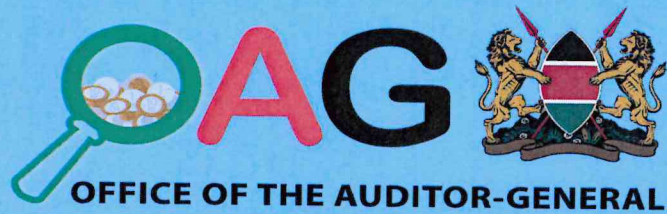


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA AIRPORTS AUTHORITY

**FOR THE YEAR ENDED
30 JUNE, 2022**

KENYA AIRPORTS AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

“Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)”



Vision Statement: Travel Stress free

Mission Statement: To provide consistent and delightful Travel experience

Core Values:

- Customer focus
- Team spirit
- Integrity
- Innovation

Quality Status: KAA is certified in ISO 9001:2015 Quality Management System.

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Significant Statistics of the Year

Total Asset Base

Kshs 73.30 Billion

Total Revenue

Kshs 13.29 Billion

Profit before Tax

Kshs 982 Million

Capital Expenditure

Kshs 2.02 Billion

Number of
Passengers 8.89
Million

Cargo Movement

Kgs 380.2 Million

Number of Aircrafts
Movement 259.2 Thousands

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KEY ENTITY INFORMATION

Background Information

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 license, permit or certificate.

Risk Management Framework and Policy Statement

Kenya Airports Authority is exposed to a wide range of risks which affects the achievement of our vision. To mitigate on this, the Authority has come up with an enterprise risk management policy & framework. The purpose of the risk management policy is to ensure that the Authority pursues a structured approach to management of risks. The ERM supports value creation by enabling management to deal effectively with potential future events that create uncertainty and allows responses that reduce likelihood of downside outcomes.

The strategic imperative of the risk management framework is to develop risk management as a core capability that assists the Board and management determine the appetite for risk (choice of strategies and actions) and tolerance to risk (economic and operating sensitivities) and to communicate these throughout the Authority.

The year ended 30th June 2022 was marked with effects of Novel Coronavirus (Covid-19) pandemic. The pandemic has had a negative impact on both domestic and international travels thereby significantly affecting the Authority's revenues.

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KEY ENTITY INFORMATION (Continued)

The key risks are as follows:

- **Revenue Diversification:** The Authority's revenues are mainly aviation driven with minimal diversification to non-aviation.
- **Competitive pressure from regional airports:** The aviation hub status is currently being slowly eroded by the neighboring regional airports particularly Bole International Airport, Kigali International Airport in Addis Ababa, Bugesera International Airport and Mwalimu Nyerere International Airport.
- **Credit risk:** Inability to collect debts from customers who are recovering from effects of COVID 19.
- **Operational Risks:** Serious safety and security incidents that could arise from acts of terrorism attacks, fires and aircraft accidents amongst other serious aviation events.
- **Infrastructure risk:** Ageing infrastructure and facilities affecting smooth operations and good customer experience.
- **Project Risks:** Failure to deliver project benefits on time, within budget and expected quality.
- **Cyber Security:** The threats and vulnerabilities which may compromise the Authority's networks, computers, programs and data resulting to attacks, damage or unauthorized access.
- **Legal and regulatory risks:** This may be as a result of violation of laws and regulations, internal policies, including not able to meet our contractual obligations as they fall due.
- **Human Resource Risk:** The key drivers of this risk include but not limited to; failure to attract and retain competent personnel, increased percentage of ageing work force without succession management plan and industrial action by employees.

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KEY ENTITY INFORMATION (Continued)

Directors

The Directors who served the entity during the year were as follows:

- | | |
|--------------------------------|--|
| 1. Mr. Isaac Awuondo | Chairman |
| 2. Alex Gitari | Managing Director/CEO |
| 3. Ms. Susan Kiama | Director (Term expired on 8 th February 2022) |
| 4. Mr. Mbatia Kimani | Director (Term expired on 4 th May, 2022) |
| 5. Mr. William Ole Mayiani | Director (Term expired on 4 th May, 2022) |
| 6. Ms. Jeridah Bosibori Mbaka | Director(Term expired on 4 th May, 2022) |
| 7. Mr. Chris Diaz | Director (Effective 6 th October, 2021) |
| 8. Mr. Peter Njoka | Director (Effective 13 th July, 2022) |
| 9. Ms. Robina Omosa | Director (Effective 13 th July, 2022) |
| 10. Mr. Thomas Wainaina Kairo | Director (Effective 13 th July, 2022) |
| 11. Major Rtd Ilitasayon Neepe | Director (Effective 5 th July, 2022) |
| 12. Mr. Solomon Kitungu | Director
Principal Secretary
Ministry of Transport, Infrastructure, Housing,
Urban Development and Public Works |
| 13. Dr. Julius Muia | Director
Principal Secretary
National Treasury |
| 14. Dr. Eng. Karanja Kibicho | Director
Principal Secretary
Ministry of Interior & Coordination of
National Government |

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KEY ENTITY INFORMATION (Continued)

- | | |
|--------------------------|---|
| 15. Ms. Eunice Kigen | Alternate Director
National Treasury |
| 16. Mr. Nicholas E. Bodo | Alternate Director
Ministry of Transport, Infrastructure, Housing,
Urban Development and Public Works |
| 17. Mr. Wilson Njega | Alternate Director
Principal Secretary
Ministry of Interior & Coordination of
National Government |
| 18. Mr. Isaac Odek | Representative
Inspectorate of State Corporations |

Ag. Corporation Secretary
Margaret Munene
Kenya Airports Authority Headquarters
Airport North Road
P. O. Box 19001-00501
NAIROBI

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KEY ENTITY INFORMATION (Continued)

Registered Office/Corporate Headquarters

Kenya Airports Authority- Headquarters
Airport North Road
P. O. Box 19001-00501
NAIROBI
Tel: +254-020-6822111/6611000/6612000
Mobile: +254 722 205 061/2/3/4/5/6/7/8
Email: talk2us@kaa.go.ke, info@kaa.go.ke
www.kaa.go.ke

BRANCH NETWORK

Jomo Kenyatta International Airport

P. O. Box 19087-00501
NAIROBI
Tel: +254-020-6822111/6611000/6612000
Mobile: +254 722 205 061/2/3/4/5/6/7/8

Moi International Airport

P. O. Box 93904-80115
MOMBASA
Tel: +254-041-3433211
Mobile: +254 726318515/6/7, 727417791

Eldoret International Airport

P. O. Box 2323
ELDORET
Tel: +254-053-2061299/ 2063377/ 2063844
Mobile: +254 712-452170, 712-452172, 712-452174

Kisumu International Airport

P. O. Box 13
KISUMU
Tel: +254- (057)2531186/2524399
Mobile: +254 728 765349/728 765360/1

Wilson Airport

P. O. Box 19005
NAIROBI
Tel: +254-020-501941/2/3
Mobile: +254 724256837, 724255343

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KEY ENTITY INFORMATION (Continued)

Lokichoggio Airport

P. O. Box 88

LOKICHOGIO

Tel: +254-054-32266/32441

Malindi Airport

P. O. Box 67

MALINDI

Tel: + 254-042-2131201/2131931

Mobile: +254 710230386, 710261550, 738231201

Kitale Airstrip

P. O. Box 1718

KITALE

Tel: +254-054- 31017

Wajir Airport

P. O. Box 512

WAJIR

Tel: + 254-046-421019/421362

Ukunda Airstrip

P. O. Box 139

KWALE

Tel: + 254-040-3202126/3203246

Manda Airstrip

P. O. Box 167

LAMU

Tel: +254-042-633018

Lodwar Airstrip

Tel + 254 708081418

LODWAR

Eldoret Airstrip

ELDORET

Isiolo Airport

Tel + 254 703482571

P.O. Box 817 - 60300

ISILOLO

KENYA AIRPORTS AUTHORITY
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KEY ENTITY INFORMATION (Continued)

Nanyuki Airstrip

P. O. Box 1436- 10400

NANYUKI

Kabunde Airstrip

P. O Box 887

HOMABAY

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KEY ENTITY INFORMATION (Continued)

Principal Bankers

Absa Bank Kenya Plc
Enterprise Road Branch
P. O. Box 18060-Nairobi
NAIROBI
Tel: +254 -020-530700-1

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

Kenya Commercial Bank
Moi Avenue Branch
P.O. Box 48400-00100
NAIROBI
Tel: +254-020-327000

National Bank of Kenya Limited
Jomo Kenyatta International Airport Branch
P. O. Box 19230-00501-GPO Nairobi, Kenya
Tel: +254-020-827286, 0710-223623

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

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

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

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KEY ENTITY INFORMATION (Continued)

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

Independent Auditor
Auditor General
Kenya National Audit Office
Anniversary Towers
P. O. Box 30084-00100
NAIROBI
Tel: +254-20-335777

KENYA AIRPORTS AUTHORITY
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BOARD OF DIRECTORS



Mr. Isaac Awuondo

Chairman

Bachelor of Commerce (Accounting and Finance) degree from the University of Nairobi. He is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA) and member of the Institute of Certified Public Accountants (K).

He is Chairman of NCBA Bank Kenya PLC. Chairman the Council of Riara University. He is a Member of the Advisory Board of the Kenya Private Sector Alliance (KEPSA) and a director of Bata Shoes Company Kenya Limited. He is also Chairman of the Kenya Conservatoire of Music, WWF Kenya, The Rhino Trust and a Trustee of the Zawadi Africa Education.



Mr. Alex Gitari

Managing Director/ CEO

MBA (Finance)

Bachelor of Commerce, Accounting Option,
Certified Public Accountant (K),

Alumnus of Harvard Business School's Advanced Management Program

Member of Institute of Certified Public Accountants of Kenya.



Dr. Eng. Karanja Kibicho

**Principal Secretary, State Department of
Interior and Coordination of National Government**

Government Doctorate in Mechanical Engineering –
University of Cape Town, South Africa

Master of Science (MSc) degree in Mechanical Engineering

Bachelor of Science (BSc) in Mechanical Engineering.

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THE BOARD OF DIRECTORS (Continued)



Mr. Solomon Kitungu

Director

Principal Secretary, Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works

Bachelor of Arts Degree- (UON)
Master of Arts degree in Economics (University of Manchester)
Has attended the Advanced Management Programme at Strathmore Business School and University of Navara Barcelona
He served as an Executive Director of the Privatization Commission from 2009 – 2017



Dr. Julius Muia

Director

Principal Secretary, National Treasury
PhD and Master's Degree in Finance (UON).
Degree in Accounting;
Certified Public Accountant (K);
Certified Public Secretary (K),
Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach. Now serving as a non-executive board member in several companies and a number of not-for profit organizations



Mr. Mbatia Kimani

Director (Term expired on 4th May, 2022)

Master of Business Administration
Bachelor of Commerce
Certified Public Accountant (K)
He has previously held diverse Multi-Country roles up to CFO level for ASSA ABLOY for the Africa/Middle region based in Johannesburg and as Head of Finance for Kenya Airways. In addition, he also worked for Coca-Cola Africa and Best Foods (Unilever).

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THE BOARD OF DIRECTORS (Continued)



Ms. Jeridah Bosibori Mbaka

Director (Term expired on 4th May, 2022)

Master of Business Administration
Higher Diploma in HR Management
Bachelor of Arts
Member of the Institute of Human Resource Management
She has a wide working knowledge of Human Resource Management Services, having worked in several institutions including NSSF, Plan International – Kenya and Directorate of Personnel Management



Mr. William Ole Mayiani

Director (Term expired on 4th May, 2022)

Bachelor of Arts – Business Economics
Currently a Director at Sky Realtors Limited.
He has vast management experience having worked at Shell Kenya Ltd, Total Kenya Ltd, Raiser Resource Group, iPhone Global Ltd, Marathon Marketing Ltd and Nairobi City Council



Ms. Susan Kiama

Director (Term expired on 8th February 2022)

Post Graduate Diploma in Personnel Management & Industrial Relations
Bachelor of Arts (Business Administration & Economics)
Fellow of the Chartered Institute of Personnel & Development UK,
Fellow of the Institute of Human Resource Management- Kenya,
Member of World at Work-USA, Member of Society for Human Resource Management- USA, member of Kenya Institute of Management. Currently Managing Consultant with Three Green Apples Consulting Ltd. She has a vast working knowledge of Human Resource Management Services, having worked as Chief Human Resource Officer at Safaricom Ltd, Head of Human Resource at Citibank NA-Kenya, Principal Consultant with Deloitte & Touche Consulting-Kenya, and Tetra Pak-UK

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THE BOARD OF DIRECTORS (Continued)



Ms. Eunice Kigen

**Alternate Director
The National Treasury**

Executive Master of Business Administration
Bachelor of Commerce (Accounting option)
Certified Public Accountant (K).
Currently Senior Deputy Director of Budgets at the National Treasury.



Mr. Nicholas Bodo

**Alternate Director
Ministry of Transport, Infrastructure, Housing, Urban
Development & Public Works**

Bachelor of Arts degree from Osmania University, India.
Master of Business Administration (Laikipia University)
Certified Public Secretary (K)
Graduate Diploma in Aviation Management from the National University of Singapore and the Singapore Aviation Academy,
Certificate in Air Law from the Egyptian Aviation Academy.



Mr. Wilson Njega

**Alternate Director
Principal Secretary, Ministry of Interior & Coordination of
National Government**

Bachelor of Arts- University of Nairobi
Masters of Arts - University of Nairobi

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THE BOARD OF DIRECTORS (Continued)



Chris Diaz

Director (Effective 6th October, 2021)

MSc International Marketing from Chartered Institute of Marketing (CIM) – Wales, UK:
Post-Graduate Diploma in Marketing from Chartered Institute of Marketing (CIM) – Wales UK
Chartered Status and Fellow from CIM UK
Fellow from Marketing Society of Kenya
Bachelor of Commerce (Hons), Accounting from University of Nairobi



Mr. Thomas Wainaina Kairo

Director (Effective 13th July, 2022)

Director & Founding Partner- Platinum Helix Ventures Ltd.
Director & Founding Partner- Korolek Ltd.
Director Acom Ltd



Maj. Rtd Iltasayon Neepe

Director (Effective 5th July, 2022)

Master's Degree in Armed Conflict and Peace Studies
(Ongoing)

Degree in Business Development – Mt. Kenya University.
Diploma in Armed Conflict and Peace Studies

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THE BOARD OF DIRECTORS (Continued)



Ms. Robina Omosa

Director (Effective 13th July, 2022)

Masters in Business Administration- for Finance Managers
- Manchester Business School, University of Manchester.

Bachelor of Commerce Finance option - University of
Nairobi

Certified Public Accountant (K)



Mr. Peter Njoka

Director (Effective 13th July, 2022)

Bachelor of Science – Mathematics & Physics (Hons.)
University of Nairobi.

Director- Finplus Group

Partner- Rhone Partners LLP



Margaret Munene

Ag. Corporation Secretary

Master of Arts, International Studies,
Bachelor of Laws (LLB),

Bachelor of Arts (Sociology),
Certified Public Secretary (K),

Advocate of the High Court, Commissioner for Oaths,
Notary Public

KENYA AIRPORTS AUTHORITY
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SENIOR MANAGEMENT TEAM



Mr. Alex Gitari
Managing Director/ CEO

Master of Business Administration (Finance)
Bachelor of Commerce, Accounting Option,
Certified Public Accountant (K),
Alumnus of Harvard Business School's Advanced
Management Program
Member of Institute of Certified Public Accountants of
Kenya.



Mr. Patrick Chonde
Ag. General Manager, Finance

Master of Business Administration (Finance)
Bachelor of Commerce, Accounting option,
Certified Public Accountant (K),
Member of Institute of Certified Public Accountants of
Kenya
International Airport Professional(IAP).



Margaret Munene
Ag. Corporation Secretary

Master of Arts, International Studies,
Bachelor of Law (LLB),
Bachelor of Arts (Sociology),
Certified Public Secretary (CPS-K),
Advocate of the High Court, Commissioner for Oaths,
Notary Public

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SENIOR MANAGEMENT TEAM (Continued)



Mr. Kasaine Ole Pertet
General Manager, Information and Communication Technology

Master of Business Administration (Finance),
Bachelor's Degree in Mathematics,
Certified Public Accountant (K),
Member of Institute of Certified Public Accountants of Kenya



Mr. Samson Kimilu
General Manager Risk Management & Internal Audit

Master of Business Administration Strategic Management and Finance
Bachelor of Science in Business Administration,
Certified Public Accountant (K),
International Airport Professional (IAP),
Member of Institute of Certified Public Accountants of Kenya
Member of Association of Airport Internal Auditors (AAIA)
Member of Institute of Internal Auditors (IIA)



Mr. Harrison Machio
General Manager Safety and Operations

Master of Business Administration (Aviation).
BA Hons. (Political Science & Linguistics)
International Airport Professional (IAP)

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SENIOR MANAGEMENT TEAM (Continued)



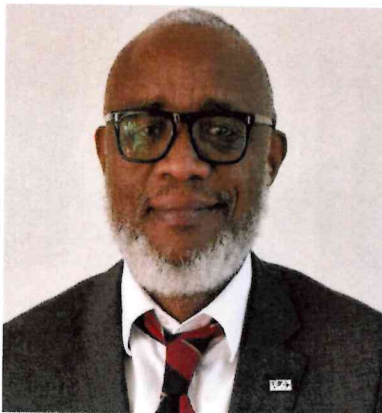
Mr. Anthony Muriithi Njagi
General Manager Human Resource & Development

Master of Business Administration (Human Resource)
Bachelor of Arts,
Higher National Diploma – Human Resource.



Brig. (Rtd) Henry Noah Ofulah
General Manager Security Services

Elder of the Order of the Burning Spear - (EBS)
Masters Degree Of Philosophy
Bachelor of Science Degree in Military Studies



Mr. Jacob Bwana
Ag. General Manager, Marketing & Business Development

PhD Applicant Business & Management.
MSc, International Logistics,
BEd., Economics & Geography
Member, Chartered Institute of Logistics & Transport
Full Member – Marketing Society of Kenya

KENYA AIRPORTS AUTHORITY
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SENIOR MANAGEMENT TEAM (Continued)



Arch. Fredrick Odawo
General Manager, Projects & Engineering Services

Postgraduate diploma in Airport Engineering
Bachelor's Degree in Architecture
Corporate Member – Architectural Society of Kenya
Associate Arbitrator
Associate Member – Chartered Institute of Arbitrators (ACI Arb)



Mr. Henry Ogoye
Head of Corporate Planning

Master of Business Administration Finance and MA(Economics),
Bachelor of Arts (Mathematics and Economics),
Diploma Financial Management
Chairman, Karen South Welfare Association
Director, Airports Sacco Limited



Ms. Lilian Okidi
Ag. General Manager (Procurement and Logistics)

Masters of Arts (Economics)
Bachelors of Arts (Economics)
Advanced Diploma in Purchasing and Supply (CIPS)UK
Associate Member of the Chartered Institute of Procurement and Supply
Member of Kenya Institute of Supplies Management

KENYA AIRPORTS AUTHORITY
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FOR THE YEAR ENDED 30TH JUNE 2022

CHAIRMAN'S STATEMENT

In the financial year ended June 30, 2022 civil aviation in the country and globally continued to face tumultuous times arising from the continued challenges emanating from Covid-19 pandemic. In addition, the USSR-Ukraine conflict since February 2022, inflicted major global economic shocks particularly in terms of supply chain disruptions which resulted in high inflation and huge increases in commodity prices, particularly gas, wheat, maize and cooking oil.

Despite the challenges cited above, the local aviation industry continued on a growth trail, registering improvements of 98.8%, 43.4% and 6.5% in passengers, aircraft and cargo movements respectively relative to the period ended June 30, 2021. The only sector that continued to witness a very slow return to normalcy was the transfer/transit passengers, which continued to be impacted by the COVID-19 travel restrictions as well as declining real incomes.

The Authority saw a growth in its network connectivity, with resumption of flights on the Dar-Es-Salaam- Nairobi sector by Air Tanzania in November 2021.

In terms of financial performance, the global challenges notwithstanding, the Authority recorded a 58% growth in revenues to Kshs. 13.3 billion and also reduced the expenses by 29% to Kshs. 11.41 billion. Overall, the Authority recorded a small post-tax gain of Ksh. 0.04 billion.

Despite the harsh business environment, the Authority's facilities and infrastructure continued to be maintained in serviceable conditions, supported by requisite service standards. Additionally, critical facility and infrastructure expansion was undertaken to meet the existing and envisaged demand and connectivity requirements.

Thus, refurbishment of terminals 1B and 1C at Jomo Kenyatta International Airport (JKIA) to enhance customer experience and retail value through centralization of secondary security screening and increase in passenger seating and retail space were almost finalized. The airport received state-of-the-art security equipment donated by the US Government. In addition, works on the concrete apron for TIA were progressed to over 80%. To facilitate cargo services at Moi International Airport (MIA) works commenced on the rehabilitation of the freight terminal, progressing to over 70% at the close of the year. The Authority undertook other critical projects in several other airports/Airstrips involving apron and runway rehabilitation and fencing works. Among the airports/airstrips that were targeted for these works during the year were Lokichoggio Airport, Isiolo International Airport, Kakamega, Migori, Kitale and several other airstrips.

For purposes of business continuity, the Authority continued to extend necessary support to airlines and concessionaires, through waivers of aircraft parking and concession payments.

The importance of the human resources as a catalyst for business growth cannot be gainsaid and for this reason, the Authority continued to invest in its human resources through competency development and motivation, as well as creating and maintaining a facilitative work environment. Additionally, the Authority ensured the staff continued to enjoy their full emoluments and on time and also supported access to personal protective equipment in the containment of Covid-19 pandemic as well as in-patients and outpatient medical covers.

KENYA AIRPORTS AUTHORITY
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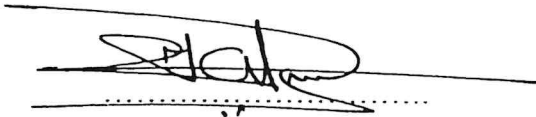
CHAIRMAN'S STATEMENT Continued

In the year under review, the Authority undertook a number of wellness activities geared towards mental health and the general wellbeing of its staff and neighboring communities.

For purposes of ensuring that the Authority maintained a growth trajectory, the Strategic Plan for the period 2022-2026 earlier commenced was kept on track. The Strategic Plan focused on the requisite capacity, service standards and resilience for an all-time sustainable airports operation.

May I at this juncture salute all our stakeholders including members of the Board, Management and Staff who have enabled the Authority to remain afloat during these difficult times emanating from the Covid-19 pandemic as well as the supply chain disruptions and high commodity prices and inflation mainly arising from the USSR-Ukraine conflict since late February 2022.

I am in no doubt that the future holds good tidings as long as we continue to pull together in the same manner.



Mr. Isaac Awuondo
Chairman of the Board

KENYA AIRPORTS AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

MANAGING DIRECTOR'S REPORT

The year just ended June 2022 saw a gradual recovery in the aviation sector in the country, which was however dampened by the continued effects of the Covid-19 pandemic as well as the impact of the USSR-Ukraine conflict. As a result, passenger traffic almost doubled to 8.89 million when compared to the performance of the prior year but still below the pre-COVID status, particularly with respect to the transfer/transit component of passenger movements. The number of flights improved to 259.2 thousand in the year under review, which was a growth of 4.3% from the previous year's performance. Cargo business grew by 6.5% to 380.16 million kilograms, supported by the COVID-19 containment supplies as well as a gradual return to the usual commercial merchandise transactions.

Financial performance also experienced similar growth trajectory with a 58% growth in revenue, shifting the profit from a negative domain of Kshs. 7.96 billion to a positive sphere of Kshs. 0.98 billion. In the period under review, expenditures declined by 29% to Kshs. 11.41 billion, culminating in a small post-tax profit of Ksh. 0.04 billion.

Assets and Liabilities

The total asset base for the period ending June 2022 gained 0.4% points to Kshs. 73.3 billion mainly attributable to a growth of 35% in cash and cash equivalent to Kshs. 6.45 billion.

On the other hand, total liabilities expanded by 4.1% to ksh. 22.44 billion, while capital and reserves posted a marginal decline of 1.1% to Ksh. 50.86 billion, mainly due to a contraction in Government grants.

Network Connectivity

For purposes of supporting network connectivity, refurbishment of Terminal I B and IC at JKIA continued to be undertaken and was at 92% completion at the close of the year. In addition, the concrete apron works at JKIA were progressed to 80%. At MIA, pavements rehabilitation works were almost complete, at 92% while cargo terminal rehabilitation was progressed to 70%.

Fencing, apron and runway rehabilitations works at Kakamega, Migori and Kitael were completed during the year. Other connectivity enhancement projects that were at various stages implementation in the year included runway rehabilitation works at Lokichoggio Airport; apron, taxiway and runway works at Nanyuki Airstrip; runway rehabilitation and associated works at Angama Airstrip; Construction of VIP Lounge, walkways & carpark at Nyeri Nyaribo Airstrip; and runway rehabilitation works at Lanet and Suneka Airstrips.

Environmental Stewardship

A four-stage journey of Airport Carbon Accreditation for zero carbon emission commenced in the year and covers JKIA, MIA, Eldoret and Kisumu International Airports.

Customer Experience

Airports Council International ranked JKIA and MIA as top airports in customer experience in African region under passenger throughput of 5-15 million in the former and 2 million in the latter.

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MANAGING DIRECTOR'S REPORT Continued

Wellness Activities

Awareness workshop on HIV/AIDS, drugs and substance abuse, mental health and financial Management was held at Isiolo Airport in partnership with the Isiolo General Hospital and attracted the participation of over 60 youth from the county. The workshop at Manda Airstrip was held in partnership with Lamu King Fahad Hospital and KCB Lamu branch.

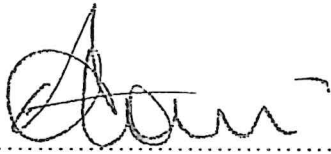
Corporate Social Responsibility.

In the year under review, our staff from Wajir Airport gave donations to persons living with HIV AIDS in their neighborhood.

Future outlook

The global economy experienced a tentative recovery in 2021. However, as risks brought about by the Pandemic began to crystalize in 2022 compounded by the geo-political instabilities, we are facing a gloomy and more uncertain future, contracting global output, high inflation and anticipated slow-down in major markets. The world economy is projected to grow by only 3.1 per cent in 2022 and 2023.

The above notwithstanding, we will continue to maintain and expand our operational capacity, efficiency and service standards to leverage on the ongoing recovery from Covid-19 pandemic for purposes of working back to business normalcy.



ALEX GITARI

MANAGING DIRECTOR/CEO

KENYA AIRPORTS AUTHORITY
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Review of Performance for FY 2021/2022

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Business Growth	Process 149,619 flights, 3.98M passengers and 346M Kg of cargo	Flights and passenger numbers and cargo volumes	Traffic Development and Customer Experience	259,211 flights, 8.89 million passengers and 380.1 million kg of cargo
	Optimize revenue growth to Ksh. 6.98B	Aeronautical and Non-Aeronautical Revenue	Traffic Development Customer Experience	Ksh. 13.3 billion
Customer Experience	Attain customer approval rating of 4.20	Customer Satisfaction Index	Operation Efficiency and Service Excellence	3.98 as a result of concerns on retail experience at JKIA due to ongoing refurbishment of T1BC
Operation Excellence	Enhance Operation Efficiency	Terminal, Airside and Landside Capacity, Safety and Security Performance and Service Standards	Network growth Capacity availability, enhanced safety and security performance and service improvement	Implemented connectivity and capacity improvement projects at JKIA, MIA and a number of public airstrips
Environmental Stewardship	Strengthen Environment Stewardship	Green initiative Airport Carbon Accreditation	Pursue carbon neutrality realization program	Commenced the program for airport carbon accreditation and rainwater harvesting
Human Capital Development	Develop Human Capital for productivity	Corporate performance	Implement corporate performance targets for 100% performance	91.6%

KENYA AIRPORTS AUTHORITY
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CORPORATE GOVERNANCE STATEMENT

The Kenya Airports Authority Board of Directors provide policy guidance on the overall well-being of the organization in meeting its legal mandate. To this end, the Board of Directors oversees the Authority's activities with respect to strategic direction, infrastructure development, operational efficiency and adherence to sound governance principles.

Board Membership

The Board is made up of nine members. Six of these members are independent directors, among them the Chair who is appointed by the President. The independent Directors are appointed by the Minister of Transport and Infrastructure. The appointment is guided by reference to expertise in civil aviation, aerodromes management, operation, commerce, industry, finance or administration generally. The independent directors are appointed for a renewable period of three years or for a shorter period as may be specified in the notice. The appointments are made at different times to vary the expiry dates. Discharge is provided for under Section 6(2) of the State Corporations Act (Cap 446).

The remaining Board members include Principal Secretaries in the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works, National Treasury and State Department of Interior and Coordination of National Government, alongside the Managing Director. Substantive members from the Government as above have alternates who attend Board meetings on their behalf whenever they are unable to attend. These alternates are deemed, for all purposes and intent, to be Board members. The Corporation Secretary provides secretarial services to the Board. Other than the Managing Director, the other Board members are non-executive.

Role of the Chairman and Other Directors

The Chairman provides overall leadership to the Board in areas of policy development and direction, maintains a harmonious working relationship with both Management and the Board, harnesses the collective skills of the Board and its Committees and those of the executive team for attainment of the corporate objectives and performance targets agreed with the Government, prompts the appointing authority to appoint Board Members in the event of a vacancy on the Board and encourages Directors to participate fully in the deliberations of the Board and its Committees.

Other responsibilities of the Chairman include ensuring that strategies are in place for constant monitoring and evaluation of the effectiveness of the Board, individual Directors, Senior Management and the entire Corporation, participation in setting of agenda for Board meetings, chairing and conducting Board meetings effectively, signing the confirmed Minutes of Board meetings, monitoring implementation of Board decisions, ensuring that new Board Members are properly inducted and that there are adequate training programs for Board Members to keep them abreast of developments in corporate governance, and signing the Performance Contract between the Government and the Authority. The Managing Director is responsible for the day-to-day operations of the Authority. Individual Directors are expected to serve the Board diligently while being faithful to performance, rule of law and to the principle of separation of powers, political neutrality, gender balance, integrity and confidentiality.

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CORPORATE GOVERNANCE STATEMENT (Continued)

Role of the Corporation Secretary

The Corporation Secretary arranges Board meetings and attendances, prepares agendas for meetings set by the Chairman in consultation with the Managing Director and the attendant minutes, keeps Common Seal of the Board and communicates Board decisions to Management.

Board Committees, Meetings, Procedures and Emoluments

The Board holds four statutory meetings in each financial year. Meetings are held at the registered office of the Authority. A quorum for meetings requires two-thirds of the total number of Members. Members may appoint one of their own to preside over the meeting in the absence of the Chairman. Decisions are made unanimously or by majority votes of the Members present. The Chairman has a casting vote in the event of a tie of votes. The Board has four standing committees dealing with respective delegated mandates prior to submitting to the Board for consideration and approval.

The Board has five standing committees detailed below with the responsibility of dealing with respective delegated mandates prior to submitting to the Board for consideration and approval.

Finance and Strategy Committee

The committee members are as follows:

1. Peter Gichuru Njoka - Chair
2. Eunice Kigen
3. Maj. Rtd Iltasayon Neepe
4. Managing Director

The responsibilities of the Finance Committee are to:

- a) Review and advise on proposals for raising of long-term capital to achieve and fund the strategic objectives of the Authority
- b) Review the financial Performance of the Authority and make appropriate recommendations to the Board.
- c) Adopt and periodically review the charges and rates levied, philosophy, strategy and principles that support the Authority's strategy.
- d) Oversee the preparation of the Financial Statements of the Authority and recommend to the board its adoption.
- e) Make recommendations to the Board on investments to be made by the Authority.
- f) Monitor the Expenditures of the Authority.
- g) Oversee the formulation, review and implementation of the Authority's Strategic Plans, Business Plans and Annual Budgets; and
- h) Oversee the Business Development of the Authority

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CORPORATE GOVERNANCE STATEMENT (Continued)

Human Resources Committee

The committee members are as follows:

1. **Mr. Chris Diaz** - Chair
2. Mr. Nicholas Bodo
3. Ms. Robina Omosa
4. The Managing Director

The Staff Committee's responsibilities include:

- a) Reviewing the Human Resource policies and practices of the Authority.
- b) Reviewing remuneration of staff by making recommendations to the Board regarding remuneration of Staff, incentive compensation and bonuses.
- c) Adopting and periodically reviewing the remuneration philosophy, strategy and principles that support the Authority's strategy; and
- d) Making recommendations to the Board in regard to the contributions to the Authority's Pension Scheme and matters related thereto.

Technical Committee

The committee members are as follows:

1. **Mr. Thomas Wainana Kairo** - Chair
2. Mr. Nicholas Bodo
3. Mr. Peter Gichuru Njoka
4. The Managing Director

The Technical Committee's responsibilities include overseeing:

- a) Major expansion projects of the Authority.
- b) The operations and engineering aspects of the Authority.
- c) Airports & airstrips management, operation and control and.
- d) Monitoring adequacy of the Authority's facilities, equipment and operations and their maintenance.

The Committee may in addition perform such other function as may be necessary for the performance of its duties and has the power to delegate its authority to subcommittees or individual members of the Committee, as it deems appropriate.

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CORPORATE GOVERNANCE STATEMENT (Continued)

Audit Committee

The committee members are as follows:

1. **Ms. Robina Omosa - Chair**
2. Ms. Eunice Kigen
3. Mr. Nicholas Bodo
4. Mr. Thomas Wainaina Kairo

The Committee assists the Board in fulfilling its oversight responsibilities in respect of: -

- a) Evaluating the integrity of the Authority's financial reporting process and financial statements.
- b) Reviewing and making recommendations to the Board of Directors in respect to Corporate Governance Policies and Practices of the Authority
- c) Developing and recommending to the Board Corporate Governance Principles applicable to the Authority.
- d) Compliance with legal and regulatory requirements applicable to the operations of the Authority.
- e) Assisting the Board in enhancing internal controls in order to improve efficiency, transparency and accountability.
- f) Reviewing audit issues raised by both internal and external auditors.
- g) Resolving Public Accounts and Public Investment Committees recommendations.
- h) Reviewing the systems established to ensure sound Public Financial Management and Internal Controls as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- i) Initiating special audit/investigations on any allegations concerns and complaints regarding corruption, lack of accountability and transparency and
- j) Evaluating adequacy of the Authority's procedures with regard to issues relating to risk management, control and governance.

Security Committee

The committee members are as follows:

1. **Mr. Wilson Njega - Chair**
2. Maj. Rtd Iltasayon Neepe
3. Mr. Chris Diaz
4. The Managing Director

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CORPORATE GOVERNANCE STATEMENT (Continued)

The responsibilities of the Security Committee are to:

- a) Review the security policies and practices of the Authority
- b) Assess security risks posed to the Authority and make recommendations to the Board
- c) Continually assess operational requirements of the Authority to ensure smooth running of all security related functions
- d) Review Management's reports on security, safety and operations and make requisite recommendations to the Board
- e) Assure compliance with regulatory requirements through regular security, safety and operations reports, indicators, trends and recommend corrective measures
- f) Make regular recommendations to the Board to strategically support the Authority's operations
- g) Review findings from external audits by regulatory bodies and make appropriate recommendations to the Board
- h) Receive and review reports from management regarding major security, operational and safety projects
- i) Aviation security service provision
- j) Undertake such other activities as may be referred to it from time to time by the Board

KENYA AIRPORTS AUTHORITY
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CORPORATE SOCIAL RESPONSIBILITY

Kenya Airports Authority CSR Policy document clearly stipulates areas of our engagement with society's social, environment and economic concerns and needs as follows:

- Education
- Environment and sustainability
- Health & Wellness
- Staff engagement in CSR programs

The above tenets guided the Authority's Corporate Social Responsibility activities and donations for the year 2021/2022, which greatly improved our corporate image and enhanced our relationship with communities around our stations.

Through our Corporate Social Responsibility strategy, KAA demonstrated a commitment to behaving ethically in all our business transactions, by contributing to the economic development and improving the quality of life of its workforce and their families as well as the community and society at large.

The CSR committee considers both ad-hoc requests and donations from all airports and airstrips for maximum community impact.

During the year 2021/2022 KAA minimized on all forms of donations including both ad hoc as well as planned medical camps, which forms part of the Government agenda 4 pillars on healthcare. In this financial year we managed to hold one medical camp in Nanyuki, Laikipia County and supported a few institutions in cash donations as attached below.

Our CSR budget has remained slightly lower than it was before the pandemic. This is so because of the slow recovery that the aviation industry has had after the Covid pandemic.

We however anticipate that the Authority shall continue to support some of the requests and engage in more projects and activities in the coming months. We shall continue to adopt our devolution model to create maximum social and business impact across all communities surrounding all our airports and airstrips. We plan to have our next CSR medical camp in the second quarter of 2022/2023.

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	INSTITUTION	INITIATIVE	Kshs
1.	Gospel Centers Church Utawala	Financial support towards a youth program	200,000
2.	Seventh Day Adventist Church Engoto-Kisii	Financial support towards drilling a borehole	200,000
3.	Kianda Foundation	Financial assistance towards assisting needy girls	200,000
4.	Usona Primary School - Kisumu	Financial support towards a school feeding program for Std 8 candidates	99,100
5.	Nanyuki CSR Medical camp	A KAA sponsored medical camp	5,000,000
6.	Utumishi Girls High school - Gilgil	Request for financial support towards installing a school fence	250,000
	Total		5,949,100

KENYA AIRPORTS AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

REPORT OF DIRECTORS

The Directors submit their report together with audited financial statements for the year ended 30 June 2022, which disclose the state of affairs of the corporation.

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 license, permit or certificate.

Results

The net profit for the year of Kshs 0.0433 billion (2021: Net loss of Kshs 6.673 billion) has been added to retained earnings.

DIRECTORS

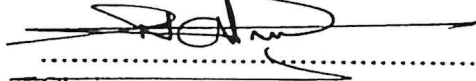
The Directors who held office during the year and to the date of this report are set out on pages 12 to 18.

KENYA AIRPORTS AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

APPROVAL OF FINANCIAL STATEMENTS

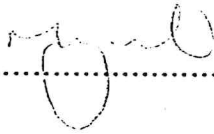
The financial statements were approved by the Board of Directors on

~~21ST SEPTEMBER~~..... 2022 and signed on its behalf by:



~~Chairman~~

By order of the Board



Margaret Munene
Ag. Corporation Secretary
NAIROBI

Date: 23-09-2022.....

KENYA AIRPORTS AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance to the Kenya State Corporations Act Cap 446, the Directors are required to prepare Financial Statements for each financial year which gives a true and fair view of the state of affairs of the Authority as at the end of the financial year and of its operating results for that year. It also requires the Directors to ensure the Authority keeps proper accounting records, which disclose with reasonable accuracy, the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

The Directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They accept responsibility for:

- i. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements:
- ii. Selecting and applying appropriate accounting policies and
- iii. Making accounting estimates and judgments that are reasonable in the prevailing circumstances.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority as at 30th June 2022 and its profit/loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the State Corporations Act Cap 446.

The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of Financial Statements, as well as adequate 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 twelve months from the date of this statement.

Approval of the financial statements

The Kenya Airports Authority financial statements were approved by the Board on

.....21ST SEPTEMBER.....2022 and signed on its behalf by:



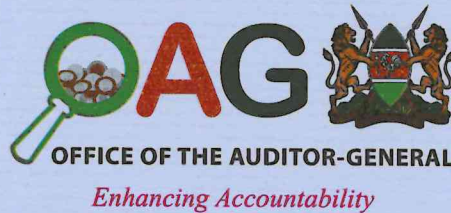
Chairman



Managing Director/ Chief Executive Officer

REPUBLIC OF KENYA

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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 AIRPORTS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 Airports Authority set out on pages 37 to 103, which comprise of the statement of financial position as at 30 June, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant

Report of the Auditor-General on Kenya Airports Authority for the year ended 30 June, 2022

accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Airports Authority as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenya Airports Authority Act, Cap.395 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Operating Revenue

The statement of profit or loss and other comprehensive income reflects operating revenue amounting to Kshs.12,216,940,000 and as disclosed in Note 27(a) to the financial statements. The revenue includes non-aeronautical revenue amounting Kshs.2,956,930,000 out of which Kshs.1,908,310,000 relates to concessions revenue. Review of revenue records revealed the following anomalies;

1.1 Unreconciled Car Park Revenue

Included in the concession's income is Kshs.408,164,788 in respect to parking revenue. Review of the car park income records for the Jomo Kenyatta International Airport which is outsourced to the Kenya Airports Parking Services (KAPS) revealed that monthly car parks revenue reported by KAPS of Kshs.191,068,580 differed with the total revenue reflected in the electronic point of sale system (ePOS) of Kshs.77,141,090 resulting in an unreconciled variance of Kshs.113,927,491.

In the circumstances, the accuracy and completeness of the car parks income of Kshs.408,164,788 could not be confirmed.

1.2 Unbilled Facilitation Concession Income

Included in the concession income of Kshs.1,908,310,000 is facilitation concession of Kshs.11,825,726 being fees charged on firms licensed to operate in JKIA. However, review of the records provided revealed that two firms with valid licenses were not billed for the period between July, 2021–December, 2021. The total of unbilled income amounted to Kshs.4,000,000.

In the circumstances, the accuracy and completeness of the facilitation concessions income of Kshs.11,825,726 could not be confirmed.

2. Unsupported Expenditure on Staff Costs

The statement of profit or loss and other comprehensive income reflects other administration expenses of Kshs.7,847,650,000 and as disclosed in Note 30(a)(iii) to the financial statements. The expenditure includes staff costs amounting to Kshs.4,805,090,000 out of which Kshs.3,290,659,000 relates to salaries and wages. Review of the payroll for the year under review, revealed that in the month of April, 2022,

189 staff members were paid amounts above their expected basic salaries amounting to Kshs.225,746,409. No explanation and documents were provided to support the excess payments.

In the circumstances, the accuracy and completeness of the salaries and wages of Kshs.3,290,659,000 could not be confirmed.

3. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment net book value of Kshs.51,455,247,000 which as disclosed in Note 31 to the financial statements, includes balances of Kshs.309,263,000 and Kshs.5,819,186,000 in respect of freehold and leasehold land respectively. However, examination of records revealed the following anomalies;

3.1 Land Without Ownership Documents

- i. The leasehold land balance and as previously reported, excludes land measuring 3.29 acres of undetermined value located at Nairobi-Embakasi Village. Although Management has explained that the parcel of land on which the Kenya Airports Authority Police Station is located will be surrendered to the National Police Service, documents and correspondences to support the surrender and its consideration were not provided for audit review.
- ii. Included in the freehold land balance and as previously reported is the cost of acquisition of land amounting to Kshs.190,763,189 for the expansion of Kisumu International Airport. However, the ownership documents were not provided for audit review.
- iii. Review of records held at the headquarters and as previously reported, indicate that the Authority had two title deeds for the Kisumu International Airport which reflect different acreage of 206.09 hectares and 362.9 hectares. No explanations was provided for this anomaly.

3.2 Parcels of Land in Dispute

Review of records revealed that the Authority owned parcels of land whose ownership was in dispute as detailed below:

- i. Excluded from the lease hold balance is an unregistered parcel of land measuring 0.867 acres at Embakasi Village valued at Kshs.4,335,000. Information available indicates that the Authority obtained partial allotment for the parcel of land measuring 0.443 acres from the National Land Commission on September, 2017. The other part measuring 0.47 acres had been illegally excised and allocated to a third party. Although Management wrote to the Commission requesting for investigation of the illegal excision, there was no evidence of follow up and the outcome.
- ii. Two parcels of land within the original Jomo Kenyatta International Airport land were excised and allocated to third parties. Although court proceedings were instituted vide HCCC Nos. 206 and 489 both of 2004 and temporary orders issued restraining the third parties, the latter proceeded to subdivide, resell and develop the land parcels. To vacate the land, the Authority demolished the illegal structures in 2011. The private developers subsequently sued the Authority and the case is still pending in court.

- iii. Wilson Airport land whose size and value are yet to be determined was registered in favour of the Authority on 29 July, 2003. However, a case challenging the registration was filed in the High Court by third parties. The plaintiffs sought temporary injunction restraining the Authority or their agents from demolishing or otherwise interfering with their ownership or possession or right of use of the parcel of land until hearing and determination of the case. Information available indicated that on 25 October, 2006, the court declined to issue the injunction orders sought. Although Management has indicated they wrote to the National Land Commission on 24 October, 2017 requesting it to intervene and revoke the title issued irregularly, no action had been taken and ownership of the property remained in dispute.
- iv. As previously reported, the leasehold land balance also includes a portion of land measuring 0.8925 hectares at Malindi Airport, irregularly allocated to a church organization. Further, land measuring 0.0549 hectares at the Airport was also irregularly allocated to a petroleum company and had been excluded from the reported leasehold land balance.
- v. Review of records and correspondences relating to the Authority's land, revealed ownership disputes affecting eighty-five (85) parcels of land at eight (8) airports/airstrips. Management did not provide details on the nature and the value of land in dispute as well as the parties involved and their current status.
- vi. Land measuring 253.61 hectares and 47.15 hectares of undetermined value at Isiolo and Garissa airstrips respectively were also excluded from the property, plant and equipment balance.
- vii. Included in the leasehold land balance is parcel of land with a book value of Kshs.5,210,102,489 on which the Kenya Pipeline Company Limited Embakasi depot is situated. The land was allocated to the company by the Government in 1976. However, the property is registered in the name of the Authority and the Authority is yet to transfer the ownership to the company.
- viii. In addition, the Authority has leased two parcels of land at the Moi International Airport to Kenya Pipeline Company Limited where the Company continues to hold critical, strategic and high value infrastructure. However, the lease for the land expired on 1 July, 2019 and was yet to be renewed. Although, the Company Management has requested for the renewal of the lease, this had not been done at the time of this report.

In the circumstances, the accuracy, ownership and completeness of freehold and leasehold land balance of Kshs.309,263,000 and Kshs.5,819,186,000 respectively could not be confirmed.

3.3 Misstatement of Capital Work in Progress

The statement of financial position reflects property, plant and equipment balance of Kshs.51,455,247,000 which includes capital works in progress balance of Kshs.11,143,484,000. However, re-computation of the balance yields to Kshs.11,147,729,030 resulting to unreconciled variance of Kshs.4,245,030.

In the circumstances, the accuracy of the capital work in progress balance of Kshs.11,143,484,000 could not be confirmed.

4. Failure to Incorporate Values of Revalued Assets

During the year ended 30 June, 2020, the Authority engaged valuers to undertake valuation of land and buildings and pavements at a cost of Kshs.8,389,067,000. However, the revalued amount of Kshs.1.2 trillion for these assets have not been incorporated in the financial statements for the Authority.

In the circumstances, the accuracy and fair measurement of the land, buildings and pavements balance could not be confirmed.

5. Omitted Biological Assets

Disclosed in Note 49 to the audited financial statements for the financial year 2020/2021 were biological assets comprising of trees that were planted at Eldoret International Airport in the year 2006 and were valued at Kshs.443,000,000 as at 30 June, 2021.

However, the value of the trees was not incorporated in the financial statements as at 30 June, 2022.

In the circumstances, the accuracy of the financial statements could not be confirmed.

6. Trade and Other Receivables

6.1 Long Outstanding Trade Receivables

Disclosed in Note 34(a) to the financial statements is gross trade receivables balance of Kshs.13,030,414,000 out of which debtors balances amounting to Kshs.8,356,796,792 have remained uncollected for more than 270 days.

Further, Included in the balance are amounts totalling Kshs.4,292,490,389 due from Kenya Airways Limited and Kshs.450,649,204 owed by Kenya Airfreight Handling Limited, which is a subsidiary company of Kenya Airways Limited. This constitutes 36% of the gross trade receivables. In addition the amount includes Kshs.2,641,767,520 due from Kenya Revenue Authority (KRA) in respect of Airport Passenger Service Charge of Kshs.1,967,546,517 and cargo handling concession of Kshs.674,221,003 or 20% of the total trade receivables and Kshs.1,206,623,170 due from the African Cargo Handling Limited which have been long outstanding.

In the circumstances, the accuracy and recoverability of the long outstanding receivable balances of Kshs.8,356,796,792 could not be confirmed.

6.2 Unremitted Car Parking Revenue

Note 34(a) to the financial statements reflects trade receivables gross balance of Kshs.13,030,414 which includes Kshs.195,291,724 revenue KAPS had not remitted to the Authority as at 30 June,2022 out of which Kshs.145,584,362 had been outstanding for over a period of 270 days.

This is contrary to Article III Clause 3 of the concession agreement between Kenya Airports Authority and Kenya Airports Parking Services Limited (KAPS) which provides that the concessionaire shall pay to the Authority a concession fee at the rate of 82% of

parking revenue collections, subject to a minimum annual guarantee of Kshs.250,000,000 and that the amount shall be payable in equal monthly instalments by the 5th of every month, in arrears.

In the circumstances, the service provider is in breach of the concession agreement, and the recoverability of the outstanding revenue is doubtful.

6.3 One Time Customer Account Balances

Review of trade debtors' schedules revealed debtors amounting to Kshs.29,032,309 due from one-time customers in various airports. These one-time customers were cash operators with no credit facility with the Authority who were expected to pay their dues before take-off but were provided with credit facilities without any credit arrangements.

In the circumstances, the recoverability of Kshs.29,032,309 from OneTime customer account is doubtful and the accuracy of the one-time customer account balances could not be confirmed.

6.4 Staff Receivables

As disclosed in Note 34(a) to the financial statements the gross trade and other receivables balance of Kshs.20,490,916,000 includes staff receivables balance of Kshs.199,181,000 out of which Kshs.195,494,496 is in respect of payments made to staff based on a job evaluation outcome of 2006 that was subsequently rescinded by the Board of Directors.

In the circumstances, the accuracy of the staff receivables balance of Kshs.195,494,496 could not be confirmed and the recoverability of the debts is doubtful.

6.5 Term Deposits

The statement of financial position reflects net trade and other receivables balance of Kshs.12,493,254,000 as at 30 June, 2022 which includes a term deposit amount of Kshs.78,789,626 with a local Bank that is under receivership. In addition, the approval by the Board of Directors to place the term deposit with the bank was not provided.

Further, during the year under review, the term deposit amount has been fully provisioned for. However, there were no records such as board minutes or authority to fully provide for the deposit.

In the circumstances, the recoverability of this deposits is doubtful.

7. Administration Expenses

The statement of profit or loss and other comprehensive income reflects administration expenses totalling to Kshs.7,847,650,000 and as disclosed in Note 30 to the financial statements. Included in the amount is transportation, travelling and subsistence amount of Kshs.74,884,348 which comprises of foreign and local travel amounts of Kshs.19,058,346 and Kshs.55,826,002 respectively. Review of the general ledger provided, revealed that analysis of the entire expenditure of Kshs.74,884,348 had no details of the payee and activities undertaken. No explanation was provided for failure to disclose the details.

Further, included in the administration amount are expenses amounting to Kshs.53,963,547 charged to cleaning services and Kshs.37,316,627 charged to environmental preservation all totaling Kshs.91,280,174 in respect of casual wages. However, the expenditure on casuals wages was not budgeted for. In addition, Kshs.173,621,526 was on under cleaning services, against a budget provision of Kshs.152,640,000 resulting in irregular expenditure of Kshs.20,981,526.

In the circumstances, the accuracy and completeness of administrative expense of Kshs.7,847,650,000 could not be confirmed.

8. Inventories

The statement of financial position reflects inventories balance of Kshs.105,353,000 as disclosed in Note 33 to the financial statements which is net of Kshs.10,862,000 provision for obsolete stock. However, included in the provision is stock valued at Kshs.1,903,201 that was destroyed by fire in 2013 and the Authority compensated for the loss. Further, according to an internal memo dated 25 September, 2020, the said items were to be disposed off in the financial year 2020/2021, however, verification carried out in February, 2023 revealed that the items were still in store.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.105,353,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Airports Authority Management in accordance with ISSAI 130 on 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

Contingent Liabilities

As disclosed in Note 45 to the financial statements, the Authority had contingent liabilities totalling to Kshs.35,660,000,000 arising from pending cases in court and tax assessment and disputed pending contracts' claims.

Although the liabilities have not crystallized to warrant recognition in the financial statements by way of provisions, the financial impact to the authority would be significant if the rulings are not in its favor.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects original and final revenue budgets of Kshs.9,806,294,413 and Kshs.12,023,431,178 respectively. Similarly, the statement reflects original and final expenditure budget of Kshs.13,881,043,247 and Kshs.21,660,126,688 respectively. The basis of the adjustment of the original budget was not provided.

2. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved. The un-resolved prior year issues were not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Stalled Projects

The statement of financial position reflects property, plant and equipment net book value of Kshs.51,455,247,000 which as disclosed in Note 31 to the financial statements, includes an amount of Kshs.11,143,484,000 in respect of capital works in progress. The balance includes amounts totalling Kshs.1,349,451,322 relating to costs incurred on various project that have had no significant progress towards their completion in the year under review as listed below:

Capitalized on	Asset Description	Amount (Kshs.)
31/12/2016	Malindi Land Acquisition	538,179,827
31/08/2016	World Bank Loan Interest (AUC)-Loan No.4926	11,799,609
01/07/2016	Consultancy Service -Runway Design MIA	94,599,003
01/07/2016	Consultancy Design (AGL)-MIA	1,662,896
01/07/2016	Consultancy Services Water -MIA	32,323,533
28/02/2014	New Greenfield Terminal	172,174,287
31/08/2013	New Greenfield Terminal-JKIA	498,712,166
Total		1,349,451,322

In the circumstances, value for money on the resources already spent on these projects could not be confirmed.

2. Irregular Payment of Allowances

Review of the payroll revealed that commuter allowances amounting to Kshs.2,040,000 was paid to seven (7) officers to whom official transport was provided on pick and drop

basis contrary to Section C.9 of the Human Resource Policies and Procedures Manual for Public Services.

Further, the drivers of the said officers were earning overtime allowances during the pick and drop home hours.

In the circumstances, Management was in breach of the Human Resource Policies and Procedures Manual and the payment of the allowances was irregular.

3. Payment of Acting Allowance for More than Six Months

Examination of the payroll and human resources records revealed that eleven (11) employees were in acting capacities. These employees had acted for a period of over six (6) months contrary to Section C.14(1) of the Human Resource Policies and Procedure Manual for the Public Service.

In the circumstances, Management is in breach of the Human Resource Policies and Procedure Manual for the Public Service, 2016.

4. Irregular Management of Leave Days

Review of staff records revealed that during the year under review, forty-seven (47) employees of the Authority carried forward more than a half of their leave days to the subsequent financial year. However, no evidence and explanation was provided for the failure by the officers to utilize their annual leave days as required by Section E 2(iv) of the Human Resource Policies and Procedure Manual for the Public Service 2016 was provided.

In the circumstances, Management is in breach of laid down policies and procedures on human resource practices.

5. Irregularities in Recruitment of Security Personnel

Review of human resources records revealed that Management obtained approval for the recruitment of 200 security personnel and that the recruitment was to be conducted at the Naivasha National Youth Service (NYS) Training School and for only in service NYS trainees who had completed the mandatory paramilitary training but with no specialized professional training.

In addition, scrutiny of list of the successful candidates from the interviewing panels revealed 131 candidates had been recommended for appointment having satisfied the job requirements and successfully passing the interviews. However, 33 names were removed from the list and 14 new names introduced. No reason or explanations were provided for the changes in the list of candidates were provided.

In the circumstances, the regularity of the security personnel recruitment process could not be confirmed.

6. Anomalies in Project Implementation

6.1 Proposed Refurbishment of Terminals 1B and 1C at Jomo Kenyatta International Airport

Management engaged a contractor for the proposed refurbishment of Terminals 1B and 1C at Jomo Kenyatta International Airport at a contract sum of Kshs.963,541,535.

However, review of project records revealed that the Contract Implementation Committee in a meeting held on 13 August, 2021 recommended for the allocation Kshs.46,000,000 for waterproofing and in a meeting held on 24 August, 2021 allocated Kshs.103,000,000 for the procurement of Heating, Ventilation and Air Conditioning (HVAC) system. These works had been dropped from during the project planning phase only to be introduced later as urgent works.

In addition, the Managing Director approved the use of direct procurement method on 17 August, 2021 for the works and awarded the contract to the existing contractor at contract sum of Kshs.175,366,274 which was above the allocated amount and a contract signed on 3 December, 2021, which was four months after award.

Physical verification of the works carried out revealed that although Management had sourced for HVAC system, there was omission of the same System on the ground floor and the temperatures in the refurbished Terminal 1B and 1C were hostile and unfavorable for use by the travelers. In addition, the tiles and paintwork on the ceiling of Level 1 were not well done while the lifts to the smoking zone were not functional.

6.2 Maintenance of Tango Access Roads JKIA

Review of payment records held at the Authority revealed an amount of Kshs.6,347,843 was paid to contractors for the maintenance of Tango Access Roads at JKIA. However, physical verification of the projects revealed that the roads were poorly done and by the time of audit, there were visible potholes on the roads.

6.3 Pavements Rehabilitation at Moi International Airport (MIA) – Mombasa

The Authority awarded a contract for the rehabilitation of the runway, taxiways and apron; airfield lighting including upgrading existing AGL; sink hole remediation and slope stabilization; rainwater harvesting and drainage works to several contractors in a joint venture at a contract sum of Kshs.7,008,000,000. The works commenced on 28 May, 2018 and as at 30 June, 2022, the Authority had paid the contractor a total sum of Kshs.5,309,702,130 including Value Added Tax (VAT).

The project status report as at 31 December, 2021 indicated that the works progress was at 92% level of completion while physical verification of the project in February, 2023 revealed that the contractor had demobilized all their equipment and machineries and left the site. However, the ground stabilization and rainwater harvesting works had not been completed and the construction of the water harvesting tank was abandoned with leakages and several earth cracks had developed near the runway.

6.4 Stalled Refurbishment of the Freight Terminal Building at Moi International Airport – Mombasa

The Authority engaged a contractor at a contract sum of Kshs.18,420,325 for the rehabilitation of the cargo terminal and offices. The works commenced on 13 January, 2020 and as at 30 June, 2022, work certified amounted to Kshs.3,803,500.

However, physical verification in the month of February, 2023 revealed poor workmanship of the floor screed, the works had stalled and the contractor was not on site. In addition, Management had issued a notice to terminate the contract.

6.5 Perimeter Wall Fencing at Moi International Airport

The Authority procured a contractor to erect a fence on the reclaimed land at AGL Approach 21 at Kshs.75,000,000. However, although the tender documents were forwarded to the procurement function for contract signing on 9 March, 2020, the contract had not been signed as at the time of audit. In addition, physical inspection carried out in February, 2023, revealed that the land to be fenced had been encroached by squatters and the contract has not been performed.

6.6 Proposed Construction of Security Fence at Ukunda Airstrip

The Authority awarded a contract for the proposed construction of security fences on 7 November, 2019 at a contract sum of Kshs.40,335,653. The contract commencement date was 18 February, 2020 and was to run for a period of 9 months. The scope of work entailed construction of security fence at the Ukunda Airstrip and the newly constructed Mkwakwani Primary School, construction of public road outside the airstrip perimeter fence and provision of gates at the two sites.

Physical verification done in February, 2023, revealed that the construction of the security perimeter fence around the newly constructed Mkwakwani Primary School was complete. However, the construction of the security perimeter fence around the airstrip was not complete due to land ownership disputes with the local community who have encroached sections of the airstrip.

6.7 Phase I of the Proposed Emergency Works, Rehabilitation of Turnpad and Pavement Markings at Eldoret International Airport

The Authority awarded a contract for the above works at a contract sum of Kshs.93,060,219 for a revised contract period of six (6) with a commencement date of 22 February, 2022 and the revised completion date of 31 July, 2022. Management used direct method of procurement in sourcing for the contractor and no justification was provided the use of the method.

Physical verification of the works in February, 2023, revealed the works were at an estimated 90% level of completion. However, the works on the turning pad, painting and marking of the apron were substandard and the containerized office had not been delivered to the site.

In addition, the performance bond provided by the contractor had expired on 31 July, 2022 and no evidence of renewal was provided.

6.8 Proposed Alteration to Stem Rainwater Ingress into Passenger Terminal Building

The contract for the proposed alteration works to stem rain water ingress into the passenger terminal building at Kisumu International Airport was awarded to local contractor at a contract sum of Kshs.15,699,840 for which the scope of works included roof and repair works and other associated ancillary works. The works commenced on 7 November, 2019 for an initial contract period of four(4) months which was later extended by sixty(60) days. Review of project records revealed that the value of works certified and paid as 30 June, 2022 amounted to Kshs.7,446,086 and the works were at 95% level of completion. However, the final inspection report on the final inspection of the works

that was to be undertaken by technical team on 30 December, 2021 and 13 January, 2022 was not provided audit review.

Physical verification of the works in February, 2023 revealed that the rain water continued to ingress in to the terminal building due to poor workmanship, The piping connection of the tank in the 06 watch tower had not been done. The door to the toilet was broken, the water tank had leakages and The cabro parks were uneven.

In the circumstances, stakeholders may not obtain value for money on the resources spent on these projects

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Electronic Point of Sale (ePOS) at Jomo Kenyatta International Airport (JKIA)

The Authority entered into a contract with a service provider for the extension of electronic point of sale (ePOS) system at the JKIA on 15 January, 2020 for. The contract consideration was for a sum of Kshs.40,547,233 inclusive of applicable taxes for installation, dual currency implementation and training and annual maintenance cost of Kshs.5,366,995 per annum inclusive of taxes.

However, review of the system revealed that the ePOS system is not integrated with the Authority's SAP system. Further, although the ePOS system is integrated to the Kenya Airports Parking Services (KAPS), the reports generated from the ePOS varied with those from KAPS. In addition, Management did not provide access to the ePOS system and therefore the reliability of the reports generated could not be confirmed.

In the circumstances, Management internal controls on revenue may not be effective as the system is underutilized.

2. Cargo Concession Revenue

Included in the concession's income of Kshs.1,908,310,000 is cargo concessions income of Kshs.139,906,356, which is income from the cargo airlifted. The cargo handling agents declare the quantities of the cargo handled to Kenya Revenue Authority (KRA) who in turn remits the amounts received to Kenya Airport Authority. The Kenya Airports Authority

recognizes the amounts received from KRA without authenticating the completeness and accuracy of the cargo concession income. This is because the Kenya Airports Authority does not have rights of access to information pertaining the cargo processed and handled by the agents and the amount remitted to KRA by the cargo handling agents.

In the circumstances, lack of access to data on cargo processed exposes the Authority to risk of loss of revenue.

3. Vulnerability of the Power House at Eldoret International Airport

The power house at the airport contained; medium voltage switchgear panels for control and distribution of power within the airport, constant current regulators (CCR) for supply of power to airfields and Uninterrupted Power Supply (UPS) for provision of uninterruptable power supply to AGL cables supported by several equipment, machines including generators. However, physical verification carried out in the month of February, 2023, revealed that power house was not well secured as the accessibility to the power house rooms was not controlled, and no logs of who accessed the rooms at a particular time were maintained.

In the circumstances, controls on access to critical facilities were not effective.

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 control, 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 Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error 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 liquidate the Authority or 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 are in compliance 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 May, 2023

KENYA AIRPORTS AUTHORITY ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30, 2022

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AS AT 30TH
JUNE 2022**

		2021-2022	2020-2021
	Notes	Kshs' 000	Kshs' 000
REVENUES			
Operating Revenue	27(a)	12,216,940	7,233,193
Other Income	28(a)	170,679	182,552
Amortisation Income	28(b)	900,715	974,239
TOTAL REVENUES		<u>13,288,333</u>	<u>8,389,984</u>
 OPERATING EXPENSES			
Administrative Expenses	30(a) (iii)	7,847,650	12,382,650
Establishment Expenses	30(b)	3,540,020	3,574,447
Other Expenses	30(c)	19,917	9,329
TOTAL OPERATING EXPENSES		<u>11,407,588</u>	<u>15,966,426</u>
 OPERATING PROFIT		 1,880,746	 (7,576,441)
Financial Income (Loss)	28 (c)	(247,548)	52,318
Financial Costs	29	(651,287)	(440,660)
PROFIT/(LOSS) BEFORE TAXATION		<u>981,911</u>	<u>(7,964,784)</u>
TAX EXPENSE/INCOME	41	<u>(938,583)</u>	<u>1,291,777</u>
 (LOSS)/PROFIT AFTER TAXATION		 <u>43,328</u>	 <u>(6,673,007)</u>

The notes on pages 43 to 78 form an integral part of these financial statements

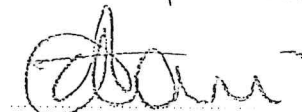
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

		2021-2022	2020-2021
ASSETS & LIABILITIES:-	Notes	Kshs' 000	Kshs' 000
Non-Current Assets			
Property, Plant and Equipment	31	51,455,247	52,420,326
Intangible Assets	32	37,139	111,916
Total Non-Current assets		51,492,386	52,532,243
Current Assets			
Inventories	33	105,353	90,954
Trade and Other Receivables	34(a)	12,493,254	12,497,039
Balances held in Reserve Accounts	35	289,838	728,038
Cash and Cash Equivalents	36(a)	6,446,050	4,778,236
Airstrips Fund Cash Balance	36(b)	2,473,782	2,193,600
Deferred Tax Asset	42	-	156,385
Total Current assets		21,808,278	20,444,252
TOTAL ASSETS		73,300,664	72,976,495
EQUITY AND LIABILITIES			
Capital and Reserves			
Government Grant		16,780,395	17,399,655
Revaluation Reserve		989,839	989,839
Retained Earnings		33,091,914	33,044,685
Other Comprehensive Income		2,497	-
Capital and Reserves		50,864,646	51,434,180
Non- Current liabilities			
Airstrip Fund	37	2,473,782	2,193,600
Long Term Loans	39	11,923,240	12,034,359
Deferred Tax Liability	42	130,461	-
Total Non-Current Liabilities		14,527,483	14,227,959
Current Liabilities			
Trade and Other Payables	38	4,394,290	3,521,657
Current Portion of Long Term Loan	39(b) & (c)	1,053,837	1,024,307
Provisions for Liabilities and Charges	40	2,460,408	2,768,392
Total Current Liabilities		7,908,535	7,314,356
TOTAL EQUITY AND LIABILITIES		73,300,664	72,976,495

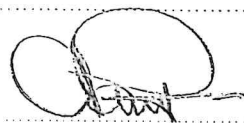
The notes on pages 43 to 78 form an integral part of these financial statements. The financial statements on pages 37 to 40 were approved by the Board on

21st SEPTEMBER

2022 and were signed on its behalf by:



Managing Director/ CEO
Name: Mr. Alex Gitari



Ag. General Manager Finance
Name: Mr. Patrick Choude
ICPAK No: 2582



Chairman
Name: Isaac Awuondo

KENYA AIRPORTS AUTHORITY ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

STATEMENT OF CHANGES IN EQUITY AS AT 30TH JUNE 2022

	Government Grants	Revaluation Surplus	Retained Earnings	Other Comprehensive income	Total
	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000
At 30th June 2020	17,642,284	989,839	38,930,051	-	57,562,175
Re-instatements					
As at 30 June 2020	17,642,284	989,839	38,930,051		57,562,175
Changes in equity in 2021/2020					
Amortization income for the year	(974,239)				(974,239)
Airstrip Funds	444,471				444,471
Land from GOK- Isiolo Airstrip	287,140				287,140
Adjustments for staff rentals					-
Reversal of Accrued deficit on Pension			851,154		851,154
Adjustment for expenses			(60,563)		(60,563)
Adjustment for Accrued revenue			(2,950)		(2,950)
(Loss) for the year	-	-	(6,673,007)		(6,673,007)
At 30th June 2021	17,399,655	989,839	33,044,685	-	51,434,180
Changes in equity in 2021/2022					
Adjustment for Dep eliminated on disposal-			267		267
Adjustment for amortisation on recapitalizati	(48,872)				(48,872)
Adjusted Balance as at July 2022	17,350,783	989,839	33,044,952	-	51,385,574
Amortization income for the year	(900,715)				(900,715)
Airstrip Funds	336,634				336,634
Addustment for Grant on KTSSP	(6,307)				(6,307)
Adjustment for prior year expenses			12,720		12,720
Adjustment for prior year revenue			(9,086)		(9,086)
*Other comprehensive income				2,497	2,497
Gain for the year	16,780,395	989,839	33,048,586	2,497	50,821,318
Gain for the year	-	-	43,328	-	43,328
At 30th June 2022	16,780,395	989,839	33,091,914	2,497	50,864,646

* Other comprehensive income is surplus of sponsorship funds, held to enable support of future sports activities

The notes on pages 43-78 are an integral part of these financial statements

STATEMENT OF CASH FLOWS AS AT 30TH JUNE 2022

	Notes	2021-2022 Kshs.'000	2020-2021 Kshs.'000
Operating activities			
Cash generated from/ (used in) operations	43(a)	4,189,513	(762,513)
Interest received	28 (c)	137,621	149,304
Taxation paid		-	(5,441)
Net Cash generated from/ (used in) operating activities		4,327,133	(618,650)
Investing Activities			
Cash from Investing activities			
Purchase of Property, Plant and Equipment	31	(2,022,909)	(5,856,686)
Additions Intangible Assets	32	-	(696)
Net Cash generated from/ (used in) investing activities		(2,022,909)	(5,857,381)
Financing activities			
Cash flow from Financing activities			
Repayment of AFD loan	39(c)	(1,053,837)	(1,024,307)
Refund of unutilized WB loan amount	39(a)	-	(13,841)
Proceeds from long term borrowing from World Ban	39(a)	-	81,357
Proceeds from long term borrowing from AFD Loan	39(c)	-	2,769,153
Proceeds from Airstrips Fund	37	1,330,440	227,220
Disbursement of Airstrips fund	37	(663,624)	(383,727)
Provisions Utilised during the year	40	(473,362)	(110,357)
Other comprehensive income		2,497	
Net Cash generated from/ (used in) financing activities		(857,886)	1,545,499
Net Decrease (Increase) in cash and cash equivalents		1,446,338	(4,930,532)
Cash & cash equivalents at 1st July 2021		7,699,874	12,775,457
Effects of exchange rate changes		63,458	(145,052)
Cash and cash equivalents at 30th June 2022	43 (c)	9,209,670	7,699,874

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR YEAR ENDED 30TH JUNE 2022						
Revenue	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Aeronautical Revenues	6,117,887,866	2,244,107,634	8,361,995,500	9,250,264,984	888,269,484	111%
Non Aeronautical Revenue	3,193,487,390	(77,534,652)	3,115,952,738	2,957,670,280	(158,282,458)	95%
Other Revenues	494,919,158	50,563,782	545,482,940	1,218,271,866.51	672,788,927	223%
Total Revenues	9,806,294,413	2,217,136,765	12,023,431,178	13,426,207,131	1,402,775,953	112%
Expenses						
Staff Costs	4,753,953,998	477,899,505	5,231,853,503	4,803,904,494	427,949,009	92%
Depreciation & Amortization	2,799,581,863	-	2,799,581,863	2,763,189,170	36,392,693	99%
Repairs & Maintenance	869,683,090	476,373,834	1,346,056,924	776,830,831	569,226,093	58%
Purchase of stores	205,896,596	139,182,506	345,079,102	246,501,527	98,577,575	71%
Administration Expenses	1,711,367,856	675,619,442	2,386,987,298	2,170,640,358	216,346,940	91%
Interest On loans	554,219,404	98,705,331	652,924,734	651,287,094	1,637,641	100%
forex (Gain)/loss	10,894,702,807	1,867,780,617	12,762,483,424	11,412,353,473	1,350,129,952	89%
Provision for bad debts				385,168,896	(385,168,896)	
				646,774,174	(646,774,174)	
Total Expenses	10,894,702,807	1,867,780,617	12,762,483,424	12,444,296,543	318,186,881	98%
Operating Profit/(Loss)	(1,088,408,394)	349,356,148	(739,052,246)	981,910,588	(1,720,962,834)	234%
Capital Expenditure	2,986,340,440	5,911,302,823	8,897,643,264	2,022,908,974	6,874,734,289	23%

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The budget and actual variances in respect of each of the revenue streams are analysed here below;

- a) Aeronautical revenues: Airport Passenger Service Charge, Landings and parking fees, Air bridge fees, Aviation fuel Uplift
The revenues recorded favourable variance due to increase in passenger numbers, increased aircraft operations and depreciation of Kshs against US.
- b) Non Aeronautical revenues recorded variances as follows
 - I. Rentals revenues recorded unfavourable variance is mainly attributed to the delay in completion and operationalisation of Terminal B and C. This is largely due delays in completion of electrical works.
 - II. Cargo handling income recorded a favourable variance that is attributable to increased cargo volumes at JKIA and improved business performance of transit sheds during the period.
 - III. Duty Free income had a favourable variance as a result of increase in the number of international passengers and depreciation of the shilling against the US dollar.
 - IV. Advertisement income had an unfavourable variance largely due to slow uptake of advertising sites.
 - V. Inflight catering income recorded a favourable variance due to increase in the number of passengers.
 - VI. Ground Handling income recorded unfavourable variance that is attributable to slow recovery of the business than what was projected during the budget.
 - VII. Cargo concession recorded unfavourable unfavourable variance that is attributable to consolidation of cargo by shippers thereby reducing the number documents processed.
 - VIII. Retail income recorded a favourable budget variance favourable variance that is in tandem with growth in passenger traffic.
 - IX. Ground transport recorded an adverse budget variance because taxi operators who withdrew or reduced their fleet at the time of Covid-19 have not returned to full operations as anticipated during budgeting.
 - X. Car Park revenues had a marginal favourable variance which is attributable to passenger traffic increase than anticipated during the budget.
 - XI. Cute Income recorded unfavourable variance was due to inability to process minimum guaranteed passenger numbers as per the contractual conditions.
 - XII. Sale of Trees: A budget for sale of trees at Eldoret International Airport was made. The anticipated sale did not happen due to the ongoing court case.

Recurrent expenditure

The actual total recurrent expenditure of Kshs 12.44 billion represents a favourable variance of Kshs 318 million against the budget of Kshs 12.76 billion . The variance was due to the following reasons.

- I. **Staff costs** recorded a favorable variance of Kshs 427 million to reach Kshs 4.80 billion against the budget of Kshs 5.2 billion. The 2021/2022 budget assumed that 200 additional security staff were to be engaged by the Authority, however, recruitment was delayed to June and July, 2022. In addition, the amount budgeted for salary arrears for unionisable staff remains outstanding
- II. **Depreciation and Amortization:** There was favorable budget variance of Kshs 36.3 million to reach Kshs 2.76 billion against the budget of Kshs 2.8 billion mainly because of the partial depreciation of the fully depreciated assets whereas the budget assumed a full year depreciation.
- III. **Repairs and Maintenance:** There was a favorable variance of Kshs 569 million in 2021/2022 to reach Kshs. 776 million against the budget of Kshs. 1.36 million. The budget variance is mainly due to Kshs. 370 million of procurement in progress as at June 2022 which includes the tender for maintenance of the baggage handling system and pavements at Eldoret International Airport among others.
- IV. **Administrative Expenses** recoded a favorable variance of Kshs. 216.3 million to reach Kshs. 2.17 billion against a budget of Kshs. 2.37 billion.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

Kenya Airports Authority is established by and derives its authority and accountability from Kenya Airports Authority Act Cap 395. The entity is wholly owned by the Government of Kenya and is domicile in Kenya. The entity principal activity is to develop, maintain, operate, improve and regulate all aerodromes and other related facilities in Kenya.

For the Kenyan Companies Act reporting purposes, in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

a. Statement of Compliance & Basis of Preparation

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and the International Financial Reporting Standards (IFRSs). The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Authority's accounting policies.

Where necessary the comparative figures for the previous financial year 2020/2021 have been stated in the financial statements to conform to changes in presentation.

The financial statements were approved by the Board of Directors on 21st September 2022.

The accounting policies applied in the preparation of these financial statements are set out below. The Authority adopted all the new and revised IFRS as adopted by the PSASB and IASB that are relevant to its operations and are effective for accounting periods beginning on 1st January 2022.

The financial statements are prepared and presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Authority and all values are rounded to the nearest thousand (Kshs '000). The financial statements are prepared on historical cost basis except for the recognition at fair value of financial instruments, impaired assets at their estimated recoverable amounts and actuarially determined assets at their present value.

b. Going concern

Based on the financial performance of the Authority and the risk management policies, the Board is of the opinion that the Authority is well placed to continue business in the foreseeable future. The financial report is therefore prepared on the going concern basis, which contemplates the continuity of normal business activities, the realization of assets and the settlement of liabilities in the ordinary course of business.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The measurement basis applied is the historical cost basis, except for land and buildings, which have been measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company’s accounting policies. The areas involving more judgement or complexity, or where assumptions and estimates are significant to the financial statements.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Application of New and Revised International Financial Reporting Standards (IFRS)

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Title	Description	Effective Date
Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)	The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)	The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IFRS 1 titled Subsidiary as a	The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption	The amendments are effective for annual periods beginning on or after January 1, 2022.

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Title	Description	Effective Date
First-time Adopter	relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.	Early application is permitted.
Amendment to IFRS 9 titled Fees in the '10 per cent' Test for De-recognition of Financial Liabilities	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

(The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows. ...)

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Notes to the Financial Statements (Continued)

Application of New and Revised International Financial Reporting Standards (IFRS)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)	The amendments, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Disclosure of Accounting	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting	The amendments are effective for annual periods beginning on or after January 1, 2023.

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Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
Policies (issued in February 2021)	policy information rather than their significant accounting policies	Earlier application is permitted.
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

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Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
	exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	
IAS 8- Accounting Policies, Errors and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

(The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements).

iii. Early adoption of standards

(The entity) did not early – adopt any new or amended standards in year 2021-2022.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations. Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

	Rate
Freehold Land	Nil
Leasehold Land	99 years
Pavements (Runways, aprons, taxiways and roads)	4.0%
Permanent buildings	2.5%
Emergency Service Vehicles	10.0%
Other Motor vehicles	25.0%
Electrical -Mechanical Equipment	5.0%
Other Machinery	10.0%
Office Equipment, Furniture and Fixtures	20.0%
Computer and accessories	33.0%

Depreciation of these assets, on the same basis of other property assets commences when the assets are ready for intended use.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

3. Intangible assets

Software license costs and computer software that is not an integral part of the related hardware are initially recognized at cost, and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Authority are recognized as intangible assets. Amortization is calculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life using an annual rate of 33.3%.

4. Amortization and impairment of intangible assets

Amortization is calculated on the straight-line basis over the estimated useful life of computer software of three years. All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the entity, are classified as investment property under non-current assets. Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

6. Finance and operating leases

Leases which confer substantially all the risks and rewards of ownership to the *entity* are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and the asset is subsequently accounted for in accordance with the accounting policy applicable to that asset

All other leases are treated as operating leases and the leased assets are recognized in the statement of financial position to the extent of prepaid lease rentals at the end of the year. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

7. Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

8. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges, and is determined on the moving average price method.

9. Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These 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. Bad debts are written off after all efforts at recovery have been exhausted.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Taxation

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date. Current income tax relating to items recognized directly in equity, in which case it is also recognized directly in equity.

Deferred income tax

Deferred income tax is provided using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realized or the deferred tax liability is settled

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Recognized and unrecognized deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognized amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

11. 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 the Central Bank of Kenya and 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

12. Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the *entity* or not, less any payments made to the suppliers

period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

14. Retirement benefit obligations

Defined Benefit Scheme

The Authority operates a defined benefit scheme for all its employees, funded by contribution from employees. The scheme defines the benefits an employee will receive on retirement. The assets of the scheme are held in a separate trustee administered scheme. The Authority's contributions are charged to the profit and loss account in the year to which they relate.

The Authority changed to Defined Contribution scheme from Defined Benefit scheme with effect from 1/7/2011 in accordance with the Treasury circular No. 18/2010 dated 24th November 2010. Based on the directive of this circular and the fact that the Defined Benefit scheme is in surplus, the scheme was wound-up and members benefit transferred to Defined Contribution Scheme.

The Authority also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Authority's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 200= per employee per month.

15. Provision for Staff leave pay

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognized as an employment cost accrual. A provision is made for the estimated liability for annual leave at reporting date.

16. Exchange Rate Difference

Transactions during the year are converted into Kenya shilling at exchange rates ruling at the transaction dates. Monetary assets and liabilities, which are expressed in foreign currencies, are translated into Kenya shillings at exchange rates ruling at the balance sheet date. Revenue and Expense items in other currencies are translated into Kenya Shillings using the rate ruling at the transaction date. The resulting differences from conversion and translation are dealt with in the profit and loss account in the year in which they arise.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

18. Provision for liabilities and charges

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

19. Biological Assets

The Biological assets comprise of trees that were planted at Eldoret International Airport and Eldoret Airstrip in the year 2006. All the costs incurred to date have been treated as expenses in determining the profit in each year they were incurred. The total proceeds from the sale of these trees minus the incidental costs shall be recognized as income in the year of sale. The assets were valued at fair value by Integrated Forestry Consultancy and Management Services as per IAS 41 at Kshs 443M.

20. Comparative figures

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

21. 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, 2022.

22. Related Party Policy

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Jointly controlled entities are also considered as related parties. The companies transact business with parties that are related by virtue of common directorship and/or ownership and jointly controlled entities. The Authority's related parties include:

- Key Management and Directors are in charge of decision making for the Authority
- National Government: The Authority receives Grants and Funds to carry out projects.
- Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works: The Ministry has a representative in the Board of Directors.

23. Significant judgments and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Kenya Airports Authority, the directors make certain judgments and estimates that may affect the carrying values of assets and

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

liabilities in the next financial period. Such judgments and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

Going Concern: The financial statements have been prepared on a going concern basis on the belief that the Authority shall continue operations in the near future.

Impairment Losses: At each year end, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, management estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets, vehicles and equipment: Critical estimates are made by the management in determining the useful life for intangible assets, vehicles and equipment.

Contingent liabilities: The management evaluates the status of any exposures to contingent liabilities on a regular basis to assess the probability of the Authority incurring related liabilities and the same is disclosed as a note in the financial statements. Provisions are only made in the financial statements where, based on the management's evaluation, a present obligation has been established.

Revaluation reserve: The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

Retained earnings: The retained earnings represent amounts available for distribution to the *entity's* shareholders. Undistributed retained earnings are utilised to finance the *entity's* business activities.

24. Financial Instruments

Classification: The Authority classifies its financial instruments into the following categories:

Loans and receivables, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and exclude assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss or as available for sale financial assets.

Financial liabilities: which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

25. Risk management objectives and policies

Financial risk management

i) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Authority.

The credit risk exposures are classified in three categories;

- Fully performing
- Past due
- Impaired

i) Credit risk on Fixed, Call and Reserves with banking institutions is managed by dealing with institutions with good credit ratings. Credit risk on concessions,

ii) Tenancies and similar business transactions is mitigated through requirement for performance guarantees issued by financial institutions with good credit ratings.

Credit Risk

Credit risk on Trade Receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and credit period for each customer.

The maximum exposure of the Authority to credit risk as at the balance sheet date is as follows:

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Fully Performing	Past due but not Impaired	Past due and Impaired	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
30th June 2022				
Trade receivables	5,111,542		7,918,872	13,030,414
Other receivables	7,381,712		78,790	7,460,502
Fixed Deposits, Call Deposits & Treasury Bills	7,185,821			7,185,821
Reserve Account	289,838			289,838
Cash at bank	1,734,010			1,734,010
Gross Financial Assets	21,702,924	-	7,997,662	29,700,586
30th June 2021				
Trade receivables	4,370,014		7,272,098	11,642,112
Other receivables	8,127,025		78,790	8,205,815
Fixed Deposits, Call Deposits & Treasury Bills	6,078,856			6,078,856
Reserve Account	728,038			728,038
Cash at bank	892,979			892,979
Gross Financial Assets	20,196,913	-	7,350,887	27,547,800

Past due and Impaired

As at 30th June

	2022	2021 (*Restated)
	Kshs'000	Kshs'000
Bad Debts	7,918,566	7,271,791
Term Deposits-Prudential Bank	78,790	78,790
Other Receivables	306	306
	<u>7,997,662</u>	<u>7,350,887</u>

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

25. Risk management objectives and policies (Continued)

i) Credit Risk (Continued)

An impairment provision of Kshs.8.0 Billion (2021: Kshs. 7.35 Billion) is held against the impaired receivables. The Authority does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due and impaired receivables.

ii) Liquidity risk

Liquidity risk is the risk that the Kenya Airports Authority will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the Authority's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Authority manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturities at the reporting date.

	Within 12 months Kshs'000	Over 12 months Kshs'000	Total
Year ended 30th June 2022			
Trade payables	3,155,080		3,155,080
Other payables		1,239,210	1,239,210
Interest bearing Loans	1,053,837	11,923,240	12,977,078
Total	4,208,917	13,162,451	17,371,367
Year ended 30th June 2021			
Trade payables	2,560,750		2,560,750
Other payables		960,907	960,907
Interest bearing Loans	1,024,307	12,034,359	13,058,665
Total	3,585,057	12,995,265	16,580,322

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

25. Risk management objectives and policies (Continued)

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk.

Interest rate risk: The Authority is exposed to cash flow interest risk on its variable rate borrowings because of changes in market interest rates. The Authority manages this exposure by maintaining a high interest cover ratio, which is the extent to which profits are available to service borrowing costs. If the interest rates on the Authority's borrowings at the year-end were to increase/decrease by 1% percentage points, with all other factors remaining constant, the post-tax profit would be lower/higher by Shs 6.51 Million (2020: Shs 4.41 Million) respectively.

Price Risk: The Authority does not hold investment that would be subject to price risks: hence this risk is not relevant.

Foreign currency sensitivity risk: The Authority has foreign currency denominated bank accounts and it also transacts in foreign currency. The Authority receives US\$ denominated receipts as part of its revenue. These receipts are banked in dollar denominated bank accounts. The Authority mitigates against foreign exchange risks: By negotiating contracts based on the available currency (Dollar/KES). Secondly loans are negotiated and maintained in dollar equivalent to hedge against foreign exchange risk fluctuations.

The carrying amounts of the Authority's foreign currency denominated monetary assets at the balance sheet date are as follows:

	USD ' 000	USD ' 000
As at	30 th June 2022	30 th June 2021
Financial Assets		
Bank and cash balances	989,839	8,150
Term deposits	33,091,914	30,070
Trade receivables	16,780,395	64,340
Other comprehensive Income	2,497	
Sub Total	50,864,646	102,560
Financial liabilities		
Trade payables	3,178	3,470
Long Term Loans	91,800	101,175
Sub Total	94,978	104,645
Net exposure	20,394	(2,085)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

26. Capital Risk Management

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

	2020/22	2019/2021
	Kshs '000	Kshs '000
Revaluation reserve	989,839	989,839
Retained earnings	33,091,914	33,044,685
Capital reserve	16,780,395	17,399,655
Other comprehensive Income	2,497	
Total funds	50,864,646	51,434,180
Total borrowings	12,977,078	13,058,665
Less: cash and bank balances	(9,209,670)	(7,699,874)
Net debt/(excess cash and cash equivalents)	3,767,408	5,358,791
Gearing	7%	10%

NOTES TO THE FINANCIAL STATEMENTS

	2021-2022	2020-2021
Revenues	Kshs' 000	Kshs.'000
27(a) Operating Revenue		
Aeronautical Revenue		
Airport Passenger Service Charge Fund	5,517,493	2,194,152
Landing and Parking	3,268,587	2,375,671
Airbridge Charges	212,613	132,965
Fuel Uplift	251,572	193,505
Other Aeronautical Revenue	9,745	3,549
Total Aeronautical Revenue	<u>9,260,010</u>	<u>4,899,842</u>
Non Aeronautical Revenue		
Rentals	961,938	876,281
Concessions	1,908,310	1,388,677
Security Passes Income	86,451	67,418
Other Non aeronautical revenue	230	975
Total Non Aeronautical Revenue	<u>2,956,930</u>	<u>2,333,351</u>
Total Operating Revenue	<u>12,216,940</u>	<u>7,233,193</u>
27(b) Gain on Assets Disposal		
Gain/(loss) on assets disposal	-	(24,297)
28 (a) Other Income		
Sale of Tender documents	-	2
Interest on Staff Loans	2,689	3,428
Fines and Penalties	1,894	1,259
Utility Recoveries	151,833	132,094
Other Income	14,263	45,770
	<u>170,679</u>	<u>182,552</u>
28 (b) Amortization Income		
Amortization Income	900,715	974,239
	<u>900,715</u>	<u>974,239</u>
28 (c) Financial Income (Loss)		
Investment Income	124,432	139,748
Bank Interest	13,189	9,556
Exchange gain (loss) on Forex	(385,169)	(96,986)
	<u>(247,548)</u>	<u>52,318</u>
29 Financial Costs		
Interest Expense	651,287	440,660
	<u>651,287</u>	<u>440,660</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021-2022	2020-2021
Profit/(loss) before tax expenses/income		
30 (a) Administrative Expenses	Kshs' 000	Kshs.'000
i) Staff Costs -Note 30 (d)	4,805,090	4,649,295
ii) Other Administrative expenses	689,787	614,529
Electricity and Water	60,691	22,847
Communication services and supplies	74,884	19,958
Transportation, Travelling and Subsistence	41,004	20,263
Advertising, Printing , Stationery and Photocopying	86,084	136,064
Marketing and Promotion Expenses	46,426	3,337
Staff Training Tuition and Subsistence	131,194	138,120
Insurance costs	4,071	2,749
Bank charges	126,742	51,766
KRA Commission	49,863	59,415
Legal Fees	10,242	24,736
Consultancy Fees	216,432	156,812
Stores consumed	173,622	136,180
Cleaning Services	88,863	106,609
Environmental Preservation	383,970	119,410
VAT Expense -Allowable & Non Allowable	646,774	5,947,563
Provision for bad debts	-	4,712
Provision for Obsolete Stocks	211,912	143,989
Other Operating Expenses	<u>3,042,560</u>	<u>7,733,356</u>
iii) Administrative Expenses	<u>7,847,650</u>	<u>12,382,650</u>
30(b) Establishment Expenses		
Repairs and Maintenance	776,831	753,275
Depreciation of property, plant and Equipment	2,688,412	2,753,581
Intangible Assets	74,777	67,591
	<u>3,540,020</u>	<u>3,574,447</u>
30(c) Other Expenses		
Directors' Expenses	17,917	7,293
Audit Fees	2,000	2,035
	<u>19,917</u>	<u>9,329</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021-2022	2020-2021
30 (d) Staff Costs	Kshs' 000	Kshs.'000
Salaries and Wages	3,290,659	3,207,501
Contractual Staff (One month & above)	98,643	100,254
Pension Fund Costs	354,423	334,721
NSSF Company Contribution	4,385	4,504
Group Life Insurance Costs	22,273	14,666
Group Personal Accident (GPA)	11,947	12,261
Other Staff Costs	1,022,761	975,388
	<u>4,805,090</u>	<u>4,649,295</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 Property, Plant & Equipment

2021	Freehold land Kshs.'000	Leasehold land Kshs.'000	Capital Work in Progress Kshs.'000	Pavements and Buildings Kshs.'000	Plant, Machinery, & Motor Vehicles, Kshs.'000	Office Equip. Furniture and Fittings Kshs.'000	TOTAL Kshs.'000
COST OR VALUATION							
At July 1, 2020	309,263	7,306,205	5,121,772	35,426,982	17,303,490	2,907,237	68,374,949
Additions	-	287,140	5,651,050		58,258	32,732	6,029,180
Transfer from AUC			(902,973)	302,897	566,542	33,534	0
Transfer to Intangible assets from acquisition			(22,440)				(22,440)
Disposal					(57,903)	(4,121)	(62,024)
At June 30, 2021	309,263	7,593,345	9,847,409	35,729,878	17,870,387	2,969,381	74,319,663
DEPRECIATION							
At July 1, 2020		1,579,091	-	10,543,240	4,771,551	2,286,206	19,180,087
Charge for the year		69,496		1,405,049	967,721	311,314	2,753,581
Eliminated on disposal					(30,508)	(3,823)	(34,331)
At June 30, 2021	-	1,648,587	-	11,948,290	5,708,765	2,593,697	21,899,337
NET BOOK VALUE							
At June 30, 2021	309,263	5,944,758	9,847,409	23,781,589	12,161,622	375,684	52,420,326
2022							
COST OR VALUATION							
At July 1, 2021	309,263	7,593,345	9,847,409	35,729,878	17,870,387	2,969,381	74,319,663
Additions	-	-	1,656,583	268,869.29	77,753	19,703	2,022,909
Transfers	-	-	(119,461.97)	2,200.00	105,267.72	11,994.25	0
Reclassification to Provisions			(236,801)	(11,675)			(248,476)
At June 30, 2022	309,263	7,593,345	11,143,484	35,989,273	18,053,408	3,001,079	76,089,850
DEPRECIATION							
At July 1, 2021		1,648,587	-	11,948,290	5,708,765	2,593,697	21,899,337
Eliminated on disposal					(260)	(7)	(267)
Post capitalisation		48,872.05		(1,751)			47,121
Adjusted Depreciation 1 July 2021		1,697,459	-	11,948,290	5,708,505	2,593,690	21,946,191
Charge for the year		76,700		1,411,748	989,797	210,167	2,688,412
At June 30, 2022	-	1,774,159	-	13,358,287	6,698,302	2,803,858	24,634,603
NET BOOK VALUE							
At June 30, 2022	309,263	5,819,186	11,143,484	22,630,986	11,355,106	197,222	51,455,247
FULLY DEPRECIATED ASSETS							
At June 30, 2021	-	-	-	-	1,340,363	1,331,372	2,671,735
At June 30, 2022	-	-	-	148,530	1,554,555	2,136,453	3,839,537

Note

During the year 2020/2021 the valuation of land, pavement and buildings was completed by the Ministry of land and physical planning, at a revalued amount of Kshs 1.2 trillion. As per policy the Authority has disclosed the revalued amount while maintaining the assets at costs in the financial statement. In the year 2011/2012, assets under the classes of Motor vehicles, machinery and equipment and office equipment, furniture and fittings were valued by Chapter Property Ltd, who are registered valuers. A loss on Revaluation due to impairment of Kshs. 796,509,710 was w/off to the reserves. Assets of Kshs 3,839,537,358 had been fully depreciated as at the close of the year. These assets are however still in use by the Authority. Capital works in progress relates to Moi International Airport by rehabilitating the entire pavement with modern facilities, JKIA T1BC consultancy and rehabilitation, Wajir Airport Runway & Access Road Rehabilitation, earlier years Greenfield payments, Wilson Airport Pavements and Various Airstrips ongoing worksetc

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 Intangible Assets	2021-2022	2020-2021
	Kshs' 000	Kshs.'000
Cost		
At 1st July	1,488,201	1,465,065
Transfers from AUC	(0.00)	22,440
Additions during the year	-	696
At end of the year	<u>1,488,201</u>	<u>1,488,201</u>
Amortisation		
At 1st July	1,376,285	1,308,694
Charge for the year	74,777	67,591
At end of the year	<u>1,451,062</u>	<u>1,376,285</u>
Net book amount		
At end of the year	<u>37,139</u>	<u>111,916</u>

Intangible assets comprise costs incurred on acquisition of computer software. Amortisation

is calculated on a straight line basis over estimated useful life not exceeding three years.

Fully depreciated Intangible Assets : Kes 494,602,604 still in use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021-2022	2020-2021
	Kshs' 000	Kshs.'000
33 Inventories		
Inventories comprises:-		
Hardware	4,907	4,293
Electrical, Electronics & Electro-Mechanical	11,862	11,741
Stationery & Office Supplies	33,477	17,616
Petrol, Oil and Lubricants	4,366	8,583
Motor Vehicles Spares	1,018	1,175
Environment & Cleaning Materials	388	462
Fire & rescue spares	49,334	47,085
Inventory-Obsolete Stocks	10,862	10,862
	116,214.964	101,816
Less provision for obsolete stock	(10,862)	(10,862)
	105,353	90,954

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges, and is determined on the moving average price method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021-2022	2020-2021
	Kshs' 000	Kshs.'000
34(a) Trade and Other Receivables		
Trade receivables	13,030,414	11,642,112
Term Deposit	78,790	78,790
Prepayments - Greenfield Project	4,043,684	4,043,684
Prepayments - Others	1,381,827	1,459,556
Staff receivables	199,181	238,812
Other Taxes Prepaid	1,751,580	2,379,533
Prepaid Corporation Tax	5,441	5,441
Gross trade and other receivables	20,490,916	19,847,926
Provision for bad and doubtful receivables - Note 34 (b)	(7,918,566)	(7,271,791)
Investment Provisions -Note 34 (c)	(78,790)	(78,790)
Provision for other unrecoverable receivables	(306)	(306)
Total provisions	(7,997,662)	(7,350,887)
Net trade and other receivables	12,493,254	12,497,039

34(b) Bad Debts Provision (Specific)

As at July 1	7,271,791	1,324,229
Additions	646,774	5,947,563
As at end of the year	7,918,566	7,271,791

Trade receivables are recognised and carried at original invoice amount less specific provisions for uncollectable debts.

34 (c) Term Deposits

As at July 1	78,790	78,790
Specific provision for the year	-	-
As at June 30th	78,790	78,790

This relates to a Kshs.78,789,626.45 term deposit with Prudential Bank which is under Receivership. The amount has been fully provided for.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021-2022	2020-2021
35 Balances held in Reserve Accounts		
Barclays Bank Paris-AFD Loan Reserve Account	Kshs' 000 287,795	Kshs.'000 263,414
ABSA Kenya-AFD Loan Debt Service A/C	2,043	464,624
	<u>289,838</u>	<u>728,038</u>

These are cash balances held in both Barclays Bank (Paris) and ABSA Bank (Kenya) under special security arrangements with Agence Francaise De Developpement in respect of servicing of the long term loan for Jomo Kenyatta International Airport rehabilitation, and Moi International Airport pavements and Expansion projects. These funds are not available for day to day operations of the Authority.

36(a) Cash and Cash Equivalents

Cash in hand and at bank	1,275,636	646,009
Call Deposits	175,044	152,088
Fixed Deposits	4,995,370	3,980,138
	<u>6,446,050</u>	<u>4,778,236</u>

36(b) Airstrips Fund Cash Balance

Cash at bank	458,375	246,970
Treasury Bills	2,015,407	1,946,630
	<u>2,473,782</u>	<u>2,193,600</u>

37 Airstrip Fund

As at beginning of the year	2,193,600	2,794,578
Received during the year	1,183,202	60,000
Interest earned	147,237	167,220
Total Receipts	<u>1,330,440</u>	<u>227,220</u>
Airport disbursements (GOK grants)	(336,634)	(444,471)
Refund of Airstrip Funds	(50,000)	-
Airstrip disbursements	(663,624)	(383,727)
As at end of the year	<u>2,473,782</u>	<u>2,193,600</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38 Trade and Other Payables	2021-2022	2020-2021
	Kshs' 000	Kshs.'000
Trade Payables	3,151,661	2,499,846
Security Deposits	278,900	138,516
Tax Liability	412	57,064
Retention payable	960,310	822,391
Staff Creditors	3,007	3,840
	4,394,290	3,521,657

39 Long Term Loans

World Bank Loan -Note 39(a)	2,160,072	2,153,764
AFD Loan -Note 39(c)	10,817,006	10,904,901
	12,977,078	13,058,665
Due within one year	1,053,837	1,024,307
Due after one year	11,923,240	12,034,359

NOTES TO THE FINANCIAL STATEMENTS (Continued)

39(a) World Bank Loan	2021-2022	2020-2021
	Kshs' 000	Kshs. '000
Balance b/f	2,153,764	2,086,248
Received during the year	-	81,357
Refund of unutilised loan to IDA	-	(13,841)
Loan Adjustments	6,307	-
Repayments during the year	-	-
Total loan outstanding	2,160,072	2,153,764
less: Amounts due in the year	-	-
Balance c/f	2,160,072	2,153,764

39(b) Analysis of World Bank loan per project

Northern Corridor Transport Improvement Project	1,582,343	1,582,343
Kenya Transport Sector Support Projects	125,074	118,767
Kenya Aviation Modernization Project	452,655	452,655
	2,160,072	2,153,765
less: Amounts due during the year	-	-
	2,160,072	2,153,765

The Northern Corridor Transport Improvement loan is denominated in Kenya Shillings with a duration of 23 years from 2004, a grace period of 8 years and 5% interest rate per annum.

The Kenya Transport Sector Support Project loan is denominated in Kenya shillings with a duration of 23 years from 2011, a grace period of 8 years and interest rate of 5% per annum

The World Bank through The National Treasury granted a moratorium for a period of twenty four months on the repayment of the above two IDA on-lent loans due for repayment between April 2020 and June 2022

39(c) Agence Francaise De Developpement (AFD) Loan

Balance as at 1st July	10,904,901	9,054,532
Amount Received	-	2,769,153
Exchange Loss	965,942	105,522
Loan Repayment	(1,053,837)	(1,024,307)
Total loan outstanding	10,817,006	10,904,901
less: Amount due during the year	(1,053,837)	(1,024,307)
Balance c/f	9,763,169	9,880,594

Agence Francaise De Developpement were co-financiers in the construction of Terminal 1A and a multi- storey car park which were part of the expansion and upgrade of facilities project at Jomo Kenyatta International Airport. These have been completed. The related USD 90 million principal loan has a duration of 20 years from 2011, a grace period of 5 years and interest rate at libor plus 2.75% Agence Francaise De Developpement also funded the rehabilitation of Moi International Airport The related USD 66 million principal loan has a duration of 20 years from 2014 with a grace period of 5 years and interest rate at Libor plus 3.78% per annum.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 Provision for liabilities and charges

	Dividend Kshs.'000	Leave Pay Kshs.'000	Others Kshs.'000 Note	Total Kshs.'000
At 1st July 2020	256,886	14,336	2,497,171	2,768,392
At end of year	256,886	14,336	2,497,171	2,768,392
Less: current portion	-	-	-	-
Non current portion	256,886	14,336	2,497,171	2,768,391
At 1st July 2021	256,886	14,336	2,497,171	2,768,392
Net increase charged to profit and loss	-	2,678	181,764	184,442
Utilized during the year		-	(473,361)	(473,361)
Unutilised & Reversed during the year		-	(19,065)	(19,065)
At 30th June 2022	256,886	17,014	2,186,508	2,460,408

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 Tax expense/ income	2021-2022	2020-2021
Tax	Kshs' 000	Kshs.'000
Balance Sheet		
Balance b/wd	412,729	1,779,799
Charge for the year	651,737	(1,361,630)
Paid during the year	-	(5,441)
Balance c/wd	1,064,466	412,729
Profit and Loss account		
Current Tax at 30% on the taxable profit for the year	651,737	(1,361,630)
Deferred Taxation charge/(credit) (note 42)	286,846	69,853
Tax Expense/Income	938,583	(1,291,777)

The income tax based on accounting profit before taxation differs from the theoretical amount that is computed using the applicable tax rate as follows:

Accounting profit before taxation	981,911	(7,964,784)
Tax applicable rate of 30%	294,573	(2,389,435)
Tax effects of:		
Net (revenue)/expense not deductible for tax purposes	891,538	1,031,460
(Reversing)/originating temporary differences	286,846	69,853
	1,472,957	(1,288,122)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 Deferred Tax Liability

Deferred income tax is calculated using the income tax rate of 30%

The movement on the deferred income tax account is as follows:-

	2021-2022	2020-2021
	Kshs' 000	Kshs.'000
Balance at the beginning of the year	156,385	226,237
Charged/(credited) to Profit or Loss	(286,846)	(69,853)
At end of year	(130,461)	156,385

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43 Notes to the Statement of Cashflows

43(a) Reconciliation of operating profit/ (loss) to cash generated from /(used in) operations

	2021-2022	2020-2021
	Kshs' 000	Kshs.'000
Operating profit before tax	981,911	(7,964,784)
Depreciation and Amortization Expense	2,763,189	2,821,172
Amortization Income	(900,715)	(974,239)
Write back on provision	-	(33,103)
Gain /(Loss) on Disposal of property, plant and equipment	-	27,693
Net Exchange loss/ (gain) on Forex	899,064	187,343
Interest received	(137,621)	(149,304)
Reclasiffication from AUC	248,476	114,646
Material Inventory (loss) & Price Difference	1,079	12,473
Provisions	181,764	768,975
Provisions for bad debts	646,774	5,947,563
Operating profit/(loss) before working capital changes	4,683,921	758,435
(Increase)/decrease in inventories	(14,399)	11,192
(Increase)/decrease in trade and other receivables	(1,294,726)	(860,556)
Increase/(decrease) Trade payables and accruals	823,803	(671,584)
Insurance compensation	(9,086)	
	(494,409)	(1,520,948)
Cash generated from/(used in) operations	4,189,513	(762,513)

43(b) Analysis of changes in loans

Balance at beginning of the year	13,058,665	11,140,781
Receipts during the year	-	2,850,511
Refund of unutilized WB loan amount	-	(13,841)
Exchange(Gain)/Loss	965,942	105,522
Adjustment for WB- KTSSP	6,307	-
Repayments during the year	(1,053,837)	(1,024,307)
Balance at end of the year	12,977,078	13,058,665

43(c) Analysis of cash and cash equivalents

Balances held in Reserve Accounts	289,838	728,038
Short term deposits - KAA Fund	5,170,414	4,132,226
Cash at hand and bank - KAA funds	1,275,636	646,009
Treasury Bills - Airstrip fund	2,015,407	1,946,630
Cash at hand and bank - Airstrip Fund	458,375	246,970
Balance at end of the year	9,209,670	7,699,874

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44 Commitments

	2021-2022 Kshs 000	2020-2021 kshs 000
a) Contracted but not provided for For in the financial statements.	458,548	524,782
b) Commitments approved and Authorized but not Contracted for at the close of the year	-	-
c) Letters of Credit	-	78,282

45 Contingent liabilities (Kshs 35.66 billion)

A. Pending cases in court and tax assessment

These are pending court cases involving KAA and other third parties & tax assessment claims by Kenya Revenue Authority (KRA). The amounts claimed by the petitioners are estimated at **Kshs. 34.19 billion**. The following are summaries of the main cases: -

(i) KRA has submitted a tax assessment claim of Kshs. 4,219,186,112 for financial years 2014 to 2016. The Authority has objected to this tax assessment on the grounds that Air Passenger Service Charge (APSC) is a statutory charge collected by KRA and remitted to KAA and is therefore not subject to tax. KRA has informed that they have sort for calendar of mediation meetings from the Attorney General's Office for all matters withdrawn by the State Agencies. The Attorney General has requested both KAA and KRA to send their submissions for mediation.

(ii) Mitu Bell and 2 Others vs KAA. The High Court ruled in the plaintiffs' favour and held that KAA had illegally evicted the plaintiffs and demolished their houses and further that the Authority should acquire alternative land for the displaced people. The Authority sucessfully appealed the High Court decision and the High Court judgement was set aside. The plaintiffs have made an application before the Supreme Court seeking to challenge the court of Appeal's decision. The plaintiff's claim for compensation is Kshs. 766,250,000.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) KAA/JKIA/CS/752 VOL. 1(12) Relief & Mission Logistics Vs KAA. The plaintiff is seeking to be paid Kshs. 719,712,373.28 as compensation for termination of contract for concession agreement for passenger transfer services at JKIA on 15th May, 2015. The Arbitral Award of Ksh 150,871,247 plus interest was issued on 4th February 2021. The Attorney General's legal advisory was issued on 3rd May, 2021 advising the Authority to set aside the award. The Authority has filed an application at the High Court to challenge the award and seeking to set aside the same.

(iv) Baseline Architects Ltd & 3 others vs KAA. An arbitral award of Kshs. 404,870,293 was given against the Authority in 2013. The Authority has filed an appeal seeking to set aside the arbitral award.

(v) Roder Hts: The contractor is claiming Kshs. 156, 111,049.23 for unpaid certificate, extension of time, demurrage charges and interest on delayed payments. The arbitration proceedings are yet to commence.

(vi) ACEG-CATIC Joint Venture: In 2016, the contract between the Authority and the Contractor (ACEG-CATIC Joint Venture) was invalidated on account of inconsistencies in the contract and tender documents. Subsequently, the Contractor lodged a claim for Kshs. 17.61 billion for work done and compensation for termination.

(v) Maya Duty Free: claim that its right to own property had been violated by the Authority. Payment of compensation for lost revenue at shop in gate 7 at JKIA measuring 47.47 sq.m from December 2010 to 2017 of USD 10,848,000.

i. CATIC: The Contractor has lodged claims amounting to Kshs 2,511,056,123 million relating to works done on JKIA's apron stands, arrival and departure terminals (T1A) and interest thereon.

B. Disputed pending contracts' claims

These comprise unverified and disputed claims lodged by various contractors. As at 30th June 2022, the gross value of these claims amounted to **Kshs 1.47 billion**.

The main claims include: -

ii. Sino Hydro Corporation Kshs. 1,532,491,071 relates to the runway capacity and ILS upgrade and rehabilitation of aircraft pavement works at JKIA demanded by the contractor for the work done and disputed taxes.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

- iii. Machiri Ltd: The Contractor is claiming Kshs.388,210,697 for interest on late payments of interim certificates and deducted retention amounts; the claim also includes accelerated cost, extension of time and unpaid certificates.
- iv. Doch company Ltd : The claim of 955,275,371 is anchored in a dispute involving the refurbishment of Nanyuki Airstrip. The contractor seeks a declaration that the termination of contract was unlawful, null and void with no legal effect and an injunction restraining the Authority from continuing with or carrying out any civil works at the airstrip. The matter under is arbitration.

46 Revaluation Reserves

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

47 Currency

The financial statements are presented in Kenya Shillings Thousands.

48 Staff levels

The number of persons employed by the Authority as at 30th June 2022 was 1,801 (2020/2021 – 1,879).

49. The closing rate of exchange as at 30th June, 2022 was Kshs. 117.8324 per 1 USD

NOTES TO THE FINANCIAL STATEMENTS (Continued)

50 Related Party Disclosures

Transactions between the Authority and its related parties are as stated below:

	2021-2022	2020-2021
	Kshs' 000	Kshs.'000
a) Directors Expenses		
Remuneration	707	668
Other Expenses	17,211	6,625
	<u>17,917</u>	<u>7,293</u>
b) Key Management Compensations		
Salary	181,303	166,105
Other Benefits	32,224	67,793
	<u>213,527</u>	<u>233,899</u>
d) Ministry of Transport, Infrastructure, Housing, Urban development and Public works		
Grants disbursed through the Ministry of Transport , Infrastructure, Housing, Urban development and Public works		
Airstrip Funds	<u>336,634</u>	<u>444,471</u>
e) Kenya Civil Aviation Authority & Special Tourism Promotion Fund (STPF)		
Amount paid to KCAA	1,920,806	911,291
Amount paid to Special Tourism Promotion Fund	1,166,654	770,969
Total Paid	<u>3,087,460</u>	<u>1,682,260</u>

Additional Information**Five year Financial and Statistical Records**

	2017/2018	2018/2019	2019/2020 (* Restated)	2020/2021	2021/2022
Aeronautical Revenue	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000
Landing and Parking	3,396,166	3,413,243	2,903,830	2,375,671	3,268,587
Airbridge Charges	252,298	227,271	162,941	132,965	212,613
Fuel Uplift	307,078	312,807	261,354	193,505	251,572
Other Aeronautical Revenue	11,785	10,370	6,430	3,549	9,745
Rentals	850,938	985,719	1,019,531	876,281	961,938
Concessions	1,880,310	2,329,149	1,761,239	1,388,677	1,908,310
Other Non aeronautical revenue	90,232	103,593	89,337	261,897	86,682
Airport Passenger Service Charge	10,147,238	7,655,347	5,868,102	2,194,152	5,517,493
Total Operating Revenue	16,936,044	15,037,498	12,072,765	7,233,193	12,216,940
Other Revenue					
Other income	263,189	318,335	348,426	182,552	170,679
Amotisation income	788,554	857,549	840,753	974,239	900,715
Financial Income	(359,861)	496,466	318,124	52,318	(247,548)
	17,627,926	16,709,849	13,580,068	8,442,302	13,040,785
Financial Costs	532,852	464,634	490,389	440,660	651,287
Staff Costs	4,686,474	4,691,259	5,681,244	4,649,295	4,805,090
Other Administrative expenses	2,659,184	3,317,939	2,707,823	7,733,356	3,042,560
Repairs and Maintenance Expenses	820,118	786,204	860,263	753,275	776,831
Depreciation and Amortization Expenses	3,138,762	3,273,507	2,914,251	2,821,172	2,763,189
Othe Costs	15,278	34,476	41,051	9,329	19,917
	11,852,669	12,568,019	12,695,020	16,407,086	12,058,875
Profit Before Tax	5,775,257	3,829,022	885,047	(7,964,784)	981,911
Taxation	(803,468)	(784,805)	(595,719)	1,291,777	(938,583)
Profit After Tax	4,971,789	3,044,217	289,328	(6,673,007)	43,328

Additional Information (Continued)

Five year Financial Performance

	2016/2017	2017/2018	2018/2019	2019/2020 (*Restated)	2020/2021	2021/2022
	KSHS'000	KSHS'000	KSHS'000	KSHS'000	KSHS'000	KSHS'000
ASSETS & LIABILITIES:-						
Non-Current Assets						
Property, Plant and Equipment	50,773,193	50,360,119	49,207,591	49,194,863	52,420,326	51,455,247
Intangible Assets	870,181	484,567	199,276	156,371	111,916	37,139
Operating Lease	-	-	-	-	-	-
Total Non-Current assets	51,643,374	50,844,686	49,406,867	49,351,234	52,532,242	51,492,386
Current Assets						
Inventories	147,994	128,894	107,655	102,146	90,954	105,353
Trade and Other Receivables	10,604,369	14,321,565	16,334,627	16,222,417	12,497,039	12,493,254
Reserve Account	2,221,651	2,324,107	2,521,401	2,528,263	728,038	289,838
Cash and Cash Equivalents	8,274,294	11,791,943	15,006,891	7,452,617	4,778,236	6,446,050
Airstrips Fund Cash Balance	1,366,998	2,301,414	2,062,287	2,794,578	2,193,600	2,473,782
Deferred Tax Asset	234,288	545,126	17,489	226,237	156,385	-
Total Current assets	22,849,595	31,413,051	36,050,351	29,326,258	20,444,252	21,808,278
TOTAL ASSETS	74,492,969	82,257,737	85,457,217	78,677,492	72,976,495	73,300,664
EQUITY AND LIABILITIES						
Capital and Reserves						
Government Grant	17,969,332	18,158,970	17,800,388	17,642,284	17,399,655	16,780,395
Revaluation Reserve	988,739	988,739	989,839	989,839	989,839	989,839
Retained Earnings	36,023,734	43,383,699	46,299,910	38,930,051	33,044,685	33,091,914
Other Comprehensive Income	-	-	-	-	-	2,497
Capital and Reserves	54,981,805	62,531,408	65,090,138	57,562,175	51,434,180	50,864,646
Non-Current liabilities						
Airstrip Fund	1,366,998	2,301,414	2,062,287	2,794,578	2,193,600	2,473,782
Long Term Loans	9,823,613	8,996,746	9,141,867	10,166,716	12,034,359	11,923,240
Deferred Tax Liability	-	-	-	-	-	130,461
Total Non-Current Liabilities	11,190,611	11,298,161	11,204,154	12,961,294	14,227,959	14,527,483
Current Liabilities						
Trade and Other Payables	5,594,538	5,279,334	6,480,985	5,044,394	3,521,657	4,394,290
Current Portion of Long Term Loan	825,785	821,501	811,660	974,065	1,024,307	1,053,837
Provisions for Liabilities and Charges	1,900,231	2,327,331	1,870,278	2,135,564	2,768,392	2,460,408
Total Current Liabilities	8,320,554	8,428,167	9,162,924	8,154,022	7,314,356	7,908,535
TOTAL EQUITY AND LIABILITIES	74,492,969	82,257,736	85,457,216	78,677,491	72,976,494	73,300,664

Additional Information (Continued)

Five year Operational Statistics

Aircraft (No.)

Airport/Airstrip	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Jomo Kenyatta Int. Airport	111,126	114,201	91,968	57,905	86,119
Moi Int. Airport	25,198	28,364	21,628	15,875	23,946
Eldoret Int. Airport	9,044	9,118	6,888	5,852	7,604
Wilson Airport	99,445	99,891	72,938	65,512	86,641
Kisumu Int. Airport	8,548	11,255	8,046	6,640	11,998
Malindi Airport	13,336	12,981	9,083	7,641	12,237
Lokichoggio Airport	1,881	1,746	1,269	971	1,255
Wajir Airport	12,545	11,653	10,432	4,024	3,715
Manda Airstrip	5,632	6,299	4,083	3,355	4,998
Ukunda Airstrip	12,323	12,451	7,519	4,885	9,059
Isiolo Airport			526	272	271
Other Airstrips**	8,765	15,197	12,082	7,829	11,382
Total	307,843	323,156	246,462	180,761	259,225

Passengers (No.)

Airport/Airstrip	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Jomo Kenyatta Int. Airport	7,609,465	8,123,681	6,187,601	2,563,491	5,398,201
Moi Int. Airport	1,401,206	1,551,502	1,176,239	646,498	1,193,545
Eldoret Int. Airport	255,960	262,662	204,362	164,142	273,212
Wilson Airport	660,099	911,959	577,922	383,953	753,264
Kisumu Int. Airport	416,690	505,098	358,184	298,189	543,685
Malindi Airport	178,049	181,660	128,547	133,308	242,690
Lokichoggio Airport	4,475	4,786	2,901	898	1,339
Wajir Airport	97,805	115,836	112,981	51,296	65,906
Manda Airstrip	107,833	121,641	74,795	61,724	104,435
Ukunda Airstrip	173,460	188,676	128,198	126,683	242,344
Isiolo Airport	-	-	922	541	784
Other Airstrips**	116,407	117,622	86,772	43,072	73,541
Total	11,021,449	12,085,123	9,039,424	4,473,795	8,892,946

Freight (Kgs)

Airport/Airstrip	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Jomo Kenyatta Int. Airport	313,074,491	350,818,919	335,989,918	342,728,719	366,154,468
Moi Int. Airport	3,326,268	4,638,373	1,478,439	1,475,494	2,675,182
Eldoret Int. Airport	12,123,537	12,079,467	13,128,281	12,879,372	11,237,071
Wilson Airport	2,794,158	591,402	87,892	-	-
Kisumu Int. Airport	-	-	-	-	1,522
Lokichoggio Airport	-	-	-	-	76,333
Isiolo Airport	-	-	700	15,325	12,401
Total	331,318,454	368,128,161	350,685,230	357,098,910	380,156,977

** Kitale, Lodwar, Eldoret, Kabunde, Kakamega, Nanyuki & Migori

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Detailed analysis of the cash and cash equivalents				
			30th June 2022	30th June 2021
RESERVE ACCOUNTS				
			Kshs.	Kshs.
Name of the Bank	Bank Account	Currency		
BBK RES Current (USD) Main A/C-05	0500000340	USD	-	-
ABSA D/SERVICE Current (USD) Ma	2021464751	USD	164,430	463,668,508
ABSA RES Current (USD) Main MIA	2032129067	USD	372,584	341,020
ABSA D/SERVICE Current(\$MIA Ma	2032129091	USD	1,007,743	69,739
ABSA Current(\$Main MIA A/C-2032	2032129156	USD	498,349	544,848
BB PARIS RESERVE USD (MIA)-005	0500000342	USD	287,795,379	263,414,236
TOTAL			289,838,484	728,038,350
TREASURY BILLS				
CENTRAL BANK OF KENYA	Treasury Bills	KES	2,015,407,000	1,946,630,000
SHORT TERM DEPOSITS				
Name of Bank	Type and tenor	Currency		
HF COMPANY OF KENYA	CALL	KES	175,044,141	152,088,135
HF COMPANY OF KENYA	MORTGAGE	KES	722,394,925	739,157,617
COMMERCIAL BANK OF AFRICA	Fixed Deposit	USD	1,120,248,839	564,545,418
NIC BANK	Fixed Deposit	USD	-	220,635,716
KENYA COMMERCIAL BANK	Fixed Deposit	USD	425,809,707	651,177,809
NATIONAL BANK OF KENYA	Fixed Deposit	USD	898,503,681	1,060,745,541
EQUITY BANK	Fixed Deposit	USD	930,113,405	743,875,964
TOTAL			4,272,114,698	4,132,226,201
CASH AT HAND AND BANK				
Name of the Bank	Bank Account	Currency		
ABSA BANK KENYA	2022988088	KES	114,388,241	42,709,170
ABSA BANK KENYA	2021464654	USD	607,840	567,217
NATIONAL BANK OF KENYA	0100305823420	KES	45,081,234	34,399,431
NATIONAL BANK OF KENYA	0200305823470	USD	50,083,451	42,689,262
KENYA COMMERCIAL BANK	1108348521	KES	4,088,912	12,079,018
KENYA COMMERCIAL BANK	1128430460	USD	979,899	1,310,125
CITIBANK	300090001	KES	241,617,902	124,130,888
CITIBANK	300090012	USD	100,095,492	246,609,860
CITIBANK	3000090613	KES	19,895,609	20,001,000
CITIBANK	300090621	KES	1,001,500	1,001,000
STANDARD CHARTERD BANK	010409889480	KES	458,367,051	246,963,398
ABSA BANK KENYA	2029771084	USD	790,068,884	114,416,671
NIC BANK	10001206024	KES	-	7,115
EQUITY BANK	148026234139	KES	806,440	3,573,416
EQUITY BANK	1480262341788	USD	1,479,857	8,165,294
FAMILY BANK	068000008283	KES	7,518	6,518
CASH IN HAND		KES	175,134	12,464
CASH IN HAND		USD	23,920	-
TOTAL			1,828,768,883	898,641,846

APPENDIX I: PROJECTS IMPLEMENTED FROM JULY-2021- JUNE 2022

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
1)	<p>Proposed Refurbishment of Terminal IB and IC – Jomo Kenyatta International Airport: The objective is to organise terminals IB & C to centralise secondary security screening, increase seating capacity & retail space for overall enhanced passenger experience and retail value.</p>	<p>Funder: KAA Approved Budget Sum: FY 2019/20 – Kshs. 665M FY 2021/22 – Kshs. 299M Contract Sum: Kshs. 963,541,535.22 Amount Certified: Kshs. 621,478,760.20</p>	<p>Commencement Date: 8th December 2020 Original Completion Date: 8th June 2021 Revised(a) Completion Date: 8th December 2021 Revised(b) Completion Date: 30th April, 2022 Revised(c) Completion Date: 08th June, 2022 Revised(d) Completion Date: 8th July 2022 Contract Period Elapsed: 106%</p>	<p>M/s China Jiangxi International Economic and Technical Cooperation Company Limited.</p>	<p>Work progress is at 94%</p>
2)	<p>Proposed Waterproofing and HVAC at Terminal IB and IC – Jomo Kenyatta International Air</p>	<p>Funder: KAA Contract Sum: Kshs. 175,036,826.10 Amount Certified: Kshs. 93,928,724.14</p>	<p>Commencement Date: 09th February 2022 Original Completion Date: 09th June 2022 Revised(a) Completion Date: 08th July, 2022 Original Contract Period elapsed: 125%</p>	<p>M/s China Jiangxi International Economic and Technical Cooperation Company Limited</p>	<p>Work progress is at 95%</p>

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
3)	Rehabilitation of Apron Pavements - JKIA:	Funder: KAA Contract Sum: KShs. 265M Amount Certified: Kshs. 147,596,947.76 Amount Paid: Kshs. 147,596,947.76 (IPC I, II & III)	Commencement Date: 27 th November, 2019 Completion Date: 26 th November, 2020 (contract period lapsed) Contract Period: 12 Months.	M/s Northern Construction Ltd.	Works progress is at 80%. Contractor was issued with Notice of Termination on 22nd February 2022. i. Contractor has not responded to the Notice for Termination within the 14 days. ii. Re scoping of pending works and additional failed areas completed tender documentation in progress for Re-tender
4)	Replacement of 11KV Technical Ring Switchgear and low voltage boards at SSM, cargo, HQ and technical ring electrical substations - JKIA:	Funder: KAA Contract Sum: Kshs. 199,979,023.30 Amount Paid to date: Kshs. 167,400,951.95 (inclusive of advanced payment of Kshs. 24,856,978.62) Advance Payment Recovered to date: Kshs. 24,856,978.62	Commencement Date: 24 th January, 2019 Completion Date: 31 st October, 2019 Revised Completion Date: 19 th June, 2020 2 nd Revised Completion Date: 15 th January, 2021 3 rd Revised Completion Date: 4 th June, 2021 4 th Revised completion date 31 st December, 2021 5 th Revised Completion Date: 29 th April, 2022. Contractor has applied for further extension of time to finish the	M/s Ascot Mehta JV.	Works progress at 95%, ADDITIONAL WORKS: a) Additional Cables and Joints – Awarded b) Civil Works – Negotiation Stage:

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
5)	Replacement of the two (2No) old 1400 KVA Blackstone Generators at M-Station with two new 2MVA generators - JKIA:	<p>Funder: KAA</p> <p>Contract Sum: Kshs. 147,960,078.00</p> <p>Amount Certified to date: Kshs. 110,365,764.00</p> <p>LC Amount: Kshs. 80,281,764.00</p> <p>IPC No. I: Kshs. 8,624,000.00</p> <p>IPC No. II: Kshs. 21,460,000.00</p>	<p>outstanding Civil works (additional). Awaiting CIT approval.</p> <p>Commencement Date: 27th January, 2020</p> <p>Completion Date: 27th January, 2021</p> <p>Contract Period: 12 Months</p> <p>Revised Completion Date: 26th May, 2021 - 1st EoT</p> <p>Revised Completion Date (a): 21 July 2021</p> <p>Revised Completion Date (b): 31st March 2022</p>	M/s Kensun Enterprises JV Guangdong Honny Power-Tech Co. Ltd.	Works progress at 90%
6)	Replacement of Taxiway Lighting Fittings and	Funder: KAA	Commencement Date: 4 th March, 2020	M/s Azicon Kenya Ltd	Works progress is at 5%, (Setting up and Mobilisation):

Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
<p>Damaged Signage at JKIA: To enhance safety for aircrafts and to meet the ICAO requirement on brilliance levels on aircraft movement areas.</p> <p>Scope:</p> <ul style="list-style-type: none"> i. Supply and installation of Secondary AGL Cables ii. Supply and installation of Taxiway lighting fittings iii. Supply and replacement of damaged signage 	<p>Contract Sum: Kshs. 72,195,530.00</p> <p>Amount Certified: Nil</p> <p>Amount Paid: Nil</p>	<p>Completion Date: 3rd March, 2021 (The contract period has since lapsed).</p> <p>Contract Period: 12 Months</p>		<ul style="list-style-type: none"> i. Setting up and mobilisation complete (Delivery of temporary office, store, equipment and test gear done). ii. Approval of submittals complete. iii. Budget allocated for Letter of Credit. iv. Project not progressing. Contractor not ready to work with rates in the contract for imported items, insists the shilling has weakened against the Euro by about 20% since the time of tender. v. Project awaiting termination for non-performance. vi. Advisory by the Hon. Attorney General has been received and now the process of termination of contract underway. vii. Preparation of re-tender documents ongoing while waiting formal termination of the old contract. viii. The Contractor has been notified on the lapse of the Contract. <p>RE-TENDER PROCESS:</p> <ul style="list-style-type: none"> i. Approval granted for re-tender through Direct Procurement to the manufacturer. ii. Procurement process ongoing under Direct Procurement to the Manufacturer - Bids Opened. Evaluation ongoing.
7) Water Augmentation, Flood mitigation &	Funder: KAA	Commencement Date: TBA	TBA	<ul style="list-style-type: none"> i. Consultant invited to a review meeting in October, 2019 and

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
	Sewer enhancement works - JKIA:	Approved Budget Sum: Kshs. 300M	Completion Date: TBA		ii. asked to amend report to accommodate comments. The Consultant is yet to resubmit a revised report taking into account comments by KAA.
8)	Proposed Fencing work - JKIA: Project involves construction of a security fence at JKIA on selected areas.	Contract Sum: TBA Funder: KAA Contract Sum: Kshs. 21,578,130.00 Amount Certified: Kshs. 19,438,340.40	Contract Period: TBA Commencement Date: 25 th February, 2020 Completion Date: 1 st April, 2021 Contract Period: 9 Months Revised Completion Date: 30 th January, 2022 End of DLP: 30 th July 2022	M/s Thwama Building Services Limited.	Works progress is at 98%
9)	Proposed Construction of Oil Marketers Yard - JKIA:	Funder: KAA Contract Sum: Kshs. 44,621,946.48	Commencement Date: TBC Completion Date: TBA Contract Period: TBA	M/s Dhamany Contractors Ltd.	i. Contract was signed in November 2019 and commencement hampered by the COVID-19 pandemic where the budget was withdrawn. Budget was reallocated in the revised budget of FY2021-2022. ii. PIT constituted to review the designs and Contract documents. (It is anticipated that site possession and physical works will commence on site in August 2022). iii. We have written to the Contractor to confirm that he is ready for site possession and

Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
10) Pavements Rehabilitation - MIA:	<p>Funder: AFD/KAA</p> <p>Contract Sum: Kshs. 7,008B</p> <p>Total Amount Certified: Kshs. 5,309,702,130.48 including VAT (Excluding advance payment of Kshs. 700M).</p> <p>Advance Payment Recovered: 100% recovered.</p>	<p>Commencement Date: 28th May 2018</p> <p>Completion Date: 30th December 2020</p> <p>End of Defects Liability Period: 30th December 2021</p>	<p>Works Contract: M/s Sogea Satom / Razel BEC JV.</p> <p>Supervision Consultant: M/s Yooshin Corporation/APEC Consortium JV.</p>	<p>Works is at 91.7%, previous progress 91.7%:</p> <p>Contract was terminated by the Contractor on 13th October 2021.</p>
11) Proposed Refurbishment of the Freight Terminal Building - MIA: The project entails rehabilitation of the cargo terminal and the offices. It involves demolition of the failing walls at the cargo terminal, construction of wet areas and cargo pre-screening area.	<p>Funder: KAA</p> <p>Contract Sum: Kshs. 18,420,325</p> <p>Amount Certified: Kshs. 7,881,200.00</p>	<p>Commencement Date: 13th January, 2020</p> <p>Completion Date: 13th July, 2020</p> <p>Completion Date (a): 13th January, 2021 (EoT I period elapsed)</p> <p>Completion Date (b): 20th November, 2021 (EoT II period elapsed)</p>	<p>M/s Ready Go Limited.</p>	<p>Works progress at 55%, previous progress at 45%:</p> <p>the Authority issued a Notice of Default letter on 14th February 2022 to the Contractor, pursuant to Sub-clause 19(a) of the Contract, requiring them to mobilize and finish the works within 30 days. Pursuant to Clause 33 of the Contract, the Authority is in the process of invoking the Termination Clause since the Contractor has caused a fundamental breach to the contract.</p>

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
12)	Proposed construction of Crisis/Emergency Operations Centre - MIA:	Funder: KAA Contract Sum: Kshs. 13,995,131.66 Amount Certified: NIL	Contract Period: 6 Months Contract Period (a): 12 Months. Contract Period (b): 22 Months. Expected Commencement Date: 13 th May 2022 Expected Completion Date: 13 th November 2022 Contract Period: 6 Months	M/s Marble Co. Ltd.	Works progress at 0%, previous progress at 0%: i. Contract signed. ii. Site handed over to the Contractor on the 13 th May 2022. iii. Contractor in the process of mobilization. iv. The contract was awarded 2 ½ years ago but was signed in May 2022 due to budget constraints. v. The contractor has written to KAA requesting review of rates for certain materials due to price escalations. Request for review & approval process is on-going.
13)	Proposed Enhancement of the Arrivals and Departures Lounges, Grade Parking, Construction of the Mezzanine Floor and Pedestrian Walkways – KIA:	Funder: KAA Contract Sum: Kshs. 240,240,249.12	Commencement Date: 24 th February, 2022 Completion Date: 10 th May, 2022 Contract Period: 75 Days	M/s China Jiangxi International Economic and Technical Cooperation Company Limited.	Works progress at 100%

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
14)	Proposed Alterations to Stem Rainwater Ingress into Passenger Terminal Building – KIA:	Funder: KAA Contract Sum: Kshs. 15,699,840.20 Amount Certified: Kshs. 7,446,086.44 Amount Paid: Kshs. 7,446,086.45	Commencement Date: 07 th November 2019 Revised Completion Date (a): 30 th June 2021 Revised Completion Date (b): 30 th December 2021 Contract Period: 25 months	M/s Facelift Enterprises Limited	Works progress is at 90%, 2nd Notice of Default letter sent on the 25th May 2022 giving him 14 days to comply and finalize the works. There is part of the works that have not to date been attended to/are faulty. The Authority intends to evoke the termination clause.
15)	Construction of Security Watch Towers Lot I- KIA:	Funder: KAA Contract Sum: KShs 3,960,826.38	Commencement Date: 20 th Dec 2019 Contract Period: 12 Weeks Original Completion Date: 16 th March 2020 Revised Completion Date: 8 th June 2020	M/s Lais Link Enterprises	Works progress at 60%, One watchtower completed and handed over to the Airport (the one near RWY 24). i. Second watchtower, to be built near RWY 06, pending. ii. There is need for a raft foundation, which was not included in the tender BQ. iii. Also, following a cost appraisal, the projected overall cost of the works is Kshs 5,450,044,24. iv. Hence, there is a shortfall of Kshs 1,489,217.86 from the available Contract Sum. v. Approval for direct procurement for Additional works has been sought and approved. vi. Procurement process for additional works completed and Award Letter issued to M/s Lais Link Enterprises. Contractor to mobilize.
16)	Proposed Installation & Commissioning of Vault	Funder: KAA	Commencement Date: 15 th December 2021	M/s China Overseas Engineering Group Company Ltd	Works progress at 99%, Awaiting final inspection and issuance of practical completion certificate.

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
	Covers & Open Drain Gratings – KIA:	Contract Sum: Kshs. 5,840,000.00 Amount Certified: Nil	Completion Date: 15 th April 2022 Contract Period: 4 months		
17)	Proposed Emergency Works, Rehabilitation of turn-pad and Pavement markings (Phase I) – EIA:	Funder: KAA Contract Sum: Kshs. 93,060,219.00 Amount Certified: Nil	Commencement Date: 22 nd February, 2022 Completion Date: 22 nd May, 2022 Contract Period: 3 Months Revised Completion date: 31 st July 2022	M/s ASAL Frontiers Ltd.	Works progress is at 35%.
18)	Fencing works – WAP:	Funder: KAA Contract Sum: KShs. 86,923,727.10 Amounts Certified: KShs. 62,465,230.34	Commencement Date: 1 st August 2015 Contract Period: 10 Months Completion Date: 10 th June 2016 Revised Completion Date: 30 th August 2017	M/s Kaguanjai Builders Ltd	Works progress is at 95%, Final Accounts under preparation (inaccessible portion of boundary to be removed from Scope).
19)	Proposed Refurbishment of VIP Lounge - MALINDI AIRPORT:	Funder: KAA Contract Sum: Kshs. 3,987,940.00 Amount Certified: Kshs. 2,216,849.20	Commencement Date: 31 st Jan. 2020 Completion Date: 30 th Jul, 2020 Revised Completion Date: 08 th Feb, 2021	M/s Ready Go Limited.	Works progress is at 90%, Contract period expired on 30 th July, 2020. Extension granted up to 8 th February 2021. Notice of default and Notice to charge liquidated damages under processing.

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
			Contract Period: 6 Months. Revised Contract Period: 12 Months		
20)	Fencing of acquired land Kwa-chocha – MALINDI AIRPORT:	Funder: KAA Contract Sum: Kshs. 28,868,123.08 Amount Certified: Kshs. 11,892,393.06	Commencement Date: 27 th January, 2022 Completion Date: 26 th November, 2022 Contract Period: 10 Months	M/s Stan Holdings Company Limited	Works progress is at 46%,
21)	Improvement of power supply by KPLC – MALINDI AIRPORT:	Funder: KAA Contract Sum: Kshs. 2,415,703.64 Payments to KP: Kshs. 2,415,703.64	Commencement Date: July, 2021 Completion Date: July, 2022 Contract Period: 12 Months	KPLC.	Works progress is at 80%,
22)	15KVA Centralized UPS & AVR – MALINDI AIRPORT:	Funder: KAA Contract Sum: Kshs. 3,997,920.00 Amount Certified: Nil	Commencement Date: 27 th April, 2022 Completion Date: 26 th October, 2022 Contract Period: 6 Months	M/s Power Point Systems (EA) Limited.	i. Contract Signing done on 13 th April, 2022. ii. Order to commence issued on 26 th April 2022. iii. Site handed over on 12th May 2022. iv. Delivery of AVR and UPS on site.
23)	Pavement Rehabilitation Works - Isiolo International Airport:	Contract Sum: Kshs. 24,373,092.32 Amount Certified: Kshs. 22,861,910.68	Commencement date: 3 rd November 2021 Completion Date: 2 nd March, 2022. (Contract period has lapsed). Contract Period: 4 Months.	M/s Contralinks Solutions & Services Ltd	Works progress is at 99%,

Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
24) Proposed Construction of Cargo Processing Facility – Isiolo International Airport:	Contract Sum: Kshs. 20,983,495.50 Amount Certified: Kshs. 8,694,780.00	Revised Completion Date: 2 nd April 2022 Commencement Date: 7 th January 2021 Completion Date: 7 th December 2021 Revised Completion Date: 14 th April 2022 Contract Period: 11 Months. (3 months' extension awarded) Revised Contract Period: 15 Months Commencement Date: 14 th October 2021 Completion Date: 14 th April 2022 Contract Period: 6 Months.	M/s Reliance City Housing Co. Ltd.	Works Progress is at 93%. i. Contractor committed to finalizing the works by 15th July 2022. Works Progress is at 70% The Authority intends to surcharge the Contractor liquidated damages up to 10% of the Contract sum for the delays in completion of works within time as per the Contract.
25) Proposed roof rehabilitation at Training School and Fuel Station – KAA HQ:	Funder: KAA Contract Sum: Kshs. 18,769,806.88 Amount Certified: Nil	Commencement Date: 01 st July, 2020 Completion Date: 31 st Dec, 2020 (Contract period expired). Contract Period: 6 Months.	M/s Triple N	Works progress at 22% i. Awaiting Attorney General's opinion on contract termination. ii. Attorney General's opinion on contract termination received on 26 th October 2021.

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
26)	LANET AIRSTRIP: Phase 1: Rehabilitation of the 1.7km long runway to bitumen standards, ducting for future services, 5 Taxiways, 1 Apron; Phase 2: 2 nd Apron, Access road and Parking, Fence, 2 Terminal Buildings (Military and Civilian), Air Rescue and Fire Fighting Building, Power Sub-station, Patrol Road, Gate Houses Phase 3: Land acquisition Phase 4: Runway widening to 30m, Patrol Road, Airfield Ground Lighting, Non-precision Approach Installations, Runway extension to 3.1km, Fencing, New Public Road.	Funder: GoK Approved Budget Sum: Kshs. 400M Contract Sum: Kshs. 406,761,591.97 Amount Certified: a) Advance Payment: Kshs. 39,418,827.00 b) IPC No. I: Kshs. 34,906,812.80 c) IPC No. II: Kshs. 35,938,597.54 d) IPC No. III: Kshs. 37,827,273.20 e) IPC No. IV: Kshs. 41,620,423.87	Commencement date: 23 rd February, 2021 Completion Date: 22 nd August, 2022 Contract Period: 18 Months	M/s Ongata Works Ltd.	Phase I Works progress is at 65%, previous progress at 63%:
27)	LANET AIRSTRIP: Phase I(b): Proposed Construction of Passenger Terminal Building:	Funder: GoK Contract Sum: KShs. 99,551,486 Amount Certified: Nil	Commencement Date: 01 st April, 2022 Completion Date: 01 st April, 2023 Contract Period: Twelve (12) Months.	M/s Unispan Ltd.	Works progress is at 3.5%,
28)	NANYUKI AIRSTRIP (Civil): i.	Funder: GoK Contract Sum: KShs. 329,853,680.94 Amount Certified:	Notice to Commence: 04 th June, 2020 Commencement Date: 04 th July, 2020 Completion Date: 03 rd October, 2021	M/s Kiu Construction Company Limited.	Works progress are at 76%.

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
		Kshs. 171,380,026.31 (inclusive of Advanced Payment of Kshs. 30,873,004.62)	Contract Period: Fifteen (15) Months. Extension of Time (a): 107 days Revised Contract Period (a): 18.5 Months Revised Completion Date (a): 17 th January 2022. (the EoT period has elapsed). Revised Completion Date (b): 30 th May 2022 Revised Completion Date (c): 30 th September 2022.		
29)	Rehabilitation of Apron, Runway, Taxiways, security road and Access Road - WAJIR AIRPORT:	Funder: GoK Contract Sum: Kshs. 819,264,953.10 Amount Certified: a) IPC I: KShs. 46,170,320.00 b) IPC II: KShs. 71,682,606.10 c) IPC III: KShs. 131,949,088.01	Notice to Commence: 24 th March, 2017 Site Handover Date: 7 th May, 2017 Commencement Date: 8 th May, 2017 Completion Date: 8 th November, 2020 (revised). Revised Completion Date: TBD	M/s Halane Construction Limited.	Works progress is at 83%, previous progress at 83%.

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
		<p>d) IPC IV: KShs. 99,360,350.61</p> <p>e) IPC V: KShs. 65,887,664.18</p> <p>f) IPC VI: KShs. 107,211,775.12 under evaluation.</p>	<p>Contract Period: Eighteen (18) Months 1st EoT – 11 months</p> <p>2nd EoT – 339 Days</p> <p>3rd EoT - 222 days</p>		
30)	<p>Proposed Rehabilitation of Terminal Building – WAJIR INTERNATIONAL AIRPORT:</p> <p>i.</p>	<p>Funder: GoK</p> <p>Contract Sum: Kshs. 41,714,047.76</p> <p>Amount Certified: Nil</p>	<p>Notice to Commence: 5th July 2022</p> <p>Site Handover Date: 5th July 2022</p> <p>Commencement Date: 5th July 2022</p> <p>Completion Date: 5th January 2023</p> <p>Contract Period: Six (6) Months</p>	<p>M/s Fargo Construction Company Limited.</p>	<p>i. Notification of Award issued.</p> <p>ii. Contract signed.</p> <p>iii. Order of commencement issued.</p> <p>iv. Site handover done on July 2022.</p> <p>v. Contractor is in the process of mobilization.</p> <p>vi. Contractor in the process of mobilization.</p>
31)	<p>Runway Rehabilitation (Phase II) – SUNEKA AIRSTRIP:</p>	<p>Funder: GoK</p> <p>Contract Sum: Kshs. 134,000,949.60 revised through an addendum to Kshs. 129,187,955.23</p> <p>Amount Paid: a) Kshs. 10,606,564.00 (Advance Payment).</p>	<p>Commencement Date: 13th March, 2020</p> <p>Completion Date: 13th September, 2021 (Contract period is elapsed).</p> <p>Revised Completion Date: 28th December 2021</p>	<p>M/s Alro Logistique Co. Ltd JV Lesma Engineering Limited.</p>	<p>Works progress is at 58% previous progress at 58%:</p> <p>i. Contractor has abandoned site since 16th August 2021 then briefly resumed work from 4th April 2022 till 10th April 2022. Thereafter demobilized the equipment on the 22nd April 2022 without any communication.</p> <p>ii. Contractor was issued with Notice of Termination on 24th March 2022.</p>

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
32)	Proposed Construction of NEW KUTULO AIRSTRIP - Wajir:	b) Kshs. 46,721,213.19 (inclusive of advance payment) Funder: GoK Contract Sum: Kshs. 80,151,829.80 Amount Certified: Kshs. 72,655,607.93	Contract Period: Eighteen (18) Months. Revised Contract Period: 21 Months Commencement Date: 26 th Aug. 2018 Completion Date: 26 th Feb. 2020 Contract Period: 17 Months Revised Completion Date: 27 th August, 2020 Revised Contract Period: 22 Months	M/s Nurki Construction Company JV Frontier Engineering Limited.	iii. Pending works re-scoped and tender documentation in progress for Re-tender. Works progress is at 100%.
33)	Reconstruction of Taxiway and Apron - MANDA AIRPORT: Package I: Reconstruction of Taxiway and Apron - Civil works. Package 2: Provision of Material handling and Logistical support services for civil works.	Funder: GoK Contract Sum: Kshs. 121,726,189 Amount Paid: Kshs. 27,696,700.79 (IPC No. I) Kshs. 24,577,148.96 (IPC No. II)	Expected Commencement Date: 24 th Feb. 2020 Expected Completion Date: 13 th Jul. 2020 Order to Commencement Date: 15 th March 2021 Commencement Period: 28days Commencement date: 5 th April 2021 Actual Completion Date: 30 th August 2021	M/s Dhanjal Brothers Limited.	Works progress is at 57.6%.

Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
		<p>Contract Period: 5 Months.</p> <p>1st EoT: 92 days under review.</p> <p>2nd EoT: 86 days forwarded to CIT</p>		
34) Provision of Material Handling and Logistical Support Services for Civil Works - MANDA AIRPORT:	<p>Funder: GoK</p> <p>Contract Sum: Kshs. 51,583,200</p> <p>Amount Certified: Advance Payment: Kshs. 4,613,383.45</p> <p>IPC II: Kshs. 14,082,960.00.</p>	<p>Expected Commencement Date: 24th Feb, 2020</p> <p>Expected Completion Date: 13th Jul, 2020 (No formal EoT application has been made)</p> <p>Contract Period: Depended on Civil Works Contract.</p>	M/s Dhanjal Brothers Limited.	Works progress is at 30%
35) Fence Completion (security & perimeter) – MANDA AIRPORT:	<p>Funder: GoK</p> <p>Contract Sum: Kshs. 17,176,747.56</p> <p>Amount Certified: Kshs. 13,204,823.75 (IPC No 1)</p>	<p>Commencement Date: 21st Feb, 2020</p> <p>Completion Date: 20th Aug, 2020</p> <p>Contract Period: 6 Months.</p>	M/s Namsosiid Investment Ltd.	Works Progress is at 100%, Project under DLP.
36) Fence, Access Road & New school fence – UKUNDA AIRSTRIP:	<p>Funder: GoK</p> <p>Contract Sum: Kshs. 40,335,653.40</p> <p>Amount Certified: 18,340,131.28</p>	<p>Commencement Date: 19th Feb, 2020</p> <p>Completion Date: 18th Nov, 2020</p> <p>Contract Period: 9 Months.</p> <p>EoT (a):</p>	M/s Eastern Link Ltd.	<p>Works progress is at 87%, previous progress at 87%:</p> <ul style="list-style-type: none"> i. Works have not progressed due to the unresolved land issues with the community. ii. However, it is noted that NLC has commenced negotiation sessions with the community and KAA to unlock the stalemate.

Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
37)	<p>Proposed Runway Rehabilitation, Expansion & Security Fencing - MIGORI AIRSTRIP:</p> <p>Funder: GoK</p> <p>Contract Sum: Kshs. 243,085,407.18</p> <p>Amount Certified: Kshs. 234,958,176.94 (Incl of advance payment of Kshs. 22,751,836.14)</p> <p>Extra Works (Direct Procurement) Contract Sum: Kshs. 58,111,476.00</p> <p>Amount Certified in the Extra Works Contract: Kshs. 53,994,353.73</p> <p>Variation of Works: Kshs. 11,056,760.40</p>	<p>12th August 2021</p> <p>Revised Contract Period (a): 18 Months</p> <p>EoT (b): 01st November 2021. (EoT period is elapsed).</p> <p>Revised Contract Period (b): 21 Months</p> <p>Site Handover Date: 08th June, 2020</p> <p>Contract Start Date: 08th June, 2020</p> <p>Original Completion Date: 08th June, 2021</p> <p>Contract Period: Twelve (12) Months.</p> <p>EoT(a) Awarded: 19 weeks.</p> <p>Revised Completion Date (a): 19th October 2021</p> <p>Revised Contract Period (a): Sixteen (16) Months.</p>	M/s Halane Construction Limited.	Works progress is at 100%

Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
	<p>EoT (b) Awarded: 11 weeks.</p> <p>Revised Completion Date (b): 31st December, 2021</p> <p>Revised Contract Period (b): Eighteen (18) Months.</p> <p>Extra Works Commencement Date: 8th December 2021</p> <p>Extra Works Completion date: 8th March 2022</p> <p>Extra Works Contract Period: Three (3) Months</p>	<p>Commencement Date: 5th June, 2020</p> <p>Completion Date: 5th September, 2021</p> <p>Contract Period: Fifteen (15) Months.</p> <p>EoT I – 117 days.</p> <p>EoT II - 59 days.</p> <p>Revised Completion Date: 28th February 2022.</p>	<p>M/s Halane Construction Limited.</p>	<p>Works at Progress is at 100%</p>
<p>38) Proposed Pavements Rehabilitation Works - KAKAMEGA AIRSTRIP;</p>	<p>Funder: GoK</p> <p>Contract Sum: Kshs. 174,715,461.90</p> <p>Amount Certified:</p> <p>a) Advance payment of Kshs. 16,352,678.00,</p> <p>b) IPC No. II-IV Kshs. 150,004,075.00</p>			

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
39)	Proposed Rehabilitation Works on the Runway, Apron & Security Fence - KITALE AIRSTRIP;	Funder: GoK Contract Sum: Kshs. 221,685,653 Amount Certified: Kshs. 211,833,746.37	Commencement Date: 10 th June, 2020 Completion Date: 11 th December, 2021 Contract Period: Eighteen (18) Months. Revised Completion date: 31 st January 2022	M/s ASAL Frontiers Limited	Works progress is at 100%
40)	Proposed VIP Lounge at NYARIBO AIRSTRIP - Nyeri;	Funder: GoK Contract Sum: KShs. 39,920,629.12 Amount Certified: a) (Advanced Payment) Kshs. 3,566,576.58 b) (IPC No. I) Kshs. 3,380,397.99 c) IPC No. II Kshs. 5,713,080.43 d) IPC No. III resubmitted Kshs. 2,630,739.05 e) IPC No. IV Kshs. 5,369,485.95 f) IPC No. V Kshs. 539,862.89 revised to 616,372.34	Commencement Date: 23 rd September, 2020 Completion Date: 22 nd June, 2021 (Contract period is elapsed) Revised Completion Date: 22 nd March, 2022 Contract Period: 9 Months Revised Contract Period: 18 Months	M/s Ongata Works Ltd.	Works progress is at 88.5%

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
41)	Proposed Rehabilitation and Expansion of ANGAMA (OLKURRUK) AIRSTRIP (PHASE I)	<p>g) IPC No VI Kshs. 3,184,140.14</p> <p>h) IPC No VII Kshs. 3,435,417.71</p> <p>i) KPLC Connection Kshs. 203,860.00</p> <p>Total amount paid: Kshs. 20,660,280 Including Advance payment.</p> <p>Funder: GoK</p> <p>Contract Sum: Kshs. 243,933,563.51</p> <p>Amount Certified: IPC No I: Kshs. 21,934,387.00 (Advance payment) paid.</p> <p>IPC No. II – Kshs. 24,938,374.24 (under CIT review)</p> <p>Funder: GoK</p> <p>Contract Sum: Kshs. 281,041M</p> <p>Amount Certified: Kshs. 26,765,849.10 (Advance Payment)</p> <p>IPC II of Kshs. 41,804,967.52 (Paid)</p>	<p>Commencement Date: 17th December, 2021</p> <p>Completion Date: 16th December, 2022</p> <p>Contract Period: 12 Months</p>	M/s Ongata Works Ltd.	<p>Works progress is at 20.3%,</p> <p>Notice of slow progress sent to contractor on 16th June 2022 and on contractor's obligation sent on 1st July 2022.</p> <p>i. The Contractor has submitted IPC No. II of Kshs. 24,938,374.24 which has subsequently been certified by the Engineer and forwarded to CIT for review.</p>
42)	Runway rehabilitation Phase II – LOKICHOGGIO AIRPORT:	<p>Funder: GoK</p> <p>Contract Sum: Kshs. 281,041M</p> <p>Amount Certified: Kshs. 26,765,849.10 (Advance Payment)</p> <p>IPC II of Kshs. 41,804,967.52 (Paid)</p>	<p>Commencement Date: 25th November, 2020</p> <p>Completion Date: 24th November, 2021</p> <p>Completion Date(a): 09th May, 2022</p> <p>Contract Period: 12 Months</p> <p>Contract Period(a): 17.5 Months</p>	M/s Amamak Company Ltd.	Works progress is at 34.5%

	Project Objective & Scope	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
		IPC No III: Kshs. 37,589,230.71 (Certified but not paid)			
43)	I No. Project Rehabilitation of the Perimeter Fence - LODWAR AIRSTRIP:	Funder: GoK Contract Sum: Kshs. 7,646,653.40 Amount Certified: Nil	Commencement Date: 22 nd September, 2020 Completion Date: 21 st January, 2021 (Contract period is elapsed) Contract Period: 4 Months	M/s Panadium Holding Ltd.	Works progress at 90%