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<b>REPORT</b>	
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CLERK-AT THE-TABLE:	Finlays Mwiruki

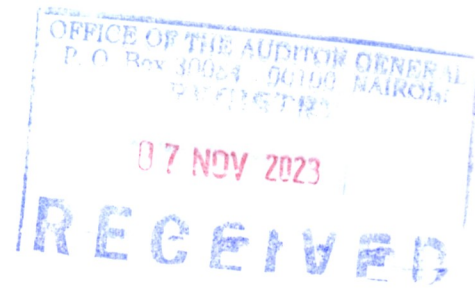
**THE AUDITOR-GENERAL**

**ON**

**EASTERN ELECTRICITY HIGHWAY PROJECT  
(IDA CREDIT NO. 5148-KE; AFD LOAN NO: CKE  
1030 01B AND ADF LOAN NO: 2100150027845)**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**KENYA ELECTRICITY TRANSMISSION  
COMPANY LIMITED**



**THE EASTERN ELECTRICITY HIGHWAY PROJECT**

**KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED**

**CREDIT NUMBER : IDA CREDIT NO. 5148-KE; AFD LOAN NO: CKE 1030 01B; ADF LOAN  
NO: 2100150027845**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE 2023**

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

**Eastern Electricity Highway Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2023**

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**1. Acronyms and Glossary of Terms**

AFD	Agence Francaise de Developpement
AfDB	African Development Bank
GOK	Government of Kenya
HVDC	High Voltage Direct Current
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
IDA	International Development Association
KETRACO	Kenya Electricity Transmission Company
KV	Kilovolts
PFSs	Project Financial Statements
RAP	Resettlement Action Plan
UA	Units of Account
USD	United States Dollar
KShs	Kenya Shilling
CHF	Canadian Dollar
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

**Eastern Electricity Highway Project  
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**2. PROJECT INFORMATION AND OVERALL PERFORMANCE**

**2.1 Name and Registered Office**

**Name:** The project's official name is Eastern Electricity Highway Project.

**Objective:** The key objective of the project is

1. To help integrate the power system of East African power pool member countries including Ethiopia, Kenya, Tanzania, Rwanda and Uganda. The integration will accelerate the development of regional energy sources to meet increasing electricity demand and reduce cost of electricity.
2. To strengthen the infrastructure platform for a major future expansion of the East African Power Market by providing an opportunity to tap into diverse energy sources available for generation. This will enhance security of supply and will reduce costs.

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

The address of its registered office is:

Eastern Electricity Highway 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 5 December 2012
Project End Date:	Commissioned in December 2022
Project Manager:	The project manager is Engineer Justin Muna
Project Sponsors:	The project sponsor are the Government of Kenya through the National Treasury and Ministry of Energy, International Development Association, African Development Fund and Agence Francaise de Development

**Eastern Electricity Highway Project  
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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Kenya Electricity Transmission Company Limited, a state corporation under the State Department of Energy.
Project number	5148-KE; CKE 1030 01B; 2100150027845
Strategic goals of the project	To increase the volume and reduce the cost of electricity supply in Kenya and to support a program aimed at integrating the East African power pool transformation towards full access to electricity by individual Eastern African Power pool countries through regional power interconnection.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Construction of 612 kilometres of 500KV from Ethiopia to Suswa in Kenya. (ii) Construction and commissioning of one converter substation. (iii) Carrying out the environmental and social management plan and the resettlement action plan. (iv) System reinforcement of the substations and Project Management. (v) Capacity Building
Other important background information of the project	<p>Kenya Electricity Transmission Company Limited (KETRACO) was incorporated on 2 December 2008 and registered under the Companies Act, Cap 486 pursuant to Sessional Paper No. 4 of 2004 on Energy.</p> <p>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 and the big four Agenda</p> <p>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).</p> <p>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"> <li>(i) Improve quality and reliability of electricity supply throughout the country;</li> <li>(ii) Transmit electricity to areas that are currently not supplied from the national grid;</li> <li>(iii) Evacuate power from planned generation plants; and</li> <li>(iv) Provide a link with the neighbouring countries in order to facilitate power exchange and develop electricity trade in the region.</li> <li>(v) Facilitate power trade.</li> </ul> <p>The Eastern Electricity Highway Project is financed by the following partners:</p> <ul style="list-style-type: none"> <li>• World Bank Credit no- 5148-KE</li> <li>• African Development Bank (AfDB) - Loan/Grant Number - 2100150027845</li> <li>• Agence Francaise de Development (AFD) –Credit No.- CKE 1030 01B</li> <li>• Government of Kenya through the Ministry of Energy and the National Treasury.</li> </ul>
Project Duration	10 Years

**Eastern Electricity Highway Project  
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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**Project Overview (continued)**

	<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><b>Key contractual data</b></p> <p><i>Scope:</i> Project Supervision and Management of Subcomponent A4-System Reinforcement</p> <p><i>Consultant:</i> Lahmeyer International GmbH  <i>Loan No:</i> IDA Credit No. 5148-KE  <i>Contract Signed On:</i> 21 January 2015  <i>Contract Price:</i> The quoted price is in two currencies Euro 1,768,815 and KShs 90,428,000  <i>Contract Completion:</i> 30 September 2020.</p> <p><i>Scope:</i> Subcomponent A4-System Reinforcement; Construction of 400/220kv Isinya, Athi river and Nairobi North Substations Extensions.  <i>Consultant:</i> National Contracting Company  <i>Loan No:</i> IDA Credit No. 5148-KE  <i>Contract Signed On:</i> 30 April 2015  <i>Contract Price:</i> The quoted price is in four currencies Euro 4,258,823, USD 26,898,688, CHF 80,497 and KShs 508,430,442  <i>Contract Completion:</i> 30 September 2020.</p> <p><i>Scope:</i> Construction of Eastern Electricity Highway Project.  Lot 4: LOG LOGO - ETHIOPIA BORDER  <i>Contract No.</i> KETRACO/PT/0112016-LOT 4  <i>Contractor:</i> KEC International Limited  <i>Loan No:</i> 2100150027845  <i>Contract Signed On:</i> 30 June 2016  <i>Contract Price:</i> The quoted price is in two currencies Euro 32,675,204 and KShs 1,212,729,004  <i>Contract Completion:</i> 31 December 2018.</p> <p><i>Scope:</i> Construction of Eastern Electricity Highway Project.  Lot 5: KINAMBA – LOG LOGO  <i>Contract No:</i> KETRACO/PT/0112016-LOT 5  <i>Contractor:</i> Larsen &amp; Toubro Limited  <i>Loan No:</i> CKE 1030 01B  <i>Contract Signed On:</i> 30 June 2016  <i>Contract Price:</i> The quoted price is in two currencies Euro 37,968,115 and KShs 1,228,371,755</p>
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**Eastern Electricity Highway Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023**

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**Project Overview (continued)**

	<p><i>Contract Completion: 30.6.2019</i></p> <p><i>Scope: Construction of Eastern Electricity Highway Project. Lot 6: SUSWA - KINAMBA Contract No. KETRACO/PT/0112016-LOT 6 Contractor: Kalpataru Power Transmission Limited Loan No: CKE 1030 01B and 2100150027845 Contract Signed On: 30 June 2016 Contract Price: The quoted price is in two currencies Euro 30,101,856. and KShs 1,342,264,921. Contract Completion: 30.9.2020</i></p> <p><i>Scope: Construction of Eastern Electricity Highway Project Lot1: Suswa Substation Contract No:KETRACO/PT/17/2015 Contractor:Siemens AG Loan No:IDA 5148 Contract Signed:28 October 2015 Contract price:The quoted price in four currencies USD 86,341,305.,EUR 123,560,813.,CHF 3,015,753 and KShs 125,125,459 Contract completion:30 December 2022</i></p>
Current situation that the project was formed to intervene	Low rate of access to electrical power for the people in the member countries and low level of regional power trade.
Project duration	The project started on 5 December 2012 and is expected to run until 31 December 2022.Delays in extension of project completion occasioned by vandalism of the transmission line which necessitated repairs and rectification and demands by the line and substations contractors for payment of contractual claims hence demobilization of works. The disputes were resolved and all the contractors remobilized for works.

**2.4 Bankers**

The following are the bankers for the project:

- (i) KCB Bank Limited  
Moi Avenue  
P. O. Box 30081 – 00100  
Nairobi.
- (ii) National Commercial Bank of Africa Plc  
P. O. Box 44599 – 00100  
Nairobi.
- (iii) Standard Chartered Bank Ltd  
P. O. Box 30001-00100  
Nairobi.

**Eastern Electricity Highway Project  
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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.5 Independent Auditors**

The project is audited by;

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

**2.6 Roles and Responsibilities**

Below is a list of the different people involved with the project:

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Dr. Eng. John Mativo, CE	Managing Director	Doctorate (PhD) degree in Civil Engineering from Tokyo Metropolitan University (Japan), a Master's degree in Structural Engineering from Tongji University (China), and a Bachelor's degree in Civil Engineering from the University of Nairobi.	Managing Director
Eng. CPA. Antony Wamukota	General Manager, Design and Construction	Bachelor's degree in civil engineering; He is Registered by the Engineers Board of Kenya (EBK) as a professional engineer. Member of the Institution of Engineers of Kenya (IEK)	General Manager, Design and Construction
Tom Imbo	General manager Finance	Masters Business Administration, Bachelor of Education, Certified Public Accountant	Project reporting
Eng. Justin Muna	Project Manager	MSc GIS, BSC Civil Engineering	Project coordinator
Johnson Muthoka	Senior Manager Wayleaves	BA Land Econ (Hons), Master of Arts (urban and regional planning (University of Nairobi), Full member of Institute of Survey of Kenya (ISK), registered and Licensed land economist	Wayleaves Acquisition (Land Economists, Land surveyors, Social Economists, Environmental Experts)

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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.7 Funding summary**

The Project financing is for duration of 10 years from 2012 to 2023 with an approved budget of USD 441,000,000, UA.75,000,000 and EUR.91,000,000 (EUR 13.5 million and EUR 22,943,918 reallocated to Nairobi Ring) and counterpart funding of KShs 8,585,000,000 as highlighted in the table below.

**A. Source of funds**

	Donor Commitment		Amount received to date: – 30 June 2023		Undrawn balance as at: 30 June 2023	
	Donor currency	KShs (A')	Donor currency (B)	KShs (B')	Donor currency (A)-(B)	KShs (A')-(B')
(i) Loans						
International Development Association	USD	441,000,000	274,020,517	29,442,490,919	166,979,483	17,533,887,481
African Development Fund	UA	75,000,000	65,175,218	9,186,962,781	9,824,782	1,743,837,219
Agence Francaise de Development	EUR	54,556,082	54,556,082	7,715,849,226	-	-
(ii) Counterpart funds						
Government of Kenya		-	-	4,332,964,567	-	4,252,035,433
(iii) Miscellaneous income		-	-	169,283,920	-	-
<b>Total</b>		<b>-</b>	<b>74,208,027,626</b>	<b>50,847,551,412</b>	<b>-</b>	<b>23,529,760,133</b>

**B. Application of funds**

Source of fund	Amount received as at: – 30.6.2023		Cumulative amount paid to date		Undrawn balance as at: 30.6.2023		% of drawdown
	Donor currency (B)	KShs (Million) (B')	Donor currency (B)	KShs (Million) (B')	Donor currency (A)-(B)	KShs (A')-(B')	
(i) Grant/Loan							%
International Development Association	274,020,517	29,442,490,919	274,020,517	29,442,490,919	-	-	62
African Development Bank	65,175,218	9,186,962,781	65,175,218	9,186,962,781	-	-	87
Agence Francaise de Devt.	54,556,082	7,715,849,226	54,556,082	7,715,849,226	-	-	100
(ii) Government of Kenya	-	4,332,964,567	-	4,066,158,808	-	266,805,758	94
(iii) Miscellaneous income	-	169,283,920	-	169,283,920	-	-	-
<b>Total</b>		<b>50,847,551,412</b>		<b>50,847,551,412</b>		<b>266,805,758</b>	<b>-</b>

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.8 Summary of Overall Project Performance:**

**2.8.1 Budget Performance Against Actual Amounts**

During the year under review, the project received KShs 2,229,336,412 against a final budget of KShs 2,632,500,000. Similarly, the project incurred total expenditure of KShs 2,749,553,429 during the year, against a final budget of KShs 2,632,500,000 representing 104% budget utilization. The project's cumulative receipts and payments to-date amounts to KShs 51,019,162,043 and KShs 50,748,258,452 respectively.

**2.8.2 Physical Progress and Achievements of the Project**

**LOT 1 (KEN) – Converter Station**

- The contract was signed on 28 October 2016
- The Kick off meeting held on 8 and 9 December 2016
- Advance payment to contractor paid on 18 March 2016
- Contract effective date set as 30 March 2016 and completion date as 31 December 2022
- Handover of Electrode Site done on 31 May 2016
- Completion reach on 11th January 2021
- Commissioned on 9th December 2022 to operate on Monopolar configuration awaiting commissioning of ground electrode

**LOT 1 (KEN) – Procurement of Helicopter**

- Specific procurement notice done on 23 October 2015
- Bid opening done on 5 April 2016
- Evaluation of the bid documents completed, and report forwarded to financiers for no objection
- Contract awarded to Finmeccanica Helicopter Division in September 2016
- Delivered in December 2018.

	<b>Milestones</b>	<b>Percentage</b>
LOT 1	Civil works	100%
	Installations	100%
	Pre commissioning	100%
	Commissioning	99.5%
	Overall progress	99.8%

**LOT 4 (From Loglogo to Kenya - Ethiopia Border)**

- Contractor is KEC International Ltd
- Lot completed in September 2018
- Commissioned on 18th November 2022

	<b>Milestones</b>	<b>Percentage</b>
LOT 4	Excavations	100%
	Foundations	100%
	Tower erection	100%
	OPGW stringing (Km)	100%
	Cond.stringing (Km)	100%

**LOT 5 (From Oldonyiro to Loglogo)**

- Contractor is Larsen & Toubro Limited

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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**Summary of Overall Project Performance(continued)**

**Physical Progress and Achievements of the Project (Continued)**

- Lot completed in 25 February 2020
- Contractor remobilised in July 2022 and completed repairs
- Commissioned on 18th November 2022

	<b>Milestones</b>	<b>Percentage</b>
LOT 5	Excavations	100 %
	Foundations	100 %
	Tower erection	100 %
	OPGW stringing (Km)	100 %
	Cond.stringing (Km)	100 %

**LOT 6 (From Suswa Substation to Oldonyiro)**

- Contractor is Kalpataru Power Transmission Ltd
- Lot completed in 22nd July 2022
- Commissioned on 18th November 2022

	<b>Milestones</b>	<b>Percentage</b>
LOT 6	Excavations	100 %
	Foundations	100 %
	Tower erection	100%
	OPGW stringing (Km)	100 %
	Cond.stringing (Km)	100 %

**2.8.3 Absorption rate per year**

Financial Year	Budget	Actual	Absorption rate (%)
	KShs	KShs	
2015/16	13,074,437,564	10,806,578,000	83
2016/17	11,131,383,143	4,237,002,490	38
2017/18	7,029,474,407	5,768,919,192	82
2018/19	6,481,000,000	6,055,230,643	93
2019/20	11,810,750,000	11,142,839,573	94
2020/21	6,696,000,000	6,616,824,364	99
2021/22	5,728,000,000	2,023,081,508	35
2022/23	2,632,500,000	2,749,553,429	104%

**Eastern Electricity Highway Project  
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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**Summary of Overall Project Performance(continued)**

**2.8.3 Implementation Challenges and Way Forward**

- Vandalism of Ground electrode delayed bipolar commissioning
- Ground electrode repaired and currently discussing with Siemens to resume for Bipolar commissioning.

**2.9 Summary of Project Compliance:**

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

**Eastern Electricity Highway Project  
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**3. 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:

- (i) Contribute to the integration of the electricity markets of the East African Power Pool through the interconnection of the two countries power systems.
- (ii) Increase the supply and reduce the cost of electricity in Kenya.
- (iii) Provide revenues to Ethiopia through the export of electricity from Ethiopia to Kenya and other neighbouring countries.

**Progress on attainment of Strategic development objectives**

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

<b>Project</b>	<b>Objectives</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
The EEH Project	(i) To contribute to the integration of the electricity markets of the East African Power Pool through the interconnection of the two countries power systems.	Negotiations ongoing	Complete Transmission line	Commissioned in December 2022 to operate on Monopolar configuration awaiting commissioning of ground electrode
	(ii) Increase the supply and reduce the cost of electricity in Kenya.  (iii) Provide revenues to Ethiopia through the export of electricity from Ethiopia to Kenya and other neighbouring countries.			

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

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. 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.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING(Continued)**

**3. Employee welfare**

During the period, KETRACO undertook a skill gap analysis exercise and submitted a report detailing priority training needs to the Human Resource Advisory Committee for consideration. Several staff members were trained in various identified areas.

In addition, the Company achieved the following in regard to employee welfare;

KETRACO deployed Azure Multifactor Authentication to all users in the organisation to mitigate against technological hazards. This is to provide an extra layer of security to minimize unauthorised log-ins in KETRACO network. 110 Critical Infrastructure Protection Unit (CIPU) officers were deployed on various substations.

A nine-member gender mainstreaming committee was reconstituted and trained in the year. The gender policy was finalized and submitted to the Ministry of Energy and State Department for Gender for review, and later circulated to staff. Staff were also sensitized on gender mainstreaming.

KETRACO staff attended an online sensitization on disability mainstreaming conducted by National Council for Persons with Disability (NCPWD). National Council for Persons with Disability (NCPWD) undertook an accessibility and usability audit of KETRACO HQ offices.

In the year, an alcohol and drug abuse policy was developed, approved by the Board of Directors and circulated to staff. About 100 Employees were sensitized online on the findings of a baseline survey that was undertaken in the previous financial year by the Alcohol and Drug Abuse prevention committee. In addition, 7 committee members were trained on workplace-based prevention measures

The company drafted a road safety policy and circulated it to all staff. Road safety committee was reconstituted with the appointment of 10 members. In addition, 20 drivers were trained on defensive driving by the AA of Kenya.

**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.

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.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING(Continued)**

**Market place practices (continued)**

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 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 corporate social responsibility 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 traverses have benefited from employment opportunities by KETRACO and its contractors. This has boosted the living standards of the communities in the project areas.

**Eastern Electricity Highway Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023**

**5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Chief Executive Officer of KETRACO and the Project Coordinator for the Eastern Electricity Highway 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 2022. 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 Eastern Electricity Highway 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 Eastern Electricity Highway 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 2020, and of the Project's financial position as at that date. The Principal Secretary for the Ministry of Energy and Petroleum and the Project Coordinator for the Eastern Electricity Highway 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 Eastern Electricity Highway 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 The Chief Executive Officer of KETRACO and the Project Coordinator for the Eastern Electricity Highway Project on 30.06 2023 signed by them.



**Chief Executive Officer**  
Dr. Eng. John Mativo, CE



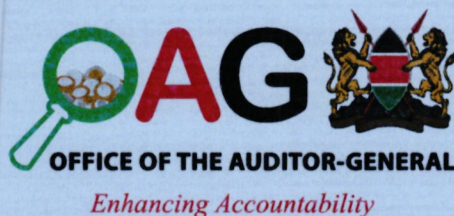
**Project Coordinator**  
Eng (CPA). Antony Wamukota, OGW



**General Manager Finance**  
Tom Imbo  
ICPAK Member Number: 7039

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
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Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON EASTERN ELECTRICITY HIGHWAY PROJECT (IDA CREDIT NO. 5148-KE; AFD LOAN NO: CKE 1030 01B AND ADF LOAN NO: 2100150027845) FOR THE YEAR ENDED 30 JUNE, 2023 - KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED**

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### PREAMBLE

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

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

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**

I have audited the accompanying financial statements of Eastern Electricity Highway Project set out on pages 1 to 15, which comprise the statement of financial assets as at 30 June, 2023 and the statement of receipts and payments and statement of comparison of budget and actual amounts for the year then ended and a summary of significant

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*Report of the Auditor-General on Eastern Electricity Highway Project (IDA Credit No. 5148-KE; AFD Loan No: CKE 1030 01B and ADF Loan No: 2100150027845) for the year ended 30 June, 2023 - Kenya Electricity Transmission Company Limited*

accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Eastern Electricity Highway Project as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the and respective Financing Agreements No. 5148-KE of 5 December, 2012; Loan No. CKE 1030 01B of 16 December, 2013 and Loan No.2100150027845 of 6 December, 2012, between the Republic of Kenya and the International Development Association (IDA), Agence Francaise De Development (AFD) and African Development Fund (AFD).

In addition, the special accounts statement presents fairly the special accounts transactions, and the closing balances have been reconciled with the books of account.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects actual receipts of Kshs.2,632,500,000 against final budget of Kshs.2,229,336,412 resulting in a shortfall of Kshs.403,163,588 or 15% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.2,632,500,000 and Kshs.2,749,553,429 respectively resulting to an unapproved over-expenditure of Kshs.117,053,429 or 5% of the budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public while the over expenditure was incurred irregularly.

## 2. Pending Bills

Note 8 and Note 9 to the financial statements reflect pending accounts payables amounting to Kshs.582,732,913 and Kshs.15,040,812 in respect of goods and services and project affected persons respectively, as at 30 June, 2023. Review of the pending bills listing, and related documents revealed the following anomalies:

- i. The amount certified as payable totaled to Kshs.46,463,704,994 out of which Kshs.45,880,972,081 had cumulatively been paid leaving a balance of Kshs.582,732,913 as pending bills.
- ii. Expected and certified compensation to landowners for wayleaves since inception of the Project amounted to Kshs.2,647,620,564 at the close of the year under review. Management has cumulatively paid Kshs.2,632,579,752 leaving an unpaid amount of Kshs.15,040,812. Failure to settle the amount was attributed to lack of budgetary allocation from The National Treasury and lengthy land valuation negotiations which resulted to absentee landowners coupled with various court injunctions on disputed cases. It was not clear what measures Management has put in place to obtain funding, identify absentee landowners and finalize court cases to successfully implement the Project and deliver services to Kenyan citizens.

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

## 3. Undrawn Fund Balance

As reported previously, the project had an approved budget of US\$ 441,000,000(Kshs.46,976,376,400), UA 75,000,000(Kshs.10,930,800,000), EUR 54,556,0829(Kshs.7,715,849,226) from International Development Association (IDA), African Development Fund (ADF) and Agence Francaise de Development (AFD) respectively, and a Government of Kenya counterpart funding of Kshs.8,585,000,000, all equivalent to Kshs.74,208,027,626. However, as at 30 June, 2023, undrawn balance was Kshs.23,529,760,133 or approximately 32% with total pending bills of Kshs.597,773,725. With the deadline for utilization of funds set for 31 January, 2024, having been extended by nineteen (19) months from the initial date of 30 June, 2022. It is likely that the Project funding of Kshs.23,529,760,133 which had not been drawn may not be absorbed as at the time project closure.

In the circumstances, the significant undrawn balance of Kshs.23,529,760,133 may result in funds being locked in the current project whereas these funds could have been utilized on other projects to deliver services to Kenyans.

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

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, I confirm that nothing 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**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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

As required by International Development Association (IDA) - Credit No.5148-KE, Agence Francaise De Development (AFD)-Loan No.CKE 1030 01B and African Development Fund (ADF)-Loan No.2100150027845 financing agreements, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;

- ii. In my opinion, adequate accounting records have been kept by the Eastern Electricity Highway 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.

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

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

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

The 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, the 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 financial reporting process, reviewing the effectiveness of how the 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**

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 controls may not prevent or detect misstatements and instances of noncompliance. 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's 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 controls.
- 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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


08 November, 2023


**Eastern Electricity Highway Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023**


**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2022/2023			2021/2022			Cumulative- to-date
		Receipts and payments controlled by the entity KShs	Payments made by third parties KShs	Totals KShs	Receipts and payment controlled by the entity KShs	Payments made by third parties KShs	Totals KShs	
<b>Receipts</b>								
Transfer from Government entities	1	31,500,000	-	31,500,000	93,000,000	-	93,000,000	4,332,964,567
Loan from external development partners	2	277,271,770	1,853,202,763	2,130,474,533	63,440,998	1,787,282,901	1,850,723,899	46,516,913,557
Miscellaneous receipts	3	67,361,880	-	67,361,880	79,357,608	-	79,357,608	169,283,920
<b>Total Receipts</b>		<b>376,133,650</b>	<b>1,853,202,763</b>	<b>2,229,336,412</b>	<b>235,798,606</b>	<b>1,787,282,901</b>	<b>2,023,081,507</b>	<b>51,019,162,043</b>
<b>Payments</b>								
Purchase of goods and services	4	49,048,531	-	49,048,531	79,096,120	-	79,096,120	1,474,062,515
Acquisition of non-financial assets	5	847,302,135	1,853,202,763	2,700,504,898	426,387,514	1,787,282,901	2,213,670,415	49,274,195,937
<b>Total Payments</b>		<b>896,350,666</b>	<b>1,853,202,763</b>	<b>2,749,553,429</b>	<b>505,483,634</b>	<b>1,787,282,901</b>	<b>2,292,766,535</b>	<b>50,748,258,452</b>
<b>Surplus/(deficit) for the year</b>		<b>(520,217,017)</b>	<b>-</b>	<b>(520,217,017)</b>	<b>(269,685,028)</b>	<b>-</b>	<b>(269,685,028)</b>	<b>270,903,591</b>

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 30/6/2023 and signed by:

  
**Chief Executive Officer**  
**Dr. Eng. John Mativo, CE**

  
**Project Coordinator**  
**Eng (CPA). Antony Wamukota, OGW**

  
**General Manager Finance**  
**Tom Imbo**  
**ICPAK Member Number:7039**

**Eastern Electricity Highway Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023**

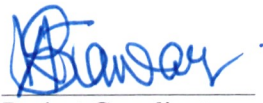
**7. STATEMENT OF FINANCIAL ASSETS AS AT 30<sup>th</sup> JUNE 2023**

	Notes	2022/2023 KShs	2021/2022 KShs
<b>Financial Assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	6	270,903,591	791,120,608
<b>Total Financial Assets</b>		<u><u>270,903,591</u></u>	<u><u>791,120,608</u></u>
<b>Represented By</b>			
Fund balance b/fwd	7	791,120,608	1,060,805,636
(Surplus)/Deficit for the year		(520,217,017)	(269,685,028)
<b>Net Financial Position</b>		<u><u>270,903,591</u></u>	<u><u>791,120,608</u></u>

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 31/07 2023 and signed by:



Chief Executive Officer  
Dr. Eng. John Mativo, CE



Project Coordinator  
Eng (CPA). Antony Wamukota, OGW



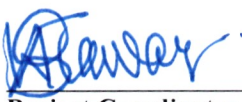
General Manager Finance  
Tom Imbo  
ICPAK Member Number:7039


**Eastern Electricity Highway Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023**

**8. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023**

	Notes	2023 Kshs	2022 Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Transfers from Government entities	1	31,500,000	93,000,000
Miscellaneous receipts	3	67,361,880	79,357,608
<b>Total Receipts</b>		<b>98,861,880</b>	<b>172,357,608</b>
<b>Payments</b>			
Purchase of goods and services	4	(49,048,531)	(79,096,120)
<b>Total Payments</b>		<b>(49,048,531)</b>	<b>(79,096,120)</b>
<b>Net cash flow from operating activities</b>		<b>49,813,348</b>	<b>93,261,487</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of non-financial assets	5	(2,700,504,898)	(2,213,670,415)
<b>Net cash flow from investing activities</b>		<b>(2,700,504,898)</b>	<b>(2,213,670,415)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from foreign borrowings	2	2,130,474,533	1,850,723,899
<b>Net cash flow from financing activities</b>		<b>2,130,474,533</b>	<b>1,850,723,899</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(520,217,017)</b>	<b>(269,685,028)</b>
<b>Cash and cash equivalent at beginning of the year</b>	7	<b>791,120,608</b>	<b>1,060,805,636</b>
<b>Cash and cash equivalent at end of the year</b>	6	<b>270,903,591</b>	<b>791,120,608</b>

  
\_\_\_\_\_  
Chief Executive Officer  
Dr. Eng. John Mativo, CE

  
\_\_\_\_\_  
Project Coordinator  
Eng (CPA). Antony Wamukota, OGW


  
\_\_\_\_\_  
General Manager Finance  
Tom Imbo  
ICPAK Member Number: 7039


**Eastern Electricity Highway Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023**


**9. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2023**

Receipts/Payment Item	Original Budget a	Adjustments b	Final Budget c	Actual on Comparable basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c%
	KShs	KShs	KShs	KShs	KShs	
<b>Receipts</b>						
Transfer from Government entities	126,000,000	(94,500,000)	31,500,000	31,500,000	-	100%
Proceed from domestic and foreign grants	5,751,000,000	(3,150,000,000)	2,601,000,000	2,130,474,533	470,525,467	82%
Miscellaneous receipts	-	-	-	67,361,880	(67,361,880)	-
<b>Total receipts</b>	<b>5,877,000,000</b>	<b>(3,244,500,000)</b>	<b>2,632,500,000</b>	<b>2,229,336,412</b>	<b>403,163,588</b>	
<b>Payments</b>						
Purchase of goods and services	49,048,531	-	49,048,531	49,048,531	-	100%
Acquisition of non-financial assets	5,827,951,469	(3,244,500,000)	2,583,451,469	2,700,504,898	(117,053,429)	105%
<b>Surplus or Deficit</b>	<b>5,877,000,000</b>	<b>(3,244,500,000)</b>	<b>2,632,500,000</b>	<b>2,749,553,429</b>	<b>(117,053,429)</b>	

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

  
**Chief Executive Officer**  
Dr. Eng. John Mativo, CE

  
**Project Coordinator**  
Eng (CPA). Antony Wamukota, OGW

  
**General Manager Finance**  
Tom Imbo  
ICPAK Member No:7039

**Eastern Electricity Highway Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2023**

**10. 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 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 Eastern Electricity Highway Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM 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 Eastern Electricity Highway Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

**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 recognized 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 and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

**v) Proceeds from borrowing.**

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

**vi) Undrawn external assistance**

**Eastern Electricity Highway Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2023**

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) Compensation to employees**

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

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

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

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

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

**v) 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.

**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.

**Eastern Electricity Highway Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2023**

**10. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g) Cash and cash equivalents**

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

**h) Restriction 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) Contingent Liabilities**

**A contingent liability is:**

a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b) A present obligation that arises from past events but is not recognised because:

i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

ii) The amount of the obligation cannot be measured with sufficient reliability.

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

**k) Contingent Assets**

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

**l) Pending bills**

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

**Eastern Electricity Highway Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2023**

**m) Budget**

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

**n) Third party payments**

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

**o) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the year/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.

**p) 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.

**q) 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 June 30, 2023.

**r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s).

**Eastern Electricity Highway Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2023**

**12. NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfers from Government Entities**

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

	2022/2023	2021/2022	Cumulative to-date (from inception)
	KShs	KShs	KShs
Counterpart funding through the Ministry of Energy and Petroleum			
Counterpart funds Quarter 1	31,500,000	93,000,000	1,362,642,983
Counterpart funds Quarter 2	-	-	1,331,421,900
Counterpart funds Quarter 3	-	-	1,105,339,797
Counterpart funds Quarter 4	-	-	533,559,887
<b>Total (See Annex 3)</b>	<b>31,500,000</b>	<b>93,000,000</b>	<b>4,332,964,567</b>

**2. Loan From External Development Partners**

During the financial period to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Loans received as cash	Loans received as direct payment	Total amount	
					2022/2023	2021/2022
			KShs	KShs	KShs	KShs
Loans Received from Multilateral Donors (International Organizations)						
International Development Association (IDA)	2022-2023	USD 12,513,367	105,471,770	1,524,138,244	1,629,610,014	1,082,426,066
African Development Fund (ADF)	2022-2023	UA 1,789,484	-	329,064,519	329,064,519	768,297,833
Agence Francaise de Development (AFD)- Transfer from Nairobi Ring	2022-2023	-	171,800,000	-	171,800,000	-
<b>Total</b>			<b>277,271,770</b>	<b>1,853,202,763</b>	<b>2,130,474,533</b>	<b>1,850,723,899</b>

**3. Miscellaneous Receipts**

	2022/2023			2021/2022	Cumulative to-date
	Receipts controlled by the entity in cash	Receipts controlled by third parties	Total receipts		
	KShs	KShs	KShs	KShs	KShs
Interest income	67,361,880	-	67,361,880	79,357,608	169,283,919
<b>Total</b>	<b>67,361,880</b>	<b>-</b>	<b>67,361,880</b>	<b>79,357,608</b>	<b>169,283,919</b>

**Eastern Electricity Highway Project**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. Purchase Of Goods and Services**

	2022/2023			2021/2022	Cumulative to-date
	Payments made in cash	Payments made by third parties	Total payments	Total payments	
	KShs	KShs	KShs	KShs	KShs
Legal / consultancy	-	-	-	7,898,780	313,779,953
Audit fees	-	-	-	-	2,037,975
Other project costs	19,957,900	-	19,957,900	8,420,149	588,002,927
Site travel expense and accommodation	29,090,631	-	29,090,631	2,625,369	400,169,776
Training	-	-	-	60,151,822	170,071,885
<b>Total</b>	<b>49,048,531</b>	<b>-</b>	<b>49,048,531</b>	<b>79,096,120</b>	<b>1,474,062,516</b>

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

	2022/2023			2021/2022	Cumulative to-date
	Payments made by the entity in cash	Payments made by third parties	Total payments	Total payments	
	KShs	KShs	KShs	KShs	KShs
Consultancy fees	-	-	-	-	633,373,692
Motor vehicles	-	-	-	-	308,644
Powerline (transmission equipment)	822,489,825	1,853,202,763	2,675,692,588	2,170,913,830	46,025,286,666
Wayleaves	24,812,310	-	24,812,310	42,756,576	2,615,226,937
<b>Total</b>	<b>847,302,135</b>	<b>1,853,202,763</b>	<b>2,700,504,898</b>	<b>2,221,569,196</b>	<b>49,274,195,939</b>

**6. Cash and Cash Equivalents**

	2022/2023	2021/2022
	KShs	KShs
Bank accounts balances (Note 6 A)	270,903,592	791,120,608
<b>Total</b>	<b>270,903,592</b>	<b>791,120,608</b>

The project has 3 project accounts spread within the project implementation area managed by KETRACO as listed below:

**6 A Project Bank Accounts**

Details	2022/2023	2021/2022
	KShs	KShs
<b>Local Currency Accounts</b>		
NCBA Bank [A/c No 1001309443]	4,090,057	686,957
Standard Chartered Bank [A/c No.0104026386600]	7,776	481,368,270
Kenya Commercial Bank [KCB a/c 1111251622]	266,805,758	309,065,381
<b>Total local currency balances</b>	<b>270,903,592</b>	<b>791,120,608</b>
<b>Total bank account balances</b>	<b>270,903,592</b>	<b>791,120,608</b>

**Eastern Electricity Highway Project**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Special Deposit Account**

The balances in the Project's Special Deposit Account as at 30 June 2023 are not included in the statement of the Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as voted provision.

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

	<b>2022/2023</b>	<b>2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
Foreign currency bank Account No.1000214279		
Opening balance	-	-
Total amount deposited in the account	78,044,638	168,912,768
Total amount withdrawn (as per Statement of Receipts and Payments)	-	(168,912,768)
Less: (forex loss)/gain	-	-
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>78,044,638</b>	<b>-</b>

The Special Deposit Account(s) reconciliation statements(s) has been attached as Appendix 6 to support these closing balances.

**7. Fund Balance Brought Forward**

	<b>2022/2023</b>	<b>2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
Bank balances	791,120,608	1,060,805,636
<b>Total</b>	<b>791,120,608</b>	<b>1,060,805,636</b>

**Eastern Electricity Highway Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2023**

**OTHER IMPORTANT DISCLOSURES**

**8. Pending Accounts Payable (See Annex 3)**

Description	Balance b/f 2022/2023	Additions for the year	Paid during the year	Balance c/d 2022/2023
	KShs	KShs	KShs	KShs
Supply of Goods	292,367,290	2,870,519,933	2,585,680,763	577,206,460
Supply of services	5,526,453	94,805,121	94,805,121	5,526,453
<b>Total</b>	<b>297,893,743</b>	<b>2,965,325,054</b>	<b>2,680,485,884</b>	<b>582,732,913</b>

**9. Other Pending Payables (See Annex 4)**

Balance b/f	Adjustments	Adjusted Balance b/f	Addition for the year	Paid during the year	Balance c/f
2022/2023		2022/2023	2022/2023	2022/2023	2022/2023
KShs	KShs	KShs	KShs	KShs	KShs
375,078	5,439,259.67	5,814,338	34,038,784	24,812,310	15,040,812
<b>375,078</b>	<b>5,439,259.67</b>	<b>5,814,338</b>	<b>34,038,784</b>	<b>24,812,310</b>	<b>15,040,812</b>

**Eastern Electricity Highway Project  
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**13. ANNEXES**

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

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:	Timeframe:
n/a	<p>Pending Bills Note 12.2 and 12.2 to the Financial Statements reflect pending bills and other pending payables balances totalling to Kshs. 297,893,743 and Kshs. 375,078 respectively. However, the Management has not provided explanations for not settling the bills totalling to Kshs. 298, 268,821. The project is at risk of incurring significant interest costs and penalties with the continued delay in payment. Failure to settle bills during the year they were incurred distorts the financial statements and adversely affects the budget provision for the subsequent year as they form the first charge.</p>	<p>These were invoices in progress that had not been paid as at the cutoff date of 30.6.2022. These invoices have been processed in the FY 2022/23 and have now been settled except Kshs. 5,526,453.</p> <p>Kshs. 375,078 relates to a PAP who is serving custodial sentence and not paid due to incomplete documentation. Compensation will be settled when advised by the PAP and all supporting documents have been provided.</p>	GM Finance	<p>Resolved except Kshs. 5,526,453.</p> <p>Kshs. 375,078 relates to a PAP who is serving custodial sentence and not paid due to incomplete documentation. Compensation will be settled when advised by the PAP and all supporting documents have been provided.</p>	2023
n/a	<p>Undrawn balance As reported previously, the project had an approved budget of US\$ 441,000,000, AU 75,000,000, EUR 54,556,082 and counterpart funding by the Government of Kenya of Kshs. 8,585,000,000, all equivalent to Kshs. 74,208,027,626. The project was envisaged to be</p>	<p>More funds have been drawn in FY 22/23 hence the current undrawn balance has reduced to 32% from 34%.</p> <p>The financing structure of the project was derived from the Project Appraisal document however savings from all the financiers were realized after the tendering process and awards to various contractors. The savings have since been redirected to finance other projects as detailed below: AFD EUR 22,943,918 is financing the completion of</p>	GM Finance	Resolved	2023

**Eastern Electricity Highway Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:	Timeframe:
	<p>completed by 30 September 2020. However, as at 30 June, 2022 there was an undrawn balance of Kshs. 2,520,124,033 or approximately 34% of the Project funding with total pending bills of Kshs. 298,268,821. It is likely that the project funding of Kshs. 25,414,520,124,033 which had not been drawn may not be absorbed as the time has expired. Consequently, the significant undrawn balance of Kshs. 25,520,124,033 may result in funds being locked in the current project whereas these funds could be utilized on other projects to deliver services to Kenyans.</p>	<p>Nairobi Ring Project, ADB UA 17,760,000 is financing construction of Mariakani substation and the Nanyuki Rumuruti underground cable, IDA USD 60,000,000 to finance STATCOM.  The funds are being utilized in these projects to deliver services to Kenyans.</p>			
n/a	<p>Budget control and performance  The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflected actual receipts of Kshs. 2,023,081,508 against final budget of Kshs. 5,821,000,000 resulting in a shortfall of Kshs. 3,797,918,492. Further, the actual expenditure for the year amounting to Kshs. 2,292,766,536 against the final budget expenditure of Kshs. 5,728,000,000 resulting to an under absorption of Kshs. 3,435,233,464.</p>	<p>The under absorption was occasioned by slowed project activities due to delayed procurement as a result of COVID 19 disruptions. In addition, Lot 6 was affected by wayleave acquisition and the converter substation was delayed because of contractual obligations. However, management has completed the project in December 2022 to operate on Monopolar configuration awaiting commissioning of ground electrode. It is noted that midterm budget reviews (Supplementary budgets) should consider reduction where absorption is less likely.</p>	G/M D&C	ongoing	2023

**Eastern Electricity Highway Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023**

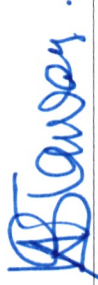
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:	Timeframe:
n/a	<p>Management did not provide explanation regarding the under absorption. The underfunding and underperformance affected the planned activities of the project and may have impacted negatively on service delivery to the public.</p> <p>Long outstanding way/leave compensation</p> <p>As reported in the previous year, the expected compensation to land owners for wayleaves acquired since inception amounted to Kshs. 2,625,896,273 out of which an amount of Kshs. 2,608,142,520 was certified as payable. The project management had so far paid an amount of of Kshs. 2,607,767,442 leaving a balance of Kshs. 375,078 unpaid. The management has attributed the failure to pay the amount to lack of budgetary allocation from the National Treasury and lengthy land valuation negotiations due to absentee land owners and various court injunctions on disputed cases.</p> <p>Delay in project deliverables. Review of project deliverables revealed that the project was behind schedule</p>	<p>The Kshs. 375,078 are payments that were in progress as at the time of period closure and a PAP who is serving custodial sentence and incomplete 'documentation</p>	GM PDS	Kshs. 375,078 relates to a PAP who is serving custodial sentence and not paid due to incomplete documentation. Compensation will be settled when advised by the PAP and all supporting documents have been provided.	2023
		Delays due to ROW issues, COVID 19 challenges.		The project is completed and commissioned in December 2022 to operate on	Resolved

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:	Timeframe:
	with respect to the completion Lot1 being at 99.5% overall and commissioning phase is at 66% with the project duration expected to lapse in December, 2022. Consequently, delays in completion of the project may result in escalation of projected costs or expiry and withdrawal of funding by project financiers			Monopolar configuration awaiting commissioning of ground electrode	



**Chief Executive Officer**  
**Dr. Eng. John Mativo, CE**



**Project Coordinator**  
**Eng (CPA). Antony Wamukota, OGW**



**General Manager Finance**  
**Tom Imbo**  
**ICPAK Member No:7039**

**Eastern Electricity Highway Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2023**

**ANNEX 2 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR FINANCIAL YEAR 2022/2023**

Receipts/Payment Item	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities	31,500,000	31,500,000	-	100%	
Proceed from domestic and foreign grants	2,601,000,000	2,130,474,533	470,525,467	82%	(i)
Miscellaneous receipts	-	67,361,880	(67,361,880)	-	(ii)
<b>Total receipts</b>	<b>2,632,500,000</b>	<b>2,229,336,412</b>	<b>403,163,588</b>		
<b>Payments</b>					
Purchase of goods and services	49,048,531	49,048,531	-	100%	
Acquisition of non-financial assets	2,583,451,469	2,700,504,898	(117,053,429)	105%	(iii)
<b>Total payments</b>	<b>2,632,500,000</b>	<b>2,749,553,429</b>	<b>(117,053,429)</b>		

**Explanations for all variance below 90% and above 100%**

- i.** Some direct payments were still being processed and had not been settled at the cut off date of 30.6.2023 hence not recognised as receipts since the financial statements have been prepared on IPSAS cash basis.
- ii.** The movement in miscellaneous receipts relates to the interest income from the bank balance held in financial institutions. This balance was not budgeted
- iii.** Some payments accrued from previous year budget were settled in the current year under review.

**Eastern Electricity Highway Project**  
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**ANNEX 3 - ANALYSIS OF PENDING BILLS**

Supplier of Goods or Services	Currency	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2023	Outstanding Balance 2022
		a	b	d	e=c-d	
<b>Supply of goods</b>						
Kalpataru Power Transmission	kes	6,291,526,246	2.015	5,423,406,666	868,119,580	8,848,637
National Contracting Company	kes	5,360,443,637	2.015	4,103,503,569	1,256,940,068	207,501,174
KEC International	kes	6,200,034,149	2.015	4,972,730,030	1,227,304,119	-
Siemens Isolux	kes	32,285,688,703	2.015	24,117,380,822	8,168,307,881	75,848,417
Larsen & Toubro	kes	6,852,584,340	2.015	5,496,982,058	1,355,602,282	-
Helicopter	kes	810,268,719	2.016	805,611,613	4,657,106	-
<b>Sub-Total</b>		<b>57,800,545,792</b>		<b>44,919,614,757</b>	<b>12,880,931,035</b>	<b>292,198,229</b>
<b>Supply of services</b>						
Lahmeyer International	kes	543,039,456	2.012			
Lahmeyer CESI ELC	kes	1,345,113,924	2.013	1,460,230,103	427,923,277	5,526,453
<b>Sub-Total</b>		<b>1,888,153,380</b>		<b>1,460,230,103</b>	<b>427,923,277</b>	<b>5,526,453</b>
<b>Grand Total</b>		<b>59,688,699,172</b>		<b>46,379,844,861</b>	<b>12,889,779,672</b>	<b>297,724,682</b>

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**ANNEX 4 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Date Payable Contracted	Original Amount KShs	Amount Paid To-Date KShs	Outstanding Balance 2023 KShs	Outstanding Balance 2022 KShs
<b>Amounts due to Third Parties</b>						
Project affected persons	Wayleaves	30.6.2014	2,647,620,564	2,632,579,752	15,040,812	375,078
<b>Grand Total</b>			<b>2,647,620,564</b>	<b>2,632,579,752</b>	<b>15,040,812</b>	<b>375,078</b>

**Eastern Electricity Highway Project**  
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**ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Opening Cost (Kshs) 2022/23		Donations in form of assets (Kshs) 2022/23		* Purchases/Additions in the Year (Kshs) 2022/23		** Disposals in the Year (c)	Closing Cost (d) = (a) + (b) - (c)
	(a)	(b)	(c)	(c)				
Powerline Equipment	46,573,691,041			2,700,504,898			-	49,274,195,939
<b>Total</b>	<b>46,573,691,041</b>			<b>2,700,504,898</b>			<b>-</b>	<b>49,274,195,939</b>

*Notes*

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

\*\* The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold.

**ANNEX 6 – SPECIAL DEPOSIT ACCOUNT NO. 1000214279 RECONCILIATION STATEMENT**

	FY 2022/23	FY 2022/22
	KShs	KShs
<b>Central Bank of Kenya</b>		
Balance at 1 July	-	-
<b>Add</b>		
Disbursement received during the year	78,044,638	168,912,768
<b>Less</b>		
Disbursement to the Project Account	-	(168,912,768)
Forex gain/(loss)		
<b>Balance at 30 June</b>	<b>78,044,638</b>	<b>-</b>

