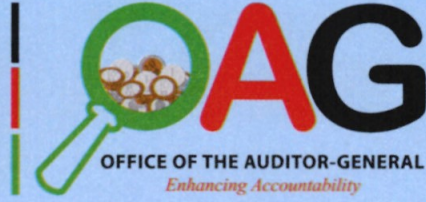


REPUBLIC OF KENYA



REPORT

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CLERK-AT
THE-TABLE:

MERCY CHUMO

THE AUDITOR-GENERAL

ON

KENYA NATIONAL HIGHWAYS
AUTHORITY

FOR THE YEAR ENDED
30 JUNE, 2025



OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
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Kenya National Highways Authority

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KENYA NATIONAL HIGHWAYS AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2025

**Kenya National Highways Authority
Annual Report and Financial Statements
for the year ended June 30, 2025.**

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1. Acronyms and Definition of Key Terms

A: Acronyms

AfDB	African Development Bank
CBK	Central Bank of Kenya
DG	Director General
EIB	European Investment Bank
EXIM	Export Import Bank
ICPAK	Institute of Certified Public Accountants of Kenya
IDA	International Development Association
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
KTSSP	Kenya Transport Sector Support Project
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
TMEA	Trademark East Africa
WB	World Bank

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B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

(a) Background information

The Authority was established vide the Kenya Roads Act, 2007. The Authority is under the State Department for Roads within the Ministry of Roads and Transport which gives it the general policy and strategic direction.

(b) Principal Activities

The principal activity/mission of the Authority is to develop and manage quality and adequate national trunk roads through innovation and optimal utilization of resources for sustainable development.

(c) Key Management

The Authority's day-to-day management is under the Director General who is an *ex officio* member of the Board of Directors and Secretary to the Board.

(d) 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.	Director General	Eng. Kungu Ndungu
2.	Director, Public, Private Partnership	Eng. Charles Obuon
3.	Director, Development	Eng. Henry Gakuru
4.	Director, Maintenance	Eng. Daniel Cheron
5.	Director, Corporate Services	CPA. James Bowen
6.	Director, Planning, Research & Compliance	Eng. Njuguna Gatitu
7.	Director, Highway Design & Safety	Eng. Ezekiel Fukwo
8.	Ag. Director, Audit Services	CPA. Stephen Musyoka (Appointed 1 st January 2025)
9.	Director, Audit Services	Dr. CPA. Sammy Kimunguyi (Retired 31 st December 2024)
10.	Corporation Secretary/Deputy Director, Head Legal Services	Ms. Norah Odingo-Kajwang'
11.	Deputy Director, Head Supply Chain Management	Ms. Levina Wanyonyi

**Kenya National Highways Authority
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Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

No.	Designation	Name
1	Chairperson (non-executive)	Ms. Winfrida W. Ngumi
2.	Director	Mr. Protus Sigei, Alternate to CS National Treasury (Retired 30 th June 2025)
3.	Director	FCPA. Julius W. Mwatu
4.	Director	Eng. Nicholas Musuni, Alternate to PS Roads
5.	Director	<i>Mr. John Nyaoko Morte Mose</i> Director – Alt. to PS (Transport)
6.	Director	Eng. Kennedy Sumbeiywo
7.	Director	Dr. Benjamin Ouma Mware
8.	Director	Ms. Rosemary Wanjiku Thiong'o

The Authority's Board of Directors constituted four Board Committees namely;

- 1) The Finance, Strategy and Risk Committee,
- 2) The Audit and Governance Committee,
- 3) The Human Resource and General Purpose Committee and
- 4) The Technical, Procurement and Disposal Oversight Committee.

The Finance, Strategy & Risk, Human Resource and General Purpose and the Audit and Governance Committees are responsible for the fiduciary oversight of the Authority.

Their key responsibilities are outlined below:

i) Finance, Strategy and Risk Committee

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
 - 1) Quarterly Financial Performance reports, Quarterly Financial Statements & any other Financial Performance reports.
 - 2) Any revisions of the Financial Policies, Guidelines & Procedures.
 - 3) Estimates of the Income & Expenditure of the Authority for the next Financial Year.
 - 4) Supplementary budget estimates prior to the end of the financial year.
 - 5) Special funding proposals including borrowings and grants and related reports.
 - 6) Proposals for opening bank accounts, banking facilities in general and any changes to operational mandates.
 - 7) Proposals for write offs/write back of significant losses and /or accounting differences.
 - 8) Proposals for investments and their returns
 - 9) Oversee systems and procedures in place to ensure all expenditures are within the approved budgets, the authority keeps proper books of accounts and records of its transactions and proper records of assets and liabilities are maintained.
 - 10) To advise the Board on investments and borrowings, the policy on grants, loans or other payments to or by the Authority, contingent liabilities resulting from

**Kenya National Highways Authority
Annual Report and Financial Statements
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Key Entity Information and Management (continued)

- 11) exposure from legal cases and effective and efficient strategies for Finance and Accounts Department
- 12) Risk management policy and risk appetite framework for the Authority
- 13) Quarterly reports on key risks that the Board needs to consider in detail and provide assurance to the board that they are being effectively identified, quantified and mitigated.
- 14) The extent to which the Authority operates within the risk appetite and tolerance levels set out.
- 15) Crystallization of the risks and triggers of crisis management
- 16) Report on Business Continuity and Recovery
- 17) The Authority's Strategic Plan
- 18) Reports on the implementation of the Performance Contract
- 19) Reports on the implementation of the Strategic Plan
- 20) Report on the Authority's performance and sustainability
- 21) Annual performance report
- 22) Performance of Quality Management System
- 23) Report on Business Process Re-engineering
- 24) Report on the implementation of policies and
- 25) Reports on Authority's Research, Knowledge Management and Business Development Initiatives

ii) Audit and Governance Committee

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
 - 1) Significant financial reporting issues and judgements made in connection with the preparation of the Authority's financial statements. This should be done prior to submission of financial statements to external auditors.
 - 2) Appointment and termination of the Director Audit services,
 - 3) Sanction transfers into and out of the Directorate of Audit Services at all levels,
 - 4) Assess the performance of the Director, Audit services
 - 5) Facilitate direct access of the Director, Audit Services to the Board Chairman
 - 6) The annual internal audit work plan
 - 7) Annual Internal Audit work plan, budget and the Directorate of Audit Services
 - 8) training plan
 - 9) Reports on results of Internal audit work
 - 10)
 - 11) Management responses to internal audit findings and recommendations
 - 12) Authority's financial statements prior to submission to the Auditor General's Office
 - 13) Management letters and the adequacy of management responses prior to submission
 - 14) Whistleblowing arrangements
- Ensure that;
 - 1) Internal audit the necessary resources to enable it to fulfil its mandate
 - 2) A Meeting is held with the Director, Audit services at least once a year without management being present.
 - 3) The risk function is audited to provide assurance on the effectiveness of the

Kenya National Highways Authority
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Key Entity Information and Management (continued)

- Enterprise-wide risk management process consistent with the Authority's determined risk appetite.
- 4) A meeting is held with external auditors at least once in each financial year to assess the Authority's internal control systems and financial reporting, work done and report to the Board on the effectiveness of external audit and determine the scope of internal audit work to be done in the succeeding financial year.
 - 5) Resolution of major issues that arose during audits through follow up on implementation of internal and external audit recommendations.
 - 6) Assessment of the effectiveness of the external audit process at the end of the annual audit cycle. This includes getting management feedback on the process.

iii) Human Resource and General Purpose Committee

This is a committee of the Board whose key responsibilities are to: -

- Review, approve and/or recommend for Board's approval;
 - 1) Quarterly departmental reports for Human Resource Management, Corporation Secretary / Legal Services, ICT, Administrative Services, Corporate Communication and Monitoring of performance and change management.
 - 2) Staff terms and conditions of service including mortgages and pension scheme
 - 3) Funding arrangements for the staff mortgage scheme
 - 4) Corporate Staff recognition and reward policy
 - 5) Appointments and discipline of Staff in line with the schedule of delegated powers;
 - 6) Major changes in the Organizational structure
 - 7) Any revisions of the Human Resource Policy and Procedures Manual
 - 8) Any revisions of the Administration Services Policies and procedures
 - 9) Legal Services Policies and Procedures Manual
 - 10) ICT Policies and Procedures developed by Management;
 - 11) Business Continuity and Planning Procedures and Policies
 - 12) Annual Corporate Social Responsibility activities and their budgets
 - 13) Administrative Services Policies and Procedures Manuals

Advise and guide the Management on: -

- i). Organizational Development and Change Management,
- ii). Promotion of corporate business culture through ensuring an enabling environment for organizational effectiveness and continuous improvement,
- iii). Effective and efficient strategies for human resource management including recruitment planning, training & development, retention, and performance management,
- iv). Appropriate corporate communication strategies,
- v). Appropriate legal strategies,
- vi). Appropriate organizational administrative strategies,
- vii). Appropriate ICT strategies.
- viii). Monitoring of performance and change management.

iv) Technical, Procurement and Disposal Oversight Committees

This is a committee of the Board whose key responsibilities are to: -

**Kenya National Highways Authority
Annual Report and Financial Statements
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Key Entity Information and Management (continued)

- Review, approve and/or recommend for Board's approval;
 - 1) The Authority's Consolidated Annual Procurement and Disposal Plans
 - 2) Revision of the approved Consolidated Procurement Plans.
 - 3) All awarded contracts to ensure statutory and policy compliance.
 - 4) Periodic reports on the implementation of the procurement plan.
 - 5) Periodic reports on the statutory and policy compliance of the procurement function.
 - 6) Quarterly procurement performance reports.
 - 7) Advance briefs on all strategic procurements.
 - 8) Reports on development projects.
 - 9) Report on claims management in project.
 - 10) Report on Public-Private Partnerships.
 - 11) Report on road safety.
 - 12) Report on design projects.
 - 13) Report on structures projects.
 - 14) Report on Survey and road asset management.
 - 15) Report on maintenance of national trunk roads.
 - 16) Report on axle load control.
 - 17) Report on Management of roadside developments.
 - 18) KeNHA Annual Public Roads Program (APRP)
 - 19) Report on road condition and inventory Survey.
 - 20) Report on quality assurance in road projects.
 - 21) Report on Monitoring and Evaluation of projects.
 - 22) Report on complaint resolution and customer satisfaction.

v) Office of the Auditor General

The Annual Report and Financial Statements of the Kenya National Highways Authority are audited in accordance with Article 229 *sub article 7* of the Constitution of Kenya and Section 35 of the Audit Act 2015

vi) Development Partner Oversight Activities

This group constitutes Bi/Multi – lateral co-financiers with the Government of the Republic of Kenya for development projects under implementation of the Authority, whose key responsibilities include: -

- 1) To examine the annual reports of the Auditor General on the financial statements of projects,
- 2) To conduct financial management supervision and offer project implementation support,
- 3) Review of quarterly Interim Financial Management Reports and
- 4) Commission independent auditors to undertake financial and technical review of projects under their financing.

(vii) The Public Investments Committee

This is a Parliamentary Select Committee charged with the responsibility of examining the activities of state agencies. It receives audit reports from the Clerk of the National Assembly who in turn would have received them from the Authority.

Its key responsibilities as appertains to the Authority are to: -

- 1) Examine the Reports of the Auditor General on the financial statements of the Authority,

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Key Entity Information and Management (continued)

- 2) Examine, in the context of the autonomy and efficiency of the public investments,
- 3) Examine whether the affairs of the public investments are being managed in accordance with sound financial or business principles and prudent commercial practices.

Within three months after receiving the PIC report, Parliament shall debate and consider the report and take appropriate action.

(f) Kenya National Highways Authority Headquarters

Barabara Plaza, Jomo Kenyatta International Airport (JKIA),
Off Mazao Road
P.O. Box 49712 - 00100
Nairobi, Kenya

(g) Kenya National Highways Authority Contacts

Telephone: (254) 02 8013842
E-mail: dg@kenha.co.ke
Website: www.kenha.co.ke

(h) Kenya National Highways Authority Bankers'

1. KCB Bank Ltd
Moi Avenue Branch
P.O. Box 30081 - 00100
Nairobi, Kenya

2. Co-operative Bank of Kenya Ltd
Upper Hill Branch
P.O. Box 30415-00100
Nairobi, Kenya

3. National Bank of Kenya
Hill Plaza Branch
P.O. Box 45219 - 00100
Nairobi, Kenya

4. NCBA Bank Plc
NCBA House
P.O. Box 44599 - 00100
Nairobi, Kenya

5. Equity Bank Limited
Equity Centre Branch
P.O. Box 75104 - 00200
Nairobi, Kenya

**Kenya National Highways Authority
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Key Entity Information and Management (continued)

(i) Independent Auditor




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

(j) Principal Legal Adviser




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

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3. The Board of Directors

Director	Brief Profile
 <p>1. Ms. Winfrida W. Ngumi Chairperson</p>	<p>Date of Birth: 22nd December, 1974 Bachelor of Architecture (Hons) Member of the Kenya Association of Manufacturers and the Kenya Private Sector Alliance. 20 years of experience in the building, construction and manufacturing industry.</p>
 <p>2. FCPA. Julius W. Mwatu Director (Independent) Chair of the Finance, Strategy & Risk Committee</p>	<p>Date of Birth: 9th December, 1972 Master of Business Admin. (Finance) Bachelor of Science (Statistics) Professional Membership: Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Secretaries (ICS), Institute of Certified Investment & Financial Analysts (ICIFA) 22 years of experience specialising in audit, tax, finance, and integrated reporting.</p>
 <p>3. Mr. Protus Sigei Director – Alt. to CS (National Treasury & Planning)</p>	<p>Date of Birth: 1st December 1965 Master of Science. Bachelor of Arts (Hons) Economics (with Mathematics) Professional Membership: Graduate of the Australian Institute of Company Directors (GAICD) Member of the Society for Benefit-Cost Analysis 23 years of experience in Board directorship. (Retired 30th June 2025)</p>

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Director	Brief Profile
 <p>4. Eng. Nicholas Musuni Director-Alternate to PS (Roads)</p>	<p>Date of Birth: 5th March, 1979 Bachelor of Science (Civil Engineering) Training in leadership, corporate governance, project management and arbitration. Professional Membership: Member of the Institution of Engineers of Kenya (IEK) Registered Professional Engineer with Engineers Board of Kenya 18 years of Management experience.</p>
 <p>5. Mr. John Nyaoko Morte Mose Director – Alt. to PS (Transport)</p>	<p>Date of Birth: 2nd January 1980 Master of Arts in Economics Bachelor of Arts in Economics Professional Membership: Member of the Economist Society of Kenya 12 Years of Management experience</p>
 <p>6. Dr. Benard Ouma Mware</p>	<p>Date of Birth: 7th August 1980 <i>PhD</i> Professional Membership: Member of the Kenya Australia Alumni Association.</p>

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Director	Brief Profile
 <p>7. Eng. Kennedy Sumbeiywo</p>	<p>Date of Birth: 30th December 1981 Bachelor of Science (Civil Engineering) Professional Membership: Member of the Institution of Engineers of Kenya (IEK)</p>
 <p>8. Ms. Rosemary Wanjiku Thiong'o</p>	<p>Date of Birth: 24th October 1991 Post Graduate Diploma Bachelor of Law (Hons) Professional Membership: Law Society of Kenya</p>
 <p>9. Eng. Kungu Ndungu, MBS Director General</p>	<p>Date of Birth: 18th October 1972 Executive Master of Business Administration Bachelor of Science (Civil Engineering) Registered Professional Engineers Board of Kenya, Professional Membership: Member of the Institution of Engineers of Kenya (IEK) <i>Member of the Kenya Institute of Management (MKIM)</i> <i>27 Years of Management Experience</i></p>

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4. Key Management Team

Manager	Brief Profile
 <p>1. Eng. Kungu Ndungu, MBS Director General</p>	<p>Date of Birth: 18th October 1972 Executive Master of Business Administration Bachelor of Science (Civil Engineering) Registered Professional Engineers Board of Kenya, Professional Membership: Member of the Institution of Engineers of Kenya (IEK) Member of the Kenya Institute of Management (MKIM), 27 Years of Management experience</p>
 <p>2. CPA. James K. Bowen Director, Corporate Services</p>	<p>Date of Birth: 1st January, 1973 Master of Business Administration, Bachelor of Commerce (Accounting) Professional Membership: Certified Professional Credit Manager (CPCM), Certified Public Secretary (CPS K), Certified Public Accountant (CPAK) Professional Membership: Member of ICPAK and ICPSK 26 years of Management experience</p>
 <p>3. Eng. Njuguna Gatitu Director, Planning, Research & Compliance</p>	<p>Date of Birth: 1965 Bachelor of Science (Civil Engineering) Post Graduate Diploma in Computer Science Professional Membership: Member of the Institution of Engineers of Kenya 33 years of Management experience</p>
 <p>4. CPA. Stephen Musyoka Ag. Director, Audit Services</p>	<p>Date of Birth: 22nd March 1980 Master of Business Administration Bachelor of Science (Mechanical Engineering) Certified Government Auditing Professional (CGAP) Certified Public Accountant (CPAK) Certified Internal Auditor (CIA) Certification in Managing Projects – George Washington University. Professional Membership: Member of ICPAK, IAA, EBK, CGAP and IEK 20 years of Management experience (Appointed 1st January 2025)</p>

**Kenya National Highways Authority
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Manager	Brief Profile
 <p>5. Eng. Ezekiel Fukwo Director, Highway Design & Safety</p>	<p>Date of Birth: 16th August, 1976 Master of Arts (Project Planning and Management) Bachelor of Science (Civil Engineering) Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya Corporate Member of the Institution of Engineers of Kenya (IEK)- 17 years of Management experience</p>
 <p>6. Eng. Charles Obuon Director – Public, Private Partnership</p>	<p>Date of Birth: 20th November, 1972 Master of Philosophy in Civil and Structural Engineering (Water Engineering) Bachelor of Technology and Structural Engineering Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya 25 years of Management experience</p>
 <p>7. Eng. Henry Gakuru Director, Development</p>	<p>Date of Birth: 22nd September, 1970 Master of Science (Project Management) Bachelor of Science (Civil Engineering) Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya 8 years of Management experience</p>
 <p>8. Eng. Daniel Cheron Director, Maintenance</p>	<p>Date of Birth: 17th September, 1977 Master of Laws, (Construction Law, Arbitration and Adjudication) Bachelor of Science (Civil Engineering) Professional Membership: Member of the Institution of Engineers of Kenya Registered Professional Engineer with Engineers Board of Kenya 12 years of Management experience</p>

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Manager	Brief Profile
 <p>9. Ms. Norah Odingo-Kajwang' Corporation Secretary/Deputy Director, Head of Legal Services</p>	<p>Date of Birth: 27th April 1969 Master of Business Administration Bachelor of Laws Registered Advocate of the High Court of Kenya Professional Membership: Member of the Law Society of Kenya Member of the Certified Public Secretaries of Kenya 28 years of Management experience</p>
 <p>10. Ms. Levina Wanyonyi Deputy Director, Head of Supply Chain Management</p>	<p>Date of Birth: 13th February 1972 Master of Business Administration Bachelor of Science Professional Membership: Kenya Institute of Supplies Management, The Chartered Institute of Purchasing & Supply Institute for Management of Information Systems 26 Years of Management experience.</p>
 <p>11. Dr. CPA. Sammy Kimunguyi Director, Audit Services</p>	<p>Date of Birth: 22nd September, 1980 Doctor of Philosophy in Business Management Master of Arts in Project Planning & Management Bachelor of Education Professional Membership: Certified Information Systems Auditor (CISA) Certified Fraud Examiner (CFE) Certified Public Accountant (CPA) Certified Information System Auditor (CISA) Professional Membership: Member of ICPAK, ISACA, CFE 16 years of Management Experience (Retired 31st December 2024)</p>

5. Chairperson's Statement

On behalf of the Board of Directors of the Kenya National Highways Authority (KeNHA), I am pleased to present the Authority's performance highlights for the Financial Year 2024/2025. This reporting period underscores the Authority's resilience, prudent resource management, and strategic foresight in delivering its mandate amidst fiscal constraints and a rapidly evolving infrastructure landscape.

In alignment with the Constitution of Kenya (2010), the Kenya Roads Act, and our Strategic Plan, the Board has provided robust oversight and policy guidance to ensure the Authority remains committed to delivering high-quality, safe, and climate-resilient National highways. With a huge funding gap, the Authority ensured optimal utilization focusing on key strategic projects and areas, reflecting a commendable demonstration of financial stewardship. A key highlight this year is the significant reduction of pending bills, down from KES 87.9 billion to KES 72.8 billion. This milestone was achieved through targeted settlements enabled by the securitization of the Road Maintenance Levy Fund (RMLF), a strategic financing mechanism that revived stalled road projects and restored critical infrastructure development momentum across the country.

The Board also recognizes the critical importance of diversifying funding sources for long-term infrastructure sustainability. We therefore endorsed and supported the Authority's efforts to initiate and develop Public-Private Partnership (PPP) frameworks, including feasibility assessments for major corridors such as Nairobi–Mombasa including Mombasa Southern Bypass and Juja–Kenol–Marua. These steps lay the groundwork for innovative infrastructure financing models in the future.

The Authority also made notable progress in project design and commencement, including the Horn of Africa Gateway Development Project and the Kitale–Morpus road. These projects will enhance connectivity, regional integration, and economic inclusion, especially in historically underserved areas.

Beyond physical infrastructure, the Board is proud of the strides made in digitization and innovation, including the deployment of a Legal Case Management System and onboarding key services to the e-Citizen platform. These initiatives are a testament to KeNHA's commitment to transparency, efficiency, and citizen-centered service delivery.

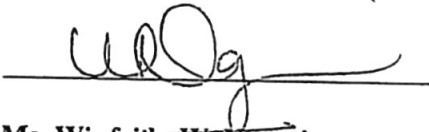
We are also encouraged by the Authority's deliberate actions to promote inclusivity through the Access to Government Procurement Opportunities (AGPO) framework, awarding over KES 796 million to youth, women, and persons with disabilities, and advancing local content by procuring KES 20 billion worth of goods and services locally.

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Environmental sustainability remained a priority, and we applaud the Authority's collaboration with the Kenya Forest Service, County Governments, and local communities to plant 279,327 trees. These efforts not only support the national 15 Billion Tree Growing Programme but also reinforce the Authority's role in climate adaptation and ecosystem preservation.

I would also like to extend our gratitude to Director Protus Sigei who retired during the reporting period. His commitment, wisdom, and unwavering service to the Authority over the years have been invaluable. On behalf of the entire Board, we thank him sincerely and wish him continued success and fulfillment in the next chapter of life.

In conclusion, I wish to thank the Director General, Management, and Staff for their dedication, professionalism, and innovation. I also extend our appreciation to all stakeholders for their continued support and engagement. As a Board, we remain committed to guiding the Authority toward its vision of a world-class National highways network that delivers economic growth, national unity, and environmental sustainability.



Ms. Winfrida W. Ngumi

CHAIRPERSON OF THE BOARD OF DIRECTORS

6. Report of the Director General

The Kenya National Highways Authority (KeNHA) remains committed to its mandate of developing, managing, and maintaining the National Trunk Road Network, comprising 23,693 km of Class A, B, and S roads as of 30th June 2025. Our goal is to deliver safe, efficient, and resilient infrastructure that supports Kenya's economic growth.

This Financial Report, prepared in line with the Constitution, the Public Finance Management Act (2012), and the Public Audit Act (2015), outlines KeNHA's performance for FY 2024/25. With a budget of KES 101.34 billion, we achieved a 94% absorption rate for GoK funds and 100% for external resources. We surpassed our A-in-A target, collecting KES 2.1 billion (109% of the projection), driven by substantial revenue from permits, interest, and fees. The Board of Directors provided oversight to ensure prudence, transparency, and accountability in the utilisation of resources. Externally mobilised resources were fully absorbed, with significant contributions from the International Development Association (IDA) at 100% and the African Development Bank (AfDB) at 91%. The pending bills were reduced from KES 88.8 billion at the beginning of the financial year to KES 75.6 billion by the close of the year, through targeted settlements financed via RMLF securitisation.

In line with our commitment to citizen-centric service delivery, KeNHA enhanced transparency and public engagement through the implementation of its Citizen Service Delivery Charter. The Charter was made accessible in English, Kiswahili, braille, and sign language, and was prominently displayed at service points and on digital platforms. Two core services, including Exemption and Roadside Permit Application, and Project Supervision, were digitised and integrated into the e-Citizen platform, enhancing the efficiency of service delivery to the Authority's stakeholders and clients. All public complaints received during the year were resolved, and quarterly reports were submitted to the Commission on Administrative Justice (CAJ), reflecting our dedication to responsive and respectful governance.

In fulfilling its core mandate, KeNHA made significant strides in road construction and maintenance. The Authority constructed 9.66 kilometres of new roads and enhanced the capacity of 49.48 kilometres of roads, while 130 kilometres of engineered gravel roads were built. It also undertook periodic maintenance on 162.9 kilometres of existing roads. Routine maintenance was carried out on 2,331.6 kilometres of unpaved roads and 287.44 kilometres of paved roads. Additionally, 7,871.07 kilometres were maintained under performance-based contracts. Bridge construction projects progressed well, with the Green Park Underpass reaching 91% completion and the Juja Highpoint

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Footbridge at 92%. Maintenance works on bridges along the Thika–Garissa and Malindi–Garsen roads also met or exceeded performance targets, demonstrating our commitment to road infrastructure development and management.

Axle load control remained a key focus area, with the authority increasing its network under surveillance to 10,776 km, achieving a compliance rate of 98.43%. The Kanyonyo weighbridge was completed, enhancing enforcement capacity. Road reserve management activities included processing applications, engaging with stakeholders, and updating the signboard database. Engineering services advanced significantly, with final designs completed for 176 Km of roads, and the design of an additional 750 Km is ongoing at the draft design stage.

The Authority continued to mainstream science, technology, and innovation through the implementation of initiatives related to the research on emerging issues and the testing of proprietary products. The Authority developed its Own Source Revenue Strategy to raise additional resources to finance its operations. It also developed Roadside Station regulations, the Research, Science, Technology, and Innovation Strategy, Research and Innovation Policy, and the Intellectual Property Policy, and facilitated knowledge-sharing forums.

Road safety was prioritised through the installation of over 21,000 meters of guardrails, 1,415 road signs, and 56,606 cat eyes. Road safety audits were conducted at all phases of project implementation to ensure compliance and enforcement of mitigation measures, enhancing road safety. The Authority also secured road corridors by updating 716 Km of the road network on GIS databases, conducting cadastral surveys for 303 Km, and installing 3,626 road boundary marker posts.

To promote participation of the private sector in infrastructure development, the Authority monitored the Nairobi Expressway, evaluated the Nairobi–Mombasa PPP project, reviewed privately initiated proposals for the development of Rironi–Nakuru–Mau summit road and conducted feasibility studies for tolling initiatives, including Rironi–Mau Summit, O&M of Juja–Thika, and O&M of Sagana–Marua.

The Authority showcased its commitments to environmental conservation by planting 279,327 tree seedlings and conducting seven stakeholder engagement events, aligning with the national agenda on climate action and sustainability. Environmental and social safeguards were upheld through the preparation of Environmental and Social Impact Assessment (ESIA) reports, audit reports, and monitoring of Resettlement Action Plan (RAP) implementation. Furthermore, Inclusivity was promoted through the award of KES 796.4 million in contracts to youth, women, and persons with

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disabilities (PWDs). Local content was also strongly supported, with KShs 20.25 billion worth of goods, services, and works procured locally.

Asset management was strengthened through regular updates to the asset register and the disposal of idle assets. Youth empowerment was advanced through the engagement of 342 interns and apprentices. Staff competence development progressed with the training of 364 employees, alongside the implementation of a performance management framework.

Despite these achievements, the Authority continues to face challenges, including high maintenance costs for ageing pavements, budgetary constraints, insecurity in some project areas, and the adverse impacts of climate change. In response, we are strengthening partnerships with the private sector and prioritising timely maintenance interventions to safeguard the integrity of the road network.

We extend our sincere appreciation to the Board of Directors for their strategic guidance, to our dedicated staff for their unwavering commitment, and to the Government of Kenya, particularly the Ministry of Roads and Transport and the National Treasury, for their support. We also thank our Development Partners and all stakeholders for their invaluable contributions to the development of Kenya's national trunk road network.

Together, we are building roads that connect people, markets, and opportunities and laying the foundation for a more inclusive, resilient, and prosperous Kenya.



Eng. Luka Kimeli
Ag. DIRECTOR GENERAL

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7. Statement of Performance against Predetermined Objectives for FY 2024/2025

During the year, the Authority implemented projects and programmes as outlined in the 2023–2027 Strategic Plan, which is aligned with the Kenya Vision 2030, MTP IV, and the road sector investment plan. The Authority focused on delivering its mandate in line with the five Key Result Areas identified in its Strategic Plan, key achievements include:

Key Performance Indicator	Activities	Achievement
KRA 1: Planning and Development		
Strategic Objective: To enhance the capacity of the National Trunk Road Network		
Length in km of road constructed/improved to all-weather standard	Development (Construction, Rehabilitation and Capacity enhancement) of the road network.	104.475 Km constructed
Length in kilometres of highways designed	Design on priority regional roads	176 Km designed.
Number of highway bridges constructed	Design and construct bridges on priority regional roads	Construction of 6 No. Bridges ongoing. Green Park Underpass is substantially complete. Finalised the detailed engineering design for Seiya Bridge.
No. of footbridges constructed	Design and construction of footbridges on priority regional roads	Construction of 4 No. Footbridges ongoing. Juja Highpoint (Centurion) Footbridge is substantially complete. Finalised the detailed engineering design 2 No. Footbridges (Makenji and Sabaki)
KRA 2: Road Asset Management		
Strategic Objective: To secure and preserve the National Trunk Road and the Authority's Assets		
Number of road reserve marker posts installed.	Install and maintain road reserve marker posts.	Installed 3,626 road marker posts.
Length of National Trunk Roads in km under routine maintenance.	Undertake routine maintenance of National Trunk Roads	Maintained 2,619.04 Km through routine maintenance
Length of National Trunk Roads in Km under periodic maintenance.	Undertake Periodic maintenance of National Trunk Roads	Maintained 162.9 Km through periodic maintenance
Length of National Trunk Roads in KM under PBC maintenance	Undertake Performance-Based Contracting of the National Trunk Roads	Maintained 7,867.2 Km through PBC
No of Structures maintained	Undertake maintenance of major structures	Maintained five (5No) structures.

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Key Performance Indicator	Activities	Achievement
Length (Km) of road surveyed	Undertake Cadastral Survey of Road Corridors	Submitted 303 Km cadastral survey computations
Number of weighbridges installed.	Installation of weighbridges	Installed 3 (No.) weighbridges at Kamagambo (Virtual), Meru (Virtual) and Kanyonyo (Static)
KRA 3: Effectiveness and Efficiency		
Strategic Objective: To improve on the effectiveness of the Authority's operations		
Operational Backup software installed	Install and maintain up-to-date backup software	Veeam-backup Software licenses renewed and operational
Registration certificate	Register with the data commissioner	Registration certificate received
Percentage (%) of Contracts digitised records	Digitisation of Contract Documents	85% progress in Contracts Digitisation
No. Sensitisation sessions on the Data Protection Act held	Sensitisation of staff and agents on the Data Protection Act	2 No. Staff sensitisation on the Data Protection Act was undertaken.
Number of Processes Reviewed	Review of the authority's automated processes and flowcharts	Authority Automated Processes reviewed.
KRA 4: Sustainability		
Strategic Objective: To enhance environmental and social sustainability of the National Trunk Road Network		
Number of ESIA reports prepared	Conduct ESIA Studies for road projects	Prepared and submitted to NEMA 8 (No.) ESIA reports
Number of climate change conferences participated in	Participate in climate change conferences to mobilise resources	Participated in 1 (No.) Climate change conference organized by the Environment Institute of Kenya
Number of proposals developed	Develop a proposal on the climate financing of road intervention	Developed 1 (No) Proposal on climate funding and submitted to GIZ
Number of locals trained	Support locals for technical training	Trained 189 students
Number of trees planted	Afforestation and Reforestation	Planted 279,327 (No) tree seedlings
Number of audits	Carry out road safety audits	Undertook 14 (No) of Road Safety Audits
KRA 5: Capability		
Strategic Objective: To enhance capability to meet stakeholder expectations		
Number of staff recruited	Recruitment of additional staff	Recruitment not undertaken
Number of staff trained	Staff Training	Trained 364 (No) Staff
Number of graduates attached	Provide internships and attachments	Engaged 342 (No) youths

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Key Performance Indicator	Activities	Achievement
Number of portals established	Establish a knowledge-sharing and collaboration portal	Portal established
Uptake of 30% value of the Tender awarded	Access to Government Procurement Opportunities	Awarded KShs.796,371,783 of the Road Maintenance Works and Operations procurement Budget to the Youth, women, and PWDs
Percentage of value of aggregated contract sums expended on locally sourced inputs, including local contractors, local subcontractors, local suppliers, local service providers and local materials	Implement strategies that promote the National Values and Principles of governance and specifically local content and technology transfer	Awarded KShs. 20,248,537,855 worth of contracts to locally produced goods, services and works

8. Corporate Governance Statement

The Kenya National Highways Authority is committed to the values and principles of good Corporate Governance as an integral part of the Corporate Culture. This guides the way its Directors, Management and Staff conduct the business of the organization.

As a public sector organization dedicated to providing quality service to its stakeholders, the Authority's decisions are guided by the core tenets prescribed in the Public Officers Ethics Act, the Leadership and Integrity Act, the Mwongozo Code of Governance for State Corporations and Board's Code of Conduct.

The Authority endeavours to develop, strengthen and sustain the trust that the Government, employees and the public have bestowed on it. The Board is committed to regularly evaluating national and international standards in responsible, transparent and efficient manner with a view of enhancing Corporate Governance at the Authority and consistently delivering on its statutory mandate.

The Authority's Board is constituted as per the provisions of the Kenya Roads Act, 2007 with membership drawn from both the Public and Private sector. The Board is composed of nine (9) Directors with the Directors having a background or knowledge in the following areas:

- Business Industry
- Highway Engineering
- Transport economics
- Surveying
- Accountancy
- Law

In line with the provisions of the Kenya Roads Act, 2007, the Chairman and other members of the Board, other than designated public officers, hold office for a period of three (3) years from the date of appointment and may be eligible for re-appointment for one (1) further term.

The appointment of all members of the Board as first constituted and at every change in membership is by notice published in the Kenya Gazette.

The Director General is appointed by the Board in consultation with the Cabinet Secretary in charge of Roads following a competitive recruitment process.

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New Directors are provided with extensive materials on the Authority and its operations, the procedures relating to the Board and its Committees and their duties and responsibilities as Directors. Induction of all new Directors is guided by the Board Induction Plan for new Directors.

The primary function of the Board of Directors' (the Board) is to provide effective strategic leadership and direction to enhance the long-term value of the Authority to its stakeholders. The Board has the overall responsibility for overseeing the development and implementation of the strategic plan, performance objective, financial plans, annual budget, key operation initiatives, financial performance reviews and corporate governance practices. They are also responsible for instilling the appropriate culture, value and behaviour throughout the organization. The Board is therefore committed to maintaining very high standards of corporate governance and ethical conduct.

The Board has established four (4) Committees from among its Members to assist in the execution of its responsibilities. These are the Audit and Governance Committee, the Human Resource and General Purpose Committee, the Technical, Procurement and Disposal Oversight Committee and the Finance, Strategy and Risk Committee. Each of these Committees operates pursuant to approved Terms of Reference delegated to them by the Board. The Board and each Committee have scheduled meetings held in every quarter of the Financial Year. The Chairman of each Committee regularly reports to the full Board on the Committee's deliberations at quarterly meetings of the Board.

A schedule of individual board members and their position are as shown below;

No.	Name of Director	Board Position
1	Ms. Winfrida Ngumi	Chairman
2	Dr. Bernard Mware (PhD)	Member (Chair- Audit and Governance Committee)
3	FCPA. Julius Waita Mwatu	Member (Chair- Finance Strategy and Risk Committee)
4	Eng. Kennedy Sumbeiywo	Member (Chair- Technical Procurement and Disposal Oversight Committee)
5	Ms. Rosemary Wanjiku Thiong'o	Member (Chair- Human Resource and General Purpose Committee)
6	Eng. Nicholas Musuni	Member
7	Mr. John Mose	Member

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Board Meetings held during the Financial Year and individual attendance of the same by the Directors is shown below:

S. No.	BOARD MEETING NUMBER	ATTENDANCE/ABSENT WITH APOLOGY
1.	176th	All members were present
2.	177th	All members were present
3.	178th	Eng. Kennedy Sumbeiywo (absent with apologies)
4.	179th	All members were present
5.	180th	All members were present
6.	181st	Eng. Nicholas Musuni (absent with apologies)
7.	182nd	All members were present
8.	183rd	All members were present
9.	184th	Mr. John Mose, Dr. Bernard Mware (absent with apologies)
10.	185th	Mr. Protus Sigei, Mr. John Mose (absent with apologies)
11.	186th	Eng. Kennedy Sumbeiywo (absent with apologies)

SUCCESSION PLANNING

The Authority recognizes that succession planning forms an integral part of the Authority Human Resource Strategy and ensures the presence of a 'talent pipeline' that guarantees continuity of business in the event that key persons exit the Authority. It allows for the selection and preparation of individuals to ascend to the next level in the organization through appropriate Human Resource Intervention.

Succession Planning on the Board is implemented by ensuring that the Parent Ministry is informed six (6) months prior to the expiry of the term of any of the Directors, for appointment, to ensure the Board is always fully constituted.

BOARD CHARTER

The Authority maintains a Board Charter that is a guide for Directors of the Kenya National Highways Authority (KeNHA) when executing their mandate. It expounds and sets out the Directors' collective and individual powers, rights, duties, obligations, responsibilities and liabilities.

The Charter enshrines the requirements of good Corporate Governance applicable to the Authority that meets the requirements of the enabling legislation and the Code of Governance for State Corporations (Mwongozo). It serves to facilitate and promote effective Governance that is responsible and responsive to the Government's policies and guidelines on State Corporations.

It also provides a framework through which the Board carries out its statutory mandate in compliance with the international principles of corporate governance, Laws, Regulations and Policies of state corporations.

INDUCTION AND TRAINING OF THE BOARD

The Authority ensures that the Board's capacity is continually built through trainings and workshops and encourages Board Members to be up to date with continuous Professional Development in their respective professional bodies. The Authority further prepares and implements an annual Board Training Plan to ensure capacity building of the Board as regards their needs.

An induction process is undertaken for all new Board Members to familiarize themselves with their role as Directors and acquaint themselves with KeNHA's mission, vision, core values, mandate, strategic direction, code of conduct and ethics, best Corporate Governance practices and approved policies and procedures.

The Chairperson of the Board spearheads this process in line with the Induction for New Directors Programme to ensure that new Board Members are inducted according to the induction programme.

BOARD AND MEMBER PERFORMANCE

The Board undertakes an annual Board Self Evaluation exercise facilitated by the State Corporations Advisory Committee (SCAC) that enables the Board evaluate the Performance of the full Board, the individual Members, the Director General and the Corporation Secretary.

Subsequent to the Self Evaluation the Board prepares a Board Performance Improvement Plan that enable the Board strategize and implement measures to enhance its performance in areas requiring improved performance.

BOARD REMUNERATION

Board Remuneration by the Authority is guided by the relevant statutory Guidelines from the State Corporations Advisory Committee (SCAC) and Circulars issued from time to time by SCAC. The Authority endeavours to remunerate the Board members fairly, ethically and responsibly.

CONFLICT OF INTEREST

Board Members declare any real or perceived conflict of interest with the organization upon appointment to the Board and any that may subsequently arise, through the Conflict of Interest Register that is signed by the Board Members at every meeting.

GOVERNANCE AUDIT

The Board subjects the Authority to an annual Governance Audit overseen by the Authority's Internal Audit Function. The Governance Audit covers the areas of, Leadership and Strategic Management, Transparency and disclosure, Compliance with Laws and Regulations, Communication with stakeholders, Board Independence and Governance and Board systems and procedures.

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9. Management Discussion and Analysis

Mandate

To develop and manage quality and adequate national trunk roads through innovation and optimal utilization of resources for sustainable development.

SECTION A

The Entity's Operational Performance

Road Maintenance

The Authority is undertaking numerous road maintenance projects on our entire road network as summarized in the table below.

No.	Project Activity	Targeted Output(lane Km)	Actual Output(lane Km)	Source of Funding
1.	Periodic maintenance	165	170	Road Maintenance Levy Fund
2.	Routine maintenance	6,251	2,619	Road Maintenance Levy Fund
3.	Performance Based Contracts	8,978	7,867	Road Maintenance Levy Fund
4.	Engineered Gravel Roads	130	130	Road Maintenance Levy Fund
	Total	15,524	10,786	

ROAD SAFETY				
	<i>Guard rails in (Meters)</i>		15,584	21,902
ROAD SAFETY	<i>Road Boundary Posts (No)</i>		5,150	4,316
	<i>Road signs (No)</i>		1,424	1,415
	<i>Road marking (Km)</i>	<i>Yellow centre</i>	1,039	887
		<i>Edge white</i>	1,550	1,236
	<i>Cat eyes</i>		58,656	56,606

Development & Rehabilitation Projects

The Authority is implementing a number of development projects across the country on behalf of the

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Government. A number of these projects are co-funded with the government's Development Partners which include the International Development Association (IDA), African Development Bank (AfDB), Export Import (EXIM) Bank and Japanese International Co-operation (JICA).

No.	Funding	Current status	No. of projects	Value of Contract Sums in Kshs. Millions
1.	Fully funded by GoK	Completed	1	2,310,897,408
		Substantially complete	1	2,277,575,192
		On-Going	18	10,175,905,673
		Under Procurement	0	-
		Sub-total	20	10,634,753,023
2.	Jointly funded by GoK & IDA (EARTTDFP)	Completed	5	40,345,160,937
		Substantially complete	0	-
		On-Going	3	4,073,147,773
		Sub-total	8	44,418,308,710
3.	Jointly funded by GoK & IDA (HOAGDP)	On-Going	5	42,744,987,737
		Sub-total	5	42,744,987,737
4.	Jointly funded by GoK & IDA (KTSSP)	Completed	4	20,000,244,381
		Substantially Complete	1	1,314,945,369
		On-Going	1	6,229,173,463
		Sub-Total	6	27,544,363,212
5.	Jointly funded by GoK & AfDB	Completed	3	30,952,558,531
		Substantially complete	2	16,282,835,544
		On-Going	5	45,070,321,083
		Under Procurement	1	-
		Sub-total	11	92,305,715,158
6.	Jointly funded by GoK & EXIM Bank of China	Completed	1	17,580,854,448
		On-Going	1	21,545,912,343
		Sub-total	2	39,126,766,791
7.	Jointly funded by GoK & JICA	Completed	1	5,240,440,333
		Substantially complete	2	29,026,874,738
		On-Going	0	-
		Under Procurement	0	-
		Sub-total	3	34,267,315,071
8.	Jointly funded by GoK & TMEA	On-Going	1	2,464,287,937
		Sub-total	1	2,464,287,937
9.	Jointly funded by GoK & KFW/EIB	On-Going	2	25,763,112,675
		In contracting process	0	-

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No.	Funding	Current status	No. of projects	Value of Contract Sums in Kshs. Millions
		Sub-total	2	25,763,112,675
	GRAND TOTAL		50	319,269,610,314

SECTION B

Entity's compliance with statutory requirements

The Authority has complied with all statutory requirements which include: -

- 1) Accurate and timely remittance of monthly;
 - i. National Hospital Insurance Fund contributions,
 - ii. National Social Security Fund contributions,
 - iii. Pay As You Earn recoveries
 - iv. Withholding Tax
 - v. Value Added Tax
 - vi. Training Levy
- 2) Prompt payment of vendors subject to budget and liquidity

SECTION C

Key Projects and Investment Decisions the Entity is Implementing

The Authority is implementing projects using funds from Development Partners and the Government of Kenya as summarized in *Appendix II*.

SECTION D

1.0 The Key Corporate Risk Profile

1. Contract and Project Management Risk
2. Business Continuity Management Risks
3. People Risk
4. Reputational Risk
5. Data Management and Cyber Security Risks
6. Public Private Partnership (PPP) Risks
7. Road Asset Management Risks
8. Budgetary Constraints Risk
9. Geopolitical Risk
10. Environmental and Social Risks

The key corporate risks for Authority in FY 2024/2025 were as follows:

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Table 1: Key Corporate Risks FY 2024/2025

Key Risk	Risk category	Corporate Strategic objective(s) affected
1. Contract and Project Management Risk	Strategic risk	To enhance capacity of the national trunk roads network
2. Business Continuity Management Risks	Operational risk	To improve the effectiveness of the Authority's operations
3. People Risk	Strategic risk	To improve the effectiveness of the Authority's operations
4. Reputational Risk	Reputational risk	To enhance capacity of the national trunk roads network To improve the effectiveness of the Authority's operations To enhance environmental and social sustainability of the National Trunk Road Network
5. Data Management and Cyber Security Risks	ICT and cyber risks	To improve the effectiveness of the Authority's operations
6. Public Private Partnership (PPP) Risks	Project risks	To enhance capacity of the National Trunk Roads Network To secure and preserve the National Trunk Roads and Authority's Assets
7. Road Asset Management Risks	Project risks	To secure and preserve the National Trunk Roads and Authority's Assets
8. Budgetary Constraints Risk	Financial risk	To enhance capacity of the national trunk roads network
9. Geopolitical risks	Political risk	To enhance capacity of the national trunk roads network To secure and preserve the National Trunk Roads and Authority's Assets To enhance environmental and social sustainability of the National Trunk Road Network
10. Environmental and social risk	External risks	To enhance environmental and social sustainability of the National Trunk Road Network

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Mitigation measures were put in place by various Directorates and Departments in the entire Authority. The Risk Profile was adopted by the FSRC and approved by the Board for implementation in October 2024. Subsequently, the ERM&BPR Department monitored and reported on the status of implementation of the risk mitigation strategies by management to the to the Finance, Strategy and Risk Committee.

The last report on key corporate risk profile for the Authority was done for the period ending on 31st March 2024. In the 4th quarter of FY 2024/2025, the status for the key risks were as follows:

Table 2: Status report for FY 2024/2025 to Address Key Corporate Risks

Key risk Area	Activity
1. Contract and Project Management Risks	As at 30 th June 2025, pending bills for development projects stood at Ksh.74,331,457,603 a significant improvement in comparison with Ksh.87.9 billion as at 30 th June 2024. This was a 25% reduction as compared with March 2025 when pending bills amounted to Ksh.100 billion. There were five (5) construction projects under suspension mainly due to delayed payments: <ul style="list-style-type: none"> i. Lot 1 Barpello (Moru) – Tot Junction ii. Lot 2 Tot Junction – Chesegeon – Kopasi river iii. Lot 3 Kopasi River – Lomut – Sigor – Marich pass iv. Lot 1 Mamboleo Junction (A12) – Miwani v. Miwani – Chemilil Road
2. Business Continuity Management risks	As directed by the Board, the business continuity management policy and business continuity plan have been reviewed internally to incorporate disaster preparedness. We intend to have a training conducted by National Disaster Management Unit to facilitate the Authority to finalise our policy and plan with their expertise.
3. People Risks	In the SWOT analysis of the strategic plan, one of the weaknesses that needs to be addressed is functions that are not fully staffed and staff establishment report not fully implemented. HR instruments have been reviewed and approved by Public Service Commission. They will be tabled before the Board for approval to implement.
4. Reputation Risks	In the period under review the corporate communications team has consistently continued with media engagement and monitoring to keep stakeholders informed of KeNHA activities.

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Key risk Area	Activity
5. Data management and cyber security risks	<p>IT strategies implemented to curb cyber security and data-management risks include:</p> <ul style="list-style-type: none"> • Enforced VPN usage for remote access to system applications. • Enforced multi - factor authentication (MFA) on mailing system for enhanced security. • Deployment and implementing of Firewalls (next generation model) for defense on potential network attacks • Adopted unified wireless communication for strong Wi-Fi encryption. • Enforced end-point security like updated antivirus to prevent malware. • Enforced stronger password policies. • Deployed and implemented security information and event management (SIEM) to monitor and analyse security logs from various sources. • Secure sockets layer (SSL) certificates to secure online / web-based applications. <p>Controls are further being strengthened through implementation of the requirements of the Information Security Management Standard ISO/IEC 27001:2022.</p>
6. PPP Risks	<p>Pipeline projects approved by the Board for submission to PPP Directorate for consideration and approval as part of the national list of PPP projects, and in various stages of implementation include Mombasa – Nairobi PPP project, Nairobi – Nakuru – Mau Summit – Eldoret – Malaba PPP Project among others</p>
7. Road Asset Management Risks	<p>The Authority manages approximately 23,700Km of road. As at 30th June 2025, Ksh.28,813,276,880 of RMLF for road maintenance was received comprising 97% of the annual budget of Ksh.29,611,360,040</p>
8. Budgetary constraints	<p>The GoK budget for the Authority is Ksh. 56,962,234,488 of which Ksh. 52,126,331,827 had been received as at 30th June 2025.</p> <p>Although reduced during the period under review, pending bills remain a major concern for the Authority.</p>
9. Geopolitical risks	<p>Geopolitical risks arise from political, economic and social instability, key drivers include the rising worldwide inflation, cost-of-living crisis, international conflicts, political instability, demonstrations, mass unemployment, economic recessions and inequalities among others.</p> <p>As per the Central Bank of Kenya, inflation in June 2025 stood at 3.8%, within the Central Bank of Kenya’s target range</p>

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Key risk Area	Activity
	<p>of 2.5% to 7.5%. Increasing inflation directly impacts price variation of goods and services, ultimately leading to an increase in construction costs. Currency exchange rate volatility may make the projects vulnerable to currency fluctuations.</p> <p>The World Economic Forum Global Risks report (2025), identifies state based armed conflict as the greatest geopolitical risk and greatest overall risk of 2025. Consequently, rising political tensions, armed conflicts and instability of neighbouring Eastern African countries (DRC, Ethiopia, Somalia, South Sudan) may:</p> <ul style="list-style-type: none"> • Disrupt supply chains and logistics leading to time and cost overruns • Affect the macroeconomic environment causing currency volatility, inflation and overall poor economic performance • Conflicts threaten regional security. This could affect execution of KeNHA projects in areas near the borders of conflicting countries.
10. Environmental and Social risks	<p>Historically rains have had a significant negative impact on the road infrastructure, road maintenance and construction. Floods, washouts, pothole formation and landslides which occur as a direct result of heavy rains lead to increased maintenance costs and project delays.</p> <p>Building of climate resilient roads is a long-term plan but in the short to medium term the maintenance directorate will use framework contracts and PBCs to address any incidents that may arise.</p> <p>Extreme weather events remain a major risk to the Authority.</p>

The emerging issues from the current key risks of the Authority are as highlighted below:

Table 3: Emerging Issues likely to Impact Achievement of KeNHA Mandate in the Future

Key Risk	Emerging issue/s
Adverse outcomes of AI technologies	Given the fast-paced nature of change in the field of artificial intelligence (AI), it is important for the Authority to train the relevant staff of AI and ensure policies are developed to guide and safeguard the Authority from negative effect of AI, such as misinformation and disinformation.
Environment and social risks	Globally, countries are grappling with the impact of record-breaking extreme weather, as climate change adaptation

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Key Risk	Emerging issue/s
	<p>efforts and resources fall short of the scale and intensity of climate-related events already taking place.</p> <p>In our strategic plan, our KRA No.4 on sustainability we seek to ensure that communities continue to enjoy the benefits arising from road development and maintenance initiatives. Key issues to be addressed include environmental protection, stakeholder engagement, social sustainability, economic empowerment and road safety. Further, sustainability has been identified as one of our core values.</p>

Summary of Key Corporate Scorecard as at 30th June 2025

The overall risk profile as at 30th June 2025 remained unchanged for all key corporate risks. The risks which are expected to reduce in the course of FY 2025/2026 due to current ongoing interventions include business continuity management and people risks.

Contract and project management risks as well as budgetary constraints remain the most critical risks facing the Authority. With delays in exchequer releases, a number of contractors slowed down or stopped works and submitted claims for delayed payments, further exacerbating the challenges. (Note: these two risks have consistently been on the key corporate risk profile since the creation of the first key corporate risk profile report in 2013 and have now crystallized). Table 4 and figure 1 gives the movement of the risk scores in a heat map of the risks as at June 2024 through to June 2025 at the close of the financial year.

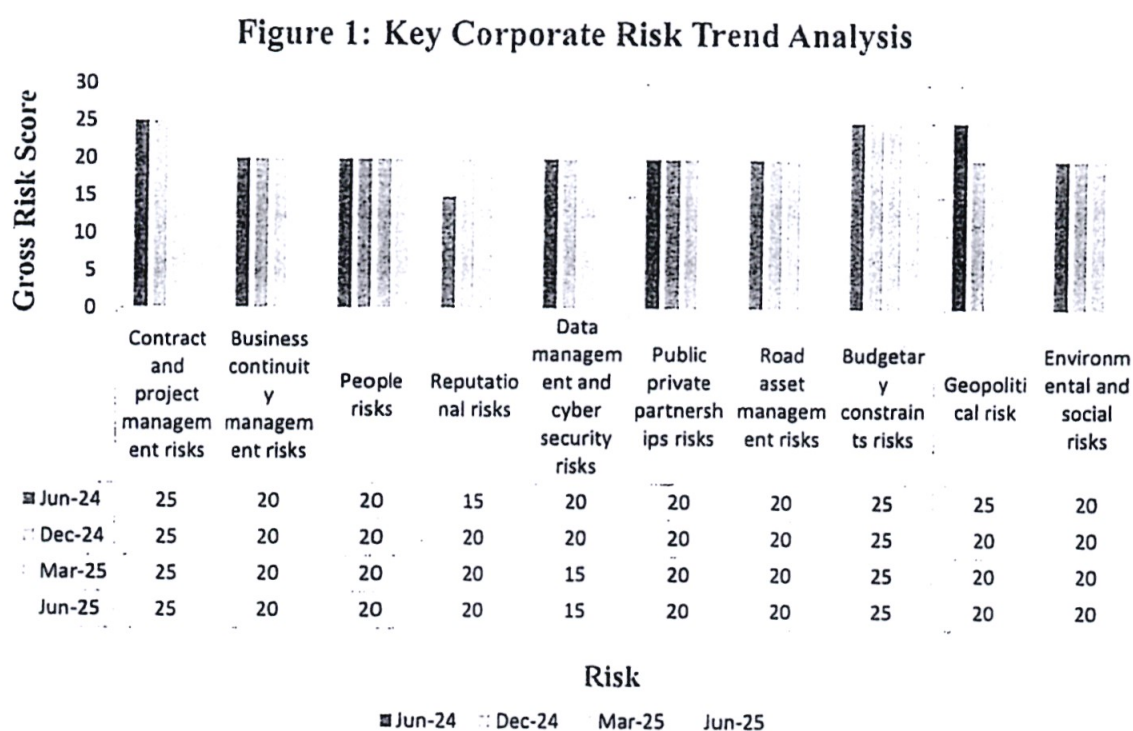
Table 4: Key Corporate Risk Trend Analysis

Risk	Gross Risk Score			
	June 2024	Dec 2024	March 2025	June 2025
Contract and project management risks	25	25	25	25
Business continuity management risks	20	20	20	20
People risks	20	20	20	20
Reputational risks	15	20	20	20
Data management and cyber security risks	20	20	15	15

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Risk	Gross Risk Score			
	June 2024	Dec 2024	March 2025	June 2025
Public private partnerships risks	20	20	20	20
Road asset management risks	20	20	20	20
Budgetary constraints risks	25	25	25	25
Geopolitical risk	25	20	20	20
Environmental and social risks	20	20	20	20

Figure 1: Key Corporate Risk Trend Analysis



It is important to note that in the year under review, pending bills were reduced by Ksh.25 billion.

THE KEY CORPORATE RISK PROFILE FOR 2025/2026

To identify the Key Corporate Risks for the Authority for FY 2025/2026, the ERM&BPR Department reviewed the operational and project risk registers as well as risk reports such as the World Economic Forum Global Risks Report 2025.

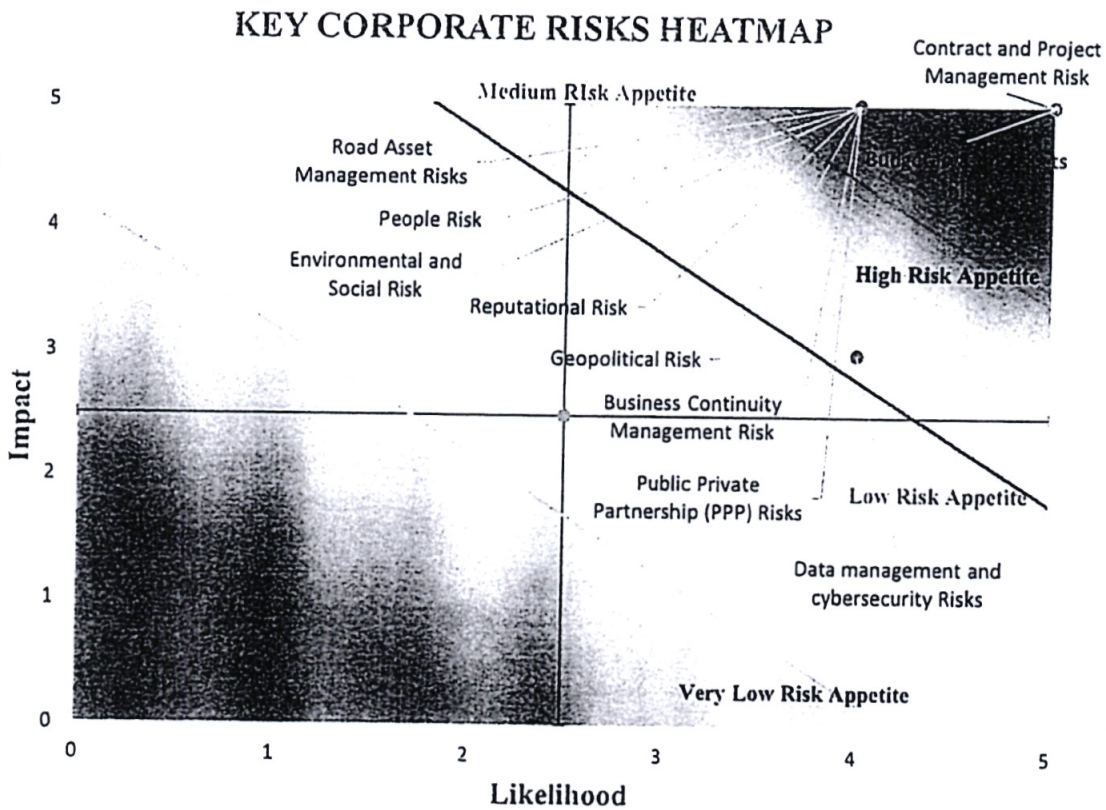
The Board has stated that *the Authority's overall risk appetite will be low to moderate, tending towards low because KeNHA is a state corporation that has a responsibility to the public and other stakeholders in pursuit of its set strategic objectives.* In view of this, we propose to retain all the key risks from the previous financial year. This is because they directly affect achievement of our strategic objectives and fulfilment of our core mandate. From the trend analysis shared in table 4 above, the above-mentioned risks still rank critical and high, and therefore still require regular monitoring by senior management and the Board. Additionally, a number of mitigation strategies are in various stages of implementation to address the drivers of several key risks. It would be prudent to track and monitor these risks as the mitigations are implemented.

A detailed summary of the identified risks, their drivers and mitigation strategies as well as the strategic corporate objectives they are aligned to is annexed as Appendix I to this report.

Table 5: Risk Scores for the proposed Key Corporate Risks for FY 2025/2026

No.	Identified Risk	Likelihood	Impact	Gross Risk Score
1.	Contract and Project Management Risk	5	5	25
2.	Business Continuity Management Risk	4	5	20
3.	People Risk	4	5	20
4.	Reputational Risk	3	5	15
5.	Data Management Risks	4	5	20
6.	Public Private Partnership (PPP) Risks	4	5	20
7.	Road Asset Management Risks	4	5	20
8.	Budgetary Constraints Risk	5	5	25
9.	Geopolitical Risk	5	5	25
10.	Environment and social Risk	4	5	20

Figure 2: Heat Map of Key Corporate Risks for FY 2024/2025



Given that the risks of contract and project management as well as budgetary constraints have continued to recur, they should be considered as both risks and issues. This will ensure we engage a two-pronged approach in addressing them: both risk mitigation strategies and problem-solving skills.

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APPENDIX I: SUMMARY KEY CORPORATE RISKS FOR FY 2024/2025

	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
1	Contract and Project Management Risks	<ol style="list-style-type: none"> 1. Piecemeal site availability for works. 2. Delayed payments 3. Low BOQ rates in some projects 4. Slow response to contractual issues 5. Inadequate enforcement of contractual obligations 6. Inadequate capacity in contract management 7. Gaps in some contract documents. 8. Inadequate capacity by consultant or contractor to undertake consultancy or works <p>Emerging drivers</p> <ol style="list-style-type: none"> 9. Significant rationalization of budget 	<ol style="list-style-type: none"> 1. Ensure acquisition of road corridors including right of way before commencement of works. 2. Ensure enforcement of contractual obligations as appropriate 3. Make decisions on contractual matters as appropriate and timely within stipulated regulated durations 4. Continually build capacity within KeNHA on Project and Contract management. 5. Review Progress Reporting to capture more feasible and critical issues required for decision making. 6. RACM has improved contract documents to ensure that contractors who perform dismally for 3 consecutive months are charged liquidated damaged 	To enhance capacity of the national truck road network

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	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
			and/or the contract terminated. 7. On a quarterly basis, comprehensive project risk reports and their treatment are included in the progress reports for development projects.	
2	Business Continuity Management Risks	<ol style="list-style-type: none"> 1. Possibility of pandemic 2. Exceptional weather and ground conditions 3. Insecurity caused by inter-clan conflicts, bandits and terrorists during road construction 4. Man-made or natural disaster that may disrupt normal operations at the Authority. 5. Inadequate succession management 	<ol style="list-style-type: none"> 1. Enforcement of pandemic protocols 2. Implement business continuity plans 3. Develop and implement disaster preparedness plans as required for critical functions 4. Enhance budgetary provisions on Framework contracts to effectively address emergencies such as road-cuts. 5. Certification audit for ISO 27001 ISMS has been done. 	<p>Improve on the effectiveness of the Authority's operations</p> <p>To enhance capacity to meet stakeholder expectations</p>

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	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
			<p>Response awaited from certifying body.</p> <p>6. The ERM &BPR is reviewing BCM policy to incorporate disaster preparedness</p> <p>7. Enhance succession management</p>	
3	People Risk	<ol style="list-style-type: none"> 1. Pressure to engage more staff on contract terms due to insufficient human resource. 2. Staff Attrition 3. Integrity of staff 4. Demotivated workforce 5. Inadequate enforcement of HR manual 6. Unclear and undefined corporate culture 	<ol style="list-style-type: none"> 1. Regular departmental and town hall meetings with staff to communicate expectations, track performance and address concerns and challenges. 2. Review staffing needs for the Authority and address critical gaps through recruitment 3. Undertake job evaluation 4. Train staff annually to provide critical soft and technical skills 5. The health and safety Committee works closely with Directorate of Occupational Safety and Health to continually enhance safety of staff 	Improve on the effectiveness of the Authority's operations

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	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
			<p>6. Sensitize staff to understand that implementation of HR manual is mandatory</p> <p>7. Undertake a corporate culture survey or audit in the course of the financial year.</p> <p>8. Sensitize staff on the reviewed vision, mandate and core values of the Authority.</p> <p>9. Review existing Code of Conduct to ensure it takes into account the core values of KeNHA. Have staff to sign off that they have read the Code of Conduct and will abide by its requirements.</p> <p>10. Promote ethical conduct by undertaking corruption perception survey and conducting integrity Audit; and implementing recommendations</p>	
4	Reputation Risk	1. Inadequate information in media, including misinformation and disinformation (especially social media)	<p>1. Regularly monitor stakeholder expectations.</p> <p>2. Proactively address stakeholder expectations through</p>	<p>Improve on the effectiveness of the Authority's operations</p> <p>To enhance capacity to meet stakeholder expectations</p>

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	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
		<ul style="list-style-type: none"> 2. Disgruntled stakeholders, both external and internal 3. Inadequate media management 4. Inadequate responses to negative media reports 	<ul style="list-style-type: none"> sensitization, involvement and appropriate information sharing 3. Media management 4. Manage information within the Authority 5. Engage skilled staff to monitor and address issues raised on social media 6. Promote environmental conservation and management 7. Enhance social safeguards in projects 	
5.	Data Management Cyber Security Risks	<ul style="list-style-type: none"> 1. Lack of centralized and comprehensive data management framework 2. Data security risks, where information may fall into the hands of unauthorized persons 3. Data breaches – unintentional release of secure information 4. Inadequate password management practices, software piracy, malware and lack of knowledge on IT 	<p>For data management</p> <ul style="list-style-type: none"> 1. Develop data management framework for the Authority and sensitize staff on its requirements 2. Continue with Automation of all internal business processes through ERP 3. Operationalize Electronic Document Management System 	Improve on the effectiveness of the Authority's operations

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	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
		<p>related operations making staff susceptible to cyber crimes</p> <p>5. Enactment of Data Protection Act and Access to Information Act</p>	<p><i>For cyber security</i></p> <p>4. Sensitization of staff on cyber security policy and cybercrime Act.</p> <p>5. Implementation of firewalls and security monitoring tools</p> <p>6. Use of genuine updated antivirus</p> <p>7. Use of genuine software</p> <p>8. Software updates and patch management</p> <p>9. Implement business continuity plan and backup restoration plan / infrastructure</p> <p>10. Pursue and maintain ISO 27001 certification.</p> <p>11. Comply with requirements of Data Protection Act and Access to Information Act.</p>	
6.	PPP Risks	1. Complexity of the PPP projects. For instance, contractual relationships between parties in the project. A small number of KeNHA Staff trained in	1. Train more staff on PPP in all relevant areas namely Legal, Supply Chain, Finance, Engineering, Communication and Risk).	Enhance the capacity of the national trunk road network

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	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
		<p>handling PPP transactions</p> <p>2. Optimism bias on expected revenue streams at operation with a potential of revenue streams below expectation during operation.</p> <p>3. Public view tolling as triple taxation and could result in emerging consumer protection pressure groups to oppose the venture.</p> <p>4. Need for due diligence on proposed private partners to establish their capacity to deliver as indicated.</p> <p>5. Protester action - As was noted in the political demonstrations, damage to PPP structures may result in the Authority being liable for compensating the private partner if unrest is sustained for a long period of time.</p>	<p>2. Ensure continuous public engagement and dissemination of information to manage and minimize opposition against the PPP projects.</p> <p>3. Continually monitor the respective contractor's capability to ensure that remedial action is taken immediately where a gap is noticed.</p>	
7.	Road Asset Management Risk	<p>1. Vandalism of road furniture due to availability of market for materials</p> <p>2. Overloading by transporters</p> <p>3. Road reserve and camp encroachment</p>	<p>1. Improve highway patrols through ALEHU and PBCs to deter encroachment and vandalism</p> <p>2. Create awareness among stakeholders on the</p>	To secure and preserve the national truck road and Authority's assets

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	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
		<p>4. Expected increase in use of electric vehicles which may result in reduction of RMLF</p> <p>5. Change of law resulting in reduction of percentage of RMLF to be given to Authority for maintenance of roads.</p> <p>6. Delays in RMLF releases and reductions of budgets</p>	<p>need to protect road assets</p> <p>3. Secure road camps and highway reserves</p> <p>4. Conduct Research with a view to developing alternative materials for road furniture to address the risk of vandalism.</p> <p>5. Enhance budget line to cater for road reserve and camp protection to include road reserve mapping</p> <p>6. Ensure road reserves are largely secured prior to award of works contracts</p>	
8.	Budget Constraints	<p>1. Commencement of additional projects, straining the limited financial capacity.</p> <p>2. Increasing costs of acquisition for right of way and compensations for project affected persons, affecting cash flow for works</p> <p>3. Delayed Exchequer Releases</p> <p>4. Unexpected budgetary cuts after approval of budgets</p>	<p>1. Explore and exploit viable alternative sources of revenue</p> <p>2. Continue to engage the National Treasury on budgetary requirements and release of resources to settle pending bills</p> <p>3. Review work plan in line with budgetary reduction where applicable.</p>	<p>Improve on the effectiveness of the Authority's operations</p> <p>To enhance capacity to meet stakeholder expectations</p>

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	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
		<ul style="list-style-type: none"> 5. Commencement of projects with encumbrances within the project corridor resulting in increased costs 6. Delayed payments on existing IPCs causing delays in implementation and resulting in Interest on delayed payments 7. Expected increase in use of electric vehicles which may result in reduction of RMLF 8. Change of law resulting in reduction of percentage of RMLF to be given to Authority for maintenance of roads. 9. Significant rationalization of the budget 	<ul style="list-style-type: none"> 4. Undertake manageable number of projects to minimize delays in payments and accrual of interest on delayed payments 5. Enhance forward planning by ensuring right of way is secured before commencement of project 	
9.	Geopolitical Risks	<ul style="list-style-type: none"> 1. Rising worldwide inflation and cost-of-living crisis 2. Unemployed youth who may become more susceptible to participating in protests and demonstrations; vandalizing road furniture and damaging road infrastructure. 3. Economic inequalities that are exacerbated by inflation 4. Political disputes and disagreements. 	<ul style="list-style-type: none"> 1. Increased stakeholder engagement and sensitization to create awareness on importance of protecting road infrastructure. 2. Enhancement of security by coordination with law enforcement agencies during times of unrest. 3. Stringent consequences on 	To secure and preserve the national trunk road and Authority's assets.

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	Key Risk Area	Risk Drivers/ Associated Risks	Broad Response	Corporate Strategic Objective
		5. Inadequate stakeholder engagement	destruction of public property.	
10.	Environmental and Social risks	1. Extreme weather patterns, adversely affecting roads 2. Increased stakeholder expectations 3. Need for social sustainability	1. Ensure framework contracts are operational to facilitate timeous response to emergencies 2. Engage and respond to stakeholder expectations 3. Develop sustainability policy and strategy 4. Prepare sustainability report	

APPENDIX II: COMPARISON BETWEEN THE FY 2024/2025 AND FY 2025/2026 KEY CORPORATE RISK PROFILE

The table below gives a summary of the Key Risks retained in the Corporate Profile, indicating reasons why.

Risk Area	Status (Retained/ Removed/ New)	Reasons
1. Contract and Project Management Risks	Retained	This is a core function of KeNHA whose risk score rating is still critical, mainly due to budgetary constraints. It requires implementation of mitigation strategies, problem-solving techniques and close monitoring to minimize risks while exploiting opportunities
2. Business Continuity Management Risks	Retained	Some activities currently being undertaken to address this risk and reduce exposures. This requires close monitoring
3. People Risks	Retained	Human resource is vital for implementation and achievement of corporate goals. Their beliefs and behaviors shape the culture of management of risks.
4. Reputation Risk	Retained	Reputation can affect perception of our key stakeholders and ultimately our ability to achieve corporate goals
5. Data Management and Cyber Security Risks	Retained	Some activities currently being undertaken to address this risk and reduce the likelihood of occurrence. This requires close monitoring.
6. Public Private Partnerships Risks	Retained	The risks directly impact the core mandate of KeNHA. It requires close monitoring to learn, gain experience, minimize risks while exploiting opportunities.
7. Road Asset Management Risks	Retained	This is a core function of KeNHA whose risk score rating is still high. It requires implementation of mitigation strategies and close monitoring to minimize risks while exploiting opportunities.
8. Budgetary constraints	Retained	The drivers for the risk directly affect the core mandate of KeNHA Pending bills and interest on delayed payments have continued to increase. Project completion is thus negatively affected.
9. Geopolitical risks	Retained	This risk has been retained and reviewed to include the effect of the global trends on the Kenyan economy

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Risk Area	Status (Retained/ Removed/ New)	Reasons
10. Environmental and social risks	Retained	Sustainability has been incorporated in our new strategic plan both as a core value and a key result area. The sustainability policy, strategy and framework for implementing and reporting initiatives should be prioritized as it is essential for enhancement of risk management strategies, the optimization of costs and savings, the streamlining of decision-making processes, and the bolstering of corporate trustworthiness and reputation.

SECTION E

Material arrears in statutory/financial obligations

The Authority has a large stock of pending development bills amounting to Kshs. 72.9 Billion. This is made up of payment certificates and fee notes for certified development works and outstanding dues to Project Affected Persons. This resulted from inadequate GOK Development Budget allocations and delayed release of Exchequer funds to the Authority. This has led to accumulation of interest on delayed payments and other contractual claims.

SECTION F

The Authority's Financial Probity and Serious Governance issues

The Board of Directors takes overall responsibility for establishing systems of internal control and for reviewing and evaluating their effectiveness. The day-to-day responsibility for the implementation of these systems and for ongoing monitoring of risk and the effectiveness of controls rests with Senior Management.

The systems, which have been in place from inception of the Authority up to the date of approval of these financial statements include the following: -

- The Audit, Risk & Governance Committee of the Board provides oversight over the internal audit work and implementation of both internal and external audit recommendations.
- The Risk Management Committee comprising of Senior Management is responsible for ensuring that controls are in place to identify, evaluate and manage risk.

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- Enterprise Risk Management Department documents risks and the responses to them, carry out risk assessments annually and report to the Risk Management Committee and the Audit, Risk & Governance Committee of the Board on effectiveness of risk management.
- Periodic reviews of performance and quality control in road construction and maintenance are carried out by the Quality Assurance Section.
- Directorate of Internal Audit reviews the effectiveness of the financial and operational systems and controls throughout the Authority and reports to the Audit, Risk & Governance Committee.
- External Auditors comprising the Office of the Auditor General, Office of the Internal Auditor General, Kenya Roads Board and Development Partners review the Authority's financial statements and effectiveness of systems of internal controls.

The Authority's systems of internal control and corporate governance arrangements in operation during the quarter were based on the above institutional arrangements. The internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives or, in the case of financial controls, the risk of material misstatement in our financial statements.

10. Environmental and Sustainability Reporting

i) Sustainability Strategy and Profile

The Kenya National Highways Authority (KeNHA) reaffirms its role as the steward of the national highways network by committing to sustainable infrastructure development that fosters inclusive social-economic growth and environmental protection. The Board of Directors and Management recognize their critical responsibility to deliver high-quality, safe, and climate-resilient roads while protecting Kenya's natural heritage and ensuring compliance with the Constitution of Kenya (2010), the Environmental Management and Coordination Act (EMCA) of 1999, and the Authority's Strategic Plan.

KeNHA's Environmental and Social Safeguards Policy is guided by the Authority's core values of equity, integrity, and accountability. It also aligns with both national regulatory frameworks and global sustainability principles, including the United Nations Sustainable Development Goals. The Authority remains dedicated to integrating environmental and social sustainability into all its operations, supporting those working on our behalf to uphold these values throughout the project lifecycle.

Environmental sustainability is a cornerstone of KeNHA's operations. The Authority integrates climate adaptation and mitigation strategies into project planning and execution, including enhancing drainage capacity, stabilizing slopes, elevating road surfaces above flood levels, controlling erosion, and managing stormwater. In addition, KeNHA selects resilient materials and engineering designs to reduce vulnerability to climate-induced hazards, minimize ecological disturbance, and ensure long-term infrastructure durability.

To complement these efforts, KeNHA actively promotes resource efficiency through the responsible use of natural resources. The Authority also supports carbon sequestration and biodiversity restoration by incorporating environmental protection measures within project footprints, including tree planting and growing initiatives, roadside greening, and landscape restoration activities.

In the financial year 2024/2025, KeNHA enhanced its sustainability agenda by fostering partnerships with key stakeholders such as the Kenya Forest Service (KFS), County Governments, and local communities. These collaborations have been instrumental in implementing tree-planting programmes, establishing regional tree nurseries, and integrating climate action into Performance-Based Contracts (PBCs). Furthermore, the Authority has strengthened civic engagement and social cohesion by facilitating stakeholder forums, upholding national values, and operationalizing Grievance Redress Mechanisms in line with Article 10 of the Constitution.

ii) Environmental Performance

The Authority's core operations, including road design, construction, rehabilitation, and maintenance, have direct and indirect effects on the environment and surrounding communities. These impacts may include land use changes, declines in air and water quality, disruption of ecological systems, noise and vibration emissions, generation of construction waste, and displacement of people and assets. To ensure infrastructure development proceeds in an environmentally and socially responsible way, KeNHA incorporates environmental safeguards from the start of projects through to their completion.

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This is achieved through the preparation of Environmental and Social Impact Assessment (ESIA) reports, Environmental Audits (EA), Resettlement Action Plans (RAPs), and the use of monitoring tools aimed at reducing, managing, and improving project sustainability throughout the infrastructure lifecycle.

In the reporting year:

- 6 No. Environmental Audit (EA) reports were submitted to NEMA for six (6) road projects.
- 9 No. ESMP implementation monitoring sessions for nine (9) road projects.
- 6 No. Material site inspections for six (6) road projects.
- 1 No. Resettlement Action Plan (RAP) was prepared for one (1) road project.
- 5 No. RAP implementation monitoring sessions were undertaken for five (5) road projects.

These activities ensured project-affected persons and their assets were duly enumerated and considered for compensation.

To address the environmental and social impacts associated with road construction during the implementation phase, the Authority employs management tools tailored to specific project contexts. These include Contractor's Environmental and Social Management Plans (CESMPs), Occupational Health and Safety (OHS) Plans, Traffic Management Plans, Waste Management Plans, Biodiversity Management Plans, Stakeholder Engagement Plans (SEPs), and HIV/AIDS mainstreaming strategies. Each tool is customized to align with the unique requirements of individual projects, thereby facilitating effective implementation and monitoring. The Authority oversees the execution of these instruments through continuous environmental and social audits, systematic reviews of monthly or quarterly supervision reports, and on-site inspections of material sources and other project-related facilities.

Tree Planting and Climate Change Mitigation

In alignment with the Presidential Directive on the 15 Billion Tree Growing Programme and KeNHA's Strategic Plan, the Authority planted a total of 279,327 trees during the reporting period. This effort was executed in collaboration with the Kenya Forest Service (KFS), County Governments, CFAs, local communities, and other stakeholders across the national road network and gazetted forests.

Highlights of the reporting year include:

- 200,200 trees planted in the Nyanza Region and the Lambwe Forest.
- 40,646 trees planted in the Coast Region.
- 19,920 trees grown in the Lower Eastern Region.
- Trees were planted across all 11 regions and corridors, with targets integrated into maintenance contracts through Performance-Based Contracting (PBCs).

To support this program, 2 No. tree nurseries were operationalized in Nyanza and Lower Eastern regions, holding 100,000 and 30,000 seedlings, respectively. The Western region has initiated a nursery with 2,000 seedlings, while the North Rift and Western regions are finalizing nursery development.

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The Kenya National Highways Authority has established a model tree nursery in Ngong Forest with a capacity to produce 1 million indigenous and exotic tree seedlings in a year at a cost of Kshs 20,000,000.00. The Infrastructural Development has been completed and Seedlings production started.

These efforts contribute directly to Kenya's goal of planting 15 billion trees by 2032 and align KeNHA's mandate with broader climate adaptation and landscape restoration objectives.

Social Performance

In alignment with Article 10 of the Constitution, the Authority held 4 No. stakeholder engagement forums during the planning and implementation of four (4) road projects. In addition, inclusivity and accountability in road projects were promoted through the creation and implementation of Grievance Redress Mechanisms (GRMs) in 4 No. road projects.

To mitigate social risks, KeNHA continued monitoring the implementation of HIV/AIDS and communicable disease interventions in ongoing projects, in line with national health guidelines. The Authority maintained routine monitoring in 5 No. road projects, reinforcing health education and preventive services for workers and neighboring communities.

KeNHA remains resolute in aligning its infrastructure development programs with national sustainability goals. By embedding environmental safeguards into project design and implementation, investing in tree-growing programs, and fostering strong partnerships with communities and institutions, the Authority continues to deliver infrastructure that not only connects Kenya but also protects its future.

iii) Employee welfare

The Authority has the following policies in place: The Human Resource Policy and Procedures Manual, Career Guidelines Manual, Organization Structure, Grading and Establishment Manual. The Human Resource and Procedures Manual and Internship Policy Guideline provide steps in recruitment process in the Authority. In addition, it takes into account the gender ratio as a recruitment and development requirement and implements the same alongside any new written provisions, guideline, directive, circular or memo from government from time to time. The stakeholder engagements are taken into account and the policies have been developed to support service delivery, commitments and obligations of the Authority to its stakeholders. As a practice, the Authority undertakes the review and improvement of the aforementioned policies as and when necessary but at least every three (3) years so as to be in harmony with legislation and organizational and technological changes.

The Authority has a staff appraisal system and is in the process of reviewing the system to align with a balance Scorecard framework for purposes of objectively addressing the several human resource

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decisions such as promotions, training and development, reward and sanction among others. Management often undertakes benchmarking with other state agencies with intent to improving its performance management instruments.

The Authority has an Occupational Safety and Health Policy and staff are trained on safety and health procedures, where they are encouraged to identify equipment or hazardous materials that are of concern to them. Workplaces are inspected from time to time and registered annually by the Directorate of Occupational Safety and Health (DOSHS). In this respect, the Authority has a Health and Safety Committee, which spear heads matters of Health and Safety.

The Authority has a staff medical cover, which was renewed with effect from 1st September, 2024, staff members have access to employee assistance programmers where they can access counselling services , mental health ,wellness check-ups amongst other personal related issues

The Government has introduced the implementation of Productivity Management (Measurement & Improvement) vide the performance Contracting for FY 2024/2025 to aid in productivity and performance management in the state agencies. In this regard, the Authority is in the process of developing a Productivity Matrix with the help of Commission for Salaries and Remuneration Commission (SRC).

iv) Market place practices-

a) & b) Responsible competition practice & Supply chain & Supplier Relations

The Authority has embraced the culture of competitiveness in procurement processes in pursuit of achievement for value for money and creation of fairness and transparency among various stakeholders. Adherence to the provisions of the Public Procurement and Asset Disposal Act, 2015 and its attendant regulations, KeNHA procurement policies and donor funded guidelines has been a key contributing factor towards promotion of competition and ensuring competitors are treated fairly. The Authority undertakes stakeholder and political involvement through pre-bid conferences/pre-tender site visits/capacity building to enhance effective communication.

Competition is fostered through the use standard tender and quotation documents in procurement of various goods, works and services. The Public Procurement Regulatory Authority directives and donor procurement guidelines creates a level playing ground for the competitors through issuance of the standard tender documents. To a great extent, the use of standardized and clear specifications has allowed for open competition and promotes transparency and accountability through use of Enterprise Resource Planning system. This is done through publication of all procurement processes on the Public Procurement Information Portal (PPIP), advertisement of procurement opportunities, conducting due diligence on successful suppliers/contractors and handling of complaints. The Authority undertakes timely communication of results of procurement processes through effective

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debriefing mechanisms. The law further allows aggrieved bidders to pursue other existing legal mechanisms to ensure that their grievances are addressed.

c) Marketing & Advertisement

The authority practices ethical marketing by committing to open, transparent, responsible and fair practices and communicates these values to the public. Further, we commit to implement our projects while upholding ethical standards to project staff, communities that benefit and those that are affected by our projects.

The Authority continuously observes the principles of:

1. **Fairness:** Establishing fairness in our decision-making, offering equitable wages, and sustainable development.
2. **Honesty:** A cornerstone of ethical marketing is honesty. The Authority, while publicizing projects and activities strive to provide factual and unexaggerated information about the functionality and impact of our activities and provide full disclosure when required to.
3. **Responsibility:** KeNHA emphasizes her responsibility by providing a well-functioning highway network at all times, support social causes, gives back to communities, treat employees with respect and protecting the environment through sustainable practices.
4. **Transparency:** We practice transparency by publishing our activities and being open to the public about our operations. Not only do we provide regular reports to relevant oversight agencies, but continuously share information through the media, publications, websites and social media accounts.

d) Product stewardship

The Authority has instigated several measures to safeguard stakeholder's interests and rights. As stewards of public funds, the Authority has taken responsibility in strengthening integrity throughout the procurement processes. Adoption of frameworks and policies that promote integrity has resulted mitigation of conflict of interest and promotion of good reputation.

KeNHA has a robust Stakeholder Engagement plan for every project to ensure that the interests and rights of stakeholders are factored into every major project. Sensitization of project affected persons on various roads has also assisted in creating awareness hence resulting to embracing of the same by various stakeholders. In addition, there is an established complaint handling mechanism, to ensure customers complaints are responded to within 21 Days as stipulated in our Customer Service Charter and by the Commission on Administrative Justice.

V) Corporate Social Responsibility/Community Engagement

1.0 Introduction

During the Financial Year 2024/2025, the Authority implemented a wide-ranging Corporate Social Investment (CSI) program across its regional and corridor network. Aligned with national development goals and the Authority mandate, the initiatives focused on fostering sustainable infrastructure development, strengthening community engagement, and enhancing climate resilience.

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The CSI activities undertaken by the Authority directly addressed key national priorities, including environmental conservation, road safety, technical capacity building, and support for vulnerable and marginalized populations. This report provides a consolidated summary of interventions, achievements, and the strategic impact realized over the reporting period.

2.0 Strategic Focus Areas

The Authority CSI initiatives in FY 2024/2025 were structured around five strategic pillars:

- **Environmental Conservation and Climate Action**
In support of the Presidential directive to grow 15 billion trees by 2032, KeNHA undertook afforestation, reforestation, and ecosystem rehabilitation efforts nationwide.
- **Road Safety Education and Public Awareness**
Conducted sensitization campaigns targeting school children, road users, and communities, in collaboration with NTSA and other partners.
- **Technical Training and Youth Empowerment**
Promoted practical, industry-relevant skills among students and young professionals in road construction, engineering, and environmental management.
- **Support to Vulnerable and Special Interest Groups**
Extended targeted assistance to orphans, girls, persons with disabilities, and marginalized populations through direct support and community-led initiatives.
- **Community Engagement and Strategic Partnerships**
Strengthened partnerships with county governments, civil society, academic institutions, and the private sector to broaden CSI reach and impact.

3.0 CSI Implementation – Regional and Corridor Highlights

North Rift Region

- Environmental awareness and mentorship at Kaptagat Girls High School; 500 trees planted.
- World Environment Day activities in Kacheliba and Uasin Gishu.
- Four technical training sessions for students from ETTI and Siala TTI.
- Slope stabilization via tree planting at Kaptoror Centre.
- Donation of civil engineering lab equipment to JKUAT.
- Participation in Moi Kapsowar Girls Charity Run to support anti-FGM efforts.
- Environmental sensitisation along Kamosor–Ketigoi–Flourspar Road.
- Multi-day conservation campaign at Soy Centre.

- Marked International Albinism Awareness Day and Day of the African Child.

Lower Eastern Region

- ‘Cycling for Environmental Wellness and Road Safety’ campaign in Machakos.
- Road safety engagements along Kitui–Kibwezi corridor.
- School-based interventions at Kyoani Primary and Secondary Schools.
- Distribution of safety signage and reflectors in partnership with Rubis Energy.
- Support to 37 schools and 18,000+ pupils through collaboration with AA Kenya and NTSA.
- Donated sanitary and essential items to 1,500 girls in Machakos.

Central Region

- Donated 300 fruit trees to Nyeri-area schools during Mazingira Day.
- Road safety awareness on the Makutano–Embu Road.
- Public clean-ups at Kamukunji Market and NYEWASCO.
- 500 trees planted in collaboration with Nyeri County and NEMA.

Nyanza Region

- Tree planting (1,000+) in schools along key roads including Awasi–Nandi Hills.
- Support for Ruambwa–Mabinju Beach corridor with 230 trees.
- Distribution of 5,000 seedlings in Kisumu, Siaya, Homa Bay, Kisii, and Migori.
- Market clean-ups during World Environment Day.
- Hosted Bungoma Polytechnic students for engineering practicals.
- Tree planting in Lambwe Forest (targeting 200,000 trees).

Coast Region

- Mangrove restoration at Mchanjama (9,000 seedlings).
- 5-hectare rehabilitation at Kilifi Creek with 25,330 mangroves planted.

Western Region

- 5,000 indigenous trees planted at Shitaho Village in Kakamega Forest.

Nairobi Region

- School-based road safety campaign along the Ruiru–Tatu City–Kiambu Road.

Corridor B

- Tree planting at Kisian, Tiengre, and Nandigaa schools; over 1,900 trees planted.
- Joint effort with South Rift Region at Duka Moja (1,000 trees).

South Rift Region

- Contributed to Duka Moja joint tree planting initiative (1,000 indigenous trees).

Corridor C

- Large-scale tree planting at Mathari Hospital, Nairobi – 5,000 trees.

Corridor D

- 500 trees planted at Mukendwa Muslim Comprehensive School.

4.0 Impact Summary

Tree Planting & Climate Action - Over 65,000 trees planted, including mangroves and indigenous species.

Road Safety Campaigns - More than 18,000 pupils sensitized, 37 schools reached, and multiple public safety interventions conducted.

Technical Skills Development - Student training conducted across six institutions.

Support to Vulnerable Groups - Targeted support provided to orphans, girls, and persons with albinism.

Geographic Reach - CSI activities implemented across all KeNHA operational regions and corridors.

5.0 Stakeholder Partnerships

Successful execution of the FY 2024/2025 CSI programme was enabled through collaboration with:

- County Governments: Nyeri, Kilifi, Uasin Gishu, Machakos, and others
- National Transport and Safety Authority (NTSA) and Traffic Police
- Kenya Forest Service (KFS)
- Civil Society Organizations and Community Forest Associations
- Private Sector Partners: Rubis Energy, AA Kenya
- Academic Institutions: JKUAT, ETTI, Siala TTI, Bungoma National Polytechnic

**Kenya National Highways Authority
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6.0 Conclusion

KeNHA's CSI portfolio for FY 2024/2025 reflected a strong commitment to national development priorities and inclusive growth. Through strategic, community-led, and environmentally conscious interventions, the Authority has reinforced its role as a socially responsible institution and a key stakeholder in delivering sustainable infrastructure.

**Kenya National Highways Authority
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11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the *Authority's* affairs.

i) Principal activities

The principal activities of the Entity are to manage, develop, rehabilitate and maintain national roads.

ii) Results

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

iii) Directors

The members of the Board of Directors who served during the year are shown on page xii to xiv.

During the year, Mr. Protus Sigei retired from the Board of Directors on 30th June 2025.

iv) Surplus remission

The Authority did not realize any distributable surplus during the year ended 30th June 2025 and hence there was no remittance to the Consolidated Fund.

v) Auditors

The Auditor-General is responsible for the statutory audit of the Authority's Financial Statements in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



**Eng. Luka Kimeli
Ag. DIRECTOR GENERAL & SECRETARY TO THE BOARD**

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act*), require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the *Entity* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (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 *Entity*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2025, and of the Authority's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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


**Kenya National Highways Authority
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for the year ended June 30, 2025.**

Approval of the financial statements

The Authority's financial statements were approved by the Board on 29th August 2025
and signed on its behalf by:



**Ms. Winfrida W. Ngumi
CHAIRPERSON OF THE BOARD**



**Eng. Luka Kimeli
Ag. DIRECTOR GENERAL**

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL HIGHWAYS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

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 financial statements of Kenya National Highways Authority set out on pages 1 to 58, which comprise of the statement of financial position as at 30 June, 2025, and the statement of 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 effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya National Highways Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Kenya Roads Act 2007 and the Public Finance Management Act, 2012

Basis for Qualified Opinion

1. Lack of Ownership Documents

The statement of financial position and as disclosed in Note 25 to the financial statements reflects an amount of Kshs.821,031,847,887 in respect of property, plant and equipment which includes a balance of Kshs.380,360,000 in respect of land assets. However, it was noted that two hundred and ninety-five (295) Road Camps occupied by the Authority are owned exclusively or jointly with other road agencies but are not formally vested to Kenya National Highways Authority.

Management explained that the process of resolving land ownership issues through the parent State Department for Roads and State Department for Land and Physical Planning is ongoing. The ownership of the Road Camps remain unresolved thereby exposing public land to illegal alienation or illegal occupation by informal settlers.

In the circumstances, fair value and completeness of assets balance of Kshs.821,031,847,887 could not be confirmed.

2. In accuracies in Motor Vehicle Balance

The statement of financial position and as disclosed in Note 25 to the financial statements reflects property, plant and equipment Net book value of Kshs.821,031,847,887. The balance includes motor vehicles balance of Kshs.111,847,801 but excludes an amount of Kshs.94,898,129 in respect of a Road Surface Profiler (RSP) Machine mounted on motor vehicle registration number KDR 343 P. The excluded amount related to supply, installation, testing, commissioning, training and maintenance of a Road Surface Profiler (RSP) Machine.

In the circumstances, accuracy and completeness of property, plant and equipment balances of Kshs.820,031,847,887 could not be confirmed.

3. Variances in Inter-Agencies Balances on Fuel Securitization

Note 6(b) to the financial statements includes an amount of Kshs.29,000,000,000 in respect of proceeds from the securitization facility by the Kenya Roads Board (KRB).

However, corroboration of the recorded balance maintained in the KRB financial statements reflects disbursement to the Authority balance of Kshs.31,585,994,307 resulting to an unexplained variance of Kshs.2,585,994,307.

Further, details of the pending bills that were earmarked for settlement through the proceeds from the securitization fund was not provided for audit and hence it was not possible to establish the extent of settlement of the pending bills with the proceeds.

In addition, there was no documentation to show the total identified pending bills for the Authority as at 31 December, 2024(cut off month) for settlement using the proceeds from securitization, and the balance to be settled upon full disbursement of the securitization proceeds.

In the circumstances, the accuracy and completeness of the funds from securitization balances could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Highways Authority 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.

Emphasis of Matter

Uncertainty of the Going Concern

The statement of financial position reflects current assets and current liabilities balances of Kshs.41,013,668,677 and Kshs.82,506,413,708, respectively, resulting to a negative working capital balance of Kshs.41,492,745,031. The Authority is therefore technically insolvent and may not meet its obligation when fall due.

Further, I draw attention to Note 36 to the financial statement which discloses a contingent liability balance of Kshs.31,682,478,862 compared to Kshs.24,574,966,099 in the previous year 2023/2024 an increase of Kshs.7,107,512,763 or 29%. Crystallization of any of the events would impact negatively and worsen the Authorities working capital status thus adversely affecting its operations.

My opinion is not modified in respect of this matter.

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 matters 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 Matter

Unresolved Prior Year Matters

In the prior year audit, three issues were raised under Basis for Qualified Opinion and Emphasis of Matter. The issues include lack of ownership documents, Budgetary control performance and Uncertainty of going concern. Review of the issues during the 2024/205 audit revealed the issues remained unresolved.

Other Information

Management are responsible for the Other Information set out on page v to lxxv which comprise of Key Authority's Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Director General, Statement of Performance against the Predetermined Objectives for the FY 2024/2025, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority 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, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Deduction of Public Procurement Regulatory Authority Levy

Review of the expenditure records revealed that the Authority did not deduct the mandatory Public Procurement Regulatory Authority (PPRA) Levy from supplier payments during the year under review. This was contrary to paragraph 3(1) of the Public Procurement Capacity Building Levy Order, 2023 that provides that there shall be paid a Levy by a supplier on all procurement contracts signed between the supplier and the

procuring entity at the rate of zero point three per centum (0.3) of value of the signed contracts, exclusive of applicable taxes.

In the circumstances, Management was in breach of the law.

2. Avoidable Expenditure – Penalties and Interest

The statement of financial position and as disclosed in Note 27 to the financial statements reflects trade and other payables balance of Kshs.82,366,719,316. Review of records revealed that some payables have been outstanding for over 10 years, cumulatively attracting penalties amounting to Kshs.8,213,614,376 due to delayed settlement. The amount could have been avoided had the pending bills paid on time.

In the circumstance, value for money could not be realised in the use of public resources.

3. Avoidable Expenditure Incurred - Cost on Contract Termination

The Authority awarded a contract for construction of Nairobi-Nakuru-Mau Summit highway road works under Public Private Partnership (PPP) on 30 September, 2020 at a contract sum of Kshs.159,267,468,317. Review of records revealed that the contract was terminated before the Contractor had commenced the works resulting to termination cost of Kshs.7,315,850,525 that could have been avoided had proper planning and feasibility studies on the project been conducted before awarding the contract. Although Management provided a Report on Compensation Consequent upon Termination of the Project Agreement, Deed of Termination of the Project Agreement and payment vouchers, the contract document was not provided for audit review. The amounts were paid through the securitization of fuel levy which was meant to reduce the pending bills and pave way for a return to-work formula. No explanation on why the amount was charged on the securitization fund, while it did not constitute pending bills that were earmarked for discharge through the securitization facility.

In the circumstances, there was no value for money for the payment of Kshs.7,315,850,525.

4. Non-Compliance with the Third (1/3) Basic Salary Rule

Review of the Authority's payrolls revealed an average of one hundred and thirty-three officers earning less than a third of their basic salaries a month as shown below: -

Month	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan	Feb	March	April	May	June
No of Officers	132	139	136	149	152	147	75	129	134	133	136	147

Management explained that introduction of deductions from salaries by the Government which were not anticipated resulted to over commitment of salaries by the staff. This was contrary to Section C.1 (3) of the Public Service Commission (PSC) Human resource policies and procedures manual, 2016 that states that public officers shall not over-commit their salaries beyond two-thirds (2/3) of their basic salaries and that heads of human resource units shall ensure compliance.

In the circumstances, Management was in breach of the Human Resource policies, 2016.

Report of the Auditor-General on Kenya National Highways Authority for the year ended 30 June, 2025

5. Delay in Projects Implementation

5.1 Ruiru-Tatu City-Kiambu (B115) Road Project -Nairobi Region

The above contract was awarded to a Contractor in March, 2023 at a contract sum of Kshs.506,854,814.24 for a period of 24 months inclusive of 6 months for the Defects Liability Period. Review of the project progress report revealed that the contract sum was revised upward to Kshs.609,357,916.22 and project period extended to twenty-nine (29) months. The Engineer attributed the variation to unforeseen reconstruction needs, suggesting that proper inventory was not done. Further, blockage of drainage system was noted at KM 1+800 due to heavy vegetation along the road. One of the structural works, box culvert at KM 10, guardrails and gabion protection works, were still outstanding despite a duration of twenty-six (26) months having elapsed.

This is an indication that works were behind schedule.

5.2. Mambo Leo-Miwani-Chemelil-Muhoroni-Kapsitet Kericho Junction Contract Lot I

The above contract was awarded to two companies on joint venture at contract sum of Kshs.5,194,524,145 for a period of 36 months effective from 26 June, 2021 and was expected to be completed on 21 September, 2024. However, the latest status report dated May, 2025 indicates that the work certified to date was Kshs.1,194,258,204 or 23% of the contract sum inclusive of Advance Payment of an amount of Kshs.899,535,888 already paid. The percentage of time elapsed was at 123% (or 1354 days) compared to physical works achieved of 15.2%.

Further, minimal activities were noted between KM 0000 and KM 2.0, and the contract period had lapsed. No extension of time to contractor and the consultant by the employer was provided for audit review.

In addition, the Authority has not acquired land on some sections of the project for instance along the Main Road while land where proposed roundabouts at Km 1+700 was to be constructed had not been acquired. With the slow pace of works, it was not visible when the project shall be realized.

5.3. Mambo Leo-Miwani-Chemelil-Muhoroni-Kapsitet Kericho Junction Contract Lot II

The above contract was awarded to two companies on a joint venture at a contract sum of Kshs.4,964,716,883.42 for a period of 36 months effective from 8 September, 2021. However, the status report dated July, 2025 indicates the work certified to date as Kshs.1,722,459,336 inclusive of Advance Payment out of which an amount of Kshs.1,388,971,988 had been paid resulting to an outstanding balance of Kshs.333,487,348. The percentage of time elapsed was at 127.2% (1394 days) compared to average physical work achieved of 11.68%. The two companies had achieved 8.32% and 3.36% respectively.

Further, the initial contract period had elapsed and the contractor was given an extension of two years. However, Performance Security had expired and had not been renewed. During field inspection conducted in the month of July 2025, one of the contractors was

not on site and the section under the contractor, as per the contract had no activities. Although Management indicated that the section with no activities was handed over to the main contractor, no evidence of the handing-over was provided.

In addition, at KM 29+400 part of a cross culvert is hanging dangerously and threatening to cut off the road if not attended to urgently.

Delayed completion of projects denied the public benefits that could have accrued from completed projects.

6. Delay in Compensation of Land Acquired for Roads Expansion

Review of records revealed that the Authority acquired a parcel of land in Changamwe from Kenya Electricity Generation Company (Kengen) for dualling of the Mombasa-Mariakani Road. The construction of the road rendered the staff houses in Changamwe temporarily unusable as they were disconnected from the sewer line, and a perimeter wall securing the property was also damaged. The two affected residential flats used to raise net rental income of Kshs.768,000 per year for the Company. However, despite several letters from Kengen seeking compensation of an amount of Kshs.250,611,659, the Authority had not responded or settled the amounts due..

Failure, to settle obligations when due may attract penalties and interests resulting to loss of public funds.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and the Board of Directors

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 Authority'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 Directors is responsible for overseeing the Authority'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

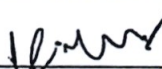
19 December, 2025

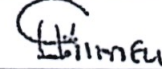
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14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from Development Budget Grants	6	7,678,518,695	306,554,934
Levies, Fines and Penalties	7	27,945,478,268	26,881,204,509
		35,623,996,963	27,187,759,443
Revenue from exchange transactions			
Rental revenue from facilities and equipment	8	7,636,850	5,808,750
Finance income - external investments	9	992,261,896	1,137,134,872
Other income	10	158,525,453	85,323,003
		1,158,424,199	1,228,266,625
Total Revenue		36,782,421,162	28,416,026,068
Expenses			
Road Maintenance and Axle Load Expenses	11	23,019,209,991	27,199,182,636
Use of goods and services	12	1,165,926,133	1,106,412,255
Employee costs	13	1,884,047,154	1,896,410,258
Board Expenses	14	37,973,074	34,856,211
Depreciation and amortization expense	15	441,927,009	455,390,836
Repairs and maintenance	16	284,826,050	266,808,301
Transfers from Development Budget Grants	6	7,678,518,695	306,554,934
Finance costs	17	7,051,193	8,229,707
Total expenses		34,519,479,299	31,273,845,138
Other gains/(losses)			
Loss on sale of assets	18	(3,288)	11,989,907
Loss on foreign exchange transactions	19	(31,761,586)	(16,364,220)
Surplus before tax		2,231,176,989	(2,862,193,383)
Taxation	20	(308,139,133)	(341,195,265)
Surplus/(Deficit) for the year		1,923,037,856	(3,203,388,648)

The notes set out on pages 9 to 52 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by: ^


CPA. Isaac Karumba
Ag. Deputy Director (Finance & Accounts)
ICPAK Member No. 3321


Eng. Luka Kimeli
Ag. Director General


Ms. Winfrida W. Ngumi
Chairperson of the Board

Date... 04 06 2025

Date... 04 06 2025

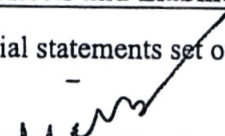
Date... 04 06 2025

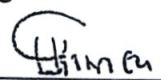
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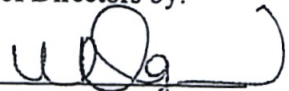
15. Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	21	15,412,652,711	10,559,627,120
Receivables from exchange transactions	22	5,924,775,600	7,136,530,996
Receivables from non-exchange transactions	23	19,668,783,052	20,567,607,515
Inventories	24	7,457,314	12,840,676
Total Current Assets		41,013,668,677	38,276,606,307
Non-Current Assets			
Property, plant and equipment	25	821,031,847,887	770,377,176,814
Intangible assets	26	200,949,862	200,949,862
Total Non-Current Assets		821,232,797,749	770,578,126,676
Total Assets		862,246,466,426	808,854,732,983
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	27	82,366,719,316	96,442,978,289
Refundable deposits from customers	28	48,635,165	28,846,176
Provisions	29	59,944,610	63,544,610
Taxation	30	31,114,617	7,422,025
Total Current Liabilities		82,506,413,708	96,542,791,100
Non-Current Liabilities			
Long Term Liability	31	106,437,315	59,988,700
Total Non-Current Liabilities		106,437,315	59,988,700
Total Liabilities		82,612,851,023	96,602,779,800
Net assets		779,633,615,403	712,251,953,183
Reserves		764,261,716,510	698,803,092,146
Accumulated surplus		15,371,898,893	13,448,861,037
Total Net Assets and Liabilities		862,246,466,426	808,854,732,983

The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


CPA. Isaac Karumba
Ag. Deputy Director (Finance & Accounts)
ICPAK Member No. 3321


Eng. Luka Kimeli
Ag. Director General


Ms. Winfrida W. Ngumi
Chairperson of the Board

Date.....04.07.2025

Date.....04.07.2025

Date.....04.07.2025

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16. Statement of Changes in Net Assets for the year ended 30 June 2025

	Retained earnings	Capital/ Development Grants/Fund	Total
	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
At July 1, 2023	16,652,249,685	665,171,015,227	681,823,264,912
Deficit for the year	(3,203,388,648)	-	(3,203,388,648)
Capital/Development grants received during the year		33,632,076,919	33,632,076,919
Transfers to accumulated surplus	-	-	-
At June 30, 2024	13,448,861,037	698,803,092,146	712,251,953,183
At July 1, 2024	13,448,861,037	698,803,092,146	712,251,953,183
(Deficit)/Surplus for the Period	1,923,037,856	-	1,923,037,856
Capital/Development grants received during the Period	-	65,458,624,364	65,458,624,364
Transfers to accumulated surplus	-	-	-
At June 30, 2025	15,371,898,893	764,261,716,510	779,633,615,403

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17. Statement of Cash Flows for the year ended 30 June 2025

		2024-2025	2023-2024
	Notes	KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from Development Budget Grants	6	7,678,518,695	306,554,934
Fines, penalties and levies	7	27,945,478,268	26,881,204,509
Rental revenue	8	7,636,850	5,808,750
Finance Income	9	992,261,896	1,137,134,872
Other income	10	158,525,453	85,323,003
Profit on foreign exchange translations		-	-
Total receipts		36,782,421,162	28,416,026,068
Payments			
Road maintenance and axle Load expenses	11	23,019,209,991	27,199,182,636
Use of goods and services	12	1,165,926,133	1,106,412,255
Employees Costs	13	1,884,047,154	1,896,410,258
Board Expenses	14	37,973,074	34,856,211
Repairs and Maintenance	16	284,826,050	266,808,301
Transfers from Development Budget Grants-recurrent expenditure	6	7,678,518,695	306,554,934
Finance cost	17	7,051,193	8,229,707
Loss on foreign exchange translations	19	31,761,586	16,364,220
Taxation	20	308,139,133	341,195,265
Total payments		34,417,453,009	31,176,013,787
Net cash flows from/ (used in) operating activities		2,364,968,153	(2,759,987,719)

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17. Statement of Cash Flows for the year ended 30 June 2025(continued)

		2024-2025	2023-2024
	Notes	KShs	KShs
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(51,096,612,369)	(44,198,061,161)
Proceeds from sale of property plant and equipment		11,000	12,132,550
Decrease/(Increase) in current receivables exchange		1,211,755,396	(5,435,515,050)
Decrease/(Increase) in current receivables non exchange		898,824,463	-
(Increase)/ Decrease in trade payables		(14,032,777,392)	12,170,512,494
Decrease/(Increase) in Advance Payments Received-Short Term		(3,600,000)	-
Decrease/(increase) in inventory		5,383,361	67,111
Decrease/(increase) in provisions		46,448,615	(89,304,449)
Transfer to Revenue reserves		-	-
Net cash flows from/ (used in) investing activities		(62,970,566,926)	(37,540,168,505)
Cash flows from financing activities			
Proceeds from Exchequer/Development Partners		65,458,624,364	33,632,076,919
Net cash flows from financing activities		65,458,624,364	33,632,076,919
Net increase/(decrease) in cash and cash equivalents		4,853,025,591	(6,668,079,306)
Cash and cash equivalents at the beginning of the year		10,559,627,120	17,227,706,426
Cash and cash equivalents at end of the year	21	15,412,652,711	10,559,627,120

The Authority's cash flow statement is presented using the direct method

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original Annual budget	Adjustments	Final Annual budget	Actual on comparable basis	Performance Difference	% of Utilization	Notes
	a	b	c=a+b	d	e=(c-d)	f=d/c*100	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		
Transfers from other Development Budget Grants	7,678,518,695	-	7,678,518,695	7,678,518,695	-	100	
Fines, Penalties and Levies	31,305,606,122	(1,120,154,034)	30,185,452,088	27,945,478,268	2,239,973,820	93	
Rental revenue	6,000,000	2,000,000	8,000,000	7,636,850	363,150	95	
Finance Income	1,050,000,000	(50,000,000)	1,000,000,000	992,261,896	7,738,104	99	(a)
Other Income	45,500,000	68,000,000	113,500,000	158,525,453	(45,025,453)	140	(b)
Total income	40,085,624,817	(1,100,154,034)	38,985,470,783	36,782,421,162	2,203,049,621	94	(c)
Expenses							
Road Maintenance and Axle Load Expenses	27,180,715,722	(1,478,234,788)	25,702,480,934	23,019,209,991	2,683,270,943	90	
Use of goods and services	1,523,225,329	(212,160,112)	1,311,065,217	1,165,926,133	145,139,084	89	
Employee Costs	2,138,500,000	(44,384,116)	2,094,115,884	1,884,047,154	210,068,730	90	
Board Expenses	30,000,000	11,884,116	41,884,116	37,973,074	3,911,042	91	

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025(continued)

	Original Annual budget	Adjustments	Final Annual budget	Actual on comparable basis	Performance Difference	% of Utilization	
	a	b	c=a+b	d	e=(c-d)	f=d/c*100	
Expenses	Kshs	Kshs	Kshs	Kshs	Kshs		
Transfers from other Development Budget Grants	7,678,518,695	-	7,678,518,695	7,678,518,695	-	100	
Depreciation and amortization expense	-	-	-	441,927,009	-	-	
Repairs and maintenance	333,349,653	(12,645,549)	320,704,104	284,826,050	35,878,054	89	
Finance cost	9,674,500	-	9,674,500	7,051,193	2,623,307	73	
Loss on sale of assets	-	-	-	3,288	-		
Loss on foreign exchange transactions	-	-	-	31,761,586	-		
Taxation paid	315,000,000	(15,000,000)	300,000,000	308,139,133	(8,139,133)	103	
Total expenditure	39,208,983,899	(1,750,540,449)	37,458,443,450	34,859,383,306	3,072,752,027	93	
Capital Expenditure Payments	49,027,092,372	22,526,143,865	71,553,236,237	65,458,624,364	6,094,611,873	91	
Surplus for the period	876,640,918	650,386,415	1,527,027,333	1,923,037,856	(869,702,406)		

Budget notes

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a) Finance Income

The Authority continued to invest in call deposits and interest earned on bank account balances and endeavoured to negotiate the best rates in the market thus the favourable variance.

b) Other Income

Other income includes liquidated damages from various projects including Performance Based Contract for Maintenance of Magumu – Njabini, Performance Based Maintenance of Nanyuki-Lewa (A2) Road, Performance Based Contract for the Maintenance of Outering JN/Kangundo - Kamulu (B63) Road and Performance Based Maintenance Kyumvi-Sultan Hamud (A8) Road, Old A109 Magongo, Luanda Kotieno-Bondo, Sultan Hamud-Makindu and Nanyuki-Lewa, Performance Based Maintenance of Gilgil - Ol Kalou (A4) Road, Construction Marigat Bridge, Construction Endau Bridge, Construction of Wei Wei Bridge and Emergency Reinstatement of Arer & Tula along Bhangaley – Madogo, thus the favorable variance.

c) Changes between Original and Final Budget

The changes between original and final budget were as a result of revision of the budget

19. Notes to the Financial Statements

1. General Information

The Authority is established by and derives its authority and accountability from Kenya Roads Act, 2007. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is the management, development, rehabilitation, and maintenance of national roads.

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 judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. *The* financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*
- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Standard	Effective date and impact:
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol 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 bases called the current operational value.</p>

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Standard	Effective date and impact:
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<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>

iii. Early adoption of standards

The entity did not adopt any new or amended standards in the financial year 2024/2025

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies
 - a) Revenue recognition
 - i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

- ii) Revenue from exchange transactions

Rendering of services

The entity recognizes 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 recognized only to the extent that the expenses incurred are recoverable.

Summary of Significant Accounting Policies (Continued)

Sale of goods

Revenue from the sale of goods is recognized 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 it is probable that the economic benefits or service potential associated with the transaction will 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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

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 the Current FY was approved by the National Assembly on 28th January 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity did not record additional appropriations following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Summary of Significant Accounting Policies (Continued)

Sales tax

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

- i) 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 recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) 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) 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 of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on straight line basis at annual rates estimated to write off the cost of the Asset over expected useful lives.

The Annual depreciation rates in use are:-

Computer Equipment & Accessories	33.3%
ICT Infrastructure and Telephony	33.3%
Motor Vehicles	25%
Office Equipment and Furniture	12.5%
Office Partitioning and Fixtures	16.7%
Plant and Machinery	10%
Buildings	2.5%

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Property, plant and equipment

An item of property and equipment is de-recognised upon disposal. Any gain or losses on de-recognition of the asset is included in the statement of Financial Performance in the year the asset is de-recognised.

Contractual Commitments for the acquisition of property, plant and equipment in the FY 2024/2025 amounted to Kshs 23,741,499,161 {2023/2024 Kshs.218,843,069,921}

e) Intangible assets

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

f) Research and development costs

The Authority expenses research costs as incurred.

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

a) Financial assets

Classification of financial assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

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

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.

Trade and other receivables

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

b) Financial liabilities

Classification

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

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority 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.

j) Contingent liabilities

The Authority 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.

k) Contingent assets

The Authority does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. The Authority maintains grants and surplus reserves. The grant reserves are exchequer and donor funds received from the Government and Development Partners for development of roads. The surplus reserve represents the surplus or deficit of Road maintenance contributions and other internally generated funds against road maintenance and operation expenses. The exchequer and Development partner funds are capitalized in the statement of financial position whereas Road maintenance contributions are expensed in the statement of financial performance. However, the portion of exchequer funds spent on non-capital items or project expenses is transferred to recurrent transfers and treated as recurrent government grants and expenditures accordingly.

m) Changes in accounting policies and estimates

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

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Related parties

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

p) 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 the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

q) Comparative figures

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

r) Subsequent events

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Authority.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 29. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

6. Transfers from Development Budget Grants-Recurrent Revenue/Expenditure

Description	2024-2025	2023-2024
	KShs	KShs
Horn of Africa Gateway Development Projects	211,914,644	94,774,141
Mombasa by-pass	4,207,620	6,965,725
Nairobi Western bypass	-	13,920
Road Reserve Mapping	9,455,831	41,791,178
Kimini Town Service	134,400	2,310,400
Monitoring & Evaluation	14,935,111	29,002,940
Dualling of Mombasa-Mariakani	13,400,745	4,741,765
Garissa-Isiolo	1,010,020	910,100
Isebania-Mukuyu-Kisii-Ahero	514,100	15,536,394
Eldoret by-pass	2,638,400	2,749,700
Kitale-Endebbes-Suam	7,303,330	1,300,600
Garsen-Witu-Lamu	-	123,090
Thika-Kenol-Marwa-Nyeri	6,100,844	4,181,000
Nakuru-Mau Summit	-	42,000
Mombasa-Malindi	15,222,850	22,356,290
Aberdare Forest-Njoguini-Kingongo-Kiganjo	2,563,800	1,767,200
Thika-Magumu	-	3,954,647
Likoni Floating Bridge	-	97,200
Kisumu-Chemilil-Mamboleo	16,665,920	3,948,820
MPARD PKG 2-Mwache Jct-Mteza	360,500	-
Marsabit-North Horr	20,880	281,800
Mau Mau Roads	3,540,000	8,330,701
Barpelo-Tot	-	7,589,200
Kainuk Bridge	10,398,193	9,194,938
Wikililye-Kathukini-Kwa Muli-Mbumbuni	-	2,253,700
Kibwezi-Mutomo-Kitui Road	1,490,275	-
Mombasa Gate Bridge	14,093,880	6,632,720
AccessRoad Mombasa SEZ	-	903,505
Dualling of Eldoret town roads	-	3,968,460
Tot Junction- Chesegon-Kopasi River	-	1,446,100
Kericho Nothern Bypass	1,183,125	7,652,515
Other Development Projects	25,513,702	21,734,185
Termination of Nairobi-Nakuru-Mau Summit	7,315,850,525	-
Total Transfers from Development Budget Grants-Recurrent Revenue/Expenditure	7,678,518,695	306,554,934

This is the recurrent component of development project expenses.

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Notes to the Financial Statements (Continued)

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount recognised in capital fund.	Total grant income during the year	2023-2024
	KShs	KShs	KShs	KShs
MOR & T	7,678,518,695	13,095,733,115	20,774,251,810	8,646,773,327
KRB	26,713,217,688	2,100,000,000	28,813,217,688	27,678,092,960
KRB	-	29,000,000,000	29,000,000,000	-
Total	34,391,736,383	44,195,733,115	78,587,469,498	36,324,866,287

7. Levies, Fines and Penalties

Description	2024-2025	2023-2024
	KShs	KShs
Road Maintenance funds	25,439,217,687	24,402,092,960
Transit Toll	1,274,000,001	1,176,000,000
Overload charges	652,495,462	685,883,035
Transgression charges	20,000	31,000
Weighbridge Parking fees	147,170	574,836
Road Cutting charges	64,428,359	117,938,090
Road Reserve user fees	64,643,009	99,248,284
Exemption permit fees	450,526,580	399,436,304
Total Levies Fines & Penalties	27,945,478,268	26,881,204,509

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Notes to the Financial Statements (Continued)

8. Rental Revenue from Facilities & Equipment

Description	2024-2025	2023-2024
	KShs	KShs
Staff Houses & Canteen at Barabara Plaza	7,636,850	5,808,750
Total rentals	7,636,85	5,808,750

This is revenue from the Authority's houses occupied by its staff in South Rift and North Rift Regions & Staff Canteen at Barabara Plaza.

9. Finance Income

Description	2024-2025	2023-2024
	KShs	KShs
Interest on Call deposits	724,947,326	892,849,942
Interest on Bank Balances on transactional accounts	267,314,570	244,284,930
Total finance income – external investments	992,261,896	1,137,134,872

10. Other Income

Description	2024-2025	2023-2024
	KShs	KShs
Liquidated damages	150,282,322	77,664,696
Insurance compensation & sale of disposable items.	8,207,661	7,622,730
Interest on salary advance	35,470	35,577
Total other income	158,525,453	85,323,003

The Authority pursued and recovered the cost of damages from insurance companies which had insured motor vehicles which damaged its road furniture.

11. Road Maintenance & Axle Load Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Road maintenance expenses	19,471,950,878	24,276,890,668
Emergency Road Works	156,724,380	335,589,612
Weighbridges Management Contracts	3,277,431,902	2,425,085,058
Weighbridge Operational Expenses	75,626,986	85,212,073
Research & Innovation	37,475,845	76,405,225
Total Road Maintenance & Axle Load Expenses	23,019,209,991	27,199,182,636

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Notes to the Financial Statements (Continued)

12. Use of Goods and Services

Description	2024-2025	2023-2024
	KShs	KShs
Electricity	16,838,740	18,247,755
Water	2,997,522	1,250,857
Security costs	59,429,651	61,417,822
Advertising	32,036,239	52,948,338
Audit fees	3,600,000	3,600,000
Conferences and delegations	113,811,800	114,113,443
Consulting fees	103,201,026	78,344,854
Stationery & Consumables	32,077,522	28,343,944
Insurance	5,143,983	1,228,829
Legal expenses	46,419,728	44,919,400
Postage	2,334,280	3,206,131
Printing and photocopying	755,468	2,094,376
Hire charges	84,600	111,990
Telecommunication	14,810,901	14,239,909
Cleaning & Sanitation	22,460,972	22,848,811
Other Official Functions	2,622,477	6,169,314
Departmental Field Activities*	453,138,231	360,261,944
Anti- Corruption and Integrity Issues	1,535,620	4,587,200
Board of Survey	5,957,440	4,805,460
Reference material	590,838	400,727
Kitchen Utensils	251,986	325,349
Newspapers and Magazines	2,904,695	3,143,839
Drinking Water	2,747,804	3,000,376
Travel, accommodation, subsistence & other allowances	46,048,233	75,220,054
Training and Subscription	144,279,234	157,542,047
Staff Welfare	45,527,437	40,916,907
Recruitment	4,319,706	3,122,579
Total Use of Goods and Services	1,165,926,133	1,106,412,255

* The variance is as a result of enhanced departmental field activities budget in FY 2024/2025 to cater for Project recurrent expenses following GOK exchequer budget cuts.

13. Employee Costs

	2024-2025	2023-2024
	KShs	KShs
Salaries and wages	1,522,624,690	1,568,884,674
Employer contribution to pension schemes	195,847,884	172,014,977
Employer contribution to health insurance schemes	165,574,580	155,510,607
Total Employee costs	1,884,047,154	1,896,410,258

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Notes to the Financial Statements (Continued)

14. Board Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Chairman's Honoraria	960,000	960,000
Sitting Allowances	5,340,000	5,540,000
Transport, Travelling & Accommodation	8,022,775	9,082,271
Medical Insurance	602,626	468,562
Induction and Training	8,280,961	4,502,397
Field Trip	1,500,000	1,308,100
Refreshments	1,084,596	829,565
Lunch Allowance	214,000	192,000
Telephone	84,000	84,000
Total Board Expenses	26,088,958	22,966,895
Director General's Compensation*	9,855,600	9,885,600
Director General's Gratuity*	2,028,516	2,003,716
Total Director General's Expenses	11,884,116	11,889,316
Total Board & Director General's Expenses	37,973,074	34,856,211

*In line with IPSAS Financial Reporting template, the Director General's compensation is disclosed under board expenses.

15. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	KShs	KShs
Property, Plant and Equipment		
Office Equipment	8,885,904	9,568,084
Office Partitions and Fixtures	3,354,443	2,323,557
Computer Equipment and Accessories	36,618,164	26,574,179
ICT Infrastructure and Accessories	31,501,589	15,182,698
Furniture and Fittings	6,990,657	6,409,327
Motor Vehicles	99,352,041	96,436,979
Plant and Machinery	249,611,158	248,685,040
Buildings	5,613,053	5,521,625
Intangible Assets-Obsolete Software	-	44,689,347
Total depreciation and amortization	441,927,009	455,390,836

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Notes to the Financial Statements (Continued)

16. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Equipment and Machinery	26,147,180	11,181,080
Vehicles	207,876,900	187,284,640
Furniture and Fittings	1,577,204	602,342
Computers and Accessories	1,869,461	2,251,133
Others (Software support & licence subscriptions)	47,355,305	65,489,106
Total Repairs and Maintenance	284,826,050	266,808,301

17. Finance Costs

Description	2024-2025	2023-2024
	KShs	KShs
Bank charges	7,051,193	8,229,707
Total finance costs	7,051,193	8,229,707

18. Loss on Sale of Assets

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant and equipment	(3,288)	11,989,907
Total Loss on sale of assets	(3,288)	11,989,907

19. Loss on Foreign Currency Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Loss on foreign currency transactions*	(31,761,586)	(16,364,220)
Total loss on foreign currency transactions	(31,761,586)	(16,364,220)

* Loss on foreign exchange transactions relate to foreign exchange transactions on our US\$ denominated transactions.

20. Taxation

Description	2024-2025	2023-2024
	Kshs	Kshs
Gross Interest Income Earned	1,018,301,656	1,132,080,201
Less: Expenses: Bank Charges	(7,051,193)	(8,229,707)
Net Taxable Interest Income	1,011,250,463	1,123,850,494
Corporate Tax charge for the year (30%)	303,375,139	337,155,148
Corporate Tax from other Incomes	4,763,994	4,040,117
Income tax expense reported in the statement of financial performance	308,139,133	341,195,265

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Notes to the Financial Statements (Continued)

21. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Accounts (transactional bank accounts)	10,896,473,879	5,056,608,523
On - Call Deposits	4,515,000,000	5,500,000,000
Others (Cash in Hand)	1,094,777	913,500
Cash in Transit	84,055	2,105,097
Total Cash and Cash Equivalents	15,412,652,711	10,559,627,120

21. Detailed Analysis of the Cash and Cash Equivalents

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
NCBA Bank -USD A/C	1001936677	21,408	21,043
NBK-Mombasa- Mariakani	7716661590	29,127,364	572,642,037
Co-operative Bank-GoK	01141160979900	7,338,874,003	1,861,925,707
Co-operative Bank-RMLF	01141160979901	445,539,723	247,211
National Bank – Salaries A/C	01001032662500	76,058,834	70,266,919
National Bank – Gratuity A/C	01001032733300	281,667	33,990,573
National Bank – Retention A/C	01001032733200	1,589,157,920	558,167,353
National Bank – EARTTDFT- A/C	01001032662501	17,122,350	4,450,720
National Bank-Sirari Corridor	01001133511500	402,630	402,630
KCB Bank-Operations A/C	1110623704	195,136,831	162,671,307
KCB Bank-JKIA	1274695775	112,405,338	479,178
KCB-HOAGDP	1325804142	617,505,091	1,076,795,279
KCB Bank-Nairobi Region	1114840149	65,971,281	7,523,047
KCB Bank-Coast Region	1114772089	61,544,633	27,495,359
KCB Bank-South rift Region	1114781592	22,106,469	11,993,657
KCB Bank-North Eastern Region	1114751928	26,297,726	24,092,437
KCB Bank- North rift Region	1114793272	18,433,596	12,870,812
KCB Bank-Central Region	1114745707	41,002,630	25,458,863
KCB Bank-Upper Eastern Region	1114752045	23,371,523	25,875,612
KCB Bank- Lower Eastern Region	1114756326	33,131,231	29,893,983
KCB Bank-Nyanza Region	1114756229	30,494,964	15,658,762
KCB Bank-Western Region	1114774405	44,676,937	22,228,737
Equity Bank-Headquarters A/C	0810295139897	107,809,730	511,457,297
Sub- Total		10,896,473,879	5,056,608,523

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Notes to the Financial Statements (Continued)

21. Detailed Analysis of the Cash and Cash Equivalents (Continued)

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
b) On - call deposits			
KCB Bank	Call Deposit	-	-
Co-operative Bank	01150160979929	1,115,000,000	2,000,000,000
Family Bank	Call Deposit	800,000,000	500,000,000
Sidian	Call Deposit	800,000,000	-
Stanbic Bank	Call Deposit	-	1,000,000,000
National Bank	Call Deposit	1,000,000,000	1,500,000,000
Housing Finance	Call Deposit	800,000,000	500,000,000
Sub- total		4,515,000,000	5,500,000,000
c) Others(specify)			
cash in hand		1,094,777	913,500
Cash in Transit		84,055	2,105,097
Sub- total		1,178,832	3,018,597
Grand total		15,412,652,711	10,559,627,120

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Notes to the Financial Statements (Continued)

22. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2024-2025	2023-2024
	KShs	KShs
Current receivables		
Interest receivable on call deposits	13,189,555	39,227,662
Travel Imprest	6,885,464	27,767,805
Bank guarantee and Deposits	21,761,300	21,761,300
Staff Mortgage deposit fund with Housing Finance Company of Kenya	859,468,339	846,430,553
Road Maintenance Funds	4,667,818,345	5,114,929,418
Exchequer Funds	283,897,436	1,000,000,000
Debtors and Prepayments	46,096,980	38,265,183
Receivable from Kenya Rural Roads Authority	5,680,367	21,857,693
Receivable from Kenya Urban Roads Authority	4,682,615	12,042,608
Paul Caffe	3,191,226	926,348
Receivable from The National Treasury (Weighbridge Income)	12,103,973	13,322,426
Sub Total	5,924,775,600	7,136,530,996
Funds held at Kenya Deposit Insurance Corporation	24,250,000	24,250,000
Less: Specific Provision for KDIC	(24,250,000)	(24,250,000)
Total current receivables	5,924,775,600	7,136,530,996

(b) Ageing analysis for Receivables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	5,924,775,600	100%	7,136,530,996	100%
Total	5,924,775,600	100%	7,136,530,996	100%

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Notes to the Financial Statements (Continued)

23. Receivables from Non-Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Current receivables		
Other debtors (non-exchange transactions)		
a. Development projects		
Dualling of Magongo		99,048,633
Posta (Naibor)-Maralal		23,388,096
Kitale-Morpus	3,237,844,992	1,603,015,010
Mombasa-Kwa Jomvu	1,815,433,112	8,455,066
Kainuk bridge & Approach Roads	524,368	524,368
Isebania-Kisii-Ahero	126,549,747	123,371,434
Athi River -Machakos Turn Off	15,516,891	15,516,891
Loichangamatak-Lokichar	57,064,758	57,064,758
Kopasi - Marich Pass Lot 3	353,508,170	353,508,170
James Gichuru-Rironi	163,321,766	174,672,682
Barpelo - Tot Lot 1	398,222,918	273,222,918
Barpelo - Tot Lot 2	402,545,817	327,545,817
Uplands-Githunguri-Ngewa- (C65)	1,019,688,207	122,899,801
Nairobi Expressway	38,667,280	38,667,280
Installation &Relocation Expressway	6,816,660	12,677,610
Kericho & Ahero Interchange	70,705,506	70,705,506
Eldoret - Lokichar - Nakodok	-	68,321,824
Sagana-Marua	18,648,505	107,709,525
Mau Mau Lot 1A	226,850,713	275,431,961
Mau Mau Lot 3	277,271,856	368,024,812
Mau Mau Roads Lot 1B	272,698,630	373,181,427
Mau Mau Lot 2	392,147,376	530,398,605
Kwa Jomvu - Mariakani Lot 2 (A109)	-	2,134,426,967
Wikililye-Kavisuni	104,154,705	104,154,705
Marsabit - Shegel	119,025,436	222,757,519
Shegel - Maikona	586,620,300	586,620,300
Ugunja - Ukwala - Ruambwa (Steel Bridges)	35,880,427	35,880,427
Makupa Causeway Bridge	62,221,651	62,221,651
Access Road To Sez Dongo Kundu	73,973,910	73,973,910
Mombasa - Mtwapa	552,720,930	585,332,008

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Notes to the Financial Statements (Continued)

23.Receivables from Non-Exchange Transactions (Continued)

a. Development projects (Continued)		
Mtwapa - Kilifi	196,437,295	199,618,411
Mamboleo - Miwani Lot 1	341,109,964	230,489,800
Miwani - Mamboleo Lot 2	156,000,000	354,588,675
Chemilil - Muhoroni Lot 3	524,351,571	524,351,571
Kwale - Kinango	307,067,550	104,873,600
Kenyatta Road	164,224,531	164,224,531
Kambu River Bridge	67,022,452	67,022,452
Dhogoye Bridge	63,616,797	63,616,797
Garissa-Isiolo	1,890,730,121	1,890,730,121
Isiolo - Kula Mawe	56,040,684	772,922,923
Kula Mawe - Modogashe	557,641,211	1,166,467,592
Kisumu Boys - Mamboleo	18,627,959	94,437,442
Mombasa Gate Bridge	896,704,655	938,214,013
Upgrade of Lamu-Ijara-Garissa Road (A10)	-	1,019,688,207
Tarbaj-Kotulo	905,090,666	905,090,666
Wajir-Tarbaj	903,395,555	903,395,556
Social Economic Infrastructure Projects	-	343,377,636
Kinyona Gatura	202,461,715	221,728,229
Mau Mau Lot 2B	254,200,000	119,766,331
Dadaab-Liboi-Harhar	13,676,000	-
Illasit-Njukini-Taveta	941,221,818	-
Wikililye-Kathukini-Kwa Muli-Nzukini-Mbumbuni	125,663,336	-
Emergency Reinstatement of Arer & Tula along Bhangaley - Madogo	2,890,812	-
Emergency Reinstatement of Gamba Section along Garsen - Witu - Lamu (A7) Road	1,834,004	-
Sub Total for Development Projects	19,018,633,327	18,917,324,234
b. Road Maintenance Projects		
Mtito Andei -Tsavo River A8 Road		10,214,060
PBC Emining Marigat	-	1,663,856
Bura-Hola	7,821,252	3,655,679
Mau Summit-Nyahururu Interchange	-	1,364,261
PBC Kendu Bay-Homa Bay	-	3,433,701
PBC Eldama Ravine-Kamwasor	-	14,601,981
PBC Bangaley-Madogo	-	15,000,000
PBC Sultan Hamud Makindu	-	24,712,781

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Notes to the Financial Statements (Continued)

23.Receivables from Non-Exchange Transactions (Continued)

b. Road Maintenance Projects (Continued)		
PBC maint Athi River-Bisil Streetlightn	10,000,000	38,564,660
PBC maint of Timboroa-Mau Summit A18 RD	-	10,931,160
PBC Maint of Athi River-Bisil Road	-	12,504,795
Tsavo River-Voi A8 Road	-	16,898,274
PBC Maint of Kiambu- Ngewa-Thuita Road	-	1,712,967
PBC Mai Mahiu Duka Moja(B7)	-	4,734,025
Adv-Maint. Of Mariakani-Mavueni	-	29,438,761
PBC Luanda kotieno Bondo	1,000,001	21,153,043
PBC Garsen- Hola	-	29,920,671
PBC Nanyuki- Lewa	-	7,382,860
PBC for Mtce Nakuru - Emining	-	5,478,286
PBC Kenol-Muranga Road	-	1,507,112
PBC Outering JN Kangundo-Kamulu	10,659,738	40,942,226
Adv. Pedestrian F/B-Athi River-Museum Hill	97,756,440	128,087,725
PBC Iseneti-Loitokitok	11,026,822	11,026,822
PBC Malaba-Webuye	-	5,892,036
PBC Cheptongei Chebiemit	7,307,659	10,000,000
PBC Kyumvi-Sultan Hamud	22,796,274	21,946,067
Adv. Maint. Ruiru- Tatu City-Kiambu Rd	-	43,197,920
PBC Madogo-Modika	8,495,252	5,136,079
PBC Bachuma Gate- Maji ya Chumvi	-	13,352,678
PBC Street Lighting Nairobi Thika Superhighway	-	8,541,763
PBC Bisil Namanga	-	29,439,297
Adv. Magumu-Njabini	-	17,643,809
PBC Muthaiga-Kiambu(B32) Rd	-	4,298,168
PBC Kisian-Bondo	-	12,915,755
PBC Kaplong-Kisii	-	35,778,138
Adv. James Gichuru-Nairobi Southern Bypass	32,577,680	68,518,583
PBC Ahero- Kericho	-	1,125,210
PBC Kiboswa-Kakamega	-	15,000,000
Adv. Kiriani-Mugeka	-	37,504,720
PBC Ukasi-Banghaley A3 Rd	-	42,896,423
PBC Maint & Safety Chiakariga-Mitunguu	-	28,792,347
Nairobi Southern Bypass- Athi River Interchange	769,412	97,237,155
PBC Nairobi Thika (Nairobi-Ruiru)	-	733,923
Greenpark Pedestrian Safety Underpass Along James Gichuru	100,855,803	201,711,606

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Notes to the Financial Statements (Continued)

23.Receivables from Non-Exchange Transactions (Continued)

b. Road Maintenance Projects (Continued)		
Kitui - Mutomo	-	6,189,380
B13-Malakisi Bridge	14,358,765	32,278,977
B67-Lukenya-Joska-Kavilila(B67)	16,548,491	38,755,851
A2-FootBridge - Juja Highpoint	19,823,230	48,626,075
Voi -Bachuma Gate	-	17,045,704
Southern Bypass Streetlighting	37,708,018	37,708,018
Awasi - Nandi Hills	-	34,950,384
Ndenderu-Kamandura	-	13,165,412
Road Safety - Ngata Section	-	92,218,609
Kadongo-Nyamira-Siamani	-	15,286,180
A3-Tana River Bridge -Garissa Town	177,467,308	177,467,308
Athi River-Kyumvi	28,584,143	-
Lesongoy Bridge	44,593,537	-
Sub Total for Road Maintenance Projects	650,149,725	1,650,283,281
Total current receivables from non-exchange transactions	19,668,783,052	20,567,607,515

24. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Headquarters	5,243,124	10,839,160
Nairobi Region	253,692	224,014
Coast Region	150,567	128,032
Lower Eastern Region	489,331	249,434
Upper Eastern Region	246,296	260,447
North Eastern Region	170,938	174,613
South Rift Region	49,344	104,775
North Rift Region	160,725	283,401
Central Region	298,314	214,135
Western Region	191,007	232,639
Nyanza Region	203,976	130,026
Total inventories at the lower of cost and net realizable value	7,457,314	12,840,676

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Notes to the Financial Statements (Continued)

25. Property, Plant and Equipment

	*Road Assets	Office Equipment	Office Partitions & Fixtures	Computer Equipment & Accessories	ICT Infrastructure	Furniture & Fittings	Motor Vehicles	Plant Machinery & Land	Buildings	Total	
Cost	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	
At 1 July 2023	724,112,815,547	144,584,178	34,833,280	290,957,940	143,572,068	86,705,278	706,402,915	2,478,917,720	268,360,000	315,520,341	728,582,669,267
Additions	43,753,032,427	16,980,835	6,404,852	60,730,778	57,116,988	12,919,155	58,428,926	59,624,208	112,000,000	48,672,993	44,185,911,162
Disposals	-	(808,940)	-	(1,808,892)	-	(1,501,900)	(78,593,282)	-	-	-	(82,713,014)
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-	-
At 30th June 2024	767,865,847,974	160,756,073	41,238,132	349,879,826	200,689,056	98,122,533	686,238,559	2,538,541,928	380,360,000	364,193,334	772,685,867,415
At 1 July 2024	767,865,847,974	160,756,073	41,238,132	349,879,826	200,689,056	98,122,533	686,238,559	2,538,541,928	380,360,000	364,193,334	772,685,867,415
Additions	50,874,012,864	476,100	1,872,088	38,062,164	46,672,946	830,000	14,964,000	60,000,000	-	59,722,208	51,096,612,370
Disposals	-	(31,000)	-	(322,152)	-	(240,300)	-	-	-	-	(593,452)
At 30th June 2025	818,739,860,838	161,201,173	43,110,220	387,619,838	247,362,002	98,712,233	701,202,559	2,598,541,928	380,360,000	423,915,542	823,781,886,333
Depreciation and impairment											
At 1 July 2023	-	107,119,885	27,077,437	253,124,725	116,795,967	59,177,543	472,159,020	911,336,787	-	33,768,119	1,980,559,483
Depreciation	-	9,568,084	2,323,557	26,574,179	15,182,698	6,409,327	96,436,979	248,685,040	-	5,521,625	410,701,489
On Disposals	-	(715,819)	-	(1,808,892)	-	(1,452,378)	(78,593,282)	-	-	-	(82,570,371)
Impairment	-	-	-	-	-	-	-	-	-	-	-
At 30th June 2024	-	115,972,150	29,400,994	277,890,012	131,978,665	64,134,492	490,002,717	1,160,021,827	-	39,289,744	2,308,690,601
At 1 July 2024	-	115,972,150	29,400,994	277,890,012	131,978,665	64,134,492	490,002,717	1,160,021,827	-	39,289,744	2,308,690,601
Depreciation	-	8,885,904	3,354,443	36,618,164	31,501,589	6,990,657	99,352,041	249,611,158	-	5,613,053	441,927,009
On Disposals	-	(31,000)	-	(322,152)	-	(226,012)	-	-	-	-	(579,164)
Impairment	-	-	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	124,827,054	32,755,437	314,186,024	163,480,254	70,899,137	589,354,758	1,409,632,985	-	44,902,797	2,750,038,446
Net book values											
At 30th June 2024	767,865,847,974	44,783,923	11,837,138	71,989,814	68,710,391	33,988,041	196,235,842	1,378,520,101	380,360,000	324,903,590	770,377,176,814
At 30th June 2025	818,739,860,838	36,374,119	10,354,783	73,433,814	83,881,748	27,813,096	111,847,801	1,188,908,943	380,360,000	379,012,745	821,031,847,887

**Property, Plant and Equipment does not include the value of Investments in the Road Asset (Road Corridor and its reserves, road furniture and structures and road camps) prior to the Vesting order of 2011*

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25 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Road Assets	818,739,860,838	-	818,739,860,838
Land	380,360,000	-	380,360,000
Buildings	423,915,542	44,902,797	379,012,745
Plant and Machinery	2,598,541,928	1,409,632,985	1,188,908,943
Motor Vehicles, Including Motorcycles	701,202,559	589,354,758	111,847,801
Computers and Related Equipment	634,981,840	477,666,278	157,315,562
Office Equipment, Furniture & Fittings & Office Partitions & Fixtures	303,023,626	228,481,628	74,541,998
Total	823,781,886,333	2,750,038,446	821,031,847,887

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	53,120,936	10%
Motor Vehicles including Motorcycles	310,444,399	25%
Computers and Related Equipment	276,021,509	33.3%
ICT & Telephony	118,163,531	33.3%
Office Equipment	93,542,095	12.5%
Furniture & Fitting	49,660,700	12.5%
Office Partitions & Fixtures	22,515,542	16.7%
Total	923,468,712	

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Notes to the Financial Statements (Continued)

26. Intangible Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At beginning of the year	200,949,862	233,489,209
Additions		
ERP based on MS Dynamics		
Supply, Implementation of NAC System		
Supply, Installation & configuration of Security Information and Event Management System		12,150,000
At end of the year	200,949,862	245,639,209
Amortization and impairment		
At beginning of the year		
Amortization		(44,689,347)
At end of the year		
Impairment loss		
At end of the year		
NBV 30.06.2025	200,949,862	200,949,862

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Notes to the Financial Statements (Continued)

27. Trade and Other Payables

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade payables				
Development Payables	72,944,058,882		87,924,337,416	
Retention Payables	5,991,322,320		4,982,917,355	
Road Maintenance Payables	3,311,896,030		3,406,539,455	
Sundry Payables	119,442,084		129,184,063	
Total trade and other payables	82,366,719,316		96,442,978,289	
Ageing analysis: (Trade and other payables)	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	5,991,322,320	7%	11,797,464,086	12%
1-2 years	76,375,396,996	93%	84,645,514,203	88%
Total	82,366,719,316	100%	96,442,978,289	100%

28. Refundable Deposits and Prepayments from Customers

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Customer deposits				
Nairobi Region	5,601,312		1,867,363	
Central Region	6,084,253		3,383,904	
South Rift Region	2,111,737		1,139,270	
Lower Eastern Region	586,922		1,157,850	
Nyanza Region	9,751,095		4,894,531	
Coast Region	12,816,316		3,926,554	
Upper Eastern Region	5,653,135		8,242,742	
Western Region	2,201,280		1,840,400	
North Rift Region	2,026,295		608,562	
North Eastern Region	362,820		345,000	
Headquarters	1,440,000		1,440,000	
Total deposits	48,635,165		28,846,176	
Ageing analysis: (Refundable deposits)	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	48,635,165	100%	28,846,176	100%
Total	48,635,165	100	28,846,176	100%

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Notes to the Financial Statements (Continued)

29. Current Provisions

Description	Leave provision	Audit fees provision	Total
	KShs	KShs	KShs
Balance b/d (01.07.2024)	56,344,610	7,200,000	63,544,610
Additional Provisions	-	3,600,000	3,600,000
Provision utilised	-	(7,200,000)	(7,200,000)
Total provisions as at 30.06.2025	56,344,610	3,600,000	59,944,610

30. Taxation

	2024-2025	2023-2024
	Kshs	Kshs
Gross Interest Income Earned	1,018,301,656	1,132,080,201
Less: Expenses: Bank Charges	(7,051,193)	(8,229,707)
Net Taxable Interest Income	1,011,250,463	1,123,850,494
Corporate Tax charge for the year (30%)	303,375,139	337,155,148
Corporate Tax from other Incomes	4,763,994	4,040,117
Total Tax charge for FY 2024/2025	308,139,133	341,195,265
Prior Period Assessments	-	-
Total Corporation Tax	308,139,133	341,195,265
At beginning of the year	7,422,025	6,597,648
Total Corporate Tax Payable	315,561,158	347,792,913
Prior Year Tax Payment	-	-
W/Tax paid by Bank for FY 2024-2025	(152,745,248)	(169,812,030)
W/Tax paid FY 2024-2025	(131,701,293)	(170,558,858)
At end of the year	31,114,617	7,422,025

31. Long Term Liability

Description	Gratuity provision
	KShs
Balance b/d (01.07.2024)	59,988,700
Additional Provisions	46,448,615
Provision utilised	-
Total provisions as at 30.06.2025	106,437,315

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32. Cash Generated from Operations

	2024-2025	2023-2024
	Kshs	Kshs
Surplus (Deficit) for the year before tax	1,923,037,856	(3,203,388,648)
Adjusted for:		
Depreciation	441,927,009	455,390,836
Gains and losses on disposal of assets	3,288	(11,989,907)
Working capital adjustments		
Increase in Long Term Receivables		
Increase/Decrease in inventory	5,383,362	67,111
Increase/Decrease in receivables	2,110,579,859	(5,435,515,050)
Decrease in Trade and other payables	(14,036,377,392)	12,170,512,494
Increase in payments received in advance	46,448,615	(89,304,449)
Net cash flow from operating activities	(9,508,997,403)	3,885,772,387

33. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

i) **Credit risk**

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or

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Notes to the Financial Statements (Continued)

34. Financial Risk Management (Continued)

external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Receivables from exchange transactions	5,924,775,600	5,900,525,600	24,250,000	-
Receivables from non-exchange transactions	19,668,783,052	19,668,783,052	-	-
Bank balances	15,412,652,711	15,412,652,711	-	-
Total	41,006,211,363	40,981,961,363	24,250,000	-
As at 30 June 2024				
Receivables from exchange transactions	7,136,530,996	7,112,280,996	24,250,000	-
Receivables from non-exchange transactions	20,567,607,515	20,567,607,515	-	-
Bank balances	10,559,627,120	10,559,627,120	-	-
Total	38,263,765,631	38,239,515,631	24,250,000	-

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant

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Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

concentration of credit risk on amounts due from related parties. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Trade payables	119,442,084	9,303,218,350	72,944,058,882	82,366,719,316
Provisions	-	-	166,381,925	166,381,925
Total	119,442,084	9,303,218,350	73,110,440,807	82,533,101,241
As at 30 June 2024				
Trade payables	129,184,063	8,389,456,810	87,924,337,416	96,442,978,289
Provisions	-	-	123,533,310	123,533,310
Total	129,184,063	8,389,456,810	88,047,870,726	96,566,511,599

Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

iii) Market risk

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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Notes to the Financial Statements (Continued)

Financial Risk Management

Financial Risk Management

The carrying amount of the Authority's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Current FY

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As At 30 June 2025			
Financial Assets			
Cash	21,408	-	21,408
Debtors	-	-	-
Total Financial Assets	21,408	-	21,408
Financial Liabilities			
Trade and Other Payables	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	21,408	-	21,408

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Notes to the Financial Statements (Continued)

Financial Risk Management

Foreign currency sensitivity analysis

Current FY

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2025			
Euro	10%	-	-
USD	10%	-	-
2024			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Financial Risk Management

Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on

Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs (Current FY: Kshs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs (Current FY – Kshs)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

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Financial Risk Management (Continued)

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June (Current FY)				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land and Buildings	-	-	-	-
Total	-	-	-	-
As at 30th June (Previous FY)				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land and Buildings	-	-	-	-
Total	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

	2024-2025	2023-2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	15,371,898,893	13,448,861,037
Capital Reserve	764,261,716,510	698,803,092,146
Total Funds	779,633,615,403	712,251,953,183
Total Borrowings		
Less: Cash and Bank Balances	15,412,652,711	10,559,627,120
Net Debt /(Excess Cash and Cash Equivalentents)	(15,412,652,711)	(10,559,627,120)
Gearing	-	-

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35. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) Kenya Roads Board
- iii) National Land Commission
- iv) Key management.
- v) Board of directors.

	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
	-	-
Total	-	-
b) purchases from related parties		
Purchases of electricity from KPLC	33,447,935	18,247,755
Purchase of water from Nairobi City Water & Sewerage Company Ltd	4,776,253	1,250,857
Training and conference fees paid to Kenya School of Government	13,562,348	16,675,989
Total	51,786,536	36,174,601
c) Grants /transfers from the government		
Grants from national Govt	20,774,251,810	8,646,773,327
Fuel levy funds from Kenya Roads Board	28,813,217,688	27,678,092,960
KRB	29,000,000,000	-
Total	78,587,469,498	36,074,866,287

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	2024-2025	2023-2024
	Kshs	Kshs
d) Expenses incurred on behalf of other agencies		
Kenya Rural Roads Authority	21,484,504	25,024,328
Kenya Urban Roads Authority	17,710,851	20,628,957
Total	39,195,355	45,653,285
e) Key management compensation		
i) Directors' Emoluments	6,598,000	6,776,000
ii) Directors' Expenses	19,490,958	16,190,895
iii) Compensation to the CEO	11,884,116	11,889,316
iv) Compensation to key management	264,879,600	270,960,975
Total	302,852,674	305,817,186

36. Contingent Assets and Contingent Liabilities

Contingent Assets

	2024-2025	2023-2024
	Kshs	Kshs
Contingent Assets		
Accrued Interest from Housing Finance Company Ltd on Mortgage Free Funds Account*	48,174,983	-
Total	48,174,983	-

**The fund has accrued interest of Kshs.48,174,983 on the mortgage free funds account. The interest rates applicable were revised by the bank. Based on current information, Management considers the inflow of economic benefits to be probable but not yet virtually certain. Consequently, the interest has not been recognised in the financial statements and will be recorded once receipt becomes virtually certain.*

Contingent Liabilities

	2024-2025	2023-2024
	Kshs	Kshs
Contingent Liabilities		
Court Cases against the Authority	26,289,007,372	19,181,494,609
Unclaimed Interest on works and Land acquisitions	262,317,950	262,317,950
Unresolved contractual claims	5,000,000,000	5,000,000,000
Estimated Legal fees & Interest awards	131,153,540	131,153,540
Total	31,682,478,862	24,574,966,099

Notes to the Financial Statements (Continued)

37. Capital Commitments

Capital Commitments	2024-2025	2023-2024
	Kshs	Kshs
Authorised for	45,922,461,906	45,065,894,780
Authorised and Contracted for	23,741,499,161	218,843,069,921
Total	69,663,961,067	263,908,964,701

38. Surplus Remission

The Authority did not realize any distributable surplus during the year ended 30th June, 2024 and hence there was no remittance to the Consolidated Fund.

39. Events after the Reporting Period

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

40. Ultimate and Holding Entity

The Authority is a Semi- Autonomous Government Agency under the Ministry of Roads and Transport. Its ultimate parent is the Government of Kenya.

41. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor (FY 2023/2024) Report	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Lack of Ownership Documents</p> <p>The statement of financial position and as disclosed in Note 26 to the financial statements reflects an amount of Kshs. 770,377,176,814 in respect of property, plant and equipment which includes a balance of Kshs. 380,360,000 in respect of land assets. However, it was noted that two hundred and ninety-five (295) road camps occupied by the Authority are owned exclusively or jointly with other road agencies but are not formally vested to KeNHA. Management explained that they were in the process of resolving land ownership issues through the parent Ministry of Roads and Transport. The land ownership of the road camps remains unresolved as at 30, June 2024. The public land may be vulnerable to illegal alienation or illegal occupancy by illegal settlers/grabbers.</p>	<p>We agree with the Auditor's observation, However; The Authority has adequately engaged the Ministry of Lands, National Land Commission and the Ministry of Roads, Public Works, Housing and Urban Development while pursuing the ownership documents for the road camps owned either exclusively or jointly with other road agencies but are not formally vested to KeNHA. The extent of engagement is as explained below:</p> <ul style="list-style-type: none"> -The 3 Road Authorities jointly compiled an inventory for all the properties which require to be vested. -The Authorities prepared a draft vesting order for gazettment. -The draft vesting orders and the corresponding schedules were forwarded to the PS (State Department for Infrastructure) via a letter dated 11th March, 2021 (Annex 1) to facilitate their transmission to the Cabinet Secretary (the National Treasury & Planning) for gazettment of the vesting orders to the Road Authorities. 	Not Resolved	

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	<p>In the circumstances, fair value and completeness of assets balance of Kshs. 380,360,000 could not be confirmed.</p>	<p>The PS (State Department for Infrastructure) via a letter dated 10th September 2021 (Annex 2) invited all the Road Authorities and the National Land Commission for a meeting on 14th September, 2021 to discuss the issue and find a way forward. However, the meeting did not take place.</p> <p>-KeNHA wrote a letter dated 11th November, 2021 (Annex 3) requesting the PS (State Department for Infrastructure) to engage the PS (Ministry of Lands and Physical Planning) in order to convene the stakeholders meeting as proposed.</p> <p>-On 9th May, 2022, KeNHA again wrote to the then PS (State Department of Infrastructure) requesting him to convene a meeting with the relevant stakeholders to chart the way forward on the outstanding matter (Annex 4). The PS, through the letter Ref: MOR&T/R/A30.01 Vol. 1 (75) dated 6th February, 2023 requested the Authority to submit a list of Land and Property register to the Ministry of Lands. This was submitted through our letter Ref: KeNHA/04.D/Camps/V01.4/01 dated 15th February, 2023 (Annex 5).</p> <p>-Further, the Authority was requested to submit a brief of the Assets belonging to the former Ministry of Roads in preparation for a meeting to be held on 13th July, 2023 on the 12th Floor of Ardhi House. The brief was subsequently submitted through our letter Ref: KeNHA/04.D/Camps/Vol.4/16 dated 10th July, 2023 (Annex 6.) However, this planned meeting did not take place.</p> <p>PS (SDfR) wrote to the PS (SDfLPP) on 28th September, 2023 Ref: MOR&T/R/A30.5/E/B/VOL.1 (25) requesting for a status report on the process of vesting of the Land Assets belonging to the former Ministry (Annex 7).</p>		
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		<p>-The ps (SDfLPP) through the letter Ref: CLR/A/1/V01.1X/18 dated 16th October, 2023 responded by indicating that the issue of vesting of (Public) Land Assets is the responsibility of NLC and therefore NLC should take lead in handling the matter, (Annex 8).</p> <p>-NLC thus called for a consultative meeting on final survey and vesting of Land under the road sector on 14th November, 2023 through the letter Ref: NLC/8/30 dated 9th Nov. 2023, (Annex 9). The meeting recommended that the Authorities needs to share the inventory with NLC to enable NLC study and advise on the way forward.</p> <p>The PS (SDfR), NLC and the Roads Authorities had a meeting on 4th December, 2023 where it was agreed that a combined inventory of all the Land Assets/Auxilliary road Assets be shared with NLC showing status of each individual parcel for further discussion with the National Director of Physical Planning and County physical planners with an aim of preparing PDPs for them. The PDPs are prerequisites for survey to enable issuance of allotment letters and finally reservations/titles.</p> <p>-The requested register of the Land Assets was thereafter submitted to NLC on 12th January, 2024 through our letter Ref KeNHA/04.D/Camps/Vol.4/31, (Annex 10).</p> <p>-Pursuant to the National Treasury Circular No. 5 the State Department for Lands and Physical Planning has set up a team comprising technical officers from all directorates to advice public institutions and assist to fast track and ease the acquisition processes. This was communicated on 2nd September, 2024 through a letter Ref MOR&T/R/A24.28 VOL.I from ps (SDfR), (Annex 11).</p>		
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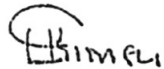
		<p>-The Authority thus nominated Mr. Michael Obop (Ag. AD (LA)) to be part of the technical team on 11th September, 2024 through the letter Ref KeNHA/04.D/S/Vol.56/32, (Annex 12).</p> <p>-An inaugural meeting involving the technical team was held on 24th September, 2024 at Ardhi House which also recommended that a soft copy of the Inventory be shared with the team from the State Department for Lands and Physical Planning.</p> <p>The Authority is therefore actively pursuing the acquisition of the ownership documents for all the land assets under its jurisdiction.</p> <p>It is therefore important to note that lack of Public Land ownership documents is a challenge affecting most Public Institutions. The National Treasury thus issued National Treasury Circular No. 5 'Acquisition of Title Deeds for Public Institution Land dated 2nd August 2024 to giving guidance on the same. The circular from the National Treasury is attached and marked as Annexe: 1</p>		
EMPHASIS OF MATTER				
	Budgetary control and performance			
1.	<p>The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.37,164,487,904 and Kshs.28,415,372,862 respectively resulting to an under-funding of Kshs.8,749,115,042 or 24% of the budget. Similarly, the authority spent an amount of Kshs.31,646,192,643 against actual receipts of</p>	<p>We agree with the auditor's observation that there was under-funding and over-expenditure of Kshs. 8,749,115,042 and Kshs 3,230,819, 781 respectively. This was as a result of changes between original and final budget due to revision of the budget to incorporate the carry overfunds from financial year 2022/2023. The amounts shown as underfunding is the shortfall of budget funds that were not received as at the end of the financial year whereas the over expenditure resulted</p>	<i>Resolved</i>	

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	Kshs.28,415,372,862 resulting to an over expenditure of Kshs.3,230,819,781 or 11% of the total receipts. The under-funding and over expenditure affected the planned activities and may have impacted negatively on service delivery to the public.	from funding activities carried out in the current financial with unspent funds from FY 2022/2023.		
2.	<p>Uncertainty of the going concern</p> <p>The statement of financial position reflects current assets and current liabilities balances ratio of 38,276,606,307 and 96,542,791,100 respectively, resulting to a negative working capital of Kshs. 58,266, 184,793. This shows that the authority is technically insolvent and may not meet her obligation when they fall due.</p> <p>Further, I draw attention to Note 37 to the financial statement which discloses a contingent reflects contingent liability balance of Kshs. 24,574,966,099 compared to Kshs.22,136,767,733 in the previous year 2022/2023 an increase of Kshs. 2,438,198,366 or 11%. Crystalization of any of the events would impact negatively and worsen the Authorities working capital status thus adversely affecting its operations.</p>	<p>We agree with the audit observation that current liabilities far outweigh current assets in the ratio of 2:1 hence portraying the Authority to be technically insolvent. This unfortunate scenario resulted from perennial shrinking of sector ceilings from FY 2017/2018 to FY 2023/2024. The shrinking of development ceilings led to significant GoK development budget cuts. These budget cuts negatively impacted on ongoing road construction projects since majority of our development projects have long implementation periods of 5 years most of which are extended beyond 8 years due to finding gaps. Such funding gaps lead to interest on delayed payments for work done, claims resulting from default by employer and elongation costs hence rise of pending bills.</p> <p>To resolve the above impasse, the government is working on alternative funding models which include annuity financing, road bond, securitizing part of the fuel levy to raise funds in the open market and Public, Private Partnerships. The Authority has also rationalized its uptake of new development projects to a bare minimum.</p>	<i>Not Resolved</i>	
Basis for Conclusion				
1.	<p>Idle Funds- Dormant bank account</p> <p>Review of the bank records revealed the authority has a gratuity bank account in which the 31 percent monthly gratuity provision is supposed to be deposited. The money is supposed to be paid to staff</p>	<p>We agree with the auditor 's observation that the Gratuity funds of Kshs.33,990,573 have been lying idle in the current account. This was occasioned by Gratuity pay-outs being made through Payroll's National Bank Salaries Account,</p>	<i>Resolved</i>	

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	<p>whose contracts expired and new provisions are made as and whenever a contract is consummated. However, the account has remained inactive with an idle balance of Kshs. 33,990,573. No satisfactory explanation was given why the idle funds could not be invested to earn income. Further, the management did not explain why gratuity transactions were not operated in this account. In the circumstances, the value could not be ascertained for the amount set aside while the amount is vulnerable to abuse or misuse.</p>	<p>going forward we shall ensure that idle funds are promptly identified and invested in call deposits in subsequent investment cycles. We remain committed to adhering to best practices in cashflow management and will continue to monitor this area to prevent similar issues in the future.</p>		
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**Eng. Luka Kimeli
Ag. Director General**

Date: 01.05.2025.....

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Appendix II: Projects implemented by Kenya National Highways Authority

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

No	Project title	Project No.	Donor	Period/ Duration	Donor commitment (Kshs)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements
1.	Horn of Africa Gateway Development Project	6768-KE	IDA	07.10.2020-30.06.2028	73,232,977,110	Yes	Yes
2.	MPARD/Mombasa Gate Bridge/SEZ	KE-P29/KE-P32/KE-P34/KE-P35	JICA	02.06.2012-31.12-2027	119,013,035,961	Yes	Yes
3.	Epc/Turn Key construction of Five Footbridges & T-Mall Flyover in Mombasa & Langata Road	KEN-01001-19 & KEN-02001-19	Spanish Government	12.11.2019-31.01.2024	4,316,858,976	Yes	Yes
4.	Regional Mombasa Port Access Project-Lot 2/Kitale-Morpus	202061919/202083939&202062065	KfW	01.08.2017-31.12.2021	20,784,349,250	Yes	Yes
5.	East Africa Regional Transport, Trade & Development Facilitation Project	5638-KE	IDA	20.07.2015-31.12.2021	49,284,758,606	Yes	Yes
6.	AfDB	2000130015238	AfDB	09.06.2017-08.05.2021	127,071,619,642	Yes	Yes
7.	China -EXIM	BLA2016K001	China -EXIM	26.11.2016-31.12.2020	36,592,023,154	Yes	Yes
8.	Regional Mombasa Port Access Project: Lot 2 Kwa Jomvu - Mariakani	84010	EIB	01.08.2017-31.12.2020	5,842,860,000	Yes	Yes

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Appendix III: Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	NUTRIP	19,140,160,545	3,141,819,952		-	-	IDA
2.	KTSSP	33,258,366,990	31,673,750,335		-	-	IDA
3.	AfDB	127,071,619,642	71,543,591,592		11,535,773,755	10,024,374,069	AfDB
4.	China -EXIM	36,592,023,154	32,728,247,744		-	-	China -EXIM
5.	EARTTDFP	49,284,758,606	48,484,450,993		3,760,000,000	3,292,921,029	IDA
6.	MPARD/Mombasa Gate Bridge/Mombasa SEZ	119,013,035,961	34,297,302,778		3,415,924,470	1,144,056,228	JICA
7.	NETIP	67,920,000,000	705,629,840		-	-	IDA
8.	HoAGDP	73,232,977,110	17,236,145,559		5,957,000,000	6,713,130,105	IDA
9.	Port Reitz/Mombasa International Airport/Magongo Road Dualling	3,213,017,504	2,981,208,689		-	-	TMEA KfW
10.	Regional Mombasa Port Access Project/Kitale-Morpus	20,784,349,250	4,755,296,973		4,908,000,000	1,641,890,263	EIB
11.	Regional Mombasa Port Access Project	5,842,860,000	2,362,606,006		1,022,642,036	963,967,966	OPEC Fund/BADEA/Saudi Fund/Kuwait Fund/Abu Dhabi
12.	Nuno-Modogashe Road Project/Samatar-Wajir	15,271,497,560	4,254,168,087		-	-	Spanish Government
13.	Epc/Turn Key construction of Five Footbridges & T-Mall Flyover in Mombasa & Langata Road	4,316,858,976	4,316,858,976		-	-	

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Appendix IV: Recording of Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specified	
A.									
RECURRENT									
Kenya Roads Board	1 Aug 2024	Recurrent	500,000,000	500,000,000					500,000,000
Kenya Roads Board	16 Sep 2024	Recurrent	4,621,470,503	4,621,470,503					4,621,470,503
Kenya Roads Board	17 Oct 2024	Recurrent	1,374,360,206	1,374,360,206					1,374,360,206
Kenya Roads Board	20 Nov 2024	Recurrent	1,461,758,207	1,461,758,207					1,461,758,207
Kenya Roads Board	13 Dec 2024	Recurrent	4,252,368,610	4,252,368,610					4,252,368,610
Kenya Roads Board	12 Feb 2025	Recurrent	2,070,428,633	2,070,428,633					2,070,428,633
Kenya Roads Board	26 Feb 2025	Development	1,050,000,000		1,050,000,000				1,050,000,000
Kenya Roads Board	1 Apr 2025	Recurrent	3,156,432,923	3,156,432,923					3,156,432,923
Kenya Roads Board	17 Apr 2025	Recurrent	1,384,191,253	1,384,191,253					1,384,191,253
Kenya Roads Board	27 May 2025	Recurrent	1,947,876,914	1,947,876,914					1,947,876,914
Kenya Roads Board	19 Jun 2025	Recurrent	2,329,185,267	2,329,185,267					2,329,185,267
Kenya Roads Board	17-Apr-25	Development	525,000,000		525,000,000				525,000,000
Kenya Roads Board	19-Jun-25	Development	525,000,000		525,000,000				525,000,000

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Kenya Roads Board	30 June 2025	Recurrent	3,615,145,172	3,615,145,172			3,615,145,172		3,615,145,172
	Total		28,813,217,688	26,713,217,688	2,100,000,000		3,615,145,172		28,813,217,688
KENYA ROADS BOARD									
	1 Apr 2025	Development	16,000,000,000		16,000,000,000				16,000,000,000
	29 Apr 2025	Development	6,500,000,000		6,500,000,000				6,500,000,000
	21 May 2025	Development	6,500,000,000		6,500,000,000				6,500,000,000
		Total	29,000,000,000		29,000,000,000				29,000,000,000
B. DEVELOPMENT									
MOR & T	27 Aug 2024	Development	500,000,000		500,000,000				500,000,000
MOR & T	4 Sep 2024	Development	1,700,000,000		1,700,000,000				1,700,000,000
MOR & T	30 Sep 2024	Development	2,000,000,000		2,000,000,000				2,000,000,000
MOR & T	18 Nov 2024	Development	500,000,000		500,000,000				500,000,000
MOR & T	20 Dec 2024	Development	648,176,514		648,176,514				648,176,514
MOR & T	4 Mar 2025	Development	416,375,963		416,375,963				416,375,963
MOR & T	19 Mar 2025	Development	500,000,000		500,000,000				500,000,000
MOR & T	9 May 2025	Development	2,759,951,372		2,759,951,372				2,759,951,372
MOR & T	16 May 2025	Development	4,000,000,000		4,000,000,000				4,000,000,000

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MOR & T	27 Jun 2025	Development	150,000,000		150,000,000				150,000,000
MOR & T	Termination of Nairobi-Nakuru-Mau Summit	Recurrent	7,315,850,525	7,315,850,525	-				7,315,850,525
MOR & T	Transfers from Development Budget Grants (30.06.2025)	Recurrent	-	362,668,170	(362,668,170)				-
MOR & T	30 Jun 2025	Development	283,897,436	-	283,897,436		283,897,436		283,897,436
	Total		20,774,251,810	7,678,518,695	13,095,733,115		283,897,436		20,774,251,810
C. Development Partner Receipts									
IDA									
	12 Jul 2024	Development	101,111,090		101,111,090				101,111,090
	29 Oct 2024	Development	212,845,046		212,845,046				212,845,046
	5 Dec 2024	Development	51,964,576		51,964,576				51,964,576
	9 Jan 2025	Development	239,466,634		239,466,634				239,466,634
	13 Feb 2025	Development	9,330,932		9,330,932				9,330,932

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	4 Mar 2025	Development	172,223,434		172,223,434				172,223,434
	Total		786,941,712		786,941,712				786,941,712
D. Direct Payments									
African Development Bank (AfDB)									
	05 August 2024	Development	84,870,908		84,870,908				84,870,908
	05 August 2024	Development	103,731,110		103,731,110				103,731,110
	05 August 2024	Development	209,348,241		209,348,241				209,348,241
	05 August 2024	Development	27,705,796		27,705,796				27,705,796
	05 August 2024	Development	17,348,903		17,348,903				17,348,903
	05 August 2024	Development	57,754,570		57,754,570				57,754,570
	05 August 2024	Development	18,000		18,000				18,000
	05 August 2024	Development	7,553,086		7,553,086				7,553,086
	05 August 2024	Development	3,281,095		3,281,095				3,281,095
	05 August 2024	Development	8,475,807		8,475,807				8,475,807
	05 August 2024	Development	2,225,753		2,225,753				2,225,753
	05 August 2024	Development	12,399,011		12,399,011				12,399,011
	05 August 2024	Development	7,771,721		7,771,721				7,771,721
	05 August 2024	Development	15,154,689		15,154,689				15,154,689
	05 August 2024	Development	1,103,968		1,103,968				1,103,968
	05 August 2024	Development	70,934,437		70,934,437				70,934,437
	05 August 2024	Development	65,016,032		65,016,032				65,016,032

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	05 August 2024	Development	216,438,652		216,438,652			216,438,652
	05 August 2024	Development	132,040,918		132,040,918			132,040,918
	05 August 2024	Development	39,663,787		39,663,787			39,663,787
	05 August 2024	Development	44,012,067		44,012,067			44,012,067
	05 August 2024	Development	98,849,149		98,849,149			98,849,149
	05 August 2024	Development	28,346,448		28,346,448			28,346,448
	05 August 2024	Development	54,512,398		54,512,398			54,512,398
	05 August 2024	Development	43,465,286		43,465,286			43,465,286
	05 August 2024	Development	151,571,256		151,571,256			151,571,256
	05 August 2024	Development	83,587,090		83,587,090			83,587,090
	05 August 2024	Development	73,554,788		73,554,788			73,554,788
	06 August 2024	Development	9,125,516		9,125,516			9,125,516
	13 August 2024	Development	1,334,306		1,334,306			1,334,306
	13 August 2024	Development	1,000,452		1,000,452			1,000,452
	13 August 2024	Development	1,454,995		1,454,995			1,454,995
	13 August 2024	Development	1,155,653		1,155,653			1,155,653
	13 August 2024	Development	1,739,198		1,739,198			1,739,198
	13 August 2024	Development	1,083,118		1,083,118			1,083,118
	13 August 2024	Development	115,781,256		115,781,256			115,781,256
	13 August 2024	Development	57,369,091		57,369,091			57,369,091
	13 August 2024	Development	46,938,347		46,938,347			46,938,347
	13 August 2024	Development	6,005,000		6,005,000			6,005,000
	21 August 2024	Development	288,355,429		288,355,429			288,355,429
	21 August 2024	Development	84,835,003		84,835,003			84,835,003
	21 August 2024	Development	33,493,597		33,493,597			33,493,597
	21 August 2024	Development	113,845,232		113,845,232			113,845,232
	06 August 2024	Development	67,186,501		67,186,501			67,186,501
	06 August 2024	Development	676,790		676,790			676,790
	06 August 2024	Development	99,604,312		99,604,312			99,604,312
	13 August 2024	Development	40,679,901		40,679,901			40,679,901
	30 August 2024	Development	1,443,765		1,443,765			1,443,765
	30 August 2024	Development	1,253,611		1,253,611			1,253,611

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	30 August 2024	Development	171,379,269		171,379,269				171,379,269
	30 August 2024	Development	50,420,278		50,420,278				50,420,278
	30 August 2024	Development	17,720,815		17,720,815				17,720,815
	30 August 2024	Development	3,450,167		3,450,167				3,450,167
	30 August 2024	Development	272,612,411		272,612,411				272,612,411
	30 August 2024	Development	80,203,361		80,203,361				80,203,361
	03 September 2024	Development	60,667,344		60,667,344				60,667,344
	03 September 2024	Development	110,010,117		110,010,117				110,010,117
	03 September 2024	Development	31,547,019		31,547,019				31,547,019
	03 September 2024	Development	24,091,697		24,091,697				24,091,697
	03 September 2024	Development	43,228,535		43,228,535				43,228,535
	03 September 2024	Development	12,985,424		12,985,424				12,985,424
	04 September 2024	Development	48,000		48,000				48,000
	04 September 2024	Development	6,554,614		6,554,614				6,554,614
	04 September 2024	Development	3,310,073		3,310,073				3,310,073
	09 September 2024	Development	783,588		783,588				783,588
	09 September 2024	Development	8,829,434		8,829,434				8,829,434
	09 September 2024	Development	3,025,570		3,025,570				3,025,570
	10 September 2024	Development	7,979,630		7,979,630				7,979,630

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	10 September 2024	Development	3,094,861		3,094,861				3,094,861
	13 September 2024	Development	5,311,320		5,311,320				5,311,320
	23 September 2024	Development	18,000		18,000				18,000
	23 September 2024	Development	6,975,023		6,975,023				6,975,023
	23 September 2024	Development	3,268,298		3,268,298				3,268,298
	01 October 2024	Development	2,272,034		2,272,034				2,272,034
	01 October 2024	Development	2,090,505		2,090,505				2,090,505
	02 October 2024	Development	5,936,663		5,936,663				5,936,663
	02 October 2024	Development	3,131,351		3,131,351				3,131,351
	02 October 2024	Development	2,832,337		2,832,337				2,832,337
	02 October 2024	Development	5,582,712		5,582,712				5,582,712
	02 October 2024	Development	687,786		687,786				687,786
	02 October 2024	Development	5,780,275		5,780,275				5,780,275
	02 October 2024	Development	1,230,078		1,230,078				1,230,078
	02 October 2024	Development	5,554,086		5,554,086				5,554,086
	02 October 2024	Development	6,431,773		6,431,773				6,431,773
	02 October 2024	Development	3,283,592		3,283,592				3,283,592
	02 October 2024	Development	7,517,897		7,517,897				7,517,897

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	02 October 2024	Development	2,265,021		2,265,021				2,265,021
	02 October 2024	Development	8,644,237		8,644,237				8,644,237
	02 October 2024	Development	3,043,137		3,043,137				3,043,137
	08 October 2024	Development	34,575,715		34,575,715				34,575,715
	08 October 2024	Development	229,708,498		229,708,498				229,708,498
	08 October 2024	Development	52,064,168		52,064,168				52,064,168
	08 October 2024	Development	8,116,908		8,116,908				8,116,908
	09 October 2024	Development	61,538,770		61,538,770				61,538,770
	09 October 2024	Development	118,343,789		118,343,789				118,343,789
	09 October 2024	Development	214,596,738		214,596,738				214,596,738
	10 October 2024	Development	19,869,835		19,869,835				19,869,835
	15 October 2024	Development	107,176,002		107,176,002				107,176,002
	15 October 2024	Development	78,919,454		78,919,454				78,919,454
	15 October 2024	Development	155,888,847		155,888,847				155,888,847
	15 October 2024	Development	96,457,111		96,457,111				96,457,111
	15 October 2024	Development	9,477,931		9,477,931				9,477,931
	16 October 2024	Development	5,297,938		5,297,938				5,297,938

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	16 October 2024	Development	3,319,524		3,319,524				3,319,524
	17 October 2024	Development	69,859,219		69,859,219				69,859,219
	17 October 2024	Development	134,344,652		134,344,652				134,344,652
	17 October 2024	Development	243,611,636		243,611,636				243,611,636
	25 October 2024	Development	1,942,008		1,942,008				1,942,008
	25 October 2024	Development	51,602,836		51,602,836				51,602,836
	25 October 2024	Development	8,044,986		8,044,986				8,044,986
	25 October 2024	Development	193,097,379		193,097,379				193,097,379
	05 November 2024	Development	8,043,174		8,043,174				8,043,174
	05 November 2024	Development	3,008,657		3,008,657				3,008,657
	06 November 2024	Development	3,271,240		3,271,240				3,271,240
	06 November 2024	Development	5,734,817		5,734,817				5,734,817
	06 November 2024	Development	18,000		18,000				18,000
	06 November 2024	Development	3,271,222		3,271,222				3,271,222
	06 November 2024	Development	3,911,103		3,911,103				3,911,103
	06 November 2024	Development	18,000		18,000				18,000
	07 November 2024	Development	29,847,270		29,847,270				29,847,270
	07 November 2024	Development	104,082,790		104,082,790				104,082,790

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	07 November 2024	Development	57,398,597		57,398,597				57,398,597
	25 November 2024	Development	9,069,450		9,069,450				9,069,450
	25 November 2024	Development	18,138,900		18,138,900				18,138,900
	27 November 2024	Development	80,591,048		80,591,048				80,591,048
	27 November 2024	Development	117,444,202		117,444,202				117,444,202
	28 November 2024	Development	36,318,215		36,318,215				36,318,215
	28 November 2024	Development	75,707,729		75,707,729				75,707,729
	28 November 2024	Development	22,741,853		22,741,853				22,741,853
	05 December 2024	Development	74,323,459		74,323,459				74,323,459
	05 December 2024	Development	149,998,254		149,998,254				149,998,254
	05 December 2024	Development	60,810,103		60,810,103				60,810,103
	10 January 2025	Development	6,053,430		6,053,430				6,053,430
	10 January 2025	Development	3,763,950		3,763,950				3,763,950
	10 January 2025	Development	5,689,050		5,689,050				5,689,050
	10 January 2025	Development	3,783,329		3,783,329				3,783,329
	10 January 2025	Development	6,513,775		6,513,775				6,513,775
	10 January 2025	Development	4,022,726		4,022,726				4,022,726
	10 January 2025	Development	7,518,724		7,518,724				7,518,724
	10 January 2025	Development	3,783,329		3,783,329				3,783,329

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	10 January 2025	Development	3,072,084		3,072,084				3,072,084
	10 January 2025	Development	9,477,931		9,477,931				9,477,931
	10 January 2025	Development	52,702,089		52,702,089				52,702,089
	10 January 2025	Development	2,272,034		2,272,034				2,272,034
	14 January 2025	Development	8,137,242		8,137,242				8,137,242
	14 January 2025	Development	3,011,036		3,011,036				3,011,036
	14 January 2025	Development	7,994,551		7,994,551				7,994,551
	14 January 2025	Development	3,008,242		3,008,242				3,008,242
	14 January 2025	Development	8,286,700		8,286,700				8,286,700
	14 January 2025	Development	3,017,408		3,017,408				3,017,408
	16 January 2025	Development	7,557,615		7,557,615				7,557,615
	16 January 2025	Development	2,072,069		2,072,069				2,072,069
	16 January 2025	Development	3,598,476		3,598,476				3,598,476
	16 January 2025	Development	3,357,246		3,357,246				3,357,246
	16 January 2025	Development	508,690		508,690				508,690
	16 January 2025	Development	2,022,022		2,022,022				2,022,022
	16 January 2025	Development	3,397,931		3,397,931				3,397,931
	16 January 2025	Development	48,000		48,000				48,000
	16 January 2025	Development	2,829,533		2,829,533				2,829,533

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	16 January 2025	Development	93,570		93,570				93,570
	16 January 2025	Development	36,348,700		36,348,700				36,348,700
	22 January 2025	Development	5,002,895		5,002,895				5,002,895
	27 January 2025	Development	5,235,891		5,235,891				5,235,891
	27 January 2025	Development	33,584,503		33,584,503				33,584,503
	27 January 2025	Development	148,175,725		148,175,725				148,175,725
	04 February 2025	Development	3,263,188		3,263,188				3,263,188
	04 February 2025	Development	3,144,163		3,144,163				3,144,163
	04 February 2025	Development	4,327,202		4,327,202				4,327,202
	06 February 2025	Development	13,909,384		13,909,384				13,909,384
	06 February 2025	Development	34,309,814		34,309,814				34,309,814
	06 February 2025	Development	17,000,358		17,000,358				17,000,358
	06 February 2025	Development	12,054,799		12,054,799				12,054,799
	07 February 2025	Development	72,930,408		72,930,408				72,930,408
	07 February 2025	Development	36,136,688		36,136,688				36,136,688
	07 February 2025	Development	29,566,381		29,566,381				29,566,381
	07 February 2025	Development	25,624,197		25,624,197				25,624,197
	12 February 2025	Development	46,594,761		46,594,761				46,594,761

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	12 February 2025	Development	84,491,834		84,491,834				84,491,834
	12 February 2025	Development	24,229,276		24,229,276				24,229,276
	27 February 2025	Development	86,420,945		86,420,945				86,420,945
	27 February 2025	Development	156,709,980		156,709,980				156,709,980
	27 February 2025	Development	44,938,891		44,938,891				44,938,891
	04 March 2025	Development	1,966,485		1,966,485				1,966,485
	04 March 2025	Development	1,966,485		1,966,485				1,966,485
	04 March 2025	Development	5,899,454		5,899,454				5,899,454
	04 March 2025	Development	3,932,969		3,932,969				3,932,969
	04 March 2025	Development	3,932,969		3,932,969				3,932,969
	18 March 2025	Development	2,972,217		2,972,217				2,972,217
	18 March 2025	Development	18,000		18,000				18,000
	18 March 2025	Development	2,264,032		2,264,032				2,264,032
	26 March 2025	Development	66,415,479		66,415,479				66,415,479
	26 March 2025	Development	41,588,252		41,588,252				41,588,252
	26 March 2025	Development	138,447,473		138,447,473				138,447,473
	26 March 2025	Development	9,177,710		9,177,710				9,177,710

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	26 March 2025	Development	58,868,450		58,868,450				58,868,450
	26 March 2025	Development	259,729,176		259,729,176				259,729,176
	01 April 2025	Development	113,258,681		113,258,681				113,258,681
	01 April 2025	Development	12,683,612		12,683,612				12,683,612
	01 April 2025	Development	15,838,474		15,838,474				15,838,474
	14 April 2025	Development	76,116,472		76,116,472				76,116,472
	14 April 2025	Development	258,721,014		258,721,014				258,721,014
	14 April 2025	Development	33,849,989		33,849,989				33,849,989
	14 April 2025	Development	1,797,931		1,797,931				1,797,931
	14 April 2025	Development	15,476,025		15,476,025				15,476,025
	05 May 2025	Development	10,227,543		10,227,543				10,227,543
	05 May 2025	Development	3,013,081		3,013,081				3,013,081
	05 May 2025	Development	3,013,081		3,013,081				3,013,081
	05 May 2025	Development	8,738,729		8,738,729				8,738,729
	05 May 2025	Development	844,729		844,729				844,729
	05 May 2025	Development	48,000		48,000				48,000
	05 May 2025	Development	2,853,396		2,853,396				2,853,396
	05 May 2025	Development	2,325,374		2,325,374				2,325,374

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	05 May 2025	Development	18,000		18,000			18,000
	05 May 2025	Development	3,272,734		3,272,734			3,272,734
	05 May 2025	Development	320,000,000		320,000,000			320,000,000
	30 May 2025	Development	4,251,200		4,251,200			4,251,200
	30 May 2025	Development	6,376,800		6,376,800			6,376,800
	16 June 2025	Development	13,132,237		13,132,237			13,132,237
	16 June 2025	Development	2,114,582		2,114,582			2,114,582
	16 June 2025	Development	6,461,518		6,461,518			6,461,518
	16 June 2025	Development	6,461,518		6,461,518			6,461,518
	16 June 2025	Development	6,296,000		6,296,000			6,296,000
	24 June 2025	Development	102,540,166		102,540,166			102,540,166
	27 June 2025	Development	737,706		737,706			737,706
	27 June 2025	Development	866,250		866,250			866,250
	27 June 2025	Development	1,526,250		1,526,250			1,526,250
	27 June 2025	Development	3,941,469		3,941,469			3,941,469
	27 June 2025	Development	2,480,847		2,480,847			2,480,847
	27 June 2025	Development	382,500		382,500			382,500
	27 June 2025	Development	5,071,180		5,071,180			5,071,180
	30 June 2025	Development	8,682,770		8,682,770			8,682,770
	30 June 2025	Development	3,009,558		3,009,558			3,009,558
	30 June 2025	Development	9,902,345		9,902,345			9,902,345

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	30 June 2025	Development	3,009,558		3,009,558			3,009,558
	Total		9,148,609,637		9,148,609,637			9,148,609,637
JICA								
	10 July 2024	Development	12,312,705		12,312,705			12,312,705
	10 July 2024	Development	4,491,228		4,491,228			4,491,228
	10 July 2024	Development	6,282,373		6,282,373			6,282,373
	10 July 2024	Development	15,030,133		15,030,133			15,030,133
	02 August 2024	Development	12,723,735		12,723,735			12,723,735
	02 August 2024	Development	4,512,615		4,512,615			4,512,615
	02 August 2024	Development	393,261,570		393,261,570			393,261,570
	02 August 2024	Development	399,599,652		399,599,652			399,599,652
	15 August 2024	Development	5,776,575		5,776,575			5,776,575
	15 August 2024	Development	12,945,662		12,945,662			12,945,662
	14 October 2024	Development	170,283,362		170,283,362			170,283,362
	15 October 2024	Development	8,889,738		8,889,738			8,889,738
	15 October 2024	Development	12,475,690		12,475,690			12,475,690
	15 October 2024	Development	9,775,838		9,775,838			9,775,838
	15 October 2024	Development	13,123,614		13,123,614			13,123,614

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	31 January 2025	Development	8,835,177		8,835,177				8,835,177
	31 January 2025	Development	465,793		465,793				465,793
	31 January 2025	Development	11,198,488		11,198,488				11,198,488
	05 February 2025	Development	8,052,700		8,052,700				8,052,700
	18 March 2025	Development	3,023,310		3,023,310				3,023,310
	18 March 2025	Development	7,448,911		7,448,911				7,448,911
	28 March 2025	Development	8,811,364		8,811,364				8,811,364
	28 March 2025	Development	9,580,579		9,580,579				9,580,579
	28 March 2025	Development	11,134,934		11,134,934				11,134,934
	28 March 2025	Development	10,925,170		10,925,170				10,925,170
	28 March 2025	Development	5,491,920		5,491,920				5,491,920
	28 March 2025	Development	4,604,577		4,604,577				4,604,577
	28 March 2025	Development	1,299,505		1,299,505				1,299,505
	28 March 2025	Development	2,979,718		2,979,718				2,979,718
	28 March 2025	Development	2,656,921		2,656,921				2,656,921
	28 March 2025	Development	2,900,130		2,900,130				2,900,130
	28 March 2025	Development	1,237,287		1,237,287				1,237,287
	28 March 2025	Development	2,238,918		2,238,918				2,238,918
	28 March 2025	Development	2,550,256		2,550,256				2,550,256

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	28 March 2025	Development	2,904,339		2,904,339				2,904,339
	28 March 2025	Development	996,767		996,767				996,767
	28 March 2025	Development	459,242		459,242				459,242
	16 May 2025	Development	60,000,000		60,000,000				60,000,000
	16 June 2025	Development	3,555,295		3,555,295				3,555,295
	16 June 2025	Development	3,352,255		3,352,255				3,352,255
	16 June 2025	Development	4,718,872		4,718,872				4,718,872
	16 June 2025	Development	11,920,938		11,920,938				11,920,938
	Total		1,274,827,856		1,274,827,856				1,274,827,856
KFW		Development	31,774,680		31,774,680				31,774,680
		Development	163,225,849		163,225,849				163,225,849
		Development	52,214,861		52,214,861				52,214,861
		Development	8,271,538		8,271,538				8,271,538
		Development	15,762,398		15,762,398				15,762,398
		Development	96,029,982		96,029,982				96,029,982
		Development	18,693,865		18,693,865				18,693,865
		Development	8,520,439		8,520,439				8,520,439
		Development	16,306,318		16,306,318				16,306,318

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		Development	171,018,721		171,018,721			171,018,721
		Development	33,291,694		33,291,694			33,291,694
		Development	7,456,064		7,456,064			7,456,064
		Development	14,841,433		14,841,433			14,841,433
		Development	28,153,777		28,153,777			28,153,777
		Development	144,625,350		144,625,350			144,625,350
		Development	17,428,356		17,428,356			17,428,356
		Development	8,579,837		8,579,837			8,579,837
		Development	29,195,975		29,195,975			29,195,975
		Development	155,394,738		155,394,738			155,394,738
		Development	131,373,760		131,373,760			131,373,760
		Development	25,574,130		25,574,130			25,574,130
		Development	7,875,000		7,875,000			7,875,000
		Development	203,414,100		203,414,100			203,414,100
		Development	39,598,004		39,598,004			39,598,004
		Development	9,977,050		9,977,050			9,977,050
		Development	9,374,564		9,374,564			9,374,564
		Development	19,363,893		19,363,893			19,363,893
		Development	29,076,878		29,076,878			29,076,878
		Development	154,760,849		154,760,849			154,760,849
		Development	34,400		34,400			34,400
		Development	27,187,505		27,187,505			27,187,505
		Development	121,337,835		121,337,835			121,337,835
	Total		1,799,733,845		1,799,733,845			1,799,733,845
IDA								
	01 July 2024	Development	159,979,092		159,979,092			159,979,092
	01 July 2024	Development	206,620,440		206,620,440			206,620,440
	31 July 2024	Development	379,869,236		379,869,236			379,869,236

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	31 July 2024	Development	212,592,538		212,592,538				212,592,538
	31 July 2024	Development	91,111,088		91,111,088				91,111,088
	31 July 2024	Development	204,544,973		204,544,973				204,544,973
	06 August 2024	Development	250,813,649		250,813,649				250,813,649
	06 August 2024	Development	135,053,503		135,053,503				135,053,503
	13 August 2024	Development	153,517,805		153,517,805				153,517,805
	13 August 2024	Development	65,793,345		65,793,345				65,793,345
	03 September 2024	Development	199,472,103		199,472,103				199,472,103
	03 September 2024	Development	107,408,056		107,408,056				107,408,056
	10 September 2024	Development	176,299,446		176,299,446				176,299,446
	10 September 2024	Development	75,556,905		75,556,905				75,556,905
	07 October 2024	Development	194,068,292		194,068,292				194,068,292
	07 October 2024	Development	83,172,125		83,172,125				83,172,125
	08 October 2024	Development	41,464,914		41,464,914				41,464,914
	08 October 2024	Development	271,950,912		271,950,912				271,950,912
	09 October 2024	Development	3,494,016		3,494,016				3,494,016
	09 October 2024	Development	7,003,664		7,003,664				7,003,664
	09 October 2024	Development	7,865,131		7,865,131				7,865,131
	09 October 2024	Development	8,386,666		8,386,666				8,386,666
	09 October 2024	Development	7,522,621		7,522,621				7,522,621
	09 October 2024	Development	7,866,479		7,866,479				7,866,479
	15 October 2024	Development	102,959,443		102,959,443				102,959,443
	15 October 2024	Development	96,549,865		96,549,865				96,549,865
	23 October 2024	Development	33,637,368		33,637,368				33,637,368
	23 October 2024	Development	154,162,699		154,162,699				154,162,699
	23 October 2024	Development	5,714,938		5,714,938				5,714,938
	23 October 2024	Development	27,237,012		27,237,012				27,237,012
	29 October 2024	Development	54,828,622		54,828,622				54,828,622
	29 October 2024	Development	127,933,405		127,933,405				127,933,405
	08 November 2024	Development	172,366,818		172,366,818				172,366,818
	08 November 2024	Development	73,871,493		73,871,493				73,871,493
	18 November 2024	Development	322,400,240		322,400,240				322,400,240

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	18 November 2024	Development	173,600,129		173,600,129			173,600,129
	28 November 2024	Development	221,313,187		221,313,187			221,313,187
	28 November 2024	Development	94,848,509		94,848,509			94,848,509
	18 December 2024	Development	286,362,140		286,362,140			286,362,140
	18 December 2024	Development	305,639,584		305,639,584			305,639,584
	09 January 2025	Development	6,908,438		6,908,438			6,908,438
	09 January 2025	Development	45,309,577		45,309,577			45,309,577
	09 January 2025	Development	6,908,438		6,908,438			6,908,438
	09 January 2025	Development	45,309,577		45,309,577			45,309,577
	09 January 2025	Development	61,698,320		61,698,320			61,698,320
	09 January 2025	Development	26,442,141		26,442,141			26,442,141
	13 January 2025	Development	26,442,141		26,442,141			26,442,141
	13 January 2025	Development	61,698,320		61,698,320			61,698,320
	14 January 2025	Development	200,000,336		200,000,336			200,000,336
	14 January 2025	Development	107,692,488		107,692,488			107,692,488
	21 January 2025	Development	147,219,027		147,219,027			147,219,027
	28 January 2025	Development	300,381,665		300,381,665			300,381,665
	06 February 2025	Development	68,265,088		68,265,088			68,265,088
	06 February 2025	Development	159,285,175		159,285,175			159,285,175
	20 February 2025	Development	150,587,290		150,587,290			150,587,290
	26 February 2025	Development	217,582,203		217,582,203			217,582,203
	04 March 2025	Development	285,809,966		285,809,966			285,809,966
	04 March 2025	Development	153,897,674		153,897,674			153,897,674
	14 March 2025	Development	26,000,000		26,000,000			26,000,000
	20 March 2025	Development	184,633,068		184,633,068			184,633,068
	20 March 2025	Development	79,128,458		79,128,458			79,128,458
	28 May 2025	Development	492,616,993		492,616,993			492,616,993
	28 May 2025	Development	70,760,172		70,760,172			70,760,172
	Total		8,229,429,002		8,229,429,002			8,229,429,002

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EU									
	28 May 2025	Development	23,349,197		23,349,197				23,349,197
	Total		23,349,197		23,349,197				23,349,197
	Total for Development Partners(C+D)		21,262,891,249		21,262,891,249				21,262,891,249

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Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized		Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Total Transfers during the Year
KENYA ROADS BOARD	(Appendix IV)	Recurrent	28,813,217,688	26,713,217,688	2,100,000,000	28,813,217,688
KRB Securitization	(Appendix IV)	Development	29,000,000,000	-	29,000,000,000	29,000,000,000
MOR & T	(Appendix IV)	Development	20,774,251,810	7,678,518,695	13,095,733,115	20,774,251,810
IDA	(Appendix IV)	Donor Fund	786,941,712	-	786,941,712	786,941,712
Others	(Appendix IV)	Direct Payment	20,475,949,537	-	20,475,949,537	20,475,949,537
Total			99,850,360,747	34,391,736,383	65,458,624,364	99,850,360,747

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Appendix V- Inter-Entity Confirmation Letter

Name of Transferring entity Ministry of Roads & Transport


Name of Beneficiary entity

Kenya National Highways Authority Headquarters
Barabara Plaza, Jomo Kenyatta International Airport (JKIA),
Off Mazao Road
P.O. Box 49712 - 00100
Nairobi, Kenya

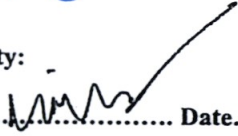
Confirmation of amounts received by Kenya National Highways Authority as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
As per Schedules above		34,391,736,383	65,458,624,364	99,850,360,747	
Total		34,391,736,383	65,458,624,364	99,850,360,747	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name CPA Sophie Mwaghashi..... Sign  Date 4th Dec, 2025

Head of Accounts Department - Beneficiary Entity:

Name CPA Isaac Karumba..... Sign  Date 04 DEC 2025