder course (AC)	14.19km out of 72km has not been completed	Box culverts	6no out of 32No has not been completed	Guard rails	9,677m out of 25,000m has not been completed	Jersey Barrier	2,150m out of 4,500m has not been completed	<p>We would wish to clarify that most of the delays were caused by failure to pay PAPs that have hindered the availability of right of way for the contractor to continue with the work in some areas. We wish to clarify that an amount of Kshs. 1.7m in respect to land compensation has been settled in the FY 2024/25.</p>		
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>iii. Delay in Land Acquisitions The financial statements under pending accounts payable reflects land acquisitions balance of Kshs.2,461,673,627 during the year under review.</p> <p>Review of records revealed that some of the major sections and amenities affected by the delays in land acquisition processes were;</p> <ul style="list-style-type: none"> ➤ Mwanda junction to Kerugoya junction; Km67+00 to Km70+00; ➤ Kerugoya junction to Mathaithi area; Km70+00 to Km72+00; within Karatina township which is highly built-up section; ➤ Giगतिका junction to Mahigaini area; Km75+00 to Km81+00; ➤ Mahigaini area to Marua interchange; Km81+00 to Km83+00; ➤ Land identified for construction of road side markets along the project road; and, 	<p>We agree with the auditor's observation that land acquisition had pending bill of Kshs.2,461,673,627. The unpaid land acquisition are as a result of inadequate GoK budgetary allocations in the current and prior financial years.</p> <p>However, the Authority has since settled an amount of Kshs. 1.7m in the FY 2024/2025.</p>	Unresolved	Continuous

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Additional land for the construction of footbridges			


 Eng. Luka Kimeli
 Ag. Director General

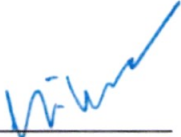

 Eng. Henry Gakuru
 Director, Development

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Annex 2 – Reconciliation of Inter-Entity Transfers

	Project Name:	Kenol-Sagana-Marua Highway Improvement Project		
Break down of Transfers from the State Department of Roads				
A. Government Counterpart Funding				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
		1-Jul-24	1,015,000,000	FY 2024/25
	Total	Total	1,015,000,000	
B. Direct Payments				
			-	
			-	
		Total	-	
C. Others				
	Bridge Financing		1,885,960,829	FY 2024/25
			-	
		Total	1,885,960,829	
		Total (A+B+C)	2,900,960,829	


 Eng. Luka Kimeli
 Ag. Director General


 CPA Isaac Kimani Karumba
 Ag. Deputy Director (F&A)
 ICPAK Member No: 3321

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Annex 3: Summary of Fixed Asset Register

Asset class	Historical Cost b/f	Additions during the year	Disposals during the year	Transfers in/(out) during the year	Historical Cost c/f
	(KSh)	(KSh)	(KSh)	(KSh)	(KSh)
	2023-2024	2024-2025	2024-2025	2024-2025	2024-2025
	(a)	(c)	(d)	(e)	(f)= (a)+ (b)+(c)-(d)+(-)e
Land	5,108,424,565	10,544,799	-	-	5,118,969,364
Work in Progress	15,694,744,476	2,452,141,688	-	-	18,146,886,164
Total	20,803,169,041	2,462,686,487	-	-	23,265,855,528

Annex 4: Analysis of Pending Bills

Supplier of Goods/Services	Date Invoiced	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
					2024-2025	2023-2024	
		a	b	b	c=a-b		
Consultancy Services							
Dohwa Engineering	22-Nov-23	10,599,372	04.08.2021	10,599,372		3,072,084	35
ICT	23 Jun 2025	6,326,273	18.01.2022	5,453,679	872,594		6
Francis Allen Consulting Ltd	26 May 2025	2,452,915	10.06.2021	2,114,582	338,333		6
Aarvee Associates Architects	2 Jan 2025	10,112,613	11.06.2021	7,590,390	2,522,223		41
Aarvee Associates Architects	2 Jan 2025	9,046,410	11.06.2021	3,144,163	5,902,247		47
Sub-total		38,537,584		28,902,187	9,635,397	3,072,084	

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Civil Works							
China Wu Yi	09-Aug-23	250,038,116		250,038,116	-	26,153,793	22
China Wu Yi	14-Feb-24	182,343,621		182,343,621	-	22,664,048	23
China Wu Yi	20-May-24	184,302,230		162,701,193	21,601,037	22,783,196	24
China Wu Yi	24-Jun-24	179,923,033		157,559,848	22,363,185	22,363,185	25
China Wu Yi	12-Nov-24	197,689,924		168,375,084	29,314,840	-	26
China Wu Yi	12-Mar-25	361,517,521		307,909,183	53,608,338	-	27
Jiangxi Transportation	06-Jan-23	240,613,568		240,613,568	-	33,697,699	22
Jiangxi Transportation	08-Mar-23	222,692,475		222,692,475	-	37,007,474	23
Jiangxi Transportation	29-Mar-23	258,326,228		258,326,228	-	47,508,272	24
Jiangxi Transportation	25-Apr-23	195,549,083		195,549,083	-	32,496,732	25
Jiangxi Transportation	06-Jun-23	221,878,365		221,878,365	-	68,903,720	26
Jiangxi Transportation	18-Sept-23	215,301,472		208,915,199	6,386,273	29,696,755	28
Jiangxi Transportation	21-Sept-23	24,992,420		15,245,376	9,747,044	24,992,420	29
Jiangxi Transportation	30-Oct-23	286,793,305		247,235,608	39,557,697	39,557,697	30
Jiangxi Transportation	15-Jun-24	438,721,267		378,207,989	60,513,278	131,454,507	31
Jiangxi Transportation	06-May-24	250,231,456		215,716,772	34,514,684	250,231,456	32
Jiangxi Transportation	08-May-24	408,771,381		352,389,112	56,382,269	408,771,381	33
Jiangxi Transportation	01-Oct-24	336,271,906		289,889,574	46,382,332	-	35
Jiangxi Transportation	03-Oct-24	333,292,261		287,320,914	45,971,347	-	36
Jiangxi Transportation	23 Jan 2025	216,915,498		186,996,119	29,919,379	-	37
Jiangxi Transportation	26 Feb 2025	380,219,391		327,775,337	52,444,054	-	38
Jiangxi Transportation	10 Jun 2025	268,520,634		-	268,520,634	-	39
Sub-total		5,654,905,155	-	4,877,678,764	777,226,391	1,198,282,335	
Land Compensation							
National Land Commission	16-Jun-22	5,127,716,711		4,441,395,123	686,321,588	2,461,673,627	
Grand-Total		10,821,159,450		9,347,976,074	1,473,183,376	3,663,028,046	

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Annex 5: Summary of payments by the Development Partner

No	Date	Payee	Currency of Payment	Payment Reference	Amounts in respective currency of IPC/fee note				Equivalent amount in reporting currency Kshs	Description
					Euro	USD	GBP	Kshs		
1	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV92729 WA318		23,278	-	-	3,043,137	Sagana-Marua 39 (AfDB USD)
2	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV92730 WA319	-	-	-	8,644,237	8,644,237	Sagana-Marua 39 (AfDB Kshs)
3	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV92731 WA320	-	17,326	-	-	2,265,021	Sagana-Marua 40 (AfDB USD)
4	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV92732 WA321	-	-	-	7,517,897	7,517,897	Sagana-Marua 40 (AfDB Kshs)
5	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV92972 WA322	-	25,237	-	-	3,283,592	Sagana-Marua 42 (AfDB USD)
6	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV92973 WA323	-	-	-	6,431,773	6,431,773	Sagana-Marua 42 (AfDB Kshs)
7	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV92977 WA327	-	-	-	5,554,086	5,554,086	Sagana-Marua 44 (AfDB Kshs)
8	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV92976 WA326	-	9,454	-	-	1,230,078	Sagana-Marua 44 (AfDB USD)
9	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV92979 WA329	-	-	-	5,780,275	5,780,275	Sagana-Marua 45 (AfDB Kshs)
10	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV92978 WA328	-	5,286	-	-	687,786	Sagana-Marua 45 (AfDB USD)
11	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV92981 WA331	-	-	-	5,582,712	5,582,712	Sagana-Marua 46 (AfDB Kshs)
12	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV92980 WA330	-	21,769	-	-	2,832,337	Sagana-Marua 46 (AfDB USD)

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13	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV92974 WA324	-	24,067	-	-	3,131,351	Sagana-Marua 43 (AfDB USD)
14	02/10/2024	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV92975 WA325	-	-	-	5,936,663	5,936,663	Sagana-Marua 43 (AfDB Kshs)
15	04/02/2025	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV 93079 WA 361	-	25,237	-	-	3,263,188	Sagana-Marua AfDB IPC 41 USD
16	04/02/2025	Aarvee Associates Architects Engineers and consultants Private Ltd	KES	PV 93080 WA 362	-	-	-	4,327,202	4,327,202	Sagana-Marua AfDB IPC 41A KSHS
17	04/02/2025	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV 92980 WA 363	-	24,333	-	-	3,144,163	Sagana-Marua AfDB IPC 47 USD
18	27/06/2025	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV 99446 WA 372	-	19,185	-	-	2,480,847	Sagana-Marua FN 49 AfDB USD
19	27/06/2025	Aarvee Associates Architects Engineers and consultants Private Ltd	USD	PV 99445 WA 371	-	30,480	-	-	3,941,469	Sagana-Marua FN 48 AfDB USD
20	05/08/2024	China Wu Yi Co Ltd	KES	PV92080 WA314	-	-	-	27,705,796	27,705,796	Sagana-Marua IPC 25 (AfDB Kshs)
21	05/08/2024	China Wu Yi Co Ltd	EURO	PV92079 WA056	151,759	-	-	-	17,348,903	Sagana-Marua IPC 25 (AGTF EURO)
22	05/08/2024	China Wu Yi Co Ltd	EURO	PV92078 WA313	505,206	-	-	-	57,754,570	Sagana-Marua IPC 25 (AfDB EURO)
23	28/11/2024	China Wu Yi Co Ltd	EURO	PV94455 WA061	198,933	-	-	-	22,741,853	Sagana-Marua 26 (AGTF Euro)
24	28/11/2024	China Wu Yi Co Ltd	EURO	PV94454 WA339	662,250	-	-	-	75,707,729	Sagana-Marua 26 (AfDB Euro)
25	28/11/2024	China Wu Yi Co Ltd	KES	PV94456 WA340	-	-	-	36,318,215	36,318,215	Sagana-Marua 26 (AfDB Kshs)
26	26/03/2025	China Wu Yi Co Ltd	EURO	PV96551 DP366	1,211,064	-	-	-	138,447,473	Sagana-Marua 27(AfDB Euro)
27	26/03/2025	China Wu Yi Co Ltd	EURO	PV96552 DP064	363,792	-	-	-	41,588,252	Sagana-Marua 27(AGTF Euro)
28	26/03/2025	China Wu Yi Co Ltd	KES	PV96553 DP367	-	-	-	66,415,479	66,415,479	Sagana-Marua 27(AfDB Kshs)
29	10/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	KES	PV 95010 WA 349	-	-	-	6,053,430	6,053,430	Kenol-Sagana FN 39 AfDB KSHS
30	10/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	USD	PV 95009 WA 348	-	29,134	-	-	3,763,950	Kenol-Sagana FN 39 AfDB USD
31	10/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	KES	PV 95008 WA 347	-	-	-	5,689,050	5,689,050	Kenol-Sagana FN 38 AfDB KSHS

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32	10/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	USD	PV 95007 WA 346	-	29,284	-	-	3,783,329	Kenol-Sagana FN 38 AfDB USD
33	10/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	KES	PV 95006 WA 345	-	-	-	6,513,775	6,513,775	Kenol-Sagana FN 37 AfDB KSHS
34	10/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	USD	PV 95005 WA 344	-	31,137	-	-	4,022,726	Kenol-Sagana FN 37 AfDB USD
35	10/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	KES	PV 95004 WA 343	-	-	-	7,518,724	7,518,724	Kenol-Sagana FN 36 AfDB KSHS
36	10/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	USD	PV 95003 WA 342	-	29,284	-	-	3,783,329	Kenol-Sagana FN 36 AfDB USD
37	10/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	USD	PV 95002 WA 341	-	30,309	-	-	3,072,084	Kenol-Sagana FN 35 AfDB USD
38	16/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	KES	PV 95016 WA 355	-	-	-	7,557,615	7,557,615	Kenol-Sagana FN 42 AfDB KSHS
39	16/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	USD	PV 95015 WA 354	-	16,019	-	-	2,072,069	Kenol-Sagana FN 42 AfDB USD
40	16/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	KES	PV 95014 WA 353	-	-	-	3,598,476	3,598,476	Kenol-Sagana FN 41 AfDB KSHS
41	16/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	USD	PV 95013 WA 352	-	25,986	-	-	3,357,246	Kenol-Sagana FN 41 AfDB USD
42	16/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	KES	PV 95012 WA 351	-	-	-	508,690	508,690	Kenol-Sagana FN 40 AfDB KSHS
43	16/01/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	USD	PV 95011 WA 050	-	15,651	-	-	2,022,022	Kenol-Sagana FN 40 AfDB USD
	01/04/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	KES	PV 95018 WA360	-	-	-	15,838,474	15,838,474	Kenol-Sagana 43(AfDB Kshs)
	01/04/2025	Dohwa Engineering Co. Ltd & Runji Consultant JV	USD	PV95017 WA359	97,350	98,056	-	-	12,683,612	Kenol-Sagana 43(AfDB USD)
	16/06/2025	Francis Allen Consulting Ltd	KES	PV 99256 WA 370	98,372	-	-	2,114,582	2,114,582	Kenol-Sagana-Marua FN 006 AfDB KSHS
	27/06/2025	Intercontinental Consultants And Technocrats Pvt Ltd	USD	PV 99560 WA 373	99,394	39,231	-	-	5,071,180	Kenol-Sagana FN 6 AfDB USD-(Technical Audit)
	27/06/2025	Intercontinental Consultants And Technocrats Pvt Ltd	KES	PV 99568 WA 374	100,416	-	-	382,500	382,500	Kenol-Sagana FN 6 AfDB KSHS-(Technical Audit)
	22/01/2025	Itec Engineering Ltd	KES	PV 95061 WA 356	101,438	-	-	5,002,895	5,002,895	Blackspot management Gudelines; Kenol-Sagana-Marua AfDB INV OP085/RSA/01
	16/06/2025	Itec Engineering Ltd	KES	PV 99254 WA 368	102,460	-	-	13,132,237	13,132,237	Black Spot Mnagement ; Kenol-Sagana-Marua INV OP085/RSA/02
	18/10/2024	Jiangxi Transportation Engineering Group Ltd.	KES	PV90319 WA057	103,482	-	-	70,941,229	70,941,229	Kenol-Sagana 31(AGTF Euro)

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05/08/2024	Jiangxi Transportation Engineering Group Ltd.	KES	PV92065 WA310	104,504	-	-	70,934,437	70,934,437	Kenol-Sagana 33 (AfDB Kshs)
05/08/2024	Jiangxi Transportation Engineering Group Ltd.	EURO	PV92064 WA055	105,526	-	-	-	65,016,032	Kenol-Sagana 33 (AGTF Euro)
05/08/2024	Jiangxi Transportation Engineering Group Ltd.	EURO	PV92063 WA309	106,548	-	-	-	216,438,652	Kenol-Sagana 33 (AfDB Euro)
05/08/2024	Jiangxi Transportation Engineering Group Ltd.	EURO	PV92060 WA306	107,570	-	-	-	132,040,918	Kenol-Sagana 32 (AfDB Euro)
05/08/2024	Jiangxi Transportation Engineering Group Ltd.	EURO	PV92061 WA054	108,592	-	-	-	39,663,787	Kenol-Sagana 32 (AGTF/AfDB Euro)
05/08/2024	Jiangxi Transportation Engineering Group Ltd.	KES	PV92062 WA307	109,614	-	-	44,012,067	44,012,067	Kenol-Sagana 32 (AfDB Kshs)
06/08/2024	Jiangxi Transportation Engineering Group Ltd.	EURO	DP NO0285	110,636	-	-	-	28,673,154	Kenol-Sagana 28 (AfDB Euro)
03/09/2024	Jiangxi Transportation Engineering Group Ltd.	EURO	PV92661 WA058	111,658	-	-	-	12,985,424	Kenol-Sagana 34 (AGTF Euro)
03/09/2024	Jiangxi Transportation Engineering Group Ltd.	EURO	PV92660 WA315	112,680	-	-	-	43,228,535	Kenol-Sagana 34 (AfDB Euro)
03/09/2024	Jiangxi Transportation Engineering Group Ltd.	KES	PV92662 WA316	113,702	-	-	24,091,697	24,091,697	Kenol-Sagana 34 (AfDB Kshs)
08/10/2024	Jiangxi Transportation Engineering Group Ltd.	EURO	PV93466 WA059	114,724	-	-	-	8,116,908	Kenol-Sagana 35 (AGTF Euro)
08/10/2024	Jiangxi Transportation Engineering Group Ltd.	KES	PV93467 WA333	115,746	-	-	52,064,168	52,064,168	Kenol-Sagana 35 (AfDB Kshs)
08/10/2024	Jiangxi Transportation Engineering Group Ltd.	EURO	PV93465 WA332	116,768	-	-	-	229,708,498	Kenol-Sagana 35 (AfDB Euro)
08/10/2024	Jiangxi Transportation Engineering Group Ltd.	EURO	PV93468 WA334	117,790	-	-	-	34,575,715	Kenol-Sagana 36 (AfDB Euro)
25/10/2024	Jiangxi Transportation Engineering Group Ltd.	EURO	PV94062 WA337	118,812	-	-	-	193,097,378	Kenol-Sagana 36 (AfDB Euro)
25/10/2024	Jiangxi Transportation Engineering Group Ltd.	EURO	PV94063 WA060	119,834	-	-	-	8,044,986	Kenol-Sagana 36 (AGTF Euro)
25/10/2024	Jiangxi Transportation Engineering Group Ltd.	KES	PV94064 WA338	120,856	-	-	51,602,836	51,602,836	Kenol-Sagana 36 (AfDB Kshs)
27/01/2025	Jiangxi Transportation Engineering Group Ltd.	EURO	PV 95680 WA 062	121,878	-	-	-	5,235,891	Kenol-Sagana IPC 37 AGTF EURO
27/01/2025	Jiangxi Transportation Engineering Group Ltd.	KES	PV 95681 WA 358	122,900	-	-	33,584,503	33,584,503	Kenol-Sagana IPC 37 ADB KSHS
27/01/2025	Jiangxi Transportation Engineering Group Ltd.	EURO	PV 95679 WA 357	123,922	-	-	-	148,175,725	Kenol-Sagana IPC 37 ADB EURO
26/03/2025	Jiangxi Transportation Engineering Group Ltd.	EURO	PV96260 DP364	124,944	-	-	-	259,729,176	Kenol-Sagana 38(AfDB Euro)
26/03/2025	Jiangxi Transportation Engineering Group Ltd.	KES	PV96262 DP365	125,966	-	-	58,868,450	58,868,450	Kenol-Sagana 38(AfDB Kshs)

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26/03/2025	Jiangxi Transportation Engineering Group Ltd.	EURO	PV9621 DP063	126,988	-	-	-	9,177,710	Kenol-Sagana 38(AGTF Euro)
25/10/2024	ROBERT GORDON UNIVERSITY	GBP	PV93081 WA335	128,010	-	11,420	-	1,942,008	LLM Construction Law & Arbitration for S.Muli & F.Mutiso Inv 2310471-2
13/09/2024	Stafford Global Holding Ltd(Edinburgh Napier University)	GBP	PV92847 WA317	129,032	-	-	31,200	5,311,320	MSc Transportation Planning & Eng' & MSc Construction Project Mgt (Kenol-Sagana-Marua) 26039 (AfDB GBP)
13/08/2024	University of Nairobi	KES	PV92262 WA312	130,054	-	-	6,005,000	6,005,000	Kenol-Sagana-Marua 12734 (AfDB Kshs)
16/06/2025	University of Nairobi	KES	PV 99298 WA 369	131,077	-	-	6,296,000.00	6,296,000	Kenol-Sagana-Marua INV KeNHA/UoN/CCE/MSC/001 AfDB KSHS
10/10/2024	Wanjohi Mutonyi Consult Ltd		PV92617 WA336	132,099			19,869,835.00	19,869,835	Kenol-Sagana-Marua(Thika-Kenol...Nyeri Town Roads) CR216/01A(AfDB Kshs)
	Total			7,108,354	569,745	11,420	692,426,205	2,560,080,118	