

**Financial Statements for the 15 Months
Period Ending 30th June, 2010**



President Mwai Kibaki flags off construction of the Nairobi Western Ring Road in Nairobi on 12th August, 2011.



KENYA URBAN ROADS AUTHORITY

Efficient and Safe Urban Roads

Kenya Urban Roads Authority (KURA) is a State Corporation established under the Ministry of Roads by the Kenya Roads Act, 2007 with the core mandate of management, development, rehabilitation and maintenance of all public roads in Cities and Municipalities in Kenya except where those roads are national roads.

VISION

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

MISSION

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

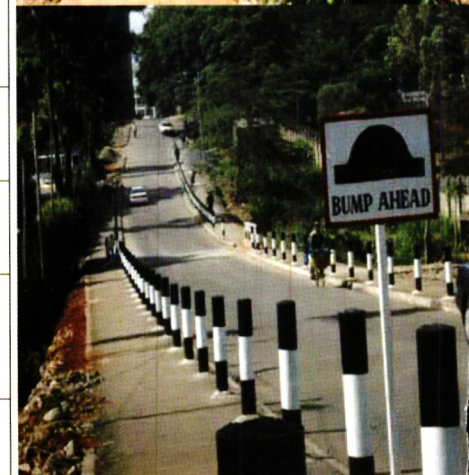
CONTACT US

IKM Place, 5th Ngong Avenue
 P.O. Box 41727 - 00100, NAIROBI. Tel: 020 801 3844
 Email: info@kura.go.ke, Web: www.kura.go.ke
 Hotline: 020 - 2722222



KURA is represented in all provinces in Kenya

NO	REGION	REGIONAL HEADQUARTERS	CONTACTS
1.	Coast	Mombasa	Provincial Works Building P.O. Box 90663-80100 G.P.O Mombasa Tel: 020-262-5475
2.	North Eastern	Garissa	Provincial Roads Office P.O.Box 41 Garissa Tel:020-262-5498
3.	Upper Eastern	Meru	Gakoromone Road Camp -Meru Mikinduri Road P.O.Box 1394-60200 Meru. Tel: 020-262-5424
4.	Lower Eastern	Machakos	Kenya Urban Roads Authority-Lower Eastern Region P.o. Box 2605-601. Tel: 020-262-5424
5.	Nairobi	Nairobi	Provincial Roads Engineer, Machakos road P.O.Box. 42267-00100 Nairobi Tel: 020-262-5478
6.	Central	Nyeri	Provincial Roads Office P.O. Box 372 Nyeri. Tel: 020-262-5394
7.	Western	Kakamega	Provincial Roads Office P.O. Box. 2665-50100 Kakamega Tel: 020-262-5380
8.	South Rift	Nakuru	Provincial Roads Office P.O. Box 660 Nakuru. Tel: 020-262-5397
9.	North Rift	Eldoret	District Roads Office P.O. Box. 2708 Eldoret. Tel:020--262-5453
10.	Nyanza	Kisumu	Provincial Roads Office P.O. Box. 317 Kisumu. Tel:020-262-5453



Mpaka Road in Westlands, Nairobi before and after completion showing a non-motorized traffic facility

IKM Place, 5th Ngong Avenue, P.O. BOX 41727-00100, TEL: 020- 8013844

Hotline: 020 2722222 Email: info@kura.go.ke Website: www.kura.go.ke

KENYA URBAN ROADS AUTHORITY(KURA)

Financial Statements for the 15 Months Period Ending 30th June, 2010



Efficient and Safe Urban Roads

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OUR MANDATE

The mandate of KURA as defined in the Kenya Roads Act, 2007 is the Management, Development, Rehabilitation and Maintenance of all public roads in the cities and municipalities in Kenya except where those roads are national roads.

OUR VISION

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

OUR MISSION

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

OUR CORE VALUES

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

KURA - ADDRESS

IKM PLACE, BISHOPS ROAD

TEL: 254-020-8013844

P. O. BOX 417-00100, GPO, NAIROBI, KENYA

BANKERS

KENYA COMMERCIAL BANK LTD

P. O. BOX 30081-00100 GPO NAIROBI

BRANCHES

KCB MOI AVENUE – NAIROBI Head Office

KCB – INDUSTRIAL AREA – KURA Nairobi Region

KCB – NYERI – KURA Central Region

KCB – MERU – KURA Upper Eastern Region

KCB – GARISSA – KURA North Eastern Region

KCB – MVITA – KURA Coast Region

KCB – MACHAKOS – KURA Lower Eastern Region

KCB – KISUMU WEST – KURA Nyanza Region

KCB – ELDORET – KURA North Rift Region

KCB – NAKURU – KURA South Rift Region

KCB – KAKAMEGA – KURA Western Region

NATIONAL BANK OF KENYA

HILL BRANCH

P. O. BOX 45219 – 00100 GPO, Nairobi, Kenya

CO-OPERATIVE BANK OF KENYA

UPPER HILL BRANCH

P. O. BOX 48231 – 00100 GPO, Nairobi, Kenya

LAWYERS

MANAGER LEGAL & CORPORATE AFFAIRS
KENYA URBAN ROADS AUTHORITY
P. O. BOX 41727 – 00100 GPO, Nairobi, Kenya

AUDITORS

AUDITOR GENERAL
KENYA NATIONAL AUDIT OFFICE
P.O.BOX 30084 – 00100
NAIROBI, KENYA

BOARD OF DIRECTORS

Board members who served during the Financial Year 2009/10 were as follows:

Prof. Sixtus Kinyua Mwea	-	Chairman
Mr Dickson Mbugua Keru	-	Matatu Welfare Association
Mr. Geoffrey K. Yegon	-	Association of Local Government Authorities of Kenya
Mr. Paul Wambua	-	Institute of Surveyors of Kenya
Miss Mary Gesare	-	Association of Kenya Manufacturers
Prof. Johnstone Mutisya Kiamba	-	Kenya Institute of Physical Planners
Mr. Francis Kioko Musyimi	-	Alt. Member to P.S. Office of the Deputy Prime Minister and Minister for Local Government
Mr. Hassan Noor Hassan	-	Alt. Member to P.S. Office of the Deputy Prime Minister and Minister for Local Government
Mr Wanyambura Mwambia	-	Alt. Member to P.S. Treasury
Mr Hyslop Ipu	-	Alt. Member to P.S. Ministry of Roads
Eng. Joseph N. Nkadayo	-	Director General (Secretary to the Board)



**Prof. Sixtus
Kinyua Mwea**

Chairman



Mr Hyslop Ipu

Alt. Member to P.S. Ministry
of Roads



**Prof. Johnstone
Mutisya Kiamba**

Representing Kenya Institute
of Physical Planners



**Eng. Joseph N.
Nkadayo**

Director General (Secretary to
the Board)



Ms Mary Gesare

Representing Association of
Kenya Manufacturers



Mr. Paul Wambua

Representing Institute of
Surveyors of Kenya



**Mr. Geoffrey K.
Yegon**

Representing Assoc. of
Local Gov't Assoc. of
Kenya



**Mr Dickson Mbugua
Keru**

Representing Matatu Welfare
Association



**Mr. Hassan Noor
Hassan**

Alt. Member to P.S. Office of
the Deputy Prime Minister and
Minister for Local Government



**Mr. Wanyambura
Mwambia**

Alt. Member to P.S. Treasury



**Mr. Francis
Kioko Musyimi**

Alt. Member to P.S. Office
of the Deputy Prime
Minister and Minister for
Local Government

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF KENYA URBAN ROADS AUTHORITY FOR THE FIFTEEN (15) MONTHS PERIOD ENDED 30 JUNE 2010

I have audited the accompanying financial statements of Kenya Urban Roads Authority set out at pages 6 to 20 which comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Changes in Reserves and Statement of Cash Flows for the fifteen (15) months period then ended, and summary of significant accounting policies and other explanatory information in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such 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.

Responsibility of the Auditor-General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance about whether the financial statements are free from material misstatements.

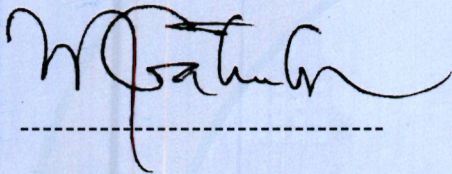
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in

order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at 30 June 2010, and its financial performance and cash flows for the fifteen (15) months period then ended in accordance with the International Financial Reporting Statements and comply with the Kenya Roads Act, 2007



A. S. M. Gatumbu

AUDITOR-GENERAL

Nairobi

7 April 2011

BOARD OF DIRECTORS REPORT

The Kenya Urban Roads Authority (KURA) established by the Kenya Roads Act, 2007 has the responsibility for the management, development, rehabilitation and maintenance of all roads in cities and municipalities in Kenya except where those roads are national roads.

The Authority continued to implement activities as outlined in its approved Strategic Plan (2008-2012). This has enabled the Authority to harness its resources in the provision of safe and adequate urban road network.

The Board of Directors hereby submit their report and the Financial Statements for the 15 months ended 30th June 2010, which shows the results and state of affairs of the Authority. The Financial Year 2009/10 was the Authority's second year of operation.

The Board continued to fast track a number of initiatives to have the Authority become fully operational to deliver on its mandate despite the funding challenges experienced during the year. The Government, the Donor community and all other stakeholders continued to support the Authority during the year.

The Authority's first performance contract with the Government was signed during the Financial Year 2009/10. The Authority is yet to be assessed on its performance.

STATEMENT OF DIRECTORS RESPONSIBILITIES

Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Authority as at the end of the financial year or period and its surplus or deficit for that year/period. The Directors are required to ensure that the Authority maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the Authority.

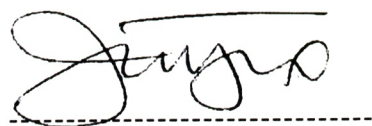
The Directors ensure that the Authority maintains proper accounting records, which disclose, with reasonable accuracy the financial position, performance and change in the financial position of the Authority. The Board is also responsible for safeguarding the assets of the Authority.

The Board accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, consistent with previous year and in conformity with International Financial Reporting Standards.

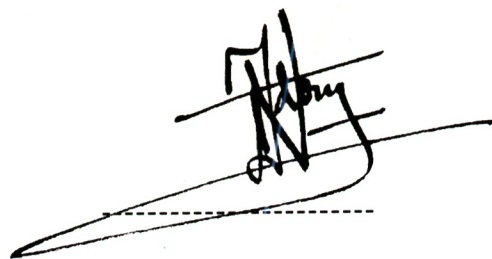
The Directors are of the opinion that these financial statements give a true and fair view of the state of affairs of the Authority as at 30th June 2010, and of its surplus. The Board further confirms the completeness of the accounting records maintained by the Authority, which have been relied upon in preparation of the financial statements, as well as on the adequacy of the Internal Control Systems.

The Board Committees undertake regular reviews on management performance, operations, future planning and make recommendations to the main Board.

Signed:



CHAIRMAN



DIRECTOR GENERAL

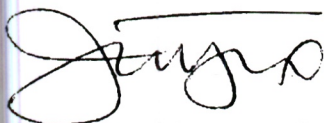
BOARD OF DIRECTORS

STATEMENT OF COMPREHENSIVE INCOME FOR THE 15 MONTHS PERIOD ENDED 30TH JUNE 2010.

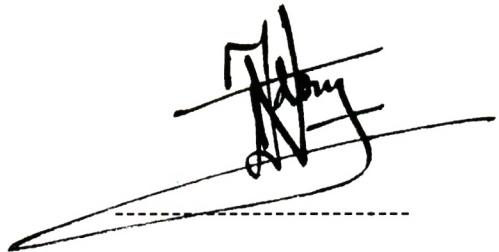
INCOME	Notes	2009/10 Kshs.
Government of Kenya (Exchequer Funding)	2	826,663,552
Road Maintenance Levy Funds	2	922,712,167
Appropriation In Aid (AIA)	2	10,079,098
AIA (Loans)- Direct Disbursement by donor to contractor	2	1,447,943,040
		3,207,397,857
EXPENDITURE		
Board Expenses	3	12,717,393
Personnel Costs	4	100,352,461
Other Operating/ Administration Costs	5	36,814,760
Funding to various Local Authorities	16	628,917,424
Roads Rehabilitation & Maintenance Costs	7	43,030,542
Depreciation Costs	6	3,196,476
Audit Costs	6	1,000,000
		826,029,056
Roads Design and Construction costs	8	1,908,396,602
		2,734,425,658
SURPLUS / (DEFICIT)		472,972,199

**STATEMENT OF FINANCIAL POSITION
 AS AT 30TH JUNE 2010**

NON-CURRENT ASSETS	Notes	2008/09 Kshs.
Property, Plant and Equipment	9	9,589,937
CURRENT ASSETS		
Receivables and Prepayments	10	1,154,693
Inventory (HQ)	11	990,745
Cash and Cash Equivalents	12	477,821,329
		489,556,704
		489,556,704
FINANCED BY		
Capital Reserves	13	5,679,000
Revenue Reserves	14	472,972,199
Payables & Accruals	15	10,905,505
		489,556,704



CHAIRMAN



DIRECTOR GENERAL
 BOARD OF DIRECTORS

STATEMENT OF CHANGES IN RESERVES FOR THE 15 MONTH PERIOD ENDED 30TH JUNE 2010.

	Capital Funds Kshs	Capital Reserves Kshs	Revenue Reserves Kshs	Totals Kshs
YEAR ENDED 30TH JUNE 2010				
Balance at start of the FY	-	-	-	-
Gov't Grant received during the Year (Assets)	-	5,679,000		5,679,000
Funds used during the Year	-	-	-	-
Surplus for the Year	-	-	473,010,532	473,010,532
Balances at end of year	-	5,679,000	473,010,532	478,689,532

STATEMENT OF CASHFLOWS FOR THE 15 MONTHS PERIOD ENDED 30th JUNE 2010

	2009/10 Kshs.
Cash flows from Operating Activities	
Surplus generated from operating activities	476,168,674
	476,168,674
Changes in Working Capital	
Increase/(Decrease) in Receivables	(1,154,693)
Increase/(Decrease) in Creditors	10,905,505
Increase/(Decrease) in Inventories	(990,745)
Net Change in Working Capital	8,760,067
Net Cash Generated from Operations Activities	484,928,741
Investing Activities	
Purchase of Non-Current Assets	(7,107,412)
Proceeds from sale of Non-Current Assets	-
Net Cash from Investing activities	(7,107,412)
Net Increase in Cash and Cash Equivalent	477,821,329
Cash & Cash Equivalents at start of year	-
Cash & Cash Equivalents at end of year	477,821,329

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD

1. Accounting Policies

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

a) Basis of Preparation

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), which are standards and interpretations adopted by the International Accounting Standards Board (IASB). The statements have been prepared on the historical cost basis of accounting and the relevant disclosure requirements have been complied with.

b) Revenue Recognition

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

c) Expenses

This comprises of Board Expenses, Personnel costs, administrative expenses and expenditure on road works. The expenses are matched with the revenue arising from the same period.

d) Retirement Benefits/ Gratuity obligations

The Authority is yet to set up a Retirement Benefit Scheme. For the staff on contract an accrual has been made on the accounts at the rate of 31% of their monthly basic salary as provided for in their contracts.

e) Property and Equipment

Asset vesting process by the Ministry of Roads to the newly created Authorities is going on. Once the ownership of the Assets is transferred to the Authority, the Assets will be recognized in the Authority's books of Accounts and appropriate depreciation charged.

f) Accounting for Government Grants

The Government Grants received were credited to Income and Expenditure Account as per the IAS No. 20. The nature and amount received during the year is disclosed under note 2 to the Accounts.

g) Incorporation

The Authority is a state corporation established under the Kenya Roads Act, 2007.

h) Reporting Currency

These Accounts are presented in Kenya Shillings (Kshs.)

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD

2. Government of Kenya Grants & Appropriation In Aid (AIA)

The breakdown of the Authority's Funding to the end of June 2010 is as follows:

	2009/10
	Kshs.
Development Budget Funding	826,663,552
RMLF - Operational Costs Funding	134,406,252
RMLF - Municipalities Funding	778,305,915
RMLF – Special Funding	10,000,000
AIA- Miscellaneous Income	10,079,098
Donor Funds- Direct Disbursement by donor to contractor	1,447,943,040
	<hr/> 3,207,397,857 <hr/>

3. Board Expenses

Chairman Honoraria	1,280,000
Cost of Board Meetings	6,491,219
Board Members Training & Other Costs	4,946,174
	<hr/> 12,717,393 <hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD

4. Personnel Costs

	2009/10 Kshs.
Staff salaries and Allowances	87,893,697
Staff Training & other benefits	11,673,052
Staff Pensions	785,712
	<hr/> 100,352,461 <hr/>

5. Operating/ Administration Costs

Conferences & Workshops	3,342,385
Communication Costs	5,960,849
Occupancy costs	6,787,856
Travel Costs	4,554,706
Advertisement & Publicity	7,842,290
Bank Charges & Commissions	7,250
Other Office Running Expenses	8,319,425
	<hr/> 36,814,760 <hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD

6. Audit & Depreciation Cost

Provision for KENAO – 2009/10 Audit fees	1,000,000
Provision for Depreciation Fixed Assets	3,158,143

7. Road Rehabilitation and Maintenance Costs

	2009/10 Kshs.
Eastleigh Infrust. Dev't Project Costs	28,667,985
Missing Links	13,911,690
Other Road Rehabilitation & Maintenance Costs	450,868
	<hr/>
	43,030,542

8. Roads Design and Construction costs

Northern and Eastern By-pass Project payment-Exchequer	456,663,552
Northern and Eastern By-pass- Direct disbursement by donor to contractor	1,447,943,040
Other Road Development Costs	3,790,010
	<hr/>
	1,908,396,602

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD

9. Fixed Assets Schedule for the period ended 30th June 2010

Cost	Motor Vehicles	Furniture & Fittings	Computer & Equipment	Total
Depreciation Rate	25%	12.50%	33.3%	
At 1.07.2009	-	-	-	-
Additions	5,679,000	2,836,926	4,270,486	12,786,412
Disposals	-	-	-	-
Costs at 30th June 2010	5,679,000	2,836,926	4,270,486	12,786,412
Depreciation				
At 01.07.2009	-	-	-	-
Charge for the period	1,419,750	354,616	1,422,110	3,196,476
Accumulated Depreciation	1,419,750	354,616	1,422,110	3,196,476
Net Book Value As at 30.06.2010	4,259,250	2,482,310	2,848,376	9,589,937

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD

10 Receivables & Prepayments

	2009/10
	Kshs.
Outstanding imprests-Headquarter	-
Outstanding imprests-Regional offices	8,593
Deposits & Other prepayments	1,086,100
Outstanding Staff Salary Advances	60,000
	<hr/> 1,154,693

11. Inventory (HQ-Store)

	990,745
	<hr/> 990,745

12. Cash & Cash Equivalent

Kenya Commercial Bank (KCB)	182,975,832
National Bank of Kenya (NBK)	238,006,986
Co-operative Bank	8,775,928
Office Petty Cash (HQ)	62,583
Regional Bank Accounts	8,000,000
Kazi Kwa Vijana Regional Offices (Cash in Transit)	40,000,000
	<hr/> 477,821,329

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD

13. Capital Reserves

Gov't Grant Capitalized- Assets paid for on behalf of Authority by Ministry (Vehicle)	5,679,000
	5,679,000

14. Revenue Reserves

Surplus to the end 15 Months	473,010,532
Balance Carried Forward to Financial Year 2010/2011	473,010,532

2009/10
Kshs.

15. Payables and Accruals

Contract Staff Gratuity Liability	7,094,329
June PAYE payable	4,527
Withholding Tax	-
June VAT payable	-
Accruals & Other Liabilities	2,778,736
KENAO Audit	1,000,000
NSSF, NHIF & HELB payable	21,320
Other Staff deductions	6,593
	10,905,505

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD

16. Funding to Various Local Authorities

	2009/10
	Kshs.
Urban Development Dept	110,000,000
Nairobi City Council	333,598,184
Kisumu Municipal Council	26,294,625
Eldoret Municipal Council	14,190,704
Nakuru Municipal Council	26,213,733
Sub-total	510,297,246
Kakamega Municipal Council	7,107,127
Nyeri Municipal Council	9,893,162
Kerugoya/Kutus Municipal Council	4,905,594
Ruiru Municipal Council	3,551,406
Limuru Municipal Council	3,551,406
Nyahururu Municipal Council	3,551,110
Meru Municipal Council	8,270,107
Kisii Municipal Council	10,292,531
Bomet Municipal Council	2,965,411
Homa Bay Municipal Council	2,196,556
Migori Municipal Council	1,957,855
Thika Municipal Council	10,941,800

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD

Bungoma Municipal Council	3,741,978
Kiambu Municipal Council	2,686,403
Siaya Municipal Council	3,504,004
Chuka Municipal Council	4,734,577
Vihiga Municipal Council	2,965,912
Mavoko Municipal Council	3,551,837
Kabarnet Municipal Council	1,698,178
Runyenjes Municipal Council	2,367,288
Kapsabet Municipal Council	2,943,043
Karatina Municipal Council	2,965,904
Kehancha Municipal Council	3,448,031
Kericho Municipal Council	4,222,635
Kimilili Municipal Council	1,775,466
Lodwar Municipal Council	3,551,387
Maua Municipal Council	3,504,004
Mumias Municipal Council	1,775,466
Sub-Total	118,620,178
Total	628,917,424



Efficient and Safe Urban Roads

NOTES

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1. Laying and compacting of asphalt concrete on a cycle lane on UN Avenue in Nairobi. 2. Automated axle load equipment weigh a vehicle during an operation on the Eastern By-pass. 3. A section of Oginga Odinga street in Kisumu 4. Gender inclusiveness in road works during channel cleaning at Sgt. Kinyanjui Street in Eastleigh in Nairobi. 5. A road section on Mpaka Road showing a non motorized traffic facility 6. KURA Director General Eng. Joseph Nkadayo takes the Hon. President Mwai Kibaki the Rt. Hon. Prime Minister Franklin Bett and other dignitaries through a presentation during the launch of the Western Ring Road in Nairobi.

