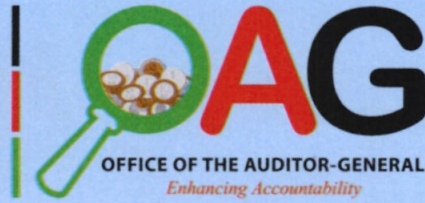
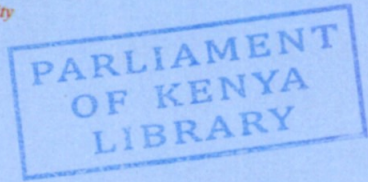


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 12 FEB 2026 Thursday

BY: *Hari George Mungosa*

CLERK-AT-THE-TABLE: *Rancla T.*

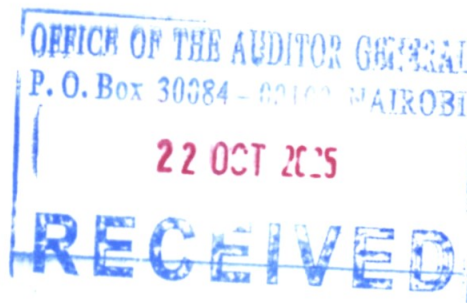
OF
THE AUDITOR-GENERAL

ON

**EAST AFRICA SKILLS FOR TRANSFORMATION
AND REGIONAL INTEGRATION PROJECT
(EASTRIP) CREDIT NO.6334-KE**

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

**KENYA ELECTRICITY GENERATING
COMPANY PLC**



PROJECT NAME: EASTRIP

IMPLEMENTING ENTITY: Kenya Electricity Generating Company PLC (KenGen)

PROJECT GRANT/CREDIT NUMBER: 6334-KE

(For Application by National and County Governments' Self-Reporting Development Projects as per the financing agreements)

EASTRIP PROJECT ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

EASTRIP Project
Annual Report and Financial Statements for the financial Year Ended June 30, 2025

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Acronyms and Definition of Terms

| | |
|----------------|--|
| CBK | Central Bank of Kenya |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IMF | International Monetary Fund |
| IPSAS | International Public Sector Accounting Standards |
| CT | County Treasury |
| NT | National Treasury |
| PFM | Public Finance Management. |
| PSASB | Public Sector Accounting Standards Board |
| WB | World Bank |
| MOE&P | Ministry of Energy & Petroleum |
| Comparative FY | Financial year preceding the current financial year |
| EASTRIP | East Africa Skills for Transformation and Regional Integration Project |
| PAD | Project Appraisal Document (World Bank) |
| DLRs/DLIs | Disbursement Linked Results/Indicators |
| RFTIs | Regional Flagship Technical Institutes |
| SIPs | Strategic Investment Plans |
| IVA | Independent Verification Agency |
| PWC | PricewaterhouseCoopers Limited |
| IUCEA | Inter University Council for East Africa |
| NPCU | National Project Coordination Unit |
| MoUs | Memorandum of Understanding |
| IAB | Industrial Advisory Board |
| PIUs | Project Implementation Units |
| KSTVET | Kenya School of Technical and Vocational Education and Training |
| TVET | Technical and Vocational Education and Training |
| TVETA | Technical and Vocational Education and Training Authority |
| TVET CDACC | TVET Curriculum Development, Assessment and Certification Council |
| STEP | Systematic Tracking of Exchanges in Procurement |
| GRM | Grievance Redress Mechanism |

1. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT (EASTRIP).

Objective

The primary objective of the EASTRIP Project is to enhance access to and improve the quality of Technical and Vocational Education and Training (TVET) programs in selected Regional Flagship TVET Institutes, while promoting regional integration across East Africa. In Kenya, the KenGen Geothermal Training Centre (KenGen GTC) was one of five TVET institutions selected for upgrade into a Regional Flagship Institute under the EASTRIP project.

Address

The project headquarters offices are in KenGen Geothermal Region Naivasha, Nakuru County, Kenya. The address of its registered office is Kenya Electricity Generating Company PLC Olkaria | Off Moi Southlake Road P.O. Box 785 - 20117 Naivasha Kenya

The project also has offices/branches as follows:

- Not Applicable

Contacts

P.O. Box: 785 - 20117 Naivasha Kenya

Telephone: (254) 711 036 000

E-mail: info@kengen.co.ke

Website: www.kengen.co.ke

Project information and overall performance (continued)**2.2 Project Information**

| | |
|------------------------------|------------------|
| Project Start Date: | 18 12 2018 |
| Project End Date: | 31 12 2026 |
| Project Coordinator: | Mr Peketsa Mangi |
| Project Development Partner: | KenGen GTC |

2.3 Project Overview

| | |
|---|---|
| Line Ministry or State departments/ County Department | MOE&P |
| Project number | P163399 |
| Strategic goals of the project | <p>The strategic goals of the project referred to as DLIs/ DLRs are as follows:</p> <ul style="list-style-type: none"> (i) Increasing access to TVET programs, (ii) Improving quality and relevance of TVET programs, (iii) Supporting regional integration. <p>The Above outcomes are broken down into the below DLRs and DLIs which are verified by an Independent Verification Agency Hired by the World Bank through IUCEA:-</p> <ul style="list-style-type: none"> (i) DLI 1.1. Establishment of PIU (ii) DLI 1.2 Establishment of IAB (iii) DLI 2.1 Number of student enrolment at regional RFTI (iv) DLI 3.1 Number of Demand-driven Programs Developed and Accredited (v) DLI 3.2 Number of Teaching Staff in Regional Flagship TVET Institutes who have Industrial Attachment (vi) DLI 3.3: Number of Teaching Staff who Undertake Exchanges in TVET Institutes in Another Country (vii) DLI 3.4: Number of MoUs Signed with Industries and Partner Institutions (viii) DLI 3.5: Tracer Studies |

EASTRIP Project

Annual Report and Financial Statements for the financial Year Ended June 30, 2025

| | |
|--|---|
| Summary of Project Strategies for achievement of strategic goals | <p>The project management aims to achieve the goals through the following means Strategic Investment Plans (SIPs) which form the cost drivers for upgrading of the KenGen GTC:</p> <ul style="list-style-type: none">(i) Strengthening Governance and Management(ii) Institutionalizing industrial links at the TVET institute and program levels(iii) Developing market-relevant and competency-based training programs(iv) Provision of training to schools' managers and trainers to upgrade their technical knowledge and practical skills, and promote student-centred pedagogy and competency(v) Upgrading key training facilities in the RFTI's, including acquisition of equipment(vi) Conducting outreach to non-project national TVET institutes |
| Other important background information of the project | <p>The EASTRIP Project is geared towards ensuring KenGen Geothermal Training Centre promotes capacity building in renewable energy to accelerate geothermal, hydro, solar and wind energy development in the region.</p> <p>A range of practical and technical trainings in exploration, utilization and sustainability of renewable energy resources, care and maintenance of production equipment, and other specialized courses related to renewable energy development shall be offered, including a certificate in renewable energy.</p> |
| Areas that the project was formed to intervene | <p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none">(i) Limited access and quality of TVET programs(ii) Lack of regional integration in East Africa.(iii) Quality and relevance of TVET programs |
| Project duration | Eight (8) Years |

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

Kenya Commercial Bank (KCB)

2.5 Independent Auditor

The project is audited by the Office of the Auditor General

2.6 Roles and Responsibilities

List of different people working on the project. The list includes the project coordinator and all the key officers involved in project.

| No | Names | Title designation | Responsibilities |
|-----------|-------------------|---|---|
| 1. | Eng. Peter Njenga | Managing Director & CEO | Accounting Officer |
| 2. | CPA Mary Maalu | General Manager, Finance | Head Finance (CFO) |
| 3. | Peketsa Mangi | General Manager, Geothermal | Project Coordinator |
| 4. | Beatrice Kandie | General Manager, Corporate Services | Industry Liaison Specialist |
| 5. | Risper Kandie | Principal Geologist | Deputy Project Coordinator |
| 6. | Rose Kubai | Principal Geologist | Monitoring & Evaluation |
| 7. | Elizabeth Mwangi | Assistant Manager, Environment - Geothermal | Environment and Safeguards |
| 8. | Charles Wainaina | Assistant Manager, Supply Chain, Contracts | Procurement Specialist |
| 9. | Nixon Kamau | Assistant Manager, Finance & Accounts, Geothermal | Financial Management Specialist/ Project Accountant |

2.7 Funding Summary

The Project is for a duration of Eight (8) years from 2018 to 2026 with an approved budget of **EURO 9,280,000** equivalent to **Kshs 1,297,215,769** as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

| Source of funds | Development Partner Commitment | | Amount received to date – (30 th June 2025) | | Undrawn balance to date (30 th June 2025) | |
|--------------------------------|--------------------------------|----------------------|---|----------------------|---|--------------------|
| | EURO | Kshs | EURO | Kshs | EURO | Kshs |
| | (A) | (A') | (B) | (B') | (A)-(B) | (A') - (B') |
| (i) Grant | | | | | | |
| World Bank | 9,280,000 | 1,297,215,701 | 8,470,941 | 1,174,521,972 | 809,059 | 122,693,729 |
| (ii) Loan | | | | | | |
| Not Applicable | 0 | 0 | 0 | 0 | 0 | 0 |
| (iii) Counterpart funds | | | | | | |
| Government of Kenya | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 9,280,000 | 1,297,215,701 | 8,470,941 | 1,174,521,972 | 809,059 | 122,693,729 |

Project information and overall performance (continued)

B. Application of Funds

| Application of funds | Amount received to date – (30 th June 2025) | | Cumulative amount paid to date – (30 th June 2025) | | Unutilised balance to date (30 th June 2025) | |
|---|---|----------------------|--|--------------------|--|--------------------|
| | EURO | Kshs | EURO | Kshs | EURO | Kshs |
| | (A) | (A') | (B) | (B') | (A)-(B) | (A')-(B') |
| (i) Grant | | | | | | |
| World Bank | 8,470,941 | 1,174,521,972 | 4,794,203 | 656,430,181 | 3,676,738 | 518,091,791 |
| Designated Account (DA-G) Charges at National Treasury | (30) | 0 | 0 | 0 | (30) | 0 |
| Project Account Interest Net of Bank Charges | | | | | 424,516 | 58,195,334 |
| World Bank Disbursements Outstanding from MOE&P | | | | | (1,949) | (279,657) |
| (ii) Loan | | | | | | |
| Not applicable | 0 | 0 | 0 | 0 | 0 | 0 |
| (iii) Counterpart funds | | | | | | |
| Government of Kenya | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 8,470,911 | 1,174,521,972 | 4,794,203 | 656,430,181 | 4,099,275 | 576,007,467 |

Project information and overall performance (continued)**2.8 Summary of Overall Project Performance:**

- i) *Budget performance against actual amounts for the current year and for cumulative to-date.*

In the Current Financial Year (FY2024/2025) The Approved Revised Budget Estimate was **Kshs 500Million**. The Cumulative Disbursements from National Treasury for the Financial Year against the budget was **Kshs 427.1Million** leaving a national budget balance of **Kshs 72.9Million**. The absorption was therefore **85%**.

Cumulative Disbursement (Absorption) to date stands at **Kshs 1.174Billion**.

- ii) *Physical progress based on outputs and outcomes since project commencement.*

Disbursement of funds under the EASTRIP Project is contingent upon the verification of reported achievements against the agreed Disbursement Linked Indicators (DLIs) and Disbursement Linked Results (DLRs).

To ensure objectivity and credibility, PricewaterhouseCoopers Limited (PwC) was contracted by the World Bank through the Inter-University Council for East Africa (IUCEA) to serve as the Independent Verification Agent (IVA).

PwC is responsible for independently verifying the results reported by the Regional Flagship Technical Institutes (RFTIs). This verification process is a prerequisite for any disbursement of funds by the World Bank and directly determines both the level of achievement and the corresponding amount to be disbursed.

The table below shows the outputs and outcomes since project commencement to Year 6

| DLI | Description | Verified Outputs/ Outcomes as at 30th June 2025 |
|------------|---|---|
| DLI 1.1. | Establishment of PIU | Fully Achieved |
| DLI 1.2 | Establishment of IAB | Fully Achieved |
| DLI 2.1 | Number of student enrolment | Cumulative / Target to Year 6 1,054 / 1423 |
| DLI 3.1 | Number of Demand-driven Programs Developed and Accredited | Cumulative / Target to Year 6 39 / 16 |

| | | |
|----------|--|---|
| DLI 3.2 | Number of Teaching Staff who have Industrial Attachment | Cumulative / Target to Year 6 169 / 15 |
| DLI 3.3: | Number of Teaching Staff who Undertake Exchanges Another Country | Cumulative / Target to Year 6 9 / 9 |
| DLI 3.4: | Number of MoUs Signed with Industries and Partner Institutions | Cumulative / Target to Year 6 27 / 14 |
| DLI 3.5: | Tracer Study Conducted Annually | Cumulative / Target to Year 6 5 / 6 |

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

To support the achievement of DLIs and DLRs, a Strategic Investment Plan (SIP) guides the use of World Bank disbursed funds across six eligible expenditure categories earlier mentioned: (i) strengthening governance and management; (ii) institutionalizing industry linkages; (iii) developing market-relevant, competency-based training programs; (iv) training managers and instructors to enhance technical and pedagogical skills; (v) upgrading key training facilities and equipment; and (vi) conducting outreach to non-project national TVET institutes.

The table below summarizes the annual absorption rate based on funds disbursement against the national budget since the commencement of the project.

| Financial year | Approved National Budget Kshs | Absorption Amount Kshs | Absorption Rate |
|-----------------------|--------------------------------------|-------------------------------|------------------------|
| 2024/2025 | 500,000,000 | 427,055,047 | 85% |
| 2023/2024 | 400,000,000 | 397,466,925 | 99% |
| 2022/2023 | 807,000,000 | 150,000,000 | 19% |
| 2021/2022 | 450,000,00 | 200,000,000 | 44% |

iv) *Implementation challenges and recommended way forward.*

In the current financial year, upgrading of the training facility experienced contractual delays. The component for upgrading of the training facility was expected to be completed by the end of the financial year. However, the progress of upgrading of the training facility was 96% at the end of the financial year. The delay in upgrading the training facility has

also occasioned delay in installation of equipment, furniture and fittings at the facility which has caused a delay in completion and commissioning of the training facility.

However, measures have been put in place to accelerate the completion of the upgrading works, particularly the remaining electrical and mechanical works.

In addition, six contracts were approved by the World Bank and subsequently awarded.

The installation of equipment is currently at the initiation stage and is expected to be completed in FY2025/2026. This includes the installation of kitchen equipment, furniture and fittings, engineering workshop equipment, ICT and electronic equipment, engineering laboratory equipment, and geoscientific equipment.

2.9 Summary of Project Compliance:

- i) Significant cases of non-compliance with applicable laws and regulations (National Treasury circulars on project investment management, PFM Act 2012, Kenya Vision 2030 flagship projects, and external financing agreements/covenants).*
 - The were no instances of non-compliance for the project
- ii) Consequences suffered on account of non-compliance or likely to be suffered.*
 - Not Applicable.
- iii) Mitigation measures taken or planned to alleviate the adverse effects of actual or potential consequences of non-compliance.*
 - Not Applicable.

2. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government entity's performance against predetermined objectives at the end of each financial year.

The key development objectives of the *project's agreement/ plan* are to:

- a) Strengthening Governance and Management
- b) Institutionalizing industrial links at the TVET institute and program levels
- c) Developing market-relevant and competency-based training programs
- d) Provision of training to Centre managers and trainers to upgrade their technical knowledge and practical skills, and promote student-centred pedagogy and competency
- e) Upgrading key training facilities in the RFTI's, including acquisition of equipment
- f) Conducting outreach to non-project national TVET institutes

Progress on the attainment of strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement

Below, we provide the progress on attaining the stated objectives:

| Project | Objective | Outcome | Indicator | Performance |
|----------------|--|---|--|---|
| EASTRIP | Increase access to TVET programs, Improve quality and relevance of TVET programs and Support regional integration. | Institutional readiness, Access, quality of programs and regional integration | Upgraded key training facilities and equipment; and | Upgrading of training facility is at 96% completion. Six Contracts for installation of Equipment, Furniture and fittings were approved by the World Bank and awarded. They are at the initial stage of installation, expected to be completed in the financial year FY2025/2026. |
| | | | Institutionalized industry linkages; | Partnerships have been established with various industry and academic stakeholders, including African Australian Exploration and Mining Industry (AEMI), Toshiba Manufacturers, UNU-GTP GRO, Arusha Technical College, General WinGate Polytechnic College, Ethiopia, Geothermal Development Company (GDC), and Georama Engineering and Earthwater Limited etc. |
| | | | Developed market-relevant, competency-based training programs; | A total of 39 programs, comprising both short-term and long-term courses, have been developed, approved, and accredited by TVETA. |
| | | | Trained managers and instructors to | 45 trainers underwent a nine-month pedagogical training program delivered through a hybrid model of online and in-person sessions. They graduated in May 2025 with a Postgraduate Diploma in Technical |

| Project | Objective | Outcome | Indicator | Performance |
|---------|-----------|---------|---|---|
| | | | enhance technical and pedagogical skills; | Education. In addition, various trainers have undergone short-term courses facilitated by KSTVET to enhance trainers' skills in Competency-Based Curriculum (CBC) delivery. |
| | | | Strengthened governance and management | A Project Implementation Unit (PIU) was established at the inception of the project, comprising professionals with expertise in finance, procurement, environmental and social safeguards, monitoring and evaluation, and industry liaison. In addition, an Industry Advisory Board (IAB) was formed, with members drawn from both the private and public sectors. The IAB plays a critical role in strengthening industry linkages, guiding the development of market-driven curricula, and providing oversight for the overall implementation of the EASTRIP Project. |
| | | | Conducted outreach to non-project national TVET institutes. | Under the project, 29 instructors from TVET institutions in Nakuru and Narok Counties have been attached to KenGen for re-skilling and retooling at various intervals, ensuring they remain up-to-date with advancements in the geothermal technology industry. Additionally, seven Memoranda of Understanding (MOUs) have been signed to formalize partnerships and strengthen industry-academic collaboration. |

3. Environmental and Sustainability Reporting

The East Africa Skills for Transformation and Regional Integration Project (EASTRIP) aims to enhance access and quality of Technical and Vocational Education and Training (TVET) in the energy sector while promoting regional integration. The project's sustainability approach is centred on building long-term institutional capacity, infrastructure resilience, human capital development, and strong partnerships for renewable energy growth.

The project seeks to ensure continued delivery of high-quality training, income-generating services, and community impact beyond the donor funding period. The focus remains on environmental compliance, responsible governance, and long-term financial and social viability.

1. Sustainability strategy and profile

The project's leadership is committed to a long-term sustainability strategy that aligns with national development goals and the broader shift toward renewable energy and technical excellence in the region. The strategy is grounded in a phased transformation of the training centre into a fully operational regional flagship institution.

Key priorities include developing demand-driven training programs, strengthening industry partnerships, and establishing revenue streams through services such as consultancy, equipment leasing, and conference facilities. The sustainability agenda also addresses gender inclusion, staff development, infrastructure resilience, and stakeholder engagement.

Progress has been recorded in curriculum development, construction of modern training facilities, improved gender parity in enrolment, and operational readiness of enterprise units.

2. Environmental performance

The project is guided by a structured environmental management framework that includes periodic inspections, compliance assessments, and corrective action planning. Environmental risks associated with construction, waste, and runoff are being mitigated through structured waste handling, drainage systems, and noise control measures.

Solid waste is systematically segregated and disposed. Liquid waste is managed through onsite septic infrastructure to protect groundwater. Stormwater is directed away from sensitive zones via established cut-off drains, while erosion is minimized through controlled site access and vegetation protection.

Noise levels are managed through procurement of quieter operational equipment, while oil and grease risks are addressed through offsite servicing of vehicles and equipment. These efforts reflect the project's commitment to maintaining a safe, clean, and compliant construction and operational environment.

3. Employee welfare

The project prioritizes a safe, inclusive, and performance-driven workplace. Contractors are supervised to ensure that their recruitment processes consider gender balance. New hires undergo orientation, and all site staff participate in routine safety briefings and toolbox talks. Employee development is supported through continuous learning opportunities, performance appraisals, and exposure to technical advancements. The staff structure includes both administrative and technical teams, aligned to meet the training mandate and future commercialization needs. Occupational health and safety standards are fully integrated, with trained first aiders and fire marshals present on site. Compliance with national safety laws is actively monitored, and workplace signage, emergency protocols, and hazard mitigation measures are enforced consistently.

4. Marketplace practices-

a) Responsible Supply chain and supplier relations-

The project adopts a structured and transparent procurement framework guided by the World Bank's Systematic Tracking of Exchanges in Procurement (STEP) platform. This system is utilized to prepare, clear, and update procurement plans, and to manage all procurement transactions across the project lifecycle. As the implementing agency, KenGen is mandated to execute project procurements through STEP. To ensure compliance and operational efficiency, all procurement staff involved in the project have undergone training on the use of the STEP system.

Procurement activities under the project are carried out in full compliance with both the World Bank Procurement Regulations and the Public Procurement and Asset Disposal Act (PPADA) of Kenya. This dual compliance ensures fairness, competitiveness, transparency, and accountability in the procurement process. All

contracts are awarded through competitive methods and are executed professionally, with strict adherence to the agreed terms, timelines, and quality specifications.

To manage financial transactions related to contract implementation, KenGen utilizes the SAP Enterprise Resource Planning (ERP) system, which provides an integrated and traceable platform for handling supplier payments. The SAP system ensures real-time tracking of payment progress and enhances transparency in the management of financial obligations. Key controls within the system include clear segregation of duties (SoD), audit trails, and mandatory documentation workflows, all of which work together to minimize the risk of errors, fraud, or malpractices.

The combination of the STEP platform for procurement execution and SAP ERP for financial and payment management provides a robust control environment. This integrated approach reinforces supplier confidence, promotes ethical business practices, and ensures the timely settlement of contractual obligations, thereby maintaining strong and professional relationships with contractors, vendors, and service providers.

b) Responsible ethical practices

High ethical standards are upheld in all project activities. Staff and contractors are expected to maintain integrity, transparency, and accountability throughout the procurement and implementation processes. Clear lines of responsibility and controls are maintained to prevent unethical behaviour, with continuous oversight mechanisms in place to ensure compliance with the established procedure.

c) Regulatory impact assessment

The EASTRIP project observes full compliance with relevant national regulations and safeguards, including those relating to construction, environmental protection, and occupational health and safety. Prior to implementation, all necessary approvals and licenses are secured. A structured Grievance Redress Mechanism (GRM) is in place to ensure that the rights and concerns of affected stakeholders are addressed

promptly. The GRM is operational and active, with updates filed with the World Bank on a quarterly basis to support ongoing monitoring and transparency.

5. Community Engagements

The project embraces a structured community engagement approach facilitated through a dedicated Community Liaison Officer (CLO), who serves as the primary interface between the project and the surrounding communities. This approach ensures that community voices are heard and considered throughout the project lifecycle, particularly during the sensitive upgrading phase. The CLO model promotes inclusive participation, and timely feedback mechanisms, which are essential for fostering trust and cooperation between the project and its stakeholders.

To further reinforce this engagement, the project has established a comprehensive Grievance Redress Mechanism (GRM) designed to receive, address, and resolve community concerns in a transparent and accountable manner. The GRM process includes structured steps for complaint intake, assessment, resolution tracking, and close-out reporting, ensuring that all grievances are handled efficiently and fairly. Importantly, the GRM is integrated into the project's broader social performance monitoring framework, enabling continuous learning and improvement. All grievances and their corresponding resolutions are systematically documented and submitted to the World Bank on a quarterly basis, in line with the project's reporting requirements. This proactive and responsive approach has played a vital role in maintaining positive community relations and safeguarding the project's social license to operate.

Beyond engagement and grievance management, the project places strong emphasis on economic and social empowerment of the local community as a core component of its sustainability strategy. As part of this commitment, the project has sourced building materials from local suppliers, thereby boosting small and medium enterprises and supporting the local economy. This localization of supply chains has created direct and indirect business opportunities within the project area.

Moreover, the project has prioritized the employment of both skilled and unskilled labor from the surrounding communities during the construction phase. This not only provides short-term income but also contributes to capacity building and skills transfer, equipping local residents with valuable experience that may support future employment beyond the

project. The engagement of local labor also fosters a sense of ownership and shared responsibility in the successful implementation of the project.

Recognizing the importance of education in long-term community development, the project has further introduced scholarship opportunities for secondary school students drawn from the local area. These scholarships, offered during the upgrade of the training facility, aim to uplift vulnerable and deserving students by improving access to quality education. The initiative complements the project's broader objective of strengthening human capital development and supports the regional vision of inclusive growth.

Collectively, these efforts—ranging from structured engagement and grievance redress to local procurement, employment, and educational support—demonstrate the project's commitment to inclusive, participatory, and sustainable development. By embedding these practices into the project's implementation strategy, the initiative not only meets its development objectives but also contributes to the social and economic transformation of the host communities, laying a foundation for enduring impact.

4. Statement of Project Management Responsibilities

The Managing Director and Chief Executive Officer (MD&CEO) KenGen and the General Manager, Geothermal Development Department/ Project Coordinator are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

This responsibility includes (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.

The MD&CEO and the Project Coordinator accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (Modified).

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

The MD&CEO and the Project Coordinator 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.

EASTRIP

Annual Report and Financial Statements for the financial Year Ended June 30, 2025

Approval of the Project Financial Statements

The Project financial statements were approved by the MD&CEO and the Project Coordinator on
22/10 2025 and signed by:



.....
ENG. PETER NJENGA
MD&CEO



.....
PEKETSAMANGI
GM, GDD/ PROJECT COORDINATOR

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT (EASTRIP) CREDIT NO.6334-KE FOR THE YEAR ENDED 30 JUNE, 2025 - KENYA ELECTRICITY GENERATING COMPANY PLC

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the East Africa Skills for Transformation and Regional Integration Project (EASTRIP) Credit No. 6334-KE - Kenya

Report of the Auditor-General on East Africa Skills for Transformation and Regional Integration Project (Eastrip) Credit No.6334-KE for the year ended 30 June, 2025 - Kenya Electricity Generating Company Plc

Electricity Generating Company PLC set out on pages 1 to 36 which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the East Africa Skills for Transformation and Regional Integration Project (EASTRIP) Credit No.6334-KE - Kenya Electricity Generating Company PLC as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Financing Agreement Credit No.6334-KE of 18 December, 2018 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions ISSAIs. I am independent of the East Africa Skills for Transformation and Regional Integration Project (EASTRIP) Credit No.6334-KE - Kenya Electricity Generating Company PLC 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

Unresolved Prior Year Matters

In the prior years' audit reports, an issue was raised under the Report on Financial Statements. Review of the status during audit of the Project in 2024/2025 revealed that the presentation and disclosure omissions in the financial statements matter remained unresolved.

Emphasis of Matter

Budgetary Control and Performance

Review of budget performance against actual amounts under summary of overall project performance, revealed that the revised approved budget estimate amount was Ksh.500,000,000. However, The National Treasury disbursed an amount of Kshs.427,055,047 resulting to an under-funding and under-expenditure of Ksh.72,944,953 or 17% of the actual receipts.

The under-funding and under-expenditure affected the planned activities and might have impacted negatively on the delivery of goods and services to the public.

My opinion is not modified in respect of this matter.

Other Information

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

In connection with my audit on the Project's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. In my opinion, except for the Project Under-Performance Against Predetermined Objectives in the Report on Lawfulness and Effectiveness in the Use of Public Resources, I confirm that the Other Information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Project Under- Performance Against Predetermined Objectives

Review of Project performance revealed that student enrollment under DLI 2.1 was behind schedule. According to the PricewaterhouseCoopers (PwC), the Independent Verification Agent (IVA), as at 30 June 2025, cumulative enrollment stood at 1,054 against a target of 1,423 resulting to a deficit of 369 students as at the time of the audit in September, 2025. This is despite the Project having been substantially completed.

Further, it was noted that trainers are not enough and therefore the situation poses the risk of the Project being completed and commissioned without the requisite human resources and student population, thereby undermining the achievement of its intended objectives.

In the circumstances, the insufficient enrollment of students may lead to the Project not achieving its intended objectives.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Financing Agreement Credit Number 6334-KE dated 18 December, 2018 between the Republic of Kenya and International Development Association (IDA), I report, based on my audit, that:

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

Basis for Conclusion

The Financing Agreement Credit Number 6334-KE dated 18 December, 2018 between the Republic of Kenya and International Development Association (IDA) requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities of the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


13 November 2025

EASTRIP Project
Annual Report and Financial Statements for the financial Year Ended June 30, 2025

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

| | Notes | Interim Current FY |
|--|-------|--------------------|
| | | Kshs |
| Revenue | | |
| Revenue Transfers | 6 | 0 |
| Miscellaneous Revenue | 7 | 17,019,127 |
| Total revenue | | 17,019,127 |
| Expenses | | |
| Employee costs | 8 | 0 |
| Use of goods and services (Bank Charges) | 9 | 10,705 |
| Depreciation and amortization expense | 10 | 1,641,196 |
| Transfer to other Government Entities | 11 | 0 |
| Other Transfers/Subsidies/Grants | 12 | 0 |
| Certified Works | 13 | 0 |
| Total expenses | | 1,651,901 |
| Other gains/(losses) | | |
| Gain/Loss on sale of assets | 14 | 0 |
| Gain/Loss on foreign exchange transactions | 15 | 0 |
| Impairment loss | 16 | 0 |
| Surplus/ (deficit) | | 15,367,226 |


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



ENG. PETER NJENGA
MD&CEO



PEKETSA MANGI
GM GDD/
PROJECT COORDINATOR



CPA MARY MAALU
GM, FINANCE
ICPAK MEMBER No: 9312

EASTRIP Project
Annual Report and Financial Statements for the financial Year Ended June 30, 2025

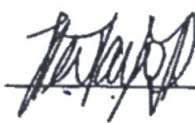
7. Statement of Financial Position as at 30th June 2025

| | Note | FY2024/ 2025 Kshs | 1 st July 2024 Kshs |
|--------------------------------------|------|----------------------|-----------------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash equivalents | 17 | 576,007,467 | 111,171,407 |
| Receivables (Outstanding from MOE&P) | 18 | 279,659 | 0 |
| Inventories | 19 | 0 | 0 |
| Prepayment | 20 | 0 | 0 |
| Total Current Assets | | 576,287,126 | 111,171,407 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 21 | 740,305,270 | 567,990,630 |
| Intangible Assets | 22 | 0 | 0 |
| Total Non- Current Assets | | 740,305,270 | 567,990,630 |
| Total Assets (a) | | 1,316,592,396 | 679,162,037 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 23 | 52,285,691 | 63,188,979 |
| Third Party Deposits | 24 | 35,008,556 | 35,008,556 |
| Deferred Income (Grant Liability) | 25 | 1,171,102,815 | 538,136,394 |
| Total Current Liabilities | | 1,258,397,062 | 636,333,929 |
| Total Liabilities (b) | | 1,258,397,062 | 636,333,929 |
| Net Assets (a-b) | | 58,195,334 | 42,828,108 |
| Represented By: | | | |
| Accumulated Surplus | | 58,195,334 | 42,828,108 |
| Total Net Assets | | 58,195,334 | 42,838,108 |

The financial statements were approved on 22/11 2025 and signed by:



.....
ENG. PETER NJENGA
MD&CEO



.....
PEKETSANGI MANGI
GM GDD/
PROJECT COORDINATOR



.....
CPA MARY MAALU
GM, FINANCE
ICPAK MEMBER No: 9312


EASTRIP Project
Annual Report and Financial Statements for the financial Year Ended June 30, 2025

8. Statement of Changes in Net Assets

| Description | Accumulated Surplus |
|---|---------------------|
| | Kshs |
| As at 30th June 2024 (Cash Basis) | 111,171,407 |
| Adjustments: | |
| Asset Recognition | 567,990,630 |
| Liabilities recognition | (636,333,929) |
| As at 1st July 2024 | 42,828,108 |
| Surplus/(Deficit) for the year | 15,367,226 |
| As at 30th June 2025 | 15,367,226 |

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

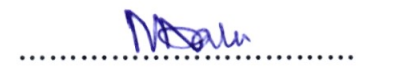
The financial statements were approved on 20/06 2025 and signed by:



ENG. PETER NJENGA
MD&CEO



PEKETSANGI MANGI
GM GDD/
PROJECT COORDINATOR



CPA MARY MAALU
GM, FINANCE
ICPAK MEMBER No: 9312

EASTRIP Project**Annual Report and Financial Statements for the financial Year Ended June 30, 2025****9. Statement of Cashflow for the Year Ended 30th June 2025**

| Description | Note | FY2024/2025 |
|--|-------------|----------------------|
| | | Kshs |
| Cashflow from operating activities | | |
| Receipts | | |
| Revenue Transfers | 6 | 0 |
| Miscellaneous Revenue | 7a | 15,377,931 |
| Total receipts | | 15,377,931 |
| | | |
| Payments | | |
| Employee costs | 8 | 0 |
| Use of goods and services (Bank Charges) | 9 | (10,705) |
| Transfer to other Government Entities | 11 | 0 |
| Other Transfers/Subsidies/Grants | 12 | 0 |
| Certified Works | | 0 |
| Total payments | | (10,705) |
| Net cash flow from operating activities | 26 | 15,367,226 |
| | | |
| Cashflow from investing activities | | |
| Acquisition of non-financial assets | | (184,859,124) |
| Proceeds from sale of Assets | | 0 |
| Acquisition of Intangible assets | | (0) |
| | | |
| Net cash flows from investing activities | | (184,859,124) |
| | | |
| Cash flow from financing activities | | |
| Grant Receipts | | 634,327,958 |
| Net cash flow from financing activities | | 634,327,958 |
| Net increase/decrease in cash and cash equivalents | | 464,836,060 |
| Cash and cash equivalents at 1st July 2024 | 17 | 111,171,407 |
| Cash and cash equivalents at end June 2025 | 17 | 576,007,467 |

10. Statement of Comparison of Budget and Actual for the Year Ended 30th June 2025

| Receipts/ Payments | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|--|--------------------|-------------|--------------------|----------------------------|-------------------------------|------------------|
| | a | b | c=a+b | d | e=c-d | f=d/c % |
| Budget Carry Over from Previous Period | 500,000,000 | 0 | 500,000,000 | 427,055,047 | 72,944,953 | 85% |
| Receipts | | | | | | |
| Grant Receipts From MOE&P | | 0 | | 634,327,958 | | |
| Miscellaneous Revenue | | 0 | | 15,377,931 | | |
| Total Revenue | 500,000,000 | 0 | 500,000,000 | 649,705,889 | (149,705,889) | 130% |
| Payments | | | | | | |
| CWIP Payments | | | | 184,859,124 | | |
| Bank Charges | | | | 10,705 | | |
| Total Payments | 500,000,000 | 0 | 500,000,000 | 184,869,829 | 315,130,171 | 37% |
| Surplus | 0 | | 0 | 464,836,060 | | |

Budget notes

1. The budget absorption rate as at the end of the reporting period stood at 85%. The absorption is based on budget versus amount disbursed and transferred by The National Treasury to MOE&P which subsequently transfers the amount to KenGen Project Account.
2. Eligible Expenditure Payments from KenGen Project Account was Kshs 184Million. This suboptimal absorption is mainly attributed to delays in the award and implementation of the main contract for upgrading the training facility and six (6) related contracts involving the supply, delivery, and installation of key equipment, furniture, and fittings. Additionally, a retention amount of **Kshs 35 million** is currently being held as per contract terms, which has further contributed to the low absorption rate. Further, the main contract for the upgrading of the training facility was expected to be completed in FY 2024/2025. Its timely execution would have facilitated absorption of an additional **Kshs 120 million**. This anticipated expenditure, combined with the implementation of the six approved contracts, will significantly improve the project’s financial performance and accelerate progress toward its intended outcomes.
3. The total value of these six contracts is approximately **Kshs 300 million**, and their implementation will directly support the equipping and operational readiness of the upgraded training facility. Furthermore, the main contract for the upgrading of the training facility is expected to be completed within the same period, leading to an additional absorption of approximately **Kshs 120 million**. The seventh contract, related to the supply and installation of Smart Classrooms, was cancelled due to all bids being non-responsive to the technical and financial requirements. The project team is currently in the process of restructuring the specifications and will re-advertise the tender in alignment with World Bank Procurement Regulations.

4. There were no reallocations during the reporting period. However, interest earned from the project account has been reconciled and is reflected in the accompanying financial tables. These earnings have been retained in the project account:

Budget Reconciliation

| Description of Particulars | Amount in Kshs |
|--|-----------------------|
| Actual Surplus Amounts as per the statement of Budget | 464,836,060 |
| KenGen Project Account Opening Balance (01 July 2024) | 111,171,407 |
| Previous Period Surplus | |
| Closing Cash and Cash Equivalent as per the statement of Cash flows | 576,007,467 |

11. Notes to the Financial Statements

1. General Information

Kenya Electricity Generating Company PLC (KenGen) is the leading electric power generating Company in East Africa. The Company was incorporated in 1954 under the laws of Kenya with a mandate of generating electricity through the development, management, and operation of power plants. KenGen is listed on the Nairobi Securities Exchange (NSE) with the Government of Kenya owning 70% shareholding and the public 30%.

2. Statement of Compliance and Basis of Preparation

The project financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS). The project financial statements have been modified to reflect the report financial standards applicable to KenGen PLC.

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS) Accrual- Modified.

The modification aims to align KenGen's Financial Statements, prepared in accordance with International Financial Reporting Standards (IFRS), with the EASTRIP Project Financial Statements, which are prepared based on IPSAS Accrual. To achieve this consistency, the following steps were undertaken:

- a) A grant liability is recognized based on the conditions attached to the utilization of funds received, as outlined in the Strategic Investment Plans (SIPs). This recognition is in line with the requirements of IPSAS 23 which states "*An inflow of resources from non-exchange transaction recognized as an asset shall be recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow*". However, to ensure alignment with International Accounting Standard (IAS) 20, the amortization of the grant liability is matched to the depreciation expense of the completed assets acquired using the grant funds.

EASTRIP Project

Annual Reports and Financial Statements for the Year Ended June 30, 2025.

There were no elements of the Project financial statements that remained unrecognized due to transitional provisions under IPSAS 33. This is because KenGen's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), which are based on the accrual accounting principle. As such, no transitional exemptions under IPSAS 33 were applied. The entity continues to align its project-specific reporting with IPSAS accrual requirements and will adopt any additional disclosures or classifications necessary to ensure full compliance with IPSAS, as guided by the Public Sector Accounting Standards Board (PSASB).

The Project financial statements were authorized for issue by the accounting officer on _____2025

Annual Reports and Financial Statements for the Year Ended June 30, 2025.

3. Adoption of New and Revised Standards

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

| Standard | Effective date and impact: |
|--|--|
| IPSAS 43 | <p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>There is no expected impact on the Project’s financial statements.</p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>There is no expected impact on the Project’s financial statements.</p> |
| IPSAS 45- Property Plant and Equipment | <p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>There is no expected impact on the Project’s financial statements.</p> |
| IPSAS 46 Measurement | <p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> |

Annual Reports and Financial Statements for the Year Ended June 30, 2025.

| Standard | Effective date and impact: |
|----------|--|
| | <p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>There is no expected impact on the Project's financial statements.</p> |

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

| Standard | Effective date and impact: |
|--|---|
| IPSAS 47- Revenue | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>There is no expected impact on the Project's financial statements.</p> |
| IPSAS 48- Transfer Expenses | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>There is no expected impact on the Project's financial statements.</p> |
| IPSAS 49- Retirement Benefit Plans | <p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>There is no expected impact on the Project's financial statements.</p> |
| IPSAS 50: | <p><i>Applicable 1st January 2027</i></p> |

Annual Reports and Financial Statements for the Year Ended June 30, 2025.

| Standard | Effective date and impact: |
|---|--|
| Exploration For & Evaluation of Mineral Resources | The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. There is no expected impact on the Project's financial statements. |

iii) Early adoption of standards

The Project Financial Statements did not have early – adopt of any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The Project's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

Notes to the financial statements

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 under section *II* of these financial statements.

c) Property, plant and equipment

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

d) Leases

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

Notes to the financial statements

e) Intangible assets

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

f) Research and development costs

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

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

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

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Project does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

Notes to the financial statements

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Notes to the financial statements

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost.

A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

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

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Notes to the financial statements

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 16.

Financial liabilities

Classification

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

h) Inventories

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

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

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

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

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

Notes to the financial statements

i) Provisions

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

Contingent liabilities

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

Contingent assets

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

j) Nature and purpose of reserves

The Project reserves are maintained in accordance with the financing agreement and utilized based on the Project Implementation Guidelines. These include:

- Unspent grant balances committed for ongoing procurements for upgrading of training facility equipment and infrastructure development.
- Interest income earned on designated project bank accounts is utilized for project activities as per Strategic Investment Plans (SIPs).

Notes to the financial statements

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

The Project does not provide retirement benefits to the project teams, as they are employees of KenGen.

m) Foreign currency transactions

Grant receipts from the National Treasury via the Ministry of Energy and Petroleum (MOE&P) are disbursed in Kenya Shillings to the KenGen Project Account; hence, there are no direct transactions in foreign currencies. However, for the purpose of reconciling these receipts to the donor currency, the amounts received are converted using the exchange rate applied by the National Treasury at the time of transferring funds to the KenGen Project Account.

The undisbursed balance and any outstanding amounts in the Designated Account (DA-G), held at the National Treasury, are translated using the prevailing exchange rate as at the reporting date.

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete.

Further borrowing costs are charged to the statement of financial performance.

o) Related parties

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

Notes to the financial statements

p) Service concession arrangements

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

q) Cash and cash equivalents

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

r) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

No provisions were recognized in relation to the Project during the reporting period, nor were any significant estimates made by management in this regard, based on the information available. As such, there are no additional disclosures relating to provisions or related estimates included in Note 3.

Notes to the financial statements

Generally, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the impact is material. (Examples of provisions applicable to the implementing entity, such as provisions for doubtful debts or obsolete inventory, should be disclosed where relevant, including the basis for estimation).

Annual Reports and Financial Statements for the Year Ended June 30, 2025.

Notes to the financial statements

6. Revenue Transfers

| Description | FY 2024/ 2025 |
|--|---------------|
| | KShs |
| Unconditional Transfers | |
| GoK Counterpart funding | 0 |
| Transfers from Development partners | 0 |
| <i>Other unconditional transfers (Amortization of Deferred Income)</i> | 0 |
| Total Unconditional Transfers (a) | 0 |
| | |
| Conditional Transfers | |
| Transfers from Development partners 1 | 0 |
| Transfers from Development partner 2 | 0 |
| <i>Other conditional transfers (specify)</i> | 0 |
| Total Conditional Transfers (b) | 0 |
| Total Transfers for the Year (a + b) | 0 |

a) Details to Revenue Transfers

| Name of The Entity Transferring | Amount recognized to Statement of Financial performance | Amount deferred under deferred income. | Amount moved to Capital fund | Total transfers FY2024/2025 |
|---------------------------------|---|--|------------------------------|-----------------------------|
| | Kshs | Kshs | Kshs | Kshs |
| GOK Funding | 0 | 0 | 0 | 0 |
| World Bank | 0 | 0 | 0 | 0 |
| Subtotal | 0 | 0 | 0 | 0 |
| Deferred Income realized | 0 | 0 | 0 | 0 |
| Transfers in Kind | 0 | | | 0 |
| Total | 0 | 0 | 0 | 0 |

Notes to the financial statements

7. Miscellaneous Revenue

a) Miscellaneous revenue- Interest Income Project Account

| Description | FY 2024/25 Kshs |
|-----------------------------------|--------------------|
| Interest Income (Project Account) | 15,377,931 |
| Sub-Total | 15,377,931 |

b) Miscellaneous revenue- Amortization of Grant Liability

| Description | FY 2024/25 Kshs |
|--|--------------------|
| Amortization of Grant Liability on Completed Asset | 1,641,196 |
| Sub-Total | 1,641,196 |

| | |
|--------------|-------------------|
| Total | 17,019,127 |
|--------------|-------------------|

8. Employees Costs

| Description | FY 2024/25 Kshs |
|--|--------------------|
| Basic salaries of permanent employees | 0 |
| Basic wages of temporary employees | 0 |
| Personal allowances paid as reimbursements | 0 |
| Personal allowances provided in kind | 0 |
| Compulsory national social security schemes | 0 |
| Compulsory national health insurance schemes | 0 |
| Total | 0 |

9. Use of Goods and Services

| Description | FY 2024/25 Kshs |
|--|--------------------|
| Utilities, supplies and services | 0 |
| Bank charges | 10,705 |
| Communication, supplies and services | 0 |
| Domestic travel and subsistence | 0 |
| Training payments | 0 |
| Hospitality supplies and services | 0 |
| Other operating payments(specify) | 0 |
| Routine maintenance – vehicles and other transport equipment | 0 |
| Total | 10,705 |

Annual Reports and Financial Statements for the Year Ended June 30, 2025.

Notes to the financial statements

10. Depreciation and Amortization expense

| Description | FY 2024/25 Kshs |
|-------------------------------|--------------------|
| Property, Plant and Equipment | 1,641,196 |
| Intangible Assets | 0 |
| Total | 1,641,196 |

11. Transfer to Other Government Entities

| Description | FY 2024/25 Kshs |
|--------------|--------------------|
| Ministry | 0 |
| Project | 0 |
| Department | 0 |
| County | 0 |
| Total | 0 |

12. Other Transfers/Subsidies/Grants

| Description | FY 2024/25 Kshs |
|---|--------------------|
| Transfers to Non-Government Organizations | 0 |
| Subsidies | 0 |
| Total | 0 |

13. Certified Works

| Description | FY 2024/25 Kshs |
|-----------------------|--------------------|
| Road Works | 0 |
| Water Works | 0 |
| Energy Infrastructure | 0 |
| Total | 0 |

Notes to the financial statements

14. Gain/Loss on Sale of Assets

| Description | FY 2024/25 |
|--|------------|
| | Kshs |
| Property, plant and equipment | 0 |
| Intangible assets | 0 |
| Other assets not capitalised | 0 |
| Total gain/loss on sale of assets | 0 |

15. Gain/Loss on foreign exchange transactions

| Description | FY 2024/25 |
|---------------------------------------|------------|
| | Kshs |
| Gain on foreign exchange transactions | 0 |
| Loss on foreign exchange transactions | (0) |
| Total Gain/Loss | 0 |

16. Impairment Loss

| Description | FY 2024/25 |
|-------------------------------|------------|
| | Kshs |
| Property, Plant and Equipment | 0 |
| Intangible Assets | 0 |
| Total Impairment Loss | 0 |

17. Cash and Cash Equivalents

| Description | FY 2024/2025 | 1 st July |
|--|--------------------|----------------------|
| | Kshs | Kshs |
| Cash in Bank | 576,007,467 | 111,171,407 |
| Cash on hand | 0 | 0 |
| Total Cash and Cash Equivalents | 576,007,467 | 111,171,407 |

Notes to the financial statements

Project Bank Accounts

| Details | FY 2024/2025 Kshs | 1 st July 2024 Kshs |
|---|---------------------------|-----------------------------------|
| Foreign Currency Accounts | | |
| Central Bank of Kenya [A/c No.....] | 0 | 0 |
| Kenya Commercial Bank [A/c No.....] | 0 | 0 |
| Co-operative Bank of Kenya [A/c No.....] | 0 | 0 |
| Others (<i>specify</i>) | 0 | 0 |
| Total Foreign Currency balances | <u>0</u> | <u>0</u> |
| Local Currency Accounts | | |
| Central Bank of Kenya [A/c No.....] | 0 | 0 |
| Kenya Commercial Bank [A/c No 1270126415] | 576,007,467 | 111,171,407 |
| Co-operative Bank of Kenya [A/c No.....] | 0 | 0 |
| Others (<i>specify</i>) | 0 | 0 |
| Total local currency balances | <u>0</u> | <u>0</u> |
| Total bank account balances | <u>576,007,467</u> | <u>111,171,407</u> |

Notes to the Financial Statements

18. Receivables

| Description | FY 2024/2025 | 1 st July 2024 |
|-------------------------------|----------------|---------------------------|
| | Kshs | Kshs |
| Counter Part Funding | 0 | 0 |
| Contractor's Advance payments | 0 | 0 |
| Other Receivables (MOE&P)* | 279,659 | 0 |
| Total Receivables | 279,659 | 0 |

*(Amount disbursed from NT to MOE&P but not received in project A/C as Year End)

Ageing analysis for Receivables

| Description | FY 2024/2025 | | 1 st July 2024 | |
|--------------------|--------------|----------------|---------------------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | 0 | % | 0 | % |
| Between 1- 2 years | 0 | % | 0 | % |
| Between 2-3 years | 0 | % | 0 | % |
| Over 3 years | 0 | % | 0 | % |
| Total (a+b) | 0 | % | 0 | % |

19. Inventories

| Description | FY 2024/2025 | 1 st July 2024 |
|--------------------------------|--------------|---------------------------|
| | Kshs | Kshs |
| Consumable stores | 0 | 0 |
| Construction stores | 0 | 0 |
| Others consumables (specify) | 0 | 0 |
| Less: allowance for impairment | (0) | (0) |
| Total inventories | 0 | 0 |

20. Prepayments

| Description | FY2024/2025 | 1 st July 2024 |
|--------------------------|-------------|---------------------------|
| | Kshs | Kshs |
| Insurance | 0 | 0 |
| Rent | 0 | 0 |
| Total inventories | 0 | 0 |

Annual Reports and Financial Statements for the Year Ended June 30, 2025.

Notes to the financial statements

21. Property, Plant and Equipment

| Cost | Motor vehicles | Furniture and fittings | ICT Equipment | Other Assets (specify) | Capital Work in progress | Total |
|---|----------------|------------------------|---------------|------------------------|--------------------------|-------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| Depreciation rate | 25% | X% | X% | X% | | |
| As At 1 July 2024 (opening balances) | 7,294,202 | 0 | 0 | 0 | 562,474,390 | 569,768,593 |
| Additions | 0 | 0 | 0 | 0 | 173,955,835 | 173,955,835 |
| Disposals | (0) | 0 | 0 | 0 | (0) | (0) |
| Transfers/Adjustments | (0) | 0 | 0 | 0 | 0 | (0) |
| As at 30th June 2025 | 7,294,202 | 0 | 0 | 0 | 736,430,225 | 743,724,428 |
| Depreciation And Impairment | | | | | | |
| As at 1 July 2024 | (1,777,962) | (0) | (0) | (0) | (0) | (1,777,962) |
| Depreciation charge for the year | (1,641,196) | (0) | (0) | (0) | (0) | (1,641,196) |
| Impairment loss | (0) | (0) | (0) | (0) | (0) | (0) |
| Transfers/ Adjustments | (0) | 0 | 0 | 0 | 0 | (0) |
| As At 30th June 2025 | (3,419,158) | 0 | 0 | 0 | 0 | (3,419,158) |
| Net Book Values | | | | | | |
| As at 1st July 2024 | 5,516,241 | 0 | 0 | 0 | 562,474,390 | 567,990,631 |
| As at 30th June 2025 | 3,875,045 | 0 | 0 | 0 | 736,430,225 | 740,305,270 |

EASTRIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2025****Notes to the financial statements****22. Intangible Assets**

| Description | 1 st July 2024 |
|--|---------------------------|
| | Kshs |
| Cost | |
| As at 1 st July 2024 | 0 |
| Additions | 0 |
| As at 30th June 2025 | 0 |
| Amortization and impairment | |
| As at 1 st July 2024 | 0 |
| Amortization | 0 |
| Impairment loss | 0 |
| As at 30th June 2025 | 0 |
| NBV as at 1st July 2024 | 0 |
| NBV as at 30th June 2025 | 0 |

23. Trade and Other Payables

| Description | FY 2024/2025 | | 1 st July 2024 | |
|---|-------------------|-----------------|---------------------------|-----------------|
| | Kshs | | Kshs | |
| Trade payables (Related Party Reimbursables) From EASTRIP Project Account to KenGen | 52,285,691 | | 63,188,979 | |
| Employee payables | 0 | | 0 | |
| Total trade and other payables | 52,285,691 | | 63,188,979 | |
| Ageing analysis: (Trade and other payables) | FY | % of the | Comparative | % of the |
| | 2024/2025 | Total | 2023/2024 | Total |
| Under one year | 52,285,691 | 100% | 63,188,979 | 100% |
| 1-2 years | 0 | % | 0 | % |
| 2-3 years | 0 | % | 0 | % |
| Over 3 years | 0 | % | 0 | % |
| Total | 52,285,691 | | 63,188,979 | |

(The payables relate to reimbursements from the EASTRIP project account to KenGen for project expenditures paid by KenGen. This arises from KenGen's centralized payment system)

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

Notes to the financial statements

24. Third-Party Deposits

| Description | FY2024/2025 | | 1 st July 2024 | |
|--|-------------------|-------------------|---------------------------|-------------------|
| | Kshs | | Kshs | |
| Contractor's Retention | 35,008,556 | | 35,008,556 | |
| Total deposits | 35,008,556 | | 35,008,556 | |
| | | | | |
| Ageing analysis: (Refundable deposits) | FY 2024/2025 | % of the Total | Comparative 2023/2024 | % of the Total |
| Under one year | 0 | % | 35,008,556 | 100% |
| 1-2 years | 35,008,556 | % | 0 | % |
| 2-3 years | 0 | % | 0 | % |
| Over 3 years | 0 | % | 0 | % |
| Total | 35,008,556 | | 35,008,556 | |

(Retention amount as per upgrade of training facility contract)

25. Deferred Income

| Description | FY2024/2025 | 1 st July 2024 |
|--|----------------------|---------------------------|
| | Kshs | Kshs |
| Development partner 1 (Grant Liability World Bank) | 1,174,521,973 | 539,914,356 |
| Amortization of Deferred Income | (3,419,158) | (1,777,962) |
| <i>Others specify</i> | 0 | 0 |
| Total Deferred Income (Grant Liability) | 1,171,102,815 | 538,136,394 |

(The grant amount for acquisition of motor vehicle has been recognized as deferred income and is being amortized to income on a systematic basis over the useful life of the asset, which corresponds to the depreciation for the motor vehicle)

EASTRIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2025****Notes to the financial statements****Deferred Income Movement Schedule**

| | World Bank | Others specify | Total |
|---|----------------------|-----------------------|----------------------|
| | Kshs | Kshs | Kshs |
| Balance as at 1 st July 2024 | 539,914,356 | 0 | 539,914,356 |
| Additions | 634,327,958 | 0 | 634,327,958 |
| Transfers To Performance Statement as Revenue | (3,419,158) | (0) | (3,419,158) |
| Receivable from MOE&P | 279,659 | 0 | 279,659 |
| Balance as at 30 th June 2025 | 1,171,102,815 | 0 | 1,171,102,815 |

26. Cash Generated from Operations

| Description | FY 2024/2025 |
|---|---------------------|
| | Kshs |
| Surplus for the year | 15,367,226 |
| Adjusted for: | |
| Depreciation | 1,641,196 |
| Non-cash grants received | (0) |
| Amortization of Deferred Income (Grant Liability) | (1,641,196) |
| Gains on disposal of assets | 0 |
| Working capital adjustments | |
| Increase in inventory | (0) |
| Increase in receivables | (0) |
| Increase in deferred income | 0 |
| Increase in payables | 0 |
| Increase in payments received in advance | 0 |
| Net cash flow from operating activities | 15,367,226 |

EASTRIP Project

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

Notes to the financial statements

27. Special Deposit Accounts

There were no balances in the Project's Special Deposit Account(s) as at 30th June 2025. Accordingly, no amounts are reflected under the Statement of Financial Assets. Consequently, the movement schedule presented below reflects zero activity, as no funds were held in or transacted through the Special Deposit Account during the reporting period. All funds received during the year have been fully reported in the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

| Description | FY 2024/2025 Kshs | 1st July 2024 Kshs |
|--|------------------------------|--|
| (i) A/C Name [A/c No.....] | | |
| Opening balance | 0 | 0 |
| Total amount deposited in the account | 0 | 0 |
| Total amount withdrawn | <u>0</u> | <u>0</u> |
| Closing balance (as per SDA bank account reconciliation attached) | <u>0</u> | <u>0</u> |
| (ii) A/c Name [A/c No.....] | | |
| Opening balance (as per the SDA reconciliation) | 0 | 0 |
| Total amount deposited in the account | 0 | 0 |
| Total amount withdrawn | <u>0</u> | <u>0</u> |
| Closing balance (as per SDA bank account reconciliation attached) | <u>0</u> | <u>0</u> |

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

Notes to the financial statements

28. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Entity* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel and reimbursements from Project Account to KenGen.

Government of Kenya

The Government of Kenya is the majority shareholder of the KenGen PLC, holding 70% of the KenGen PLC equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

EASTRIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2025****Notes to the financial statements****Other related parties include:**

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

| Description | FY 2024/2025 |
|--|--------------|
| | Kshs |
| Transactions with related parties | |
| a) Sales to related parties | |
| Sales of electricity to govt agencies | 0 |
| Rent income from govt. Agencies | 0 |
| Others (specify) e.g. interest and bank charges | 0 |
| Total | 0 |
| B) purchases from related parties | |
| Purchases of electricity from KPLC | 0 |
| Purchase of water from govt service providers | 0 |
| Rent expenses paid to govt agencies | 0 |
| Others (specify) | 0 |
| Total | 0 |
| b) Grants /transfers from the government | |
| Grants from national govt | 0 |
| Grants from county government | 0 |
| Donations in kind | 0 |
| Total | 0 |
| c) Expenses incurred on behalf of related party | |
| Payments of salaries and wages for employees | 0 |
| Payments for goods and services | 0 |
| Total | |
| d) Key management compensation | |
| Directors' emoluments | 0 |
| Compensation to key management | 0 |
| Total | 0 |

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

Notes to the financial statements

29. Events after the Reporting Period

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

30. Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Energy & Petroleum. Its ultimate parent is the Government of Kenya.

31. Currency

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

EASTRIP Project

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

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: |
|---|---|---|--|--|
| 1. | Presentation and Disclosure Omissions in the Financial Statements | <p>The Financial Statements have since been presented using the Project Financial Statement Template provided by the Public Sector Accounting Standards Board (PSASB). The current Project Financial Statements (FS) has adopted all issues raises as outlined below: -</p> <ul style="list-style-type: none">i) Budget versus Actual Comparisonii) Notes to the Project FS are includediii) The FS contain the Statement of Performance against Predetermined Objectives, Environmental & Sustainability Reporting as well as significant accounting Policiesiv) The statement of Financial Position adopted as per PSASB Templatev) The Statement of receipts entails amounts received to the Project Account and not amount in the Designated Account at the National Treasury or on transit. This has been resolved by the current FS format. | Resolved | Adopted in the Current Project Financial Statement FY2024/2025 |

EASTRIP Project

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

Guidance Notes:

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



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ENG. PETER NJENGA
MD&CEO



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PEKETSA MANGI
GM, GDD/ PROJECT COORDINATOR

Annex 2: Reconciliation of inter-entity transfers

| Project Name: | | EASTRIP | | |
|---|----------------------|----------------|---|--|
| Breakdown of transfers from the State Department | | | | |
| a. Government Counterpart funding | | | | |
| | Bank Statement Date | Amount (Kshs) | Indicate the FY to which the amounts relate | |
| | | 0 | | |
| | Total | 0 | | |
| B. Direct payments | | | | |
| | Bank Statement Date | Amount (Kshs) | Indicate the FY to which the amounts relate | |
| | | 0 | | |
| | Total | 0 | | |
| C. Others | | | | |
| | Bank Statement Date | Amount (Kshs) | Indicate the FY to which the amounts relate | |
| | | 0 | | |
| | Total | 0 | | |
| | Total (A+B+C) | 0 | | |

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

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ENG. PETER NJENGA
MD&CEO



PEKETSANGI
GM, GDD/ PROJECT COORDINATOR

EASTRIP Project

Annual Report and Financial Statements for the financial Year Ended June 30, 2025

Annex 3: Fixed Asset Register

| Asset class | Historical Cost b/f (Kshs) Previous Year | Additions during the year (Kshs) | Disposals during the year (Kshs) | Transfers in/(out) during the year | Historical Cost c/f (Kshs) Current Year |
|--|---|---|---|---|--|
| Land | 0 | 0 | 0 | 0 | 0 |
| Buildings and structures | 0 | 0 | 0 | 0 | 0 |
| Transport equipment | 7,294,202 | 0 | 0 | 0 | 7,294,202 |
| Office equipment, furniture and fittings | 0 | 0 | 0 | 0 | 0 |
| ICT Equipment | 0 | 0 | 0 | 0 | 0 |
| Machinery and Equipment | 0 | 0 | 0 | 0 | 0 |
| Biological assets | 0 | 0 | 0 | 0 | 0 |
| Infrastructure Assets- Roads, Rails | 0 | 0 | 0 | 0 | 0 |
| Heritage and cultural assets | 0 | 0 | 0 | 0 | 0 |
| Intangible assets | 0 | 0 | 0 | 0 | 0 |
| Work in Progress | 562,474,390 | 173,955,835 | 0 | 0 | 736,430,225 |
| Total | 569,768,592 | 173,955,835 | 0 | 0 | 743,724,427 |

Annex 4: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities; Not applicable
- ii. Bank Reconciliations statement as at 30th June 2025
- iii. Board of Survey Report; Not applicable
- iv. Special Deposit Account(s) reconciliation statement(s); Not applicable