

REPUBLIC OF KENYA



**REPORT**

**OF**

THE NATIONAL ASSEMBLY	
DATE: 08 MAR 2023	DAY: WEDNESDAY
TABLED BY:	Hon Owen Baya, CBS, MP Deputy Majority Leader
CLERK-AT THE TABLE:	Miriam Mado

**THE AUDITOR-GENERAL**

**ON**

**RAILWAY DEVELOPMENT LEVY FUND  
(HOLDING ACCOUNT)**

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

**STATE DEPARTMENT FOR  
TRANSPORT**





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**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2022**

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Prepared in accordance with the Accrual Basis of Accounting Method under the International  
Public Sector Accounting Standards (IPSAS)



***RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)***  
***Annual Report and Financial Statements for the year ended 30th June 2022***

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**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**1. Key Entity Information and Management**

**(a) Background information**

Railway Development Levy Fund was set up on 5<sup>th</sup> July 2013, by Gazette Supplement No. 99. The regulations may be sited as customs and exercise (Railway Development Levy Fund) Regulations 2013. The Fund consists of:

1. The proceeds of Railway Development Levy charges under Section 117A of the customs and excise Act
2. Grants or donations made to the fund and
3. Any income generated from the proceeds of the fund

Proceeds from foreign borrowings (A.I.A)

The key objective and purpose of the Fund shall be to provide funds for the construction of the Standard Gauge Railway network in order to facilitate the transportation of goods.

**(b) Principal Activities**

The principal activity/mandate of the Fund is to provide funds for the construction of the Standard Gauge Railway network in order to facilitate the transportation of goods.

**(c) Fund Administration Committee**

The officer administering the Fund is the Principal Secretary responsible for matters relating to transport.

No.	Names	Designation	Key qualification	Responsibilities
	Dr. Julius Muia	Principal Secretary – National Treasury	Qualified	In charge of National Treasury (Chairperson)
	Dr. (Eng) Joseph Njoroge	Principal Secretary- Transport	Qualified	In charge of Transport
	Prof. Paul Maringa	Principal Secretary- Infrastructure	Qualified	In charge of infrastructure
	Mr. Philip Mainga	Managing Director- Kenya Railways Corporation	Qualified	Kenya Railways Corporation

**(d) Key Management**

No.	Designation	Name
1	Fund Manager/ Administrator	Dr. (Eng) Joseph Njoroge, CBS
2	Fund Co ordinator	Dr. Duncan G Hunda
3	Fund Accountant	CPA Priscilla Karanja

**(e) Fiduciary Oversight Arrangements**

The Fiduciary oversight during the year rested with the Budget Implementation Committee, the Public Accounts Committee of the National Assembly and the Development Partners.

**(f) Registered Offices**

The fund headquarters offices are:

Transcom Building

P.O. BOX 30007-00100

Upper hill

Nairobi, Kenya

**(g) Fund Contacts**

The following are the fund contacts

Telephone: (254) 20 338111

E-mail: [ps@transport.go.ke](mailto:ps@transport.go.ke)

Website: [www.transport.go.ke](http://www.transport.go.ke)

**(h) Fund Bankers**

Central Bank of Kenya

Haile Selassie Avenue

P.O. BOX 60000

City Square 00200

Nairobi, Kenya.

**(i) Independent Auditors**

Auditor - General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

**NAIROBI, KENYA**

**(j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
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**2. Fund Administration Committee**

Names	Title designation	Key qualification	Responsibilities
Dr. Julius Muia	Principal Secretary – National Treasury	Qualified	In charge of National Treasury (Chairperson)
Dr. (Eng) Joseph Njoroge, CBS	Principal Secretary-Transport	Qualified	In charge of Transport
Prof. Paul Maringa	Principal Secretary-Infrastructure	Qualified	In charge of infrastructure
Mr. Philip Mainga	Managing Director-Kenya Railways Corporation	Qualified	Kenya Railways Corporation

### 3. Statement of Performance against Fund's Predetermined Objectives

The set targets in the year were mainly to complete the SGR Project related projects/activities, support the SGR operations and undertake associated projects and activities to enhance the SGR service. The status of the achievements is as shown below;

Programme	Key Output	Key Performance Indicators	PLANNED TARGET	ACHIEVED TARGET	Remarks
			2021/22	2021/22	
Railway Development Levy Fund					
	DELIVERY OF THE SGR PHASE 1 PROJECT	Complete Relocation of Public Institutions	100	90%	17 out of 22 institutions completed and handed over , 3 at advanced stage of completion, 1 delayed due land issue and 1 Contract terminated due non-performance
		Payment to PAPs for Land Acquired	100	0	NLC undertaking reconciliation hence no payments done in the year
		Acquisition of East Africa Portland Land	100	100	This was achieved as KR acquired EAPCC 900 Acres of Land for enhancing conventional cargo freight from Mombasa.Scheduled payments not done as EAPCC had not met the agreed conditions
		% Survey and Tilting of SGR Phase 1 Land	100	50	KR Professional Consultant are still undertaking titling of the SGR Phase 1 Corridor to issue KR with documents of

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
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					title.
	DELIVERY OF THE SGR PHASE 2A PROJECT	% Completion of Land Acquisition	100	100	This was achieved as KR acquired the whole corridor and availed vacant possession to the Contractor
		% Completion of Civil Works	100	100	This was achieved as the Project was completed by the Contractor and commissioned in October 2019
		% Implementaion of the SGR Unified Security System	50	0	This was not achieved as the procurement process was on-going
	Support Operations and maintenance of SGR	Pending bills settled	Kshs 22.3 B	Kshs 22.3B	The targeted settlement of pending bills achieved
	Additional infrastructure for effective operationalization of SGR	Construction of Truck Parking Lot/Marshalling Yard and Naivasha ICD	100	89	Construction in progress, 89% progress. Pending component is delivery of railway weight and balance machine.
		Putting up a Bonded Customs Facility at Bomaline Yard	100	80	Kenya Railways Transit Shed was established and in operational however there are pending works on the yard
		Construction of Access Road to Suswa SGR Station and Access Road to Maai Mahiu SGR Station	50%	20%	Contractor has mobilized to commence construction. Contractor has applied for advance payment. Project under implementation by Kenya Urban Roads

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					Authority (KURA) on behalf of Kenya Railways
		Purchase of MGR Locomotives	16 Locos	4 Locos	<ul style="list-style-type: none"> <li>• Lot I: Two (2) delivered and in operations</li> <li>• Lot II: Two (2) delivered on July 5, 2022</li> <li>• Lot III: The Contract signed in December 2021 and start of the Manufacturing witnessed by KR Technical on March 17, 2022. Delivery Ex-Works expected in September 2022.</li> <li>• Lot IV: Under Procurement process.</li> </ul>
		Procurement of 500 No. SGR flat wagons	500	0	Procurement commenced in the year but delivery expected in FY2022/23
		Procurement of 20 No SGR passenger coaches	20	0	Procurement commenced in the year but delivery expected in FY2022/23
		Acquisition of ICT- SAP ERP system	100%	40%	The implementation commenced at 40% by year end

***RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)***  
***Annual Report and Financial Statements for the year ended 30th June 2022***

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**4. Management Team**

As per The Customs and Excise (Railway Development Levy Fund) Regulations, 2013, there is an Advisory Committee that oversee the management of the Fund. The Committee consist of;

- (a) The Principal Secretary responsible for matters relating to finance who is the chairperson;
- (b) The Principal Secretary responsible for, matters relating to transport;
- (c) The Principal Secretary responsible for matters' relating to infrastructure; and
- (d) The Managing director of the Kenya Railways Corporation appointed under section 5 of the Kenya Railways Corporation Act, Cap. 397.

The functions of the Advisory Committee are as follows;

- (a) To review and approve the annual work programmes and cost estimates; and
- (b) To oversee the management of the Fund and advise the Cabinet Secretary generally on the operations of the Fund.

The members who served during the FY2021/22 are:

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Dr. Julius Muia	Principal Secretary – National Treasury	Qualified	In charge of National Treasury (Chairperson)
Dr. (Eng) Joseph Njoroge, CBS	Principal Secretary-Transport	Qualified	In charge of Transport
Prof. Paul Maringa	Principal Secretary-Infrastructure	Qualified	In charge of infrastructure
Mr. Philip Mainga	Managing Director-Kenya Railways Corporation	Qualified	Kenya Railways Corporation

## **5. Report of the Fund Administrator**

### **Economic Overview**

#### **Global performance and Outlook**

The global economy witnessed positive growth during the pre-covid-19 period expanding by 3.8% in 2017, 3.6% in 2018 and 2.8% in 2019. The growth was characterized by robust oil demand, strong job growth and policy support which spurred movement of goods around the world hence stimulating activity in the transport and logistic sector. The Growth was dampened in 2020 following the outbreak of novel Covid-19 pandemic which disrupted the global supply chain for manufactured goods, industrial inputs, especially capital goods that are used in production.

The global economy recovered in 2021 recording an accelerated growth rate of 5.9% as a result of increased consumption and easing of supply disruption following relaxation of restriction measures put in place to curb the spread of the pandemic. The gains were however rolled back by uncertainties associated with tight financial conditions, rising oil and commodity prices as a result of the war in Ukraine. The war disrupted activity, investment, and trade around the entire world.

Global economic performance in the medium term will be reliant on the response of the rest of the world to the geopolitical situation in Ukraine, stabilization of commodity prices and continued vaccination against Covid-19.

#### **Impact of COVID-19 on Rail Transport in Kenya**

The post- Covid growth momentum which hit 7.5% in 2021 was dampened by the ripple effects of the global economic crisis. Disruption in the supply chain affected throughput at the Port of Mombasa which is the main source of rail freight. Further, Kenya Railways was exposed to a huge foreign exchange challenge arising from dollar denomination of loan obligations and operator invoices.

In addition, the escalated cost of fuel negatively impacted rail operations due to the high fuel consumption nature of the business. the Corporation was especially burdened by the high cost of delivering long distance and commuter service which is a Net Social Benefit. This has in effect made Kenya Railways rely more on the RDLF since the revenues were inadequate to cover the increased cost of rail operations

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
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**Review of the Fund's Performance**

The Holding Account received Kshs. 35.6 billion during the financial year 2021/2022 comparing Kshs.29.1 billion received in the previous year. The funds were received from the Kenya Revenue Authority as the appointed collector of the revenue for the Fund.

During the year ended 30<sup>th</sup> June 2022, Kshs 26.8 billion was transferred from the Holding Account to the National Treasury. This compares to Kshs 24.0 billion transferred during the previous financial year.

As at 30<sup>th</sup> June 2022, the Holding Account had a cumulative balance of Kshs 23.79 billion compared to the balance Kshs. 15.00 billion as at 30<sup>th</sup> June 2021. The fund is held in the holding bank account at Central Bank of Kenya.

The budget for the FY 2021/22 had revenue projection of Kshs. 35.6 Billion which was achieved. The planned expenditure amounted to Kshs. 36.449 Billion out of which Kshs. 26.844 Billion was utilized giving 74% absorption of the budget.

Table 1: Summary of the FY 2021/22 Budget Performance

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Opening Balance	15,008,197,936		15,008,197,936	15,008,197,936	-	100%
Revenue	35,632,564,903		35,632,564,903	50,640,762,839	-	100%
Total Income	50,640,762,839		50,640,762,839	50,640,762,839	-	100%
Expenses	36,449,591,373		26,844,351,913	26,844,351,913	-	100%
Total Expenditure	36,449,591,373		26,844,351,913	26,844,351,913	9,605,239,460	74%
Balance at the end of the period			23,796,410,926	23,796,410,926		

The underutilization of the budget was mainly due to the following:

- The unpaid land compensation money to NLC awaiting reconciliation of funds.
- The planned disbursements to East Africa Portland Co. Ltd for acquisition of Athi River Bulk Terminal land were not done due to unmet conditions of sale

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
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- iii. The Unified Security System (USS) Project implementation was affected by COVID -19 pandemic
- iv. The Construction of Access Road to Suswa SGR Station and Construction of Access Road to Maai Mahiu SGR Station are being procured and implemented by KURA did not progress as planned
- v. Procurement of 500 No. SGR flat wagons and Procurement of 20 No SGR passenger coaches – at procurement stage
- vi. Purchase of MGR Locomotives – 2 delivered ,14 expected in FY2022/23
- vii. ICT-(SAP ERP implementation) – the implementation commenced in the year , however no payment was done

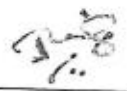
**The Funds Future Outlook**

Having funded the major infrastructure that is the SGR Phase 1 and 2A, and as the Government seeks for financing of SGR Phase 2B and 2C to Kisumu and Malaba, the fund will focus on the Optimizing the Operations and maintenance of SGR, funding the Complementary infrastructure such as linkages and access to SGR, and acquisition of additional assets for effective operationalization of SGR.

**Conclusion**

The global economy and geopolitical context continue to be uncertain in the wake of the COVID-19 pandemic. The outlook for the transport sector is promising as the world adapts to the pandemic including global mass vaccination and normalization of various containment measures. The leading economies have stabilized leading to growing normalcy especially in the freight and logistics activities.

The railway sector is expected to play a key role in the post Covid -19 recovery strategy through the provision of cost effective, efficient and safe mode of mass transport across the East Africa region and therefore the Funds will continue to be utilized with the aim of reducing the cost of doing business and improving railway transportation competitiveness.

Signed: 

Dr. (Eng) Joseph K Njoroge (CBS)

## **6. Environmental and Sustainability Reporting**

RDLF is entirely utilized by Kenya Railways and hence this section is achieved through the Corporation

Kenya Railways Corporation exists to transform lives. Below is an outline of Kenya Railways Corporation's policies and activities that promote sustainability in regard to SGR Project and operations

### **a) Sustainability strategy and profile**

The Corporation has made deliberate efforts to ensure sustainability. As a strategy, the Corporation has put forth measures to widen the Shed between costs and revenue. To grow revenues, the Corporation is pursuing new business lines by leveraging on the expansive networks, value chain partnerships with stakeholders and excellent service delivery. On cost side, the focus is on management of the fixed cost structure. The sum of the two will improve the profitability and reduce reliance on the National government.

With the growing trend evidenced by the rising through put for the port of Mombasa, KR is strategically positioned to be a major player in the regional economy. As we move towards a production economy, the Corporation is keen to have back haul cargo that is the key to profitability of rail business the world over. The corporation is equally adopting the global practise of local enhancement of capacities such as local rehabilitations and design of locomotives that is more responsive to domesticated challenges.

The political environment in the region affects production and consumption. This consequently affects our key business areas of freight and passenger business. The covid pandemic has been particulary damaging.

However, the Corporation continues to ride on its Key Strength such an expansive network, safety of goods and passengers, connectivity to major installations and facilities through sidings, bulk haulage capabilities a very skilled and specialised workforce and high entry barriers giving it monopoly on rail transportation.

Opportunities are available in expansion to non-rail served destination, Intermodal linkages with other modes and improvement of efficiencies by modernization of equipment and infrastructure.

Challenges to the corporation includes stiff competition from other modes of transport, high fixed cost structure, rising input costs such as steel and fuel and specialised operations.

In the year the key achievement is the 10.12% rise in freight volumes while the biggest challenge is the inability to raise enough revenues to repay the loan obligations that crystalized in the year.

**b) Environmental performance /climate change/ mitigation of natural disasters**

The Kenya Railways mandate is "To provide a customer focused efficient and sustainable rail transport system"

In discharging its mandate, its committed to reducing negative environmental impact and continually improve environmental performance; to operate in an environmentally responsible manner and to integrate environmental sustainability in all its services to the benefit of the environment, our stakeholders, customers and the community. This is applicable in all the activities from construction to maintenance and rail transport operation

To achieve the above stated commitment Kenya Railways will:

- i. Comply with all applicable environmental, legal and other obligations in our railway development and operation activities;
- ii. Develop and implement environmental management system to assist in identifying and managing environmental risks and opportunities;
- iii. Carry out appropriate project planning and designs in order to manage identified environmental impacts;

**c) Employee welfare**

The principles of affirmative action, gender and persons living with disability and national values will apply. The Corporation shall observe gender mainstreaming, balance on appointment, promotion and ensure that a minimum of a third (1/3) are of either gender.

***RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)***  
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All job advertisements contain the following: -

- a. A brief description of the Corporation's mandate;
- b. Job title;
- c. Main purpose of the job;
- d. A brief description of the key responsibilities of the job;
- e. Education, experience, skills and competencies required for the job;
- f. Salary and benefits (optional);
- g. Location of the job (where necessary);
- h. Clear instructions on how to apply and information to be submitted in the application
- i. Closing date for receipt of applications.

The Corporation conducts quarterly performance appraisal and target setting. This identifies the gaps for purposes of capacity improvement and rewards for excellence. The corporation is a nondiscriminatory equal opportunity employer. It also has a robust drug and substance abuse policy. It is developing mental health policy to tackle the growing challenge of mental health in workplace

With the growing number of staff, the Corporation continues to offer staff benefits including but not limited to:

- i. Medical insurance cover
- ii. Mortgage
- iii. Car loan

The budget allocation for these staff benefits continues to be reviewed from time to time to ensure non-discrimination and equal allocation to all staff.

The principles of affirmative action, gender and persons living with disability and national values continue to apply. The Corporation observes gender mainstreaming and regional balance on appointment, promotion and ensures application of a third (1/3) gender rule.

The Corporation commits to achieve and maintain the highest standards of health and safety in the workplace. This is through elimination and minimization of health and safety hazards and risks that may affect its employees. In compliance with the Occupational Safety and Health Act, 2007 and other laws, the Corporation through the Human Resource and Administration Department continues to implement policies and programs to ensure protection of employees against hazards and disasters.

The Corporation has initiated a Culture change program that will help build a healthy, professional and ethical work environment for all employees. The implementation of the Balance Score Card will ensure maximum employee performance.

**d) Community Engagements-**

This year CSR was affected by the COVID-19 pandemic which affected operations leading the Government to introduce policy changes and behavioral protocols for a good part of the year. This affected planned activity. However, the Corporation sponsored the below initiatives:

On June 24 and 25, 2022, the Corporation undertook a tree planting exercise at Eburu Forest station in Naivasha town, Nakuru County. The exercise was in line with the 'National Tree Planting programme' where Public Institutions are required to plant trees as part of their Performance Contracting obligations. This initiative by the National government is geared towards ensuring that at least 10 per cent of Kenya is under forest cover by the year 2022. During the exercise, the Corporation planted 5,000 assorted indigenous tree seedlings.

***RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)***  
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**7. Corporate Governance Statement**

The Railway Development Levy Fund ("the fund") was established under the Customs and Excise (Railway Development Levy Fund) Regulations, 2013 published vide Legal Notice No. 118 of 5<sup>th</sup> July, 2013. The regulations were made pursuant to the enactment of the Finance Act, 2013 which introduced Section 117A to the Customs and Excise Act (CAP. 472).

According to Regulations, there is established a committee to be known as the Advisory Committee which consist of-

- the Principal Secretary responsible for matters relating to finance who shall be the chairperson;
- the Principal Secretary responsible for matters relating to transport;
- the Principal Secretary responsible for matters relating to infrastructure; and
- the managing director of the Kenya Railways Corporation appointed under section 5 of the Kenya Railways Corporation Act.

The functions of the Advisory Committee are-

- (a) to review and approve the annual work programmes and cost estimates; and
- (b) to oversee the management of the Fund and advise the Cabinet Secretary generally on the operations of the Fund.

The expenditure of the Fund shall be on the basis of, and limited to, the annual work programmes and cost estimates which shall be submitted to the Advisory Committee for approval before the beginning of the financial year to which they relate.

Any revision of the approved expenditure or expenditure outside the work programme and cost estimates shall not be implemented or incurred unless they have been approved by the Advisory Committee.

All receipts, savings and accruals of the Fund and the balance of the Fund at the close of each financial year, shall be retained for the purpose for which the Fund is established.

The existing government financial and procurement regulations shall apply in the administration of the Fund.

The officer administering the Fund is responsible for supervising and controlling the administration of the Fund. The National Treasury and the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works monitors the application of the Railway Development Levy Fund resources including resources approved for operations of the standard gauge railway line.

**8. Management Discussion and Analysis**

*a. on the operational and financial performance of the Fund during the period,*

The Railway Development Levy Fund was established in July 2013 to cater for Standard Gauge Railway construction and recently its purpose was amended to add the operations. Below is a summary of the fund as at 30<sup>th</sup> June, 2021;

**FUND STATUS IN FY2021/22**

The Holding Account received Kshs. 35.6 billion during the financial year 2021/2022 comparing Kshs.29.1 billion received in the previous year. The funds were received from the Kenya Revenue Authority as the appointed collector of the revenue for the Fund.

During the year ended 30<sup>th</sup> June 2022, Kshs 26.8 billion was transferred from the Holding Account to the National Treasury. This compares to Kshs 24.0 billion transferred during the previous financial year.

As at 30<sup>th</sup> June 2022, the Holding Account had a cumulative balance of Kshs 23.8 billion compared to the balance Kshs. 15.00 billion as at 30<sup>th</sup> June 2021. The fund is held in the holding bank account at Central Bank of Kenya.

*b. entity's key projects or investments decision implemented or ongoing,*

The objective and purpose of the Fund is to provide funds for the construction of a standard gauge railways network and its operations in order to facilitate the transportation of goods. All the payments done during the year were towards this objective.

*c. Fund's compliance with statutory requirements,*

The Fund complied with statutory requirements pertaining to the transactions undertaken.

*d. major risks facing the Fund, material arrears in statutory and other financial obligations*

The Fund's Commitments are made after confirming availability of funds hence not likely to have material arrears.

***RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)***  
***Annual Report and Financial Statements for the year ended 30th June 2022***

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**9. Statement of Corporate Social Responsibility**

Kenya Railways has endeavored to entrench Corporate Social Responsibility in its Corporate Culture. This mainly entails seeking opportunities to both improve the environment and actively contribute to the well-being of the communities in which we do business aimed at promoting the welfare of the societies we work in.

Corporate Social Responsibility (CSR) is an integral part of Kenya Railways culture. Guided by a deep commitment to making a difference in people's lives, the Corporation commits a substantial budgetary allocation each year to CSR initiatives.

The Corporation has developed a Corporate Social Responsibility (CSR) Policy from which she draws all her CSR plans from. From the CSR Policy, KR's priority and thematic areas for engagement are Education, Health, Environment and Sports.

**10. Fund Advisory Committee**

The members of the Fund Advisory Committee who served during the year are shown on page IV. During the year there were no resignations nor appointed.

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**11. Statement of Management Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Public Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date.


The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.


In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

**Approval of the financial statements**

The Fund's financial statements were approved by the Fund Administrator on 30<sup>th</sup> September 2022 and signed by:

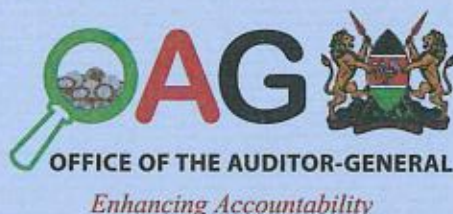
  
Dr. (Eng) Joseph K Njoroge (CBS)  
Fund Administrator

  
P. Karanja (CPA)  
Fund Accountant  
ICPAK No 7271



# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT) FOR THE YEAR ENDED 30 JUNE, 2022 – STATE DEPARTMENT FOR TRANSPORT**

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### **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 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 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 Railway Development Levy Fund (Holding Account) set out on pages 1 to 17, which comprise the statement of

financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Railway Development Levy Fund (Holding Account) as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Miscellaneous Fees and Levies Act, 2016, the Customs and Excise (Railway Development Levy Fund) Regulations, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unaccounted for Disbursements**

The statement of receipts and payments reflects transfers to The National Treasury of Kshs.26,844,351,913 for railway related development. However, records held at Kenya Railways Corporation which is the implementing agency indicated that the amounts received by the Corporation and amounts paid by The National Treasury to various Government entities on behalf of the Corporation totalled to Kshs.26,792,446,818. The resultant difference of Kshs.51,905,095 has not been explained or reconciled.

In the circumstances, the accuracy and completeness of transfers to The National Treasury of Kshs.26,844,351,913 could not be confirmed.

#### **2. Irregular Payments out of the Fund for Meter Gauge Railway (MGR) Locomotives**

The statement of receipts and payments reflects transfers to The National Treasury of Kshs.26,844,351,913. Included in the amount are payments totalling to Kshs.2,099,848,494 for the purchase of Meter Gauge Railway locomotives. The payments were irregular since Section 8 (3) of the Miscellaneous Fees and Levies Act, 2010 provides that the purpose of the Railway Development Levy shall be to provide funds for the construction and operation of a Standard Gauge Railway (SGR) network in order to facilitate the transportation of goods. No justification was provided for the irregular utilization of the funds.

In the circumstances, the regularity of the expenditure of Kshs.2,099,848,494 on purchase of MGR locomotives could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Railway Development Levy Fund (Holding Account) 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.

### **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.

## **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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund 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.

Those charged with governance are responsible for overseeing the Fund'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 review of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 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 applicable 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 Fund's ability to continue to sustain its services. 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 Fund to cease to continue to sustain its services.
- 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 Fund 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 control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to 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

01 February, 2023

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**13. Statement of Financial Performance for the year ended 30 June 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Receipts Revenue from non-exchange transactions</b>			
Receipts from Kenya Revenue Authority	6	35,632,564,903	29,103,516,287
<b>Total revenue</b>		<b>35,632,564,903</b>	<b>29,103,516,287</b>
<b>Expenses</b>			
Transfers to National Treasury	7	26,844,351,913	24,055,500,825
<b>Total Expenses</b>		<b>26,844,351,913</b>	<b>24,055,500,825</b>
<b>Surplus/Deficit for the year</b>		<b>8,788,212,990</b>	<b>5,048,015,462</b>

The financial statements set out on pages 1 to 5 were signed on 30<sup>th</sup> September 2022 and signed by

.....  
**Dr. (Eng) Joseph K.Njoroge (CBS)**  
**Fund Administrator**

.....  
**P. Karanja (CPA)**  
**Fund Accountant**  
**ICPAK No. (27).....**

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**14. Statement of Financial Position as at 30 June 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	23,796,410,926	15,008,197,936
<b>Total Current Assets</b>		<b>23,796,410,926</b>	<b>15,008,197,936</b>
<b>Non-Current Assets</b>			
		-	-
<b>Total Assets</b>		<b>23,796,410,926</b>	<b>15,008,197,936</b>
<b>Liabilities</b>			
		-	-
<b>Total Liabilities</b>		<b>-</b>	<b>-</b>
<b>Net Assets</b>			
Revolving Fund		15,008,197,936	9,960,182,474
Accumulated Surplus		8,788,212,990	5,048,015,462
<b>Total Net Assets and Liabilities</b>		<b>23,796,410,926</b>	<b>15,008,197,936</b>

The financial statements set out on pages 1 to 5 were signed on 30<sup>th</sup> September 2022 and signed by

.....  
**Dr. (Eng) Joseph Njoroge, CBS**  
**Fund Administrator**


.....  
**P. Karanja (CPA)**  
**Fund Accountant**  
**ICPAK No.....**


**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**15. Statement of Changes in Net Assets for the year ended 30 June 2022**

	Revolving Fund	Retained earnings	Total
	Kshs	Kshs	Kshs
As at July 1, 2020	9,960,182,474	-	9,960,182,474
Surplus/ deficit for the year	5,048,015,462	-	5,048,015,462
As at June 30, 2021	15,008,197,936	-	15,008,197,936
As at July 1, 2021	15,008,197,936	-	15,008,197,936
Surplus/ deficit for the year	8,788,212,990	-	8,788,212,990
As at June 30, 2022	23,796,410,926	-	23,796,410,926

The financial statements set out on pages 1 to 5 were signed on 30<sup>th</sup> September 2022

  
 .....  
**Dr. (Eng) Joseph Njoroge, CBS**  
**Fund Administrator**

  
 .....  
**P. Karanja (CPA)**  
**Fund Accountant**  
**ICPAK No... (251)....**

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**16. Statement of cash flows for the year ended 30th June 2022**

Description	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Receipts for Operating Income</b>			
Transfers from Kenya Revenue Authority	6	35,632,564,903	29,103,516,287
<b>Payments For Operating Expenses</b>			
Transfers to National Treasury	7	26,844,351,913	24,055,500,825
<b>Net Cash Flow from Operating Activities</b>		<b>8,788,212,990</b>	<b>5,048,015,462</b>
<b>Cash flow From Investing Activities</b>			
<b>Net Cash Flows from Investing Activities</b>		-	-
<b>Cash flow From Borrowing Activities</b>			
<b>Net cash flow from financing activities</b>		-	-
<b>Net increase in cash and cash equivalent</b>		<b>8,788,212,990</b>	<b>5,048,015,462</b>
<b>Cash &amp; Cash Equivalent at Start of The Year</b>	8	<b>15,008,197,936</b>	<b>9,960,182,474</b>
<b>Cash &amp; Cash Equivalent at End of The Year</b>	8	<b>23,796,410,926</b>	<b>15,008,197,936</b>

The financial statements set out on pages 1 to 5 were signed on 30<sup>th</sup> September 2022 and signed by:

.....  
**Dr. (Eng) Joseph K.Njoroge (CBS)**  
**Fund Administrator**

.....  
**P. Karanja (CPA)**  
**Fund Accountant**  
**ICPAK No. 7223**

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**17. Statement of Comparison of budget and Actual Amounts for FY2021/22**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Opening Balance	15,008,197,936		15,008,197,936	15,008,197,936	-	100%
<b>Revenue</b>						
Transfers from Kenya Revenue Authority	35,632,564,903		35,632,564,903	50,640,762,839	-	100%
<b>Total Income</b>	<b>50,640,762,839</b>		<b>50,640,762,839</b>	<b>50,640,762,839</b>	-	100%
<b>Expenses</b>						
Transfers to National Treasury	36,449,591,373		26,844,351,913	26,844,351,913	-	100%
<b>Total Expenditure</b>	<b>36,449,591,373</b>		<b>26,844,351,913</b>	<b>26,844,351,913</b>	<b>9,605,239,460</b>	<b>74%</b>
<b>Balance at the end of the period</b>			<b>23,796,410,926</b>	<b>23,796,410,926</b>		

The Railway Development Levy Fund Holding Account had an opening fund balance of Kshs 15 billion and consequently a closing balance of Kshs 23.79 billion at the end of the financial year 2020/2022.

The underutilization of the budget was mainly due to the following:

- iv. The unpaid land compensation money to NLC awaiting reconciliation of funds.
- v. The planned disbursements to East Africa Portland Co. Ltd for acquisition of Athi River Bulk Terminal land were not done due to unmet conditions of sale
- vi. The Unified Security System (USS) Project implementation was affected by COVID -19 pandemic
- vii. The Construction of Access Road to Suswa SGR Station and Construction of Access Road to Maai Mahiu SGR Station are being procured and implemented by KURA did not progress as planned

***RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)***  
***Annual Report and Financial Statements for the year ended 30th June 2022***

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- viii. Procurement of 500 No. SGR flat wagons and Procurement of 20 No SGR passenger coaches – at procurement stage
- ix. Purchase of MGR Locomotives – 2 delivered ,14 expected in FY2022/23
- X. ICT-(SAP ERP implementation) – the implementation commenced in the year , however no payment was done

## **18. Notes to the Financial Statement**

### **1. General Information**

Railway Development Levy Fund is established by and derives its authority and accountability from Customs and Exercise Act Cap 472 Legal notice No. 118. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

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

### **2. Statement of Compliance and Basis of Preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

### **3. Adoption of New and Revised Standards**

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

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

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><b>The Standard has no impact on the fund</b></p>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul> <p><b>The Standard has no impact on the fund</b></p>
Amendments	<b>Applicable: 1st January 2023:</b>

Standard	Effective date and impact:
to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><b>The Standard has no impact on the fund</b></p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><b>The Standard has no impact on the fund</b></p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis</p>

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
	<p>for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>The Standard has no impact on the fund</b></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b>The Standard has no impact on the fund</b></p>

iii. **Early adoption of standards**

The Entity did not early – adopt any new or amended standards in year 2021/2022.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period. The Fund did not have Interest Income for the year under review.

**b) Budget information**

The original budget for FY 2021-2022 was approved by the Railway Development Levy Fund Advisory Committee on July 2021. There were no subsequent revisions or additional appropriations made to the approved budget in the financial year.

The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

***RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)***  
***Annual Report and Financial Statements for the year ended 30th June 2022***

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A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14 of these financial statements.

**c) Provisions**

Provisions are recognized when the fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**d) Contingent liabilities**

The Railway Development Levy Fund does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**e) Contingent assets**

The Railway Development Levy Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**f) Changes in accounting policies and estimates**

The Railway Development Levy Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**g) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise. This is not applicable in the year under review.

**h) Related parties**

The Railway Development Levy Fund regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise Fund Administrator, Fund Managers and Fund Accountant.

**i) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank. Bank account balances include amounts held at the Central Bank of Kenya at the end of the financial year.

**j) Comparative figures**

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

**k) 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.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Such assumptions were not made in the financial year.

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Notes to the Financial Statements (Continued)**

**6. Transfers from other Government Entities**

An amount of Kshs 35.63 billion was received during financial year 2021/2022 compared to Kshs 29.10 billion received during financial year 2020/2021. The following is the breakdown on a quarterly basis of the receipts into the Holding Account. The funds were received from the Kenya Revenue Authority

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers from Kenya Revenue Authority		
Quarter 1	7,119,202,764	6,016,930,801
Quarter 2	8,862,282,495	7,084,814,721
Quarter 3	9,037,523,252	7,638,962,941
Quarter 4	10,613,556,392	8,362,807,824
<b>Total</b>	<b>35,632,564,903</b>	<b>29,103,516,287</b>

**7. Grants and Transfers to other Government Entities**

The following is the breakdown of the funds transferred from the Railway Development Levy Fund (Holding Account) to the National Treasury.

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Transfers to National Treasury</b>		
Quarter 1	-	10,580,230,105
Quarter 2	18,668,412,336	-
Quarter 3	250,000,000	2,282,067,556
Quarter 4	7,925,939,577	11,193,203,164
<b>Total</b>	<b>26,844,351,913</b>	<b>24,055,500,825</b>

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Notes to the Financial Statements (Continued)**

The bank balance as at 30th June 2022 amounted to Kshs 23.79 billion compared to Kshs 15 billion in the previous year ended 30th June 2021.

**8. Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Deposits Account	23,796,410,926	15,008,197,936
<b>Total Cash And Cash Equivalents</b>	<b>23,796,410,926</b>	<b>15,008,197,936</b>

**(8b) Detailed Analysis of the Cash and Cash Equivalents**

		2021-2022	2020-2021
a) Financial Institution	Account number	Kshs	Kshs
<b>Current Account</b>			
Central Bank of Kenya	1000426818	23,796,410,926	15,008,197,936
<b>Total</b>		<b>23,796,410,926</b>	<b>15,008,197,936</b>

**9. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the Railway Development Levy Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

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

***RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)***  
***Annual Report and Financial Statements for the year ended 30th June 2022***

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**Other related parties include:**

The following comprise of related parties to the Railways Revenue Development Fund (Holding Account)

	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants /transfers from the government</b>		
Receipts from Kenya Revenue Authority	35,632,564,903	29,103,516,287
<b>Expenses incurred on behalf of related party</b>		
Transfers to the National Treasury	26,844,351,913	24,055,500,825

**10. Events after the Reporting Period**

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

**11. Ultimate And Holding Entity**

The entity is a Fund established by the Customs and Exercise Act Cap 472 Legal notice No. 118 and it's under the State Department for Transport. Its ultimate parent is the Government of Kenya.

**12. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**13. Appendix**

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

The project did not have any pending matters with the office of the Auditor-General.



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Fund Administrator



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Fund Accountant

***RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)***  
***Annual Report and Financial Statements for the year ended 30th June 2022***

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**Appendix II: Projects implemented by Railway Development Levy Fund**

Railway Development Levy Fund had no capital Project in the year under review.

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
Annual Report and Financial Statements for the year ended 30th June 2022

*Notes to the Financial Statements (Continued)*

**Appendix III: Transfers from Other Government Entities**

Name of the MDA/ Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Kenya Revenue Authority	13-Jul-21	Deposit	175,729,903	175,729,903					175,729,903
	14-Jul-21	Deposit	111,700,287	111,700,287					111,700,287
	15-Jul-21	Deposit	86,373,760	86,373,760					86,373,760
	16-Jul-21	Deposit	132,941,682	132,941,682					132,941,682
	19-Jul-21	Deposit	118,469,636	118,469,636					118,469,636
	21-Jul-21	Deposit	160,656,511	160,656,511					160,656,511
	22-Jul-21	Deposit	164,156,144	164,156,144					164,156,144
	23-Jul-21	Deposit	110,909,016	110,909,016					110,909,016
	26-Jul-21	Deposit	131,475,215	131,475,215					131,475,215
	27-Jul-21	Deposit	132,490,774	132,490,774					132,490,774
	28-Jul-21	Deposit	208,334,297	208,334,297					208,334,297
	29-Jul-21	Deposit	153,300,791	153,300,791					153,300,791
	30-Jul-21	Deposit	94,537,138	94,537,138					94,537,138
	02-Aug-21	Deposit	100,103,368	100,103,368					100,103,368
	03-Aug-21	Deposit	136,895,120	136,895,120					136,895,120

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
*Annual Report and Financial Statements for the year ended 30th June 2022*

04-Aug-21	Deposit	119,057,301	119,057,301							119,057,301
05-Aug-21	Deposit	90,665,545	90,665,545							90,665,545
06-Aug-21	Deposit	112,318,749	112,318,749							112,318,749
09-Aug-21	Deposit	61,516,906	61,516,906							61,516,906
10-Aug-21	Deposit	169,568,153	169,568,153							169,568,153
11-Aug-21	Deposit	106,081,432	106,081,432							106,081,432
12-Aug-21	Deposit	104,220,311	104,220,311							104,220,311
13-Aug-21	Deposit	136,077,808	136,077,808							136,077,808
16-Aug-21	Deposit	142,694,170	142,694,170							142,694,170
17-Aug-21	Deposit	129,708,620	129,708,620							129,708,620
18-Aug-21	Deposit	201,142,903	201,142,903							201,142,903
19-Aug-21	Deposit	56,811,724	56,811,724							56,811,724
20-Aug-21	Deposit	109,955,113	109,955,113							109,955,113
23-Aug-21	Deposit	99,951,405	99,951,405							99,951,405
24-Aug-21	Deposit	81,676,618	81,676,618							81,676,618
25-Aug-21	Deposit	99,322,057	99,322,057							99,322,057
26-Aug-21	Deposit	117,472,472	117,472,472							117,472,472
27-Aug-21	Deposit	135,761,871	135,761,871							135,761,871
30-Aug-21	Deposit	123,660,084	123,660,084							123,660,084
31-Aug-21	Deposit	148,594,991	148,594,991							148,594,991
01-Sep-21	Deposit	85,264,683	85,264,683							85,264,683
02-Sep-21	Deposit	160,238,830	160,238,830							160,238,830
03-Sep-21	Deposit	103,790,540	103,790,540							103,790,540
06-Sep-21	Deposit	134,935,813	134,935,813							134,935,813
07-Sep-21	Deposit	206,898,996	206,898,996							206,898,996
08-Sep-21	Deposit	127,879,222	127,879,222							127,879,222
09-Sep-21	Deposit	92,382,165	92,382,165							92,382,165
10-Sep-21	Deposit	90,957,266	90,957,266							90,957,266
13-Sep-21	Deposit	112,118,896	112,118,896							112,118,896

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
*Annual Report and Financial Statements for the year ended 30th June 2022*

	14-Sep-21	Deposit	149,262,564	149,262,564						149,262,564
	15-Sep-21	Deposit	143,357,095	143,357,095						143,357,095
	16-Sep-21	Deposit	83,759,820	83,759,820						83,759,820
	17-Sep-21	Deposit	135,154,258	135,154,258						135,154,258
	20-Sep-21	Deposit	118,792,828	118,792,828						118,792,828
	21-Sep-21	Deposit	149,141,377	149,141,377						149,141,377
	22-Sep-21	Deposit	116,115,246	116,115,246						116,115,246
	23-Sep-21	Deposit	153,084,234	153,084,234						153,084,234
	24-Sep-21	Deposit	119,103,784	119,103,784						119,103,784
	27-Sep-21	Deposit	100,049,171	100,049,171						100,049,171
	28-Sep-21	Deposit	142,550,882	142,550,882						142,550,882
	29-Sep-21	Deposit	88,462,209	88,462,209						88,462,209
	30-Sep-21	Deposit	141,571,010	141,571,010						141,571,010
	01-Oct-21	Deposit	128,289,638	128,289,638						128,289,638
	04-Oct-21	Deposit	133,230,263	133,230,263						133,230,263
	05-Oct-21	Deposit	129,206,596	129,206,596						129,206,596
	06-Oct-21	Deposit	84,211,911	84,211,911						84,211,911
	07-Oct-21	Deposit	120,151,398	120,151,398						120,151,398
	08-Oct-21	Deposit	156,615,518	156,615,518						156,615,518
	12-Oct-21	Deposit	125,496,382	125,496,382						125,496,382
	13-Oct-21	Deposit	202,945,156	202,945,156						202,945,156
	14-Oct-21	Deposit	274,913,063	274,913,063						274,913,063
	15-Oct-21	Deposit	134,070,279	134,070,279						134,070,279
	18-Oct-21	Deposit	106,531,062	106,531,062						106,531,062
	19-Oct-21	Deposit	159,544,873	159,544,873						159,544,873
	21-Oct-21	Deposit	112,191,026	112,191,026						112,191,026
	22-Oct-21	Deposit	165,605,877	165,605,877						165,605,877
	25-Oct-21	Deposit	157,460,934	157,460,934						157,460,934
	26-Oct-21	Deposit	149,589,300	149,589,300						149,589,300

## RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)

	27-Oct-21	Deposit	122,751,982	122,751,982					122,751,982
	28-Oct-21	Deposit	199,840,525	199,840,525					199,840,525
	29-Oct-21	Deposit	216,057,380	216,057,380					216,057,380
	01-Nov-21	Deposit	128,445,528	128,445,528					128,445,528
	02-Nov-21	Deposit	143,917,265	143,917,265					143,917,265
	03-Nov-21	Deposit	106,987,240	106,987,240					106,987,240
	04-Nov-21	Deposit	130,777,281	130,777,281					130,777,281
	05-Nov-21	Deposit	133,467,744	133,467,744					133,467,744
	08-Nov-21	Deposit	127,485,035	127,485,035					127,485,035
	09-Nov-21	Deposit	135,350,942	135,350,942					135,350,942
	10-Nov-21	Deposit	123,961,040	123,961,040					123,961,040
	11-Nov-21	Deposit	181,614,350	181,614,350					181,614,350
	12-Nov-21	Deposit	120,348,944	120,348,944					120,348,944
	15-Nov-21	Deposit	119,553,360	119,553,360					119,553,360
	16-Nov-21	Deposit	133,932,419	133,932,419					133,932,419
	17-Nov-21	Deposit	107,883,177	107,883,177					107,883,177
	18-Nov-21	Deposit	151,144,747	151,144,747					151,144,747
	19-Nov-21	Deposit	112,674,246	112,674,246					112,674,246
	22-Nov-21	Deposit	103,727,210	103,727,210					103,727,210
	23-Nov-21	Deposit	152,897,893	152,897,893					152,897,893
	24-Nov-21	Deposit	127,841,426	127,841,426					127,841,426
	25-Nov-21	Deposit	123,633,028	123,633,028					123,633,028
	26-Nov-21	Deposit	106,342,840	106,342,840					106,342,840
	29-Nov-21	Deposit	164,468,030	164,468,030					164,468,030
	30-Nov-21	Deposit	221,619,523	221,619,523					221,619,523
	01-Dec-21	Deposit	111,628,705	111,628,705					111,628,705
	02-Dec-21	Deposit	182,051,022	182,051,022					182,051,022
	03-Dec-21	Deposit	115,736,346	115,736,346					115,736,346
	06-Dec-21	Deposit	108,206,304	108,206,304					108,206,304

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

	07-Dec-21	Deposit	198,507,907	198,507,907						198,507,907
	08-Dec-21	Deposit	113,249,681	113,249,681						113,249,681
	09-Dec-21	Deposit	155,502,162	155,502,162						155,502,162
	10-Dec-21	Deposit	136,429,835	136,429,835						136,429,835
	14-Dec-21	Deposit	180,394,813	180,394,813						180,394,813
	15-Dec-21	Deposit	167,879,481	167,879,481						167,879,481
	16-Dec-21	Deposit	98,741,299	98,741,299						98,741,299
	17-Dec-21	Deposit	167,400,593	167,400,593						167,400,593
	20-Dec-21	Deposit	116,857,501	116,857,501						116,857,501
	21-Dec-21	Deposit	257,198,284	257,198,284						257,198,284
	22-Dec-21	Deposit	170,762,714	170,762,714						170,762,714
	23-Dec-21	Deposit	98,143,074	98,143,074						98,143,074
	24-Dec-21	Deposit	105,712,004	105,712,004						105,712,004
	28-Dec-21	Deposit	174,636,694	174,636,694						174,636,694
	29-Dec-21	Deposit	115,150,911	115,150,911						115,150,911
	30-Dec-21	Deposit	134,313,026	134,313,026						134,313,026
	31-Dec-21	Deposit	117,003,708	117,003,708						117,003,708
	03-Jan-22	Deposit	138,085,793	138,085,793						138,085,793
	04-Jan-22	Deposit	105,159,667	105,159,667						105,159,667
	05-Jan-22	Deposit	110,321,617	110,321,617						110,321,617
	06-Jan-22	Deposit	108,133,900	108,133,900						108,133,900
	07-Jan-22	Deposit	137,701,280	137,701,280						137,701,280
	10-Jan-22	Deposit	231,629,937	231,629,937						231,629,937
	11-Jan-22	Deposit	184,659,798	184,659,798						184,659,798
	12-Jan-22	Deposit	96,600,087	96,600,087						96,600,087
	13-Jan-22	Deposit	191,316,424	191,316,424						191,316,424
	14-Jan-22	Deposit	106,831,855	106,831,855						106,831,855
	17-Jan-22	Deposit	129,637,192	129,637,192						129,637,192
	18-Jan-22	Deposit	200,200,339	200,200,339						200,200,339

## RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)

19-Jan-22	Deposit	160,136,146	160,136,146	160,136,146	160,136,146
20-Jan-22	Deposit	141,928,868	141,928,868	141,928,868	141,928,868
21-Jan-22	Deposit	123,707,873	123,707,873	123,707,873	123,707,873
24-Jan-22	Deposit	121,309,044	121,309,044	121,309,044	121,309,044
25-Jan-22	Deposit	143,993,837	143,993,837	143,993,837	143,993,837
26-Jan-22	Deposit	139,468,767	139,468,767	139,468,767	139,468,767
27-Jan-22	Deposit	151,529,945	151,529,945	151,529,945	151,529,945
28-Jan-22	Deposit	98,029,631	98,029,631	98,029,631	98,029,631
31-Jan-22	Deposit	82,081,015	82,081,015	82,081,015	82,081,015
01-Feb-22	Deposit	222,387,122	222,387,122	222,387,122	222,387,122
02-Feb-22	Deposit	122,587,762	122,587,762	122,587,762	122,587,762
03-Feb-22	Deposit	137,052,198	137,052,198	137,052,198	137,052,198
04-Feb-22	Deposit	109,873,334	109,873,334	109,873,334	109,873,334
07-Feb-22	Deposit	93,565,414	93,565,414	93,565,414	93,565,414
08-Feb-22	Deposit	178,988,232	178,988,232	178,988,232	178,988,232
09-Feb-22	Deposit	99,219,355	99,219,355	99,219,355	99,219,355
10-Feb-22	Deposit	130,895,282	130,895,282	130,895,282	130,895,282
11-Feb-22	Deposit	170,854,760	170,854,760	170,854,760	170,854,760
14-Feb-22	Deposit	197,243,759	197,243,759	197,243,759	197,243,759
15-Feb-22	Deposit	197,067,929	197,067,929	197,067,929	197,067,929
16-Feb-22	Deposit	138,519,809	138,519,809	138,519,809	138,519,809
17-Feb-22	Deposit	142,997,029	142,997,029	142,997,029	142,997,029
18-Feb-22	Deposit	106,436,242	106,436,242	106,436,242	106,436,242
21-Feb-22	Deposit	130,940,536	130,940,536	130,940,536	130,940,536
22-Feb-22	Deposit	182,448,097	182,448,097	182,448,097	182,448,097
23-Feb-22	Deposit	98,306,739	98,306,739	98,306,739	98,306,739
24-Feb-22	Deposit	111,956,789	111,956,789	111,956,789	111,956,789
25-Feb-22	Deposit	140,261,930	140,261,930	140,261,930	140,261,930
28-Feb-22	Deposit	138,819,465	138,819,465	138,819,465	138,819,465

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
*Annual Report and Financial Statements for the year ended 30th June 2022*

	01-Mar-22	Deposit	165,468,793	165,468,793						165,468,793
	02-Mar-22	Deposit	147,987,265	147,987,265						147,987,265
	03-Mar-22	Deposit	123,075,026	123,075,026						123,075,026
	04-Mar-22	Deposit	82,191,228	82,191,228						82,191,228
	07-Mar-22	Deposit	104,778,902	104,778,902						104,778,902
	08-Mar-22	Deposit	179,576,793	179,576,793						179,576,793
	09-Mar-22	Deposit	91,616,870	91,616,870						91,616,870
	10-Mar-22	Deposit	178,516,671	178,516,671						178,516,671
	11-Mar-22	Deposit	105,345,709	105,345,709						105,345,709
	14-Mar-22	Deposit	125,327,973	125,327,973						125,327,973
	15-Mar-22	Deposit	159,247,422	159,247,422						159,247,422
	16-Mar-22	Deposit	145,737,080	145,737,080						145,737,080
	17-Mar-22	Deposit	139,452,596	139,452,596						139,452,596
	18-Mar-22	Deposit	155,387,337	155,387,337						155,387,337
	21-Mar-22	Deposit	136,235,038	136,235,038						136,235,038
	22-Mar-22	Deposit	212,240,310	212,240,310						212,240,310
	23-Mar-22	Deposit	176,405,058	176,405,058						176,405,058
	24-Mar-22	Deposit	134,885,097	134,885,097						134,885,097
	25-Mar-22	Deposit	115,284,311	115,284,311						115,284,311
	28-Mar-22	Deposit	161,452,480	161,452,480						161,452,480
	29-Mar-22	Deposit	184,131,653	184,131,653						184,131,653
	30-Mar-22	Deposit	126,786,775	126,786,775						126,786,775
	31-Mar-22	Deposit	133,508,067	133,508,067						133,508,067
	01-Apr-22	Deposit	156,014,132	156,014,132						156,014,132
	04-Apr-22	Deposit	85,237,870	85,237,870						85,237,870
	05-Apr-22	Deposit	196,054,240	196,054,240						196,054,240
	06-Apr-22	Deposit	95,590,109	95,590,109						95,590,109
	07-Apr-22	Deposit	128,623,363	128,623,363						128,623,363
	08-Apr-22	Deposit	101,107,674	101,107,674						101,107,674

## RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)

11-Apr-22	Deposit	94,940,899	94,940,899						94,940,899
12-Apr-22	Deposit	222,938,839	222,938,839						222,938,839
13-Apr-22	Deposit	128,950,038	128,950,038						128,950,038
14-Apr-22	Deposit	334,833,047	334,833,047						334,833,047
19-Apr-22	Deposit	161,498,958	161,498,958						161,498,958
20-Apr-22	Deposit	202,165,214	202,165,214						202,165,214
21-Apr-22	Deposit	129,228,292	129,228,292						129,228,292
22-Apr-22	Deposit	154,263,305	154,263,305						154,263,305
25-Apr-22	Deposit	141,999,163	141,999,163						141,999,163
26-Apr-22	Deposit	208,962,713	208,962,713						208,962,713
27-Apr-22	Deposit	149,307,421	149,307,421						149,307,421
28-Apr-22	Deposit	168,044,068	168,044,068						168,044,068
04-May-22	Deposit	252,484,021	252,484,021						252,484,021
05-May-22	Deposit	296,754,254	296,754,254						296,754,254
06-May-22	Deposit	162,783,941	162,783,941						162,783,941
09-May-22	Deposit	195,332,481	195,332,481						195,332,481
10-May-22	Deposit	299,574,818	299,574,818						299,574,818
11-May-22	Deposit	180,425,242	180,425,242						180,425,242
12-May-22	Deposit	172,028,820	172,028,820						172,028,820
13-May-22	Deposit	182,347,258	182,347,258						182,347,258
16-May-22	Deposit	139,481,803	139,481,803						139,481,803
17-May-22	Deposit	179,212,844	179,212,844						179,212,844
18-May-22	Deposit	110,211,805	110,211,805						110,211,805
19-May-22	Deposit	182,934,484	182,934,484						182,934,484
20-May-22	Deposit	276,532,990	276,532,990						276,532,990
23-May-22	Deposit	125,382,115	125,382,115						125,382,115
24-May-22	Deposit	342,362,245	342,362,245						342,362,245
25-May-22	Deposit	130,396,679	130,396,679						130,396,679
26-May-22	Deposit	170,944,716	170,944,716						170,944,716

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

	27-May-22	Deposit	118,728,436	118,728,436					118,728,436
	30-May-22	Deposit	124,730,941	124,730,941					124,730,941
	31-May-22	Deposit	170,472,219	170,472,219					170,472,219
	02-Jun-22	Deposit	178,960,538	178,960,538					178,960,538
	03-Jun-22	Deposit	124,907,678	124,907,678					124,907,678
	06-Jun-22	Deposit	233,306,417	233,306,417					233,306,417
	07-Jun-22	Deposit	287,763,965	287,763,965					287,763,965
	08-Jun-22	Deposit	105,562,925	105,562,925					105,562,925
	09-Jun-22	Deposit	142,965,941	142,965,941					142,965,941
	10-Jun-22	Deposit	157,999,007	157,999,007					157,999,007
	13-Jun-22	Deposit	97,844,962	97,844,962					97,844,962
	14-Jun-22	Deposit	198,160,550	198,160,550					198,160,550
	15-Jun-22	Deposit	219,497,032	219,497,032					219,497,032
	16-Jun-22	Deposit	149,952,413	149,952,413					149,952,413
	17-Jun-22	Deposit	167,032,020	167,032,020					167,032,020
	20-Jun-22	Deposit	156,709,624	156,709,624					156,709,624
	21-Jun-22	Deposit	239,033,936	239,033,936					239,033,936
	22-Jun-22	Deposit	155,652,360	155,652,360					155,652,360
	23-Jun-22	Deposit	174,232,883	174,232,883					174,232,883
	24-Jun-22	Deposit	182,784,759	182,784,759					182,784,759
	27-Jun-22	Deposit	94,670,544	94,670,544					94,670,544
	28-Jun-22	Deposit	211,110,938	211,110,938					211,110,938
	29-Jun-22	Deposit	150,291,899	150,291,899					150,291,899
	30-Jun-22	Deposit	512,234,544	512,234,544					512,234,544
<b>Total</b>			<b>35,632,564,903</b>	<b>35,632,564,903</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,632,564,903</b>

**Appendix IV- Inter-Entity Confirmation Letter**

**RAILWAY DEVELOPMENT LEVY FUND (HOLDING ACCOUNT)**  
***Annual Report and Financial Statements for the year ended 30th June 2022***

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**Annex 10- Reports**

The following financial reports generated and should be attached as appendices to these financial statements.

- i. Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. Certificate of balances



**MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING, URBAN  
DEVELOPMENT AND PUBLIC WORKS**

**STATE DEPARTMENT FOR TRANSPORT**

Telephone: (020) 2729200  
Fax: (020) 2726362  
Email: info@transport.go.ke  
Website: www.transport.go.ke

Transcom House  
Ngong Road  
P.O. Box 52692-00200  
**NAIROBI**

**28<sup>th</sup> Sept, 2022**

**MOT&I/ACCTS/070 VOL.I (36)**

The National Treasury  
P.O. Box 30007-00100  
**NAIROBI**

**Attn: Head of Accounting Unit**

**Confirmation of amounts received by the National Treasury as at 30<sup>th</sup> June 2022**

Reference Number	Date Disbursed	Amounts Disbursed by State Department For Transport (KShs) as at 30th June 2022				Amount Received by the National Treasury (KShs) as at 30 <sup>th</sup> June 2022 (E)	Differences (KShs) (F)=(D-E)
		Rec urre nt (A)	Development (B)	Inter-Minist erial (C)	Total (D)=(A +B+C)		
FT212786BBNL	5-Oct-21	-	8,668,412,336.00	-	-	8,668,412,336.00	-
FT21354XKORH	20-Dec-21	-	10,000,000,000.00	-	-	10,000,000,000.00	-
FT22035BSGW7	4-Feb-22	-	250,000,000.00	-	-	250,000,000.00	-
FT22137QM19Q	17-May-22	-	3,086,000,179.00	-	-	3,086,000,179.00	-
FT22146BGTGB	26-May-22	-	4,839,939,398.00	-	-	4,839,939,398.00	-
Total			26,844,351,913.00			26,844,351,913.00	

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

Head of Accounts department of beneficiary Entity :

Name NEMUEL M. MOTANYA Sign [Signature] Date 28/9/2022

**P. Karanja (CPA)**  
Head of Accounting Unit

FOR THE PRINCIPAL SECRETARY  
MINISTRY OF TRANSPORT AND INFRASTRUCTURE  
P. O. Box 52692-00200  
**NAIROBI**



RAILWAY DEVELOPMENT LEVY FUND - HOLDING ACCOUNT F.O. 30  
BANK RECONCILIATION STATEMENT  
AS AT 30TH June 2022

BANK BALANCE AS AT 30.6.2022  
LESS PAYMENT IN CASH BOOK NOT IN  
BANK STATEMENT (UNPRESENTED CHEQUES)  
RECEIPTS IN BANK STATEMENT NOT IN  
CASH BOOK  
ADD PAYMENTS IN BANK STATEMENT NOT IN  
CASH BOOK  
RECEIPTS IN CASH BOOK NOT IN  
BANK STATEMENT  
BALANCE AS PER CASH BOOK

KES	KES	KES
		23,796,410,926.01
0.00		
0.00	0.00	
0.00		
0.00		
0.00	0.00	0.00
		23,796,410,926.01

I certify that I have verified the Bank Balances in Cash book with the Bank Statement and the above Reconciliation is correct.

Reconciled By:

Henry Thuo

Verified By:

Karago D

Signature



Date

05.07.2022

Signature



Date

05/07/2022



BANKI  
KUU YA  
KENYA



CENTRAL  
BANK OF  
KENYA

Haile Selassie Avenue  
P.O. Box 60000 - 00200 Nairobi, Kenya  
Telephone: 2860000, Fax: 340192

July 18, 2022

## CERTIFICATE OF BALANCES

Customer : 122552

STATE DEPARTMENT FOR TRANSPORT

Balance

Date: 30-Jun-22

Account No	Account Name	Currency	Balance
1000215879	THE RAILWAY DEV LEVY FUND OPERATION	KES	32,169,374.04
1000426818	RAILWAY DEV. LEVY FUND- HOLDING ACC	KES	23,796,410,926.01
1000484306	HORN OF AFRICA GATEWAY DEV PR -SDOT	KES	55,697,484.70

Lawrence Rweria  
Authorised Signatory  
Banking Services Division

Joyce Nasieku  
Authorised Signatory  
Banking Services Division



**RAILWAY DEVELOPMENT LEVY FUND- HOLDING ACCOUNT  
TRIAL BALANCE-FY 2021-2022**

	Dr	Cr
Fund Balance b/f		15,008,197,936.01
Transfers from Kenya Revenue Authority		
Quarter 1		7,119,202,764.00
Quarter 2		8,862,282,495.00
Quarter 3		9,037,523,252.00
Quarter 4		10,613,556,392.00
Transfers to National Treasury		
Quarter 1		-
Quarter 2	18,668,412,336.00	
Quarter 3	250,000,000.00	
Quarter 4	7,925,939,577.00	
Bank Balances	23,796,410,926.01	-
	<b>50,640,762,839.01</b>	<b>50,640,762,839.01</b>

Prepared by Henry Thuo

Sign [Signature]

Date 24.08.2022

Approved by [Signature]

Sign [Signature]

Date 24 Aug 2022

