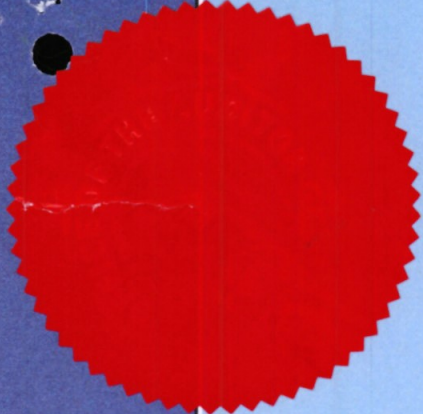
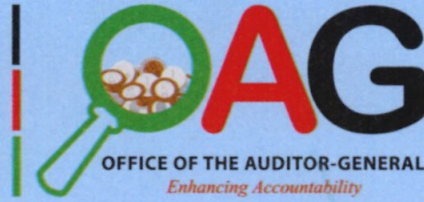


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**ON**

**REGIONAL MOMBASA PORT ACCESS ROAD  
(LOAN NO.(KFW):27459, GRANT  
NO.(KFW):202061919 AND CREDIT  
NO.(KFW):84010 PROJECT**

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

**KENYA NATIONAL HIGHWAYS AUTHORITY**

19 NOV 2025

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**MINISTRY OF ROADS AND TRANSPORT**



**Kenya National Highways Authority**

Quality Highways, Better Connections

**PROJECT NAME: REGIONAL MOMBASA PORT ACCESS ROAD PROJECT**

**IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY**

**PROJECT LOAN NUMBER (KfW): 27459**  
**PROJECT GRANT NUMBER (KfW): 202061919**  
**PROJECT CREDIT NUMBER (EIB): 84010**

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**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)**

***Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025***

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*Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025*

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**1. Acronyms and Definition of Terms**

CPA	Certified Public Accountant
DRC	Democratic Republic of Congo
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIK	Environment Institute of Kenya
ESIA	Environmental Social Impact Assessment
ESMP	Environment & Social Management Plan
FY	Financial Year
GK	Government of Kenya
HIV	Human Immunodeficiency Virus
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
ICB	International Competitive Bidding
KeNHA	Kenya National Highways Authority
KfW	Kreditanstalt für Wiederaufbau
KISM	Kenya Institute of Supplies and Management
LSK	Law Society of Kenya
Kshs.	Kenya Shillings
MDAs	Ministries Departments & Agencies
M&E	Monitoring & Evaluation
NEMA	National Environment Management Authority
PAPs	Project Affected Persons
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
PWDs	Persons Living with Disabilities

***Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025***

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RAP	Resettlement Action Plan
SIA	Social Impact Assessments
SDG	Sustainable Development Goals
SMART	Specific, Measurable, Achievable, Realistic & Time Bound
TNT	The National Treasury

*Regional Mombasa Port Access Road 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**

#### **Name**

The project's official name is Regional Mombasa Port Access Road Project

#### **Objective**

The key objective of the Project is to improve transport of import and export goods and passengers' traffic along the Northern Corridor. The Project will also contribute towards restoring the road network and improving economic and social welfare of people living in urban, peri-urban and rural areas along the project road.

#### **Address**

The project headquarters offices are in Nairobi City, Nairobi County, Kenya. The address of its registered office is Barabara Plaza, Jomo Kenyatta International Airport (JKIA) off Mazao Road, Nairobi Kenya

The project also has site offices in Mombasa County

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

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

### **2.2 Project Information**

Project Start Date:	August, 2017
Project End Date:	30 <sup>th</sup> June 2028
Project Coordinator	Eng. Cleophas N. Makau
Project Sponsors:	European Investment Bank (EIB) Kreditanstalt für Wiederaufbau (KfW) Government of Kenya (GK)

### **2.3 Project Overview**

Line Ministry/State Department of the	The project is under the supervision of State Department for Roads under the Ministry of Roads and Transport
---------------------------------------	--

**Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025**

project	
Project number	<b>KfW-27459; KfW-202061919; EIB-84010</b>
Strategic goals of the project	The strategic goals of the project are as follows: (i) Improve trade and regional integration and contribute to the Government of Kenya's social and economic development. (ii) Enhance social economic development of the people along the project road.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the strategic goals through implementation of the project in a timely, efficient and effective manner through: i. Monthly site meetings ii. Stakeholder engagements
Other important background information of the project	This project forms part of the western section of the Mombasa-Mariakani project Lot 2, from west of Kwa Jomvu Interchange (km 11+350) to Mariakani Weighbridge (km 41+640). It mainly includes widening from single 2-way roadway to 4 lanes, realignment of an existing 4 lane section of the road, interchanges, village through-roads, and weighbridge equipment for the 2 weighbridge facilities
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: i. Traffic congestion at Changamwe roundabout ii. Slow trade and regional integration Poverty levels among the communities living around the project area
Project duration	Original project duration was 41 months. A No Objection has been granted by the Development Partner Extending the loan period to 30 <sup>th</sup> June 2028

**2.4 Bankers**

The following are the bankers for the project

- (i) Co-operative Bank of Kenya  
Upper Hill Branch  
Nairobi.
- (ii) National Bank of Kenya  
JKIA  
Nairobi
- (iii) Kenya Commercial Bank  
JKIA  
Nairobi

**2.5 Independent Auditor**

The project is audited by the Office of the Auditor General Anniversary Towers Po Box 30084-0100, Nairobi.

**Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025**

**2.6 Roles and Responsibilities**

List of the people who are working on the project.

No	Names	Title designation	Key qualification	Responsibilities
1	Eng. Henry Gakuru	Director-Development	Registered Engineer	Project Implementing Team Leader
2	Eng. Cleophas Makau	Deputy Director-Special Projects	Registered Engineer	Project Engineer
3	Mr. Walter Nyatwang'a	Deputy Director Environment & Social Interests	NEMA Lead Expert, Member-EIK	Project Environment & Social Safeguards Specialist
4	Ms. Norah Odingo	Deputy Director-Legal Services	Advocate of High Court of Kenya	Project Legal Specialist
5	CPA Chanje Kera	Deputy Director-Finance & Accounts	Certified Public Accountant of Kenya	Project Financial Specialist
6	Ms. Levina Wanyonyi	Deputy Director-Supply Chain Management	Member-KISM	Project Procurement Specialist

**2.7 Funding summary**

The original Project duration was 41 months from August, 2017 to December, 2020 (Extended end Date of 30<sup>th</sup> June 2028) with an approved budget of EURO 155,252,200 equivalent to Kshs. 18,142,337,333 as highlighted in the table below:

*Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025*

**A. Source of Funds**

Source of funds	Development Partner Commitment		Amount received to date – (30th June 2025)		Undrawn balance to date	
	<i>EURO</i>	<i>Kshs</i>	<i>EURO</i>	<i>Kshs</i>	<i>EURO</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>(i) Grant</b>						
KfW	20,000,000	2,337,144,000	4,969,172	580,683,502	15,030,828	1,756,460,498
<b>(ii) Loan</b>						
KfW	50,000,000	5,842,860,000	18,590,623	2,172,448,160	31,409,377	3,670,411,840
EIB	50,000,000	5,842,860,000	20,217,890	2,362,606,006	29,782,110	3,480,253,994
<b>(ii) Counterpart funds</b>						
GoK	35,000,000	4,090,002,000	10,029,747	1,172,048,168	24,970,253	2,917,953,832
Miscellaneous Receipts	292,639	34,196,948	292,639	34,196,948	-	-
<b>Total</b>	<b>155,292,639</b>	<b>18,147,062,948</b>	<b>54,100,071</b>	<b>6,321,982,784</b>	<b>101,192,568</b>	<b>11,825,080,164</b>

*Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025*

**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 - (30th June 2025)	
	<i>Euro</i> (A)	<i>Kshs</i> (A')	<i>Euro</i> (B)	<i>Kshs</i> (B')	<i>Euro</i> (A)-(B)	<i>Kshs</i> (A')-(B')
<b>(i) Grant</b>						
Kreditanstalt für Wiederaufbau	4,969,172	580,683,502	4,969,172	580,683,502	-	-
<b>(ii) Loan</b>						
Kreditanstalt für Wiederaufbau	18,590,623	2,172,448,160	18,590,623	2,172,448,160	-	-
European Investment Bank	20,217,890	2,362,606,006	20,217,890	2,362,606,006	-	-
<b>(iii) Counterpart funds</b>						
Government of Kenya	10,029,747	1,172,048,168	9,944,539	1,162,090,946	85,208	9,957,222
Miscellaneous Receipts	292,639	34,196,948	43,383	5,069,584	249,256	29,127,364
<b>Total</b>	<b>54,100,071</b>	<b>6,321,982,784</b>	<b>53,765,606</b>	<b>6,282,898,198</b>	<b>334,465</b>	<b>39,084,586</b>

**Regional Mombasa Port Access Road 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: -

Budget	FY 2024/25			Cumulative		
	Budget	Actual	%	Budget	Actual	%
	Kshs	Kshs		Kshs	Kshs	
Counterpart Funds - GoK	746,053,697	717,346,475	96%	1,228,323,241	1,162,090,946	95%
Miscellaneous Receipts	4,725,615	648,284	14%	34,196,948	5,068,984	15%
Grant (KfW)	250,000,000	304,700,743	122%	800,000,000	580,683,502	73%
Loan (KfW)	1,150,000,000	1,033,012,493	90%	3,327,056,478	2,172,448,160	65%
Loan (EIB)	1,022,642,036	963,967,966	94%	3,222,642,036	2,362,606,606	73%
<b>Total</b>	<b>3,173,421,348</b>	<b>3,019,675,961</b>	<b>95%</b>	<b>8,612,218,703</b>	<b>6,282,898,198</b>	<b>73%</b>

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

The percentage of physical progress of works as at 30<sup>th</sup> June 2025 was 29.94% against time elapsed percentage of 63.32%

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

Financial Year	Budget	Actual	Percentage (%)
2024-2025	3,173,421,348	3,019,675,961	95%
2023-2024	954,471,333	353,853,744	37%
2022-2023	3,207,500,000	2,429,166,501	76%
2021-2022	530,598,751	16,148,099	3%
2020-2021	216,457,727	9,707,050	4%
2019-2020	256,210,800	228,440,868	89%
2018-2019	268,558,744	224,865,340	84%
2017-2018	5,000,000	1,040,635	21%
<b>Total</b>	<b>8,612,218,703</b>	<b>6,282,898,198</b>	<b>73%</b>

iv) The following are the Project's implementation challenges and recommended next steps.

- Delays in payment of land compensation for Project Affected Persons to allow Right of Way. To resolve this, the Authority is working with the Parent Ministry and the National Treasury to ensure adequate GoK budget is allocated for the project and prompt release of Exchequer funds.
- Delays in relocation of power and water lines. Contractor engaging Kenya Power and Mombasa Water Supply & Sanitation Company to expedite the relocation of utility services.

**2.9 Summary of Project Compliance:**

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

*Regional Mombasa Port Access Road 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, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the project are:

- a) To improve vehicle operating costs and improvement of road safety
- b) To reduce greenhouse gas emissions and improvement of drainage facilities for strengthening the resilience against rain storms with increased intensities.

**Progress on attainment of Strategic development objectives**

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

<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
To improve vehicle operating costs and improvement of road safety	Reduced congestion in Mombasa town. Reduced travel time between Mombasa and Malaba	Increased volume of Import Export trade handled at the port of Mombasa.	Works contractor is on site and progress as at 30 <sup>th</sup> June 2025 is at 29.94%
To reduce greenhouse gas emissions and improvement of drainage facilities for strengthening the resilience against rain storms with increased intensities.	Improved air quality along the project road hence improved health among communities along the project road.	Reduced CO <sub>2</sub> concentration along the project road as a result of reduced traffic congestion	Works are ongoing.

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

Regional Mombasa Port Access Road 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

##### **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.

**Environmental and Sustainability Reporting (Continued)**

**iv. Market place practices**

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

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

Currently there is no CSR activity being undertaken along the project road. However, the Authority is planning to be involved in various CSR activities geared towards providing the local residents with improved access roads and enhancing learning and playing environment in schools along the project road. 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.

**Regional Mombasa Port Access Road 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 Implementation Team Leader for Regional Mombasa Port Access Road 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.

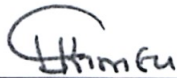
The Director General, KeNHA and the Project Implementation Team Leader accept responsibility for the Project's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting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

The Director General, KeNHA and the Project Implementation Team Leader are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The Director General, KeNHA and the Project Implementation Team Leader further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

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

**Approval of the Project financial statements**

The Project financial statements were approved by the Director General, KeNHA and the Project Implementation Team Leader on 27 AUG 2025 and signed by:



**Eng. Luka Kimeli**  
**Ag. Director General**



**Eng. Henry Gakuru**  
**Director-Development**



**REPORT OF THE AUDITOR-GENERAL ON REGIONAL MOMBASA PORT ACCESS ROAD (LOAN NO.(KFW):27459, GRANT NO.(KFW):202061919 AND CREDIT NO.(KFW):84010 PROJECT FOR THE YEAR ENDED 30 JUNE, 2025 - KENYA NATIONAL HIGHWAYS AUTHORITY**

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**PREAMBLE**

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

- A. Report on 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 financial statements of Regional Mombasa Port Access Road Project set out on pages 1 to 24, which comprise of the statement of financial

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Regional Mombasa Port Access Road Project as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with Transitional International Public Sector Accounting Standards (Accrual Basis) and comply with the Financing Agreements No. 27459, 202061919 and 84010 between the Republic of Kenya and Frankfurt am Main (KfW) dated 30 March, 2017 and the Public Finance Management Act, 2012.

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 Regional Mombasa Port Access Road Project Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of Matter**

#### **1. Long Outstanding Payables**

The statement of financial position reflects trade and other payables balance of Kshs.170,879,638 as disclosed in Note 12 and Annex 4 to the financial statements. The payables balance includes supply of services, consultancy services, civil works and land compensation balances of Kshs.1,440,000, Kshs.7,491,494, Kshs.100,813,492 and Kshs.61,134,652 respectively, out of which Kshs.61,134,652 or 35% of the trade and other payables, payable to National Land Commission for compensation of Project Affected Persons (PAPs), has been outstanding for more than three (3) years. Management has attributed this to inadequate GoK budgetary provision and delayed release of Exchequer funds. The Project is at risk of incurring additional cost inform of interest and penalties for failure to settle project related costs as and when they fall due.

#### **2. Low Absorption of Project Funds**

Paragraph 2.7 on funding summary indicates that the original Project duration was 41 months from August, 2017 to December, 2025 (extended end date of 30 June, 2028).

The statement of source funds indicates total Project cost/budget of EURO.155,292,639 equivalent to Kshs.18,147,062,948 out of which the total amount received to date was EURO.54,100,071 equivalent to Kshs.6,321,982,784 resulting to undrawn balance of EURO.101,192,568 equivalent to Kshs.11,825,080,164 or 65% of the total budget.

The low absorption was primarily due to delays by service providers in the relocation of power lines, the initially low value of works executed at the start of the project and abnormal rainfall experienced at the project site during the year under review and the issue is still pending.

Further, considering the credit lapse period of June, 2028, the Project's planned deliverables may not be realized.

In addition, the printed estimates under supplementary III reflected approved budget amount of Kshs.18,750,000. However, review of the documents revealed that the Project did not receive the amount in their bank account resulting to delays in release of counterpart underfunding amounting to Kshs.18,750,000. This may have negatively affected the Project's planned activities.

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 audit report of the previous year, an issue was raised under the Emphasis of Matter. However, Management had not resolved the issue as at 30 June, 2025.

### **Other Information**

The Management is responsible for the Other Information set out on page iv to xiii which comprise of Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting, and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my 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 thereon.

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

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

### **Basis for Conclusion**

#### **Delay in Project Implementation**

The Government of Kenya (GoK) through its agency, the Kenya National Highway Authority (KeNHA) awarded the contract to a firm on 3 May, 2021, at a contract sum of Kshs.10,338,651,592.69. The notification to commence works was issued on 3 July, 2023 for a contract period of 30 months with a completion date of 19 January, 2026. The Monthly Progress Report (MPR) for August, 2025, indicated that 68.78% of contract time had elapsed. The contractor had achieved only 34.72% of physical progress based on the original contract sum Kshs.10,338,651,592.69.

Further, according to the MPR report, key factors that are affecting the progress of the works include outstanding Interim Payment Certificates (IPC) balance of Kshs.754,261,063, delay in approval of design, delays in land compensation to Project-Affected Persons (PAPs) and slow relocation of utilities.

In the circumstances, the value for money may not be achieved due to the delay in Project implementation which could lead to increase in Project cost.

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 Financing Agreements No.27459, 202061919 and 84010 between the Republic of Kenya and Frankfurt am Main (KfW) dated 30 March, 2017, 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 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 the Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Transitional 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 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 47 of the Public Audit Act, 2015.

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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

14 November, 2025

**Annex 1: Unresolved Prior Year Audit Issues – Financial Year 2023/2024**

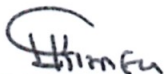
	<b>Issue</b>	<b>Audit Status</b>
	Delayed Project Implementation	Not Resolved

**Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025**

**7. Statement of Financial Performance for the Year Ended 30th June 2025**

	Notes	FY 2024/25
		Kshs
<b>Revenue</b>		
Revenue Transfers	6	-
Miscellaneous Revenue	7	4,725,615
<b>Total revenue</b>		<b>4,725,615</b>
<b>Expenses</b>		
Use of goods and services	8	11,503,875
<b>Total expenses</b>		<b>11,503,875</b>
<b>Surplus/ (deficit)</b>		<b>(6,778,260)</b>

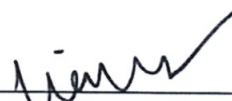
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



**Eng. Luka Kimeli**  
Ag. Director General



**Eng. Henry Gakuru**  
Director-Development




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

**Regional Mombasa Port Access Road Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**


**8. Statement of Financial position as at 30th June 2025**

	Note	FY 2024/25	1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	9	39,084,586	595,021,431
Receivables	10	2,090,598,581	2,389,750,314
<b>Total Current Assets</b>		<b>2,129,683,167</b>	<b>2,984,771,745</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	4,586,776,962	1,602,754,938
<b>Total Non- Current Assets</b>		<b>4,586,776,962</b>	<b>1,602,754,938</b>
<b>Total Assets (a)</b>		<b>6,716,460,129</b>	<b>4,587,526,683</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	12	170,879,638	765,470,639
Third Party Deposits	13	281,920,530	10,631,324
Deferred Income	14	-	543,170,703
<b>Total Current Liabilities</b>		<b>452,800,168</b>	<b>1,319,272,666</b>
<b>Total Liabilities (b)</b>		<b>452,800,168</b>	<b>1,319,272,666</b>
<b>Net Assets (a-b)</b>		<b>6,263,659,961</b>	<b>3,268,254,017</b>
<b>Represented By:</b>			
Capital Grants		6,218,587,493	3,216,403,289
Accumulated Surplus		45,072,468	51,850,728
<b>Total Net Assets</b>		<b>6,263,659,961</b>	<b>3,268,254,017</b>

The financial statements were approved on 27 AUG 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**

**Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025**

**9. Statement of Changes in Net Assets**

Description	Capital Grants	Accumulated Surplus	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024 (Cash Basis)</b>	-	<b>595,021,431</b>	<b>595,021,431</b>
Adjustments:			
Asset Recognition	3,981,873,928	-	3,981,873,928
Liabilities recognition	(765,470,639)	-	(765,470,639)
Transfer to Deferred Income	-	(543,170,703)	(543,170,703)
<b>As at 1<sup>st</sup> July 2024</b>	<b>3,216,403,289</b>	<b>51,850,728</b>	<b>3,268,254,017</b>
Deferred Income realized in the FY	543,170,703		543,170,703
Capital grants received during the year	2,459,013,501	-	2,459,013,501
Surplus/(Deficit) for the year	-	(6,778,260)	(6,778,260)
<b>As at 30<sup>th</sup> June 2025</b>	<b>6,218,587,493</b>	<b>45,072,468</b>	<b>6,263,659,961</b>

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

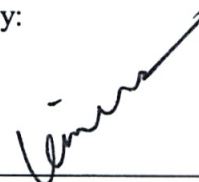
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**CPA Isaac Kimani Karumba**  
Ag. Deputy Director (F&A)  
ICPAK Member No. 3321

*Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025*

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

<b>Description</b>	<b>Note</b>	<b>FY 2024-25</b>
		<b>Kshs</b>
<b>Cashflow from operating activities</b>		
<b>Receipts</b>		
Revenue Transfers		-
Miscellaneous Revenue		4,725,615
<b>Total receipts</b>		<b>4,725,615</b>
<b>Payments</b>		
Use of goods and services		10,063,875
Transfer to other Government Entities		-
Other Transfers/Subsidies/Grants		-
Certified Works		-
<b>Total payments</b>		<b>10,063,875</b>
<b>Net cash flow from operating activities</b>	15	<b>(5,338,260)</b>
<b>Cashflow from investing activities</b>		
Acquisition of non-financial assets		(3,009,612,086)
Proceeds from sale of Assets		-
Acquisition of Intangible assets		-
<b>Net cash flows from investing activities</b>		<b>(3,009,612,086)</b>
<b>Cash flow from financing activities</b>		
Capital Transfers: GoK		704,924,302
Capital Transfers: Development Partner		1,754,089,199
<b>Net cash flow from financing activities</b>		<b>2,459,013,501</b>
Net increase/Decrease in cash and cash equivalents		(555,936,845)
<b>Cash and cash equivalent at 1<sup>st</sup> July 2024</b>	<b>9</b>	<b>595,021,431</b>
<b>Cash and cash equivalent at end June 2025</b>	<b>9</b>	<b>39,084,586</b>

**Regional Mombasa Port Access Road Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**11. Statement of Comparison of Budget and Actual amounts for the year ended 30<sup>th</sup> June 2025**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
<b>Budget Carry Overs from previous periods</b>	-	595,021,431	595,021,431	595,021,431	-	100%
<b>Receipts</b>						
Revenue Transfers-GoK Exchequer	65,000,000	(46,250,000)	18,750,000	-	18,750,000	0%
Revenue Transfers-GoK Bridge Settlement	-	704,924,302	704,924,302	704,924,302	-	100%
Revenue Transfers-Devt Partner AIA	3,200,000,000	(1,800,000,000)	1,400,000,000	1,337,713,236	62,286,764	96%
Revenue Transfers-Devt Partner Revenue	2,000,000,000	(1,550,000,000)	450,000,000	416,375,963	33,624,037	93%
Miscellaneous Revenue-Bank Interest	-	4,725,615	4,725,615	4,725,615	-	100%
<b>Total Revenue</b>	<b>5,265,000,000</b>	<b>(2,091,578,652)</b>	<b>3,173,421,348</b>	<b>3,058,760,547</b>	<b>114,660,801</b>	<b>96%</b>
<b>Payments</b>						
Use of goods and services	10,063,875	-	10,063,875	10,063,875	-	100%
Capital works in progress	5,254,936,125	(2,091,578,652)	3,163,357,473	3,009,612,086	153,745,387	95%
<b>Total Payments</b>	<b>5,265,000,000</b>	<b>(2,091,578,652)</b>	<b>3,173,421,348</b>	<b>3,019,675,961</b>	<b>153,745,387</b>	<b>95%</b>
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,084,586</b>	<b>(39,084,586)</b>	

Budget Notes:

- 0% utilization on Revenue Transfers-GoK Exchequer receipt is due to The National Treasury not disbursing funds.

***Regional Mombasa Port Access Road Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2025***

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**Budget Reconciliation**

	<b>Description of Particulars</b>	<b>Amount in Kshs</b>
	Actual Surplus Amounts as per the statement of Budget	39,084,586
1	Reason for differences – <i>N/A</i>	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	39,084,586

***Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025***

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**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 2007. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is 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 2025

**3. Adoption of New and Revised Standards**

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b><i>The project does not anticipate that the standard will have any impact on its operations and reporting</i></b></p>
IPSAS 44:	<b><i>Applicable 1<sup>st</sup> January 2025</i></b>

**Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025**

Standard	Effective date and impact:
<p>Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>The Standard requires, 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> <p><b><i>The project does not anticipate that the standard will have any impact on its operations and reporting</i></b></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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><b><i>The project does not anticipate that the standard will have any impact on its operations and reporting</i></b></p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement</li> </ul>

**Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025**

Standard	Effective date and impact:
	<p>related disclosures.</p> <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 its 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**

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></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 its operations and reporting</i></p>
IPSAS 48- Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></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 its operations and reporting</i></p>
IPSAS 49- Retirement	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the</p>

***Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025***

<b>Standard</b>	<b>Effective date and impact:</b>
Benefit Plans	<p>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><b><i>The project does not anticipate that the standard will have any impact on its operations and reporting</i></b></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></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"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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.</li> <li>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.</li> </ol> <p><b><i>The standard does not impact the Entity</i></b></p>

***iii) Early adoption of standards***

The Entity 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.

***Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025***

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**Notes to the financial statements**

**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 28<sup>th</sup> 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 Nil on the FY 2024/2025 budget following the 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 6 under section 11 of these 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.

**Notes to the financial statements**

**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.

**f) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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.

## **Notes to the financial statements**

### **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.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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 entity 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 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

***Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025***

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**Notes to the financial statements**

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 entity 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 entity 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 entity recognizes a loss allowance for such losses at each reporting date. There were no expected credit losses during the reporting period and prior year.

***Financial liabilities***

***Classification***

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

***Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025***

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**Notes to the financial statements**

**h) Inventories**

Inventory is measured at the lower of cost and net realizable value (NRV). 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 *Authority*.

**i) Provisions**

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

***Contingent assets***

The *Authority* 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

***Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025***

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**Notes to the financial statements**

not wholly within the control of the *Authority* 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* does not create or maintain reserves in terms of specific requirements.

**k) Changes in accounting policies and estimates**

The *Authority* 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 *Authority* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**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

**Notes to the financial statements**

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.

**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 *Authority* 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 *Authority* 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 *Authority* 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 *Authority* 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.

***Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025***

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**Notes to the financial statements**

**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.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the *Authority* 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 *Authority* 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 *Authority*. 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 *Authority*
- 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**

There were no provisions made during the reporting period and prior 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.

*Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

6. Revenue Transfers

Description	FY 2024/25
	KShs
<b>Unconditional Transfers</b>	
GoK Counter Part funding	-
Transfers from Development partners	-
Other unconditional transfers (Bridge Settlement Financing)	704,924,302
<b>Total Unconditional Transfers (a)</b>	<b>704,924,302</b>
<b>Conditional Transfers</b>	
Transfers from KfW	1,337,713,236
Transfers from EIB	416,375,963
<b>Total Conditional Transfers (b)</b>	<b>1,754,089,199</b>
<b>Total Transfers for the Year (a + b)</b>	<b>2,459,013,501</b>

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 (FY 2024/25)
	Kshs	Kshs	Kshs	Kshs
State Department of Roads GOK Funding	-	-	704,924,302	704,924,302
Kreditanstalt fur Wiederaufbau	-	-	1,337,713,236	1,337,713,236
European Investment Bank	-	-	416,375,963	416,375,963
<b>Subtotal</b>	-	-	<b>2,459,013,501</b>	<b>2,459,013,501</b>
Deferred Income realized	-	-	543,170,703	543,170,703
Transfers in Kind	-	-	-	-
<b>Total</b>	-	-	<b>3,002,184,204</b>	<b>3,002,184,204</b>

7. Miscellaneous Revenue

Description	FY 2024/25
	Kshs
Interest Income	4,725,615
<b>Total</b>	<b>4,725,615</b>

*Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

8. Use of Goods and Services

Description	FY 2024/25
	Kshs
Bank charges	7,381
Communication, supplies and services	580,000
Domestic travel and subsistence	9,408,210
Stationery, Printing, advertising, and information supplies	860,000
Withholding Tax on Bank Interest	648,284
<b>Total</b>	<b>11,503,875</b>

9. Cash and Cash Equivalents

Description	FY 2024/25	1 <sup>st</sup> July
	Kshs	Kshs
Cash in Bank	39,084,586	595,021,431
<b>Total Cash and Cash Equivalents</b>	<b>39,084,586</b>	<b>595,021,431</b>

Project Bank Accounts

Details	FY 2024/25	1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Local Currency Accounts</b>		
Co-operative Bank of Kenya [A/c No.01141160979900]	9,957,222	22,379,395
National Bank of Kenya Ltd. [A/c No. 7716661590]	29,127,364	572,642,036
Kenya Commercial Bank Ltd. [A/c No. 1274695775]	-	-
National Bank of Kenya Ltd. [A/c No. 0100132733200]	-	-
Total local currency balances	<u>39,084,586</u>	<u>595,021,431</u>
<b>Total bank account balances</b>	<b><u>39,084,586</u></b>	<b><u>595,021,431</u></b>

10. Receivables

Description	FY 2024/25	1 <sup>st</sup> July 2024
	Kshs	Kshs
Contractor Advance Payments	2,042,185,513	2,323,053,678
Consultant Advance Payments	48,413,068	66,696,636
<b>Total inventories</b>	<b>2,090,598,581</b>	<b>2,389,750,314</b>

**Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Notes to the financial statements**

**Ageing Analysis for Receivables**

Description	FY 2024/25		1 <sup>st</sup> July 2024	
	Kshs		Kshs	
	FY 2024/25	% of the total	FY 2023/24	% of the total
Less than 1 year	-	0%	-	0%
Between 1- 2 years	2,042,185,513	98%	2,323,053,678	97%
Between 2-3 years	48,413,068	2%	66,696,636	3%
Over 3 years	-	0%	-	0%
<b>Total (a+b)</b>	<b>2,090,598,581</b>	<b>100%</b>	<b>2,389,750,314</b>	<b>100%</b>

**11. Property, Plant and Equipment**

Cost	Land	Capital Work in Progress	Total
	Kshs	Kshs	Kshs
As At 1 July 2024 (opening balances)	1,137,978,972	464,775,966	1,602,754,938
Additions	-	2,984,022,024	2,984,022,024
<b>As at 30<sup>th</sup> June 2025</b>	<b>1,137,978,972</b>	<b>3,448,797,990</b>	<b>4,586,776,962</b>
<b>Net Book Values</b>			
As at 1 <sup>st</sup> July 2024	1,137,978,972	464,775,966	1,602,754,938
As at 30 <sup>th</sup> June 2025	1,137,978,972	3,448,797,990	4,586,776,962

**12. Trade and Other Payables**

Description	FY 2024/25		1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Trade payables	170,879,638		765,470,639	
<b>Total trade and other payables</b>	<b>170,879,638</b>		<b>765,470,639</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>FY 2024/25 Kshs</b>	<b>% of the Total</b>	<b>FY 2023/24 Kshs</b>	<b>% of the Total</b>
Under one year	109,744,986	64%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	61,134,652	36%	765,470,639	100%
<b>Total (tie to above total)</b>	<b>170,879,638</b>		<b>765,470,639</b>	

*Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

**13. Third-Party Deposits**

Description	FY 2024/25		1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Contractor's Retention	281,920,530		10,631,324	
<b>Total deposits</b>	<b>281,920,530</b>		<b>10,631,324</b>	
Ageing analysis: (Refundable deposits)	FY 2024/25 Kshs	% of the Total	FY 2023/24 Kshs	% of the Total
<b>Under one year</b>	258,588,326	92%	-	0%
1-2 years	23,332,204	8%	10,631,324	100%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
<b>Total</b>	<b>281,920,530</b>		<b>10,631,324</b>	

**14. Deferred Income**

Description	FY 2024/25		1 <sup>st</sup> July 2024	
	Kshs		Kshs	
European Investment Bank	-		543,170,703	
<b>Total Deferred Income</b>	<b>-</b>		<b>543,170,703</b>	

**Deferred Income Movement Schedule**

	European Investment Bank	Total
	Kshs	Kshs
Balance as at 1 <sup>st</sup> July 2024	543,170,703	543,170,703
Additions	416,375,963	416,375,963
Transfers to Performance Statement as Revenue	-	-
Transfers to Capital Fund	(959,546,666)	(959,546,666)
Balance as at 30 <sup>th</sup> June 2025	-	-

**15. Cash Generated from Operations**

Description	FY 2024/25	
	Kshs	
Surplus/Deficit for the year	(6,778,260)	
<b>Adjusted for:</b>		
Increase in payables	1,440,000	
<b>Net cash flow from operating activities</b>	<b>(5,338,260)</b>	

**Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Notes to the financial statements**

**16. Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule, which shows the flow of funds voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

**Special Deposit Account Movement Schedule**

Description	FY 2024/25	FY 2023/24
	EUR	EUR
<b>Regional Mombasa Port Access Road Project</b>		
Opening balance	3,072,330	3,072,330
Total amount deposited in the account	-	-
Total amount withdrawn	3,072,330	-
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	-	<b>3,072,330</b>

**17. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the *Authority* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the *Authority's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *Authority*, both domestic and external.

**Other related parties include:**

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors.

*Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025*

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**Notes to the financial statements**

**18. Events after the Reporting Period**

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

**19. 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.

**Notes to the financial statements**

**20. Currency**

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

**Regional Mombasa Port Access Road Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

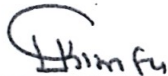
**13. Annexes**

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

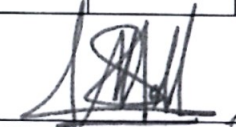
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
1	<p><b><u>Emphasis of Matter</u></b>  <b>Delayed Project Implementation</b></p> <p>The project funding summary indicates that the project is for a duration of forty-one (41) months from August, 2017 to December, 2020 which was later extended to 31 December, 2025 with an approved budget of EURO 155,214,370 equivalent to Kshs.18,137,916,633. Physical verification exercise undertaken on 17 September, 2024, revealed that the planned physical progress of the project was 15.40%. However, only 7.36% has been achieved whereas the planned financial progress was 18.94% against the actual 11.70% paid. Among the works verified was the first priority section on the right-hand side where the 4.26 Km of carriageway is complete. Other structures constructed include two (2) box culverts, one (1) cattle underpass, nine (9) cross culverts, and three (3) service ducts which are currently in use as traffic diversion. In addition, on the left-hand side works include ongoing</p>	<p>We note the audit observation that the actual physical progress of the project was 7.36% whereas the planned financial progress was 18.94% against the actual 11.70% paid.</p> <p>We wish to note that as correctly observed, the delays in the project implementation is attributed to delays in payment of land compensation for Project Affected Persons (PAPs) and relocation of power lines and water lines occasioned by low GoK budget allocation and delay in release of Exchequer funds.</p> <p>The Authority has however been prioritizing the critical areas for compensation with the minimal available funds in order to free space for the Contractor to expedite the works. The Contractor has since been given substantial amount of the site. The contractor has now fully mobilized and it's expected that the works will be completed within the contract period.</p>	Ongoing	Ongoing

*Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025*

	<p>construction of embankment, three (3) pipe culverts, one (1) box culvert, and one (1) underpass. On the second priority section, on the right-hand side, 2.3 Km of Dense Bituminous Macadam (DBM), nine (9) cross pipe culverts, four (4) service ducts were complete and 0.6 Km side drain constructed while on the left-hand side, there is an existing pavement still in use for passage of traffic. The delay in the project implementation is attributed to delays in payment of land compensation for Project Affected Persons (PAPs) and relocation of power lines and water lines.</p>			
	<p><b><u>Other Matter</u></b>  <b>Unresolved Prior Year Matters</b>                  Various prior year audit issues remained unresolved as at 30 June, 2024. Even though Management indicated that the Authority has already appeared before the Public Accounts Committee (PAC) and provided the answers to all matters raised by PAC, the evidence of implementing the recommendations was not provided for audit.</p>	<p>We wish to clarify that the Authority has appeared before the Public Accounts Committee and made its submissions on all matters raised by the Auditor General on the Project financial statements up to FY 2021/22</p>	<p>Ongoing</p>	<p>FY 2025/26</p>



**Eng. Luka Kimeli**  
**Ag. Director General**



**Eng. Henry Gakuru**  
**Director-Development**

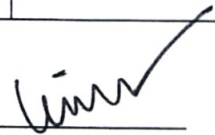
**Regional Mombasa Port Access Road Project**  
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**Annex 2: Reconciliation of Inter-Entity Transfers**

<b>Project Name:</b>		<b>Mombasa-Mariakani Highway Project (A109) Road Lot 1: (Mombasa - Kwa Jomvu)</b>		
<b>Break down of Transfers from the State Department of Roads</b>				
<b>A. Government Counterpart Funding</b>				
	-	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
		1-Jul-24	-	FY 2024/25
	<b>Total</b>	<b>Total</b>	-	
<b>B. Direct Payments</b>				
			<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
			-	
			-	
		<b>Total</b>	-	
<b>C. Others</b>				
			<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
	Bridge Financing		704,924,302	FY 2024/25
			-	
		<b>Total</b>	<b>704,924,302</b>	
		<b>Total (A+B+C)</b>	<b>704,924,302</b>	



**Eng. Luka Kimeli**  
**Ag. Director General**



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

**Annex 3: Fixed Asset Register**

Asset class	Historical Cost b/f (Kshs)	Additions during the Year (Kshs)	Disposals during the Year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs)
	2023-2024	2024-2025	2024-2025	2024-2025	2025
Land	1,137,978,972	-	-	-	1,137,978,972
Work in Progress	464,775,966	2,984,022,024	-	-	3,448,797,990
<b>Total</b>	<b>1,602,754,938</b>	<b>2,984,022,024</b>	<b>-</b>	<b>-</b>	<b>4,586,776,962</b>

**Regional Mombasa Port Access Road Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Annex 4: Analysis of pending Bills**

Supplier of Goods/Services	Date Invoiced	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				2024-2025	2023-2024	
		a	b	c=a-b		
<b>Goods &amp; Services</b>						
Artful Eyes Productions	30.06.2025	580,000	-	580,000	-	Inv No. AEP2025014
Eldama Graphics & Supplies	30.06.2025	860,000	-	860,000	-	Inv No. 283
<b>Sub-total</b>		<b>1,440,000</b>	<b>-</b>	<b>1,440,000</b>	<b>-</b>	
<b>Consultancy Services</b>						
Sai Consulting Engineers	27.10.2023	733,016	733,016	-	4,684,342	PAYE 1
Sai Consulting Engineers	12.02.2024	1,907,331	1,907,331	-	8,723,483	PAYE 2
Sai Consulting Engineers	12.06.2024	12,502,634	12,502,634	-	2,430,031	PAYE 3
Sai Consulting Engineers	22.01.2025	3,820,035	-	3,820,035	-	PAYE 5
Sai Consulting Engineers	04.02.2025	3,671,459	-	3,671,459	-	PAYE 6
<b>Sub-total</b>		<b>22,634,475</b>	<b>15,142,981</b>	<b>7,491,494</b>	<b>15,837,856</b>	
<b>Civil Works</b>						
Third Engineering	15.05.2025	596,202,585	492,660,112	100,813,492	-	IPC 9
<b>Sub-total</b>		<b>596,202,585</b>	<b>492,660,112</b>	<b>100,813,492</b>	<b>-</b>	
<b>Land Compensation</b>						
<b>National Land Commission</b>		1,137,978,972	1,076,844,322	61,134,652	749,632,783	
<b>Grand-Total</b>		<b>1,758,256,032</b>	<b>1,584,647,415</b>	<b>170,879,638</b>	<b>765,470,639</b>	

**Regional Mombasa Port Access Road Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Annex 5: Analysis of Proceeds from Foreign Grants**

No	Date	Payee	Currency of Payment	Payment Reference	Amounts in respective currency of IPC/fee note			Equivalent amount in reporting currency	Equivalent amount in Donor Currency	Description
					Euro	USD	Kshs	Kshs	Euro	
1	8/2/2024	The Third Engineering Bureau Of China City C C	USD	PV 92004 WA 02	-	314,097.61	-	31,774,680	271,910	Kwa Jomvu-Mariakani IPC 03 EU USD
2	8/15/2024	Sai Consulting Engineers Pvt Ltd	KSHS	PV 92141 WA 016	-	-	8,271,538	8,271,538	70,783	Kwa Jomvu-Mariakani IPC 6 KfW KSHS
3	8/15/2024	Sai Consulting Engineers Pvt Ltd	EURO	PV 92140 WA 015	125,828.00	-	-	15,762,398	134,886	Kwa Jomvu-Mariakani IPC 6 KfW EURO
4	11/5/2024	The Third Engineering Bureau Of China City C C	USD	PV.94201	-	184,792	-	18,693,865	159,972	Kwa Jomvu-Mariakani IPC 04 EU USD
5	11/20/2024	Sai Consulting Engineers Pvt Ltd	KSHS	PV 94551 WA 19	-	-	8,520,439	8,520,439	72,913	Kwa Jomvu-Mariakani INV No. 07 KfW KSHS
6	11/20/2024	Sai Consulting Engineers Pvt Ltd	EURO	PV 94550 WA 18	-	-	-	16,306,318	139,541	Kwa Jomvu-Mariakani INV No. 07 KfW EURO
7	12/13/2024	The Third Engineering Bureau Of China City C C	USD	PV.94999 WA 04	-	332,917	-	33,678,477	288,202	Kwa Jomvu-Mariakani IPC 05 EU USD
8	1/24/2025	The Third Engineering Bureau Of China City C C	USD	PV 95670 WA 05	-	278,304	-	28,153,777	240,925	Kwa Jomvu-Mariakani IPC 6 EU USD
9	6/2/2025	Sai Consulting Engineers Pvt Ltd	EURO	PV 95847 WA 022	-	139,127	-	17,428,356	149,142	Kwa Jomvu-Mariakani FN 8 KfW EURO
10	6/2/2025	Sai Consulting Engineers Pvt Ltd	KSHS	PV 95848 WA 023	-	-	8,579,837	8,579,837	73,422	Kwa Jomvu-Mariakani FN 8 KfW KSHS
11	2/27/2025	The Third Engineering Bureau Of China City C C	USD	PV 96246 WA 06	-	252,804	-	25,574,130	218,849	Kwa Jomvu- Mariakani IPC 7 EU USD
12	4/14/2025	The Third Engineering Bureau Of China City C C	USD	PV97000 WA07	-	391,432	-	39,598,004	338,858	Kwa Jomvu- Mariakani IPC 8 EU USD
13	5/27/2025	Sai Consulting Engineers Pvt Ltd	KSHS	PV 98859 WA 027	-	9,374,564	9,374,564	9,374,564	80,222	Kwa Jomvu-Mariakani FN 9 KfW KSHS
14	5/27/2025	Sai Consulting Engineers Pvt Ltd	EURO	PV 98858 WA 026	154,578.00	-	-	19,363,893	165,706	Kwa Jomvu-Mariakani FN 09 KfW EURO
15	5/28/2025	The Third Engineering Bureau Of China City C C	USD	PV 99069 WA 08	-	233,492	-	23,620,467	202,131	Kwa Jomvu-Mariakani IPC 9 EU USD
		<b>Total</b>			<b>280,406</b>	<b>11,501,530</b>	<b>34,746,378</b>	<b>304,700,743</b>	<b>2,607,462</b>	

**Regional Mombasa Port Access Road Project Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Annex 6: Analysis of Proceeds from Foreign Loans**

No	Date	Payee	Currency of Payment	Payment Reference	Amounts in respective currency of IPC/fee note			Equivalent amount in reporting currency	Equivalent amount in Donor Currency	Description
					Euro	USD	Kshs	Kshs	Euro	
1	8/2/2024	The Third Engineering Bureau Of China City C C	USD	PV 92003 WA 014	-	1,613,513	-	163,225,849	1,396,798	Kwa Jomvu-Mariakani IPC 03 KFW USD
2	11/5/2024	The Third Engineering Bureau Of China City C C	USD	PV.94200	-	949,271	-	96,029,982	821,772	Kwa Jomvu-Mariakani IPC 04 KFW USD
3	12/13/2024	The Third Engineering Bureau Of China City C C	USD	PV.94998 WA 20	-	1,710,187	-	173,005,617	1,480,487	Kwa Jomvu-Mariakani IPC 05 KFW USD
4	1/24/2025	The Third Engineering Bureau Of China City C C	USD	PV 95669 WA 021	-	1,429,644	-	144,625,350	1,237,625	Kwa Jomvu-Mariakani IPC 6 KfW USD
5	2/27/2025	The Third Engineering Bureau Of China City C C	USD	PV 96245 WA 024	-	1,298,650	-	131,373,760	1,124,225	Kwa Jomvu-Mariakani IPC 7 KFW USD
6	4/14/2025	The Third Engineering Bureau Of China City C C	USD	PV96999 WA25	-	2,010,780	-	203,414,100	1,740,707	Kwa Jomvu-Mariakani IPC 8 KFW USD
7	5/28/2025	The Third Engineering Bureau Of China City C C	USD	PV 99068 WA 028	-	1,199,443	-	121,337,835	1,038,343	Kwa Jomvu-Mariakani IPC 09 KFW USD
		<b>Total</b>			-	<b>10,211,488</b>	-	<b>1,033,012,493</b>	<b>8,839,956</b>	

**Annex 7: Other Support Documents**

- i. Bank Reconciliation statement as at 30<sup>th</sup> June 2025
- ii. Special Deposit Account reconciliation statement



KENYA NATIONAL HIGHWAYS AUTHORITY  
BANK RECONCILIATION STATEMENT AS AT 30TH JUNE, 2025

ACCOUNT NO: 7716661590

ACCOUNT NAME: KENYA NATIONAL HIGHWAYS AUTHORITY  
BANK & BRANCH: NATIONAL BANK OF KENYA LTD

STATION: KeNHA HEADQUARTERS

		as at June 30, 2025	
		Sh.	Sh.
<b>Balance as per Bank Statement</b>			29,127,364.42
<i>Less</i>	1 Payments in Cashbook not yet recorded in Bank Statement(Unpresented Cheques)	0.00	
	2 Receipts in the Bank statement Not in the Cashbook.	0.00	0.00
<i>Add</i>	3 Payments in Bank Statement not yet recorded in cashbook	0.00	29,127,364.42
	4 Receipts in the Cashbook not in bank statement	0.00	0.00
<b>Balance as per the reconciliation</b>			29,127,364.42
<b>Balance as per Cashbook</b>			29,127,364.42
<b>Deficit /Surplus</b>			29,127,364.42

Prepared By:

Signature

Senior Accountant  
Designation

04/07/2025  
Date

Checked By

Signature

Assistant Director  
Designation

04/07/25  
Date

Authorized By

Signature

Deputy Director  
Designation

04/07/2025  
Date



## Bank reconciliation

KENYA NATIONAL HIGHWAYS AUTHORITY

Pg. 1 of 1  
27/06/2025  
09:35

**Bank account:** BANK00052  
**Name:** National Bank of Kenya -Mariakani  
**Currency:** KES  
**Bank statement date:** 30/06/2025  
**Bank statement:** June 2025  
**Reconciled:** 02/07/2025

Date	Voucher	Name	Payment reference	Deposit slip	Amount
30/06/2025		Bank statement ending balance			29,127,364.42
30/06/2025		Unreconciled bank transactions by ending date			0.00
30/06/2025		Closing			<b>29,127,364.42</b>
31/05/2025		Balance			49,578,483.22
09/06/2025	KeNH-VP-000116312	The Third Engineering Bureau Of China City C C	PV 99071 CHQ 00008		-20,524,342.30
30/06/2025	KeN-0000335593				86,821.75
30/06/2025	KeN-0000335600				-13,023.25
30/06/2025	KeN-0000335601				-575.00
30/06/2025		Reconciled bank transactions by ending date			-20,451,118.80
30/06/2025		Balance after reconciled transactions			<b>29,127,364.42</b>
30/06/2025		Unreconciled bank transactions by ending date			<b>0.00</b>
30/06/2025		Closing			29,127,364.42
30/06/2025		Difference			<b>0.00</b>

**Bank account statement**

KENYA NATIONAL HIGHWAYS AUTHORITY

Bank account	Account name	Currency											
BANK00052	National Bank of Kenya -Mariakani	KES											
	01/06/2025		Opening									49,578,483.22	
Bank transaction type	Date	Vendor/Customer Name	Description	Voucher	Deposit slip	Payment reference	Method of payment	Bank amount	Correction amount	Corrected bank amount	Amount in accounting currency	Running Balance	
	09/06/2025	KeNH-00393	The Third Engineering Bureau Of China City C C	Kwa Jomvu-Mariakani IPC 9A EIB KSHS	KeNH-VP-000116312	PV 99071 CHQ 00008		-20,524,342.30	0.00	-20,524,342.30	-20,524,342.30	-20524342.3	
	30/06/2025		Interest Income	KeN-0000335593				86,821.75	0.00	86,821.75	86,821.75	-20437520.55	
	30/06/2025		Withholding Tax July 2025- NBK EIB	KeN-0000335600				-13,023.25	0.00	-13,023.25	-13,023.25	-20450543.8	
	30/06/2025		Bank Charges June 2025- NBK EIB	KeN-0000335601				-575.00	0.00	-575.00	-575.00	-20451118.8	
										-20,451,118.80			
	30/06/2025						Closing			29,127,364.42			

# National Bank

A Subsidiary of Access Bank PLC

## Important Information


KENHA MML2KJ

49712 00100  
NAIROBI GPO

## Account Information

Account Name KENYA NATIONAL HIGHWAYS AUTHORITY-M  
Account Number 7716661590  
Account Type Current Accounts Corporat  
Currency KES  
Statement Period 2025-06-01  
Statement Date 2025-06-30  
Branch Name JKIA BRANCH

## Statement

<b>Account Name: KENYA NATIONAL HIGHWAYS AUTHORITY-M</b> <b>Account Type: Current Accounts Corporat</b> <b>Printed On: Tuesday July 2025 12:45:11 PM</b>						 <b>National Bank</b> <small>A Subsidiary of Access Bank PLC</small>	
Transaction Date	Value Date	Reference	Transaction Details	Debit	Credit	Book Balance	
01 JUN 25			Balance B/Fwd	0.00	49,578,483.22	49,578,483.22	
10 JUN 25	10 JUN 25	NBK25161KFLFJK00	EventTypeTax	75.00	0.00	49,578,408.22	
10 JUN 25	10 JUN 25	NBK25161KFLFJK00	EventTypeCharge	500.00	0.00	49,577,908.22	
10 JUN 25	10 JUN 25	NBK25161KFLFJK00	Transaction Number NBK25161KFLFJK00 Sender BIC Receiver BIC KCBLKENXXXX	20,524,342.30	0.00	29,053,565.92	
30 JUN 25	01 JUL 25	7716661590-20250	Credit Interest	0.00	86,821.75	29,140,387.67	
30 JUN 25	01 JUL 25	7716661590-20250	With-Holding Tax	13,023.25	0.00	29,127,364.42	
<b>Total Value</b>				<b>20,537,940.55</b>	<b>49,665,304.97</b>		

**Cleared Balance As at :** 29,053,565.92

**Effect not Cleared :** 73,798.50

**Book Balance as at :** 29,127,364.42

Kindly verify all transactions reflected on this statement and notify any discrepancies to the bank as soon as possible

18  
29  
30

**EIB - REGIONAL MOMBASA PORT ACCESS ROAD**  
**STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION**  
**FOR THE YEAR ENDED 30TH JUNE 2025**  
**PART B: ACCOUNT RECONCILIATION STATEMENT**

**EIB LOAN No.2014-0546**

**Bank Account No.1000372028 Held with Central Bank of Kenya**

	NOTES	AMOUNT EUR	AMOUNT EUR
1	Amount advanced by EIB B/F		3,072,329.82
			-
	<b>Less</b>		
2	Total amount justified to EIB		-
3	<b>Outstanding amount advanced to Designated Account</b>		<b>3,072,329.82</b>
	<b>Represented by:</b>		
4	Ending Designated Account Balance at 30.06.2025		-
5	Amount claimed but not credited at 30.06.2025		-
6	Amount withdrawn and not claimed as at 30.06.2025		3,072,329.82
7	Service charges (if not included in 5 & 6 above)		-
	<b>Less</b>		
8	Interest earning (if included in Designated Account)		-
9	<b>Total advance to Designated Account year ended 30.06.2025</b>		<b>3,072,329.82</b>

Discrepancy between total appearing on lines 3 and 9

-

**Notes:**

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing and provide reasons for not claiming the expenditures

*Sentene*

**AUTHORIZED REPRESENTATIVE**  
**RESOURCES MOBILIZATION DEPARTMENT**  
**THE NATIONAL TREASURY**

DATE: 05-08-2025

## SPECIAL ACCOUNT STATEMENT

EIB

For period ending **30th JUNE, 2025**  
 Account No. **1000372028**  
 Depository Bank **CENTRAL BANK OF KENYA.**  
 Address **CENTRAL BANK OF KENYA.**  
 Related Loan **REGIONAL MOMBASA PORT ACCESS ROAD**  
 Credit Agreement  
 Currency **EUR**

**Part A - Account Activity**

Beginning balance of 1st July, 2024  
 as per C.B.K. Ledger Account ..... **3,072,329.82**

**Add:**

Total Amount deposited by <sup>EIB</sup>World Bank ..... **0.00**

Total Interest earnings if deposited in account .....

Total amount refunded to cover ineligible  
 expenditure .....

**Deduct:**

Total amount withdrawn ..... **3,072,329.82**

Total service charges if not included above in  
 amount withdrawn .....

Ending balance on 30th June, 2025 ..... **0.00**

**AUTHORISED REPRESENTATIVE  
 CENTRAL BANK OF KENYA**

SIGNATURE: 

DATE

14/07/2025

**AUTHORISED REPRESENTATIVE  
 EXTERNAL RESOURCES  
 DEPARTMENT-TREASURY**

SIGNATURE: 

DATE

05-08-2025

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2025 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Results 1 - 1 of 1

Run Date: CENTRAL BANK OF KENYA BANKI KIU YA KENYA P.O.BOX 98000-010 NAIROBI	Run Time:	STATEMENT OF ACCOUNT	PAGE NO: 1
STATEMENT PERIOD: From 2024-07-01 To 2025-06-30		ACCOUNT NUMBER:	
		ACCOUNT TITLE: REGIONAL MOMBASA PORT ACCESS ROAD	

NO.	DATE	REFERENCE NO.	DETAILS	DEBIT	CREDIT BALANCE	
			OPENING BAL		1672.32982	
NO.	Value Date	Reference No	Details	Debit	Credit	Balance
1	18-02-2025	FT25049MSTXC1	PA118329	-3,072,329.82	0.00	0
			CLOSING BALANCE		0	

END OF ACCOUNT STATEMENT

Favourites TAM E STMT OF ACCT EPRM

Account  1000372028

Statement From  20240701

Statement To  20250630

TAM E STMT OF ACCT EPRM