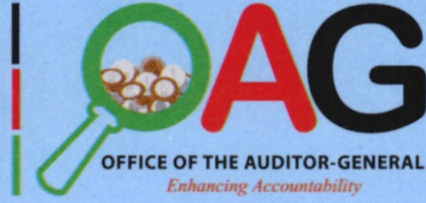


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**SUPPLEMENTARY FINANCING FOR
THE ETHIOPIA – KENYA ELECTRICITY
HIGHWAY (NANYUKI RUMURUTI
UNDERGROUND CABLE) PROJECT – (ADB
LOAN NO.20000200003502 P-Z1-FA0-162) (ADB
LOAN NO.2100150027845 P-Z1-FA0-044)**

**FOR THE EIGHT (8) MONTHS PERIOD
ENDED 30 JUNE, 2024**

**KENYA ELECTRICITY TRANSMISSION
COMPANY LIMITED**



**PROJECT NAME: SUPPLEMENTARY FINANCING FOR THE ETHIOPIA- KENYA
ELECTRICITY HIGHWAY (NANYUKI RUMURUTI UNDERGROUND CABLE PROJECT)**

**IMPLEMENTING ENTITY: KENYA ELECTRICITY TRANSMISSION COMPANY
LIMITED**

**PROJECT GRANT/CREDIT NUMBER: ADB LOAN NO: 2000200003502 P-Z1-FA0-162
ADB LOAN NO. 2100150027845 - P-Z1-FA0-044**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE 8 MONTHS ENDED
JUNE 30, 2024**

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

Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
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**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
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1. ACRONYMS AND DEFINATION OF TERMS

AFD	Agence Francaise de Development
EIB	European Investment Bank
EUR	Euro
GOK	Government of Kenya
HVDC	High Voltage Direct Current
IPSAS	International Public Sector Accounting Standards
KETRACO	Kenya Electricity Transmission Company
kV	Kilovolts
USD	United States Dollar
NCC	National Contracting Company
GOK	Government of Kenya
OGW	Order of Grand Warrior
Wt	Weight

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
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2. PROJECT INFORMATION AND OVERALL PERFORMANCE

2.1 Name and Registered Office

Name: The project’s official name is Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project.)

Objective: The key objective of the project is to increase electricity access and address the challenges of access and low connectivity.

Address: The project headquarters offices are in Nairobi, Nairobi County, Kenya.

The address of its registered office is:

Nanyuki Rumuruti Underground Cable Project
Block B, Kawi House
Off Red Cross Road, South C
P.O. Box 34942 – 00100 Nairobi

Contacts: The following are the project contacts

Telephone: (+254) 20 – 4956000
E-mail: info@ketraco.co.ke
Website: www.ketraco.co.ke

2.2 Project Information

Project start date:	The project start date is 8 th November 2023
Project end date:	The project end date is 20 December 2025
Project manager:	The project manager is Engineer Moses Kerre
Project sponsor:	The project sponsor is Africa Development Bank

2.3 Project Overview

State Department of the project	The project is under the supervision of Kenya Electricity Transmission Company Limited.
Project number	2000200003502 - P-Z1-FA0-162 2100150027845 - P-Z1-FA0-044
Strategic goal of the project	The strategic goal of the project is to evacuate power from planned generation plants and to transmit electricity to areas that are currently not supplied from the national grid.

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 Months Ended 30 June 2024**

Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means (i) Increased connectivity (ii) Reliable supply of power
--	---

2. PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

2.3 Project Overview (continued)

Other important background information of the project	<p>The project is implemented by Kenya Electricity Transmission Company Limited (KETRACO) which was incorporated on 2 December 2008 and registered under the Companies Act, Cap 486 pursuant to Sessional Paper No. 4 of 2004 on Energy. The Company was established to develop new high voltage electricity transmission infrastructure that will form the backbone of the National Transmission Grid, in line with Kenya Vision 2030. Its core business is to plan, design, build and maintain new electricity transmission lines and associated substations. These new lines will include 132kV, 220kV, 400kV and 500kV High Voltage Direct Current (HVDC). In carrying out this mandate, the Company is expected to develop a new and robust grid system in order to:</p> <ul style="list-style-type: none"> (i) Improve quality and reliability of electricity supply throughout the country; (ii) Transmit electricity to areas that are currently not supplied from the national grid; (iii) Evacuate power from planned generation plants; and (iv) Provide a link with the neighbouring countries in order to facilitate power exchange and develop electricity trade in the region. <p>As the owner of the project, KETRACO provides the organizational set up for the activities, qualified staff and basic office infrastructure for efficient execution of the project.</p> <p>The Nanyuki Rumuruti Underground cable Project is funded jointly by the Government of Kenya through the Ministry of Energy and the National Treasury and ADB. The line of credit agreement was signed 19th June 2019 for EURO 12.867 Million.</p>
Current situation that the project was formed to intervene	<p>The underground cable project will enable energization of Nanyuki – Rumuruti and Nanyuki – Isiolo projects.</p> <ul style="list-style-type: none"> (i) Hence, connect load centres of Isiolo and Rumuruti to National Grid to improve access to reliable power, provide an alternative transmission supply route to Rumuruti, Nanyuki and Meru.. <p>Key Data: Nanyuki Rumuruti Underground Cable Scope: Scope: Design, manufacture, supply, civil work, erection, testing and commissioning of 132kV double circuit overhead HVAC transmission line Contractor: Dongfang Electric International Corporation and Qingdao Hanhe Cable Company Consortium Contract No: KETRACO/PT/009/2021</p>

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 Months Ended 30 June 2024**

	<p>Contract Effective Date: 09 November 2023</p> <p>Initial Completion Date: 09 November 2024</p> <p>Financing Expiry date : 31st December 2025</p> <p>Original Contract Price: USD 14,307,500 and KES 393,930,589</p> <p>Original Contract Completion Date: Twelve (12) months from Contract effective date.</p> <p>Expected Completion Date: 31st December 2025</p> <p>Approximately 16.8 km section of Nanyuki – Rumuruti Transmission Line (Double circuit).</p> <p>Approximately 4.2 km section of Nanyuki – Isiolo Transmission Line (Single circuit).</p>
Project duration	The project started in 2023 and is expected to run until 20 December 2025.

2.4 Bankers

The following are the bankers for the current year:

Kenya Commercial Bank Limited
Moi Avenue
P. O. Box 30081 – 00100
Nairobi.

2.5 Auditors

Auditor General
Office of the Auditor-General
Anniversary Towers, University Way
P. O. Box 30084 - 00100
Nairobi.

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 Months Ended 30 June 2024**

2. PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Eng Kipkemoi Kibias	Ag. Managing Director & CEO	Masters in Business Administration, Masters in Nuclear Power Plant Engineering and a Bachelor of Science in Electrical & Electronics Engineering.	Accounting Officer for KETRACO
CPA Tom Imbo	General Manager, Finance	Master's in Business Administration (Finance, Economics) Certified Public Accountant with ICPAK , Member Services Committee.	Head of Finance Department in KETRACO
Eng. Justin Muna	Ag. GM, Design and Construction	MSc GIS, BSC Civil Engineering	Head of Design and Construction Department in KETRACO
Engineer Moses Kerre	Project Manager	Bachelor of Science (Civil Engineering), Professional Engineer with Engineers Board of Kenya, Corporate Member Institution of Engineers of Kenya	Project Coordinator

Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044 Annual Report and Financial Statements for the 8 Months Ended 30 June 2024

2. PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

2.7 Funding Summary

The Project financing is for a duration of One and half years from 30th June 2024 with an approved ADB funding amounting to Euro 12,866,725.44. The contract is for USD 14,307500 and Kes 393,930,589.00. The project is financed by Eastern Electricity Highway project Main Loan to the Amount of Ksh 78,786,118.97 and USD 2,264,605.13 totaling to equivalent of Ksh 349,699,470.74, Conversion rate of 1 UAC to Kes 166.553. And Supplementary Loan agreement to the tune of Ksh 393,930,589.00 and Euro 9,116,079.10, totaling to equivalent of Ksh 1,571,497,431.04. Conversion rate of 1 Euro to Kes 137.5284.

A. Sources of Funds

Source of funds	Donor Commitment-			Amount received as at: – (30.06.2024)			Undrawn balance as at: (30.06. 2024)	
	<i>Donor Currency UAC</i>	<i>Donor Currency EURO</i>	<i>Kshs</i>	<i>Donor Currency UAC</i>	<i>Donor Currency EURO</i>	<i>Kshs</i>	<i>Donor Currency 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>
(i) Grant/Loan								
AfDB Main EEHP Loan No.2100150027845 (Project ID P-Z1-FA0-044)	2,099,628		349,699,471	2,099,628		349,699,471	-	-
AfDB Supplementary Loan No.2000200003502 (Project ID P-Z1-FA0- 162) -(54% of Eur 26,510,000)		11,426,710	1,571,497,431		560,638	77,103,716	10,866,071	1,494,393,715
Total	2,099,628	11,426,710	1,921,196,902	2,099,628	560,638	426,803,187	10,866,071	1,494,393,715

Note:

Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number:
 ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
 Annual Report and Financial Statements for the 8 Months Ended 30 June 2024

2. PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

2.7 Funding Summary (continued)

B. Application of Funds

Application of funds	Donor Commitment-			Amount received as at: – (30.06.2024)			Undrawn balance as at:	
	<i>Donor Currency UAC</i>	<i>Donor Currency EURO</i>	<i>Kshs</i>	<i>Donor Currency UAC</i>	<i>Donor Currency EURO</i>	<i>Kshs</i>	<i>Donor Currency 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>
(i) Grant/Loan								
AfDB Main EEHP Loan No.2100150027845 (Project ID P-Z1- FA0-044)	2,099,628		349,699,471	2,099,628		349,699,471	-	-
AfDB Supplementary Loan No.2000200003502 (Project ID P-Z1- FA0-162) -(54% of Eur 26,510,000)		11,426,710	1,571,497,431		560,638	77,103,716	10,866,071	1,494,393,715
Total	2,099,628	11,426,710	1,921,196,902	2,099,628	560,638	426,803,187	10,866,071	1,494,393,715

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 Months Ended 30 June 2024**

2. PROJECT INFORMATION AND OVERALL PERFORMANCE (continued)

2.8 Summary of Overall Project Performance:

i) Budget Performance Against Actual Amounts for the current year and for cumulative to-date

The project is funded by Africa Development Bank ADB, during the year under review, the project was funded by Appropriation in Aid. The final budget allocation of Kshs. 909,000,000 was appropriated. The project incurred a total expenditure of KShs 426,803,187 during the year.

ii) Physical Progress Based on Outputs and Outcomes since the Project commencement

The underground cable project will enable energization of Nanyuki – Rumuruti and Nanyuki – Isiolo projects. Hence, connect load centres of Isiolo and Rumuruti to National Grid to improve access to reliable power, provide an alternative transmission supply route to Rumuruti, Nanyuki and Meru.

The project progress is as below;

Progress/ Completion Status. Overall progress is 76%.		Description	Percentage Done
	Transmission Line	Soil Investigation	100%
		Design	60%
		Procurement	20%
		Construction	3%
		Testing & Commissioning	0%

iii) Absorption Rate Per Year for the Project

Financial Year	Budget	Actual	Absorption
FY2023/ 2024	909,000,000	426,803,187	47%

iv) Implementation Challenges and Way Forward

The contractor had just been paid part of the advance payment.

2.9 Summary of Project Compliance:

The project reporting has complied with the applicable laws and regulations, and essential external financing agreements/covenants.

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 Months Ended 30 June 2024**

3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

The key development objectives of the projects are to:

- a) Enhance electricity access, availability and reliability of the completed transmission lines and substations and complete construction of key transmission infrastructure.
- b) Increase electricity supply by completing transmission lines for evacuating generated power.

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:

Project	Objective	Outcome	Indicator	Performance
Nanyuki Rumuruti Underground Cable Project	To Strengthen the electricity grid system and Enhance power transfer capacity	-Increased stability of power supply to Laikipia County	Kilometres of underground cable and transmission lines complete.	In financial year 23/24 we increased the trenching of the underground wayleave between Nanyuki Substation and Rumuruti

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 Months Ended 30 June 2024**

4. ENVIROMENTAL AND SUSTAINABILITY REPORTING

Kenya Electricity Transmission Company Limited (KETRACO) is mandated to plan, design, construct, own, operate and maintain the country's high voltage electricity grid and regional power interconnectors. This primary objective must; however, be twinned with positive impacts to societies that such businesses operate in. These positive impacts include creation of employment opportunities, provision of goods and services, contribution to the economy by paying taxes, contributing towards development of infrastructure and improvement of quality of life for the people.

KETRACO, being an obliging and proactive Company, has mainstreamed corporate social responsibility (CSR) in its operations. Beyond grid matters, the Company has expanded its jurisdiction to improve the well-being of humanity and impact society to be better.

This deliberate move is necessary because it is the society that gives us a "license to operate" and their goodwill is necessary for continued security and room to operate long after our transmission projects construction is over.

Our approach

KETRACO's approach towards CSR is focused on identifying and formulating projects guided by its CSR policy and in response to specific needs that go towards solving a problem that members of the concerned community assess as a priority. To this end, the Company consulted widely internally and beyond on best practices in order to make corporate social responsibility an integral part of its undertakings. During the financial year under review, social, economic and environmental issues were addressed.

Below is a brief highlight of our achievements in each pillar: -

i) Sustainability strategy and profile

KETRACO ensured that its operations were carried out professionally and in humane manner, considering that construction of transmission projects involves acquisition of land for substations and wayleaves access for the lines. This necessitates compensation and at times resettlement of the Projects Affected Persons (PAPs) hence the need to expedite the process harmoniously. In addition, KETRACO actively participated in several engagements with various stakeholders towards improving their quality of life which translates into creating a better society.

This was evident in key areas such as education, health and environmental conservation. In addition, KETRACO offered youth internship opportunities to fresh graduates and industrial attachments to ongoing University students to transfer skills and future career preparation.

ii) Environmental and Social Sustainability

Environmental and Social Compliance

KETRACO is committed to sustainable operations in alignment with relevant legislation, including the Environmental Management and Coordination Act (EMCA) 1999, the Climate Change Act 2016, the Sustainable Waste Management Act 2021, and the Land Act 2012. To ensure adherence to these laws and promote responsible environmental stewardship, the company has undertaken the following initiatives.

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 Months Ended 30 June 2024**

4. ENVIROMENTAL AND SUSTAINABILITY REPORTING (Continued)

Between July 2023 and June 2024, KETRACO completed twelve (12) ESIA's, ensuring that new projects meet environmental and social requirements.

The company conducted 20 Environmental and Social Management Plan monitoring activities and four (4) environmental audits to track compliance and assess the effectiveness of its sustainability measures.

Development of an operational framework

KETRACO has developed and reviewed its Environmental and Social Management Framework to enhance its sustainability practices and compliance with current regulations.

Wayleave Compensation Regulations development

The company contributed to the development and review of the Draft Public Rights of Way Compensation Regulations 2023, aiming to address land-related concerns in project implementation.

Integration of Environmental and Social Considerations

Environmental and social considerations have been integrated into several studies, including the proposed transmission lines for Meru-Maua, Musaga-Webuye-Kitale, Sotik Kilgoris, Juja Ruaraka, and Kieni Chogoria.

Community Sensitization and Awareness

The company recognizes the importance of community engagement in promoting environmental awareness. A total of 105 community sensitization meetings were held across various projects, fostering greater understanding and involvement of local communities in environmental issues.

Climate Change Mainstreaming

KETRACO is actively involved in climate change mitigation and adaptation efforts through several key initiatives:

Tree Planting Activities: The company has participated in the National Tree Planting and Restoration Program in collaboration with the State Department for Forestry. Notably, 211,000 seedlings were planted across Kabunda Forest, Mt. Elgon, Ontulili Meru County, Kibwezi Forest, Aberdare Forest, and Bungoma. Additionally, 3,000 seedlings were distributed to staff for home planting.

Land Allocation for Tree Growing: 330 hectares of land were allocated within Londiani Forest for the growth of 330,000 indigenous trees, contributing to reforestation and habitat restoration efforts.

Climate Workshops and Training: KETRACO took part in the Climate Adaptation for Infrastructure Development workshop at the Wangari Maathai Institute and a multi-agency workshop on Carbon Markets convened by NETFUND.

Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044

Annual Report and Financial Statements for the 8 Months Ended 30 June 2024

4. ENVIROMENTAL AND SUSTAINABILITY REPORTING (Continued)

Corporate Social Responsibility (CSR) Integration

The company has integrated Corporate Social Responsibility (CSR) into the conceptualization of the KTNIP projects. This includes:

- Offering scholarships for Technical and Vocational Education and Training (TVET) to potential students from project areas, thereby supporting local education and skill development.
- Incorporating tree-growing initiatives into project plans (at least 9,000 trees), with contractors required to implement these plans and KETRACO providing oversight and supervision to ensure successful execution.

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 Months Ended 30 June 2024**

5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Executive Officer of KETRACO and the Project Coordinator for the Nanyuki Rumuruti Underground Cable 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 and as at the end of the financial 8 months ended on 30 June 2024. This responsibility includes (i) maintaining adequate financial management arrangement 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; selecting and applying appropriate accounting policies; and (v) Making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer of KETRACO and the Project Coordinator for the Nanyuki Rumuruti Underground Cable Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Chief Executive Officer of KETRACO and the Project Coordinator for the Nanyuki Rumuruti Underground Cable Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial 8 months ended 30 June 2024, and of the Project's financial position as at that date. Chief Executive Officer of KETRACO and the Project Coordinator for the Nanyuki Rumuruti Underground Cable Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Chief Executive Officer of KETRACO and the Project Coordinator for the Nanyuki Rumuruti Underground Cable Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit 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 Chief Executive Officer of KETRACO and the Project Coordinator for the Nanyuki Rumuruti Underground Cable Project on.....1.4.111.....2025 and signed by them.



Ag. Chief Executive Officer
Eng. Kipkemoi Kibias.



Overall Project Coordinator
Eng. Justin Muna



General Manager-Finance
CPA Tom Imbo
ICPAK Member Number 7039

REPORT OF THE AUDITOR-GENERAL ON SUPPLEMENTARY FINANCING FOR THE ETHIOPIA – KENYA ELECTRICITY HIGHWAY (NANYUKI RUMURUTI UNDERGROUND CABLE) PROJECT – (ADB LOAN NO.20000200003502 P-Z1-FA0-162) (ADB LOAN NO.2100150027845 P-Z1-FA0-044) FOR THE EIGHT (8) MONTHS PERIOD ENDED 30 JUNE, 2024 - KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED

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 Supplementary Financing for the Ethiopia - Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable)

Report of the Auditor-General on Supplementary Financing for the Ethiopia – Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable) Project – (ADB Loan No.20000200003502 P-Z1-FA0-162) (ADB Loan No.2100150027845 P-Z1-FA0-044) for the Eight (8) Months Period ended 30 June, 2024 - Kenya Electricity Transmission Company Limited

Project set out on pages 1 to 10 which comprise of the statement of financial assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the eight (8) months period 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 statement of assets and liabilities of Supplementary Financing for the Ethiopia - Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable) Project as at 30 June, 2024 and of its receipts and payments and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Loan Agreement Supplementary Financing for the Ethiopia - Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Loan No. 2100150027845 and Loan No.200200003502, between the Republic of Kenya and the African Development Bank (AfDB) dated 6 December, 2012 and 19 June, 2019 respectively and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Project's 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total receipts and expenditure final budget of Kshs.909,000,000 against actual utilization of Kshs.426,803,187. This resulted in an under-utilization of Kshs.482,196,814, representing 47% of the approved budget. The under-absorption may have affected the implementation of planned activities thus impacting negatively on completion of the project and service delivery.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

Management is responsible for the Other Information set out on page iii to xiv 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 Supplementary Financing for the Ethiopia - Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable) Project 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 and 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

Conclusion

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

Basis for Conclusion

1. Delayed Project Implementation

The African Development Bank (AfDB) granted the government supplementary financing for the Ethiopia - Kenya Electricity Highway Project on 19 June, 2019. The supplementary financing was for the construction of the 132kV Nanyuki - Rumuruti Underground Cable, effective 17 September, 2020 with a deadline of December, 2025 through loan No. 2000200003502 P-Z1-FA0-162. Management entered into a contract for the design, supply and erection of 132kV underground cable for approximately 16.8 kilometers section of Nanyuki - Rumuruti transmission line and 4.2 kilometers section of Nanyuki - Isiolo transmission line at a contract price of USD14,307,500 and Kshs.393,930,589 respectively on the 24 March, 2022 five hundred and fifty-three (553) days after the date of the agreement. The contract came to effect on 8 November, 2023.

In addition, Management signed an addendum for extension of the contract period to 20 December, 2025 on in November, 2024. Management did not provide explanation for the delay of the project and the need for the addendum extending the contract period.

In the circumstances, value for money was delayed due to late signing of the contract which could lead to interest and charges.

2. Late Submission of Financial Statements

The annual reports and financial statements of the Project for the period ended 30 June, 2024 were submitted on 29 August, 2025, three hundred and thirty-three (333) days after the statutory deadline of 30 September, 2024 as provided for in Section 47 (1) of the Public Audit Act, 2015. Management explained that only a single advance payment of Kshs.426,803,187 had been made and that there were no works in progress. This was not sufficient to warrant the late submission of the financial statements.

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

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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and 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. 2100150027845 and No. 200200003502 dated 6 December, 2012 and 9 June, 2019 respectively between the African Development Bank (AfDB) and the Government of the Republic of Kenya, I report, based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,

- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

03 December, 2025

Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044 Annual Report and Financial Statements for the 8 Months Ended 30th June 2024

7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE 8 MONTHS ENDED 30 JUNE 2024

	Note	FY 2023/24			Cumulative to-date
		Receipts and payments controlled by the entity	Payments made by third parties	Total	
		KShs	KShs	KShs	KShs
RECEIPTS					
Loans from external development partners	12.1		426,803,187	426,803,187	426,803,186.50
TOTAL RECEIPTS		-	426,803,187	426,803,187	426,803,186.50
PAYMENTS					
Acquisition of non-financial assets	12.2		426,803,187	426,803,187	426,803,186.50
TOTAL PAYMENTS			426,803,187	426,803,187	426,803,186.50
DEFICIT		-	-	-	-

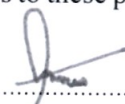
The payment done is Advance payments made to the contractor, The accounting policies and explanatory notes to these project financial statements form an integral part of the project financial statements.



Ag. Chief Executive Officer
Eng. Kipkemoi Kibias.



Overall Project Coordinator
Eng. Justin Muna



General Manager-Finance
CPA Tom Imbo
ICPAK Member Number 7039

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 Months Ended 30th June 2024**

8. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE 2024

	NOTE	FY 2023/24 Kshs
Receivable		
Advance Payment		426,803,187
TOTAL FINANCIAL ASSETS		<u>426,803,187</u>
Capital		
ADB		426,803,187
NET FINANCIAL POSITION		<u>426,803,187</u>



.....
Ag. Chief Executive Officer
Eng. Kipkemoi Kibias.



.....
Overall Project Coordinator
Eng. Justin Muna



.....
General Manager-Finance
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Annual Report and Financial Statements for the 8 Months Ended 30th June 2024**

9. STATEMENT OF CASH FLOWS FOR THE 8 MONTHS ENDED 30 JUNE 2024

	NOTES	FY 2023/24 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for operating income		
Transfers from Development Partners -ADB	12.1	426,803,187
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of non-financial assets	12.2	(426,803,187)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from external development partners		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		

Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 Months Ended 30th June 2024

10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE 8 MONTHS ENDED 30TH JUNE 2024

Receipts/Payments Item	Final Budget	Actual on Comparable basis	Budget Utilization difference	% of Utilization
	c	d	e=c-d	f=d/c%
Receipts	Kshs	Kshs	Kshs	
Transfer from KETRACO	909,000,000	426,803,187	482,196,814	47%
Total receipts	909,000,000	426,803,187	482,196,814	--
Payments				
Acquisition of non-financial assets	909,000,000	426,803,187	482,196,814	47%
Total payments	909,000,000	426,803,187	482,196,814	--

The low absorption of 47% was as a result of payment of Advance payment, the project commenced on 9th November 2023.

Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044

Annual Report and Financial Statements for the 8 Months Ended 30th June 2024

11. SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

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

b) Reporting entity

The financial statements are for the Nanyuki Rumuruti Underground Cable Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation Public Finance management Act 2012.

c) Reporting currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

The Project recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other Receipts

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

iv) Donations and grants

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

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Annual Report and Financial Statements for the 8 Months Ended 30th June 2024

11. SIGNIFICANT ACCOUNTING POLICIES(Continued)

d) Recognition of receipts (continued)

External Assistance (continued)

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Purchase of goods and services

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

ii) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

f) In-kind donations

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

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the

Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 Months Ended 30th June 2024

12. SIGNIFICANT ACCOUNTING POLICIES(Continued)

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

h) Restriction on cash

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

i) Imprests and Advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

j) Pending bills

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

k) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year.

The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

l) Third party payments

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

Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044

Annual Report and Financial Statements for the 8 Months Ended 30th June 2024

m) Exchange rate differences

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

n) Comparative figures

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

o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the 8 months ended 30 June 2024.

p) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

q) Ultimate and Holding Entity

The project is implemented by KETRACO, a State Corporation under the Ministry of Energy and Petroleum, Its Ultimate Parent is the Government of Kenya

r) Currency

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

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 Months Ended 30th June 2024**

12 NOTES TO THE FINANCIAL STATEMENTS

1 LOANS FROM EXTERNAL DEVELOPMENT PARTNERS

c	Donor Currency UAC	Donor Currency EURO	Kshs	Donor Currency UAC	Donor Currency EURO	Total in Kshs
	(A)		(A')	(B)		(B')
(i) Grant/Loan						
AfDB Main EEHP Loan No.2100150027845 (Project ID P-Z1- FA0-044)	2,099,628		349,699,471	2,099,628		349,699,471
AfDB Supplementary Loan No.2000200003502 (Project ID P-Z1- FA0-162) -(46 of Eur 26,510,000)		11,426,710	1,571,497,431		560,638	77,103,716
Total	2,099,628	11,426,710	1,921,196,902	2,099,628	560,638	426,803,187

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Annual Report and Financial Statements for the 8 Months Ended 30th June 2024

12. NOTES TO THE FINANCIAL STATEMENTS (continued)

12 NOTES TO THE FINANCIAL STATEMENTS (continued)

2 ACQUISITION OF NON-FINANCIAL ASSETS

	FY 2023/24			Cumulative to-date
	Payments made by the entity in cash	Payments made by third parties	Total payments	
	Kshs	Kshs	Kshs	Kshs
Advance Payment.		426,803,187	-	426,803,187
Total	0	426,803,187	0	426,803,187

Note:

The amount of acquisition of non-financial assets for the year under review was reported as Ksh 426,803,187 is amount paid to Consortium of DEC and Hahne as advance payment.

Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 months ended 30th June 2024

13. ANNEXES

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR PERIODS ENDED 30TH JUNE 2024

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
RECEIPTS DURING THE YEAR/PERIOD					
ADB	909,000,000	426,803,187	482,196,814	47%	
Total receipts	909,000,000	426,803,187	482,196,814		
PAYMENTS DURING THE YEAR/PERIOD					
Acquisition of non-financial assets	909,000,000	426,803,187	482,196,814	47%	

Explanation

- (i) An amount of Ksh 426 Million was paid as advance payment, the contractor had not started works for lack of licensing for the project Engineers on the part of the contractor personnel.

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 months Ended 30 June 2024**

ANNEX 2A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Contract amount and variation	Date contracted	Amount paid to date	Outstanding balance 2024	Outstanding balance 2023	Comments
	a	b	c	d=a-c	d=a-c	
	KShs	KShs	KShs	KShs	KShs	
Supply of goods	1,624,575,133	24-Mar-22	348,017,069	-	-	
Supply of goods	393,930,544	24-Mar-22	78,786,118	-	-	
Sub-Total	2,018,505,677		426,803,187	-	-	

- (i) The amounts paid was advance payment, as at 30th June 2024, there was no pending bills due. The exchange rate used as at the date of contract was **1 USD to Kes 113.5471**

**Supplementary Financing For The Ethiopia- Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable Project) Credit Number: ADB Loan NO: 2000200003502 P-Z1-FA0-162 & ADB 2100150027845 - P-Z1-FA0-044
Annual Report and Financial Statements for the 8 months Ended 30 June 2024**

ANNEX 2B - ANALYSIS OF OTHER PENDING PAYABLES

- (i) The pending wayleaves amount is yet to be paid due to lack of budgetary allocation in 2022/2023 as well as lack of sufficient documentation for compensation from landowners.

ANNEX 2C – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs) FY 2023/2024	*Purchases/Additions in the Year	**Disposals in the Year	Closing Cost (KShs) FY 2023/2024
		(KShs) FY 2023/2024	(KShs) FY 2023/2024	
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Advance payment		426,803,187		426,803,187
Total		426,803,187	-	426,803,187

The amount of Ksh 426,803,187 paid to the contractor is advance payment.