

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



REPORT

OF

THE AUDITOR-GENERAL

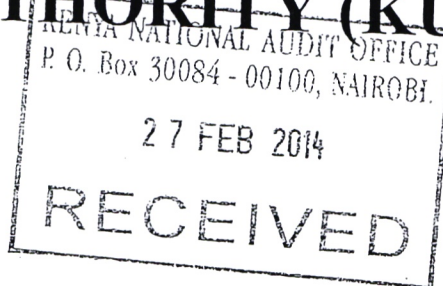
ON

**THE FINANCIAL STATEMENTS OF
KENYA URBAN ROADS AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE 2013**



**KENYA URBAN ROADS
AUTHORITY (KURA)**



**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED 30TH JUNE
2013**

SEPTEMBER 2013

TABLE OF CONTENTS

CORPORATE INFORMATION.....	2 - 4
STATEMENT ON CORPORATE GOVERNANCE.....	5 - 6
STATEMENT OF DIRECTORS RESPONSIBILITY.....	7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN RESERVES.....	10
STATEMENT OF CASH FLOW.....	11
NOTES TO THE ACCOUNTS	12 - 22

CORPORATE INFORMATION

MANDATE

The Roads Act, 2007 which came into operation on 7th September 2007 gives Kenya Urban Roads Authority (KURA) the responsibility for management, development, rehabilitation and maintenance of all public roads in Cities and Municipalities in Kenya except where those roads are National roads.

OUR VISION

To be a global leader in the provision and management of urban road network.

OUR MISSION

To professionally provide quality, safe and adequate urban road network that satisfies stakeholder needs.

CORPORATE CORE VALUES

1. Integrity
2. Equity and Fairness
3. Professionalism
4. Recognition and Personal Development
5. Team Spirit
6. Hard Work
7. Visionary Leadership

CORPORATE INFORMATION

BOARD OF DIRECTORS

Board members who served during the Financial Year 2012/13 were as follows:

1. **Prof. Johnstone Mutisya Kiamba** - Chairman
2. **Eng. Daniel W. Njora** - Institution of Engineers of Kenya
3. **Mr. Dickson Mbugua Keru** - Matatu Welfare Association
4. **Mrs. Mary Gesare** - Kenya Association Of
Manufacturers
5. **Mr. Githinji Kahuthu** - Institution of Surveyors of Kenya
6. **Mrs. Priscilah M. Mwadime** - Local Government Association
7. **Prof. Karega Mutahi, CBS, EBS** - Permanent Secretary
Office of the Deputy Prime
Minister and Minister for Local
Government
(**Eng Raphael Murimi-Alternate
Member**)
8. **Mr. Joseph Kinyua, CBS** - Permanent Secretary
Office of the Deputy Prime and
Minister For Finance.
(**Mr. Wanyambura Mwambia-
Alternate Member**)
9. **Eng. Michael Kamau , CBS, HSC** - Permanent Secretary
Ministry of Roads
(**Janet Mucheru)-Alternate Member**)
10. **Eng. Joseph N. Nkadayo, MBS** - Director General -Secretary to the
Board

REGISTERED OFFICES **KENYA URBAN ROADS AUTHORITY,**
IKM PLACE, BISHOPS ROAD,
5TH NGONG AVENUE,
P.O BOX 41727-00100,
NAIROBI.

BANKERS **KENYA COMMERCIAL BANK LTD**
P.O BOX 30081-00100
NAIROBI

BRANCHES

KCB MOI AVENUE-NAIROBI-Head office.
KCB INDUSTRIAL AREA-KURA-Nairobi Region.
KCB NYERI-KURA-Central Region.
KCB MERU-KURA-Upper Eastern Region.
KCB GARISSA-KURA-North Eastern Region.
KCB MVITA-KURA-Coast Region.
KCB Machakos-KURA-Lower Eastern Region.
KCB Eldoret-KURA-North Rift Region.
KCB Nakuru-KURA-South Rift Region.
KCB Kakamega-KURA-Western Rift Region.

CO-OPERATIVE BANK OF KENYA LTD,
UPPER HILL BRANCH,
P.O BOX 48231-00100,
NAIROBI.

EQUITY BANK LTD,
COMMUNITY CORPORATE BRANCH,
NAIROBI

NATIONAL BANK OF KENYA,
HILL BRANCH,
P.O BOX 45219-00100,
NAIROBI.

LAWYERS **MANAGER LEGAL AFFAIRS,**
KENYA URBAN ROADS AUTHORITY,
P.O BOX 41727-00100,
NAIROBI.

AUDITORS **THE AUDITOR –GENERAL,**
KENYA NATIONAL AUDIT OFFICE,
P.O BOX 30084-00100,
NAIROBI.

STATEMENT ON CORPORATE GOVERNANCE

Corporate governance is the process and structure used to direct and manage business affairs of the Authority towards enhancing prosperity and corporate accounting with the ultimate objective of realizing government long-term value while taking into account the interest of other stakeholders.

The Authority is committed to business integrity and professionalism in all its activities.

BOARD OF DIRECTORS

The Board meets at least once every quarter for scheduled meetings and on other occasions to deal with specific matters that may require attention between the scheduled meetings. The Directors are given appropriate and timely information so that they can make well informed and balanced business decisions as well as planning for the future and growth of the Authority. Scheduled meetings include review of annual accounts and budgets together with monitoring of business operations. Except for direction and guidance on general policy, the Board has delegated authority for conduct of the day-to-day business to the Director General assisted by a Team of able Managerial Staff.

The Board has established various committees to which it has delegated certain responsibilities with the conveners of the Board committee reporting to the Board.

- Finance Committee.
- Human Resources Committee.
- Audit Committee.
- Technical and Quality Assurance Committee.

INTERNAL CONTROLS

The Board is responsible for the Authority's system of internal controls and for reviewing their effectiveness. The Authority has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information.

The systems in place are designed to ensure that authority is obtained for any major transaction and that the Kenya Urban Roads Authority complies with Laws and Regulations, including those

that govern sound financial management. Procedures are in place to ensure that all assets are subject to proper physical controls and these are professionally revalued regularly.

RISK MANAGEMENT

The Authority will continue to recognize risk management as an integral part of internal control and logistically and systematically engage in the process of identifying, evaluating and communicating risks associated with any activity, function or process in a way that will enable it minimize losses and maximize opportunities.

STATEMENT OF DIRECTORS RESPONSIBILITY

The Kenya Roads Act, 2007 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of its Income and Expenditure. It also requires the directors to ensure that the Authority keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and of its profit or loss in accordance with International Financial Reporting Standards.

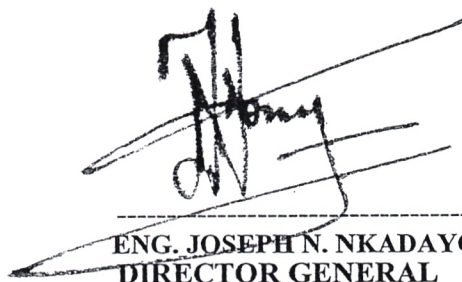
The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the directors to indicate that the Authority will not remain a going concern for at least twelve months from the date of this statement.

Approved by the Board Of Directors on 24th September, 2013 and signed on its behalf by:



PROF. JOHNSTONE M. KIAMBA
CHAIRMAN
BOARD OF DIRECTORS



ENG. JOSEPH N. NKADAYO, MBS
DIRECTOR GENERAL



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA URBAN ROADS AUTHORITY FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Urban Roads Authority set out on pages 8 to 22, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows 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 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

Management of Kenya Urban Roads Authority is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

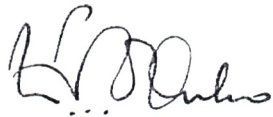
My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at 30 June, 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and comply with Kenya Roads Act, 2007.



Edward R. O. Ouko, CBS
Auditor-General

Nairobi

17 February 2014

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
30TH JUNE 2013**

	Notes	2012/2013	2011/2012
INCOME			
GoK-Exchequer Funding	3	4,988,253,083	5,563,225,762
RMLF Funds	3	4,931,825,226	2,661,853,606
AIA-Miscellaneous Income	3	124,952,872	72,946,470
AIA-Loans And Grants	3	497,456,046	3,105,061,343
Gain On Disposal of Assets	3	10,911,500	-
Total		10,553,398,727	11,403,087,181
EXPENDITURE			
Board Expenses	5	23,964,525	14,636,315
Personnel Costs	6	555,027,566	481,693,193
Other Operating/ Administration Costs	7	271,267,793	202,093,994
Funding to various Local Authorities	17	216,108,786	62,495,654
Roads Rehabilitation & Maintenance Costs	9	3,306,583,735	2,899,473,176
Depreciation Costs	8	97,159,280	76,393,571
Audit Costs	8	1,160,000	1,000,000
Kenya Youth Employment Programme		-	74,954,492
Roads Design and Construction costs	10	7,097,871,046	6,673,858,812
Total		11,569,142,731	10,486,599,207
SURPLUS / (DEFICIT)		(1,015,744,004)	916,487,969

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

		2012/2013	2011/12
NON-CURRENT ASSETS	Notes		
Property, Plant and Equipment	18	177,208,121	191,350,592
CURRENT ASSETS			
Receivables and Prepayments	11	8,189,744	35,031,174
Inventory	12	4,142,151	6,137,704
Cash at Bank and in Hand	13	2,801,955,296	3,333,966,721
Total		2,991,495,313	3,566,486,192
FINANCED BY			
Capital Reserves	15	26,719,209	5,679,000
Revenue Reserves	16	1,912,603,854	2,928,347,860
Payables & Accruals	14	1,052,172,251	632,459,331
Total		2,991,495,313	3,566,486,192



PROF. JOHNSTONE M. KIAMBA
CHAIRMAN
BOARD OF DIRECTORS



ENG. JOSEPH N. NKADAYO, MBS
DIRECTOR GENERAL

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30TH JUNE, 2013

Period Year Ended 30th June 2012	Capital Reserves KES	Revenue Reserves KES	Totals KES
Balance at start of the FY	5,679,000.00	2,011,859,911	2,017,538,911
Surplus for the Year	-	916,487,969	916,487,969
Balances at end of year	5,679,000.00	2,928,347,879	2,934,026,879
Period For Year Ended 30th June 2013	Capital Reserves KES	Revenue Reserves KES	Totals KES
Balance at start of the FY	5,679,000	2,928,347,879	2,934,026,879
Disposal During the Year	(5,679,000)		(5,679,000)
Additions During the Year	26,719,209		26,719,209
Deficit for 12 month period ended 30/06/2013		(1,015,744,004)	(1,015,744,004)
Balances at end of year	26,719,209	1,912,603,853	1,939,323,062

STATEMENT OF CASHFLOWS FOR YEAR ENDED 30TH JUNE 2013

	2012/2013 KES.	2011/12 KES.
Cash flows from Operating Activities		
Deficit generated from operating activities	(1,015,744,004)	916,487,969
Non-cash items	97,159,280	76,393,571
	(918,584,724)	992,881,540
Changes in Working Capital		
Increase / (Decrease) in Receivables	26,841,430	(15,622,100)
Increase / (Decrease) in Creditors	419,712,920	(154,682,877)
Increase / (Decrease) in Inventories	(1,995,553)	(3,996,373)
Net Change in Working Capital	444,558,797	(174,301,349)
Net Cash Generated from Operations Activities	(474,025,927)	818,580,191
Investing Activities		
Purchase of Non-Current Assets	(67,834,896)	(75,182,753)
Proceeds from sale of Non-Current Assets	9,849,450	
Net Cash from Investing activities	(57,985,496)	(75,182,753)
Net Increase in Cash and Cash Equivalent	(532,011,424)	743,397,618
Cash and Cash Equivalents at start of year	3,333,966,721	2,590,569,103
Cash and Cash Equivalents at end of year	2,801,955,297	3,333,966,721

NOTES TO THE ACCOUNTS

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of Preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (KES.)

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies.

The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(b) Revenue Recognition

Revenue is recognized when funds are received and represent the amount of Funds received from the Government of Kenya's Exchequer and Road Maintenance Levy Fund. All the funds received have been included in the accounts.

(c) Tangible Assets

Motor vehicles and equipment are stated at historical cost less depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Comprehensive Income Statement account during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to write down their cost or devalued amounts to their residual values over their estimated useful lives, as follows:

Notes to the accounts (cont)

Motor Vehicles	- 25%
Furniture and fittings	- 12.5%
Computers and office Equipment	- 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Motor vehicles and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal of motor vehicles and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

(d) Intangible Assets

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over three years.

e) Inventories

Inventories are stated at the lower or cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. Net realizable value is the estimate of the price in the ordinary course of business.

Notes to the accounts (cont)

f) Receivables

Receivables are recognized initially at fair value and subsequently measured at a amortized cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all the amounts due according to the original terms of Receivables.

The Amount of the provision is the difference between the carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision (if any) is recognized in the Comprehensive Income Statement account. In the year 2012/2013 there was no provisioning for impairment.

(g) Post-employment benefit obligations

(i) Retirement Benefit Obligation

The Authority operates a defined contribution retirement benefit scheme of its employees under National Social Security fund (NSSF), Insurance Company of East Africa pension (ICEA pension) and Director of Pension under the Ministry of National Treasury.

A defined Contribution plan is a pension plan under which the Authority pays fixed contributions into a separate entity. The Authority has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the Authority and employees.

The Authority's contributions to the defined contribution schemes are charged to the Comprehensive Income Statement account in the year to which they relate.

(h) Grants

Grants including non-monetary grants at fair value are recognized when there is reasonable assurance that the Authority shall comply with the conditions attaching them and that the grants shall be received. The grants are recognized as income over the periods necessary to match them

with the related costs which they intend to compensate, on a systematic basis. Grants related to assets that are non-monetary are presented in the financial statements by deducting the grant in arriving at the carrying amount of the asset. The grant is recognized in profit or loss over the life of the depreciable asset as a reduced depreciation expense.

(i) Borrowing Costs

Borrowing costs are interest and other costs incurred in connection with borrowing of funds. They are recognized as an expense in the period in which they are incurred, except to the extent they are capitalized in the acquisition of a qualifying asset. Under the year in review, no borrowing costs were incurred.

2. Critical Accounting Estimates and Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical Accounting Estimates and Assumptions

Receivables

Critical estimates are made by the Management in determining the recoverable amount of impaired receivables.

Property Plant and Equipment

Critical estimates are made by the directors in determining depreciation rates for property plant and equipment. The rates used are in Note 2(c.) above.

(ii) Critical Judgment in Applying the Entity's Accounting Policies

In the process of applying the Authority's accounting policies, management has made judgements in determining:

- The classification of financial assets and leases.
- Whether assets are impaired.

Notes to the accounts (cont)

3. INCOME

	2012/13 KES.	2011/12 KES.
Development Budget Funding	4,924,753,083	5,513,225,762
GOK-Recurrent Exchequer funding	63,500,000	50,000,000
Total GOK Exchequer Funding	4,988,253,083	5,563,225,762
RMLF - Operational Costs Funding	4,821,825,226	2,617,853,606
RMLF - Special Funding	110,000,000	44,000,000
Total RMLF	4,931,825,226	2,661,853,606
AIA- Miscellaneous Income-Interest	87,638,768	49,464,417
AIA- Miscellaneous Income-Tenders & others	37,314,104	23,482,053
Total Miscellaneous incomes	124,952,872	72,946,470
Donor Funds-Grants UN HABITAT	-	343,140
Development partners Funds-Loans And Grants	497,456,046	3,104,718,203
Gain on Disposal of assets	10,911,500	-
Grand Totals	10,553,398,727	11,403,087,181

4. Surplus/Deficit

(a) Items charged

The following items have been charged in arriving at the surplus/ deficit

	2013	2012
Depreciation	97,159,280	76,393,571
Auditors remuneration	1,160,000	1,000,000

(b) Employee benefit expense

The following items are included in employee benefit expense

Retirement benefit costs-(Employer only)

Defined benefit scheme (Gratuity)	15,160,269	13,724,466
Defined contribution scheme (ICEA Pension)	30,646,131	12,398,981
National Social Security Fund	1,301,700	528,800
Director of Pension-National Treasury	<u>1,796,889</u>	<u>1,645,435</u>

The ICEA pension scheme started in August 2011 and the employer –employee contribution is 15% and 7.5% respectively on the Basic pay for eligible employees. Gratuity contribution by employer is at the rate of 31% of the basic salary for all employees on contract.

5. Board Expense

	2012/2013	2011/12
	KES.	KES.
Chairman Honoraria	1,044,000	937,355
Cost of Board Meetings	7,493,375	6,131,700
Board Members Training & Other Costs	15,427,150	7,567,260
	<u>23,964,525</u>	<u>14,636,315</u>

6. Personnel Expense

	2012/2013	2011/12
	KES.	KES.
Staff salaries & Allowances	444,084,490	400,515,248
Staff Gratuities Provision	16,405,097	13,724,466
staff Training & other benefits	16,094,059	8,501,963
Staff Pensions	23,175,005	14,573,216
Staff Medical Costs	55,268,915	44,378,299
	<u>555,027,566</u>	<u>481,693,193</u>

No of employees	279	276
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7. Operating/ Administration Expense

	2012/2013 KES.	2011/12 KES.
Conferences & Workshops	14,554,442	7,842,651
Communication Costs	5,141,996	5,045,296
Occupancy costs	46,194,835	22,428,024
Travel Costs	102,568,604	55,693,699
Advertisement & Publicity	34,009,054	25,066,760
Bank Charges & Commissions	813,387	698,734
Other Office Running Expenses	67,985,054	85,318,850
	271,267,793	202,094,014

8. Audit and Depreciations Costs

	2012/13 KES.	2011/12 KES.
Annual Audit costs	1,160,000	1,000,000
Depreciation Fixed Assets (note 18)	97,159,280	76,393,571
	98,319,280	77,393,571.00

The Authority's Auditors are appointed in accordance with provisions of Audit Act 2006 and shall remain in office in compliance with the Act.

9. Road rehabilitation and Maintenance costs

	2012/13 KES.	2011/12 KES.
Routine & Periodic Maintenance	2,581,997,711	2,463,882,027
Routine Maintenance - Surplus Funds	554,862,115	405,639,027
Work Support Activities	169,582,884	26,345,615
KYEP Supervision	141,025	3,606,507
	3,306,583,735	2,899,473,176

10. Road Design and Construction Costs

	2012/2013 KES.	2011/12 KES.
Northern and Eastern By pass Project payment-Exchequer	3,732,537,840	2,046,836,574
AIA-Loans and Grants	497,456,046	3,104,718,202
Missing Link roads	3,200,000	196,776,776
Other Road Costs	2,864,510,160	1,325,527,259
	7,097,871,046	6,673,858,812

The AIA amount of KES 497,456,046 relate to a Grant from the Government of Japan through its agency JICA for construction of missing link road in Nairobi under the second term of the Financing Agreement. Other Road Costs consist of all other projects funded by Exchequer for development falling within the year.

11. Receivables & prepayments

	2012/13 KES.	2011/12 KES.
Outstanding imprests- Headquarter	7,189,744	2,065,129
Deposits & Other prepayments	1,000,000	32,966,045
	<u>8,189,744</u>	<u>35,031,174</u>

The Authority receives Financing through the Kenya Roads Board (KRB) a government agency responsible for administering the Road Maintenance Levy Fund (RMLF), a source of revenue for the Authority. In the year under review, the Authority had not received Kshs.682, 221,686. The disbursement to the Authority of funds under RMLF is dependent on the performance of collection of the fund .

12. Inventory

	2012/13	2011/12
Closing Inventory	<u>4,142,151</u>	<u>6,137,704</u>

Closing stock is comprised of only consumable stock. There were no technical stocks at the close of the year.

13. Cash and Cash Equivalents

	2012/2013 KES.	2011/12 KES.
Kenya Commercial Bank (KCB)	2,048,570,906	971,049,688.00
National Bank of Kenya (NBK)	457,192,910	2,112,050,904
Co-operative Bank	274,625,767	199,282,849
Cash in Hand (Regional Offices)	76,930	74,318
Regional Offices Bank Accounts	13,427,037	26,140,474
Kenya Commercial Bank (AIA)	8,061,746	23,210,403
Equity Bank	-	2,158,085
	<u>2,801,955,296</u>	<u>3,333,966,721</u>

14. Payables & Accruals

	2012/13 KES.	2011/12 KES.
Contract Staff Gratuity Liability	33,267,872	23,528,737
June PAYE payable	56,675	8,909,611
Petty Cash (HQ)	-	94,977
Withholding Tax	65,036,397	5,391,818
Supplier Control Account	557,396,299	407,204,315
Road Cutting Deposits	6,140,000	-
Accruals & Other Liabilities	2,160,000	1,000,000
Other Payables and Provisions	-	900,000
NSSF, NHIF & HELB payable	124,384	153,233
Other Staff deductions	112,671	48,632
Contingent Liability(Legal)	4,881,432	4,881,432
Provision for materials accrual (KYEP)	-	2,114,626
Contractors Retention	382,996,521	180,346,575
	<u>1,052,172,251</u>	<u>632,459,331</u>

15. Capital Reserves

	2012/13 KES.	2012/12 KES.
Gov't Grant Capitalized- Assets paid for on behalf of Authority by Ministry (Vehicle)	26,719,209	5,679,000
	<u>26,719,209</u>	<u>5,679,000</u>

The Authority received motor vehicles from Kenya Transport Sector Support programme (KTSSP) for use in operations as part of the capacity building. The vehicles are registered in the name of the Authority. There are no outstanding unfulfilled conditions on the grant received.

16. Revenue Reserve

	2012/13 KES.	2011/12 KES.
Balance Brought Forward	2,928,347,861	2,011,859,911
Deficit for 12 Months for the Period Ended 30 th June	(1,015,744,004)	916,487,949

Balance Carried Forward to Next Year	1,912,603,853	2,928,347,861
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17. Municipalities Funding

	2012/13	2011/12
	KES	KES
Municipal Council of Thika	9,111,756	-
Urban Development Department	31,843,281	62,495,655
City Council of Nairobi	175,153,749	-
	216,108,786.00	62,495,655

18. Property, Plant & Equipment

	Furniture and Fittings KES	Computers and Technical Equipment KES	Motor Vehicles	Total KES
Year ended 30 June 2013				
Cost or valuation				
Opening Balance 01.07.2012	68,289,509	101,267,985	128,330,388	297,887,882
Disposals	-	(159,000)	(12,342,000)	(12,501,000)
Additions during the Year	15,918,724	44,911,782	26,719,209	87,549,715
Closing Cost or valuation 30.06.2013	84,208,233	146,020,767	142,707,597	372,936,597
Accumulated Depreciation				
Opening balance 01.07.2012	(11,739,413)	(59,875,780)	(34,922,097)	(106,537,290)
Accumulated Depreciation on disposal		84,667	7,883,429	7,968,096
Depreciation charge for the Year	(13,084,502)	(48,397,878)	(35,676,899)	(97,159,279)
Closing Balance 30.06.2013	(24,823,915)	(108,188,991)	(62,715,568)	(195,728,473)

Closing Net Book Value 30.06.2013	59,384,318	37,831,776	79,992,029	177,208,121
Year ended 30 June 2012				
Cost or valuation				
Beginning Balance 01.07.2011	33,965,014	60,409,927	128,330,388	222,705,329
Additions	34,324,495	40,858,058	-	75,182,553
Closing Balance 30.06.2012	68,289,509	101,267,985	128,330,388	297,887,882
Accumulated Depreciation				
Opening Balance 01.07.2011	(4,600,243)	(22,703,976)	(2,839,500)	(30,143,718)
Depreciation charge for the Year	(7,139,171)	(37,171,804)	(32,082,597)	(76,393,571)
Closing Accum. depreciation 30.06.2012	(11,739,413)	(59,875,780)	(34,922,097)	(106,537,290)
Closing Net Book Value 30.06.2012	56,550,096	41,392,205	93,408,291	191,350,593

19. Contingent Liabilities:

At the end of the year there was no contingent matter that would entail the Authority incurring any costs. However, during the year 2009/10 an employee was lawfully discharged from employment but took the Authority to court. A contingent liability amounting KES. 4,881,432.00 was provided in the financial statements during the FY 2010/11. The Matter is still pending in court.