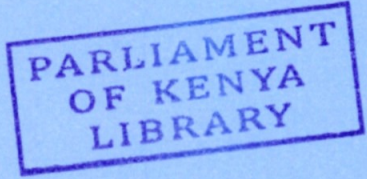
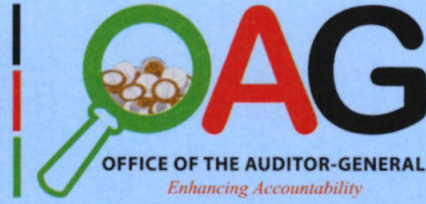


REPUBLIC OF KENYA



REPORT

OF


THE AUDITOR-GENERAL

ON

**KENYA INSTITUTE OF HIGHWAYS AND
BUILDING TECHNOLOGY**

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

STATE DEPARTMENT FOR ROADS

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 01 APR 2026	DAY: WEDNESDAY
TABLED BY:	HON. DR. ROBERT PUKOSE, MP
CLERK AT THE TABLE:	CHRISTINE NDIRITU



STATE DEPARTMENT FOR ROADS

(Kenya Institute of Highways and Building Technology)

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

**Transitional Financial Statements /Prepared in accordance with the Accrual Basis of Accounting
Method Under International Public Sector Accounting Standards (IPSAS)**

Kenya Institute of Highways and Building Technology
Annual Report and Financial Statements for the Year Ended 30 June 2025

TABLE OF CONTENTS

1. ACRONYMS AND GLOSSARY OF TERMS.....	ii
2. KEY ENTITY INFORMATION AND MANAGEMENT.....	iii
Vision.....	iv
Mission.....	iv
Mandate.....	iv
Core Functions.....	iv
Core Values.....	iv
3. THE BOARD OF MANAGEMENT.....	vii
4. MANAGEMENT TEAM.....	xi
5. CHAIRPERSON’S STATEMENT.....	xii
6. REPORT OF THE DIRECTOR.....	xv
7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.....	xvii
8. CORPORATE GOVERNANCE STATEMENT.....	xx
9. MANAGEMENT DISCUSSION AND ANALYSIS.....	xxii
10. REPORTS ON PROJECTS IMPLEMENTED AND INTER-ENTITY TRANSFERS.....	xxiii
11. REPORT OF THE BOARD.....	xxiv
12. STATEMENT OF BOARD MEMBERS’ RESPONSIBILITIES.....	xxv
13. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xxvi
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025.....	1
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025.....	2
16. STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 JUNE 2025.....	3
17. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2025.....	4
18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025.....	5
19. NOTES TO THE FINANCIAL STATEMENTS.....	6

1. ACRONYMS AND GLOSSARY OF TERMS

1. CBET	Competency-Based Education and Training
2. CPAK (K)	Certified Public Accountants – Kenya
3. EACC	Ethics and Anti–Corruption Commission
4. EASTRIP	East Africa Skills for Transformation and Regional Integration
5. HOD	Head of Department
6. ICPAK	Institute of Certified Public Accountants of Kenya
7. IPSAS	International Public Sector Accounting Standards
8. KIHBT	Kenya Institute of Highways and Building Technology
9. MBA	Master's in Business Administration
10. MORT	Ministry of Roads and Transport
11. MOU	Memorandum of Understanding
12. NIT	National Institute of Transport
13. PFM	Public Financial Management
14. PIU	Project Implementation Unit
15. PSASB	Public Sector Accounting Standards Boards
16. PSC	Public Service Commission
17. TTI	Technical Training Institute
18. TVC	Technical Vocational College
19. TVET	Technical and Vocational Education and Training
20. WB	World Bank

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Institute of Highways and Building Technology was established as the Road Authority Training School in 1955. The purpose was to carry out training for African supervisors, plant operators and mechanics.

By the time of independence (1963), the scope of the Institute had widened to serve the senior staff of the whole Ministry of Works and Local Authorities. The school became part of a greatly enhanced training programme under the auspices of the Ministry of Works, Staff Training Division (STD), which was concerned with imparting skills to the indigenous workers.

In 1969, the Staff Training Division (STD) transformed to Kenya Highways Training Centre and by 1972, training of technical staff was controlled locally. Consequently, the Staff Training Division was transformed into a Department in 1972 and opened to pre-service trainees. The training areas included Roads Foremen, Roads Overseers, Electrical Artisans, Hydraulic Assistants, Water Foremen, Inspectors and Survey Assistants. In 1982, the name changed to Department of Staff Training (DST).

In 1997, the training expanded to include in-service, pre-service and the public. Consequently, the department was renamed to the Kenya Institute of Highways and Building Technology (KIHBT), as a training division within the State Department for Roads, in the Ministry of Roads and Transport. Other technical divisions in the State Department include Materials Testing and Research, Mechanical and Transport, Roads and Quality Assurance.

The Institute is now a major skills improvement training Centre, with an annual trainee turnover of more than eight thousand (8,000). It serves the Ministry of Roads and Transport as well as other ministries, parastatals, county governments, the private sector, non-governmental organisations and international clientele.

KIHBT is now a regional flagship TVET Institute of Highways Technology under the East Africa Skills for Transformation and Regional Integration Project (EASTRIP), funded through International Development Association (IDA) credit of the World Bank.

The Institute is currently transforming to become a Semi-Autonomous Government Agency. This Transformation is a Dated Covenant under the Horn of Africa Gateway Development Project, also funded by the World Bank.

KEY ENTITY INFORMATION AND MANAGEMENT (*Continued*)

Vision

To be the preferred training institute for infrastructure development in Africa and beyond.

Mission

To facilitate the provision of high-quality infrastructure through training and capacity building.

Mandate

To develop human resource capacity in the infrastructure sector, particularly the roads sub-sector.

Core Functions

- To train Engineers, Technologists, Technicians, Craftsmen and Artisans in the Roads and Building sectors.
- To undertake Capacity Building Training for professionals in various fields of the Roads and Building Sectors.
- To improve management and supervisory capacity by offering tailor-made courses for Ministries, Parastatal Bodies, Private Organisations and Other Foreign Organisations.
- To conduct training for the Private sector in Road Maintenance.
- To organise and conduct training for small-scale Road Contractors and Road Overseers.
- To train Plant Operators and Drivers.
- To provide training to Engineers, Technologists, Technicians, Craftsmen, Artisans and other professionals in computer skills.
- To benchmark with other institutions and liaise with industry
- To adopt programs that address the needs of the local community

Core Values

KIHBT's Core Values include the following, among others: -

- **Good Governance:** The Institute has set up structures for efficient and effective management of processes and resources.
- **Integrity, transparency, and accountability:** The Institute staff are expected to uphold high standards of integrity and conduct official affairs in a transparent and accountable manner.
- **Excellence:** The Institute is committed to delivering high-quality and exceptional services to deliver on its mandate.
- **Teamwork:** The Institute promotes the culture of working together and harnessing to maximise every member's contribution to the team effort to achieve common goals.
- **Customer Focus:** The Institute is committed to customer-focused service delivery.

(b) Key Management

Daily management is carried out under the following key divisions:
Administration, Finance, Registrar and Academic

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag Director	Arch Geoffrey Githiri
2.	Principal	Emmanuel Maithya
3.	Accountant	CPA Aloyce Obama
4.	Procurement Officer	Robert Chemjor
5.	Registrar	Hosea Mulamula
7.	Dean of Students	Siri Simiyu

(d) Fiduciary Oversight Arrangements

Finance and Human Resource Committee
Audit and Audit Risk Committee
Education, Training, and Research Committee
Full Board of Management
Academic Board

(e) KIHBT Headquarters

P.O. Box 57511- Code 00200
Commercial Street- Industrial Area
Nairobi, Kenya

(f) KIHBT Contacts

Telephone: +254 20-650291-6
E-mail: principal@kihbt.ac.ke
Website: www.kihbt.ac.ke

(g) KIHBT Bankers

National Bank Kenya
Harambee Avenue
P.O. Box 72866 - 00200
National Bank Building
Nairobi, Kenya

Kenya Institute of Highways and Building Technology

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

(h) Independent Auditors

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

(i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. THE BOARD OF MANAGEMENT

 <p>Eng. Luka Kimeli – Chairperson</p>	<p>Eng. Luka Kimeli holds an MBA and Degree BSc. Hons (Civil Eng.) Hons (Civil Eng.) First Class honours from the University of Nairobi. Currently, he is a Director representing the PS State Department for Roads</p>
 <p>Eng. Mbarua Joachim - Member</p>	<p>Eng. Mbarua holds a BSc Civil Engineering from the University of Nairobi. He is a Registered Professional Engineer with the Engineers’ Board of Kenya and is a Corporate Member of the Institution of Engineers of Kenya. He is currently Chief Engineer (Materials) at the Materials Testing and Research Directorate, State Department for Roads, Ministry of Roads and Transport.</p>
 <p>Mrs. Sophie Mwangashi- Member</p>	<p>A Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). Currently serving as a Deputy Accountant General, heading the Accounting Unit at the State Department for Roads.</p>

Kenya Institute of Highways and Building Technology

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

 <p>Mr. James M. Gatere – Member</p>	<p>Holder of a Bachelor’s Degree in Education from Kenyatta University (1991) and a Master’s Degree in Educational Administration from Moi University (1998). Also possesses a Higher Diploma in Human Resource Management obtained from the College of Human Resource Management, Nairobi (2017). Currently Director of Human Resources – State Department for Roads.</p>
 <p>Eng. Richard G. Thitai – Member</p>	<p>Bachelor of Science (Mechanical Engineering) from the University of Nairobi. Holder of Executive Master of Business Administration (MBA) from Jomo Kenyatta University of Agriculture and Technology. Currently, the chief Mechanical Engineer – Mechanical Division – State Department for Roads.</p>
 <p>Eng. James M. Kungu – Member</p>	<p>Holder of a Bachelor of Science (BSc) in Civil Engineering from the University of Nairobi. Holder of a Master of Science (MSc) in Construction Management from the University of Birmingham, UK. Currently, the Chief Engineer, Roads in the State Department for Roads.</p>

Kenya Institute of Highways and Building Technology

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

	<p>Holder of a Bachelor of Architectural Studies from the University of Nairobi. Holder of a Master's degree in urban management - Architecture from the University of Nairobi. Currently, the acting director Kenya Institute of Highways and Building Technology, State Department for Roads.</p>
	<p>Bachelor of Arts (BA Hons) from the University of Nairobi, majoring in Economics and Public Administration. Master's of Business Administration (MBA) from the University of Nairobi specializing in Strategic Management. Certified Public Accountant Part II. Currently, Head of Finance at the State Department for Roads as Senior Chief Finance Officer (SCFO) responsible to the Principal Secretary for coordination of budget formulation, implementation and control for all the Road Agencies and Divisions within the State Department for Roads.</p>
	<p>Holder of a Bachelor of Arts (Economics) From the University of Nairobi. Holder of a Master's Degree in Economics from Makerere University. Holds a Diploma in Transport Planning and Management from, Galilee Institute of Management. Holds a Certificate in Strategic Leadership and Management, KSG. Member, Kenya Institute of Management (KIM). Currently serving as Director of Planning, State Department for Roads. Served as Chief Economist, Ministry of Roads.</p>

Arch. Geoffrey M. Githiri

Mr. Philip Wachira - Member

Mr. John M. Kimani - Member

Kenya Institute of Highways and Building Technology

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



Mr. David Ngugi - Member

Holder of a Bachelor's Degree in Economics from Moi University and a Master's Degree in Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology. Also possesses a Diploma in Management (Purchasing and Supplies Option). Registered member of the Kenya Institute of Supplies Management (KISM).
Currently, the Head of Supply Chain Management at the State Department for Roads.

4. MANAGEMENT TEAM

No.	Name	Designation
1	Arch. Geoffrey Githiri	Director – KIHBT
2	Ms. Elizabeth Musau	Deputy Director – Hospitality
3	Mr. Emmanuel Maithya	Principal – Nairobi Campus
4	Mr. Ahmed Salim	Principal – Ngong Campus
5	Mr. Duncan Odago	Principal – Kisii Campus
6	Mrs. Caroline Kamunya	Deputy Principal – Research & Development
7	Eng. Edward Ongeru Monda	Deputy Principal – Nairobi Campus
8	Eng. Robert Ouko	Directors Technical Assistant
9	Mr. Robert Chemjor	Procurement Officer
10	CPA. William Mosbei	Accountant – EASTRIP
11	CPA. Aloyce O. Obama	Accountant – KIHBT
12	Mr. Hosea Mulamula	Academic Registrar

5. CHAIRPERSON'S STATEMENT

It is with immense pride and a sense of responsibility that I present this Statement on behalf of the Board of Management of the Kenya Institute of Highways and Building Technology (KIHBT). The year 2024/2025 marked a crucial period of transformation, recovery, and positioning the Institute for long-term institutional excellence. Guided by our vision to be a Centre of Excellence in highway engineering, the Institute recorded notable milestones despite the complex operating environment.

The Board remains committed to delivering on its mandate of policy oversight, governance, and strategic leadership in line with the TVET Act of 2013, Vision 2030, and the aspirations of the Ministry of Roads and Transport.

Review of the Annual Report and Financial Statement

The Annual Report for 2024/2025 provides a comprehensive overview of the Institute's achievements in academics, operations, capital development, human resource management, and compliance with statutory obligations.

Some of the key highlights include:

- A **12% increase in student enrollment**, reaching a total population of **2501 trainees** across campuses.
- Development of new market-aligned programs, such as Road Construction - Level 5 and Highway Materials Technician - Level 5
- Completion of a **Resource Centre at Ngong Campus Field Practical Unit (FPU)**, providing infrastructure for the centre of excellence, as well as hosting national and regional conferences and training activities.
- Enhanced **digital transformation**, particularly in examination management and online learning systems.
- International Student and staff exchange between the institute and the National Institute of Transport, Tanzania.

Despite rising operational costs and delayed disbursement of e-citizen funding, KIHBT managed its resources prudently. The Board of Management and Ministerial Audit Committees closely monitored financial planning, expenditure tracking, and internal controls.

Key financial performance highlights include:

- **Total Annual Budget:** KSh.862 million
- **Actual Budget Utilisation:** 92%
- **Development Expenditure:** KSh. 374 million directed toward infrastructure.
- **Internally Generated Revenue (AIA):** Ksh. 350 million from School Fees from long-term courses, short-term training and facility hire.

Kenya Institute of Highways and Building Technology

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

- **Debt Management:** Reduction in outstanding supplier obligations by 35% through structured payment plans
- **Cost Efficiency:** By strengthening internal controls related to utilization of stores.

The Institute continues to observe strict adherence to the Public Finance Management (PFM) Act, 2012 and relevant circulars from the National Treasury.

Strategic Direction

In 2024/2025, the Board developed and began implementing the **KIHBT Strategic Plan (2023 – 2027)**, which focuses on five core pillars:

i. Academic Excellence and Curriculum Development

- Development of Competency-Based Education and Training (CBET) Curricula across all academic departments.
- Strengthened alignment with industry demands, including green construction and smart infrastructure.

ii. Institutional Infrastructure and ICT Advancement

- Progress toward a smart campus model with real-time student data systems
- Expansion of workshops and modernization of lab equipment

iii. Industry and Regional Linkages

- Signed local MoUs with Pure-Crete Road base Systems and Kenya Federation of Master Builders, Laikipia County Government, Taita Taveta County Government, Panafrican Equipment Group, KeNHA - Kisii Isebania- Ahero Road project, Funded by AfDB and GOK/AfD/EU Roads 2000 Arid and Semi-Arid Lands (ASAL) Rural Roads Project.
- Signed regional MoUs with General Wingate Polytechnic College (Ethiopia), National Institute for Transport (Tanzania), Mount Elgon Labour Based Technology Centre (MELTC) (Uganda) and Uganda Technical College (UTC).

iv. Human Capital Development

- i. 87 No. of academic staff attended pedagogical and technical capacity-building workshops

v. Governance, Compliance, and Risk Management

- Development of the Enterprise Risk Management Framework
- Regular Board and Committee engagements on statutory compliance and performance contracts
- Working towards ISO Certification.

Future Outlook (2025 and Beyond)

Looking ahead, the Board is focused on positioning KIHBT as a transformative national institution that is responsive to evolving technological and economic dynamics.

Key priority areas include:

1. **Enhancing the capacity of the Institute to offer market-driven capacity building courses in Highways Technology** – develop and offer market-driven capacity building courses and research-driven solutions in infrastructure.
2. **Regional Expansion** – Upgrading of satellite campuses in Kisii and Ngong into fully operational regional institutes to decongest the Nairobi campus.
3. **Sustainability Agenda** – Integration of climate-resilient road construction training and adoption of green campus practices.
4. **Digital Transformation** – Full implementation of an Integrated Management Information System (IMIS) for student records, finance, HR, and library services.
5. **Inclusivity and Gender Mainstreaming** – Proactive enrollment policies and infrastructure support for students with special needs, along with enhanced gender equity in staffing.

The Board is also exploring Public-Private Partnerships (PPP) for infrastructure expansion and is lobbying for more development partner engagement through the Ministry.

Conclusion and Appreciation

In conclusion, I wish to commend the Institute's management team, led by the Director, for their steadfast leadership and professionalism. My appreciation also extends to:

- The Ministry of Roads and Transport for policy direction and funding support
- The Auditor-General and other regulatory bodies for guidance on compliance
- Our industry partners for enriching the training ecosystem through mentorship, attachments, and resource sharing
- Students and parents/guardians for trusting us with their educational journeys
- My fellow Board members for their unwavering commitment to governance excellence

Together, we reaffirm our commitment to building a technically skilled workforce that will drive Kenya's infrastructure development now and into the future.

“Education is the foundation; infrastructure is the framework. Together, they build nations.”

Chairperson of the Board: 

Date: 10/10/2025

6. REPORT OF THE DIRECTOR

The Kenya Institute of Highways and Building Technology, as part of its expansion strategy, has developed market-driven programmes that address national priority areas in the fields of Engineering, Science and Technology. KIHBT is committed to the advancement of knowledge through responsible research and scholarship addressing important current scientific, economic, social, and cultural questions. Further, our strong linkages and collaboration with various stakeholders in TVET and the industry improve our visibility nationally and beyond. Moreover, to balance the development of new programmes and demand for tertiary level education, the Institutes' management, in consultation with the Board of Management, has continued to develop and retool its human resources, especially the teaching staff.

The Institute has developed and implemented workplace policies to nurture holistic students and staff. Towards this end, KIHBT has complied with gender and disability mainstreaming, alcohol and drug abuse prevention and intervention.

Variances

The Board observed that unfavourable variances in revenue were due to unpaid e-citizen by the Government. On the other hand, positive variances on expenditure, especially on general, operating, use of goods expenses and repairs were due to strict control mechanism application that made with expenditure on most of the activities scaled down as a precautionary measure based on the actual revenue received, however regarding costs related to employment, the Institutes' establishment for employees is yet to be met. Despite these variations, the Board noted that the general performance had a positive variance, which is an indication that the Board did not commit funds beyond its revenue limit.

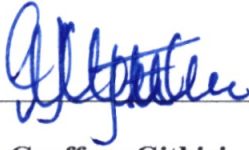
Going Forward

The Institute will sustain the financial reforms as we continue to pursue new avenues to achieve an even better financial outlook in the next financial year. We shall target more strategic partnerships, expansion of the grants portfolio, a higher rate of international students, and investment in science, technology and engineering, including bringing on board more industry partners. The Institute will continue to strengthen links with the Alumni Association and implement people reform in order to effectively drive the planned improvement in all areas. The Institute is planning to invest in the refurbishment of the ageing infrastructure, whose repair and maintenance costs are taking up resources that could be channelled to other uses.

Kenya Institute of Highways and Building Technology

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

In conclusion, I wish to thank the Institute staff, students, and other stakeholders for their support and cooperation, which have enabled the Institute to make the strides being reported here. We look forward to a better financial performance in the next year.



Arch. Geoffrey Githiri
Director/Board Secretary
27 August 2025

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The statement is based on East Africa Skills for Transformation and Regional Integration Project (EASTRIP). The EASTRIP predetermined key objective is to increase access and improve the quality of TVET programs in the Institute and to support regional integration in East Africa. The Institute Industrial Advisory Board was established to assist improvement of the quality of the programmes offered and also to enhance recruitment of both local and regional students. Members of the project implementation unit were appointed by the Project Manager. Achieved objectives of the project as per the program plan are as follows:

1. Strengthening Governance & Management

- Strategic development plan developed and approved.
- Project Implementation unit established
- Training for Council and top Management was done (corporate governance)
- Strategic plan revised, Sustainability plan developed
- Policy on Scholarship developed
- Guidelines for Staff attachment and foreign exchanges developed.
- Project office established and furnished
- Benchmarking with national and regional institutions.

2. Institutionalising Industry Linkages

- Four external stakeholder forums were conducted.
- The Industrial Advisory Board was established with 100% representation from the industry: 60% from private sector and 40% from the public sector.
- Fourteen Memoranda of Understanding (MOUs) were signed; 8 with training Institutions and 6 with Industry
- Cumulatively, 90 members of Staff underwent staff engagement in the industry.
- Student attachment is continuously being conducted
- 7 annual Tracer studies are conducted annually, and representatives from all departments are trained
- Regional students' enrolment: One hundred and seventeen (117) in short programs and one hundred and forty-six (146) in long-term programs.
- 9 staff participated in staff exchange: 4 in Ethiopia, 3 in Tanzania and 2 in Uganda. KIHBT has hosted 9 staff from Ethiopia on an exchange.
- 20 students from KIHBT participated in a student exchange program with NIT-Tanzania for a duration of 6 months; 5 months online and 1 month in-person training.

3. Development of Market-Relevant CBET Curriculum

- The LMS was to be conducted in the last financial year with a specific objective to update the demand in the industry. We identified a number of areas to be filled by the Institute in the process.

We have developed the following curricula under the EASTRIP project.

Long Programs:

- Road Construction - Level 5
- Drainage Construction - Level 5
- Land Surveying Technician - Level 5
- Highway Materials Technician - Level 5
- Construction Plant Mechanic - Level 5
- Construction Site Safety - Level 5

Short Programs:

- Low Volume Sealed Roads Technology
- Cobblestone Technology
- Plant Operator Course
- Contract Management and Administration
- Quality Control in Roadworks
- Construction Plant Maintenance
- Performance-Based Road Maintenance
- Driver/Rider Training Programs

4. Training School Managers and Trainers

Trainings undertaken include the following:

In the Financial Years 2024/2025, **87 No.** KIHBT instructors, lecturers, administrators and management were trained through various Providers as follows:

- 9 No. Management Skills Course – Kenya School of Government, Embu.
- 23 No. Pedagogy for Senior Programs Course – Kenya School of Government, Embu.
- 3 No. Monitoring and Evaluation of Projects – ESAMI, Arusha
- 1 No. Ethical Leadership – ESAMI, Arusha.
- 15 No. Professional and Graduate Engineers: Sustainable Construction and Green Engineering- EBK
- 1 No. Environmental and Social Impact Assessment & Environmental Audit - JKUAT
- 10 No. Strategic Leadership and Development Program -KSG
- 3 No. Retirement Planning Program -KSG

- 4 No. Customer Service Excellence Program for Frontline Officers -KSG
- 1 No. Management Skills Course -KSG
- 7 No. Senior Management Course -KSG
- 2 No. Solar PV training T1/T2 -STRATHMORE
- 1 No. Operationalising Service Delivery Goals in Public Service -ESAMI
- No. Governance in Financial Management in Public Sector Solar Training License (Strathmore University & IEK)

5. Upgrade of Key Training Facilities and Infrastructure

Achievements:

- Key training equipment has been delivered to KIHBT as follows: bus, truck, shovel, motor grader, roller, dozer, truck, and simulator were procured and delivered to KIHBT – Kibiku
- The building design was completed (architectural, structural, mechanical, electrical and landscape), associated with civil works.
- Construction progress is currently at 96%. Actual payment is currently 53%.
- A GRM committee has been set up, comprising the relevant representatives.
- Renovation works were also executed on the part boundary wall, cobblestone shed and HOD office.
- Renovation and equipping of the EASTRIP secretariat at the FPU resource centre.

8. CORPORATE GOVERNANCE STATEMENT

The Kenya Institute of Highways and Building Technology is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder by strengthening accountability in order to build public trust in the Institute.

The Board of Management is appointed by the Principal Secretary, State Department for Roads, to oversee the overall running of the Institute and its financial strength in order to discharge its mandate in training. The Board of Management serves as the ultimate decision-making body of the Institute except for those matters reserved to or shared with the Government of Kenya.

The Board of Management has established Corporate Governance Guidelines, which provide a framework for the effective governance of the Institute. The guidelines address matters such as the Vision and mission of the Institute, overall strategy, members' responsibilities, Board of Management structure, recommendation of the Director, Oversight of the performance and evaluation of management. The Board of Management regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance matters as it deems necessary and appropriate.

The Board of Management provides leadership through oversight, review and guidance whilst setting the strategic direction. It is the primary decision-making body for all matters considered as material to the Institute. The Board is composed of skilled and experienced persons and carries out its functions effectively. Full Board meetings are held quarterly.

General Responsibilities

The Board of Management has a duty to the people of Kenya to ensure that the Kenya Institute of Highways and Building achieves its objectives efficiently and effectively, and in compliance with the PFM Act 2012 and TVET Act 2013.

The mandate of the Institute is derived from Executive Order No. 1 of 2023, as training, capacity building and research and development in the road sub-sector.

Board of Management Remuneration

The Board members are paid a sitting allowance and travelling expenses for meetings attended.

Risk Management and Internal Controls

The Board has overall responsibility for the establishment and oversight of The Institute's risk management frameworks. The risk management policies are established to identify and analyse the risk faced by The Institute and to set appropriate risk limits and controls to monitor adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in

Kenya Institute of Highways and Building Technology

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

operating conditions, legislation and services offered. The institute identifies and manages risk through in-house risk review enhanced by compliance, internal and external audits.

Conflict of Interest

All Board members are under a duty to avoid conflict of interest. This entails not engaging, directly or indirectly, in any business that competes or conflicts with The Institute's business transactions.

Compliance

The Board confirms that it is satisfied that the Institute has adequate resources to continue operating for the foreseeable future. Because of this, the Institute continues to adopt the going Concern basis when preparing the financial statements.

The Board is satisfied that the Institute has, to the best of its knowledge, complied with all relevant laws and conducted its business affairs in accordance with the law, in particular the PFM Act 2012, and TVET Act 2013.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The Management noted that the Institute realised a lower surplus compared to the previous financial year.

For the current year, the Institute recorded a surplus of Ksh. 1,096,539, down from Ksh. 2,860,790 in the previous year.

Despite the decline in surplus, the Institute achieved 98% absorption of its budgetary allocation and realised 99% of the projected revenue, demonstrating strong budget implementation and revenue performance.

The Management also noted that the Institute's liquidity position remains strong, with a current ratio of 2.0 and an acid test ratio of 1.5, indicating the Institute's continued ability to meet its short-term financial obligations.

10. REPORTS ON PROJECTS IMPLEMENTED AND INTER-ENTITY TRANSFERS

Through the EASTRIP project, the Kenya Institute of Highways and Building Technology was tasked to mentor one (1) Technical Training Institution, North Eastern National Polytechnic (NENAP). The EASTRIP PIU developed training manuals for the capacity development of the North Eastern National Polytechnic (NENAP) staff. The capacity development sessions are primarily focused on the various aspects and components of project management, with a particular focus on World Bank-funded projects; as well as best practices learned from project implementation e.g. industry collaborations, outreach, curriculum development, scholarship programme and communications.

11. REPORT OF THE BOARD

The Board of Management herewith submits their report together with the audited financial statements for the Period ended June 30, 2025, which show the state of the Kenya Institute of Highways and Building Technology affairs.

Principal Activities

The principal activity of the Institute is training, capacity building and research in the road sector.

Results

The results of KIHBT for the year ended 30th June, 2025, are set out on page 1.

Board of Management

The members of the Board who served during the year are shown on pages vii to x

Auditors

The Auditor General is responsible for the statutory audit of the Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Director/Board Secretary _____



Date: 18/12/2025

12. STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 and TVET Act of 2013, require Board members to prepare financial statements in respect of the Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial year and the operating results of the Institute for that period. The Board is also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Board is also responsible for safeguarding the assets of the Institute.

The Board is responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute as at the end of the financial year ended on 30 June 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 Institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board accepts responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Board is of the opinion that the Institute's financial statements give a true and fair view of the state of the Institute's transactions during the financial year ended June 30, 2025, and of the Institute's financial position as at that date. The Board further confirms the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements, as well as the adequacy of the systems of internal financial control.

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

Approval of the Financial Statements

The Institute's financial statements were approved by the Board on 27/8/2025 and signed on its behalf by:



Chairperson/Board of Management



Director/ Board Secretary

13. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Kenya Institute of Highways and Building Technology Management has installed an incinerator at the driver training school grounds to process garbage from the kitchen and from all other departments of the Institute.

The Institute has contracted landscaping services for works at the Plant Training School and the Main Yard, which involves the greening of the affected sections. The Institute is keen on increasing forestry through the presidential directive on tree growing and avoiding the cutting of trees.

The Institute is served by Nairobi County water, though groundwater is the main source of water supply. The Institute has two boreholes, one at the hostel section and another at Ngong Campus, Kibiko, meeting the Institute's water demands.

The Institute is connected to the main sewer line for the management of sewage. Much wastewater is generated from hostels, kitchens and toilets.

The Institute is connected to the power supply by Kenya Power. Additionally, the Institute has two standby generators. The Institute has plans for moving to the blue economy through the utilisation of solar energy in future to reduce reliance on the use of petroleum fuel.

Key Sustainability Strategic Themes

Sustainability strategic themes refer to the key elements for sustainability that lead to the achievement of the goals of the Kenya Institute of Highways and Building Technology. It includes the fundamental forces that will propel the Institute towards its intended objectives, vision, mission, strategies, and core values, all developed from the situational analysis of the Institute.

The result of situational analysis yields strategies and integrated activities, which are allocated scarce resources within the institutional environment so as to meet the objectives. It is with this background that the Institute's leadership will propel all the elements of the sustainability strategic themes to generate synergy and positive morale in the Institute.

REPUBLIC OF KENYA

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Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF HIGHWAYS AND BUILDING TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2025 – STATE DEPARTMENT FOR ROADS

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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of Kenya Institute of Highways and Building Technology set out on pages 1 to 22, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of Kenya Institute of Highways and Building Technology 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 (including the transitional provisions permitted under IPSAS 33) and comply with Public Finance Management Act, 2012; and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position and as disclosed in Note 15 to the financial statements reflects trade and other payables balance of Kshs.31,035,818. However, the balance was not supported by customer account statements detailing all the invoiced amounts, payments received and the account balance as at 30 June, 2025. Further, payables ageing analysis was not provided for audit review.

In addition, Management had not developed and implemented creditors' policy giving direction on how to handle different categories of trade creditors.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.31,035,818 could not be confirmed.

2. Non-Compliance with the Public Sector Accounting Standards Board (PSASB) Financial Statement Template

Review of the financial statements revealed that receivables from exchange transactions -student debtors balance of Kshs.36,502,646 as disclosed in Note 13 to the financial statements is not supported by age analysis.

Further, the statements of financial position did not disclose stock (inventory). Although Management indicated that there were no stocks in the year under review, no Board of Survey report was provided in support to this position.

In the circumstances, Management was not in compliance with the PSASB presentation template.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Institute of Highways and Building Technology 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 qualified 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. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the Other Information set out on page iii to xxvi which comprise of Key Institute's Information and Management, The Board of Management, Management Team, Chairperson's Statement, Report of the Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Report of Project Implemented and Inter-Entity Transfers, Report of the Board, Statement of Board Members' Responsibilities, Environmental and Sustainability Reporting. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute'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, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance 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, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Inactive Oversight Committees of the Board of Management

Review of the Institute's Board records revealed that, the institution has five oversight committees namely; Finance and Human Resource Committee, Audit and Risk Committee, Education, Training and Research Committee, Full Board of Management and Academic Board. However, Committee minutes showing committees' activities were not provided for audit. Further, the Institute, operated without an Audit Committee during the year under review.

Further, review of Board records/ meeting minutes revealed that only one board meeting was held during the year under review, contrary to the requirement Mwongozo code governance of at least four meetings in a year.

In the circumstances, the effectiveness of internal controls on oversighting of the Institute's operations could not be confirmed.

2. Lack of Key Management Policies and Staff Establishment

The Institute did not prepare and implement an ICT policy to guide digital technology. An ICT policy would give guidance on how to ensure confidentiality, integrity and availability of the entity's data. The Institute did not have a Risk Management Policy, contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015 that provides that the Accounting Officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

Further, review of Human Resource records revealed that the Institute did not have an authorized staff establishment as required under Section B5 (2) of the PSC HR Manual.

In the circumstances, the existence of an effective mechanism of risk assessment and mitigation, ICT guidelines and management of staff could not be confirmed.

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.

Responsibilities of the Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards 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 Institute'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.

The Board of Management is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International 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

19 December, 2025

Kenya Institute of Highways and Building Technology
Annual Report and Financial Statements for the Year Ended 30 June 2025

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024-2025
		Kshs
Revenue from exchange transactions		
Rendering of services	6	362,085,701
Total revenue		362,085,701
Expenses		
Use of goods and services	7	231,491,456
Employee costs	8	59,497,281
Board expenses	9	3,152,954
Repairs and maintenance	10	19,111,352
Contracted services	11	9,111,428
Total expenses		322,364,471
Surplus/(deficit) for the period/year		39,721,230

Signed by:



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Chairman of the Board



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Director



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Accountant

ICPAK No: ...13.449

Date...18/12/2025.....

Date...18/12/2025.....

Date...18/12/2025.....

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	2024-2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	12	23,600,824	20,382,240
Receivables from exchange transactions	13	36,502,646	
Total Current Assets		60,103,470	20,382,240
Non-Current Assets			
Property, Plant and Equipment	14	10,653,578	-
Total Non- Current Assets		-	-
Total Assets (A)		70,757,048	20,382,240
Liabilities			
Current Liabilities			
Trade and Other Payables	15	31,035,818	11,637,586
Total Current Liabilities		31,035,818	11,637,586
Total Liabilities (B)		31,035,818	11,637,586
Net Assets (A-B)		39,721,230	8,744,654
Represented by:			
Accumulated Surplus		39,721,230	-
Net Assets		39,721,230	8,744,654

Signed by:



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Chairman of the Board



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Director



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Accountant

Date... 18/12/2025

Date... 18/12/2025

ICPAK No: 13449
Date... 18/12/2025

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 JUNE 2025

Description	Accumulated surplus/deficit	Total
	Kshs	Kshs
As at July 1, 2023	-	-
		-
Surplus/deficit for the period	-	-
As at June 30, 2024	-	-
As at July 1, (2024)	-	-
Surplus/deficit for the period	39,721,230	39,721,230
		-
As at June 30, 2025	39,721,230	39,721,230

Signed by:



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Chairman of the Board



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Director



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Accountant

ICPAK No: ..13429..

Date.. 18/12/2025

Date.. 18/12/2025

Date.. 18/12/2025

17. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2025

		2024-2025
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Rendering of services	6	325,583,055
Total receipts		325,583,055
Payments		
Use of goods and services	7(a)	231,491,456
Employee costs	8	59,497,281
Board Expenses	9	3,152,954
Repairs and maintenance	10	19,111,352
Contracted services	11	9,111,428
Total payments		322,364,471
Net cash flows from/ (used in) operating activities		3,218,584
Net increase/(decrease) in cash & Cash equivalents		3,218,584
Cash and cash equivalents at 1 July 2024		20,382,240
Cash and cash equivalents at 30 June 2025		23,600,824

Signed by:



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Chairman of the Board



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Director



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Accountant

Date... 18/12/2025

Date... 18/12/2025

ICPAK No: ..1.544.9.
 Date... 18/12/2025

Kenya Institute of Highways and Building Technology
Annual Report and Financial Statements for the Year Ended 30 June 2025

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	Original Budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Receipts						
Rendering of Services	350,000,000	-	350,000,000	362,085,701	(12,085,701)	93%
Total Receipts	350,000,000	-	350,000,000	362,085,701	(12,085,701)	93%
Payments						
Use of Goods and Services	248,348,549	-	248,348,549	231,491,456	16,857,093	93%
Employee costs	57,523,465	-	57,523,465	59,497,281	(1,973,816)	103%
Remuneration of Directors	3,100,000	-	3,100,000	3,152,954	(52,954)	102%
Repairs and Maintenance	25,776,386	-	25,776,386	19,111,352	6,665,034	74%
Contracted Services	15,251,600	-	15,251,600	9,111,428	6,140,172	59%
Total Payments	350,000,000	-	350,000,000	322,364,471	27,635,529	92%
Capital Expenditure Payments	-	-	-			
Surplus				39,721,230	(39,721,230)	

Signed by:



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Chairman of the Board

Date... 18/12/2025



.....
Director

Date... 18/12/2025



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Accountant

ICPAK No: ...13449

Date... 18/12/2025

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kenya Institute of Highways and Building Technology is established by and derives its authority and accountability from the Executive Order No. 2 of 2022. KIHBT is wholly owned by the Government of Kenya and is domiciled in Kenya. KIHBT’s principal activity is training in the road subsector.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying KIHBT accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of KIHBT. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the TVET Act of 2013, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

There are no new standards in the year ended 30th June 2025

- ii) New and amended standards and interpretations are in issue but not yet effective in the year ended 30 June 2024.**

Standard	Effective date and impact:
IPSAS 43: Leases	<p><i>Applicable 1st January 2025</i></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.</p> <p>The new standard requires entities to recognise, measure and present information on right of use of assets and lease liabilities.</p>

<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale are to be measured at the lower of carrying amount and fair value less costs to sell, and the depreciation of such assets is to cease. Assets that meet the criteria to be classified as held for sale are 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>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i> 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>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement-related disclosures. <p>The standard also introduces a public sector-specific measurement basis called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i> 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 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>

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>
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>

iii) Early adoption of standards

The Kenya Institute of Highways and Building Technology did not early adopt any new or amended standards in the year 2024/2025. The Kenya Institute of Highways and Building Technology adopted standard 00. The impact of these standards on KIHBT's financial statements is 00.

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 recognised 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

Rendering of services

KIHBT recognises revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and the economic benefits or service potential associated with the transaction will probably flow to the entity.

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.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2024/2025 was approved by the Board of Management on *8th of August 2024*. KIHBT's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a 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.

c) Taxes

Current income tax

KIHBT is exempt from paying taxes as per the Third Schedule *paragraph 3(1)(2) of the VAT Act*.

Sales tax/ Value Added Tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a use change.

e) 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, KIHBT recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised 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 recognised 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.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to KIHBT. 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 KIHBT 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 KIHBT 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. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to KIHBT. Operating lease

payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Research and development costs

KIHBT expenses research costs as incurred. Development costs on an individual project are recognised as intangible assets when the KIHBT 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. Amortisation 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.

Financial assets

Classification

KIHBT 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 KIHBT'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 KIHBT 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, KIHBT 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.

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 KIHBT 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.

Impairment

KIHBT 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. KIHBT recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

KIHBT 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.

Inventories (Continued)

Net realisable 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 recognised as an expense when deployed for utilisation or consumption in the ordinary course of operations of KIHBT.

i) Provisions

Provisions are recognized when KIHBT 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 KIHBT 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

KIHBT 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

KIHBT 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 KIHBT 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) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and/or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. KIHBT recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that KIHBT will incur in fulfilling the present obligations represented by the liability.

k) Nature and purpose of reserves

KIHBT creates and maintains reserves in terms of specific requirements. *(KIHBT state the reserves maintained and appropriate policies adopted).*

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

KIHBT provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit

plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) 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.

p) Related parties

KIHBT regards a related party as a person or KIHBT 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.

q) Service concession arrangements

KIHBT 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, KIHBT 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, KIHBT also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) 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.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of KIHBT 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. KIHBT 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 KIHBT. 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 KIHBT.
- 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

6. Rendering of Services

Description	2024-2025
	Kshs
Tuition Fees received in cash	325,583,055
Fees Receivables during the period	36,502,646
Total Revenue from The Rendering of Services	362,085,701

6a. Rendering of Services

Description	2024-2025
	Kshs
Total Revenue from The Rendering of Services as per performance	362,085,701
Fees accrued during the year	(36,502,646)
Total Revenue from The Rendering of Services as received in cash flows	325,583,055

7. Use of Goods and Services

Description	2024-2025
	Kshs
Utilities Supplies & Services	19,052,201
Communication, Supplies & Services	5,587,373
Domestic Travel & subsistence	32,489,697
Foreign Travel & Subsistence	3,154,000
Printing, Advertising & Information	3,569,107
Training Expenses	4,040,979
Hospitality Services & Supplies	4,083,611
Insurance Costs	2,427,221
Specialised Materials & Supplies	59,364,266
Office & General Supplies/services	25,331,429
Fuel oil & Lubricants	21,213,540
Routine Maintenance - Vehicles	3,469,662
Other General Expenses	28,310,138
Payables	19,398,232
Total Good & Service	231,491,456

7 a) Use of Goods and Services

Description	2024-2025
	Kshs
Total good and services	231,491,456
Accrued payables during the year	(19,398,232)
Use of goods and services as paid in cash flows	212,093,224

8. Employee Costs

Description	2024-2025
	Kshs
Casual Wages	32,138,698
External Lecturers	27,358,583
Employee Costs	59,497,281

9. Board Expenses

Description	2024-2025
	Kshs
Board expenses	3,152,954
Total Board expenses	3,152,954

10. Repairs and Maintenance

Description	2024-2025
	Kshs
Maintainace expenses- Motor Vehicles	5,382,793
Maintenance of plant, Machinery and Equipment	4,347,779
Purchase/Maintenance of furniture and Equipment	4,948,592
Maintenance of Buildings and stations (Non-Residence)	2,567,095
Maintenance of Civil Works	2,065,093
Purchase / Maintenance of computers	5,382,793
Total Repairs and Maintenance	19,111,352

11. Contracted Services

Description	2024-2025
	Kshs
Cleaning services	9,111,428
Total contracted services	9,111,428

12. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	23,600,824	20,382,240
Total Cash and Cash Equivalents	23,600,824	20,382,240

12 a) Detailed analysis of the cash and cash equivalents in banks approved by National Treasury in line with Section 28 of the PFM Act are as follows:

		2024-2025
Types Of Accounts		Kshs
a) Current Account	Account Number	Amount
National Bank	0102000083200	10,836,698.64
Kenya Commercial Bank	11019959698	1,969,842.90
Sub- Total		
Total		12,806,541.54

13. Receivables from Exchange transactions

Current Receivables from Exchange transactions

Description	2024-2025
	Kshs
Current Receivables	
Student Debtors	36,502,646
Total Current Receivables	36,502,646

Kenya Institute of Highways and Building Technology
 Annual Report and Financial Statements for the Year Ended 30 June 2025

14. Plant, Property & Equipment

	Land	Buildings	Motor vehicles	Plant & Machinery	Furniture and fittings	Computers & ICT Equipment	Total
Depreciation Rate		-	-	-	-	-	
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1st July 2024	-	-	3,675,000	3,575,578	2,950,000	450,000	10,653,578
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-
As At Jun 2025	-	-	3,675,000	3,575,578	2,950,000	450,000	10,653,578
Depreciation And Impairment							
Depreciation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-
As At	-	-	-	-	-	-	-
Net Book Values							
Opening Bal as at 1st July 2024	-	-	3,675,000	3,575,578	2,950,000	450,000	10,653,578
As At 30th June, 2025	-	-	3,675,000	3,575,578	2,950,000	450,000	10,653,578

N/B

Land and Building valuation have not been done. The institute has land in the following areas Nairobi 6.1870ha, Ngong 28.5ha, Kisii 10ha, and Rwatama 10ha.

Kenya Institute of Highways and Building Technology
Annual Report and Financial Statements for the Year Ended 30 June 2025

15. Trade and other Payables from Exchange Transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade payables	31,035,818	11,637,586
Total Trade and Other Payables	31,035,818	11,637,586

16. Net Cashflow from Operating Activities

	2024-2025
	Kshs
Surplus for the year before tax	11,791,237
Adjusted for:	
Depreciation	
Working Capital Adjustments	
Increase in Inventory	
Increase in Receivables	(36,502,646)
Increase in Payables	19,398,232
Net Cash Flow from Operating Activities	(5,597,077)

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