REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
KENYA TRANSPORT SECTOR SUPPORT
PROJECT IDA CREDIT
NO. 4926 – KE AND 5410 – KE
FOR THE YEAR ENDED
30 JUNE 2015
KENYA AIRPORTS AUTHORITY
KENYA TRANSPORT SECTOR SUPPORT PROJECT (KTSSP)

KENYA AIRPORTS AUTHORITY

CREDIT NUMBER No. 4926-KE and 5410-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2015
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1. BOARD OF DIRECTORS AND COMPANY INFORMATION

1.1 BOARD DIRECTORS

KENYA AIRPORTS AUTHORITY BOARD OF DIRECTORS 2014-2015

1. IG. (Rtd) David Kimaiyo, MGH, CBS -Chairman -Appointed on 31/12/2014
2. Prof. Mutuma Mugambi, MBS -Chairman -Retired on 31/12/2014)
3. Mr. Yatieh Kangugo -Ag. Managing Director -Appointed on 01/04/2015
4. Ms. Lucy Mbugua -Managing Director –Ceased on 26/06/2015
5. Mr. Hassan M. Kulow -Director -Appointed on 04/03/2013
6. Mr. Gabriel Kivuti -Director -Appointed on 04/03/2013
7. Mr. Kevin Kariuki Kihara -Director -Appointed on 21/04/2015
8. Capt. Bootsy Mutiso -Director -Appointed on 21/04/2015
9. Mr. Nduva Muli
   Principal Secretary
   Ministry of Transport and Infrastructure
   -Director
10. Dr. Kamau Thugge, EBS
    Principal Secretary
    National Treasury
    -Director
11. Amb.(Dr) Monica K. Juma, EBS - Director -Appointed on 08/04/2015
    Principal Secretary
    Ministry of Interior & Coordination
    Of National Government
12. Mr. Nicholas Bodo -Alternate Director
    Department of Transport
    Ministry of Transport and Infrastructure
13. Mr. Joseph Irunu, EBS -Alternate Director
    Ministry of Interior & Coordination
    of National Government
14. Mrs. Beatrice Gathirwa -Alternate Director
    National Treasury
Corporation Secretary/General Counsel

CS Katherine N. Kisila
Airport North Road
P. O. Box 19001-00501
NAIROBI

BOARD COMMITTEES

STAFF COMMITTEE OF THE BOARD
1. Mr. Hassan M. Kulow - Chairman
2. Mr. Nicholas Bodo
3. Mr. Joseph Iru ngu, EBS
4. Capt. Bootsy Mutiso
5. Managing Director

FINANCE COMMITTEE OF THE BOARD
1. Mr. Kevin K. Kihara - Chairman
2. Mr. Nicholas Bodo
3. Mrs. Beatrice Gathirwa
4. Managing Director

TECHNICAL COMMITTEE OF THE BOARD
1. Capt. Bootsy Mutiso - Chairman
2. Mr. Nicholas Bodo
3. Mrs. Beatrice Gathirwa
4. Managing Director

AUDIT COMMITTEE OF THE BOARD
1. Mr. Gabriel Kivuti - Chairman
2. Mr. Kevin K. Kihara
3. Mr. Joseph Iru ngu, EBS
4. Mrs. Beatrice Gathirwa

SECURITY COMMITTEE OF THE BOARD
1. Mr. Joseph Iru ngu, Ebs - Chairman
2. Mr. Hassan M. Kulow
3. Mr. Nicholas Bodo
4. Capt. Bootsy Mutiso
5. Managing Director
Registered Office/ Corporate Headquarter

Kenya Airports Authority - Headquarters
Airport North Road
P.O Box 19001-00501
NAIROBI
Tel: 6611000/6612000/822111
Fax: 020-822078
Email: info@kaa.go.ke
Website: www.kaa.go.ke

BRANCH NETWORK

Jomo Kenyatta International Airport
P. O. Box 19087-00501
NAIROBI
Tel: 020-822111

Moi International Airport
P. O. Box 93904-80115
MOMBASA
Tel: 041-3433211

Eldoret International Airport
P. O. Box 2323
ELDORET
Tel: 053-63377/63844/5

Wilson Airport
P. O. Box 19005
P. O. Box 19005
NAIROBI
Tel: 020-501941/2/3

Kisumu International Airport
P. O. Box 13
KISUMU
Tel: 057-41976

Malindi Airport
P. O. Box 67
MALINDI
Tel: 042-31201

Wajir Airport
P. O. Box 512
WAJIR
Tel: 046-421019
KENYA AIRPORTS AUTHORITY WORLD BANK FUNDED PROJECT ACCOUNTS KENYA TRANSPORT SECTOR SUPPORT PROJECT (KTSSP)

Reports and Financial Statements
For the financial year ended June 30, 2015

Lokichogio Airport
P. O. Box 88
LOKICHOGIO
Tel: 054-32266

Ukunda Airstrip
P. O. Box 139
KWALE
Tel: 040-3202126

Manda Airstrip
P. O. Box 167
LAMU
Tel: 042-633018

Kitale Airstrip
P. O. Box 1718
KITALE
Tel: 054- 31017

PRINCIPAL BANKERS
Barclays Bank of Kenya limited
Enterprise Road Branch
P. O. Box 18060-Nairobi
NAIROBI
Tel: +254-020-530700-1, Fax: 020-543388.

Citibank N.A
Upper Hill Branch
P.O Box 30711-00100
NAIROBI
Tel: +254-020-2754800
Fax: 020-2714810-1,

Family Bank Limited
Family Bank Towers-Corporate Branch
P.O.Box 74145-00200
NAIROBI
Tel: +254-020-318173, Fax: 020-318174.

Kenya Commercial Bank
Moi Avenue Branch
P.O.Box 48400-00100
NAIROBI
Tel: +254 327000, Fax: 2216405

National Bank of Kenya Limited
Jomo Kenyatta International Branch
P. O. Box 19230-00501-GPO Nairobi, Kenya
Tel: +254-020-827286, 0710-223623, Fax 020-827254
KENYA AIRPORTS AUTHORITY WORLD BANK FUNDED PROJECT
ACCOUNTS KENYA TRANSPORT SECTOR SUPPORT PROJECT (KTSSP)

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Standard Chartered Bank of Kenya limited
Kenyatta Avenue Branch
P.O. Box 30001-00100
NAIROBI.
Tel: +254-020-329400, Fax 020-2213233

Equity Bank Limited
Equity Centre,
P.O Box 75104-00200
Nairobi, Kenya
Tel: +254-020-226200
Fax 020-2737276

NIC Bank Limited
NIC House, Masaba Road
P.O Box 44599-00100
Nairobi, Kenya
Tel: +254-020-2888217
Fax 020-2888350

INDEPENDENT AUDITOR
Auditor General
Kenya National Audit Office
Anniversary Towers
NAIROBI
Tel: +254-20-335777
Fax: +254-20-330829
1.2 COMPANY INFORMATION

THE BOARD OF DIRECTORS

IG. (Rtd) David Kimaiyo, MGH, CBS
Appointed on 31/12/2014
Master of Science in Criminology & Criminal Justice, Master of Theology,
Bachelor of Theology, Bachelor of Arts in Criminology & Criminal Administration.
Retired Inspector General National Police Service (NPS),
Director/Coordinator, Kenya National Focal Point, Senior Deputy Secretary,
Coordinator, Kenya National Focal Point and Director of Inspections Establishment and Manpower.

Prof. Mutuma Mugambi, MBS
Retired on 31/12/2014
MB, ChB, PhD,
Post graduate Diploma in Cardiology
He has been a director, Clinical Research Centre, Director, Kenya Medical Research Institute (KEMRI);
Director, Institute of Primate Research (IPR); Director, Ciba Geigy; Vice Chancellor,
Kenya Methodist University; Vice Chancellor, Riara University.

Mr. Yatich Kangugo
Ag. Managing Director-Appointed on 1/04/2015
MBA in Energy and Environment,
Bachelor of Education,
Post Graduate Diploma in Journalism.
THE BOARD OF DIRECTORS (Continued)

Ms. Lucy Mbugua
Managing Director- Ceased on 26/06/2015

MBA in Aviation,
Bachelor of Commerce in Marketing,
Postgraduate Diploma in Sales and Marketing.

Capt. Bootsy Mutiso

Diploma in Airport Operations.
Currently Managing Director, Flex Air Charters. He has worked with World Food Program me (Sudan), East African Safari Air, Eagle Aviation, and Kenya Air Force (flying wing).

Katherine N. Kisila, NDC (K)
Corporation Secretary/General Counsel (Appointed on 9th July 2014)

Master of Arts in International Studies;
Bachelor of Laws (LLB); Bachelor of Arts (Econ& Soc)
Certified Public Secretary (CPS-K);
Advocate of the High Court
THE BOARD OF DIRECTORS (Continued)

Mr. Hassan Maalim Kulow

Master of Arts in Philosophy and Religious studies
Bachelor of Education,
Diploma in Education.

Amb.(DR) Monica K. Juma, EBS
Alternate Director,
Secretary, State Department of Interior Amb. PhD of Philosophy, Master of Arts (MA) and Bachelor of Arts (BA) and Certificate in Refugees. She is also currently a Senior Research Fellow at the Department of Political Science; Kenya's Ambassador Extra-Ordinary and Plenipotentiary to the Federal Democratic Republic of Ethiopia, the Republic of Djibouti and Permanent Representative to the African Union, Inter-Governmental Authority on Development (IGAD) and United Nations Economic Commission for Africa (UNECA).has served as the Executive Director at the Africa Institute of South Africa (AISA), Pretoria.

Dr. Kamau Thugge, EBS

Principal Secretary, National Treasury
PhD in Economics
Master of Arts (Economics)
Bachelor of Arts (Economics)
He has worked with the International Monetary Fund (IMF).
THE BOARD OF DIRECTORS (Continued)

Mr. Kevin Kariuki Kihara
Master of International Public Policy,
Bachelor of Arts, Government and Economics
Real Estate Finance Certificate.
Currently Head of Strategy, performance and Market
Development, Company for Habitat and housing in Africa
(Shelter-Africque) Nairobi Kenya: General Manager-
Business Development, Housing Finance Company of
Kenya Ltd Nairobi, Kenya: Senior Manager, Innovation and
Strategic Partnerships, Family Bank Ltd Kenya:
Relationship Manager, Family Bank Ltd, Kenya: Operations & Research Analyst, Kingdom
Zephyr Africa Management Company in Washington DC.

Mrs. Beatrice Gathirwa
Alternate Director, National Treasury.
Masters of Business Administration
Bachelor of Commerce (Accounting option)
Certified Public Accountant (CPA-K),
Member of the Institute of the Certified Accountants of
Kenya and Secretariat of the Public Accounting Standards
Board.
She is Senior Deputy Accountant General/ Director
Investment- Currently working in the Department of
Government Investment and Public Enterprises in The
National Treasury.
THE BOARD OF DIRECTORS (Continued)

Mr. Gabriel Comba Kivuti
Bachelor of Arts Psychology and Philosophy,
Member of Professional Associations and Directorships,
Member of the Institute of Directors (K).
He is a Credit, Structured Trade and Trade Finance Expert
whose Banking career began about 27 years ago. He has
worked in senior positions of local, regional and
international banks which include Standard Chartered
Bank and the regional PTA Bank. He has provided his
expertise on an advisory capacity to Government,
International Organizations, private sector actors covering
the coffee sector, tea sector, agro-forestry, SME and Micro-

Finance as well as Trade Finance
training and capacity building. He is on the team of experts offering training and capacity building
for the World Bank Institute [WBI], International Finance Corporation [IFC] and more recently
for Multilateral Investment Guarantee Agency [MIGA] as a recognized Business Finder. He has
extensive local, regional and international experience featuring the successful Privatization of
three state owned enterprises in Malawi, Tanzania and Uganda

Mr. Joseph Wairagu Irungu
Alternate Director, Ministry of Interior & Coordination
Master in Business Administration,
Bachelor of Arts Degree.
He is the Secretary of Administration in charge of Internal
Security, Ministry Interior and Coordination of National
Government: He was a Director of Administration, Ministry of
Interior and Coordination of National Government, Office of the
President: Senior Deputy Provincial Commissioner, Lower
Central Province Region (Thika: Deputy Provincial
Commissioner, Nyanza Province; District Commissioner, Bungoma District: District Officer
in Nyanza, Coast and Central Provinces and Assistant Secretary, Ministry of Local
Government.
THE BOARD OF DIRECTORS (Continued)

Mr. Nduva Muli
Principal Secretary,
Ministry of Transport & Infrastructure.

Master’s in Business Administration,
Bachelor’s degree in Land Economics,
He has extensive experience in Leadership strategy
development and implementation.
He was the Managing Director of Kenya Railways Corporation.

Mr. Nicholas Bodo
Alternate Director, Ministry of Transport & Infrastructure.

Bachelor of Arts,
Certified Public Secretary of Kenya, (CPS-K)
Graduate Diploma in Aviation Management.

Currently pursuing a Master of Business Administration from
Laikipia University. He is the Deputy Director, Air Transport
in the Ministry of Transport and Infrastructure and also heads
the Air Transport Division in the Ministry of Transport and
Infrastructure. He has also been Acting Director General,
Kenya Civil Aviation Authority from December, 2008 to July, 2009. He was an Assistant
Secretary III: Senior Assistant Secretary and also Chief Air Transport Officer.
SENIOR MANAGEMENT TEAM

Mr. Yatieh Kangugo
Ag. Managing Director - Appointed on 1/04/2015
MBA in Energy and Environment
Bachelor of Education
Post Graduate Diploma in Journalism

Lucy Mbugua
Managing Director - Ceased on 26/06/2015
MBA in Aviation
Bachelor of Commerce in Marketing
Postgraduate Diploma in Sales and Marketing

John Thumbi
General Manager, Finance - Ceased on 26/06/2015
MBA (Exec),
Bachelor of Commerce Accounting,
ACA, CPA (K).
Member of Institute of Chartered Accountants in England & Wales;
Member of Institute of Certified Public Accountants of Kenya.
KENYA AIRPORTS AUTHORITY WORLD BANK FUNDED PROJECT
ACCOUNTS KENYA TRANSPORT SECTOR SUPPORT PROJECT (KTSSP)

Reports and Financial Statements
For the financial year ended June 30, 2015

SENIOR MANAGEMENT TEAM (Continued)

Patrick Chonde
Ag. General Manager, Finance -Appointed on 20/05/2015
MBA in Finance,
Bachelor of Commerce, Accounting option,
Certified Public Accountant (CPA-K),
Member of Institute of Certified Public Accountants of Kenya.
International Airport Professional (IAP).

Ken Kaunda
General Manager, H RD- Ceased on 18/06/2015
Bachelor of Arts,
Post Graduate Diploma Human Resource Management.

Juliet Otieno
Ag. General Manager, HRD Appointed on 18/06/2015
Bachelor of Arts Degree, Technology and Managements,
Postgraduate Diploma in Human Resource Management,
Diploma in Counselling,
Member of the Institute of Human Resource Management,
Associate member of the Kenya Institute of Management.
KENYA AIRPORTS AUTHORITY WORLD BANK FUNDED PROJECT
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SENIOR MANAGEMENT TEAM (Continued)

Eric Kiraithie
General Manager, Security & Safety Services
MBA in Strategic Management
Bachelor of Arts,

Philemon Chamwanda
General Manager, Projects & Engineering Services
Master of Science in construction engineering
Bachelor of Science in Civil Engineering,
Member of Engineers Registration Board(ERB) and Institute of Engineers of Kenya(IEK)

Margaret Muraya
Ag. General Manager, Procurement & Logistics Appointed on 27/8/2013
Bachelor’s Degree in Economics and Sociology
Post Graduate Diploma in Supplies Management
SENIOR MANAGEMENT TEAM (Continued)

Samson Kimilu
General Manager Risk Management & Internal Audit
MBA in Strategic Management and Finance
Bachelor of Science in Business Administration
Certified Public Accountant (CPA-K)
International Airport Professional (IAP),
Member of Institute of Certified Public Accountants of Kenya

Katherine N. Kisila, NDC (K)
Corporation Secretary/General Counsel
Master of Arts, International Studies;
Bachelor of Laws (LLB); Bachelor of Arts (Econ & Soc)
Certified Public Secretary (CPS-K);
Advocate of the High Court;

Bernard K. Mogambi
Ag. General Manager, Marketing & Business Development
MBA in Marketing
Bachelor of Commerce and Business Administration,
International Airport Professional (IAP)
SENIOR MANAGEMENT TEAM (Continued)

Kasaine Ole Pertet
General Manager, Information and Communication Technology
MBA in Finance
Bachelor’s Degree in Mathematics
Certified Public Accountant (CPA-K)
Member of Institute of Certified Public Accountants of Kenya

Henry Ogoye
Head of Corporate Planning
MBA in Finance and MA(Economics), Diploma Financial Management and Bachelor of Arts (Maths and Economics)
1.3 COMPANY INFORMATION

Incorporation
Kenya Airports Authority is a body corporate in Kenya formed under the Kenya Airports Authority Act Cap 395, and is domiciled in Kenya.

Principal Activities
The principal activities of Kenya Airports Authority are:

- To construct, operate and maintain aerodromes and other related facilities;
- To construct or maintain aerodromes on an agency basis on the request of any Government department;
- To provide such other amenities or facilities for passengers and other persons making use of the services or the facilities provided by the Authority;
- Construct any other necessary or desirable works required for the purposes of the Authority;
- Control the construction and use of prescribed aerodromes;
- Carry on any business that may be necessary or desirable for the purposes of the Authority and act as an agent for the Government in the provision of any agreed functions;
- Acquire, construct, manufacture, maintain or repair any works, plants or apparatus necessary or desirable for the purposes of the Authority;
- Determine, impose and levy rates, charges, dues or fees for any services performed by the Authority, or for use by any person of the facilities provided by the Authority, or for the grant to any person of a licence, permit or certificate.
1.4 PROJECT INFORMATION AND OVERALL PERFORMANCE

Project Name: Kenya Transport Sector Project (KTSSP).

Objective: The objective of the project is to enhance aviation safety and security to meet international standards.

Address: The address of registered office is:

Kenya Airports Authority- Headquarters
Airport North Road
P.O Box 19001-00501
NAIROBI

Tel: 6611000/6612000/822111
Fax: 020-822078
Email: info@kaa.go.ke
Website: www.kaa.go.ke

1.5 PROJECT INFORMATION
The Kenya Airports Authority (KAA) component of the project is part of the IDA financed Kenya Transport Sector Support Credit No 4926-KE (Support to Major Airports under category C1) and Credit No 5410-KE (Emergency Activities at JKIA under category C2) that the Government of Kenya signed on May 23, 2011 (Original credit) and March 31, 2014 (Additional credit) for the purpose of financing development projects in the then Roads & Transport Ministries. KAA is one of the implementing agencies in the Aviation sector.

COMPONENTS

The Kenya Airports Authority project components comprise the following:

a) Civil works
b) Goods, Equipment & Vehicles
c) Consultancy and training

SUPPORT TO MAJOR AIRPORTS UNDER CATEGORY C1

A) Civil Works

1. Power Supply Up-grade at Moi International Airport, Mombasa.
The scope of power supply up-grade includes but is not limited to the following:

a. Review loading of all transformers at substations A, B and C.
b. Improve availability, reliability and stability of power distribution system (e.g. Provide adequate redundancy of the system).
c. Replace all 11KV ring cables.
d. Replace all LV switchgear and sub-main cables.
e. Evaluate status of all LV boards.
f. Design new 33/11KV substation.
g. Design a well-integrated change-over system for the incoming feeders and the backup generators with consideration of the worst scenarios on the distribution.
h. Expand existing AGL SCADA system to incorporate power distribution, standby power, and terminal lighting energy management (including extension of fibre cable backbone).
i. Rehabilitate all the substations and their associated drainage works
j. Review the 11KV electrical installations and update drawings.
k. Provision fault location instruments for H.V system.
l. For both power supply and AGL to carry out a complete survey and mapping of the airport system.

B) Consultancy and Training
1. Design and Supervision of power upgrade for MIA
The scope involves design consultancy and to provide project management and quality assurance during rehabilitation.

2. Supervision of Rehabilitation of Runway and Remediation of Sink Holes at MIA
The consultant is to provide project management and quality assurance during rehabilitation.

3. Design and Supervision of Water Supply and Reticulation at JKIA and MIA
The scope comprises of preparation of tender documents, attendance of tendering and works supervision.

4. Training and Capacity Building
The training component is to enhance capacity building in project management, security operations, engineering services, procurement and financial management.
SUPPORT TO EMERGENCY ACTIVITIES AT JKIA UNDER CATEGORY C2
A) Civil Works
1. Design, Supply and Installation of pre-fabricated;
   a) Level 1 Departure and Transit Lounge at Terminal 1D (formerly T3)
   b) Arrival facility next to Terminal 1D and other related services
   The contract has been awarded to M/S Roder at the contract sum of US $ 22million.

2. Construction of Permanent Arrival Facility to serve Terminal 1A (Formerly T4)
The construction of Terminal 1A arrivals (Package 3A) is to cater for international arrivals at JKIA. The contract was awarded to China Aero Technology International Corporation (CATIC) on 26th June 2014 at a contract sum of Kshs. 2,146,007,993.64. The project is expected to take 15 months. The progress achieved was at 63%. Expected to be completed by October 2015.

3. Strengthening Environmental Management Capacity (Solid Waste Management)
   This will enable the Authority to come up with an environmental management system on dealing with solid waste management, procure noise, water and soil measurement equipment as well as be able to manage noise pollution.

B) Goods, Equipment and Vehicles
1. Supply & Install Baggage Handling System (BHS) at the Parking Garage
   Following the fire incident at JKIA, The World Bank agreed to fund the Installation of BHS. The contract was awarded to M/S Vanderlande at a contract sum of Euros 1,209,830.69. The project is complete. KAA has submitted a retroactive financing request to The World Bank.

2. Supply & Install BHS and Assorted Equipment for Arrival Facility Next to Terminal 1D (Formerly Terminal 3) and arrival at Terminal 1A.
   This entails delivery and installation of check in counters including weighing and injection belts, collector and transfer and conveyor lines, carousels, sorter system and software control.
3. Supply and Install Integrated Security Management System (ISMS) for Arrival Next to Terminal 1D.
The system is intended to enhance security and safety of the Airport and their users. This is a direct contract. Negotiations with the supplier are in progress.

4. Supply and Install Information and Technology System (ITS).
This was included in the scope and draft contract is awaiting clearance by the Bank.

5. Supply of Airside Buses
The buses are intended to facilitate movement of passengers within the airside. Bids received on 25th October 2013. Request to re-tender was submitted to The Bank and no objection was granted. After delay due to appeal to Washington by a bidder, the request for quotations was sent out on 13th May 2015 and received on 28th May 2015. Evaluation is in progress.

6. Supply of Fire Tenders (Airside)
This entails the supply of two airside fire tenders and one landside turntable at Jomo Kenyatta International Airport to help enhance fire and rescue cover. The contract has been awarded to M/S Gimaex EGI S.A. Fire tenders are expected by end of August 2015.

7. Supply of Disaster Management & Emergency Response Equipment
Purchase of the equipment is awaiting completion of study by M/S Egis on JKIA operational Standard Operating Procedures (SOP’s)

C) Consultancy and Training

1. Consultancy Services for Supervision of Pre-fabricated Installation (works)
The consultancy is to provide project management and quality assurance during the undertaking of the works. This is ongoing.

2. Consultancy Services for Assessing Structural Integrity of Terminal 1B (Formerly Terminal 1) and Arrival Building
The purpose is to carry out an assessment of the damage caused by the fire at JKIA. This has been completed.
1.6 FUNDING SUMMARY

The Project is for a duration of 8 years from 2011 to 2018 with an approved budget of US$ 78.04 equivalent to Kshs 6.8 billion as highlighted in the table below:

Below is the funding summary:

<table>
<thead>
<tr>
<th>Source of funds</th>
<th>Donor Commitment</th>
<th>Amount received to date – (30th June 2015)</th>
<th>Undrawn balance to date (30th June 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Donor currency US$</td>
<td>Kshs</td>
<td>Donor currency US$</td>
</tr>
<tr>
<td>In “millions”</td>
<td>(A)</td>
<td>(A')</td>
<td>(B)</td>
</tr>
<tr>
<td>(i) Emergency Activities</td>
<td>The World Bank</td>
<td>63.00</td>
<td>5,520</td>
</tr>
<tr>
<td>(ii) Original credit</td>
<td>The World Bank</td>
<td>15.04</td>
<td>1,318</td>
</tr>
<tr>
<td>Total</td>
<td>78.04</td>
<td>6,838</td>
<td>16.70</td>
</tr>
</tbody>
</table>
2 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors for the Kenya Airports Authority are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Directors for the Kenya Airports Authority accept responsibility for the Project's financial statements, which have been prepared in accordance with the Cash Basis method of Accounting under the International Public Sector Accounting Standard (IPSAS). However, Kenya Airports Authority financial statements are prepared using appropriate accounting policies in accordance with International Financial Reporting Standards.

The Board of Directors for the Kenya Airports Authority are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2015, and of the Project's financial position as at that date. The Board of Directors for Kenya Airports Authority further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Board of Directors for Kenya Airports Authority confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Board of Directors on 29th September 2015 and signed by them.

IG. (RTD) DAVID KIMAIYO, MGH, CBS
CHAIRMAN

YATICH KANGUGO
Ag. MANAGING DIRECTOR

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Transport Sector Support Project set out on pages 1 to 8, which comprise the statement of financial assets and liabilities as at 30 June 2015 and the statement of receipts and payments, the statement of cash flows, the statement comparison of budget and actual amounts, and a summary of significant accounting policies and other explanatory information for the year then ended, in accordance with provisions of Article 229 of the Constitution of Kenya, Section 14 of the Public Audit Act, 2003 and the amended and restated financing agreement for Credit No. 4926-KE and No. 5410-KE signed on 31 March 2014 between the Republic of Kenya and International Development Association. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management’s Responsibility for the Financial Statements

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

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

Auditor-General’s Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements presents fairly, in all material respects, the financial position of the Project as at 30 June 2015, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the financing agreement.

In addition, the special account statement present fairly the special account transactions and the closing balance has been reconciled with the books of account.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the International Development Association, I report based on my audit that:

i. All International Development Association funds have been used in accordance with the conditions of the Loan Agreement, with due attention to economy and efficiency and only for the purpose for which the fund was provided;

ii. Counterpart funds have been provided and used in accordance with the conditions of the Agreement, with due attention to economy and efficiency and only for the purpose for which they were provided;

iii. Goods and services financed have been procured in accordance with the Agreement and in compliance with the World Bank rules and procedures;

iv. Necessary supporting documents, records and accounts have been kept in respect of all project activities;

v. Adequate internal control to monitor expenditure and other financial transactions exist; and
vi. A fixed assets register for the Project's assets was maintained during the year.

FCPA Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

23 December 2015
KENYA AIRPORTS AUTHORITY  
KENYA TRANSPORT SECTOR SUPPORT PROJECT

3. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>Receipts</th>
<th>2014/2015 KSHS. 000</th>
<th>2013/2014 KSHS. 000</th>
<th>Cumulative KSHS. 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.2</td>
<td>Transfers from counterpart funds</td>
<td>343,724</td>
<td>-</td>
<td>343,724</td>
</tr>
<tr>
<td>7.3</td>
<td>Loan/ Grant from external development partners</td>
<td>1,490,534</td>
<td>37,000</td>
<td>1,527,534</td>
</tr>
<tr>
<td>7.4</td>
<td>Interest Income</td>
<td>1,781</td>
<td>1,464</td>
<td>3,245</td>
</tr>
<tr>
<td></td>
<td><strong>Total Receipts</strong></td>
<td><strong>1,836,039</strong></td>
<td><strong>38,464</strong></td>
<td><strong>1,874,503</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PAYMENTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Purchase of goods and services</td>
</tr>
<tr>
<td>183,694</td>
<td>183,694</td>
</tr>
<tr>
<td></td>
<td>Acquisition of non-financial assets</td>
</tr>
<tr>
<td>1,638,340</td>
<td>1,638,340</td>
</tr>
<tr>
<td></td>
<td>Training cost</td>
</tr>
<tr>
<td>12,701</td>
<td>12,701</td>
</tr>
<tr>
<td></td>
<td>Bank Charges/Commission</td>
</tr>
<tr>
<td>7.5</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td><strong>Total Expenditure</strong></td>
</tr>
<tr>
<td>1,834,740</td>
<td>1,834,740</td>
</tr>
</tbody>
</table>

**SURPLUS/DEFICIT FOR THE YEAR**

<table>
<thead>
<tr>
<th></th>
<th>2014/2015</th>
<th>2013/2014</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,299</td>
<td>38,464</td>
<td>39,763</td>
</tr>
</tbody>
</table>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on ...29 ...2015 and signed by:

---

Patrick Chonde  
Ag. General Manager-Finance  
01.12.2015  
DATE

Yatich Kangugo  
Ag. Managing Director  
01.12.2015  
DATE
4. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

Cash and Cash Equivalent

Bank Balances

TOTAL FINANCIAL ASSETS

REPRESENTED BY:

Surplus/ (deficit) b/fwd

Surplus/(Deficit) for the year

NET FINANCIAL POSITION

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 01.12.2015 and signed by:

Patrick Chonde
Ag. General Manager-Finance

DATE

01.12.2015

Yatich Kangugo
Ag. Managing Director

DATE

01.12.2015
KENYA AIRPORTS AUTHORITY  
KENYA TRANSPORT SECTOR SUPPORT PROJECT

5. STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2015

**Statement of Cash Flows**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014/2015 KSHS. 000</th>
<th>2013/2014 KSHS. 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts for operating income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from counterpart funds</td>
<td>343,724</td>
<td></td>
</tr>
<tr>
<td>Reimbursable transfer</td>
<td>1,781</td>
<td>1,464</td>
</tr>
<tr>
<td>Interest Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of goods and services</td>
<td>(196,395)</td>
<td></td>
</tr>
<tr>
<td>Other Transfers</td>
<td>(5)</td>
<td></td>
</tr>
<tr>
<td>Bank charges and other payments</td>
<td>149,105</td>
<td>1,464</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of Assets</td>
<td>(1,638,340)</td>
<td>(1,638,340)</td>
</tr>
<tr>
<td><strong>Net cash flow from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from borrowing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from Foreign Borrowings</td>
<td>147,806</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash flow from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase in cash and cash equivalent</td>
<td>1,299</td>
<td>1,464</td>
</tr>
<tr>
<td>Cash and cash equivalent at beginning of year</td>
<td>38,464</td>
<td>37,000</td>
</tr>
<tr>
<td>Cash and cash equivalent at end of year</td>
<td>39,763</td>
<td>38,464</td>
</tr>
</tbody>
</table>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on [signature] 2015 and signed by:

Patrick Chonde  
Ag. General Manager-Finance  
[signature] 01.12.2015  
**DATE**

Yatich Kangugo  
Ag. Managing Director  
[signature] 01.12.2015  
**DATE**
# Kenya Airports Authority

## Kenya Transport Sector Support Project

### 6. Statement of Comparative Budget and Actual Amounts

<table>
<thead>
<tr>
<th></th>
<th>Budget KSHS. 000</th>
<th>Actual KSHS. 000</th>
<th>Budget Variance KSHS. 000</th>
<th>% of Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counterpart funding from KAA</td>
<td>223,185</td>
<td>343,724</td>
<td>120,539</td>
<td>54%</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>4,751,667</td>
<td>1,490,534</td>
<td>(3,261,133)</td>
<td>-69%</td>
</tr>
<tr>
<td>Interest Income</td>
<td>1.781</td>
<td>1.781</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Receipts</td>
<td>4,974,882</td>
<td>1,836,039</td>
<td>(3,138,843)</td>
<td>-66%</td>
</tr>
</tbody>
</table>

| **Payments**         |                  |                  |                           |               |
| Purchase of goods & Services | 4,974,852        | (1,834,735)      | 3,140,117                 | 63%           |
| Bank Charges/Commission | (5)              | (5)              |                           | -100%         |
| **Total Payments**   | 4,974,852        | (1,834,740)      | (6,809,592)               | -137%         |

| **Surplus/Deficit for the Year** |                  |                  | 3,550,240                | -100%         |

**Note:** The significant budget variance differences in the last column are explained in Annex 1 to these financial statements.

Patrick Chonde  
Ag. General Manager-Finance  
01.12.2015

Yatich Kangango  
Ag. Managing Director  
01.12.2015
6. NOTES TO THE FINANCIAL STATEMENTS

The principal accounting policies adopted in the preparation of these financial statements are set out below:

7.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with the Cash Basis method of Accounting under the International Public Sector Accounting Standard (IPSAS). However Kenya Airports Authority financial statements are prepared using appropriate accounting policies in accordance with International Financial Reporting Standards (IFRS). The financial statements comply with and conform to the form of presentation prescribed by the Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Project and all values are rounded to the nearest one Shilling. The accounting policies adopted have been consistently applied to all of the years presented.

i. Recognition of revenue and expenses

The Project recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the Project. In addition, the Project recognises all expenses when the event occurs and the related cash has actually been paid out by the Project.

ii. In-kind donations

In-kind donations are contributions made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value of in-kind donations can be reliably determined, the Project includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the donation is not recorded.

iii. 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/period.
SIGNIFICANT ACCOUNTING POLICIES (Continued)

iv. Pending bills
Pending bills consist of unpaid liabilities at the end of the financial year/period arising from contracted goods or services during the year/period or in past years/periods. As pending bills do not involve the payment of cash in the reporting period, they are simply disclosed as an Annex to the financial statements. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

v. Exchange rate differences
The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

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

vii. Subsequent events
There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2015.
KENYA AIRPORTS AUTHORITY WORLD BANK FUNDED PROJECT ACCOUNTS
KENYA TRANSPORT SECTOR SUPPORT PROJECT (KTSSP)

Reports and Financial Statements
For the financial year ended June 30, 2015

7.2 Receipts from Kenya Airports Authority
These represent counterpart funding and other receipts from the authority as follows:

<table>
<thead>
<tr>
<th>Counterpart funding</th>
<th>2014/2015 Kshs.000</th>
<th>2013/2014 Kshs.000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter 1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Quarter 2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Quarter 3</td>
<td>63,204</td>
<td>-</td>
</tr>
<tr>
<td>Quarter 4</td>
<td>280,520</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>343,724</td>
<td>-</td>
</tr>
</tbody>
</table>

7.3 LOAN/GRANT FROM EXTERNAL DEVELOPMENT PARTNERS
During the 12 months to 30 June 2015 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

<table>
<thead>
<tr>
<th>Name of Donor</th>
<th>Date Received</th>
<th>Amount in Loan Currency</th>
<th>Loans Received in Cash</th>
<th>Loans Received as direct payment</th>
<th>Total amount in Kshs</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Millions</td>
<td></td>
<td>US$ M</td>
<td>b Kshs. M</td>
<td>c Kshs. M</td>
<td>D=b+c Kshs. M</td>
</tr>
<tr>
<td>World Bank</td>
<td>9-Oct-14</td>
<td>0.14</td>
<td>12</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td>World Bank</td>
<td>8-Apr-15</td>
<td>1</td>
<td>-</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td>World Bank</td>
<td>21-Oct-14</td>
<td>1</td>
<td>-</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>World Bank</td>
<td>21-Oct-14</td>
<td>2</td>
<td>-</td>
<td>139</td>
<td>139</td>
</tr>
<tr>
<td>World Bank</td>
<td>24-Oct-14</td>
<td>6</td>
<td>-</td>
<td>546</td>
<td>546</td>
</tr>
<tr>
<td>World Bank</td>
<td>29-Oct-14</td>
<td>1</td>
<td>-</td>
<td>47</td>
<td>47</td>
</tr>
<tr>
<td>World Bank</td>
<td>27-Jan-15</td>
<td>0.37</td>
<td>-</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>World Bank</td>
<td>30-Jan-15</td>
<td>1</td>
<td>-</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>World Bank</td>
<td>11-Feb-15</td>
<td>0.23</td>
<td>-</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>World Bank</td>
<td>6-Feb-15</td>
<td>0.40</td>
<td>-</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>World Bank</td>
<td>6-Jan-15</td>
<td>0.29</td>
<td>-</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>World Bank</td>
<td>13-Feb-15</td>
<td>0.48</td>
<td>-</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td>World Bank</td>
<td>3-Mar-15</td>
<td>0.01</td>
<td>1.1</td>
<td>-</td>
<td>1.1</td>
</tr>
<tr>
<td>World Bank</td>
<td>5-May-15</td>
<td>0.36</td>
<td>-</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>World Bank</td>
<td>29-Apr-15</td>
<td>1</td>
<td>-</td>
<td>57</td>
<td>57</td>
</tr>
<tr>
<td>World Bank</td>
<td>11-Jun-15</td>
<td>1</td>
<td>-</td>
<td>81</td>
<td>81</td>
</tr>
<tr>
<td>World Bank</td>
<td>16-Jun-15</td>
<td>1</td>
<td>-</td>
<td>134</td>
<td>134</td>
</tr>
<tr>
<td>World Bank</td>
<td>19-Jun-15</td>
<td>0.20</td>
<td>-</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>13</td>
<td>1,478</td>
<td>1,490</td>
<td></td>
</tr>
</tbody>
</table>

7
### KENYA AIRPORTS AUTHORITY
#### KENYA TRANSPORT SECTOR SUPPORT PROJECT

#### 7.3 World Bank Loan

<table>
<thead>
<tr>
<th>Description</th>
<th>2014/2015 Kshs. 000</th>
<th>2013/2014 Kshs. 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance b/f</td>
<td>37,000</td>
<td>-</td>
</tr>
<tr>
<td>Received during the year</td>
<td>1,490,534</td>
<td>37,000</td>
</tr>
<tr>
<td>Balance c/d</td>
<td>1,527,534</td>
<td>37,000</td>
</tr>
</tbody>
</table>

#### 7.4 Interest income

<table>
<thead>
<tr>
<th>Month</th>
<th>2014/2015 Kshs. 000</th>
<th>2013/2014 Kshs. 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>895</td>
<td>-</td>
</tr>
<tr>
<td>Aug</td>
<td>117</td>
<td>-</td>
</tr>
<tr>
<td>Sept</td>
<td>43</td>
<td>-</td>
</tr>
<tr>
<td>Oct</td>
<td>43</td>
<td>-</td>
</tr>
<tr>
<td>Nov</td>
<td>42</td>
<td>-</td>
</tr>
<tr>
<td>Dec</td>
<td>44</td>
<td>-</td>
</tr>
<tr>
<td>Jan</td>
<td>66</td>
<td>-</td>
</tr>
<tr>
<td>Feb</td>
<td>94</td>
<td>-</td>
</tr>
<tr>
<td>Mar</td>
<td>101</td>
<td>-</td>
</tr>
<tr>
<td>Apr</td>
<td>98</td>
<td>187</td>
</tr>
<tr>
<td>May</td>
<td>102</td>
<td>188</td>
</tr>
<tr>
<td>June</td>
<td>137</td>
<td>1089</td>
</tr>
<tr>
<td>Total</td>
<td>1,781</td>
<td>1,464</td>
</tr>
</tbody>
</table>

#### 7.5 Bank Charges

<table>
<thead>
<tr>
<th>Month</th>
<th>2014/2015 KSHS.000</th>
<th>2013/2014 Kshs. 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul-14</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Aug-14</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Sep-14</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Oct-14</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Mar-15</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>-</td>
</tr>
</tbody>
</table>

#### 7.6 Bank Balances

<table>
<thead>
<tr>
<th>Description</th>
<th>2014/2015 Kshs.000</th>
<th>2013/2014 Kshs.000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/ (Deficit) b/f</td>
<td>38,464</td>
<td>-</td>
</tr>
<tr>
<td>Surplus/ (Deficit) for the year</td>
<td>1,299</td>
<td>38,464</td>
</tr>
<tr>
<td>Total bank account balances</td>
<td>39,763</td>
<td>38,464</td>
</tr>
</tbody>
</table>

(The above bank balances are held at NIC Bank A/c No.1001206024)
**KENYA AIRPORTS AUTHORITY**  
**KENYA TRANSPORT SECTOR SUPPORT PROJECT**

**ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

<table>
<thead>
<tr>
<th></th>
<th>Budget KShs. 000</th>
<th>Actual on comparable basis KShs. 000</th>
<th>Budget Variance KShs. 000</th>
<th>% of Actual variance to Final Budget</th>
<th>Comments on variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RECEIPTS DURING THE YEAR</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers from counterpart funds</td>
<td>223,185</td>
<td>343,724</td>
<td>120,539</td>
<td>54%</td>
<td>This represents the KAA counterpart funds to the project</td>
</tr>
<tr>
<td>Loan/ Grant from external development partners</td>
<td>4,751,667</td>
<td>1,490,534</td>
<td>(3,261,133)</td>
<td>-69%</td>
<td>Khs. 1.49 billion was disbursed during the financial year</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>4,974,852</td>
<td>1,834,258</td>
<td>(3,261,133)</td>
<td>-66%</td>
<td></td>
</tr>
</tbody>
</table>

| **PAYMENTS DURING THE YEAR** |                  |                                      |                           |                                     |                      |
| Purchase of goods Equipment | 4,974,852        | 1,834,735                            | (3,140,117)               | -63%                                |                      |
| **Total Payments**          | 4,974,852        | 1,834,735                            | (3,140,117)               | -63%                                |                      |

**Explanation of variance**

Implementation for projects under KTSSP is as follows:

1. Training is on going, the trainings that are in progress include SAP training, ACI training on Risk Management and Transformational leadership training.
2. The funds were to be used for Rehabilitation of runway for Moi International Airport, power supply upgrade for MIA, Augment water supply for MIA and JKIA and designs and supervision. The loan agreement with co-funder AFD has now been signed during the financial year. AFD contributes a major portion of the fund i.e. US$66million out of requirement of US$78 million. Negotiations for employment of a consultant for designs works is ongoing. It would not be prudent for KAA to start any commitment before the conclusion of the AFD negotiation. 3. Projects under Emergency additional financing are ongoing and at various stages of implementation. i) Arrivals Terminal building is at 63%. ii) Design supply and installation of prefabricated (a) Level 1 Departure and Transit Lounge at T3, and (b) Arrival facility next to T3 and other related services.