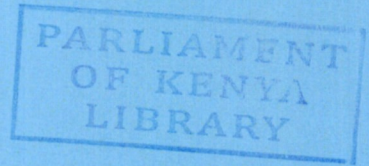


Enhancing Accountability

21

REPORT

OF



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 10 FEB 2022

THE AUDITOR-GENERAL

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**ETHIOPIA – KENYA ELECTRICITY HIGHWAY
PROJECT (ADB LOAN NO. 2000200003502 –
MARIAKANI SUBSTATION PROJECT
ID NO: P-ZI-FA0-162)**

**FOR THE TWENTY FOUR MONTHS
ENDED 30 JUNE, 2021**

**KENYA ELECTRICITY TRANSMISSION
COMPANY LIMITED**





Project Name: MARIAKANI SUBSTATION PROJECT

KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED

CREDIT NUMBER : ADB LOAN NO: 2000200003502 P-Z1-FA0-162

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the twenty four months period to 30 June 2021

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

Kenya Electricity Transmission Company Limited (KETRACO)
Mariakani Substation Project (2000200003502 P-Z1-FA0-162)
Report and Financial Statements
For the twenty four months period to 30 June 2021

ABBREVIATIONS

AfD	Agence Francaise de Developement
AfDB	African Development Bank
GOK	Government of Kenya
HVDC	High Voltage Direct Current
IPSAS	International Public Sector Accounting Standards
ICPAK	Institute of Certified Public Accountants of Kenya
ISA	International Standards on Auditing
IDA	International Development Association
KETRACO	Kenya Electricity Transmission Company Limited
KV	Kilovolts
PFSs	Project Financial Statements
RAP	Resettlement Action Plan
UA	Units of Account
USD	United States Dollar
KShs	Kenya Shilling
EUR	Euro
KE	Kenya
CKE	Credit Kenya
OGW	Order of the Golden Warrior
PFM	Public Financial Management Act 2012
PSAB	Public Sector Accounting Standards Board
EACC	Ethics and Anti-Corruption Commission

Kenya Electricity Transmission Company Limited (KETRACO)
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Kenya Electricity Transmission Company Limited (KETRACO)
Mariakani Substation Project (2000200003502 P-Z1-FA0-162)
Report and Financial Statements
For the twenty four months period to 30 June 2021

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and Registered Office

Name: The project's official name is Mariakani Substation (Supplementary Financing for the Ethiopia- Kenya Electricity Highway) 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:

Mariakani Substation 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

1.2 Project Information

Project Start Date:	The project start date is June 2019
Project End Date:	The project end date is 31 December 2021
Project Manager:	The project manager is Engineer Moses Kerre
Project Sponsor:	The project sponsor is Government of Kenya

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of Kenya Electricity Transmission Company Limited.
Project number	200020003502 P-Z1-FA0-162
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.

Kenya Electricity Transmission Company Limited (KETRACO)
Mariakani Substation Project (2000200003502 P-Z1-FA0-162)
Report and Financial Statements
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1. PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.3 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 Substations 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 Mariakani Substation Project is funded jointly by the Government of Kenya through the Ministry of Energy and the National Treasury, and a line of credit obtained from ADB. The line of credit agreement was signed in 2019 for UA 75,000,000/ EUROS 26,510,000 an equivalent of KShs 3,509,146,951 The commercial contract has a value of \$ 23,846,925 equivalent to KShs 2,570,460,081 and a KShs component of KShs 132,481,271.</p>
Current situation that the project was formed to intervene	Low electricity access and low connectivity.
Project duration	The project started on 19 June 2019 and is expected to run until 31 December 2021.

1.4 Bankers

The following are the bankers for the current year:

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

Kenya Electricity Transmission Company Limited (KETRACO)
Mariakani Substation Project (2000200003502 P-Z1-FA0-162)
Report and Financial Statements
For the twenty four months period to 30 June 2021

1. PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.5 Auditors

Delegated Auditor: Deloitte & Touche LLP
 Deloitte Place, Waiyaki Way, Muthangari
 P O Box 40092 – 00100 GPO
 Nairobi.

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

1.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
FCPA Fernandes Baraza, OGW	Managing Director	Fellow of the Institute of Certified Public Accountants of Kenya, Certified Public Accountant with ICPAK	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
Engineer Moses Kerre	Project Manager	Bachelor of Science (Electrical and Electronic Engineering), Professional Engineer with Engineers Board of Kenya, Corporate Member Institution of Engineers of Kenya	Project Coordinator
Johnson Muthoka	Senior Manager Wayleaves	Bachelor of Arts Land Economics (Honors), Masters in Urban and Regional Planning (University of Nairobi), full member of Institute of Surveyors Kenya, registered and licensed land economist	Wayleaves acquisition (land economists, land surveyors, social economists, environmental experts)
Micere Nyaga	Project Accountant	Masters in Business Administration (Strategic Management and Finance) Bachelor of Commerce (Finance),	Preparation of project financial reports

Kenya Electricity Transmission Company Limited (KETRACO)
 Mariakani Substation Project (2000200003502 P-Z1-FA0-162)
 Report and Financial Statements
 For the twenty four months period to 30 June 2021

1. PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.7 Funding Summary

The Project financing is for a duration of twenty four months from 2019 to 2021 with an approved budget of ADB funding amounting to EUROS 26,510,000 as highlighted in the table below:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received as at: - (30 June 2021)		Undrawn balance as at: (30 June 2021)	
	EURO (A)	KShs Equivalent (A')	EURO (B)	KShs Equivalent (B')	EURO (A)-(B)	KShs Equivalent (A')-(B')
(i) Grant/Loan						
ADB	26,510,000	3,509,146,951	5,708,754	753,177,079	20,801,246	2,755,969,872
(ii) Counterpart funds						
Government of Kenya	-	176,000,000	-	176,000,000	-	-
Total	26,510,000	3,685,146,951	5,708,754	929,177,079	20,801,246	2,755,969,872

B. Application of Funds

Application of funds	Amount received to date - (30 June 2021)		Cumulative Amount paid to date - (30 June 2021)		Unutilised balance to date (30 June 2021)	
	Donor EURO (A)	currency- KShs (A')	Donor EURO (B)	currency- KShs (B')	Donor EURO (A)-(B)	currency- KShs (A')-(B')
(i) Loan						
ADF	5,708,754	753,177,079	5,708,754	753,177,079	20,801,246	2,755,969,872
(ii) Counterpart funds						
Government of Kenya	-	176,000,000	-	176,000,000	-	-
Total	5,708,754	929,177,079	5,708,754	929,177,079	20,801,246	2,755,969,872

Kenya Electricity Transmission Company Limited (KETRACO)
Mariakani Substation Project (2000200003502 P-Z1-FA0-162)
Report and Financial Statements
For the twenty four months period to 30 June 2021

1. PROJECT INFORMATION AND OVERALL PERFORMANCE (continued)

1.8 Summary of Overall Project Performance:

1.8.1 Budget Performance Against Actual Amounts

During the period under review, the project received KShs 929,177,079 against a final budget of KShs 929,177,079. Similarly, the project incurred total expenditure of KShs 912,870,788 during the period, against a final budget of KShs 912,870,788 representing 98% budget utilization. The project's cumulative receipts and payments to-date amounts to KShs 929,177,079 and KShs 912,870,788 respectively.

The period under review for the Financial Statements is twenty four months from 19 June 2019 when the financing agreement was signed to 30 June 2021. Figures relating to prior years was audited under the Statutory accounts.

1.8.2 Physical Progress and Achievements of the Project

Mariakani Substation is expected to be completed in December 2021. The physical progress is follows:

Phase	Weights	% Progress against Weight	Physical Progress (%)
Engineering	5	4	80
Procurement	60	51	85
Construction	30	7	23
Test and Commissioning	5	-	-
Total	100	62	

Physical completion expected to be achieved on 31 December 2021. Energization planned for in March 2021.

1.8.3 Implementation Challenges and Way Forward

Delays in completion of the project associated with late disbursement of funds to the contractor and engagement of the consultant. This is however being addressed by engaging KETRACO engineers who are fast-tracking design approvals and site inspection, and supervision works.

1.8.4 Summary of Project Compliance:

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

1.8.5 Absorption rate per year

Financial Year	Budget	Actual	Absorption rate (%)
	KShs	KShs	
2020/2021	929,177,079	912,870,788	98

Kenya Electricity Transmission Company Limited (KETRACO)
Mariakani Substation Project (2000200003502 P-Z1-FA0-162)
Report and Financial Statements
For the twenty four months period to 30June 2021

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

This project aims to provide reliable and affordable energy from a regional resource base, allowing access to considerable clean regional energy resources, reducing pollution and vulnerability to climate change, thus strengthening environmental resilience. The principal objectives of this project are to:

The key development objectives of the projects are to:

- a) Enhance electricity access, availability and reliability of the completed Substations and substations and complete construction of key transmission infrastructure.
- b) Increase electricity supply by completing Substations for evacuating generated power.
- c) Provide a link with the neighbouring countries in order to facilitate power exchange and develop electricity trade in the region

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
The Mariakani Project	To Strengthen the electricity grid system and Enhance power transfer capacity to the coast region	-Increased stability of power supply to Mombasa - enabling additional evacuation of power from Olkaria and Loiyangalani	Completion and Energizing 400/220kV Mariakani substation and upgrading Mombasa-Nairobi Transmission Line to operate at 400kV	In 2020/2021 we plan to increase system stability and power transfer capacity between Nairobi and Mombasa load centres.

Kenya Electricity Transmission Company Limited (KETRACO)
Mariakani Substation Project (2000200003502 P-Z1-FA0-162)
Report and Financial Statements
For the twenty four months period to 30 June 2021

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Kenya Electricity Transmission Company Limited (KETRACO) has the obligation 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

1. Social 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 for the purpose of transferring skills and future career preparation.

2. Environmental performance

KETRACO's environmental and social impact assessment plans are anchored on environmental laws, regulations, standards and best practices. The Company ensures compliance with all relevant national and international environmental and other statutory regulatory provisions that apply to its projects to ensure sound environmental management practice. The Company undertakes annual environmental audits and has valid permits and licenses for its operations. The Company is guided by the following environmental and social management laws and regulations in its execution of its projects:

The Environmental Management and Coordination Act, Cap 387;The Environmental Impact (Assessment and Auditing) Regulations, 2003;Environmental Management and Coordination (Environmental Impact Assessment and Audit) Regulations, 2003;Environmental Management and Coordination (Water Quality) Regulations of 2006;Environmental Management and Coordination (Waste Management) Regulations of 2006 ; Environmental Management and Co-ordination (Controlled Substances) Regulations, 2007;The Environmental Management and Co-ordination (Conservation of biological diversity and resources, and access to genetic resources and benefits sharing) Regulations, 2006;The Environmental Management and Coordination (Wetlands, Riverbanks, Lakeshores and seashores management) Regulations, 2009;Environmental Management and Coordination (Noise and Excessive Vibration Pollution Control) Regulations, 2009;Environmental Management and Coordination (Air Quality) Regulations, 2008;Occupational Safety and Health Act (OSHA 2007) ;Wildlife Management and Conservation Act, 2013;Forest Act 2015 ;Public Health Act (Cap. 242) 36;The Environment and Land Court Act, 2011;Water Act, 2002.

Kenya Electricity Transmission Company Limited (KETRACO)
Mariakani Substation Project (2000200003502 P-Z1-FA0-162)
Report and Financial Statements
For the twenty four months period to 30 June 2021

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING (Continued)

3. Employee welfare

Competence management

KETRACO has developed many policies that guide recruitment among them being the Gender policy which is in line with a third rule enshrined in the constitution. The skills gap analysis report was received from the consultant and training priority areas picked for discussion during HRAC meeting as intervention for skills gaps identified. The company also developed reward and performance system policy that help in recognizing performance and sanctions. A committee to handle staff appraisals was formed during the year (Performance management review committee), an ad-hoc committee answerable to HRAC.

Safety and security measures

During the year ended 30 June 2021, the Company achieved the following;

1. Championed the roll out of ISO 45001: 2018 – Occupational health and safety management system certification journey in the company through staff awareness trainings, development of safety procedures and carrying out internal audits. The Section also developed a Safety and Health policy being a management tool for OSH in the organization.
2. Participated in the development of the Energy (Incident and Accident Reporting) Regulations as well being incorporated in the Ministerial OSH Committee.
3. Promotional of safe work through effective incident and accident investigations, OSH inspections /audits, robust risk assessment and monitoring implementations of corrective actions for both operational sites and sites under construction.
4. Sensitized/trained staff and contracted personnel on workplace safety and health measures in the offices and substations. As well as dissemination of vital Osh information to employees.
5. Participated in the management of COVID-19 pandemic through development of guidelines, protocols, and purchase of protective equipment.
6. Enhanced public safety by listening to safety and health concerns of employees and other stakeholders and guiding appropriately.
7. Developed guidelines on statutory occupational safety and health training requirements for the company.
8. Participated in the development of the Energy (Incident and Accident Reporting) Regulations.

4. Market place practices

KETRACO continues to comply with the Treasury Circular No. 09/2015 on creation of the Government Advertising Agency (GAA) to coordinate public sector advertising; and Office of the President Circular No. OP/CAB.58/4A on establishment of MyGov publication. In addition, we are guided by the company's core values and endeavour to responsibly update our stakeholders on our mandate through various Information, Education and Communication (IEC) materials published in print, broadcast and / or electronic media.

On matters procurement, we complied with 30% of access to government procurement opportunities (AGPO) requirement by ensuring that youth, women and persons with disabilities supplied goods and services. Further, KETRACO complied with 40% Government requirement on local content procurement where goods and services were procured locally by the company. These procurement opportunities have created diverse financial benefits for the special groups as well as enhancing the KETRACO corporate image and reputation.

Kenya Electricity Transmission Company Limited (KETRACO)
Mariakani Substation Project (2000200003502 P-Z1-FA0-162)
Report and Financial Statements
For the twenty four months period to 30 June 2021

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING (Continued)

4. Market place practices (continued)

During this Financial Year the company revised its integrity and ethics instruments namely: Corruption and Fraud Prevention Policies, Whistle Blowing Policy and the Gifts and Benefit policy. A sensitization exercise was conducted via Microsoft teams to all staff to enlighten them on the need to promote an ethical culture within and outside the organisation. The policies were also uploaded to the companies SharePoint for ease of reference on any matter of interest. These policies shall also be uploaded to the company's website for public viewing and reference.

As part of the signed performance contract on corruption prevention the company updated the Corruption Risk Assessment and mitigation plan which is shared with the Ethics and Anti-Corruption

Commission (EACC). On a quarterly basis the corruption prevention committee held update meetings and reported on implementation status with supporting documents to EACC.

On a continuous basis the corruption reporting channels remain operational for use by all. They include a dedicated email address and phone number all uploaded in the company website. The company has also installed corruption reporting boxes on each floor at its headquarters in KAWI House.

The Company continued implementing corruption prevention measures as identified in the corruption risk assessment and mitigation plan. In addition, Integrity Committee quarterly meetings were held and quarterly reports of the corruption risk assessment reports and the implementation of the mitigation plans were prepared and submitted to EACC.

5. Market place practices

In addition, contractors/suppliers were sensitised on SAP Ariba Sourcing Strategy & Access to e-government procurement opportunities. Through the SAP Ariba Developer portal procurement processes have been eased.

The Company continued implementing corruption prevention measures as identified in the corruption risk assessment and mitigation plan. The Integrity Committee quarterly meetings were held. Quarterly reports of the corruption risk assessment reports and the implementation of the mitigation plans were prepared and submitted to EACC.

6. Community engagements

KETRACO has remained committed to engaging with local communities in project affected areas, the general public, sector partners and other stakeholders aiming at cultivating their goodwill, cooperation and amicable association. In this regard, KETRACO ensured that all CSR projects were implemented through a consultative process with stakeholders' right from the initial project planning through to commissioning.

The host communities in the areas where the projects traverses have benefited from employment opportunities by KETRACO and its contractors. This has boosted the living standards of the communities in the project areas.

During the year, KETRACO developed a customer relationship management system on Integrated Location Intelligence System (ILIS) platform, which is aimed at enhancing handling of customer complaints and access to information by various stakeholders especially in wayleave acquisition grievance recording and resolution.

7. Community Engagements

KETRACO has remained committed to engaging with local communities in project affected areas, the general public, sector partners and other stakeholders aiming at cultivating their goodwill, cooperation and amicable association. In this regard, KETRACO ensured that all CSR projects were implemented through a consultative process with stakeholders' right from the initial project planning through to commissioning.

In addition, the host communities in the areas where the projects traverse benefited from employment opportunities by KETRACO and its contractors. This has boosted the living standards of the communities in the project areas.

Kenya Electricity Transmission Company Limited (KETRACO)
Mariakani Substation Project (2000200003502 P-Z1-FA0-162)
Report and Financial Statements
For the twenty four months period to 30 June 2021

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Executive Officer of KETRACO and the Project Coordinator for the Mariakani Substation 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 year ended on 30 June 2021. 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 Mariakani Substation 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 Mariakani Substation 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 year ended 30 June 2021, and of the Project's financial position as at that date. Chief Executive Officer of KETRACO and the Project Coordinator for the Mariakani Substation 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.

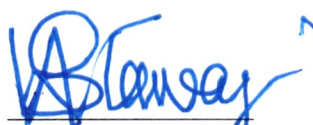
The Chief Executive Officer of KETRACO and the Project Coordinator for the Mariakani Substation Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

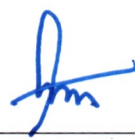
The Project financial statements were approved by Chief Executive Officer of KETRACO and the Project Coordinator for the Mariakani Substation Project on 30 (1) 2021 and signed by them.



Chief Executive Officer
FCPA Fernandes Barasa, OGW



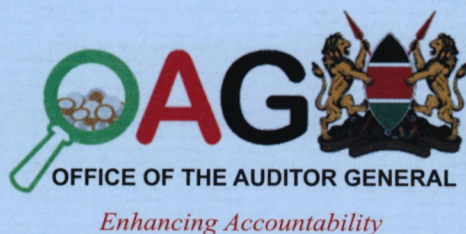
Project Coordinator
Antony Wamukota:



General Manager Finance
Tom Imbo
ICPAK Member Number: 7039

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON ETHIOPIA – KENYA ELECTRICITY HIGHWAY PROJECT (ADB LOAN NO. 2000200003502 – MARIAKANI SUBSTATION PROJECT ID NO: P-ZI-FA0-162) FOR THE TWENTY FOUR MONTHS ENDED 30 JUNE, 2021- KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

The accompanying financial statements of Ethiopia – Kenya Electricity Highway Project (ADB Loan No. 2000200003502 – Project ID No: P-ZI-FA0-162) set out on pages 14 to

Report of the Auditor-General on Ethiopia – Kenya Electricity Highway Project (ADB Loan No. 2000200003502 – Mariakani Substation Project ID No. P-ZI-FA0-162) for the Twenty four Months ended 30 June, 2021-Kenya Electricity Transmission Company Limited

25, which comprise the statement of financial assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the twenty four months then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte and Touche LLP, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ethiopia – Kenya Electricity Highway Project as at 30 June, 2021, and of its financial performance and its cash flows for the twenty four then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Loan Agreement 2000200003502 P-ZI-F0-162) dated 19 June, 2019 between the African Development Fund (ADF) and the Republic of Kenya, the Subsidiary Agreement between The Government of the Republic of Kenya and Kenya Electricity Transmission Company dated 18 August, 2020 and the Public Finance Management Act, 2015.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Financial Reporting Period

The Project's financial statements are indicated to cover a period of twenty-four months even though the implementation agreement was signed on 18 August, 2020 which implies the implementation period was for a duration of ten and a half months. Therefore, the financial statements period is incorrect.

Other Information

The Management are responsible for the other information, which comprises the statement of performance against Project's predetermined objectives and responsibilities, statement of corporate social responsibility/sustenance reporting and the statement of

management responsibilities.” The other information does not include the financial statements and my auditor’s report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Project Commitment Without Funding

According to the Project’s work plan attached to the subsidiary agreement, procurement in respect of the project was done on 25 January, 2016 which is also indicated as the contract commencement date. Further, review of the financing agreement and implementation agreement indicates that they were signed on 19 June, 2019 and 18 August, 2020 respectively. It is therefore apparent that the procurement for the Project was done way before the financing agreement was signed which is contrary to Section 45(3)(a) of the Public Procurement and Asset Disposal Act, 2015. The section requires that all procurement processes be within the approved budget of the procuring entity and be planned by the procuring entity concerned through an annual procurement plan.

Management was therefore in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Financial Reporting

Review of the financial reporting process of the Project revealed significant manual interventions. Although the subledgers are extracted from SAP system through the Business Intelligence Reporting Module, the processing of the trial balance and financial statements was done manually on excel worksheets

Consequently, the manual intervention could result in errors in the preparation of financial statements.

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

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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how the entity 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Project policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 December, 2021

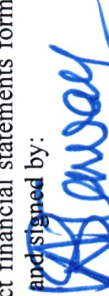
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6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE TWENTY FOUR MONTH PERIOD ENDED 30 JUNE 2021

	Note	FY 2019/2020- 2020/2021		Total	Cumulative
		Receipts and payments controlled by the entity	Payments made by third parties		
RECEIPTS					
Transfer from Government entities	11.1	176,000,000	-	176,000,000	176,000,000
Loans from external development partners	11.2	-	753,177,079	753,177,079	753,177,079
TOTAL RECEIPTS		176,000,000	753,177,079	929,177,079	929,177,079
PAYMENTS					
Purchase of goods and services	11.5	36,631,302	-	36,631,302	36,631,302
Acquisition of non-financial assets	11.6	123,062,407	753,177,079	876,239,486	876,239,486
TOTAL PAYMENTS		159,693,709	753,177,079	912,870,788	912,870,788
SURPLUS FOR THE PERIOD		16,306,291	-	16,306,291	16,306,291

The accounting policies and explanatory notes to these project financial statements form an integral part of the project financial statements. The project financial statements were approved on 30/06/2021 and signed by:


 Chief Executive Officer
 FCPA Fernandes Barasa, OGW


 Project Coordinator
 Antony Wamukota


 General Manager Finance
 Tom Imbo
 ICPAK Member Number: 7039

Kenya Electricity Transmission Company Limited
 Eastern Electricity Highway Project
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 For the twenty four months period to 30 June 2021

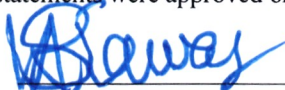
7. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2021

	NOTE	FY 2020/21 KShs
Cash and cash equivalents		
Bank Balances	11.8	16,306,291
TOTAL FINANCIAL ASSETS		<u><u>16,306,291</u></u>
Represented by		
Fund balance b/fwd		-
Surplus for the period		16,306,291
NET FINANCIAL POSITION		<u><u>16,306,291</u></u>

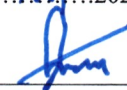
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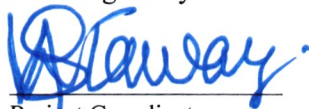
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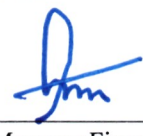
8. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	FY 2020/21 KShs
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for operating income		
Transfers from Government entities	11.1	176,000,000
Payments for operating expenses		
Purchase of goods and services	11.5	(36,631,302)
Net cash flows generated from operating activities		139,368,698
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of non-financial assets	11.6	(876,239,486)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from external development partners	11.2	753,177,079
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,306,291
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11.8	16,306,291

The accounting policies and explanatory notes to these project financial statements form an integral part of the project financial statements. The project financial statements were approved on 30/11/2021 and signed by


 Chief Executive Officer
 FCPA Fernandes Barasa, OGW


 Project Coordinator
 Antony Wamukota


 General Manager Finance
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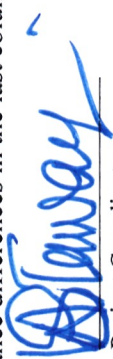
Kenya Electricity Transmission Company Limited
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9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget		Adjustments		Final Budget		Actual on Comparable basis	
	a	b	c	d	e	f	g	h
Receipts	KShs		KShs		KShs		KShs	
Transfer from Government entities	176,000,000	-	-	-	176,000,000	-	176,000,000	-
Transfer from development Partners	753,177,079	-	-	-	753,177,079	-	753,177,079	-
Total receipts	929,177,079	-	-	-	929,177,079	-	929,177,079	-
Payments								
Purchase of goods and services	36,631,302	-	-	-	36,631,302	-	36,631,302	-
Acquisition of non-financial assets	876,239,486	-	-	-	876,239,486	-	876,239,486	-
Total payments	912,870,788	-	-	-	912,870,788	-	912,870,788	-

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.


 Chief Executive Officer
 FCPA Fernandes Barasa, OGW


 Project Coordinator
 Antony Wamukota


 General Manager Finance
 Tom Imbo
 ICPAK Member Number: 7039

10. SIGNIFICANT ACCOUNTING POLICIES

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

10.1 BASIS OF PREPARATION

10.1.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with 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.

10.1.2 Reporting entity

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

10.1.3 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.

10.2 SIGNIFICANT ACCOUNTING POLICIES

a) 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.

- 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.

- External Assistance

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

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.

10. SIGNIFICANT ACCOUNTING POLICIES (continued)

10.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Recognition of receipts (continued)

- External Assistance (continued)

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.

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.

- 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.

b) Recognition of payments

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

- 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.

- Acquisition of fixed assets

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

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

10. SIGNIFICANT ACCOUNTING POLICIES (continued)

10.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

c) 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.

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

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

e) Accounts receivable

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.

f) 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.

g) 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

10. SIGNIFICANT ACCOUNTING POLICIES (continued)

10.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Budget (continued)

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.

h) 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. During the year no amount of loan disbursements were received in form of direct payments from third parties.

i) 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.

j) 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.

k) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended 30th June 2021

l) 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.

Kenya Electricity Transmission Company Limited
 Eastern Electricity Highway Project
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 For the twenty four months period to 30 June 2021

11. NOTES TO THE FINANCIAL STATEMENTS

11.1 RECEIPTS FROM GOVERNMENT OF KENYA

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

	2019/2020- 2020/2021	Cumulative to-date
	KShs	KShs
Counterpart funding through State Department of Energy		
Counterpart funds FY 2019/2020	176,000,000	176,000,000
Total	176,000,000	176,000,000

11.2 LOANS FROM EXTERNAL DEVELOPMENT PARTNERS

The project has received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Cumulative Amount Received as at 30.6.21	Amount in grants/Loan currency	Grants/Loan received in cash (Revenue)	Grants received as direct payment*	Total amount in KShs
	KShs	EUROs	KShs	KShs	FY 2020/21 KShs
Grants/Loan Received from Multilateral Donors (International Organisations)					
ADB:2000200003502 - P-Z1-FA0-162	753,177,079	26,510,000		753,177,079	753,177,079
Total	753,177,079	26,510,000	-	753,177,079	753,177,079

11.3 TRANSFER FROM KETRACO

The project did not receive any funding from KETRACO as there is no Escrow account.

11.4 MISCELLANEOUS RECEIPTS

There were no miscellaneous receipts since there were no unrealized forex gains or interest income.

11.5 PURCHASE OF GOODS AND SERVICES

	FY 2020/21		
	Payments made by the entity in cash	Payments made by third parties	Total payments
	KShs	KShs	KShs
Legal fees	32,937,593	-	32,937,593
Other operating costs	3,693,709	-	3,693,709
Total	36,631,302	-	36,631,302

Kenya Electricity Transmission Company Limited
 Eastern Electricity Highway Project
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11. NOTES TO THE FINANCIAL STATEMENTS (continued)

11.6 ACQUISITION OF NON-FINANCIAL ASSETS

	2020/2021			Cumulative to-date
	Payments made by the entity in cash	Payments made by third parties	Total payments	
	KShs	KShs	KShs	KShs
Consultancy fees	123,062,407	-	123,062,407	123,062,407
Powerlines	-	753,177,079	-	753,177,079
Total	123,062,407	753,177,079	123,062,407	876,239,486

11.7 PRIOR YEAR ADJUSTMENTS

There were no prior year adjustments since the project did not get any receipts from KETRACO.

11.8 CASH AND CASH EQUIVALENTS

	2020/2021
	KShs
Bank accounts balances (Note 11.8A)	16,306,292
Total	16,306,292

The project has one project account spread within the project implementation area managed by KETRACO as listed below

11.8A Bank Accounts

	2020/2021
	KShs
<u>Local Currency Accounts</u>	
Kenya Commercial Bank	16,306,292
Total local currency balances	16,306,292
Total bank account balances	16,306,292

12. OTHER IMPORTANT DISCLOSURES

12.1 PENDING ACCOUNTS PAYABLE (Annex 2A)

		Additions for the period	Paid during the year	Outstanding Balance
Description			KShs	KShs
Supply of goods	-	981,957,612	753,177,079	228,780,533
Supply of services	-	159,693,709	159,693,709	-
Total		1,141,651,321	912,870,788	228,780,533

12.2 OTHER PENDING PAYABLES (Annex 2B)

There were no pending project affected persons relating to the project.

13 ANNEXES

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	Comments on Variance	% of utilisation
	a	b	c=a-b	d	e
Receipts during the period					
Government of Kenya	176,000,000	176,000,000	-	-	100%
External partners	753,177,079	753,177,079	-	-	100%
Total receipts	929,177,079	929,177,079	-	-	
Payments during the period					
Purchase of goods and services	36,631,302	36,631,302	-	-	100%
Acquisition of non-financial assets	176,000,000	176,000,000	-	-	100%
Total payments	212,631,302	212,631,302	-	-	

ANNEX 2A - ANALYSIS OF PENDING PAYABLES

Supplier of Goods or Services	Outstanding Invoices	Outstanding Balance
		FY 2020/21
	a	e=c-d
	KES	KES
Supply of goods		
CAMCE/KETRACO/MARIAKANI/20201113	139,098,891	139,098,891
CAMCE/KETRACO/MARIAKANI/20210205	2,877,224.00	2,877,224
CAMCE/KETRACO/MARIAKANI/20210318	33,266,066	33,266,066
CAMCE/KETRACO/MARIAKANI/210610-1	45,676,548	45,676,548
CAMCE/KETRACO/MARIAKANI/210610-2	7,861,804	7,861,804
TOTALS	228,780,533	228,780,533

ANNEX 2B - ANALYSIS OF OTHER PENDING PAYABLES

There were no project affected persons for this project.

ANNEX 2C – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost	*Purchases/additions in the year	Closing Cost
	KShs	KShs	KShs
	1 July 2019	2020/2021	30 June 2021
	(a)	(b)	(c)= (a)+ (b)
Infrastructure Assets Powerline Transmission Equipment	-	876,239,486	876,239,486
Total	-	876,239,486	876,239,486

Notes

* Purchases/Additions in the year reconciled to the amount in Statement of Receipts and Payments



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