

**ANNUAL REPORT
AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2019**



Kenya Power

A section of the Kenya Power high and medium voltage circuit line. During the year the total length of such circuit lines increased to 83,335 km from 80,897 km the previous year.





VISION

Energy solutions provider of choice.
By becoming the preferred energy solution for businesses and individuals, we empower our customers to achieve more and reach their full potential

MISSION

Powering people for better lives by innovatively securing business sustainability.
By striving to provide world-class products and services that delight our customers and transform lives as we ensure viability of our business.

CORE VALUES

We put our customers first as they matter most
We work together as one team to achieve our goals
We are passionate about powering the nation
We believe in integrity and delivering on our promises
We strive for excellence in all that we do
We are accountable to our customers and stakeholders

ABOUT THIS REPORT

The Kenya Power and Lighting Company PLC Annual Report and Financial Statements covers the period 1st July 2018 to 30th June 2019. The report will be considered by shareholders for adoption at the 98th Annual General Meeting scheduled for 13th November 2020. The report is prepared under the direction of the Board of Directors who are accountable for the accuracy and completeness of its content.

Report Guidelines

The Board seeks to provide an objective view of the business performance and disclosure of any material matters for consideration by shareholders in preparation of this report. The content development process is guided by legal and regulatory requirements including the Companies Act 2015, International Financial Reporting Standards (IFRS), Public Audit Act 2015, the Code of Corporate Governance for State Corporations (Mwongozo Code), the Capital Markets Act 485A including the Capital Markets Authority's Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations and Disclosures 2002 (as amended), as well as global best practice.

Scope of the Report

This report gives an overview of our financial, operational, business sustainability and governance performance for the year 1st July 2018 to 30th June 2019. In addition, the report articulates our corporate governance framework.

Material Issues

Material issues are those that are likely to impact on our ability to achieve our goals and objectives and sustainability of our business. This report contains potential key matters that were identified through a broad range of processes, from engagement with our stakeholders to our own internal processes such as risk management and considering international trends. Material events up to the date of publishing this report have been incorporated.

Feedback

We appreciate your feedback on this report for improvement in future reporting. Please forward suggestions to integratedreport@kplc.co.ke.

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CORPORATE INFORMATION

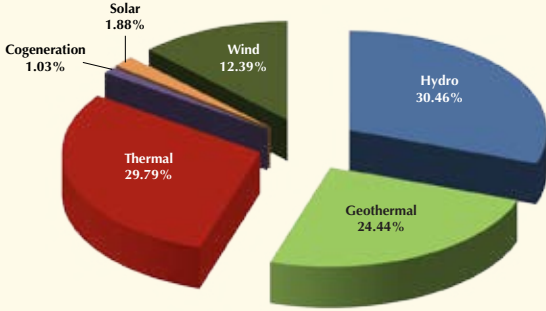
DIRECTORS	Amb (Eng) Mahboub Mohamed - Chairman Bernard Ngugi – Managing Director & CEO (Eng. Jared Othieno – was Acting Managing Director & CEO until 28 th October 2019) Mr. Adil Khawaja (Resigned on 13 July 2020) Cabinet Secretary, National Treasury (Mr. Henry Rotich was replaced by Hon. Amb. Ukur Yattani in July 2019) Dr. Eng. Joseph Njoroge - Principal Secretary, Ministry of Energy Mr. Wilson Mugung’ei (Resigned on 13 July 2020) Mr. Kairo Thuo (Resigned on 13 July 2020) Mrs. Brenda Engomo (Resigned on 13 July 2020) Hon. Zipporah Kering (Resigned on 13 July 2020) Mrs. Beatrice Gathirwa - Alternate Director to Cabinet Secretary, National Treasury Eng. Isaac Kiva - Alternate to Principal Secretary, Ministry of Energy Eng. Abulrazaq Ali (Appointed on 20 July 2020) Eng. Elizabeth Rogo (Appointed on 20 July 2020) Caroline Kittony-Waiyaki (Appointed on 20 July 2020) Vivienne Yeda (Appointed on 20 July 2020) Sachen Gudka (Appointed on 20 July 2020)	
SECRETARY	Imelda Bore Certified Public Secretary (Kenya) P.O. Box 30099 – 00100, Nairobi	
REGISTERED OFFICE	Stima Plaza Kolobot Road, Parklands P.O. Box 30099 – 00100, Nairobi	
BANKERS	Standard Chartered Bank Kenya Limited Harambee Avenue P.O. Box 20063- 00200, Nairobi Kenya Commercial Bank Limited Moi Avenue P.O. Box 30081 – 00100, Nairobi The Co-operative Bank of Kenya Limited Stima Plaza P.O. Box 48231 – 00100, Nairobi Stanbic Bank Limited Kenyatta Avenue P.O. Box 30550 – 00100, Nairobi	Citi NA Upper Hill Road P.O. Box 30711- 00100, Nairobi Equity Bank Kenya Limited Hospital Road P.O. Box 75104 – 00100, Nairobi Commercial Bank of Africa Ragati Road P.O. Box 30437 – 00100, Nairobi Absa Bank of Kenya Plc P.O. Box 30120 – 00100, Nairobi
PRINCIPAL AUDITOR	The Auditor General Anniversary Towers P.O. Box 30084 – 00100, Nairobi	

DELEGATED AUDITOR Price waterhouse Coopers
Certified Public Accountants (Kenya)
PwC Tower
Waiyaki Way/ Chiromo Road, Westlands
P.O. Box 43963 – 00100, Nairobi

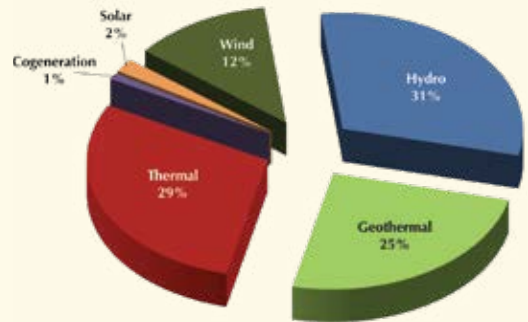
PRINCIPAL LEGAL Hamilton Harrison & Mathews Advocates
ADVISOR ICEA Building
P.O. Box 30333 – 00100, Nairobi

BUSINESS HIGHLIGHTS

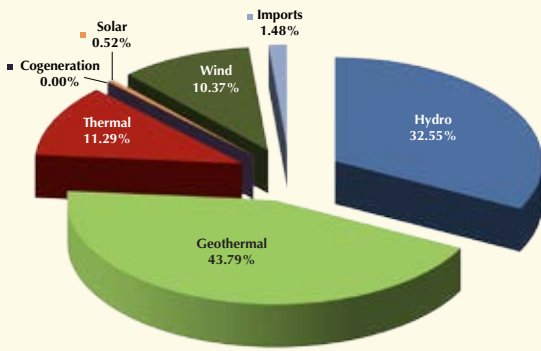
Installed Capacity (MW) JUNE 2019



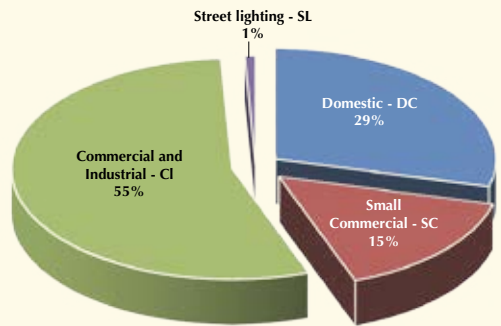
Contribution to Effective Capacity



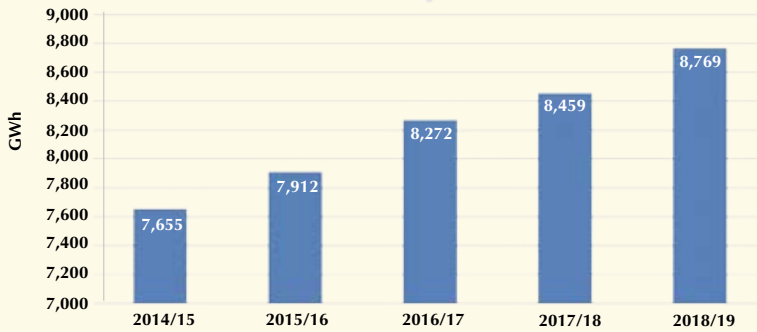
Generation mix 2018/19



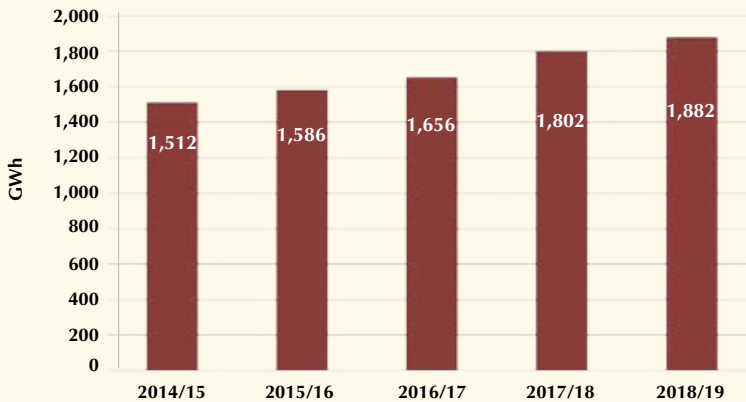
Sales by Customer Category



Electricity Sales (GWh)



Peak Demand (MW)



DIRECTORS' BIOGRAPHIES

Board of Directors Profile

Amb (Eng.) Mahboub Mohamed BSc (Civ. Eng.), MSc (Civ. Eng.), R. Eng., MIEK

Chairman of the Board



Amb (Eng) Mahboub Mohamed was appointed the Chairman of the Board on 9th January 2018. He is a registered Engineer with the Kenya Engineers' Registration Board and a member of the Institute of Engineers of Kenya. Amb (Eng) Mahboub Mohamed holds M.Sc. and B.Sc degrees in Civil Engineering from Texas A&I University in USA. He also served as Permanent Secretary in Ministries of State for Special Programs in Office of the President and Permanent Secretary in the Ministry of Water and Irrigation and Executive Director at Intergovernmental Authority on Development (IGAD) and the Ambassador at IGAD. He is sixty four years and joined the Board of Directors of the Company on 1st December 2017

Mr. Bernard Ngugi, MCIPS, MKISM, CPA (K), CPS (K), MBA (Finance), B. Com (Accounting)

Managing Director and CEO



Mr. Bernard Ngugi was appointed the Managing Director and Chief Executive Officer of the Company with effect from 28th October 2019. Mr. Ngugi has over thirty years' experience in the Company with expertise in financial and revenue accounting, internal audit and supply chain management. Mr. Ngugi is fifty seven years. He holds a Master of Business Administration in Finance and Bachelor of Commerce in Accounting from University of Nairobi. He is a Certified Public Accountant of Kenya and a Member of the Institute of Certified Public Accountants of Kenya. He is also a Certified Secretary and a member of the Institute of Certified Secretaries of Kenya.

Additionally, he holds a Graduate Diploma from the Chartered Institute of Purchasing and Supplies and is a member of the Kenya Institute of Supplies Management. Prior to his appointment, he was the Company's General Manager, Supply Chain.

Ukur Yatani

B.A. (Econ.), MA (Econ.), MPA - Cabinet Secretary,

The National Treasury



Ambassador Ukur Yatani is the Cabinet Secretary, National Treasury a position he has held since 14th January 2020 and is fifty three years old. Before taking on his current role, he was the Cabinet Secretary for Labour and Social Protection, a position he held for two years, from January 2018. Mr. Yatani has variously served as the pioneer Governor of Marsabit County, Member of Parliament for North Horr constituency and Assistant Minister for Science and Technology. He has also served as Kenya's Ambassador to Austria with Accreditation to Hungary and Slovakia and Permanent Representative to the United Nations in Vienna. Further to this, he has held senior leadership positions at various diplomatic and international agencies such as: International Atomic Energy Agency (IAEA), United Nations Organization on Drugs and Crimes (UNODC), United Nations Industrial Development Organization (UNIDO), Vice Chairperson of United Nations Convention Against

Transnational Organized Crime (UNTOC) and Vice President of Convention on Crime Prevention and Criminal Justice (CCPJ). He has a Master of Arts in Public Administration and Public Policy from University of York, United Kingdom; and a Bachelor of Arts in Economics, Egerton University, Kenya. Mr. Yatani has more than 28 years' experience in public administration, politics, diplomacy and governance.

Dr. Eng. Joseph Njoroge CBS, PhD, MBA, BSc (Eng.), R. Cons. Eng., C. Eng., MIET, FIEK

Principal Secretary, Ministry of Energy



Dr. Eng. Joseph Njoroge is the Principal Secretary, Ministry of Energy. He was the Managing Director of the Company since June 2007 until he was appointed to his current position in May 2013. He is sixty two years. He holds a Doctor of Philosophy Degree, MBA in Strategic Management and First Class Honours Degree in Electrical Engineering all from University of Nairobi. He is a Registered Consulting Engineer, a Chartered Engineer, a Member of the Institution of Engineering & Technology (UK) and a Fellow of the Institution of Engineers of Kenya. He is also a member of the Institute of Directors of Kenya and a trainer in Corporate Governance. He has wide experience in power engineering and management of the power sector, having joined the Company in 1980 and serving in various senior positions prior to his appointment as Principal Secretary, Ministry of Energy.

Eng. Abdulrazaq Ali BSc (Civ. Eng.), MSc (Civ. Eng.), MBA, R. Eng., FIEK



Eng. Abdulrazaq Ali holds a Master's Degree in Civil Engineering, a Master of Business Administration and Bachelor's Degree in Civil Engineering. He has over 34 years' experience in public service having served in the Kenya Government as a deputy and chief executive of various state corporations, and later as the Permanent Secretary in the ministries of Transport and Trade. Eng. Ali is a registered Consulting Engineer with the Engineers Board of Kenya and is a fellow of the Institution of Engineers of Kenya. He is also an associate of the Chartered Institute of Arbitrators (UK). He is sixty five years and joined the Board on 20th July 2020.

Ms. Caroline Kittony-Waiyaki, LLB, Dip. (Law)



Caroline Kittony-Waiyaki is an Advocate of the High Court of Kenya with a Bachelor of Laws (LLB) degree from the University of East Anglia, and a Post-Graduate Diploma in Law from the Kenya School of Law. She is a Senior Partner at Kittony Waiyaki Advocates and has over 30 years of experience in civil and commercial practice in the areas of Conveyance, Civil and Commercial Practice Intellectual Property, International Corporate Finance and Public Private Partnerships, Project Development, Joint Ventures, Mergers and Acquisitions, Energy law. She is a registered Trustee with Capital Market Authority, Commissioner of Oaths, Notary Public and Patent Agent. She is fifty four years and joined the Board on 20th July 2020.

Eng. Elizabeth Rogo BSc, B. Eng



Eng. Elizabeth Rogo is the Founder & Chief Executive Officer of TSAVO Oilfield Services and has over 19 years' international experience in Engineering, Operations, Project Management, Consultancy, Business Development and Management in Oil and Gas (onshore and offshore) for global companies including BJ Services, Baker Hughes and Weatherford International. Areas of operations include Canada, USA, Europe and Africa. She holds a BSc. from Mount Saint Vincent University and a Bachelor of Engineering from Dalhousie University both in Halifax, Nova Scotia, Canada. Eng. Rogo was recently appointed the President for the Africa Energy Chamber (East Africa). She is fifty seven years and joined the Board on 20th July 2020.

Ms. Vivienne Yeda, OGW, LL.B, LL.M, MBA



Ms. Vivienne Yeda is the Director General, East African Development Bank. Ms. Vivienne holds a Master of Business Administration (ECU), Master of Laws (LLM) from the University College London, a Bachelor of Laws (LLB Hons.) from the University of Nairobi. She is an expert in Foreign Relations Law, International Economic Law, Business operations, and Financial transactions in public and private sector operations including project finance and structured finance. She is fifty six years and joined the Board on 20th July 2020.

Mr. Sachen Gudka, BSc. (Econ.), Chartered Accountant



Mr. Sachen Gudka is a graduate in Economics from the London School of Economics, and is a Chartered Accountant by profession, having qualified with Price Waterhouse in London. He is now the Chairman, Chief Executive Officer and Director of a diverse group of printing companies in Kenya including Chrome Partners Limited, The Print Exchange Limited, Skanem Interlabels Nairobi Limited, Armor East Africa Imaging Supplies Limited and Flexo World Limited. The group exports printed material to over 15 countries and is an authorized label supplier for major multinational and national companies as well as UK and European retailers. He is the immediate former Chairman of the Kenya Association of Manufacturers, and is the Vice Chairman of Comesa Business Council and a Director of the Kenya Private Sector Alliance. He is fifty four years and joined the Board on 20th July 2020

Mrs. Beatrice Gathirwa B. Com, MBA, CPA(K)

Alternate Director, Cabinet Secretary, National Treasury



Mrs. Beatrice Gathirwa is a Senior Deputy Accountant General/Director of National Assets and Liabilities Management Investment in the Directorate of Public Investment and Portfolio Management in the National Treasury. She Holds a Masters of Business Administration, Moi University, Bachelors of Commerce (Accounting Option), University of Nairobi and a Certified Public Accountant (K). She has over 30 years' experience in the Public Sector. Mrs. Beatrice Gathirwa is sixty four years and joined the Board on 5th May 2017 as Alternate Director to The National Treasury.

Eng. Isaac Kiva, OGW BSc (Eng.), R. Eng., MIEK
Alternate Director, Principal Secretary Ministry of Energy



Eng. Isaac Kiva is currently the Secretary for Renewable Energy at the Ministry of Energy. Eng. Kiva has wide experience in public sector management, having held senior Government positions for over 20 years. He is a registered Professional Engineer with the Engineers Board of Kenya and a member of the Institution of Engineers of Kenya. He is also a gold member of the Association of Energy Professionals (East Africa). Eng. Kiva is fifty two years and joined the Board on 16th December 2009 as an Alternate Director to the Principal Secretary Ministry of Energy.

Imelda Bore LL.B, LL.M, Dip(Law), H.Dip (HR), CPS(K), AMCI Arb
General Manager, Legal, Regulatory Affairs & Company Secretary



Imelda Bore was appointed to the position in December 2019 after acting from July 2018 and is the Secretary to the Board of Directors. She is an Advocate of the High Court of Kenya with over 15 years post admission experience, a Commissioner for Oaths and a Notary Public. She is a law graduate from Moi University and the holder of a Masters Degree in Law (LLM) (Public Finance) from the University of Nairobi. Additionally, she holds a Diploma in Law from the Kenya School of Law and a Higher Diploma in Human Resource Management. Imelda joined Kenya Power in November 2008 having previously worked at State Law Office as a Litigation Counsel. She is an active member of the Law Society of Kenya, a Certified Public Secretary (ICPS (K)) and an associate member of the Chartered Institute of Arbitrators.

Kenya Power distribution substations increased from 4,372 to 4,480 in number during the year.





EXECUTIVE MANAGEMENT



Managing Director & CEO,
Bernard Ngugi
MCIPS, MKISM, CPA (K), CPS (K),
MBA (Finance), B.Com (Accounting)



General Manager, Business Strategy
Martin John Mutuku
MPhil (Econ.), BA (Econ.) MKIM,
BSMP



General Manager, Legal, Regulatory
Affairs &
Company Secretary
Imelda Bore
LL.B, LL.M, Dip(Law), H.Dip (HR),
CPS(K), AMCIArb



General Manager, Infrastructure
Development
Eng. Aggrey Machasio
BSc. (Elec. Tech.), R. Eng., MIEK,
MIEEE



General Manager,
Regional Co-ordination
Eng. Peter Njenga
BSc (Elec. Eng.), MBA, R. Eng.



General Manager, Network
Management
Eng. Charles Mwaura
BSc. (Elec. Eng.), MBA, Reg. Eng.,
MIEK,



General Manager, Commercial Services & Sales
Eng. Rosemary Oduor
 BTech. (Elec & Comms.), MBA, R. Eng.



General Manager, ICT
Robert Mugo
 BSc. (Elec. Eng.), MBA, AMP



Director, Institute of Energy Studies & Research
Dr. Jeremiah Kiplagat
 BSc. (Appropriate Tech.), MSc. (Tech.), Dip Eng., MET PhD (Engineering)



General Manager, Supply Chain & Logistics
Dr. John Ngeno
 Bcom, Msc Procurement, PhD Business Management



General Manager, Human Resource & Administration
Cecilia Kalungu-Uvyu
 Bsc, MBA, MCIPD



General Manager, Finance
Mohamed Somo
 BA Econ., MBA, CPA(K)



General Manager, Internal Audit
Charles Cheruiyot
 B.Com (Accounting), MBA, CIA (US), CPA (K)



Amb. (Eng.) Mahboub Mohamed
Chairman, Board of Directors

CHAIRMAN'S REPORT

Dear Shareholders,

During the year, the Board of Directors and the Management team focused on stabilizing the Company given the challenging operating environment. In the period the Board laid emphasis on improving internal controls and processes to streamline our business operations, enhance customer satisfaction and ultimately improve our bottom line.

Despite the challenges, we registered improved performance in electricity sales which increased by 3.4% during the year compared to 2.3% the previous year. This was due to our sustained customer connectivity drive, continued implementation of the Time of Use tariff and improved reliability of power supply resulting from continuous investment in network and infrastructure expansion. The growth was also supported by a favourable economic environment with the country's GDP growing by 6.3% in 2018 and the manufacturing sector registering an improved growth of 4.2%.

In the quest to promote best practice in corporate governance, the Board continued to adopt ethically driven business structures, procedures and processes. At the fore of the Board's agenda was institution of sound internal controls; driving Corporate strategy; managing electricity supply and demand balance; and stakeholder engagement for improved corporate reputation.

However, our trading performance fell short of our expectations due to an increase in energy cost with the expanding renewable capacity aimed at enhancing the Company's sustainability and making power affordable to all, whilst reducing dependency on thermal generation. This is in line with the current sector strategy aimed at reducing the long term energy cost to consumers.

Restatement of the 2017/18 Accounts

In the 2017/18 financial period, the Auditor-General qualified the Company's financial statements on the basis of approach used in accounting for unbilled fuel cost revenue and under-provision of trade and other receivables. To comply with the International Financial Reporting Standards (IFRS), we have restated the accounts for that period.

Retail Tariff Review

We operate in a regulated electricity pricing environment which has a major impact on our revenue margins. During the year, the Company implemented a new favourable tariff which was approved in July 2018 following negotiations spanning a period of two years. The new tariff was effected in August 2018 and applied for a period of three months before it was reviewed downwards. The review reduced the Company's revenue prospects by Shs 4.8 billion of the total projected revenues in the tariff application, thereby necessitating stop gap measures in short term borrowings to enable the Company meet its financial obligations.

Trading Performance

Revenue from electricity sales grew by Shs 16,994 million from Shs 95,435 million the previous year to Shs 112,429 million, representing an increase of 17.8 %. The rise in revenue was partly attributed to the tariff review and increase in unit sales from 7,905 GWh to 8,174 GWh.

Non-fuel power purchase costs increased by 34% from Shs 52,795 million the previous year to Shs 70,878 million, partly due to growth in total units purchased and the entry of two new renewable energy generation plants with combined capacity of 360 MW. The total units purchased rose to 11,493 GWh from 10,702 GWh in the previous period representing an increase of 7.4%. Entry of Lake Turkana Wind Power contributed Shs 11,053 million of the total non-fuel power purchase costs. The increased cost eroded the entire revenue gains.

The Company will aggressively engage other sector players to strive for an optimal balance between electricity supply and demand; and manage energy costs. At the same we will continue to enhance our demand creation initiatives by focusing on premium customers and improving supply reliability. We will also pursue a cost reflective and sustainable tariff.

Fuel costs decreased to Shs 18,289 million from Shs 23,591 million the previous year due to increased usage of hydro and wind power sources. Units purchased from thermal sources reduced by 41% to 1,298 GWh from 2,202 GWh the previous period.

System losses increased to 23.69% from 21% the previous year due to transmission system constraints, growth in distribution network, and increase in commercial losses, which adversely affected the financial performance of the Company. The situation was exacerbated by tariff review adjustment of the allowable losses from 15.9% to 14.9%. The Company is instituting measures to reduce system losses.

Transmission and distribution costs decreased to Shs 41,043 million from Shs 44,541 million due to lower provisions for trade and other receivables as well as reduced operational costs. We will continue to pursue cost containment measures to manage operating expenses while growing our business.

Other operating income decreased by Shs 592 million from Shs 9,178 million the previous year to Shs 8,586 million due to a reduction in deferred income from amortization of capital contributions. On the other hand, finance costs increased by Shs 3,267 million due to higher levels of short-term borrowings to finance operations. The Company is undertaking a debt restructuring initiative to convert the short term borrowings and overdraft facility to medium term loan to improve the working capital and reduce interest costs.

The profit before tax reduced to Shs 334 million from Shs 4,968 million the previous year.

Dividends

The Board of Directors do not recommend payment of a dividend on ordinary shares for the year ended 30th June 2019.

Mutual Separation Agreement

The Company entered into a mutual separation agreement with the previous executive management, to pave way for recruitment of a substantive senior management team. This was a critical step in enhancing stability of our business operations as well as implementation of the Company's strategy. The recruitment of the Managing Director & Chief Executive Officer was concluded together with hiring of senior management team.

Appointment of Managing Director & CEO

We are pleased to inform our shareholders that the Board of Directors appointed Mr. Bernard Ngugi as Managing Director and Chief Executive Officer of the Company with effect from 28th October 2019 following a competitive recruitment process.

Mr. Ngugi has over thirty years' experience in the Company with expertise in financial and revenue accounting, internal audit and supply chain management. Prior to his appointment, he was the Company's General Manager, Supply Chain.

Changes in the Board

The following Board members resigned with effect from 13th July 2020: Adil Arshed Khawaja, Kairo Thuo, Wilson Kimutai Mugung'ei, Brenda Kokoi Eng'omo and Zipporah Jesang Kurgat Kering. On behalf of the Board, I sincerely thank the Directors for their commitment and dedicated service, and wishes them the best in their future endeavours.

On 20th July 2020, the following Board members were appointed as Non-Executive Directors in accordance with the Company's Memorandum and Articles of Association: Eng. Abdulrazaq Ali, Eng. Elizabeth A. Rogo, Caroline Kittony-Waiyaki, Vivienne A. Yeda and Sachin Gudka. The Board congratulates the new Directors on their respective appointments and looks forward to benefitting from their vast experience at a time when the Company is rolling out its growth strategy.

Changing Operating Environment

The Energy Act 2019 presents multiple opportunities for the Company to reposition itself in the energy market. The new Act impacts on various facets of our business including generation offtake, grid operation, distribution and retail of electricity. The Act stipulates power supply service delivery standards to be adhered to by transmission and distribution licensees. The Company has put in place a strategy to maximize on the opportunities under the Act and has initiated programmes to raise internal awareness on the provisions of the Act. We will take advantage of our strategic position in the market to redefine ways of doing business to create value for shareholders in the dynamic business environment.

Doing Things Differently

To safeguard our leading position in the energy market, we are aligning our business processes and organisational culture to the changing operating environment. The main focus is to reengineer commercial cycle, procurement and contract management processes for improved efficiency and enhanced customer experience. This will ensure that the Company's interests are protected and promoted to grow shareholder value.

Conclusion

I wish to thank fellow Board members, our employees, shareholders, customers, business partners and other stakeholders for their continued support. Let us all come together as one and work closely to get our business back on the path to improved profitability.



Amb. (Eng.) Mahboub Mohamed
Chairman, Board of Directors

RIPOTI YA MWENYEKITI

Wapenzi wanahisa,

Katika mwaka, Bodi ya Wakurugenzi na timu ya Wasimamizi ililenga kuleta utulivu kwa Kampuni kutokana na mazingira magumu ya kiutendaji. Katika kipindi hiki Bodi ilitilia mkazo kuboresha udhibiti wa ndani na michakato ya kurahisisha shughuli zetu za biashara, kuongeza kuridhika kwa wateja na mwishowe kuboresha msingi wetu.

Licha ya changamoto hizo, tulisajili utendaji ulioboreshwa katika uuzaji wa umeme ambao uliongezeka kwa 3.4% wakati wa mwaka ikilinganishwa na 2.3% mwaka uliopita. Hii ilitokana na harakati yetu endelevu ya uunganishaji wa wateja, kuendelea kutekeleza malipo ya stima ya Wakati wa Matumizi na kuboreshwa kwa uaminifu wa usambazaji wa umeme unaotokana na uwekezaji endelevu katika upanuzi wa mtandao na miundombinu. Ukuaji huo pia uliungwa mkono na mazingira mazuri ya uchumi na Pato la Taifa linaloongezeka kwa 6.3% mnamo 2018 na sekta ya utengenezaji kusajili ukuaji ulioboreshwa wa 4.2%.

Katika azma ya kukuza utendaji bora katika utawala wa ushirika, Bodi iliendelea kuzingatia miundo ya biashara inayoendeshwa kimaadili, kitaratibu na kwa michakato. Bodi iliweka mbele ajenda ya kuendeleza taasisi ya udhibiti mzuri wa ndani; kuendesha mkakati wa shirika; kusimamia ugavi wa umeme na mahitaji ya usawa na ushiriki wa wadau kwa sifa bora ya shirika.

Walakini, utendaji wetu wa biashara ulipungukiwa na matarajio yetu kwa sababu ya kuongezeka kwa gharama ya nishati na uwezo wa kupanua mbadala unaolenga kuongeza uendelevu wa Kampuni na kufanya umeme kuwa nafuu kwa wote, huku tukipunguza utegemezi kwa uzalishaji wa umeme-joto. Hii ni sawa na mkakati wa sasa wa sekta inayolenga kupunguza gharama ya nishati kwa muda mrefu kwa watumiaji.

Kauli kuhusu Hesabu za 2017/18

Katika kipindi cha fedha cha 2017/18, Mkguzi Mkuu wa Hesabu alistahiki taarifa za kifedha za Kampuni kwa msingi wa njia inayotumika katika uhasibu wa mapato ya gharama ya mafuta na utoaji mdogo wa biashara na mapato mengine. Ili kuzingatia Viwango vya Kimataifa vya Kuripoti Fedha (IFRS), tumerejelea akaunti za kipindi hicho.

Uhakiki wa Malipo ya Umeme ya Rejareja

Tunafanya kazi katika mazingira ya bei ya umeme yaliyodhibitiwa ambayo yana athari kubwa kwenye kiwango cha mapato yetu. Katika mwaka, Kampuni ilitekeleza ushuru mpya mzuri ambao uliidhinishwa mnamo Julai 2018 kufuatia mazungumzo ya muda mrefu yaliyodumu kwa kipindi cha miaka miwili. Malipo mapya yalitekelezwa mnamo Agosti 2018 na kutumika kwa kipindi cha miezi mitatu kabla ya kurudisha chini. Kurudisha chini kwa malipo kulipunguza matarajio ya mapato ya Kampuni kwa Shilingi bilioni 4.8 za mapato yote yaliyotarajiwa, na hivyo kuzua pengo lililoelekeza ukopaji wa muda mfupi ili kuwezesha Kampuni kutimiza majukumu yake ya kifedha.

Utendaji wa Biashara

Mapato kutokana na mauzo ya umeme yalikuwa kwa Sh milioni 16,994 kutoka Sh 95,435 milioni mwaka uliopita hadi Sh milioni 112,429 ikiwa ni ongezeko la asilimia 17.8%. Kuongezeka kwa mapato kulihusishwa na uhakiki wa ushuru na kuongezeka kwa mauzo ya vitengo kutoka 7,905 GWh hadi 8,174 GWh.

Gharama za ununuzi wa umeme usiokuwa wa mafuta iliongezeka kwa 34% kutoka Shilingi milioni 52,795 mwaka uliopita hadi Shilingi milioni 70,878, kwa sababu ya ukuaji wa jumla ya vitengo vilivyonunuliwa na kuzinduliwa kwa mitambo miwili mipya ya uzalishaji wa nishati mbadala yenye uwezo wa kuzalisha 360 MW. Jumla ya vitengo vilivyonunuliwa vilipanda hadi 11,493 GWh kutoka 10,702 GWh katika kipindi cha nyuma ikiwakilisha ongezeko la 7.4%. Kuingia kwa Nguvu ya Upepo ya Ziwa Turkana ilichangia Shilingi milioni 11,053 ya gharama zote za ununuzi wa nishati isiyoyafuta. Kuongezeka kwa gharama kumepunguza mapato yaliyotarajiwa.

Kampuni itashirikisha wadau wengine wa sekta hiyo kujitahidi kuwa na usawa kati ya uzalishaji wa umeme na mahitaji na kusimamia gharama za nishati. Wakati huo huo tutaendelea kuongeza mipango yetu ya uundaji wa mahitaji kwa kuzingatia wateja wa malipo na kuboresha uaminifu wa usambazaji. Tutafuata pia ushuru endelevu kimatumizi.

Gharama za mafuta zilipungua hadi Sh milioni 18,289 kutoka Sh milioni 23,591 mwaka uliopita kutokana na kuongezeka kwa matumizi ya vyanzo vya umeme wa maji na upepo. Vitengo vilivyonunuliwa kutoka kwa vyanzo vya joto vimepunguzwa kwa 41% hadi 1,298 GWh kutoka 2,202 GWh kipindi cha awali.

Upotevu wa kimfumo uliongezeka hadi 23.69% kutoka 21% mwaka uliopita kwa sababu ya viziwi vya mfumo wa uwasilishaji, ukuaji wa mtandao wa usambazaji, na kuongezeka kwa upotezaji wa kibiashara, ambao uliathiri vibaya utendaji wa kifedha wa Kampuni. Hali hiyo ilizidishwa na marekebisho ya uhakiki wa ushuru wa hasara inayoruhusiwa kutoka 15.9% hadi 14.9%. Kampuni inaanzisha hatua za kupunguza upotezaji kupitia mfumo.

Gharama za uwasilishaji na usambazaji zilipungua hadi Sh milioni 41,043 kutoka Sh milioni 44,541 kwa sababu ya vifungu vya chini vya kibiashara na vipokezi vingine na pia kupunguza gharama za utendaji. Tutaendelea kufuata hatua za kudhibiti gharama ili kudhibiti matumizi wakati wa kukuza biashara yetu.

Mapato mengine ya uendeshaji yalipungua kwa Sh milioni 592 kutoka Sh milioni 9,178 mwaka uliopita hadi Sh milioni 8,586 kwa sababu ya kupunguzwa kwa mapato yaliyoahirishwa kutokana na upunguzaji wa michango ya mitaji. Kwa upande mwingine, gharama za kifedha ziliongezeka kwa Sh milioni 3267 kutokana na viwango vya juu vya kukopa kwa muda mfupi kwa shughuli za kifedha. Kampuni inachukua mpango wa urekebishaji wa deni kubadilisha mkopo wa muda mfupi na mikopo ya ziada ya benki kuwa mkopo wa muda wa kati ili kuboresha mtaji na kupunguza gharama za riba.

Faida kabla ya ushuru imepungua hadi Sh 334 milioni kutoka Sh 4,968 milioni mwaka uliopita.

Gawio

Bodi ya Wakurugenzi haipendekezi kulipwa gawio kwa hisa za kawaida kwa mwaka ulioishia 30 Juni 2019.

Makubaliano ya Kutengana

Kampuni iliingia makubaliano ya kujitenga na usimamizi uliopita, ili kuweka njia ya kuajiri timu kubwa ya usimamizi wa wakuu. Hii ilikuwa hatua muhimu katika kuimarisha utulivu wa shughuli zetu za biashara pamoja na utekelezaji wa mkakati wa Kampuni. Kuajiri Mkurugenzi Mtendaji na Afisa Mkuu Mtendaji ulikamilika pamoja na uajiri wa timu kubwa ya usimamizi wa wakuu.

Uteuzi wa Mkurugenzi Mkuu Mtendaji

Tunafurahi kuwaarifu wanahisa wetu kwamba Bodi ya Wakurugenzi imemteua Bwana Bernard Ngugi kama Mkurugenzi Mtendaji na Afisa Mtendaji Mkuu wa Kampuni hiyo kuanzia tarehe 28 Oktoba 2019 kufuatia mchakato wa kuajiri wa ushindani.

Bwana Ngugi ana uzoefu zaidi ya miaka thelathini katika Kampuni na utaalum wa uhasibu wa kifedha na mapato, ukaguzi wa ndani na usimamizi wa uagizaji na ununuzi. Kabla ya uteuzi wake, alikuwa Mkurugenzi Mkuu wa Kampuni, Ugavi na ununuzi.

Mabadiliko katika Bodi

Wajumbe wafuatao wa Bodi walijiuzulu kuanzia tarehe 13 Julai 2020: Adil Arshed Khawaja, Kairo Thuo, Wilson Kimutai Mungung'ei, Brenda Kokoi Eng'omo na Zipporah Jesang Kurgat Kering. Kwa niaba ya Bodi, nawashukuru kwa dhiti hawa Wakurugenzi kwa huduma na kujitolea kwao, na ninawatakia kila la heri katika juhudi zao za baadaye.

Mnamo tarehe 20 Julai 2020, Bodi ilimteua Mhandisi Abdulrazaq Ali, Mhandisi Elizabeth A. Rogo, Caroline Kittony-Waiyaki, Vivienne A. Yeda na Sachin Gudka kama Wakurugenzi Wasio Watendaji wa Kampuni kwa mujibu wa Mkataba wa Makubaliano na Mahusiano ya Chama. Bodi inawapongeza Wakurugenzi wapya kwa uteuzi wao na inatarajia kufaidika na tajriba yao kubwa wakati Kampuni inafanya mkakati wake wa ukuaji.

Kubadilisha Mazingira ya Utendaji

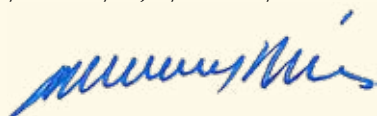
Sheria ya Nishati 2019 inatoa fursa nyingi kwa Kampuni kujiweka upya katika soko la nishati. Sheria mpya inaathiri nyanja mbali mbali za biashara yetu ikiwa ni pamoja na uzalishaji, uendeshaji wa usambazaji, usambazaji na uuzaji wa umeme. Sheria hiyo inataja viwango vya utoaji wa huduma ya umeme kuzingatiwa na leseni za uwasilishaji na usambazaji. Kampuni imeweka mkakati wa kuongeza fursa zilizo chini ya Sheria na imeanzisha mipango ya kukuza uelewa wa ndani juu ya masharti ya Sheria. Tutachukua fursa ya msimamo wetu wa kimkakati katika soko kufanua njia za kufanya biashara ili kuunda dhamana kwa wanahisa katika mazingira ya biashara yenye nguvu.

Kufanya Mambo Tofauti

Ili kulinda nafasi yetu ya kuongoza katika soko la nishati, tunaunganisha michakato yetu ya biashara na utamaduni wa shirika na mazingira ya utendaji yanayobadilika. Lengo kuu ni kurekebisha tena mzunguko wa kibiashara, ununuzi na michakato ya usimamizi wa mikataba kwa ufanisi bora na uzoefu wa wateja ulioboreshwa. Hii itahakikisha kuwa masilaha ya Kampuni yanalindwa na kukuzwa ili kukuza thamani ya mwanahisa.

Hitimisho

Ninapenda kuwashukuru wanachama wenzangu wa Bodi, wafanyikazi wetu, wanahisa, wateja, washirika wa biashara na wadau wengine kwa kuendelea kutuunga mkono. Tuungane pamoja na kufanya kazi kwa karibu ili kurudisha biashara yetu kwenye njia ya faida iliyoboreshwa.



Baloz (Mhandisi) Mahboub Mohamed
Mwenyekiti, Bodi ya Wakurugenzi



Mr. Bernard Ngugi
Managing Director & CEO

MANAGING DIRECTOR & CEO'S REPORT

Esteemed Shareholders,

In our report presented to you during the last Annual General Meeting, we committed to focus on improving the quality of power supply by strengthening our electricity network and streamlining internal processes to improve customer experience and stakeholder confidence. We also promised to sustain our connectivity drive to secure our market presence for business sustainability.

During the year, we made progress on various fronts towards these commitments. Our initiatives to expand and upgrade the electricity network as well as enhance preventive and corrective maintenance programmes, paid off as evidenced by the general improvement in reliability and quality of power supply enjoyed by our customers during the period. This is supported by a reduction in supply interruptions recorded during the year. In our quest to secure the market, grow revenue and ensure business sustainability, we connected 306,771 new customers to the grid attaining a total of 7,067,861 customers. As a result, electricity sales during the year grew by 3.4% compared to 2.3% the previous year.

We commenced implementation of the revised strategic plan and rolled out the Balanced Score Card for effective performance management. To deliver on the strategy, the Company realigned resources to enhance efficiency for improved service delivery and customer satisfaction.

Despite these gains, we faced several challenges which affected our performance. System efficiency decreased due to expanding network, transmission constraints and increased commercial losses. To address this challenge, we have secured an energy balance module to measure and ring fence losses and enable us institute corrective measures. At the same time, we are reviewing our commercial cycle processes to enhance meter reading, billing and revenue collection.

As a customer-facing utility with a national footprint and diverse stakeholders, maintaining positive public perception and building relationships are paramount for good corporate reputation. Owing to operational challenges affecting service delivery leading to customer dissatisfaction and eroded confidence, we initiated programmes aimed at redeeming our image through proactive stakeholder engagements and taking our services closer to our customers through one-stop shops. At the same time, we intensified staff sensitization and training as a strategy to embed a strong ethical culture and uphold integrity in the Company. To address emerging technological challenges relating to our billing and payment systems, we are reviewing our ICT Infrastructure and enhancing cyber security systems.

Allow me to share with you, key performance highlights for the year under review. The areas covered include enhancement of capabilities, building relationships, improving internal processes and business sustainability.

ENHANCING CAPABILITIES

Under this perspective, our main focus areas during the year were harnessing technology and innovation, improving talent capability and enhancing a shared performance culture in order to increase productivity while optimising resources for better service delivery.

1. Leveraging on Technology & Innovation

A robust ICT infrastructure is crucial for effective company operations. Over the years, the Company has heavily invested in emerging technologies that have improved efficiency and created convenience by bringing services closer to our customers. This has opened multiple access points to our systems thus increasing exposure of our ICT assets to cyber security threats.

To complement the security tools and system controls already in place, the Company is implementing a comprehensive cyber security solution to offer end-to-end protection of the information assets and mitigate the growing array of cyber security threats. A comprehensive cyber security solution will address challenges around security of our Information Technology (IT) infrastructure and mobile devices management; network access control; applications security; and monitoring individual user behaviour for exceptions and potential threats.

In addition, the Company has contracted an external auditor to do an end-to-end assessment of the ICT systems and Infrastructure. This aims at improving security and creating efficiency by reducing general operating costs of IT solutions.

The journey to consolidate our ICT infrastructure through deployment of new engineered systems to host our core business applications was completed in the year. Our core systems include the Integrated Customer Management System that handles all commercial operations, prepaid system for vending of electricity tokens and System Applications Products (SAP) for enterprise resource planning. The project has enabled higher availability and redundancy for these systems, upgrade of the database versions and sets the stage for upgrade of the prepaid system to improve system functionality, enhance performance and security.

The Company completed an upgrade of the System Control and Data Acquisition (SCADA) System during the year. This system automates the management and maintenance of the transmission network. Further, we commenced implementation of the second phase of the Advanced Distribution Management System (ADMS), covering Nairobi county and its environs. This followed successful completion of first phase of the project carried out in parts of Nairobi.

ADMS enables greater distribution network reliability, improved operational efficiency, reduced operations costs, increased safety, enhanced security, support for regulatory compliance, better asset utilization and standards-based integration. ADMS provides clear and consistent real-time, forecasted and historical views of the distribution network to multiple users. This creates a common situational awareness that provides efficient and reliable management of grid operations in the face of a diverse, rapidly changing environment. The system will interface with the existing SCADA system and other applications to enhance network reliability and improve operational efficiency end to end.

2. Enhancing Talent and Driving Performance

The Company continued implementing various training and development programmes to enhance staff capabilities. We trained 4,225 employees in the year, representing 38% of the total workforce for an average training period of 1.96 days per employee. The programmes focused on general, technical, leadership and specialized aspects of the business. More resources were dedicated to improving employee skills in serving customers. Staff were re-aligned and rationalized in order to revitalize the business for better service to customers.

The performance management framework focuses on driving the corporate strategic objectives. Over the period, employees continued to focus their efforts towards meeting the agreed goals cascaded at various levels across the business to achieve the overall corporate objectives. The drive for recognition and reward for specific deliverables is expected to spur the Company to higher levels of achievement. Staff motivation and morale also received emphasis with exemplary performance being recognized across our administrative business regions.

Additionally, the Company's industrial relations environment remained cordial during the year reflecting good relationships with stakeholders in the business. The staff welfare and wellness programmes also kept pace with the changing business environment and workforce dynamics. Various projects were undertaken to support conducive work environment in all our offices companywide with emphasis on improvement of customer touch points for quick response to customer needs.

During the year, the Company rolled out the Balanced Scorecard methodology of performance management to facilitate implementation of the Corporate strategic objectives and initiatives. The tool measures the effectiveness of our activities against the strategic plan aligned with the Company's Vision and Mission. The Company also acquired the Executive Strategy Manager software that will facilitate management of the scorecards.

3. Organisational Culture Change

A positive corporate culture unleashes employees' potential to drive performance in an organisation. Culture is reflected in every aspect of our business operations including our corporate image, time management, productivity, employee welfare, values, and attitudes. Further, it is evidenced in commitment and interactions among employees and with customers and other stakeholders.

During the year, the Company put in place measures to facilitate cultural transformation in the Business. This included re-defining by the Board cultural transformation expectations as well as sourcing for expertise to support Management in this endeavour.

IMPROVING OUR BUSINESS OPERATIONS

Delivery of services is anchored on continuous improvement of our operations. During the year we focused on enhancing network performance, improving process effectiveness and revenue protection.

1. Improving Network Performance

A stable and reliable network is the pillar of a successful power utility. During the year the Company continued to invest in network expansion and adopted innovative ways to improve the performance of our transmission and distribution network to minimize supply interruptions and improve quality of power supply for better service to customers. Emphasis was on preventive and corrective programmes including implementation of system reinforcement schemes and adoption of modern operation technologies. Corrective maintenance involves attending to reported breakdowns while preventive maintenance entails inspection of installations and equipment to identify and rectify weak points to forestall imminent breakdowns.

During the year, the Company established dedicated teams to handle preventive maintenance. Previously both corrective and preventive maintenance were carried out by the same team who gave priority to emergency breakdowns which are corrective in nature. They comprised distribution transformer maintenance team and the other on Live line maintenance. We actively engaged in the *Status of the System* Committee to improve working relationship between Energy Sector players given the shared national network.

Live-Line Maintenance Programme

The Company scaled up implementation of the Live-Line Maintenance Programme initiated five years ago, with the aim of minimizing planned supply interruptions thereby improving customer satisfaction and reducing revenue losses. The planned interruptions are mainly done to connect new customers, maintain and replace electrical equipment as well as carry out reinforcement works to strengthen the distribution network without switching off supply. By avoiding over 1,000 shutdowns through 12 live line maintenance teams deployed in Nairobi and its environs during the year, the Company saved approximately Shs 1 billion in revenue losses.

In the year under review, we procured additional 24 specially customized trucks and trained 96 staff bringing the total number of trained live line staff to 171. The Company is constructing a live line facility test lab which is expected to be completed in the current financial year to ensure safety and integrity of the equipment. Following its successful implementation and remarkable gains achieved, the Company is rolling out the programme to other regions in the current financial year as four more high voltage trucks are procured and personnel trained.

Okoa Transformer Initiative

As at the end of the financial year, the Company had 68,000 installed distribution transformers serving over 7 million customers. A well maintained transformer is critical for continuous quality service to customers. The Company established 67 dedicated teams to work on distribution transformers and low voltage lines to enhance preventive maintenance in the period under review. The teams were trained and equipped to carry out tests necessary to determine the conditions of the transformers and other accessories. A maintenance programme dubbed “Okoa Transformer” was put in place to address an initial 20,207 transformers on the feeders with the highest number of failures across all the regions.

Investing in the Network

The Company continues to make calculated capital investments to ensure stability of the rapidly expanding power supply network and in tandem with growth in our customer base. This is achieved through construction of new substations and power lines; carrying out reinforcement and modernization of existing ones.

We completed reinforcement of five transmission and nine distribution substations in the year which enhanced capacity by 290MVA at a total cost of Shs 2.2 billion. The reinforcement transmission substations were Kamburu in Embu, Makutano in Eldama Ravine, Naivasha, Rabai in Kilifi, and Rangála in Siaya while the distribution substations were Garissa, Kisian in Kisumu, Makande in Mombasa, Manda-Lamu, Matasia in Ngong, Miritini in Mombasa, Mwatate in Taita Taveta, Siaya and Syokimau in Machakos.

In the same period, the Company also completed six new distribution substations with a combined capacity of 83.5MVA to support the expanding network at a cost of Shs 2.1 billion. The newly commissioned substations are Endebes in Kitale, Kisumu South, Molo, Mukurweini in Nyeri and Sosiot in Kericho. In addition, 347km of associated medium voltage lines were completed and commissioned in the year.

Other ongoing projects are the World Bank funded projects including Advanced Distribution Management System, Advanced Metering Infrastructure, Substation Automation and Live Line Maintenance. The Company has also financed construction of 23 distribution substations and a 220/66kV Gas Insulated Substation along Thika road and related medium voltage lines which are at various stages of completion.

These initiatives resulted to improved power supply reliability as evidenced by the reduction in the Customer Average Interruption Duration Index during the year to 4.03 hours from 5.51 hours the previous year.

2. Enhance Process Effectiveness

The dynamic and increasingly competitive business environment that we operate in calls for radical changes in the way we do business. Business Process Reengineering (BPR) is therefore necessary to infuse agility in our business by shortening the turnaround time in service delivery, increasing productivity, improving quality of service, and strengthen our competitive positioning.

An internal review of our operations was carried out which identified certain weaknesses in our processes as impeding efficiency and effectiveness. Core areas identified for BPR include Commercial Cycle, Procurement and Contract Management. The company aims to improve effectiveness in meter reading, billing and revenue collection processes; planning, budgeting, sourcing and stock management within our supply chain as well as execution, implementation and evaluation of contracts. During the year, 78 work processes were identified and mapped for improvement.

Safe Working Environment

The Company considers safety, health and environment as integral to the business sustainability. Towards this end, the company shall continue to provide a safe and healthy work environment for its employees. In the year, the Company continued to implement safety, health and environment programmes including but not limited to safety and health training for staff, statutory safety and health compliance audits, competency authorizations and emergency response drills.

We conducted 50 Safety Health and Environment (SHE) trainings, 97 safety talks and interviewed 964 employees for safe system operations. Regrettably, there were 3 staff fatalities arising from work related accidents during the year. The Company is laying more emphasis on proactive safety and health measures including hazard identification and risk assessment, strengthening of our safety teams and safe work procedures with the aim of eliminating root causes of such work-related injuries.

3. Safeguarding Our Revenue

System energy losses increased to 23.69% in the year from 21% the previous year. The increase in losses was majorly attributed to increased transmission system constraints, rapid growth in distribution network, and increase in commercial losses mainly occasioned by illegal connections, meter by pass and meter tampering.

The Company is implementing various initiatives to improve system efficiency including inspection on non-vending meters, meter inspection and improved meter reading coverage. Other initiatives included business efficiency policy review for large power customers; re-position of meters; replacing prepaid with smart meters; testing meters and; inspecting and securing revenue for all large power and SME accounts countrywide. Enabler projects include feeder metering, border metering, Facilities Database metres alignment and Energy Balance Module.

During the year, 960,000 SME and Large Power installations were inspected for purposes of ensuring the health of the installations and safety and for revenue protection enabling recovery of Shs 1.8 Billion. In addition, about 62,000 SMEs were recruited and put in the correct tariff.

BUILDING RELATIONSHIPS

Customer satisfaction builds brand loyalty and helps in retaining and growing our market share for increased sales and profitability. Similarly, good corporate reputation contributes to growth in our brand value and provides competitive advantage. Corporate reputation is a determinant in building trust and loyalty with key stakeholders and a key factor in attracting and retaining talent.

1. Restoring Customer Confidence

In the year, we carried out customer outreach campaigns aimed at restoring customer confidence following operational challenges and negative publicity experienced at the beginning of the year. This entailed taking services to customers on their own turf through Power Clinics and engaging them based on their unique needs and sought feedback on how best to serve them.

The Power Clinics entailed setting up real time 'one stop shop' to handle customer inquiries and complaints on billing, meter reading, outages, prepaid meters, new connection and any other issues. We also held public meetings to raise awareness on Company services, vandalism and safety in electricity use, where county and local leaders were in attendance. A total 417 Power clinics and barazas were conducted companywide. We intend to continue with customer outreaches in the current year with emphasis on creating awareness on benefits of using electricity beyond lighting.

The Company also held Open Day Expos during the year whose objectives were to promote use of electricity; educate customers on Company products and services; and increase brand image and visibility. Major Open Days were held in Nakuru, Eldoret, Kisumu, Kisii, Thika, Mombasa and Nairobi. In addition, we held four customer engagement forums in Nairobi in partnership with the Kenya Alliance of Residents Association targeting domestic customers to listen to and address their service related issues.



Eng. Geoffrey Muli, the Regional Manager, presenting a gift to a customer during the Nakuru Customer Service Week 2019.

2. Premium Service for Commercial and Industrial Customers

Industrial, Large Commercial and Small & Medium Enterprise (SME) customers contribute over 70 percent of our electricity sales. To better serve and enhance relations with these customers we engaged them directly and through organized forums with their membership associations.

We held forums with Kenya Private Sector Alliance, Kenya National Chamber of Commerce and Industry, Kenya Coast Tourism Association, Kenya Flower Council and Kenya Association of Manufacturers. In the forums we received feedback and shared the Company's plans for improvement of power supply quality and delivery of premium service.

SMEs have been identified as a major driver in achieving the Big 4 manufacturing agenda. As part of our strategy to further grow electricity sales, the Company re-aligned its commercial operations in order to address the specific needs of the SME sector. Some of the initiatives to improve service delivery to SMEs include creation of a dedicated SME unit to manage the sector power needs; conversion from Domestic to Small Commercial tariff to enjoy the reduced electricity tariffs; creation of county based/feeder based WhatsApp groups for real time communication and incidence management; and conducting SME engagement forums. In addition, we expanded the mandate of Industry Liaison officers to cover SME customers.

3. Enabling a 24-Hour Economy

Towards creating an enabling environment for a 24-hour economy and enhancing security in market and shopping centres, the Company continued implementing the Government's public lighting project across the country.

During the year, we implemented 1,021 new public lighting projects in 755 markets and shopping centres and continued maintenance of existing street lighting network on behalf of the county governments at a cost of Shs 1.721 Billion across the 47 counties. 25,676 additional lanterns and flood lights were installed bringing the total number of lanterns and flood lights to 138,880 since the inception of the project in 2014.

Unit sales from street lighting grew by 3% with revenue growing from a monthly average of Shs 39 million in previous financial to Shs 55 Million in the financial year under review.

However, implementation of the project continued to encounter challenges encountered arising from vandalism of the lanterns in some areas increasing the cost of maintenance. To mitigate this, the Company is introducing branded and serialised Light Emitting Diodes (LED) lights to help minimise theft and ease identification. In addition, we have embarked on stakeholder engagement and public awareness campaigns to encourage ownership and protection of the street lighting infrastructure. Further, the Company will also introduce automated street lights that will help in minimising maintenance costs in the long run.

4. Commitment to Service Delivery

Commitment to provide high quality electricity supply services to our customers at reasonable cost is spelt out in the service charter. The charter articulates service delivery standards covering key areas including electricity connection timelines, billing process, restoration of power supply, disconnection and reconnections and customer care. It also highlights the customer's obligations towards helping us achieve the service level standards.

This is in line with our Customer Value Proposition which espouses the need to act with fairness and empathy towards our customers as we aim to provide reliable power service and strive to be responsive to their needs.

Customer Value Proposition

"While leveraging on our experience and knowledge, we will act with fairness and empathy towards our customers as we aim to provide reliable power service.

At the same time, we will strive to be responsive to customers' demands and become cost-effective in our operations"

5. Improving Corporate Reputation

During the year, the Company undertook a comprehensive review of communication strategy focusing on effective ways of engaging various stakeholders and telling the Kenya Power story. Besides numerous corporate activities, we leveraged on various stakeholder engagement forums held in the year to highlight our corporate strategy and raise awareness on sectoral and operational matters for improved perceptions and reputation.

In the period, we held 6 media relations activities in Nairobi, Mombasa, Kisumu, Machakos, Embu, Eldoret and Nakuru as part of initiatives to enhance balance in media coverage. To further improve our corporate reputation, we have commenced the process of recruiting a Public Relations firm to help manage negative public perceptions notably on billing process as well as combat fraud menace and emerging concerns of electricity theft. The agency has commenced operation by running a media campaign dubbed Power Sawa to address the issues above.

BUSINESS SUSTAINABILITY

Long term survival of our organisation depends on the adoption of strategies that integrate sustainability principles in the business model. Sustainability spans across practices on building organizational resilience with the capabilities of safeguarding the wider societal interests while creating long-term value for shareholders. Our sustainability strategy is anchored on ensuring financial, social and environmental viability.

1. Financial Sustainability

The Company is focused on remaining financially stable in the long term. Towards this end, we have instituted initiatives to strengthen the business through reducing system losses; accelerating debt collection; stimulating electricity demand growth by growing our customer base with focus on premium customers and improving supply reliability; seek to attain an optimal balance between generation and demand; and pursuing a cost reflective tariff.

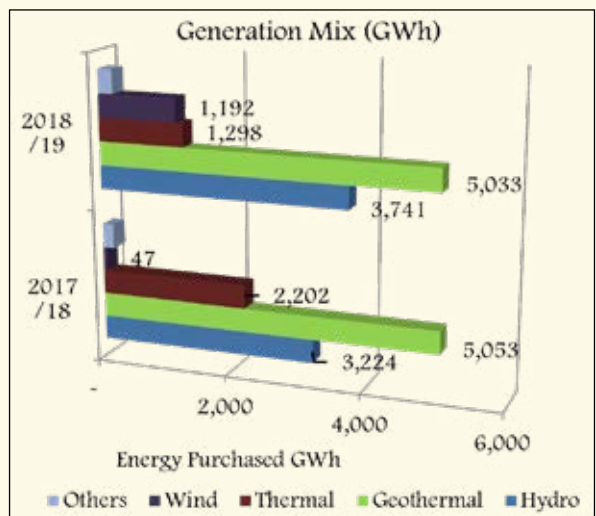
In an increasingly competitive and highly regulated environment that we operate in, distribution and retail of electricity as our core source of revenue is limited. The Company is exploring other revenue streams by tapping into products and services that are complementary to existing business. The areas of consideration include electrical vehicle infrastructure, energy storage services, consulting services and capacity building. The Company is rolling out data centre colocation services; and phase 1 of Fibre to broadband networks and homes. We are already leasing Dark Fibre as a way of diversifying revenue.

Energy for Today and Tomorrow

Availability of adequate generation capacity is vital in ensuring that electricity supply meets current and future demand for business sustainability. During the year installed capacity increased to 2,712MW with the integration of 310MW wind capacity from Lake Turkana Wind Power and 50MW solar capacity from Garissa Solar Power to the grid. This also increased our interconnected capacity to 2,680MW against a peak demand of 1,882MW registered during the year.

As a result of this additional capacity, renewable energy in the generation mix increased to 87.2% of the 11,493GWh purchased up from 77.8% the previous year. This greatly contributed to reduced dependence on thermal generation in favour of cleaner generation as evidenced by the decrease in thermal generation to 11.29% of the 11,493GWh purchased from 20.58% the previous period.

Going forward, the Company will pursue optimal generation expansion corresponding with growth in demand.



Securing the Power Market

In working towards achieving universal access to electricity, the Company continued to implement the Last Mile connectivity and Transformer Densification projects supported by the Government GoK and other development partners. During the year, a total of 197,971 customers were connected under the Last Mile project and 466 new single-phase distribution transformers were installed along existing distribution lines under the Transformer Densification project. This contributed to increase in the number of customers connected by 306,771.

2. Environmental Sustainability

The future of our business is dependent on sustainable utilization of natural resources. The Company encourages energy conservation in homes and industries through promotion of energy saving bulbs. The Company also promotes use of electric induction cookers as a clean source of energy as opposed to fossil fuels, hence helping in reduction of greenhouse gas emissions and climate change mitigation. We have adopted environmental safeguards for company capital projects such as environmental and social management frameworks; and environmental and social impact assessment. We have established environmental sustainability committees and conducted 26 environmental awareness trainings in all our business regions, and are in the process of establishing an environmental management system. Towards decarbonizing the energy mix, we have significantly reduced uptake of thermal (fossil fuel) sources of energy in favour of renewable sources such as solar, wind, hydro and geothermal.

3. Social Sustainability

As a corporate organisation, we endeavour to contribute to the social well-being of our society, through our line of work and through identified Corporate Social Investment (CSI) activities and at the same time incorporate our business values and operations to meet the expectations of our stakeholders.

Corporate Social Investment

We recognize that our business activities have varying direct and indirect impact on the environment and societies in which we operate. Our social, economic and environmental responsibilities are integral to our business, thus the Company dedicates part of its profit to CSI activities.

As per our CSI policy, the Company carried out various initiatives mainly focusing on education, health, environment and persons living with disability to benefit communities across the country during the year.

(i) Education for Empowerment

Our CSI policy stipulates that 60% of the annual CSI budget is channelled towards supporting activities in the education sector. During the year, the Company contributed Shs 2,33 million to Bishop Odera Mixed Secondary School in Homabay and Shs 2.67 million to Chebukwabi Mixed Primary School in Bungoma towards the construction of classrooms.

The Company has had an endowment programme with Starehe Boys' and Girls' Centre for the last 21 and 11 years respectively, which has educated a total of 22 bright students from needy backgrounds to completion using the interest accumulated by each Fund. In the year under review, the Company contributed Shs1million to each school towards this cause.

The Company has partnered with Kenya women engineers to mentor young girls in high school to change their attitude and perception towards engineering. During the year, we visited various girl high schools to discuss career choices in engineering with a total of 1200 girls sensitized.



Kibowen Komen Primary School renovated by the Company at a cost of Shs. 400,000 under the Wezesha Jamii Programme.



Ol'lessos Stima Primary School in Eldoret newly constructed by the Company under the Corporate Social Investment Programme at a cost of Shs. 9 million.

(ii) Supporting Professional Development

The Company's business relies heavily on technical support and as one of the major stakeholders in the engineering practice in country, we sponsored last year's Institution of Engineers of Kenya (IEK), African Engineering Conference. The conference focused on offshore wind farms as potential sources of renewable energy source in the blue economy. We also supported the annual Women in Energy Conference, whose mission is to empower women working in the energy industry by providing career resources, creating networking and mentoring opportunities, promoting educational courses, and developing strategies to minimize obstacles women may face in the industry.

In addition, we enhanced our collaboration with universities and colleges, enabling 2,120 students to acquire skills and experience in various disciplines through attachment and internship programme during the year. This is in line with the Government's Youth Initiative to develop a pool of young talent for the Kenyan Labour Market.

(iii) Promoting Community Health

The Company has partnered with Beyond Zero Foundation since 2014. The foundation supports improved maternal and child healthcare while at the same time raising money to these initiatives. The Company contributed Shs 2 million towards The Foundation. The Company also contributed Shs 300,000 towards Kenya Diabetes Management and Information Centre (DMI), an organisation that works towards raising the level of diabetes awareness in Kenya.

(iv) Supporting Persons with Disability

In the year under review, the Company donated Shs 250,000 to The Disability Mainstreaming Foundation of Kenya in support of a programme that helps create an enabling environment for Persons with Disability. The Foundation seeks to empower, collaborate, eliminate poverty, inequality and foster inclusivity in Kenya. The organization also seeks to create an enabling environment in which Persons with Disabilities can operate effectively and efficiently.

(v) Environmental Conservation

To support environmental conservation initiatives, the Company contributed Shs1million towards the annual Rhino Charge event, an off-road rough terrain motorsport competition which aims to raise funds for environmental conservation. The funds raised went towards fencing and maintenance of forests and ecosystems around Kenya's catchment areas. The Company also donated Shs 250,000 to the First Annual Amboseli Safari Festival held in Kajiado County whose main aim was to sensitize residents of the County on improved housing standards through Eco Manyattas. The Festival also sensitized residents on use eco-friendly energy sources such as solar and biogas.

(vi) Promoting Sports

By engaging in sports, we seek to facilitate the development of sport personalities, foster the development of healthy lifestyles, integrate sports in our organizational culture and ultimately to the national culture, help create career opportunities provide incentives such as players allowances, team registration and participation fees. The Company supports three Football Clubs, namely Western Stima, Nairobi Stima and Coast Stima. Through Company sponsorship, the three participated in the 2018 national football leagues. Similarly, the Company sponsored the Nairobi Stima Darts Club and West Kenya Stima Netball Club to participate in 2018 league matches at national and regional levels.



Employees participating in a half marathon sponsored by the Company at Kapsabet.

(vii) Charitable Donations

We donated Shs 1 million to WEMA Centre towards facilitating the organization's sustenance and various projects of street children. The core objective of Wema Centre is to ensure that children have access to quality education and skills that will give them a chance to a brighter future.

Equal Opportunities for All

In line with legal requirements the Company during the year reserved 30% of its annual procurement budget for disadvantaged groups including youth, women and persons with disability. A total of Shs 65.4 million of tenders were awarded to this category. To promote the local industry, the Company issued various tenders to local manufacturers during the year to a tune of Shs 5.9 billion.

To ensure gender inclusiveness within the Company, we have reviewed and sensitized our employees on the Gender Policy. We also reconstituted gender committees and trained members during the year. The Company also provides flexi working hours for nursing mothers returning from maternity leave.

Promoting Public Safety

The Company remains committed to safeguarding the safety of stakeholders including contractors, customers and other members of the public who have just cause to interact with its network. In the year, the Company continued to implement public electrical safety awareness campaigns; and worked with other stakeholders towards promoting a safety and healthy culture. We are an active member of the Multi-Sectoral Agency Coordination Committee (MSACC), which is mandated to demolish unsafe structures and those encroaching on public land. Through MSACC, the Company implemented the Ondokea Laini initiative under which structures encroaching wayleaves were removed in Chokaa in Njiru, ICD Road in Embakasi, Embakasi 220KV Substation (Kyang'ombe), Buruburu Farmers, Imara Daima and Mukuru kwa Njenga.

There was a reduction in Company actionable public accidents with no record of contractor accidents during the year. The Company will continue to promote public electrical safety through enhanced safety campaigns, preventive network maintenance and partnerships with other stakeholders aimed at promoting public safety.

4. Energy Act 2019

The Energy Act 2019 came into force on 28th March 2019. The Act, is expected to change the power market structure by introducing open access to the distribution system, enhancing competition, establishing a System Operator who is not a licensed power distributor and introducing net metering.

One of the major gains for the Company in this Act is the power to recover any outstanding bills incurred by Government and its Agencies through the National Treasury. Further, the Act outlaws charging of levies and fees by public bodies on public energy infrastructure without written consent of the Cabinet Secretary responsible for energy. We are positioning the Company to comply with the provisions of the Act to take advantage of the emerging opportunities to remain competitive.

5. Change, Our Winning Strategy

Our transformational strategy is premised on empowering our feeder based business units to be profit centres by devolving decision making, providing requisite resources and holding them accountable for all kilowatts bought from generators. This will ease operations for improved service delivery and ultimately secure and grow revenue.

With the current disruptive operating environment, we will continue adapting to new ways of working by continuously reviewing and improving our business processes for enhanced efficiency and effectiveness. In the same breath we shall endeavour to inculcate positive performance culture among all employees. These will support achievement of our corporate strategic objectives in both short and long term.

Indeed, change is our winning strategy.



Mr. Bernard Ngugi
Managing Director & CEO

RIPOTI YA MKURUGENZI MKUU MTENDAJI

Wanahisa Tukufu,

Katika ripoti yetu iliyowasilishwa kwako wakati wa Mkutano Mkuu wa Mwaka uliopita, tulijitolea kuzingatia kuboresha usambazaji wa umeme kwa kuimarisha mtandao wetu wa umeme na kurahisisha michakato ya ndani ili kuboresha uzoefu wa wateja na ujasiri wa wadau. Tuliahidi pia kuendeleza azma yetu ya kuunganisha stima ili kuhakikisha uwepo wa soko letu kwa uendelevu wa biashara.

Katika mwaka, tulifanya maendeleo katika nyanja mbali mbali kutimiza ahadi tulizoweka. Mipango yetu ya kupanua na kuboresha mtandao wa umeme na pia kukuza programu za kuzuia na kurekebisha zilikuwa na matokeo ya kufana kama inavyothibitishwa na uaminifu na ubora wa usambazaji wa umeme unaofurahiwa na wateja wetu katika kipindi hicho. Hii inathibitishwa na hali iliyopungua ya kukatizwa kwa usambazaji wa umeme uliorekodiwa wakati wa mwaka. Katika azma yetu ya kupata soko, kukuza mapato na kuhakikisha uendeleu wa biashara, tuliunganisha wateja wapya 306,771 kwenye gridi ya taifa inayofikia jumla ya wateja 7,067,861. Kama matokeo, uuzaji wa umeme wakati wa mwaka ulikua kwa 3.4% ikilinganishwa na 2.3% mwaka uliopita.

Tulianza utekelezaji wa mkakati-mpango uliorekebisha na kusambaza Kadi ya Alama Sawa kwa usimamizi mzuri wa utendaji. Ili kutekeleza mkakati huo, Kampuni ilibadilisha rasilimali ili kuongeza ufanisi wa utoaji bora wa huduma na kuridhika kwa wateja.

Licha ya mafanikio haya, tulikabiliwa na changamoto kadhaa ambazo ziliathiri utendaji wetu. Ufanisi wa mfumo ulipungua kwa sababu ya kupanua mtandao, vikwazo vya uwasilishaji na kuongezeka kwa hasara za kibiashara. Ili kukabiliana na changamoto hii, tumepata moduli ya usawa wa nishati ili kupima na kuzuia hasara kama hatua za urekebishaji. Wakati huo huo, tunakagua michakato yetu ya kibiashara ili kuongeza usomaji wa mita, kutoa bili na ukusanyaji wa mapato. Kama shirika linalowakabili wateja na sifa ya kitaifa pamoja na wadau anuwai, kudumisha mtazamo mzuri wa umma na kujenga uhusiano ni jambo muhimu kwa sifa nzuri ya ushirika. Kwa sababu ya changamoto za kiutendaji zinazoathiri utoaji wa huduma na kusababisha kutoridhika kwa wateja na kudorora kwa imani, tulianzisha mipango inayolenga kuimarisha heshima yetu kupitia ushirika wa wadau na kupeleka huduma zetu karibu na wateja wetu kupitia duka moja. Wakati huo huo, tuliimarisha uhamasishaji na mafunzo ya wafanyikazi kama mkakati wa kuingiza utamaduni thabiti wa maadili na kudumisha uadilifu katika Kampuni. Ili kushughulikia changamoto zinazoibuka za teknolojia zinazohusiana na mifumo yetu ya kulipisha na kupokea malipo, tunakagua miundombinu yetu ya ICT na kuimarisha mifumo ya usalama wa mtandao.

Niruhusu kushiriki nawe, muhtasari wa utendaji muhimu kwa mwaka unaofanyiwa ukaguzi. Maeneo yaliyozingatiwa ni pamoja na kukuza uwezo, kujenga mahusiano, kuboresha michakato ya ndani na uendeleu wa biashara.

KUONGEZA UWEZO

Chini ya mtazamo huu, maeneo yetu kuu ya kulenga wakati wa mwaka yalikuwa matumizi ya teknolojia na uvumbuzi, kuboresha uwezo wa talanta na kuongeza utamaduni wa utendaji wa pamoja ili kuongeza tija huku tukiboresha rasilimali kwa utoaji bora wa huduma.

1. Kutumia Teknolojia na Ubunifu

Miundombinu thabiti ya ICT ni muhimu kwa utendaji mzuri wa kampuni. Kwa miaka mingi, Kampuni imewekeza sana katika teknolojia zinazoibuka ambazo zimeboresha ufanisi na kuunda urahisi kwa kuleta huduma karibu na wateja wetu. Hii imefungua njia nyingi za kufikia mifumo yetu na hivyo kuongeza tisho la usalama wa kimtandao wa mali yetu ya ICT.

Ili kukamilisha zana za usalama na udhibiti wa mfumo ambao tayari upo, Kampuni inatekeleza suluhisho kamili ya usalama wa habari mtandaoni kwa kutoa na kupunguza idadi kubwa ya vitisho vya usalama wa mtandao. Suluhisho kamili la usalama wa mtandao litashughulikia changamoto zinazohusiana na usalama wa miundombinu yetu ya Teknolojia ya Habari (IT) na usimamizi wa vifaa vya mawasiliano; udhibiti wa upatikanaji wa mtandao; na kuchunguza kwa karibu mienendo na tabia za kimtandao za watumizi binafsi.

Kwa kuongezea, Kampuni imetoa kandarasi kwa mkaguzi wa nje kufanya tathmini ya jumla ya mifumo ya ICT na Miundombinu. Hii inakusudia kuboresha usalama na kuleta ufanisi kwa kupunguza gharama za kiutendaji za IT.

Safari ya kuimarisha miundombinu yetu ya ICT kupitia matumizi ya mifumo mpya ya uhandisi kuendeleza msingi ya biashara ilikamilishwa mwaka huu. Mifumo yetu ya msingi ni pamoja na Mfumo Jumuishi wa Usimamizi wa Wateja unaoshughulikia shughuli zote za kibiashara, mfumo wa malipo ya awali kwa uuzaji wa vitengo vya umeme na Mfumo

wa Matumizi ya Bidhaa (SAP) kwa upangaji wa rasilimali za biashara. Mradi huu umeweka hatua za kuboreshwa mfumo wa kulipia mapema ili kuboresha utendaji wa mfumo na usalama.

Kampuni ilikamilisha uboreshaji wa Mfumo wa Udhhibiti na Upataji wa Takwimu (SCADA) katika mwaka. Mfumo huu unaendesha usimamizi na utunzaji wa mtandao wa usambazaji. Zaidi ya hayo, tulianza utekelezaji wa awamu ya pili ya Mfumo wa Usimamizi wa Usambazaji wa Juu (ADMS), unaojumuiisha kaunti ya Nairobi na mazingira yake. Hii ilifuata kukamilika kwa awamu ya kwanza ya mradi uliofanywa katika sehemu za Nairobi.

ADMS inawezesha utegemezi mkubwa wa mtandao wa usambazaji, ufanisi wa utendaji ulioboreshwa, gharama za shughuli zilizopunguzwa, usalama ulioongezeka, usalama ulioimarishwa, muegemeo wa kufuata sheria, matumizi bora ya mali na ujumuishaji wa viwango. ADMS hutoa maoni halisi na wazi ya mtandao wa usambazaji kwa watumiaji wengi. Hii inaunda ufahamu wa kawaida wa hali ambayo hutoa usimamizi mzuri na wa kuaminika wa shughuli za gridi ya taifa katika mazingira anuwai, yanayobadilika haraka. Mfumo utaunganishwa na mfumo uliopo wa SCADA na programu zingine ili kuongeza utegemezi wa mtandao na kuboresha ufanisi wa utendaji hadi mwisho.

2. Kuongeza Utendaji wa Talanta na kusukuma uendeshaji

Kampuni iliendelea kutekeleza programu anuwai za mafunzo na maendeleo ili kuongeza uwezo wa wafanyikazi. Tulifundisha wafanyikazi 4,225 kwa mwaka, ikiwakilisha 38% ya jumla ya wafanyikazi kwa wastani wa kipindi cha mafunzo ya siku 1.96 kwa kila mfanyakazi. Programu zililenga mambo ya jumla, ya kiufundi, ya uongozi na ya biashara maalum. Rasilimali zaidi zilitolewa kuboresha ujuzi wa wafanyikazi katika kuwahudumia wateja. Wafanyikazi walirekebisha tena na kuhesabiwa viwango ili kuhuisha biashara hiyo kwa huduma bora kwa wateja.

Mfumo wa usimamizi wa utendaji unazingatia kuendesha malengo ya kimkakati ya ushirika. Kwa kipindi chote, wafanyikazi waliendelea kuzingatia juhudi zao kufikia malengo yaliyokubaliwa yaliyowekwa katika viwango anuwai katika biashara ili kufikia malengo ya jumla ya ushirika. Msukumo wa kutambuliwa na kuzawadiwa kwa matokeo maalum unatarajiwa kuchochea Kampuni kufikia viwango vya juu vya mafanikio. Msukumo wa wafanyikazi na ari pia ilipokea msisitizo na utendaji bora uliotambuliwa katika maeneo yetu ya biashara ya kiutawala.

Kwa kuongezea, mazingira ya uhusiano wa kiviwanda ya Kampuni yalibaki kuwa mazuri wakati wa mwaka ikionyesha uhusiano mzuri na wadau katika biashara. Programu za ustawi wa wafanyikazi pia zilienda sambamba na mabadiliko ya mazingira ya biashara na mienendo ya nguvu kazi. Miradi anuwai ilifanywa kutokana na mazingira mazuri ya kazi katika ofisi zetu za kampuni nzima na kusisitiza juu ya uboreshaji wa sehemu za wateja kupata msaada ili kukabiliana haraka na mahitaji ya wateja.

Wakati wa mwaka, Kampuni ilisambaza mbinu ya Usawa wa Alama ya Usimamizi wa utendaji ili kuwezesha utekelezaji wa malengo ya kimkakati na mipango. Chombo hicho kinapima ufanisi wa shughuli zetu dhidi ya mpango-mkakati unaorandana na maono na malengo ya Kampuni. Kampuni pia ilipata programu ya Meneja Mkakati ya Mtendaji ambayo itasaidia usimamizi wa kadi za alama.

3. Mabadiliko ya Utamaduni wa Shirika

Utamaduni mzuri wa ushirika huonyesha uwezekano wa wafanyikazi kuendesha utendaji katika shirika. Utamaduni unaonyesha katika kila nyanja ya shughuli zetu za biashara pamoja na picha yetu ya ushirika, usimamizi wa wakati, tija, ustawi wa wafanyikazi, maadili, na mitazamo. Zaidi ya hayo, inathibitishwa katika kujitolea na maingiliano kati ya wafanyikazi na kwa wateja na wadau wengine.

Katika mwaka, Kampuni iliweka hatua za kuwezesha mabadiliko ya kitamaduni katika Biashara. Hii ni pamoja na kufanuliwa tena na Bodi matarajio ya mabadiliko ya kitamaduni na vile vile kutafuta utaalumu wa kusaidia Usimamizi katika shughuli hii.

KUBORESHA SHUGHULI ZETU ZA BIASHARA

Utoaji wa huduma umejikita katika uboreshaji endelevu wa shughuli zetu. Katika mwaka tulizingatia kuongeza utendaji wa mtandao, kuboresha ufanisi wa mchakato na ulinzi wa mapato.

1. Kuboresha Utendaji wa Mtandao

Mtandao thabiti na wa kuaminika ni nguzo ya matumizi ya umeme yenye mafanikio. Katika mwaka Kampuni iliendelea kuwekeza katika upanuzi wa mtandao na ikachukua njia mpya za kuboresha utendaji wa mtandao wetu wa uwasilishaji na usambazaji ili kupunguza usumbufu wa ukatizaji na kuboresha usambazaji wa umeme kwa huduma bora kwa wateja. Mkazo ulikuwa juu ya mipango ya kuzuia na kurekebisha ikiwa ni pamoja na utekelezaji wa mipango ya kuimarisha mfumo na kupitishwa kwa teknolojia za kisasa za utendaji. Utengenezaji wa marekebisho unajumuisha kushughulikia uharibifu ulioripotiwa wakati utengenezaji wa kuzuia unajumuisha ukaguzi wa mitambo na vifaa ili kutambua na kurekebisha sehemu dhaifu ili kuzuia uharibifu unaokaribia.

Katika mwaka, Kampuni ilianzisha timu zilizojitolea kushughulikia utengenezaji kinga. Hapo awali utengenezaji wote wa kurekebisha na wa kuzuia ulifanywa na timu hiyo ambayo ilitoa kipaumbele kwa uharibifu wa dharura ambao ni wa asili ya kurekebisha. Kulikuwa na timu ya utengenezaji wa usambazaji wa ubadilishaji na nyingine kwenye utengenezaji wa laini ya moja kwa moja. Tulishiriki kikamilifu katika Kamati ya Mfumo ili kuboresha uhusiano wa kufanya kazi miongoni mwa washiriki wa Sekta ya Nishati kutokana na mtandao wa kitaifa ulioshirikiwa.

Programu ya Utunzaji wa laini ya moja kwa moja

Kampuni iliongeza utekelezaji wa Programu ya utengenezaji wa nyaya za umeme za Moja kwa Moja iliyoanzishwa miaka mitano iliyopita, kwa lengo la kupunguza usumbufu wa ukatizaji umeme na hivyo kuboresha kuridhika kwa wateja na kupunguza upotezaji wa mapato. Ukatazaji umeme uliopangwa hufanywa ili kuunganisha wateja wapya, kudumisha na kubadilisha vifaa vya umeme na pia kufanya kazi za kuimarisha mtandao wa usambazaji bila kuzima usambazaji. Kwa kuzuia zaidi ya ukatizaji 1,000 kupitia utengenezaji wa moja kwa moja 12 Nairobi na viunga vyake wakati wa mwaka, Kampuni iliokoa takriban Sh bilioni 1 ambayo ingekuwa hasara ya mapato.

Katika mwaka unaoangaziwa, tulinunua malori zaidi ya 24 na kutoa mafunzo kwa wafanyikazi 96 wakileta idadi ya wafanyikazi wa laini ya moja kwa moja hadi 171. Kampuni inaunda maabara ya majaribio ya kituo cha moja kwa moja ambayo inatarajiwa kukamilika katika mwaka wa fedha wa sasa kuhakikisha usalama na uadilifu wa vifaa. Kufuatia utekelezaji wake uliofanikiwa, Kampuni inaanzisha mpango huo kwa maeneo mengine katika mwaka wa fedha wa sasa wakati malori mengine manne yenye nguvu kubwa yananunuliwa na wafanyikazi wamepeva mafunzo.

Mpango wa kubadilisha wa Okoa

Kufikia mwisho wa mwaka wa kifedha, Kampuni ilikuwa na transfoma za usambazaji zilizowekwa 68,000 zinazohudumia zaidi ya wateja milioni 7. Transfoma inayotunzwa vizuri ni muhimu kwa huduma inayoendelea ya ubora kwa wateja. Kampuni ilianzisha timu 67 zilizojitolea kufanya kazi kwenye transfoma za usambazaji na laini za chini za umeme ili kuongeza utengenezaji wa kinga katika kipindi kinachoangaliwa. Timu zilifundishwa na kuwekwa vifaa vya kufanya vipimo muhimu ili kujua hali ya transfoma na vifaa vingine. Mpango wa utengenezaji uliopewa jina Okoa Transfoma uliwekwa kushughulikia transfoma 20,207 za awali kwenye vitumizi vilivyo na idadi kubwa ya kuharibika katika maeneo yote.

Kuwekeza katika Mtandao

Kampuni inaendelea kufanya uwekezaji wa mitaji ili kuhakikisha utulivu wa mtandao unaopanuka kwa kasi wa umeme sanjari na ukuaji katika msingi wa wateja wetu. Hii inafanikishwa kupitia ujenzi wa vituo vipya na laini za umeme; kutekeleza uimarishaji na uboreshaji wa zile zilizopo.

Tulikamilisha uimarishaji wa vituo vitano vya uwasilishaji na vituo tisa vya usambazaji kwa mwaka ambao uliboresha uwezo na 290MVA kwa gharama ya jumla ya Sh bilioni 2.2. Uimarishaji wa Vituo vya uwasilishaji ulifanyika, Kamburu

huko Embu, Makutano huko Eldama Ravine, Naivasha, Rabai huko Kilifi, na Rangála huko Siaya wakati vituo vya usambazaji vilikuwa Garissa, Kisian huko Kisumu, Makande huko Mombasa, Manda-Lamu, Matasia huko Ngong, Miritini huko Mombasa, Mwatate huko Taita Taveta, Siaya na Syokimau huko Machakos.

Katika kipindi hicho hicho, Kampuni pia ilikamilisha vituo vipya sita vya usambazaji na uwezo wa pamoja wa 83.5MVA kusaidia mtandao unaopanuka kwa gharama ya Sh bilioni 2.1. Vituo vipya vilivyoanzishwa ni Endebes huko Kitale, Kisumu Kusini, Molo, Mukurweini huko Nyeri na Sosiot huko Kericho. Kwa kuongezea, 347km ya laini zinazohusiana na nguvu wastani zilikamilishwa na kuzinduliwa mwakani.

Miradi mingine inayoendelea ni miradi inayofadhiliwa na Benki ya Dunia ikiwa ni pamoja na Mfumo wa Usimamizi wa Usambazaji wa Juu, Miundombinu ya Upimaji wa Juu, Utengenezaji wa Kituo na Utunzaji wa Moja kwa Moja. Kampuni pia imefadhili ujenzi wa vituo 23 vya usambazaji na Kituo cha Gesi kilichowekwa Gesi 220 / 66kV kando ya barabara ya Thika na laini inayohusiana ya nguvu ya wastani ambayo iko katika hatua anuwai za kukamilika.

Mipango hii ilisababisha kuboreshwa kwa uaminifu wa usambazaji wa umeme kama inavyohibitishwa na kupunguzwa kwa Kiwango cha wastani cha ukatazaji stima kwa Wateja mwakani hadi masaa 4.03 kutoka masaa 5.51 mwaka uliopita.

2. Kuongeza Ufanisi wa Mchakato

Mazingira ya biashara yenye ushindani ambayo tunafanyia kazi yanaelekeza mabadiliko makubwa katika njia tunayofanya biashara. Utengenezaji wa Mchakato wa Biashara (BPR) kwa hivyo ni muhimu kushawishi wepesi katika biashara yetu kwa kufupisha wakati wa kubadilika katika utoaji wa huduma, kuongeza tija, kuboresha huduma, na kuimarisha nafasi yetu ya ushindani.

Mapitio ya ndani ya shughuli zetu yalifanywa ambayo yaligundua udhaifu fulani katika michakato yetu kama kuziua ufanisi. Maeneo ya msingi yaliyotambuliwa kwa BPR ni pamoja na Mzunguko wa Biashara, Ununuzi na Usimamizi wa Mkataba. Kampuni hiyo inakusudia kuboresha ufanisi katika usomaji wa mita, malipo na michakato ya ukusanyaji mapato; kupanga, bajeti, kutafuta na usimamizi wa hisa ndani ya ugavi wetu pamoja na utekelezaji, utekelezaji na tathmini ya mikataba. Katika mwaka, michakato 78 ya kazi ilitambuliwa na kupangiwa ramani ya uboreshaji.

Mazingira ya Kazi Salama

Kampuni inazingatia usalama, afya na mazingira kama muhimu kwa uendeleu wa biashara. Kufikia hali hii, kampuni itaendelea kutoa mazingira salama na yenye afya kwa wafanyikazi wake. Katika mwaka, Kampuni iliendelea kutekeleza mipango ya usalama, afya na mazingira ikiwa ni pamoja na mafunzo ya usalama na afya kwa wafanyikazi, usalama wa kisheria na ukaguzi wa kufuata afya, idhini ya uwezo na mazoezi ya kukabiliana na dharura.

Tulifanya mafunzo 50 ya Afya na Mazingira ya Usalama (SHE), mazungumzo 97 ya usalama na kuwahoji wafanyikazi 964 kwa shughuli za mfumo salama. La kusikitisha ni kuwa kulikuwa na vifo 3 vya wafanyikazi vilivyotokana na ajali zinazohusiana na kazi wakati wa mwaka. Kampuni inatilia mkazo zaidi hatua za usalama na afya zinazohusika ikiwa ni pamoja na utambuzi wa hatari na tathmini ya hatari, uimarishaji wa timu zetu za usalama na taratibu salama kazini kwa lengo la kuondoa sababu kuu za majeraha hayo yanayohusiana na kazi.

3. Kulinda Mapato Yetu

Hasara ya mfumo wa nishati iliongezeka hadi 23.69% kwa mwaka kutoka 21% mwaka uliopita. Ongezeko la hasara lilichangiwa zaidi na vizuizi vya mfumo wa uwasilishaji, ukuaji wa haraka wa mtandao wa usambazaji, na kuongezeka kwa hasara katika biashara haswa kutokana na unganisho haramu, kukwepa mita klmatumizi na kukoroga mita.

Kampuni inatekeleza mipango anuwai ya kuboresha ufanisi wa mfumo ikiwa ni pamoja na ukaguzi wa mita zisizosoma vitengo tumizi, ukaguzi wa mita na kupanua maeneo ya usomaji mita. Mipango mingine ni pamoja na ukaguzi wa sera ya ufanisi wa biashara kwa wateja wakubwa wa umeme; kuweka tena mita; kuchukua nafasi ya kulipia kabla na mita za kubonyeza; mita za kupima na; kukagua na kupata mapato na akaunti za SME nchi nzima. Miradi ya kuwezesha ni pamoja na upimaji wa vitumizi, upimaji wa mpaka, Usawazishaji wa mita za Hifadhidata na Moduli ya Mizani ya Nishati.

Katika mwaka huo, mitambo 960,000 ya SME na vituo vya Umeme vilikaguliwa kwa madhumuni ya kuhakikisha ubora wa mitambo na usalama na kwa ulinzi wa mapato kuwezesha kupatikana kwa Shilingi Biloni 1.8. Kwa kuongezea, karibu SMEs 62,000 ziliajiriwa na kuweka kiwango cha ushuru sahihi.

KUJENGA MAHUSIANO

Kuridhika kwa wateja huunda uaminifu na husaidia katika kubakiza na kukuza sehemu yetu ya soko kwa kuongezeka kwa mauzo na faida. Vivyo hivyo, sifa nzuri ya ushirika inachangia ukuaji wa thamani ya kampuni yetu na hutoa faida ya ushindani. Sifa ya ushirika ni uamuzi wa kujenga uaminifu na uaminifu na wadau muhimu na jambo muhimu katika kuvutia na kuhifadhi talanta.

1. Kurejesha Uaminifu wa Wateja

Katika mwaka, tulifanya kampeni za kuwafikia wateja zinazolenga kurudisha ujasiri wa wateja kufuatia changamoto za utendaji na utangazaji hasi unaopatikana mwanzoni mwa mwaka. Hii ilijumuisha kuchukua huduma kwa wateja kwenye maeneo yao kupitia Kliniki za umeme na kuwashirikisha kulingana na mahitaji yao ya kipekee na kutafuta maoni juu ya jinsi bora ya kuwahudumia.

Kliniki za umeme zilijumuisha kuanzisha wakati halisi 'duka moja la kushughulikia' maswali na malalamiko ya wateja juu ya malipo, kusoma mita, kukatika umeme, mita za kulipia, unganisho mpya na maswala mengine yoyote. Tulifanya pia mikutano ya hadhara ili kuongeza uelewa juu ya huduma za Kampuni, uharibifu na usalama katika matumizi ya umeme, ambapo viongozi wa kaunti na mitaa walihudhuria. Kliniki za umeme 417 zilifanywa. Tunakusudia kuendelea kuwafikia wateja katika mwaka wa sasa na kusisitiza kuunda ufahamu juu ya faida za kutumia umeme zaidi ya taa.

Kampuni pia ilifanya maonyesho ya siku wazi kwa mwaka ambao malengo yao yalikuwa kukuza matumizi ya umeme; kuelimisha wateja juu ya bidhaa na huduma za Kampuni; na kuongeza uwepo wetu wa kujulikana. Siku kuu za wazi zilifanyika Nakuru, Eldoret, Kisumu, Kisii, Thika, Mombasa na Nairobi. Kwa kuongezea, tulifanya vikao vinne vya ushiriki wa wateja huko Nairobi kwa kushirikiana na Chama cha Wakazi wa Kenya cha kulenga wateja wa nyumbani kusikiliza na kushughulikia maswala yao ya huduma.

2. Huduma iliyotokuka kwa Wateja wa Biashara na Viwanda

Wateja wa Viwanda, Biashara Kubwa na Biashara Ndogo na ya Kati (SME) wanachangia zaidi ya asilimia 70 ya mauzo yetu ya umeme. Ili kutumikia vizuri na kukuza uhusiano na wateja hawa tuliwashirikisha moja kwa moja na kupitia vikao vilivyopangwa na vyama vyao.

Tulifanya vikao na Ushirikiano wa Sekta Binafsi ya Kenya, Chama cha Kitaifa cha Biashara na Viwanda, Chama cha Utalii cha Pwani ya Kenya, Baraza la Maua Kenya na Chama cha Viwanda cha Kenya. Katika vikao tulipokea maoni na kushiriki mipango ya Kampuni ya uboreshaji wa usambazaji wa umeme na utoaji wa huduma ya malipo.

SME zimetambuliwa kama visukumo vikubwa katika kufanikisha ajenda NNE (4) kuu za utengenezaji. Kama sehemu ya mkakati wetu wa kukuza mauzo zaidi ya umeme, Kampuni ilibadilisha shughuli zake za kibiashara ili kushughulikia mahitaji maalum ya sekta ya SME. Baadhi ya mipango ya kuboresha utoaji wa huduma kwa SMEs ni pamoja na kuunda kitengo cha kujitolea cha SME kusimamia mahitaji ya umeme wa sekta; ubadilishaji kutoka Ushuru wa ndani wa Biashara na kufurahia ushuru wa umeme uliopunguzwa; uundaji wa vikundi vya WhatsApp kuendeleza mawasiliano ya wakati halisi na kuzuia matukio; na kufanya vikao vya ushiriki wa SME. Kwa kuongezea, tulipanua mamlaka ya maafisa Uhusiano wa Sekta kushughulikia wateja wa SME.

3. Kuwezesha Uchumi wa Saa 24

Kuelekea kuunda mazingira wezeshi kwa uchumi wa masaa 24 na kuimarisha usalama katika soko na vituo vya ununuzi, Kampuni iliendelea kutekeleza mradi wa Serikali wa taa za umma kote nchini.

Katika mwaka, tulitekeleza miradi mpya ya taa ya umma 1,021 katika masoko 755 na vituo vya ununuzi na kuendelea kutunza mtandao uliopo wa taa za barabarani kwa niaba ya serikali za kaunti kwa gharama ya Shilingi Bilioni 1.721 katika kaunti zote 47. Taa za ziada 25,676 na taa za mwanga mwingi ziliwekwa na kuleta jumla ya taa na taa za mwanga mwingi kufikia 138,880 tangu kuanzishwa kwa mradi huo mnamo 2014.

Uuzaji wa vitengo kutoka taa za barabarani ulikua kwa 3% huku mapato yakiongezeka kutoka wastani wa kila mwezi wa Sh milioni 39 katika fedha za awali hadi Sh milioni 55 katika mwaka wa fedha unakaguliwa.

Walakini, utekelezaji wa mradi huo uliendelea kukabiliwa na changamoto zilizojitokeza kutokana na uharibifu wa taa katika maeneo mengine kuongeza gharama za urekebishaji. Ili kupunguza hili, Kampuni inaleta taa zilizooodheshwa na zinazotambuliwa zinazotoa mwangaza nje (LED) zilizo na chapa asili na kusaidia kupunguza wizi. Kwa kuongeza, tumeanza ushiriki wa wadau na kampeni za uhamasishaji wa umma kuhamasisha umiliki na ulinzi wa miundombinu ya taa za barabarani. Kwa kuongeza, Kampuni pia itaanzisha taa za barabarani ambazo zitasaidia kupunguza gharama za matengenezo mwishowe.

4. Kujitolea kwa Utoaji wa Huduma

Kujitolea kutoa huduma bora za ugavi wa umeme kwa wateja wetu kwa gharama nafuu imeelezwa katika mkataba wa huduma. Hati hiyo inaelezea viwango vya utoaji wa huduma vinavyoangazia maeneo muhimu ikiwa ni pamoja na nyakati za uunganishaji wa umeme, mchakato wa malipo, urejeshwaji wa usambazaji wa umeme, kukatwa na kuunganishwa tena na utunzaji wa wateja. Pia inaonyesha majukumu ya mteja kuelekea kutusaidia kufikia viwango sawa vya huduma.

Hii inaambatana na Pendekezo letu la Thamani ya Mteja ambalo linahimiza hitaji la kutenda kwa haki na huruma kwa wateja wetu tunapolenga kutoa huduma ya umeme ya kuaminika na kujitahidi kuwajibika kwa mahitaji yao.

Pendekezo la Thamani ya Mteja

“Wakati tunatumia uzoefu wetu na maarifa, tutatenda kwa haki na huruma kwa wateja wetu tunapolenga kutoa huduma ya kuaminika ya umeme. Wakati huo huo, tutajitahidi kujibu mahitaji ya wateja na kuwa na gharama nafuu katika shughuli zetu.”

5. Kuboresha Sifa ya Kampuni

Katika mwaka, Kampuni ilifanya uhakiki kamili wa mkakati wa mawasiliano ikilenga njia bora za kushirikisha wadau mbali mbali na kusimulia hadithi ya Kenya Power. Licha ya shughuli nyingi za ushirika, tulitumia vikao mbali mbali vya ushiriki wa wadau uliofanyika mwaka kuangazia mkakati wetu wa ushirika na kuongeza uelewa juu ya maswala ya kisekta na kiutendaji kwa maoni na sifa bora.

Katika kipindi hicho, tulifanya shughuli 6 za uhusiano na vyombo vya habari huko Nairobi, Mombasa, Kisumu, Machakos, Embu, Eldoret na Nakuru kama sehemu ya mipango ya kuongeza usawa katika utangazaji wa habari. Ili kuboresha zaidi sifa yetu ya ushirika, tumeanza mchakato wa kuajiri kampuni ya Uhusiano wa Umma kusaidia kudhibiti maoni hasi ya umma haswa juu ya mchakato wa utozaji na vile vile kupambana na hatari ya udanganyifu na wasiwasi unaoibuka wa wizi wa umeme. Shirika hilo limeanza operesheni kwa kuendesha kampeni katika vyombo vya habari iliyopewa jina la Power Sawa kushughulikia maswala hapo juu.

UENDELEZAJI WA BIASHARA

Kuwepo kwa muda mrefu kwa shirika letu kunategemea kupitishwa kwa mikakati ambayo inajumuisha kanuni za uendeleu katika mtindo wa biashara. Uendeleu hupita katika mazoea ya kujenga uthabiti wa shirika na uwezo wa kulinda masilahi mapana ya jamii wakati wa kuunda thamani ya muda mrefu kwa wanahisa. Mkakati wetu wa uendeleu umewekwa katika kuhakikisha uwezekano wa kifedha, kijamii na kimazingira.

1. Uendelezi wa kifedha

Kampuni inazingatia kubaki thabiti kifedha kwa muda mrefu. Kufanikisha hali hii, tumeanzisha mipango ya kuimarisha biashara kupitia kupunguza hasara za kimfumo; kuharakisha ukusanyaji wa deni; kuchochea ukuaji wa mahitaji ya umeme kwa kukuza wateja wetu kwa kulenga wateja wa malipo na kuboresha uaminifu wa usambazaji; kutafuta kufikia usawa bora kati ya uzalishaji na mahitaji; na kufuata ushuru unaozingatia gharama.

Katika mazingira ya ushindani na yanayodhibitiwa sana ambayo tunafanyia kazi, usambazaji rejareja wa umeme ni duni na wa mapato ndogo. Kampuni inatafuta mikondo mingine ya mapato kwa kuangazia bidhaa na huduma ambazo zinaongezea biashara iliyopo. Maeneo ya kuzingatia ni pamoja na miundombinu ya umeme, huduma za uhifadhi wa nishati, huduma za ushauri na ujenzi wa uwezo. Kampuni inazindua huduma za ukodishaji wa kituo cha data; na awamu ya 1 ya nyaya kwa mitandao na nyumba pana. Tayari tunakodisha Nyaya Nyeusi kama njia ya kupanua mapato.

Nishati kwa Leo na Kesho

Kuwepo kwa uwezo wa kutosha wa uzalishaji ni muhimu katika kuhakikisha kuwa usambazaji wa umeme unakidhi mahitaji ya sasa na ya baadaye ya uendeleu wa biashara. Wakati wa mwaka uwezo uliowekwa umeongezeka hadi 2,712MW na ujumuishaji wa uwezo wa upepo wa 310MW kutoka kwa mradi wa Upepo wa Ziwa Turkana na uwezo wa jua wa 50MW kutoka Garissa Solar Power hadi gridi ya taifa. Hii pia iliongeza uwezo wetu uliunganishwa hadi 2,680MW dhidi ya mahitaji ya juu ya 1,882MW iliyosajiliwa wakati wa mwaka.

Kama matokeo ya uwezo huu wa ziada, nishati mbadala katika uzalishaji mseto iliongezeka hadi 87.2% ya 11,493GWh iliyonunuliwa kutoka 77.8% mwaka uliopita. Hii ilichangia sana kupunguza utegemezi kwa uzalishaji wa umeme-joto kwa kuzingatia uzalishaji safi kama inavyohibitishwa kwa kupungua kwa uzalishaji wa umeme-joto hadi 11.29% ya 11,493GWh iliyonunuliwa kutoka 20.58% kipindi cha awali. Kuendelea mbele, Kampuni itafuata upanuzi bora wa uzalishaji umeme unaolingana na ukuaji wa mahitaji.

Kulinda Soko la Umeme

Katika kufanya kazi ya kufikia usambazaji wa umeme kwa wote, Kampuni iliendelea kutekeleza uunganisho wa Maili ya Mwisho na miradi ya Udhibiti wa Transfoma inayoungwa mkono na Serikali ya Kenya na washirika wengine wa maendeleo. Katika mwaka huo, jumla ya wateja 197,971 waliunganishwa chini ya mradi wa Mwisho wa Maili na transfoma mpya 466 za usambazaji wa awamu moja ziliwekwa kando ya laini zilizopo za usambazaji chini ya mradi wa Udhibiti wa Ugeuzi. Hii ilichangia kuongezeka kwa idadi ya wateja waliunganishwa kuwa 306,771.

2. Uendeleu wa Mazingira

Maendeleo ya baadaye ya biashara yetu inategemea matumizi endelevu ya maliasili. Kampuni inahimiza uhifadhi wa nishati majumbani na viwandani kupitia kukuza taa za kuokoa nishati. Kampuni pia inakuza upikaji kwa nguvu za umeme kama chanzo safi cha nishati tofauti na mafuta, na hivyo kusaidia kupunguza uzalishaji wa gesi chafu na kupunguza mabadiliko ya hali ya hewa. Tumechukua utunzi wa mazingira kwa miradi ya mitaji ya kampuni kama vile mifumo ya usimamizi wa mazingira na kijamii; na tathmini ya athari za mazingira na kijamii. Tumeanzisha kamati za uendelezaji wa mazingira na tumefanya mafunzo 26 ya uhamasishaji wa mazingira katika maeneo yetu yote ya biashara, na tuko katika mchakato wa kuanzisha mfumo wa usimamizi wa mazingira. Kuelekea kutenganisha mseto wa nishati, tumepunguza matumizi ya mafuta (visukuku) na kuzingatia vyanzo vya nishati mbadala kama jua, upepo, maji na jotoardhi.

3. Uendeleu wa Jamii

Kama shirika, tunajitahidi kuchangia ustawi wa jamii yetu kupitia kazi yetu na kupitia shughuli zilizotambuliwa za Uwekezaji wa Jamii (CSI) na wakati huo huo kuingiza maadili na shughuli zetu za kibiashara kukidhi matarajio ya wadau wetu.

Uwekezaji wa Kijamii wa Kampuni

Tunatambua kuwa shughuli zetu za biashara zina athari tofauti za moja kwa moja na zisizo za moja kwa moja kwa mazingira na jamii ambazo tunafanya kazi. Wajibu wetu wa kijamii, kiuchumi na mazingira ni muhimu kwa biashara yetu, kwa hivyo Kampuni hujitolea sehemu ya faida yake kwa shughuli za CSI.

Kulingana na sera yetu ya CSI, Kampuni ilifanya mipango anuwai ikilenga sana elimu, afya, mazingira na watu wanaoishi na ulemavu ili kunufaisha jamii kote nchini wakati wa mwaka.

(i) Elimu ya Uwezesaji

Sera yetu ya CSI inasema kwamba asili mia 60 ya bajeti ya mwaka ya CSI imeelekezwa kusaidia shughuli katika sekta ya elimu. Katika mwaka huo, Kampuni ilichangia Sh milioni 2.33 kwa Shule ya Mseto ya Sekondari ya Askofu Odera ya Homabay na Sh milioni 2.67 kwa Shule ya Mseto ya Msingi ya Chebukwabi huko Bungoma kuelekea ujenzi wa vyumba vya madarasa.

Kampuni imekuwa na mpango wa ufadhili kwa vituo vya Wavulana na vya Wasichana vya Starehe kwa miaka 21 na 11 mtawaliwa, ambayo imeelimisha jumla ya wanafunzi 22 mahiri wenye asili ya uhitaji hadi kufuza kwa kutumia riba iliyokusanywa na kila ufadhili. Katika mwaka unaoangaziwa, Kampuni ilichangia Sh1milioni kwa kila shule kwa sababu hii.

Kampuni imeshirikiana na wahandisi wanawake wa Kenya kuwashauri wasichana wadogo katika shule ya upili kubadili mitazamo na mtazamo wao kwa uhandisi. Katika mwaka huo, tulitembelea shule za upili za wasichana kujadili uchaguzi wa kazi katika uhandisi na jumla ya wasichana 1200 wamehamasishwa.

(ii) Kusaidia Maendeleo ya Utaalam

Biashara ya Kampuni hii inategemea sana msaada wa kiufundi na kama mmoja wa wadau wakuu katika mazoezi ya uhandisi nchini, tulifadhili Mkutano wa Uhandisi wa Afrika wa Taasisi ya Wahandisi wa Kenya (IEK) mwaka jana. Mkutano huo ulilenga kwenye pepo za pwani kama vyanzo vya nishati mbadala katika uchumi wa samawati. Tulifadhili pia Mkutano wa kila mwaka wa Wanawake katika Nishati, ambao dhamira yake ni kuwawezesha wanawake wanaofanya kazi katika tasnia ya nishati kwa kutoa rasilimali za kazi, kuunda fursa za mitandao na ushauri, kukuza kozi za elimu, na kuandaa mikakati ya kupunguza vizuizi ambavyo wanawake wanaweza kukumbana navyo kwenye tasnia.

Kwa kuongezea, tuliimarisha ushirikiano wetu na vyuo vikuu na kuwawezesha wanafunzi 2,120 kupata ujuzi na uzoefu katika taaluma anuwai kupitia programu ya utendakazi-nyanjani na mafunzo mwakani. Hii ni sawa na Mpango wa serikali kwa Vijana wa Serikali kukuza vikundi vya talanta changa kwa Soko la Kazi la Kenya.

(iii) Kukuza Afya ya Jamii

Kampuni imeshirikiana na Beyond Zero Foundation tangu 2014. Msingi huo unasaidia kuboreshwa kwa utunzaji wa afya ya mama na mtoto na wakati huo huo unakusanya pesa kwa mipango hii. Kampuni ilichangia Sh milioni mbili kwa hazina hii. Kampuni hiyo pia ilichangia Sh 300,000 kwa Kituo cha Usimamizi wa Kisukari na Habari (DMI), shirika ambalo linajitahidi kuongeza kiwango cha mwamko wa ugonjwa wa sukari nchini Kenya.

(iv) Kusaidia Watu Wenye Ulemavu

Katika mwaka unaoangaziwa, Kampuni ilitoa Sh 250,000 kwa Hazina inayoshughulikia wenye ulemavu nchini Kenya kusaidia mpango ambao unasaidia kuunda mazingira wezeshi kwa Watu wenye Ulemavu. Hazina inataka kuwawezesha, kushirikiana, kuondoa umasikini, ukosefu wa usawa na kukuza ujumuishaji nchini Kenya. Shirika pia linataka kuunda mazingira wezeshi ambayo Watu wenye Ulemavu wanaweza kufanya kazi kwa ufanisi na kwa ufanisi.

(v) Uhifadhi wa Mazingira

Ili kusaidia mipango ya uhifadhi wa mazingira, Kampuni ilichangia Sh1milioni kwa hafla ya kila mwaka ya Rhino Charge, mashindano ya uendeshaji magari barabarani hasa barabara mbaya mbaya ambayo inakusudia kukusanya fedha kwa uhifadhi wa mazingira. Fedha zilizopakikana zilitumika kwa ujenzi wa ua na utunzaji wa misitu na mazingira karibu na maeneo ya Kenya. Kampuni pia ilitoa Sh 250,000 kwa Tamasha la Kwanza la Mwaka la Amboseli Safari lililofanyika katika Kaunti ya Kajiado ambalo lengo lake kuu lilikuwa kuhamasisha wakaazi wa Kaunti juu ya viwango bora vya makazi kupitia Eco Manyattas. Tamasha hilo pia lililhamasisha wakaazi juu ya matumizi ya vyanzo vya nishati-rafiki kama jua na gesi.

(vi) Kukuza Michezo

Kwa kujihusisha na michezo, tunatafuta kuwezesha ukuzaji wa haiba ya michezo, kukuza maendeleo ya mitindo ya afya, kujumuisha michezo katika tamaduni yetu ya shirika na mwishowe kwa utamaduni wa kitaifa, kusaidia kuandaa fursa za kazi kutoa motisha kama posho za wachezaji, usajili wa timu na ushiriki ada. Kampuni inasaidia Klabu tatu za Soka, ambazo ni Western Stima, Nairobi Stima na Coast Stima. Kupitia udhamini wa Kampuni, timu hizi tatu zilishiriki kwenye ligi za kitaifa za mpira wa miguu za 2018. Vivyo hivyo, Kampuni ilidhamini Klabu ya Darts ya Darima na Klabu ya Netiboli ya Magharibi mwa Kenya kushiriki katika mechi za ligi za 2018 katika viwango vya kitaifa na kikanda.

(vii) Misaada ya hisani

Tulitoa Sh milioni 1 kwa Kituo cha WEMA kuelekea kuwezesha riziki ya shirika na miradi anuwai ya watoto wa mitaani. Lengo kuu la Kituo cha Wema ni kuhakikisha kuwa watoto wanapata elimu bora na ujuzi ambao utawapa nafasi ya maisha bora ya baadaye.

Fursa Sawa kwa Wote

Sambamba na mahitaji ya kisheria Kampuni wakati wa mwaka ilitenga 30% ya bajeti yake ya ununuzi ya kila mwaka kwa vikundi vilivyo na shida ikijumuisha vijana, wanawake na watu wenye ulemavu. Zabuni jumla ya Sh milioni 65.4 zilipewa kitengo hiki. Ili kukuza tasnia ya ndani, Kampuni ilitoa zabuni anuwai kwa wazalishaji wa ndani kwa mwaka kwa Shilingi bilioni 5.9.

Ili kuhakikisha ujumuishaji wa kijinsia ndani ya Kampuni, tumepitia na kuhamasisha wafanyikazi wetu juu ya Sera ya Jinsia. Tuliunda upya kamati za jinsia na wanachama waliofunzwa wakati wa mwaka. Kampuni pia hutoa masaa ya kufanya kazi kwa mama wauguzi wanaorudi kutoka likizo ya uzazi.

Kukuza Usalama wa Umma

Kampuni inaendelea kujitolea kulinda usalama wa wadau wakiwemo makandarasi, wateja na watu wengine ambao wana sababu nzuri ya kushirikiana na mtandao wake. Katika mwaka, Kampuni iliendelea kutekeleza kampeni za uhamasishaji usalama wa umeme wa umma; na ilifanya kazi na wadau wengine katika kukuza utamaduni na usalama. Sisi ni mwanachama wa Kamati ya Uratibu wa Wakala ya Sekta (MSACC), ambayo imeamriwa kubomoa miundo isiyo salama na ile inayoingilia ardhi ya umma. Kupitia MSACC, Kampuni ilitekeleza mpango wa Ondokea Laini chini ambayo miundo inayovamia laini ya umeme iliondolewa huko Chokaa, Njiru, Barabara ya ICD huko Embakasi, Kituo cha Embakasi 220KV (Kyang'ombe), Wakulima wa Buruburu, Imara Daima na Mukuru kwa Njenga.

Kulikuwa na kupunguzwa kwa ajali za kampuni zinazotokea bila rekodi ya ajali za wakandarasi wakati wa mwaka. Kampuni itaendelea kukuza usalama wa umeme wa umma kupitia kampeni za usalama zilizoimarishwa, utunzaji wa mtandao wa kinga na ushirikiano na wadau wengine wenye lengo la kukuza usalama wa umma.

4. Sheria ya Nishati 2019

Sheria ya Nishati 2019 ilianza kutumika tarehe 28 Machi 2019. Sheria hiyo, inatarajiwa kubadilisha muundo wa soko la umeme kwa kuanzisha ufikiaji wazi wa mfumo wa usambazaji, kuongeza ushindani, kuanzisha Mwendeshaji wa Mfumo ambaye sio msambazaji wa umeme mwenye leseni na kuanzisha upimaji wa mita kimtandao.

Moja ya faida kubwa kwa Kampuni katika Sheria hii ni nguvu ya kupata bili zozote zilizosababishwa na Serikali na Wakala wake kupitia Hazina ya Kitaifa. Kwa kuongezea, Sheria hiyo inakataza malipo ya ushuru na ada na mashirika ya umma kwenye miundombinu ya nishati ya umma bila idhini ya maandishi ya Katibu wa Baraza la Mawaziri anayehusika na nishati. Tunatoa nafasi kwa Kampuni kufuata masharti ya Sheria ili kutumia fursa zinazojitokeza ili kuendelea kuwa na ushindani.

5. Mabadiliko, Mkakati wetu wa Ushindi

Mkakati wetu wa mabadiliko unategemea kuwezesha vitengo vyetu vya msingi vya biashara kuwa vituo vya faida kwa kutoa uamuzi, kutoa rasilimali zinazohitajika na kuwawajibisha kwa vitengo vya umeme vilivyonunuliwa kutoka kwa jenereta. Hii itarahisisha shughuli za utoaji huduma bora na mwishowe italinda na kukuza mapato.

Pamoja na mazingira ya sasa ya usumbufu wa utendaji, tutaendelea kuzoea njia mpya za kufanya kazi kwa kukagua na kuboresha michakato yetu ya biashara kwa ufanisi. Kwa hali hiyo tutajitahidi kukuza utamaduni mzuri wa utendaji kati ya wafanyikazi wote. Hizi zitasaidia kufanikiwa kwa malengo yetu ya kimkakati ya ushirika kwa muda mfupi na mrefu.

Hakika, mabadiliko ni mkakati wetu wa kushinda.

A handwritten signature in blue ink, appearing to read 'Bernard Ngugi', with a long horizontal stroke extending to the right.

Bwana Bernard Ngugi

Mkurugenzi Mtendaji na Mkurugenzi Mkuu



Senior Company engineers inspecting a sub-station control unit

CORPORATE GOVERNANCE REPORT

Our Approach to Corporate Governance

The Company's Board of Directors and Management remains committed to the adoption of corporate governance best practice in support of our Vision to be the energy solutions provider of choice. This is achieved through adoption of ethically driven business structures, procedures and processes to create shareholder value and meet stakeholder expectations.

The Company ensures corporate governance guidelines and best practices are followed and that all corporate affairs are managed in a fair, efficient and transparent manner. In this regard, we believe it is our inherent responsibility to disclose timely and accurate information on our financials and operation performance as well as the leadership and governance of the Company.

Corporate Governance Principles and Guidelines

The Board is vested with powers and authority by relevant laws of Kenya including Companies Act 2015, the Capital Markets Authority's Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 as amended and the Code of Governance for State Corporations (Mwongozo Code) among others.

In discharging its mandate, the Board is guided by the Company's Memorandum and Articles of Association, the Board Charter, Code of Conduct which sets out rules that govern the conduct of individual Directors in order to enable the Board to operate effectively in the best interests of the Company and Board Manual which clearly outlines the roles, responsibilities and functions for the Board members and its committees.

Composition of the Board

In line with the guidelines of the Code of Governance for State Corporations, the Board is composed of nine members. Out of this, six are Independent Non- Executive Directors including the Chairman; two are Non-Independent Directors representing The National Treasury and the Ministry of Energy; and one Executive Director who is also the Managing Director and Chief Executive Officer. The constitution of this Board takes into consideration diversity in gender, age, ethnicity and culture.

At every Annual General Meeting (AGM), at most one third of the Board members retire by rotation and are eligible for re-election based on first in first out basis. If for any reason a vacancy occurs in the Board, the Directors may appoint a person to fill in the vacancy temporarily until the next AGM when he or she is expected to stand down but is eligible for election.

Responsibilities of the Board

The Board is responsible for ensuring that the business is financially viable and properly managed so as to protect and enhance interests of the Company over time. To achieve continued prosperity for the Company, the Board exercises leadership, enterprise, integrity and good judgment and shall always act in the best interest of the Company.

Roles and Responsibilities of the Board

- (i) Establishing the Company's strategic direction and priorities and adopting business plans proposed by management for the achievement of the strategic objectives.
- (ii) Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans.
- (iii) Providing oversight in financial reporting to shareholders and communication to stakeholders.
- (iv) Ensuring availability of adequate resources for the achievement of the Company's objectives.
- (v) Safeguarding our Company assets by instituting appropriate internal control systems.
- (vi) Reviewing succession planning for the management and making senior executive appointments, organizational changes and remuneration issues.
- (vii) Overseeing business affairs of the Company considering emerging risks and opportunities.
- (viii) Ensuring the Company complies with all relevant laws, regulations and codes of best business practices.

Key Board decisions

In the course of the financial year, the Board made key decisions relating to the following:

- (i) Appointment of Acting Managing Director and senior management staff on acting capacity.
- (ii) Coming up with amicable solutions on mutual separation for suspended senior staff.
- (iii) Sustainable asset creation through approval of capital and revenue budget.
- (iv) Approval of new power purchase agreements with generation capacity to secure adequacy of supply.
- (v) Ensuring financial sustainability by approving the Company's financing requirements, budget, procurement plan for the next financial year and the annual accounts results.
- (vi) Adoption of the revised customer service charter and customer complaint handling guideline.
- (vii) Considering demand risk arising from generation projects.
- (viii) Considering monthly and half yearly trading performance.
- (ix) Progress on review of corporate strategy and implementation of corporate communication strategy.
- (x) Application of cost reflective tariff review.
- (xi) Loss reduction and revenue improvements initiatives and considering electricity demand risks.
- (xii) Culture change, organisational restructuring and reform
- (xiii) Enterprise risk management.

CURRENT BOARD COMMITTEES

Audit Committee

Members

1. Sachen Gudka (Chair)
2. Caroline Kittony
3. Beatrice Gathirwa
4. Elizabeth Rogo

Finance & Risk Committee

Members

1. Vivienne Yeda (Chair)
2. Abdulrazaq Ali
3. Beatrice Gathirwa
4. Bernard Ngugi - MD & CEO

Technical Committee (Ad-hoc)

Members

1. Abdulrazaq Ali (Chair)
2. Elizabeth Rogo
3. Beatrice Gathirwa
4. Bernard Ngugi - MD & CEO

Corporate Governance Committee

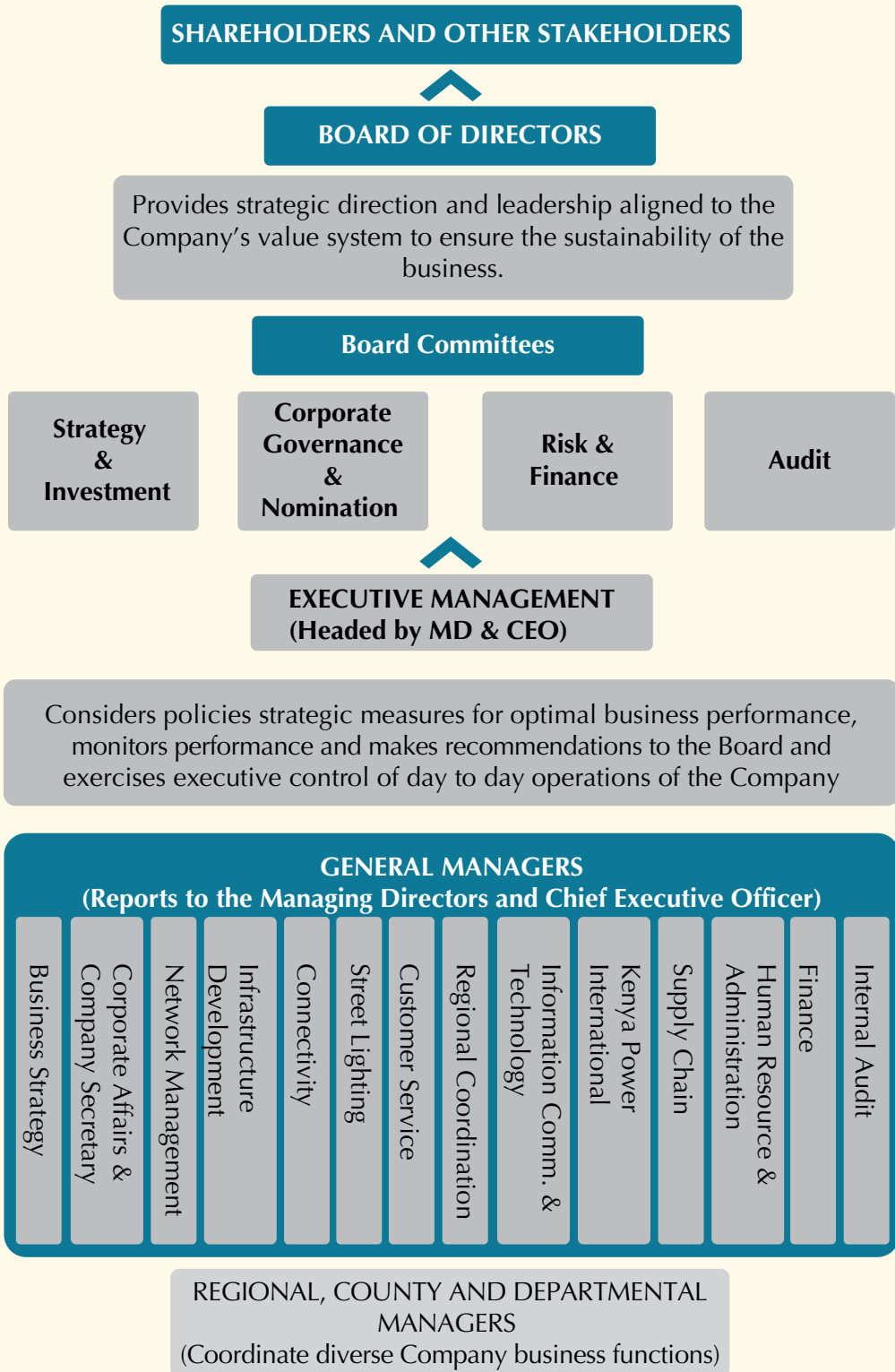
Members

1. Caroline Kittony (Chair)
2. Abdulrazaq Ali
3. Isaac Kiva
4. Bernard Ngugi - MD & CEO

Strategy & Innovation Committee

Members

1. Elizabeth Rogo (Chair)
2. Isaac Kiva
3. Vivienne Yeda
4. Sachen Gudka
5. Bernard Ngugi - MD & CEO



Board Work Plan and Meetings

The Board prepares an annual work plan in advance for its meetings and for Board committees. The agenda for each Board meeting is prepared and circulated to members at least ten days in advance. During the year, the Board held a total 19 meetings to consider key issues relating to, business performance and sustainability as well as strategy.

Board and committee membership as at 30th June 2019

Board Member		Board Committees			
		Strategy	Corporate Governance & Nomination	Risk & Finance	Audit
Amb. (Eng.) Mahboub Mohamed	Chairman	-	-	-	-
Mr. Henry Rotich	Cabinet Secretary, The National Treasury	-	-	✓	✓
Dr. Eng. Joseph Njoroge	Principal Secretary, Ministry of Energy	✓	✓	✓	-
Eng. Jared Othieno	Ag. Managing Director & CEO	✓	✓	✓	-
Mr. Wilson Mugung'ei	Member	✓	-	-	✓
Mr. Adil Khawaja	Member	✓	✓	✓ (Chair)	-
Mr. Kairo Thuo	Member	✓	-	-	✓ (Chair)
Mrs. Brenda Eng'omo	Member	-	✓ (Chair)	✓	✓
Hon. Zipporah Kering	Member	✓ (Chair)	✓	-	-
Eng. Isaac Kiva	Alternate PS, Ministry of Energy	-	-	-	-
Mrs. Beatrice Gathirwa	Alternate to CS, The National Treasury	-	-	-	-

Note:

There are no inter-se relationships between our Board Members.

Board and Committee Meetings Attendance as at 30th June 2019

	Board	Strategy Committee	Corporate Governance & Nomination Committee	Risk & Finance Committee	Audit Committee	Procurement Oversight Committee (Ceased on 24.4.2019)
No. of meetings	19	4	3	1	15	11
Amb. (Eng.) Mahboub Mohamed	18/19	-	-	-	-	-
Dr. Eng. Joseph Njoroge	2	-	-	-	-	-
Mr. Wilson Mugung'ei	15/19	3/3	-	-	11/15	11/11
Mr. Adil Khawaja	9/19	2/4	0/1	1/1	-	-
Mr. Kairo Thuo	18/19	1/2	-	-	15/15	10/11
Mrs. Brenda Eng'omo	11/19	-	3/3	0/1	4/15	-
Hon. Zipporah Kering	19/19	3/4	2/2	-	-	8/11
Eng. Isaac Kiva	12/15	4/4	2/3	1/1	-	-
Mrs. Beatrice Gathirwa	18/19	-	-	0/1	9/15	9/11
Eng. Jared Othieno (Served as Ag. MD & CEO from 17.7.2018 to 27.10.2019)	16/16	4/4	3/3	1/1	11/15	11/11
Dr. Kenneth Tarus (Left as MD & CEO on 17.9.2018)	1/1					

Board Evaluation

We undertook an internal Board performance evaluation where the board performed remarkably well with a score of 94.7% and an action plan was developed focusing on areas that require improvement. The process was supported by the State Corporations Advisory Committee (SCAC). The annual self-assessment is aimed at improving members' individual and collective performance for continuous growth and sustainability of the Company.

Governance Audit

During the year the Board conducted a Governance Audit with the aim of ensuring that the Company complied with relevant areas of corporate governance. The action points have been development and will be implemented in the current financial year.

Insider Trading Policy

The Board is in the process reviewing of insider trading policy and the same will be communicated to all employees of the Company. The Board wish to report that there were no insider dealings for the year ended 30 June 2019.

Other Policies

The Company has in place the following policies for effective management of the Company:

- Code of Conduct and Ethics
- Suppliers Code of Ethics
- Whistle Blowing policy
- Conflict of interest Policy
- Zero Gift Policies
- Supply Chain Policies
- Distinction of Board Roles
- Corporate Social Responsibility Policy
- Dispute Resolution Mechanism
- Dividend Policy
- ICT Policy
- Enterprise Risk Management Policy Framework
- Corporate Communications Policy

Board Capacity Development

Each year the Board of Directors prepares a training calendar where specific training needs are identified and scheduled. During the year, Directors attended various capacity building programmes focusing on leadership, governance, finance and other relevant areas.

Board Committees

There were four committees established to enhance efficiency and effectiveness of the Board: Audit; Strategy; Governance and Nomination; and Finance and Risk. Appointment to these Board committees takes into consideration diversity of the members; skills, expertise and experience required to handle respective functions. The committees operate in accordance with specified terms of reference.

An ad hoc committee may be constituted by the Board to consider specific issues outside the mandate of existing committees. The Company Secretary is the secretary to the Board and its committees except the Audit Committee where the General Manager, Internal Audit performs this function.

The roles of the various Board committees as at 30th June 2019 were as follows:

Audit Committee
<p>Composition <i>The Committee comprises four non-executive Directors and regularly invites the Managing Director and CEO, and General Manager Internal Audit to its meetings. External auditors are also invited to attend the meetings when necessary.</i></p>
<p>Responsibilities</p> <ul style="list-style-type: none"> ✓ To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible; ✓ To review, with Management annual financial statements before submission to the Board for approval; ✓ To review, with Management, half-yearly and quarterly financial statements before submission to the Board for approval; ✓ To recommend to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees; ✓ To grant approval of payment to statutory auditors for any other services rendered by the statutory auditors; ✓ Reviewing the performance, objectivity, and independence of external auditors and consideration of audit findings by the external auditors; ✓ Ensuring adherence to the Code of Ethics and Integrity in financial transactions of the Company; ✓ Reviewing the Company's internal control systems; and ✓ Monitor and review the effectiveness of the Company's internal audit function.
<p>Considerations:</p> <ul style="list-style-type: none"> ✓ Full Year Audited Results for 2018/19; ✓ Half Year Audited Results for 2018/19; ✓ Appointment and fees for external auditors; and ✓ Company's internal controls.
Strategy Committee
<p>Composition <i>The Committee comprise 6 members and regularly invites General Managers in charge of Finance and Business Strategy to its meetings.</i></p>
<p>Responsibilities</p> <ul style="list-style-type: none"> ✓ To assist the Board in fulfilling its oversight mandate relating to the medium and long-term strategic direction and development of the Company; ✓ To provide advice, challenge and expertise so that the Company's strategic options can be explored fully before being tabled at Board meetings for deliberation and approval; ✓ To set long-range financial goals along with funding strategies to achieve them; ✓ To develop an annual operating budget with Management; ✓ To review the Company's capital/recurrent expenditure against the budget; ✓ To provide oversight in the negotiation of power purchase agreements between the Company and bulk power producers and recommend the agreements for approval by the Board; ✓ To safeguard the interest of shareholders and customers and achieve cost-reflective power purchase costs; ✓ Providing oversight in the negotiation of power purchase agreements between the Company and bulk power producers, ✓ Ensuring PPAs safeguard the interest of shareholders and customers and achieve cost-effective power purchase costs, and ✓ To ensure adoption of ICT systems that support Company business, minimise risks and achieve maximum benefits from the investments.

Considerations:

- ✓ Retail tariff application proposal;
- ✓ Quarterly performance contract reports for the Managing Director & CEO;
- ✓ Corporate budget for 2019/20; and
- ✓ Considered negotiated power purchase agreements between the Company and bulk power producers
- ✓ Status reports on demand risk arising from committed generation projects.
- ✓ The Committee considered Board & Management Retreat Action Plan 2019
- ✓ Board Performance Contract Report 2019/2020
- ✓ Business review reports from all divisions
- ✓ Demand Risk Arising from Generation Projects
- ✓ Annual Procurement and Disposal Plan - 2019/2020

Corporate Governance & Nomination**Composition**

The Committee comprises 5 members and regularly invites the General Manager in charge of Human Resource and Administration to the its meetings.

Responsibilities

- ✓ To formulate the Board's nomination policy, and to lead the process of identifying and nominating candidates to stand for election by shareholders or to fill casual vacancies;
- ✓ To review the Board composition and diversity at least once annually and make recommendations on any proposed changes to the Board;
- ✓ To review the skills mix required in respect of Board Committees and make recommendations to the Board;
- ✓ To assess the independence of Non-Executive Directors and review their annual confirmations on their independence;
- ✓ To review the Board Diversity Policy and the progress on achieving the objectives set for implementing the policy;
- ✓ To review succession planning for the Chairman, the MD and the senior management together with the Board;
- ✓ To review the leadership and training needs of the Company and training and development of the Directors;
- ✓ To oversee all matters relating to corporate governance;
- ✓ To develop procedures for evaluating the performance of the Board and its Committees;
- ✓ To recommend to the Board the appointment of, and terms and conditions of service for the Managing Director & CEO;
- ✓ To oversee the appointment, promotion and disciplinary issues of senior staff;
- ✓ To develop and review the remuneration structure for staff; and
- ✓ To develop Human Resource policies and corporate organizational structure to support business.

Considerations:

- ✓ Mutual separation of suspended senior management staff;
- ✓ Review of the organisational structure and terms of service
- ✓ Transitioning of contract employees to permanent terms;
- ✓ Recruitment of the Managing Director and senior management team; and
- ✓ Disciplinary issues involving senior management staff.
- ✓ Road map on cultural transformation in the Company
- ✓ Board Self Evaluation Results 2017/2018
- ✓ Considered review of terms of reference and changes to the Board Committees
- ✓ Pertinent staffing issues

Risk & Finance**Composition**

The Committee comprises 5 members and regularly invites the General Manager Finance to its meetings to provide information and clarifications.

Responsibilities

- ✓ To review the Company's risk policies, risk reports and breaches of risk tolerances and policies;
- ✓ To consider current and emerging risks and risk exposures relating to the Company's business and strategies in order to ensure that appropriate arrangements are in place to control and mitigate the risks effectively;
- ✓ To review the effectiveness of the Company's risk control/mitigation tools and risk management functions;
- ✓ To advise the Board on the Company's risk appetite, profile and tolerance;
- ✓ To oversee the Company's risk management framework with the aim of identifying and dealing with financial, operational, legal, regulatory, technological, reputational, information security and cyber risks, as well as strategic risks;
- ✓ To review monthly finance reports before submission to the Board for consideration and approval;
- ✓ To monitor the Company's key financial ratios;
- ✓ To review and recommend the annual procurement plan to the Board for approval;
- ✓ To authorize opening and closing of bank accounts;
- ✓ To authorize additions/deletions to the signatories pertaining to banking transactions; and
- ✓ To approve investment of surplus funds for an amount not exceeding a threshold as per the policy approved by the Board.

Considerations:

- ✓ Considered new international finance reporting system (IFRS)
- ✓ Financing requirements, and banking facilities and signatories;
- ✓ Quarterly status of key corporate risks; and
- ✓ Considered monthly finance accounts
- ✓ Monitored implementing of the procurement plan and the budget

Accountability and Audit

The Companies Act 2015 requires the Board of Directors to prepare annual financial statements that reflect a true and fair view of the financial position of the Company. The Board ensures that suitable accounting policies are consistently applied, supported by reasonable and prudent judgments, and estimates. Directors also ensure financial statements are audited each trading year.

Directors' Remuneration

Directors are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable within government set limits for state corporations when attending meetings. The Chairman receives a monthly honorarium. Directors' fees are approved by shareholders during the Annual General Meeting and paid annually in accordance with Government's guidelines for all state corporations.

It is proposed that in the financial year ended 30th June 2019, each non-executive Director be paid a total of Shs 600,000 or on pro rata basis for period served. During the year, there were no Directors' loans.

Details of Directors' emoluments during the year are shown on page 80 to 82 in the financial statements.

Directors' Shareholding

During the year, none of the Directors owned more than 1 percent of the shareholding as shown in the table below.

Director	Shares
Dr. Eng. Joseph Njoroge	68,333
Mr. Bernard Ngugi	5,850
Mr. Wilson Mugung'ei	1,537
Total	86,745

1. Enterprise Risk Management and Internal Controls

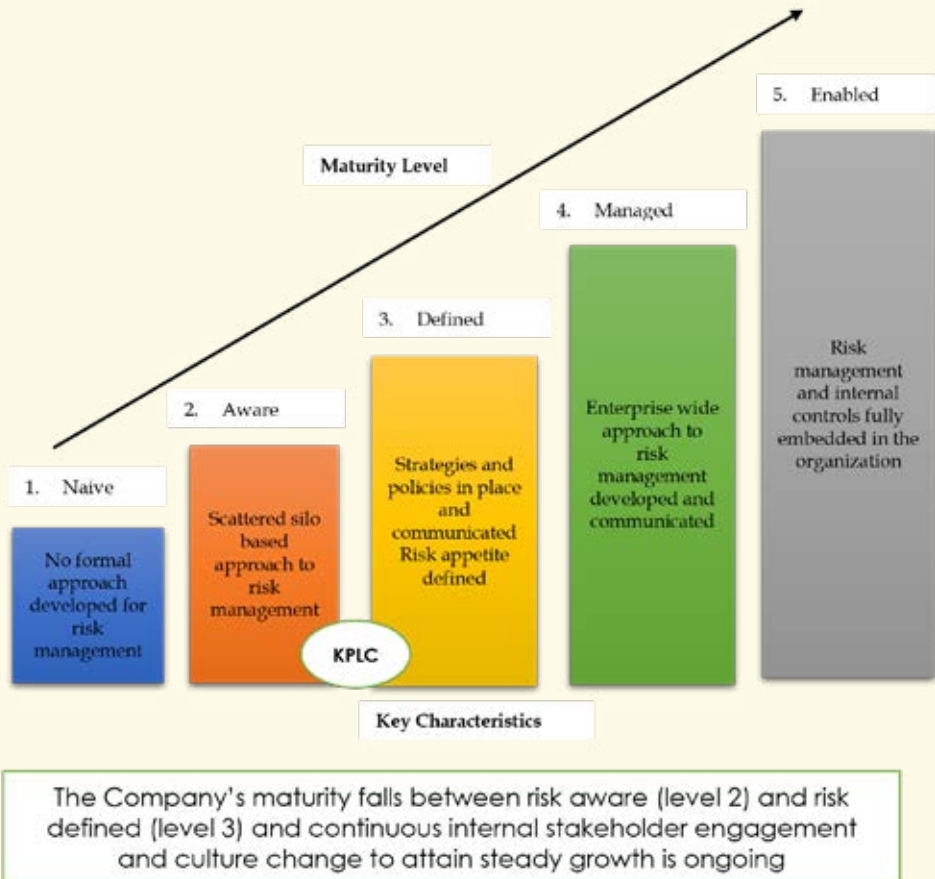
The Company endeavors to ensure that appropriate corporate risk management systems are in place by identifying, analyzing, evaluating and mitigating any risks that may arise in its operations. This is in tandem with legal and regulatory obligations as well as ensuring that Enterprise Risk Management (ERM) is embedded into the organization. The goal is to foster a risk-mature Company with calculated decision-making, reduced uncertainty and reasonable assurance to the Board regarding the achievement of organizational objectives.

Our Enterprise Risk Management Policy framework is anchored on the principles of ISO 31000 which guides the overall structure and operations of risk management in the organization. We initiated multiple awareness programs as a step towards embedding enterprise risk management in the Company's culture. This approach will foster risk-based thinking and decision making, thus increasing operational efficiency, improving customer experience and ultimately leading to revenue growth.

The Board and Management are very key in setting the tone for adoption of a risk based culture by ensuring that appropriate risk management systems are entrenched in the Company's strategy and all operations. We are continuously measuring the risk maturity level of the Company by monitoring implementation of ERM and identifying areas of improvements.

In addition, the Company's internal audit provides an independent assurance to the Board of Directors on the effective operation of our risk management, governance and internal controls processes. At the same time, the internal audit function is engaging staff to raise awareness on the importance of audit within the Company and the need to proactively identify risk areas that may lead to losses.

Company's ERM Maturity

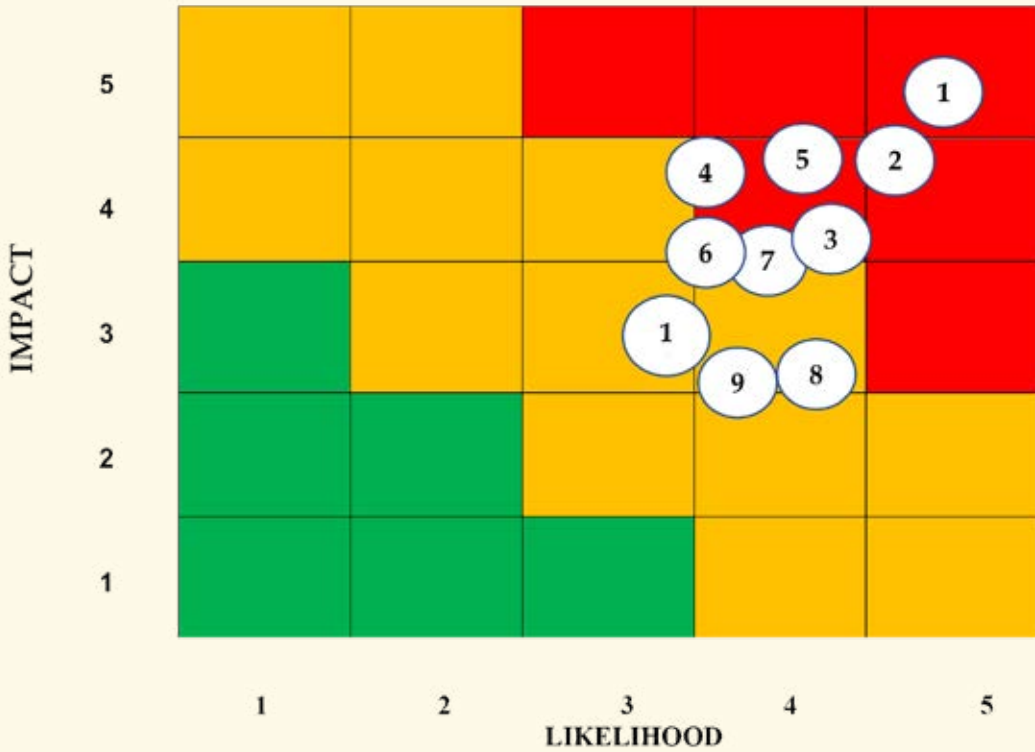


Company's Key Corporate Risks and their Mitigations

Risks	Description	Mitigation
Financial Risks	<p>Exposure to loss of revenue (billing and collection or sales) creating the necessity to borrow due to shortfalls in cash.</p> <p>This also includes the risk that a counterparty is unable to pay amount in full when due and the high interest rates on short term loans.</p> <p>The exposure from breaching credit terms.</p>	<ol style="list-style-type: none"> 1. Sustained follow up on revenue collection. 2. Scaling up of energy loss reduction measures. 3. Pursue cost reflective tariff. 4. Adopt debt restructuring strategies. 5. Endeavour to obtain financing at lowest possible cost. 6. Adopt risk-based budgeting. 7. Revenue diversification.
Legal and Regulatory Risk	<p>Enactment of laws in the energy sector that are deemed unfavourable to the Company business.</p> <p>Regulatory directives that threaten the Company's financial or legal positions.</p> <p>Breach or failure to comply with various laws stipulated by the Laws of Kenya.</p> <p>Legal suits affecting the Company especially disconnections and way leaves.</p>	<ol style="list-style-type: none"> 1. Creating awareness among staff on the need to comply with laws and policies in the cause of business operations. 2. Outline the consequences of witnesses not attending court sessions. 3. Develop a liability recovery policy due to staff negligence on matters litigation. 4. Adoption of Alternative Dispute Resolution as a method of resolving disputes. 5. Establish a function to spearhead compliance to all legislations and regulations.
Competition Risk	<p>Competition from licensed electricity generation, transmission, distribution and retail companies.</p> <p>Loss of market share due to real or perceived inadequacies in customer service.</p> <p>Unmet customers' power supply expectations.</p>	<ol style="list-style-type: none"> 1. Improve efficiency and customer experience. 2. Hasten the customer connection process and response time. 3. Establish a dedicated team to handle premium customer connections. 4. Harness and optimise existing technologies and adopt new innovations.
Sovereign/ Political Risk	<p>Effects created by changes in the political environment or driven by political decrees affects the Company's strategic objectives and activities such as social objectives and generation capacity expansion that are driven by the Government as the dominant shareholder</p>	<ol style="list-style-type: none"> 1. Clear focus on Company corporate objectives on financial sustainability. 2. Revenue diversification.
Technological innovation risk	<p>Replacement of IT assets and upgrade of technology in use, if not carried out adequately and in good time may result in low quality, unreliable power.</p> <p>Fiber Business risk due to competition from other market players.</p>	<ol style="list-style-type: none"> 1. Develop broadband infrastructure solutions to address demands of new technologies. 2. Develop integrated broadband infrastructure comprising dark and lit fiber solutions for the Internet of things and Big Data transformations respectively.
Information Security Risk	<p>Unhindered access to Company sensitive information and poor handling of documents.</p> <p>Increase in incidents of cyber-crime and cyber fraud that has resulted to revenue losses.</p>	<ol style="list-style-type: none"> 1. Limit access to office premises to authorised working hours. 2. Strict adherence to document classification and develop a document movement policy. 3. Limit access to Company systems by individuals and map system right to roles. 4. Monitoring and detection capabilities to address unauthorized access.

Risks	Description	Mitigation
Integrity Risk	Fraudulent acts in the Company committed by employees, contractors or customers create vulnerabilities to our internal controls.	<ol style="list-style-type: none"> 1. Enforcing the requirements of the code of ethics. 2. Integrity testing on the wet areas. 3. Provision of a confidential whistleblowing channel. 4. Conflict of interest declaration.
Human Resource Risk	<p>Risk of performance and cost of responding to workforce dynamics including age, gender and Persons with Disabilities.</p> <p>Inadequate implementation of Succession Planning.</p> <p>Availability or lack of technical skills among Company staff to carry out its operations.</p> <p>Reliance on contingent staff.</p> <p>Uncompetitive salary.</p> <p>Limited environment for career and talent growth.</p>	<ol style="list-style-type: none"> 1. Develop and implement strategy for succession planning. 2. Align Company objectives to job descriptions at each level, with measurable performance indicators. 3. Ensure clear career path is documented and discussed with employees. 4. Facilitate exit and re-entry of staff at critical points in their careers.
Strategic - System Expansion Risk	<p>Optimal implementation of planned projects.</p> <p>If identification, selection and prioritization is not done properly investments in distribution network expansion and upgrade may fail to achieve desired return on investments and affect business sustainability.</p>	<ol style="list-style-type: none"> 1. Update the distribution master plan. 2. Alignment of proposed projects to the strategic plan. 3. Adherence to the master plan during projects implementation. 4. Undertake project appraisal, monitoring and evaluation.
Demand Risk	Demand for power needs to grow in tandem with growth in generation capacity in order to manage impact on electricity prices and the Company's Power Purchase Agreements commitment.	<ol style="list-style-type: none"> 1. Promote Time of Use tariff to more industrial customers. 2. Rescheduling of planned generation to ensure least cost power development based on realistic demand growth projections. 3. Pursue timely cost reflective tariffs. 4. Align the standard PPA template to the provisions of the Energy Act 2019. 5. Lobby for implementation of the Energy Auction model to replace Feed in Tariff power generation procurement.

Corporate Risk Profile (Heat Map)



No	Risk	Risk Rating
1.	Financial Risk	25
2	Compliance Risk (Legal and Regulatory Risk)	20
3	Competition Risk	16
4	Sovereign/Political Risk	16
5	Technological innovation risk	16
6	Information Security Risk	16
7	Integrity Risk	16
8	Human Resource Risk	12
9	Strategic Risk	12
10	Demand Risk	12

Emerging Risks

a. Talent Retention

The Energy Act 2019 opens electricity distribution to new entrants. The competitors will require technical work force, opening up competition for the limited talent by offering better terms of engagement. This poses a risk of high staff turnover, which may affect the operational efficiency of the Company. We are positioning ourselves as the employer of choice through talent retention programs and incentives.

b. Cyber Threats

The energy sector globally is moving towards modernisation of the grid to transform it to digital. As the Company modernises its systems and business processes, it should take cognisance of the possibility of cyber-attacks from remote locations. The Company is reviewing its ICT infrastructure and personnel to identify any potential threat to the system to avert attacks.

2. Ethics and Code of Conduct.

During the period under review, the Company gave prominence to building a strong workplace integrity and ethical culture of doing the right thing as a way of improving service delivery and achieving customer satisfaction. The Company's Integrity & Ethics programme intensified staff sensitization and training as a strategy to embed a strong ethical culture and upholding integrity as an important quality of great leadership in the Company's business. A total of 2,546 staff were sensitized on Company's Ethics policies.

The Company also developed a Supplier Code of Conduct and Ethics which sets out the minimum standards of ethical behaviour for suppliers to ensure compliance with the Public Procurement and Asset Disposal Act and Regulations and adoption of good business practices. Whistle blowing is encouraged through our hotline number 0718999000 or through online corruption reporting platform on our website www.kplc.co.ke.

3. Shareholder Relations

The Board maintains active communication and engagements with shareholders and the public by providing timely information regarding Company strategy, operations and performance. This ensures transparency and fairness in line with corporate governance best practice. We publish our half-year and full year trading results through the media, annual report and financial statements as well as hold regular investor briefings.

An Annual General Meeting (AGM) is convened each year, where shareholders engage the Company on matters relating to business performance. A 21day notice inviting Shareholders to the AGM is issued to enable them review the proposed agenda and related information. A shareholder who is unable to attend in person, may appoint a proxy to attend and vote on his or her behalf. Investors can also access information at www.kplc.co.ke.

4. Ownership Structure

The Company complies with the rules and regulations of the Capital Market Authority and the principles of disclosure and transparency as provided under Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, Nairobi Securities Exchange Listing Rules and the Companies Act 2015.

The top 20 major shareholders as at 30th June 2019 were as follows:

No	Name of Shareholder	Ordinary (Shs. 2.50 Each)	4% Pref. (Shs. 20/= Each)	7% Pref. (Shs. 20/= Each)	Total	%
1	Permanent Secretary to The Treasury	977,641,695	656,808	193,531	978,492,034	50.086
2	Standard Chartered Nominees RESD A/C Ke11450	32,518,589	-	-	32,518,589	1.665
3	Standard Chartered Nominees Non- RESD A/C Ke11794	24,076,800	-	-	24,076,800	1.232
4	Kenya Commercial Bank Nominees Limited A/C 915b	22,887,288	-	-	22,887,288	1.172
5	Standard Chartered Nominees RESD A/C Ke11401	21,296,581	-	-	21,296,581	1.090
6	Standard Chartered Nominees Non- RESD A/C Ke9053	20,959,975	-	-	20,959,975	1.073

No	Name of Shareholder	Ordinary (Shs. 2.50 Each)	4% Pref. (Shs. 20/= Each)	7% Pref. (Shs. 20/= Each)	Total	%
7	The Jubilee Insurance Company Of Kenya Limited	20,315,096	59,828	17,160	20,392,084	1.044
8	Kenya Commercial Bank Nominees Limited A/C 915a	20,370,288	3,550	750	20,374,588	1.043
9	NIC Custodial Services A/C 245	16,000,000	-	-	16,000,000	0.819
10	Naran Khimji and Virji Khimji Hirani	14,028,964	-	-	14,028,964	0.718
11	Mahendra Kumar Khetshi Shah	13,458,000	-	-	13,458,000	0.689
12	Stanbic Nominees Limited A/C R5551484	12,400,226	-	-	12,400,226	0.635
13	Stanbic Nominees Ltd A/C Nr1030682	10,954,012	-	-	10,954,012	0.561
14	Ramaben Sumantrai Pursottam Patel nd Sumantrai Pursottam Mangalbai Patel	10,397,300	-	-	10,397,300	0.532
15	Old Mutual Life Assurance Company Ltd	10,261,291	-	-	10,261,291	0.525
16	Standard Chartered Kenya Nominees Ltd A/C Ke002333	8,920,415	-	-	8,920,415	0.457
17	Kenya Commercial Bank Nominees Limited A/C 816b	8,551,279	-	-	8,551,279	0.438
18	NIC Custodial Services A/C 077	8,273,199	-	-	8,273,199	0.423
19	John Njuguna Ngugi	7,987,800	-	-	7,987,800	0.409
20	Standard Chartered Nominees Non- RESD A/C 9342	7,482,654	-	-	7,482,654	0.383
Sub - Total		1,268,781,452	720,186	211,441	1,269,713,079	64.993
Other Shareholders		682,685,593	1,079,814	138,559	683,903,966	35.007
Total Issued Shares		1,951,467,045	1,800,000	350,000	1,953,617,045	100.00

Shares distribution of Ordinary Shareholders as at 30th June 2019


Range	No. of Shareholders	Shares
<1,000	14,021	4,384,880
1001–10,000	11,029	35,793,508
10,001–50,000	2,882	62,031,816
50,001–100,000	558	39,625,350
Over 100,000	861	1,809,631,491
Total	29,351	1,951,467,045

Shares distribution of 4 percent Preference Shareholders as at 30th June 2019

Range	No. of Shareholders	Shares
<1,000	362	64,209
1001–10,000	57	152,792
10,001–50,000	13	327,184
50,001–100,000	2	133,564
Over 100,000	3	1,122,251
Total	437	1,800,000

Shares distribution of 7 percent Preference Shareholders as at 30th June 2019

Range	No. of Shareholders	Shares
<1,000	81	21,862
1001–10,000	15	44,141
10,001–50,000	3	86,432
50,001–100,000	1	57,617
Over 100,000	1	139,948
Total	101	350,000



Amb. (Eng.) Mahboub Mohamed
Chairman, Board of Directors

RIPOTI YA UTAWALA WA SHIRIKA

Bodi ya Wakurugenzi na Utawala wa Kampuni

Njia yetu ya Utawala wa Kampuni

Bodi ya Wakurugenzi na Usimamizi wa Kampuni inaendelea kujitolea kupitisha utendaji bora wa utawala wa kampuni kuendeleza maono yetu kuwa mtoaji wa suluhisho la nishati. Hii inafanikiwa kupitia kupitishwa kwa miundo ya biashara inayoendeshwa kimaadili, taratibu na michakato ya kuunda thamani ya wanahisa na kukidhi matarajio ya wadau.

Kampuni inahakikisha miongozo ya usimamizi wa ushirika na njia bora zinafuatwa na kwamba mambo yote ya ushirika yanasimamiwa kwa haki, ufanisi na uwazi. Katika suala hili, tunaamini ni jukumu letu asili kufunua habari kwa wakati unaofaa juu ya utendaji wetu wa kifedha na utendaji na uongozi na Utawala wa Kampuni.

Kanuni na Miongozo ya Utawala wa Kampuni

Bodi imepewa uwezo na mamlaka ya sheria husika za Kenya pamoja na Sheria ya Makampuni ya 2015, Kanuni za Mamlaka ya Masoko ya Mitaji ya Utawala wa Kampuni kwa Watoaji wa Usalama kwa Umma 2015, Soko la Mitaji (Usalama) (Utoaji wa Umma, Orodha na Utangazaji) Kanuni, 2002 kama ilivyorekebishwa na Kanuni za Utawala kwa Mashirika ya Serikali (Kanuni ya Mwongozo) kati ya zingine.

Katika kutekeleza dhamana yake, Bodi inaongozwa na Mkataba wa Kampuni na Nakala za Chama, Hati ya Bodi, Kanuni za Maadili ambazo zinaweka sheria zinazoongoza mwenendo wa Wakurugenzi binafsi ili kuiwezesha Bodi kufanya kazi kwa ufanisi kwa masilahi bora ya Mwongozo wa Kampuni na Bodi ambao unaelezea wazi majukumu, majukumu na majukumu kwa wajumbe wa Bodi na kamati zake.

Muundo wa Bodi

Sambamba na miongozo ya Kanuni za Utawala kwa Mashirika ya Serikali, Bodi inajumuisha wajumbe tisa. Kati ya hawa, sita ni Wakurugenzi wa Kujitegemea Wasio Watendaji akiwemo Mwenyekiti; wawili ni Wakurugenzi wasio wa Kujitegemea wanaowakilisha Hazina ya Kitaifa na Wizara ya Nishati; na Mkurugenzi Mtendaji mmoja ambaye pia ni Mkurugenzi Mkuu na Afisa Mtendaji Mkuu. Katiba ya Bodi hii inazingatia utofauti katika jinsia, umri, kabila na utamaduni.

Katika kila Mkutano Mkuu wa Mwaka (AGM), karibu theluthi moja ya wajumbe wa Bodi hustaafu kwa kuzunguka na wanastahiki kuchaguliwa tena kulingana na msingi wa kwanza. Ikiwa kwa sababu yoyote nafasi wazi katika Bodi, Wakurugenzi wanaweza kuteua mtu kujaza nafasi hiyo kwa muda hadi Mkutano Mkuu ujao wakati atatarajiwa kusimama lakini anastahili uchaguzi.

Wajibu wa Bodi

Bodi inawajibika kuhakikisha kuwa biashara ina faida kifedha na inasimamiwa ipasavyo ili kulinda na kukuza masilahi ya Kampuni kwa muda. Ili kufanikisha mafanikio ya Kampuni, Bodi inatekeleza uongozi, biashara, uadilifu na uamuzi mzuri na kila wakati itatenda kwa faida ya Kampuni.

Wajibu na Wajibu wa Bodi

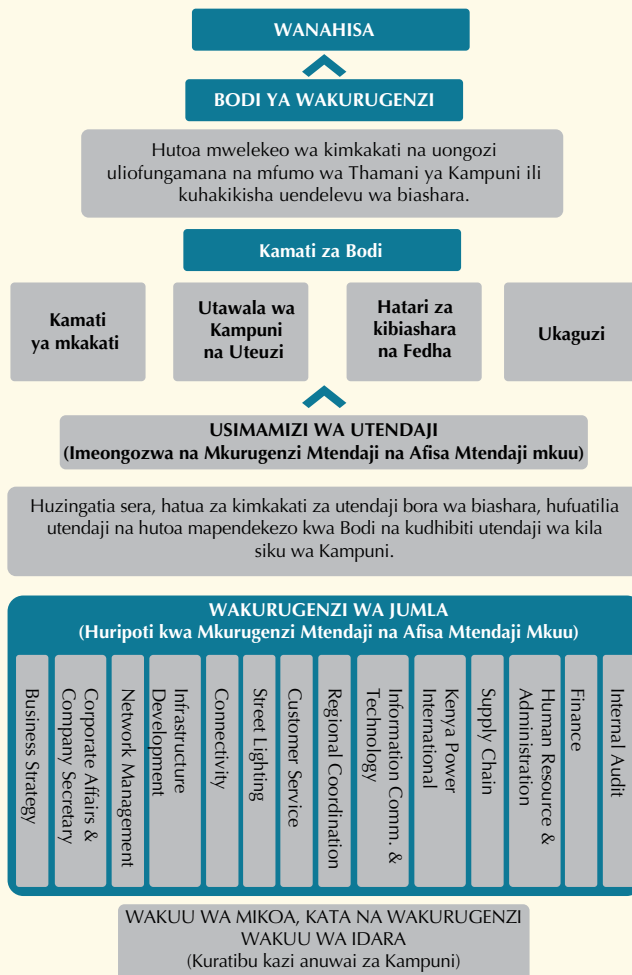
- (i) Kuanzisha mwelekeo wa kimkakati wa kampuni na vipaumbele na kupitisha mipango ya biashara iliyopendekezwa na usimamizi kwa kufanikisha malengo ya kimkakati.
- (ii) Kufuatilia na kutathmini utekelezaji wa mikakati, sera, vigezo vya utendaji wa usimamizi na mipango ya biashara.
- (iii) Kutoa uangalizi katika utoaji wa taarifa za kifedha kwa wanahisa na mawasiliano kwa wadau.
- (iv) Kuhakikisha upatikanaji wa rasilimali za kutosha kwa ajili ya kufanikisha malengo ya Kampuni.
- (v) Kulinda mali za Kampuni yetu kwa kuanzisha mifumo inayofaa ya udhibiti wa ndani.
- (vi) Kupitia mipango ya urithi kwa usimamizi na kufanya uteuzi wa watendaji wakuu, mabadiliko ya shirika na maswala ya malipo.
- (vii) Kusimamia masuala ya biashara ya Kampuni kwa kuzingatia hatari na fursa zinazojitokeza.
- (viii) Kuhakikisha Kampuni inatii sheria, kanuni na kanuni zote zinazofaa za biashara bora.

Maamuzi muhimu ya Bodi

Katika kipindi cha mwaka wa fedha, Bodi ilifanya maamuzi muhimu yanayohusiana na yafuatayo:

- (i) Uteuzi wa Kaimu Mkurugenzi Mtendaji na wafanyikazi wakuu wa usimamizi juu ya uwezo wa kaimu.
- (ii) Kuja na suluhisho la utulivu juu ya kutengana kwa wafanyikazi waandamizi waliosimamishwa kazi.
- (iii) Uundaji wa mali endelevu kupitia idhini ya bajeti ya mtaji na mapato.
- (iv) Kupitishwa kwa makubaliano mapya ya ununuzi wa umeme na uwezo wa uzalishaji ili kupata utoshelevu wa usambazaji.
- (v) Kuhakikisha uendelevu wa kifedha kwa kuidhinisha mahitaji ya kifedha ya Kampuni, bajeti, mpango wa ununuzi kwa mwaka ujao wa fedha na matokeo ya akaunti za kila mwaka.
- (vi) Kupitishwa kwa hati ya marekebisho ya huduma ya wateja na mwongozo wa kushughulikia malalamiko ya wateja.
- (vii) Kuzingatia mahitaji ya hatari yanayotokana na miradi ya uzalishaji.
- (viii) Kuzingatia utendaji wa biashara ya kila mwezi na nusu ya kila mwaka.
- (ix) Maendeleo juu ya mapitio ya mkakati wa ushirika na utekelezaji wa mkakati wa mawasiliano ya ushirika.
- (x) Matumizi ya ukaguzi wa ushuru wa tafakari.
- (xi) Mipango ya upotezaji wa upotezaji na uboreshaji wa mapato na kuzingatia hatari za mahitaji ya umeme.
- (xii) Mabadiliko ya tamaduni, marekebisho ya shirika na mageuzi
- (xiii) Usimamizi wa hatari za biashara.

MFUMO WA UTAWALA



Mpango Kazi wa Bodi na Mikutano

Bodi huandaa mpango wa kazi wa kila mwaka mapema kwa mikutano yake na kwa kamati za Bodi. Ajenda ya kila mkutano wa Bodi huandaliwa na kusambazwa kwa wanachama angalau siku kumi kabla. Katika mwaka huo, Bodi ilifanya mikutano jumla 19 ili kuzingatia maswala muhimu yanayohusu, utendaji wa biashara na uendelevu pamoja na mkakati.

Uanachama wa bodi na kamati

Mwanachama wa Bodi		Mikakati	Utawala wa Kampuni na Uteuzi	Hatari za Kibiashara	Ukaguzi wa Fedha
Balozi Mhandisi Mahboub Mohamed	Mwenyekiti	-	-	-	-
Bw. Henry Rotich	Katibu Wizara ya Fedha za Kitaifa	-	-	✓	✓
Dk. Eng. Joseph Njoroge	Katibu Mkuu, Wizara ya Nishati	✓	✓	✓	-
Bw. Wilson Mugung'ei	Mwanachama	✓	-	-	✓
Bw. Adil Khawaja	Mwanachama	✓	✓	✓ mwenyekiti	-
Bw. Kairo Thuo	Mwanachama	✓	-	-	✓ mwenyekiti
Bi. Brenda Eng'omo	Mwanachama	-	✓ mwenyekiti	✓	✓
Mhe. Zipporah Kering	Mwanachama	✓ mwenyekiti	✓	-	-
Mhandisi. Isaac Kiva	Katibu Mkuu Mbadala, Wizara ya Nishati	-	-	-	-
Bi. Beatrice Gathirwa	Katibu Wa Wizara Mbadala, Hazina ya Kitaifa	-	-	-	-

Kumbuka:

Hakuna mahusiano ya moja kwa moja kati ya Wajumbe wa Bodi yetu.

Mahudhurio ya Mikutano ya Bodi na Kamati za Bodi

	Bodi	Kamati ya Mikakati	Utawala wa Kampuni na Uteuzi	Kamati ya Hatari za Kibiashara na Fedha	Kamati ya ukaguzi wa Fedha	Kamati ya Usimamizi wa Ununuzi (ilikoma tarehe 24.4.19)
Idadi ya Mikutano	19	4	3	1	15	11
Balozi Mhandisi Mahboub Mohamed	18/19	-	-	-	-	-
Dk. Eng. Joseph Njoroge	2	-	-	-	-	-
Bw. Wilson Mugung'ei	15/19	3/3	-	-	11/15	11/11
Bw. Adil Khawaja	9/19	2/4	0/1	1/1	-	-

	Bodi	Kamati ya Mikakati	Utawala wa Kampuni na Uteuzi	Kamati ya Hatari za Kibiashara na Fedha	Kamati ya ukaguzi wa Fedha	Kamati ya Usimamizi wa Ununuzi (ilikoma tarehe 24.4.19)
Idadi ya Mikutano	19	4	3	1	15	11
Bw. Kairo Thuo	18/19	1/2	-	-	15/15	10/11
Bi. Brenda Eng'omo	11/19	-	3/3	0/1	4/15	-
Mhe. Zipporah Kering	19/19	3/4	2/2	-	-	8/11
Mhandisi. Isaac Kiva	12/15	4/4	2/3	1/1	-	-
Bi. Beatrice Gathirwa	18/19	-	-	0/1	9/15	9/11
Mhandisi. Jared Othieno (Alihudumu kama Mkurugenzi Mtendaji na Afisa Mtendaji Mkuu kuanzia 17.7.2018 to 27.10.2019)	16/16	4/4	3/3	1/1	11/15	11/11
Dk. Kenneth Tarus (Alikoma kuwa Mkurugenzi Mtendaji na Afisa Mtendaji Mkuu 17.9.2018)	1/1					

Tathmini ya Bodi

Tulifanya tathmini ya ndani ya utendaji wa Bodi ambapo bodi ilifanya vizuri sana na kuibuka na alama ya 94.7% na mpango wa utekelezaji ulitengenezwa ukizingatia maeneo ambayo yanahitaji kuboreshwa. Mchakato huo uliungwa mkono na Kamati ya Ushauri ya Mashirika ya Serikali (SCAC). Tathmini ya kibinafsi ya kila mwaka inakusudia kuboresha utendaji wa mtu mmoja mmoja na wa pamoja katika ukuaji endelevu na uendelevu wa Kampuni.

Ukaguzi wa Utawala

Katika mwaka Bodi ilifanya Ukaguzi wa Utawala kwa lengo la kuhakikisha kwamba Kampuni inatii na kuzingatia mambo muhimu kuhusu utawala wa ushirika. Hatua za utekelezaji zimebainishwa na zitatelezwa katika mwaka wa fedha wa sasa.

Sera ya Biashara ya ndani

Bodi iko katika mchakato wa kukagua sera ya biashara ya ndani ambayo itafahamishwa kwa wafanyikazi wote wa Kampuni. Bodi inataka kuripoti kwamba hakukuwa na shughuli za ndani kwa mwaka ulioishia 30 Juni 2019.

Sera zingine

Kampuni imeweka sera zifuatazo za usimamizi mzuri wa Kampuni:

Kanuni za Kimatendo na Maadili

- Maadili ya Wauzaji
- Sera ya kufichua maovu
- Sera ya kutopokea na kutoa zawadi
- Sera za Ugavi
- Utofautishaji wa Wajibu wa Bodi
- Sera ya Uwajibikaji kwa Jamii
- Njia ya Kusuluhisha Migogoro

- Sera ya Gawio
Sera ya Teknolojia ya Habari na Mawasiliano
- Mfumo wa Sera ya Usimamizi wa Hatari Katika Biashara
- Sera ya Mawasiliano ya Kampuni.

Ukuzaji wa Uwezo wa Bodi

Kila mwaka Bodi ya Wakurugenzi huandaa kalenda ya mafunzo ambapo mahitaji maalum ya mafunzo yanatambuliwa na kupangwa. Katika mwaka, Wakurugenzi walihudhuria programu anuwai za kuwajengea uwezo zinazozingatia uongozi, utawala, fedha na maeneo mengine husika.

Kamati za Bodi

Kuna kamati nne zilizoundwa ili kuongeza ubora na ufanisi wa Bodi: Ukaguzi; Mkakati; Utawala na Uteuzi; na Fedha na Hatari. Uteuzi kwa kamati hizi za Bodi unazingatia utofauti wa wanachama; ujuzi, utaalamu na uzoefu unaohitajika kushughulikia kazi husika. Kamati zinafanya kazi kulingana na hadidu maalum za rejea.

Kamati ya muda inaweza kuundwa na Bodi ili kuzingatia masuala maalum nje ya mamlaka ya kamati zilizopo. Katibu wa Kampuni ndiye katibu wa Bodi na kamati zake isipokuwa Kamati ya Ukaguzi ambapo Meneja Mkuu, Ukaguzi wa ndani hufanya kazi hii.

Majukumu ya kamati anuwai za Bodi ni kama ilivyo hapo chini:

Kamati ya Ukaguzi
<p>Washirika</p> <p>Kamati inajumuisha Wakurugenzi wanne wasio watendaji na hualika mara kwa mara Mkurugenzi Mtendaji na Afisa Mtendaji Mkuu, na Meneja Mkuu wa Ukaguzi wa ndani katika Mikutano yake. Wakaguzi wa nje pia wanaalikwa kuhudhuria mikutano inapohitajika.</p>
<p>Wajibu</p> <ul style="list-style-type: none"> ✓ Kusimamia mchakato wa utoaji taarifa wa kifedha wa Kampuni na kutoa taarifa yake ya kifedha ili kuhakikisha ✓ kuwa taarifa ya kifedha ni sahihi, za kutosha na za kuaminika; ✓ Kushirikiana na Usimamizi wa Kampuni katika kupitia taarifa za kifedha za mwaka kabla ya kuwasilishwa ili kuidhinishwa na Bodi; ✓ Kushirikiana na Usimamizi wa Kampuni kupitia, taarifa za kifedha za nusu mwaka na robo mwaka kabla ya kuwasilishwa kwa Bodi ili ziidhinishwe; ✓ Kupendekeza kwa Bodi, kuteuliwa, kuteuliwa tena na ikiwa inahitajika, kubadilishwa au kuondolewa kwa mkaguzi aliyeteuliwa kisheria na kuamua ada za ukaguzi; <ul style="list-style-type: none"> ✓ Kutoa idhini ya malipo kwa wakaguzi wa kisheria kwa huduma zingine zozote zinazotolewa na wakaguzi hao wa kisheria; ✓ Kuhakiki utendaji, dhamira, na uhuru wa wakaguzi wa nje na kuzingatia matokeo ya ukaguzi na wakaguzi wa nje; ✓ Kuhakikisha uzingativu wa Kanuni za Maadili na Uadilifu katika shughuli za kifedha za Kampuni; ✓ Kuhakiki mifumo ya Kampuni ya udhibiti wa ndani; na ✓ Kufuatilia na kuhakiki ufanisi wa kazi ya ukaguzi wa ndani wa Kampuni.
<p>Mambo ya kufikiria</p> <ul style="list-style-type: none"> ✓ Matokeo ya Ukaguzi wa Mwaka Kamili 2018/19; ✓ Matokeo ya Ukaguzi wa Nusu ya Mwaka 2018/19; ✓ Uteuzi na ada kwa wakaguzi wa nje; na ✓ Udhibiti wa ndani wa Kampuni.

Kamati ya Mkakati

Washirika

Kamati inajumuisha wanachama 6 na huwaalika mara kwa mara Wasimamizi Wakuu wanaosimamia Mikakati ya Fedha na Biashara kwenye mikutano yake

Wajibu

- ✓ Kusaidia Bodi kutimiza wajibu wake wa usimamizi unaohusiana na mwelekeo wa kimkakati wa muda wa kadiri na mrefu na maendeleo ya Kampuni;
- ✓ Kutoa ushauri, changamoto na utaalim ili mikakati inayochaguliwa na Kampuni ichunguzwe kikamilifu kabla ya kuwasilishwa kwenye mikutano ya Bodi kwa majadiliano na idhini;
- ✓ Kuweka malengo ya kifedha ya muda marefu pamoja na mikakati ya ufadhili wa kuyafikia;
- ✓ Kutayarisha bajeti ya uendeshaji wa mwaka pamoja na wasimamizi
- ✓ Kupitia mtaji / matumizi ya kawaida ya Kampuni dhidi ya bajeti;
- ✓ Kutoa mwelekeo katika mazungumzo ya makubaliano ya ununuzi wa umeme kati ya Kampuni na wazalishaji wa umeme na kupendekeza mikataba hiyo idhinishwe na Bodi;
- ✓ Kulinda maslahi ya wanahisa na wateja na kufikia gharama nafuu za ununuzi wa umeme;
- ✓ Kutoa mwelekeo katika mazungumzo ya makubaliano ya ununuzi wa umeme kati ya Kampuni na wazalishaji wa nguvu nyingi,
- ✓ Kuhakikisha makubaliano ya ununuzi wa umeme (PPAs) yanalinda maslahi ya wanahisa na wateja na kufikia gharama nafuu za ununuzi wa umeme, na
- ✓ Kuhakikisha kupitishwa kwa mifumo ya TEHAMA inayounga mkono biashara ya Kampuni, kupunguza hatari na kufikia faida kubwa kutoka kwa uwekezaji.

Mambo ya kufikiria:

- ✓ Pendekezo la maombi ya ushuru wa Rejareja;
- ✓ Ripoti za mikataba ya utendaji wa kila robo kwa Mkurugenzi Mtendaji na Afisa Mtendaji Mkuu;
- ✓ Bajeti ya shirika ya 2019/20; na
- ✓ Kuzingatia makubaliano ya ununuzi wa umeme kati ya Kampuni na wazalishaji wa umeme kwa wingi
- ✓ Ripoti za hali juu ya mahitaji yanayotokana na hatari za miradi iliyoidhinishwa na kuanzishwa.
- ✓ Kamati ilizingatia ziara ya kikazi ya bodi na wasimamizi kuhusu Mpango wa Utekelezaji 2019
- ✓ Ripoti ya Mkataba wa Utendaji wa Bodi 2019/2020
- ✓ Ripoti za hakiki ya biashara kutoka matawi yote
- ✓ Mahitaji ya Hatari inayotokana na Miradi iliyoanzishwa
- ✓ Mpango wa Ununuzi na Ukoaji wa Mwaka - 2019/2020

Utawala wa Kampuni na Uteuzi

Washirika

Kamati inajumuisha wanachama 5 na hualika mara kwa mara Meneja Mkuu anayesimamia Rasilimali Watu na Utawala kwenye mikutano yake.

Wajibu

- ✓ Kuunda sera ya uteuzi wa Bodi, na kuongoza mchakato wa kuwabaini na kuwachagua wagombea watakojitokeza kugombea kwa wanahisa au kujaza nafasi za kawaida;
- ✓ Kuhakiki washirika wa Bodi na kuzingatia utofauti angalau mara moja kila mwaka na kutoa mapendekezo juu ya mabadiliko yoyote yanayopendekezwa kwa Bodi;
- ✓ Kuhakiki mchanganyiko wa ujuzi unaohitajika kwa Kamati za Bodi na kutoa mapendekezo kwa Bodi;
- ✓ Kutathmini uhuru wa Wakurugenzi Wasio Watendaji na kupitia uthibitisho wao wa kila mwaka juu ya uhuru wao;
- ✓ Kuhakiki Sera ya Utofauti wa Bodi na hatua zilizopitiwa kufikia malengo yaliyowekwa ya kuitekeleza sera hii;
- ✓ Kuhakiki mpango wa urithi kuendeleza nafasi za Mwenyekiti, katibu mtendaji na uongozi wa juu pamoja na Bodi;
- ✓ Kuhakiki mahitaji ya uongozi na mafunzo ya Kampuni na mafunzo na ukuzaji wa Wakurugenzi;
- ✓ Kusimamia maswala yote yanayohusu utawala wa ushirika;

- ✓ Kuandaa taratibu za kutathmini utendaji wa Bodi na Kamati zake;
- ✓ Kupendekeza kwa Bodi uteuzi wa, na sheria na masharti ya huduma ya Mkurugenzi Mtendaji na Afisa Mtendaji Mkuu;
- ✓ Kusimamia masuala ya uteuzi, ukuzaji na nidhamu ya wafanyikazi weledi;
- ✓ Kuendeleza na kukagua muundo wa malipo kwa wafanyikazi; na
- ✓ Kuanzisha sera za Rasilimali watu na muundo wa shirika kusaidiakuinua biashara.

Mambo ya Kufikiria:

- ✓ Kujitenga kwa Wakurugenzi wakuu waliosimamishwa kazi;
- ✓ Kuhakiki muundo wa shirika na masharti ya huduma;
- ✓ Kubadilisha wafanyikazi wa mkataba kuwa wa masharti ya kudumu;
- ✓ Kuajiri Mkurugenzi Mtendaji na kikosi cha wasimamizi wakuu; na
- ✓ Maswala ya nidhamu yanayohusu wasimamizi wakuu.
- ✓ Ramani juu ya mabadiliko ya kitamaduni katika Kampuni
- ✓ Matokeo ya Tathmini ya Bodi 2017/2018
- ✓ Kuzingatia mapitio ya hadidu za rejea na mabadiliko kwa Kamati za Bodi.
- ✓ Maswala yanayohusu wafanyakazi

Hatari na fedha

Washirika

Kamati inajumuisha wanachama 5 na mara kwa mara hualika Meneja Mkuu wa Fedha kwenye mikutano yake ili kutoa habari na ufafanuzi.

Wajibu

- ✓ Kuhakiki sera za hatari za Kampuni, ripoti za hatari na ukiukaji wa hali za hatari na sera;
- ✓ Kuzingatia hatari za sasa na zinazojitokeza na athari za hatari zinazohusiana na biashara na mikakati ya Kampuni ili kuhakikisha kuwa mipangilio inayofaa inapatikana kudhibiti na kupunguza hatari kwa ufanisi;
- ✓ Kuhakiki ufanisi wa zana za kudhibiti hatari / udhibiti wa Kampuni na majukumu ya usimamizi wa hatari;
- ✓ Kushauri Bodi juu ya uwepo wa hatari katika Kampuni, wasifu na mazoea ya kudhibiti hatari;
- ✓ Kusimamia mfumo wa usimamizi wa hatari wa Kampuni kwa lengo la kutambua na kushughulika na masuala ya kifedha, utendaji, sheria, udhibiti, teknolojia, sifa, usalama wa habari na hatari za kimtandao, pamoja na hatari za kimbakati;
- ✓ Kuhakiki ripoti za kila mwezi za fedha kabla ya kuwasilishwa kwa Bodi kwa kuzingatia na kupitishwa;
- ✓ Kufuatilia uwiano muhimu wa kifedha wa Kampuni;
- ✓ Kuhakiki na kupendekeza kwa Bodi mpango wa ununuzi wa mwaka ili uidhinishwe;
- ✓ Kuidhinisha kufunguliwa na kufungwa kwa akaunti za benki;
- ✓ Kuidhinisha nyongeza / ufutaji kwa watia saine zinazohusu miamala ya benki; na
- ✓ Kuidhinisha uwekezaji wa fedha za ziada kwa kiwango kisichozidi kizingiti kulingana na sera iliyoidhinishwa na Bodi.

Mambo ya Kufikiria:

- ✓ Inazingatiwa MFUMO mpya wa kuripoti fedha za kimataifa (IFRS)
- ✓ Mahitaji ya fedha, vifaa vya benki na watia saine;
- ✓ Hali ya kila robo mwaka ya hatari kuu za kampuni; na
- ✓ Kuzingatiwa akaunti za fedha za kila mwezi
- ✓ Kufuatilia utekelezaji wa mpango wa ununuzi na bajeti.

Uwajibikaji na Ukaguzi

Sheria ya Kampuni ya 2015 inahitaji Bodi ya Wakurugenzi kuandaa taarifa za kila mwaka za kifedha zinazoonyesha mtazamo wa kweli na wa haki wa hali halisi ya kifedha ya Kampuni. Bodi inahakikisha kuwa sera zinazofaa za uhasibu zinatumiwa kila wakati, zikiongozwa na hukumu za busara na makadirio yafaayo. Wakurugenzi pia wanahakikisha taarifa za kifedha zinakaguliwa kila mwaka wa biashara.

Mshahara wa Wakurugenzi

Wakurugenzi wanastahili kupata posho ya kuhudhuria vikao, posho ya chakula cha mchana (badala ya chakula cha mchana kutolewa), posho ya malazi na malipo ya usafiri pale inapofaa kuzingatia viwango vilivyowekwa na serikali kwa mashirika ya serikali wakati wa kuhudhuria mikutano. Mwenyekiti anapokea malipo ya kila mwezi. Ada ya wakurugenzi inakubaliwa na wanahisa wakati wa Mkutano Mkuu wa Mwaka na hulipwa kila mwaka kulingana na miongozo ya Serikali kwa mashirika yote ya serikali.

Inapendekezwa kuwa katika mwaka wa kifedha uliomalizika tarehe 30 Juni 2019, kila Mkurugenzi asiye mtendaji alipwe jumla ya Sh 600,000 au kwa msingi wa pro rata kwa muda uliotumika. Katika mwaka, hakukuwa na mikopo ya Wakurugenzi.

Maelezo ya malipo ya Wakurugenzi wakati wa mwaka yameonyeshwa kwenye ukurasa 80 hadi 82 katika taarifa za kifedha.

Hisa za Wakurugenzi

Katika mwaka, hakuna mkurugenzi aliyemiliki zaidi ya asilimia 1 ya hisa kama inavyoonyeshwa kwenye jedwali hapa chini.

Mkurugenzi	Hisa
Dk Mhandisi Joseph Njoroge	68,333
Bwana Bernard Ngugi	5,850
Bwana Wilson Mugung'ei	1,537
Jumla	86,745

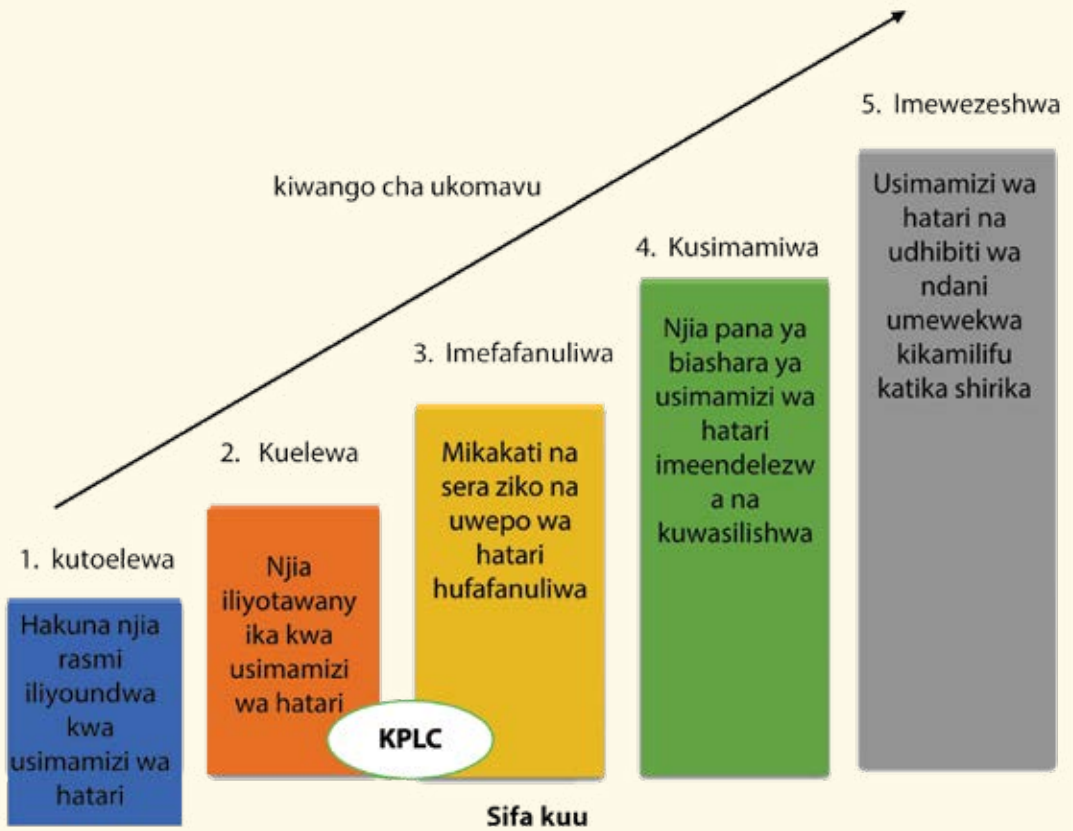
Usimamizi wa Hatari ya Biashara na Udhibiti wa Ndani

Kampuni inajitahidi kuhakikisha kuwa mifumo inayofaa ya usimamizi wa hatari ya kampuni iko kupitia kutambua, kuchambua, kutathmini na kupunguza hatari zozote zinazoweza kutokea katika shughuli zake. Hii inalingana na majukumu na maelekezo ya kisheria na vile vile kuhakikisha kuwa Usimamizi wa Hatari ya Biashara (ERM) umeingizwa kwenye shirika. Lengo ni kukuza Kampuni iliyokomaa kutokana na hatari za kibiashara huku ikifanya uamuzi faafa, kupunguza kutokuwa na uhakika na uhakikisho mzuri kwa Bodi kuhusu kufanikiwa kwa malengo ya shirika.

Mfumo wetu wa Sera ya Usimamizi wa Hatari una misingi katika kanuni za ISO 31000 ambazo zinaongoza muundo wa jumla na shughuli za usimamizi wa hatari katika shirika. Tulianzisha programu nyingi za uhamasishaji kama hatua ya kushirikisha usimamizi wa hatari za biashara katika utamaduni wa Kampuni. Njia hii itasaidia kufikiria na kufanya maamuzi kwa msingi wa hatari, na hivyo kuongeza ufanisi wa utendaji, kuboresha uzoefu wa wateja na mwishowe kusababisha ukuaji wa mapato.

Bodi na Usimamizi ni muhimu sana katika kuweka mwelekeo wa kuimarishwa kwa tamaduni ya hatari kwa kuhakikisha kuwa mifumo inayofaa ya usimamizi wa hatari imejikita katika mkakati wa Kampuni na shughuli zote. Tunazidi kupima kiwango cha ukomavu wa Kampuni kwa kufuatilia utekelezaji wa ERM na kutambua maeneo ya kufanya bora zaidi.

Kwa kuongeza, ukaguzi wa ndani wa Kampuni hutoa uhakikisho huru kwa Bodi ya Wakurugenzi juu ya utendaji mzuri wa usimamizi wetu wa hatari, michakato ya usimamizi na udhibiti wa ndani. Wakati huo huo, kazi ya ukaguzi wa ndani inawashirikisha wafanyikazi kuongeza uelewa juu ya umuhimu wa ukaguzi ndani ya Kampuni na hitaji la kutambua kwa umakini maeneo ya hatari ambayo yanaweza kusababisha hasara.

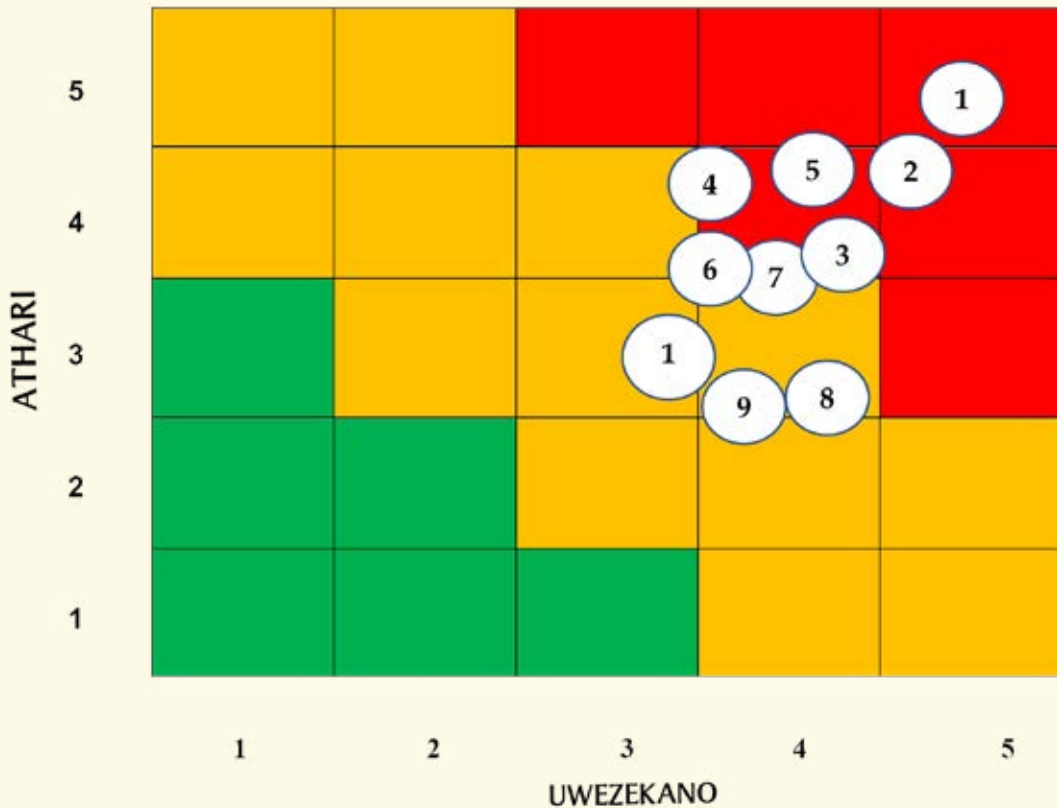


Ukomavu wa Kampuni huanguka kati ya ufahamu wa hatari (kiwango cha 2) na hatari iliyoainishwa (kiwango cha 3) na ushiriki endelevu wa wadau wa ndani na mabadiliko ya utamaduni kufikia ukuaji thabiti unaendelea.

Hatari	maelezo	Kupunguza
Hatari za Kifedha	Mfiduo wa upotezaji wa mapato (kutoa bili na ukusanyaji au mauzo) ikileta ulazima wa kukopa kwa sababu ya upungufu wa pesa taslimu. Hii pia ni pamoja na hatari kwamba mwenzake hawezi kulipa kiasi kamili wakati wa malipo na viwango vya juu vya riba kwa mikopo ya muda mfupi. Mfiduo kutoka kwa kukiuka masharti ya mkopo.	<ol style="list-style-type: none"> 1. Kufuatilia endelevu kwa ukusanyaji wa mapato. 2. Kuongeza hatua za kupunguza nishati. 3. Fuata ushuru wa unaozingatia gharama. 4. Kupitisha mikakati ya urekebishaji wa deni. 5. Jitahidi kupata ufadhili kwa gharama ya chini kabisa. 6. Pitisha bajeti inayotegemea hatari. 7. Utofauti wa mapato
Hatari ya Kisheria na Udhibiti	Utekelezaji wa sheria katika sekta ya nishati ambazo zinaonekana kuwa mbaya kwa biashara ya Kampuni. Maagizo ya udhibiti ambayo yanatishia nafasi za kifedha au kisheria za Kampuni. Uvunjaji au kutotii sheria anuwai zilizoainishwa na Sheria za Kenya. Mashtaka ya kisheria dhidi ya Kampuni haswa kukatika kwa stima na idhini ya kusambaza umeme.	<ol style="list-style-type: none"> 1. Kujenga uelewa kati ya wafanyikazi juu ya hitaji la kufuata sheria na sera katika shughuli za biashara. 2. Eleza matokeo ya mashahidi kutohudhuria vikao vya korti. 3. Kuunda sera ya urejeshwaji wa dhima kwa sababu ya uzembe wa wafanyikazi kwenye mashauri ya maswala. 4. Kupitishwa kwa Usuluhishi Mbadala wa Migogoro kama njia ya kusuluhisha mizozo. 5. Kuanzisha jukumu la kuongoza kufuata sheria na kanuni zote.
Hatari ya Mashindano	Ushindani kutoka kwa kampuni za rejareja zilizopewa leseni ya kuzalisha, kuwasilisha na kusambaza umeme Kupoteza sehemu ya soko kwa sababu ya upungufu wa kweli au unaokisiwa katika huduma ya wateja. Kutotimiza matarajio ya usambazaji wa umeme kwa wateja.	<ol style="list-style-type: none"> 1. Kuboresha ufanisi na uzoefu wa wateja. 2. Harakisha mchakato wa unganisho la mteja na wakati wa kujibu. 3. Kuanzisha timu ya kujitolea kushughulikia uhusiano wa wateja wa malipo. 4. Kuunganisha na kuboresha teknolojia zilizopo na kupitisha ubunifu mpya.
Hatari ya Kisiasa	Athari zinazotokana na mabadiliko katika mazingira ya kisiasa au zinazoendeshwa na maagizo ya kisiasa huathiri malengo ya kimkakati ya Kampuni na shughuli kama vile malengo ya kijamii na upanuzi wa uwezo wa uzalishaji unaongozwa na Serikali kama mwanahisa mkuu	<ol style="list-style-type: none"> 1. Zingatia malengo ya kampuni juu ya uendelevu wa kifedha. 2. Utofauti wa mapato.
Hatari ya uvumbuzi wa teknolojia	Uingizwaji wa mali ya Teknolojia ya Mawasilioano na uboreshaji wa teknolojia inayotumika, ikiwa haifanywi vya kutosha na kwa wakati mzuri inaweza kusababisha nguvu duni, nguvu isiyoaminika. Hatari ya biashara ya nyaya kutokana na ushindani kutoka kwa washiriki wengine wa soko.	<ol style="list-style-type: none"> 1. Kuandaa suluhisho la miundombinu ya ili kushughulikia mahitaji ya teknolojia mpya. 2. Kuendeleza miundombinu pana inayojumlisha mahitaji ya mtandao na data kubwa mtawaliwa.
Hatari ya Usalama wa Habari	Upatikanaji wa rahisi wa habari nyeti ya Kampuni na utunzaji duni wa nyaraka. Kuongezeka kwa visa vya uhalifu mtandaoni na ulaghai wa mtandao ambao umesababisha upotevu wa mapato.	<ol style="list-style-type: none"> 1. Punguza ufikiaji wa majengo ya ofisi kwa saa za kazi zilizoidhinishwa 2. Kuzingatia kabisa uainishaji wa hati na kukuza sera ya uwasilishaji wa hati. 3. Punguza ufikiaji wa mifumo ya Kampuni na watu binafsi na kuanisha haki ya majukumu katika mfumo. 4. Uwezo wa ufuatiliaji na ugunduzi kushughulikia ufikiaji mfumo usioruhusiwa.

Hatari ya Uadilifu	Vitendo vya ulaghai katika Kampuni vinavyofanywa na wafanyikazi, makandarasi au wateja huunda udhaifu kwa udhibiti wetu wa ndani.	<ol style="list-style-type: none"> 1. Kutimiza masharti ya kanuni za maadili. 2. Upimaji wa utimilifu wa maadili. 3. Utoaji wa kituo cha siri cha kufichua uozo/mabaya. 4. Kutangaza mgongano wa mahitaji.
Hatari ya Rasilimali Watu	Hatari ya utendaji na gharama ya kujibu mienendo ya wafanyikazi ikiwa ni pamoja na umri, jinsia na Watu wenye Ulemavu. Utekelezaji duni wa Mipango ya uendelezi. Upatikanaji au ukosefu wa ujuzi wa kiufundi kati ya wafanyikazi wa Kampuni kutekeleza shughuli zake. Utegemezi kwa wafanyikazi wanaodumu. Mshahara usio na ushindani. Mazingira machache ya ukuaji wa kazi na talanta	<ol style="list-style-type: none"> 1. Kuandaa na kutekeleza mkakati wa kupanga uendelezi. 2. Panga malengo ya Kampuni na maelezo ya kazi katika kila ngazi, na viashiria vya utendaji vinavyopimika. 3. Hakikisha njia wazi ya kazi imeandikwa na kujadiliwa na wafanyikazi. 4. Kuwezesha kuondoka na kuingia tena kwa wafanyikazi katika nyakati muhimu katika kazi zao.
Hatari ya mkakati wa Upanuzi wa Mfumo	Utekelezaji bora wa miradi iliyopangwa. Ikiwa utambulishaji, uteuzi na upendeleo haufanywi vizuri uwekezaji katika upanuzi wa mtandao wa usambazaji na uboreshaji unaweza kushindwa kufikia faida inayotarajiwa kwenye uwekezaji na kuathiri uendelevu wa biashara.	<ol style="list-style-type: none"> 1. Sasaisha mpango mkuu wa usambazaji. 2. Kupangiliwa kwa miradi iliyopendekezwa katika mpango mkakati. 3. Kuzingatia mpango mkuu wakati wa utekelezaji wa miradi. 4. Kufanya uthamini wa mradi, ufuatiliaji na tathmini.
Hatari ya Mahitaji	Mahitaji ya nguvu yanahitaji kukua sanjari na ukuaji wa uwezo wa uzalishaji ili kudhibiti athari kwa bei ya umeme na ahadi ya Makubaliano ya Ununuzi wa Nguvu ya Kampuni.	<ol style="list-style-type: none"> 1. Kukuza Ushuru wa Wakati wa Matumizi kwa wateja zaidi wa viwandani. 2. Kupanga upya uzalishaji ili kuhakikisha gharama ndogo za kuendeleza nguvu kulingana na makadirio halisi ya ukuaji wa mahitaji. 3. Fuata ushuru wa gharama kwa wakati unaofaa. 4. Patanisha templeti ya kawaida ya PPA na vifungu vya Sheria ya Nishati ya 2019. 5. Kushawishi utekelezaji wa mfano wa Mnada wa Nishati kuchukua nafasi ya Ununuzi kwa ushuru.

Hali ya jumla ya Hatari ya Kampuni (Ramani ya utukiaji)



	Hatari	Kiwango cha Hatari
1.	Hatari ya Fedha	25
2.	Hatari ya Utekelezaji (Hatari ya Sheria na Udhibiti)	20
3.	Hatari ya Mashindano	16
4.	Hatari ya Kitawala / Kisiasa	16
5.	Hatari ya uvumbuzi wa teknolojia	16
6.	Hatari ya Usalama wa Habari	16
7.	Hatari ya Uadilifu	16
8.	Hatari ya Rasilimali Watu	12
9.	Hatari ya Mkakati	12
10.	Hatari ya Mahitaji	12

Hatari zinazojitokeza

(a) Uhifadhi wa Talanta

Sheria ya Nishati 2019 inafungua usambazaji wa umeme kwa washiriki wanya. Washindani watahitaji nguvu kazi ya kiufundi, kufungua ushindani kwa talanta ndogo kwa kutoa masharti bora ya ushiriki. Hii inaleta hatari ya kujiondoa kwa wafanyakazi wengi hali ambayo inaweza kuathiri ufanisi wa utendaji wa Kampuni. Tunajiweka kama mwajiri wa chaguo kupitia mipango ya uhifadhi wa talanta na motisha.

(b) Vitisho vya Mtandaoni

Sekta ya nishati ulimwenguni inaelekea kwenye usasa wa usambazaji ili kuibadilisha kuwa ya kidijitali. Wakati Kampuni inaifanya mifumo na michakato ya kibiashara yake iwe ya kisasa, inapaswa kuzingatia uwezekano wa mashambulio ya kimtandao kutoka maeneo ya mbali. Kampuni inakagua miundombinu yake ya ICT na wafanyakazi kugundua tishio lolote linaloweza kutokea kwa mfumo kuzuia mashambulizi.

4. Maadili na Kanuni za Maadili.

Katika kipindi kinachoangaliwa, Kampuni ilitoa umaarufu katika kujenga uadilifu madhubuti mahali pa kazi na utamaduni wa kimaadili wa kufanya jambo sahihi kama njia ya kuboresha utoaji wa huduma na kufikia kuridhika kwa wateja. Programu ya Uadilifu na Maadili ya Kampuni ilizidisha uhamasishaji na mafunzo kama mkakati wa kupachika utamaduni thabiti wa maadili na kudumisha uadilifu kama ubora muhimu wa uongozi mzuri katika biashara ya Kampuni. Jumla ya wafanyakazi 2,546 walihamasishwa juu ya Sera za Maadili ya Kampuni.

Kampuni pia ilitengeneza kaida za utendaji na Maadili ya Wauzaji ambayo inaweka viwango vya chini vya tabia ya maadili kwa wauzaji ili kuhakikisha kufuata Sheria na Kanuni za Ununuzi wa Umma na uuzaji ili kuimarisha mazoea mazuri ya biashara. Uichuzi wa maovuunahimizwa kupitia nambari yetu ya simu 0718999000 au kupitia jukwaa la kuripoti ufisadi kwenye wavuti yetu ya www.kplc.co.ke.

5. Mahusiano ya Wanahisa

Bodi inadumisha mawasiliano na ushirikiano na wanahisa na umma kwa kutoa habari kwa wakati unaofaa kuhusu mkakati wa Kampuni, shughuli na utendaji. Hii inahakikisha uwazi na haki kulingana na utendaji bora wa utawala wa ushirika. Tunachapisha matokeo yetu ya biashara ya nusu mwaka na mwaka mzima kupitia vyombo vya habari, ripoti ya kila mwaka na taarifa za kifedha na vile vile tunakuwa na mashauriano ya mara kwa mara na wawekezaji.

Mkutano Mkuu wa Mwaka (AGM) huitishwa kila mwaka, ambapo wanahisa wanashirikiana na Kampuni juu ya mambo yanayohusiana na utendaji wa biashara. Ilani ya siku 21 hutolewa kuwakaribisha Wanahisa kwenye Mkutano Mkuu wa Mwaka ili kuwawezesha kupitia ajenda inayopendekezwa na habari zinazohusiana. Mwanahisa ambaye hawezi kuhudhuria kibinafsi, anaweza kuteua wakala kuhudhuria na kupiga kura kwa niaba yake. Wawekezaji wanaweza pia kupata habari katika www.kplc.co.ke.

6. Muundo wa Umiliki

Kampuni inatii sheria na kanuni za Mamlaka ya Soko la Mitaji na kanuni za ufichuzi na uwazi kama inavyotolewa chini ya Kanuni za Masoko ya Mitaji (Dhamana) (Kanuni za Utoaji wa Umma, Orodha na Utangazaji), Kanuni za Orodha ya Kubadilishana Hisa Nairobi na Sheria ya Kampuni ya 2015.

Wanahisa wakuu 20 bora mnamo 30 Juni 2019 walikuwa kama ifuatavyo:

Nambari	Jina la Mwanahisa	Hisa za kawaida (Kwa Shilingi 2.50 kila moja)	Asili mia 4% (Shs. 20/= kila moja)	Asili mia 7% (Shs. 20/= Kila moja)	Jumla	%
1	Permanent Secretary to The Treasury	977,641,695	656,808	193,531	978,492,034	50.086
2	Standard Chartered Nominees RESD A/C Ke11450	32,518,589	-	-	32,518,589	1.665
3	Standard Chartered Nominees Non- RESD A/C Ke11794	24,076,800	-	-	24,076,800	1.232

Nambari	Jina la Mwanahisa	Hisa za kawaida(Kwa Shilingi 2.50 kila moja)	Asili mia 4% (Shs. 20/= kila moja)	Asili mia 7% (Shs. 20/= Kila moja)	Jumla	%
4	Kenya Commercial Bank Nominees Limited A/C 915b	22,887,288	-	-	22,887,288	1.172
5	Standard Chartered Nominees RESD A/C Ke11401	21,296,581	-	-	21,296,581	1.090
6	Standard Chartered Nominees Non- RESD A/C Ke9053	20,959,975	-	-	20,959,975	1.073
7	The Jubilee Insurance Company Of Kenya Limited	20,315,096	59,828	17,160	20,392,084	1.044
8	Kenya Commercial Bank Nominees Limited A/C 915a	20,370,288	3,550	750	20,374,588	1.043
9	NIC Custodial Services A/C 245	16,000,000	-	-	16,000,000	0.819
10	Naran Khimji and Virji Khimji Hirani	14,028,964	-	-	14,028,964	0.718
11	Mahendra Kumar Khetshi Shah	13,458,000	-	-	13,458,000	0.689
12	Stanbic Nominees Limited A/C R5551484	12,400,226	-	-	12,400,226	0.635
13	Stanbic Nominees Ltd A/C Nr1030682	10,954,012	-	-	10,954,012	0.561
14	Ramaben Sumantrai Pursottam Patel nd Sumantrai Pursottam Mangalbhai Patel	10,397,300	-	-	10,397,300	0.532
15	Old Mutual Life Assurance Company Ltd	10,261,291	-	-	10,261,291	0.525
16	Standard Chartered Kenya Nominees Ltd A/C Ke002333	8,920,415	-	-	8,920,415	0.457
17	Kenya Commercial Bank Nominees Limited A/C 816b	8,551,279	-	-	8,551,279	0.438
18	NIC Custodial Services A/C 077	8,273,199	-	-	8,273,199	0.423
19	John Njuguna Ngugi	7,987,800	-	-	7,987,800	0.409
20	Standard Chartered Nominees Non- RESD A/C 9342	7,482,654	-	-	7,482,654	0.383
Jumla		1,268,781,452	720,186	211,441	1,269,713,079	64.993
Wanahisa Wengineo		682,685,593	1,079,814	138,559	683,903,966	35.007
Idadi kamili ya Hisa		1,951,467,045	1,800,000	350,000	1,953,617,045	100.00

Mgao wa Hisa kwa Wanahisa wa Kawaida kufikia tarehe 30 Juni 2019


Kiasi	Idadi ya Wanahisa	Hisa
<1,000	14,021	4,384,880
1001–10,000	11,029	35,793,508
10,001–50,000	2,882	62,031,816
50,001–100,000	558	39,625,350
Over 100,000	861	1,809,631,491
Jumla	29,351	1,951,467,045

Mgao wa Hisa wa asilimia 4 ya Wanahisa maalum kufikia 30 Juni 2019

Kiasi	Idadi ya wanahisa	Hisa
<1,000	362	64,209
1001–10,000	57	152,792
10,001–50,000	13	327,184
50,001–100,000	2	133,564
Over 100,000	3	1,122,251
Jumla	437	1,800,000

Mgao wa Hisa wa asilimia 7 ya Wanahisa maalum kufikia 30 Juni 2019

Kiasi	Idadi ya wanahisa	Hisa
<1,000	81	21,862
1001–10,000	15	44,141
10,001–50,000	3	86,432
50,001–100,000	1	57,617
Over 100,000	1	139,948
Jumla	101	350,000



Balozi (Mhandisi) Mahboub Mohamed
Mwenyekiti, Bodi ya Wakurugenzi





DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of the Kenya Power and Lighting Company Plc (the "Company") for the year ended 30 June 2019, which disclose the state of affairs of the Company.

BUSINESS REVIEW

The core business of the Company continues to be the transmission, distribution and retail of electricity purchased in bulk from Kenya Electricity Generating Company Plc (KenGen), Independent Power Producers (IPPs), Uganda Electricity Transmission Company Limited (UETCL), Ethiopia Electricity Power Company and Tanzania Electric Supply Company Limited (TANESCO).

The Company operated in a challenging environment over the financial year under review, where demand growth at 3.7% remained below the projected level of 5%. Foreign exchange fluctuation also impacted negatively on the operating results especially after the rebased tariff approval of July 2018. The subsequent review of the retail tariff in November 2018 adjusted downwards the July 2018 approval by expanding the lifeline tariff band and reducing tariffs for other categories resulting in lower revenues than anticipated.

There was subdued growth within the large power and SME segments which are the main demand drivers of the business as the general economy moved to align itself with the Government policies. The dampened demand growth is further compounded with the increased threats of grid defection by the industrial category as decentralised renewable energy options are becoming more available and cheaper. Strategies are already in place to address these challenges and assist in pushing up demand growth through incentives like the electricity cost rebate program, time of use tariff and pre-investment schemes.

The demand risk highlighted above, affected revenue growth in addition to the revision of the approved tariff structure in November 2018. With lower than projected sales and revised tariffs, the actual revenue reduced substantially against the projected amounts. In addition, from the tariff review, the available resources to support the operation and maintenance activities reduced resulting to increase in system losses to 23.69% from 21%. The losses are mainly due to transmission system constraints and growth in the distribution network. The efficiency levels are expected to improve as new low voltage connection numbers decline, and through ongoing initiative to reduce losses.

The Energy Act 2019 came into force and presents multiple opportunities for the Company to reposition itself in the energy market. This Act impacts on various facets of the business including generation offtake, grid operation, distribution and retail of electricity. The Company has put in place a strategy to maximize on the opportunities under the Act and has initiated programmes to raise internal awareness on the provisions of the Act.

A tariff application for the fourth tariff control period has been submitted to the Energy and Petroleum Regulatory Authority and the Company anticipates a balanced review that will take into consideration the revenue requirements of the sector as well as achieve affordability for electricity consumers.

RESTATEMENT OF PRIOR YEAR RESULTS

The Company's financial statements include restatements of some of the balances at 1 July 2017 and 1 July 2018 and the statement of profit or loss and other comprehensive income figures for the year ended 30 June 2018 to correct prior period errors. These are covered in Note 39 of the financial statements.

RESULTS FOR THE YEAR

	2019	2018
	Shs'000	Restated Shs'000
Profit before income tax	333,614	4,968,267
Income tax expense	(72,061)	(1,699,641)
Profit for the year	261,553	3,268,626

DIVIDEND

A dividend of Shs 1.93 million (2018: Shs 1.93 million) is payable on the cumulative preference shares and has been recognised in the statement of profit or loss and other comprehensive income under finance costs.

No interim dividend was paid in 2019 (2018: Nil). The directors do not recommend payment of final dividend for the year (2018: Nil).

DIRECTORS

The current directors are as shown on pages 5.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

- there is, so far as the director is aware, no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

The Auditor General is responsible for the statutory audit of the Company's financial statements in accordance with Section 35 of the Public Audit Act, 2015 (the "Act"). Section 23(1) of the Act empowers the Auditor General to appoint other auditors to carry out the audit on his behalf. Accordingly, PricewaterhouseCoopers were appointed to carry out the audit for the year ended 30 June 2019 and report to the Auditor-General.

BY ORDER OF THE BOARD



Imelda Bore
Company Secretary
4 September 2020

DIRECTORS' REMUNERATION REPORT

INFORMATION NOT SUBJECT TO AUDIT

Remuneration of the Company's Board is set within the Government limits for state corporations.

Statement of Company's policy on directors' remuneration

During the year, there was no change to the Board remuneration. The current policy as guided by the Government through the State Corporations Advisory Committee (SCAC) will apply in subsequent years until the same is revised. The Company does not have any share options or long-term incentives plans. There was no compensation for past directors, or any sum paid to third parties in respect of a director's services.

The only executive director is the Acting Managing Director and Chief Executive Officer. He has performance targets for the year which apply to the Board. Non-executive directors' remuneration is fixed by SCAC.

Contract of service

The non-executive directors are not under contract but are subject to retirement by rotation at the Annual General Meeting (AGM). Mr. Bernard Ngugi was appointed as the Managing Director & CEO and Executive Director of the Company on 28 October 2019 to replace Eng. Jared Othieno who was the Acting Managing Director & CEO and Executive Director since 17 July 2018.

Statement of voting at general meeting

During the last AGM held on 21 December 2018, the shareholders unanimously approved the directors' fee of Shs 600,000 per year per director on a pro-rata basis.

Summary of the remuneration policy

The following are highlights of the Board remuneration policy for the Company:

1. During every Board or Committee meeting, Directors are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement at Automobile Association of Kenya rates.
2. The Chairman receives a monthly honorarium.
3. Directors' fees are paid annually upon approval by shareholders during the AGM in accordance with Government's guidelines for all state corporations.
4. Non-executive directors are paid a total of Shs 600,000 per annum or on pro rata basis for period served.
5. The remuneration for executive directors is as per the negotiated employment contracts.
6. The Company will not propose to make any changes in the remuneration level during the current financial year.
7. There are no directors' loans in the Company's loans.
8. There are no directors' shares schemes.
9. A sitting allowance is paid to each non-executive Director for attending a duly convened and constituted meeting of the Board or of any of the committees.
10. An allowance is paid to non-executive directors for any day of travel away from his regular station in order to attend to duties of the Company.
11. Medical insurance cover is provided to all non-executive directors for their individual medical requirements covering both out-patient and in-patient services.

Directors' remuneration

Below is a summary of entitlement per Board Member:

Type of payment	Chairman	Member
Honoraria (per month)	Shs 80,000	N/A
Sitting allowance (per sitting)	Shs 20,000	Shs 20,000
Telephone – airtime for mobile phone (per month)	Shs 20,000	N/A
Transport allowance/mileage	N/A*	AA rates
Lunch allowance	Shs 2,000	Shs 2,000
Director's fees per annum on prorata basis	Shs 600,000	Shs 600,000
Director's bonus	N/A	N/A
Accommodation allowance outside Nairobi	Shs 18,200	Shs 18,200

* Chairman was provided with a Company car during the year.

INFORMATION SUBJECT TO AUDIT

For the financial years ended 30 June 2019 and 30 June 2018, the directors' fees and remuneration are as below:

	Salary/ honoraria Shs'000	Fees Shs'000	Expense allowances Shs'000	Total Shs'000
Year ended 30 June 2019				
Executive Director				
Kenneth Tarus- Former MD&CEO	3,880	-	2,969	6,849
Jared Othieno- Ag. MD&CEO	7,825	-	4,530	12,355
Non-executive directors				
Mahboub Mohamed – Chairman	960	350	1,129	2,439
Adil Khawaja	-	600	678	1,278
CS, National Treasury – Henry Rotich – (Replaced in July 2019)	-	600	-	600
PS, Energy - Joseph Njoroge	-	600	188	788
Wilson Mugung'ei	-	600	2,605	3,205
Kairo Thuo	-	600	1,674	2,274
Brenda Engomo	-	600	1,669	2,269
Zipporah Kering	-	350	6,865	7,215
Beatrice Gathirwa	-	-	2,326	2,326
Isaac Kiva	-	-	2,490	2,490
	12,665	4,300	27,123	44,088

Directors' remuneration (continued)

	Salary/ honoraria	Fees	Expense allowances	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 30 June 2018				
Executive Director				
Kenneth Tarus	7,469	-	3,651	11,120
Non-executive directors				
Kenneth Marende – Former Chairman	400	543	475	1,418
Mahboub Mohamed – Chairman	560	-	560	1,120
Adil Khawaja	-	543	712	1,255
CS, National Treasury – Henry Rotich	-	600	-	600
PS, Energy - Joseph Njoroge	-	600	186	786
Wilson Mugung'ei	-	543	1,784	2,327
Kairo Thuo	-	312	1,496	1,808
Brenda Engomo	-	312	2,535	2,847
Zipporah Kering	-	-	3,475	3,475
Beatrice Gathirwa	-	-	1,074	1,074
Isaac Kiva	-	-	928	928
	8,429	3,453	16,876	28,758

BY ORDER OF THE BOARD



Imelda Bore
Company Secretary

4 September 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the Company; (b) disclose, with reasonable accuracy, the financial position of the Company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- (i) Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- (ii) Selecting suitable accounting policies and then applying them consistently; and
- (iii) Making judgements and accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, the directors have assessed the Company's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation in Note 2 (a) of the financial statements.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Board of Directors on 4 September 2020 and signed on its behalf by:



Amb (Eng) Mahboub Maalim
Chairman, Board



Mr. Sachin Gudka
Chairman, Audit Committee



Mr. Bernard Ngugi
Managing Director and CEO

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE KENYA POWER AND LIGHTING COMPANY PLC FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

The accompanying financial statements of The Kenya Power and Lighting Company PLC set out on pages 93 to 170, which comprise the statement of financial position as at 30 June, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by PricewaterhouseCoopers, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Kenya Power and Lighting Company PLC as at 30 June, 2019, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The Kenya Power and Lighting Company PLC 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 audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Material Uncertainty Relating to Going Concern

I draw attention to Note 2(a) to the financial statements which discloses that the Company's current liabilities of Kshs.115,190,801,000 exceeded its current assets of Kshs.44,220,940,000 by Kshs.70,969,861,000 as at 30 June, 2019 (2018: Kshs.56,012,987,000). The Company has remained in a negative working capital position for the third consecutive year. As disclosed by the Board and Management in the past and current financial statements, strategic initiatives have been undertaken to improve

Report of the Auditor-General on The Kenya Power and Lighting Company PLC for the year ended 30 June, 2019

the financial results of the Company. However, these initiatives appear not to have yielded the intended results. These conditions indicate that a material uncertainty exists, which may cast significant doubt on the Company's ability to continue as a going concern.

My opinion is not qualified in respect of this matter.

Key Audit Matters

Key Audit Matters are those matters which, in my professional judgment, were of most significance in the audit of the Company's financial statements for the current year. These matters were addressed in the context of the audit of the Company's financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, a description of how the audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements.

Key Audit Matter	How my Audit Addressed the Key Audit Matter
<p>Credit Risk and Provision for Expected Credit Losses (ECL) on Financial Assets</p> <p>The Company implemented IFRS 9, Financial instruments, on 1 July, 2018, which requires the recognition of expected credit losses on the Company's financial assets. Previously, under IAS 39, impairment losses on financial assets were recognised on incurred basis only if there was objective evidence of impairment.</p> <p>As disclosed in Note 4 of the financial statements, the determination of expected credit losses on financial assets involves significant judgments, assumptions and estimates by the management, and the use of complex mathematical models.</p> <p>The audit procedures focused on the following areas in the calculation of the expected credit losses whose outcomes</p>	<ul style="list-style-type: none"> • An understanding was obtained of the Company's IFRS 9 implementation process including the governance processes thereof through discussions with Management and review of related documentation. • A sample of financial assets was selected and tested for consistent application of asset segmentation and risk classification in accordance with IFRS 9 requirements and the Company policy. • Management's accounting policies were reviewed and assessed over key IFRS 9 concepts especially significant increase in credit risk, default definition, forecasting of forward looking macro-economic factors, and weighting of expected loss scenarios.

Report of the Auditor-General on The Kenya Power and Lighting Company PLC for the year ended 30 June, 2019

Key Audit Matter	How my Audit Addressed the Key Audit Matter
<p>have a significant impact on the financial performance and position of the Company:</p> <ul style="list-style-type: none"> • the asset risk classifications at the reporting date, including identification of financial assets that have experienced significant increase in credit risk or default; • the determination of key inputs in calculating the expected credit losses such as the probabilities of default, the loss given default, exposures at default, and the forward-looking information overlays; and • the conceptual logic and accuracy of the expected credit losses calculation models used by the Company. 	<ul style="list-style-type: none"> • The basis and operation of the models and the data and assumptions used were tested. • Historical data trends were tested and an evaluation conducted on how they were applied to compute key expected credit losses parameters such as the probability of default, Loss Given Default and Exposures at Default. • An assessment was carried out on the consistency of application of the principles, judgments and assumptions on transition opening balances and the closing balances at the year end. • A review was conducted on Management's ECL related financial statement disclosures especially sensitivities on areas of estimation.

Other Information

The other information comprises the Chairman's Statement and the Managing Director & CEO's Statement, which I obtained prior to the date of this report, and the rest of the other information in the Annual Report which is expected to be made available to me after that date, but does not include the financial statements and my auditor's report thereon. The Directors are responsible for the other information. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

When I read the rest of the other information in the annual report and I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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. Non-compliance with the Unclaimed Financial Assets Act, 2011

As reported in the prior year and as disclosed in Note 27 to the financial statements, the Company as at 30 June, 2019 held in their books financial assets amounting to Kshs.922,000,000 (2018:Kshs.1,729,000,000) under other payables of Kshs.10,319,188,000 (2018:Kshs.10,302,192,000). These assets include deposit refunds, unidentified receipts, unpaid customer electricity deposits, unpaid wayleaves compensation, unclaimed dividends and stale cheques, which ought to have been reported and submitted to the Unclaimed Financial Assets Authority (UFAA), as required by the Unclaimed Financial Assets Act, 2011. According to the Act, failure to comply attracts a penalty of 25% of the assets held, in addition to a daily penalty of between Kshs.7,000 and Kshs.50,000 for each day a report is late in submission. Although Management is confident that the outstanding balance will drop following an ongoing review and audit of the assets, this aspect of non-compliance may cost the Company up to Kshs.1,765,000,000 in interest and penalties as at 30 June, 2019.

2. Non-compliance with the Capital Markets Authority Listing Rules

As reported in the prior year, the First Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 (Amended 2016) sets out the minimum requirements for a company at the time of listing, as well as continuing obligations of the listed entity. The First Schedule provide that the listed company must have prepared financial statements for the latest accounting period on a going concern basis and that the related audit report must not contain any qualification or emphasis of matter in this regard.

Further, the Company must not be in breach of its loan covenants, particularly in regard to the maximum debt capacity and should have adequate working capital. However, the Company was in breach of certain borrowing covenants ratios as at 30 June, 2019. Management however obtained from the lenders the necessary waivers before 30 June, 2019, confirming the waiver of the lenders' right to demand immediate repayment of the loan, due to the breach of borrowing covenants.

In addition, the Company's current liabilities of Kshs.115,190,801,000 exceeded current assets of Kshs.44,220,940,000 by Kshs.70,969,861,000 resulting in a negative working capital of a similar margin.

3. Non-compliance with the Public Procurement and Asset Disposal Act, 2015

Article 227(1) of Constitution of Kenya provides that a procuring entity shall uphold the principles of fairness, equity, transparency, competitiveness and cost effectiveness in the process of procurement of public goods and services.

Further, the Public Procurement and Asset Disposal Act, 2015, Section 103(1) provides that; a procuring entity may use direct procurement as allowed under Sub-Section (2) as long as the purpose is not to avoid competition. Sub-Section (2) further provides instances where the direct procurement method may be used to include, among others, where; goods, works or services are available only from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights and procuring entity, having procured goods, equipment, technology or services from a supplier or contractor, determines that additional supplies shall be procured from that supplier or contractor for reasons of standardization or need for compatibility with existing goods, equipment, technology or services.

A review of procurement processes revealed that the Company executed a contract with a local firm for the provision of creative, production and media buying services at a cost of Kshs.55,890,600 in January, 2018. The services were procured through Direct Procurement contrary to Article 227 of the Constitution of Kenya and Section 103(1) of the Public Procurement and Asset Disposal Act, 2015.

No justification for the direct procurement method used was availed as there existed other providers of similar services in the market and there were no exclusively held rights for them, in the case of the services procured

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 on whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities which 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 matter 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 Governance, were not effective.

Basis for Conclusion

Control Weaknesses in Information Technology

The Company has implemented a number of Information Technology (IT) systems for its various operations. Review of these systems revealed control weaknesses, as listed below:

Report of the Auditor-General on The Kenya Power and Lighting Company PLC for the year ended 30 June, 2019

- (i) There was inconsistent monitoring of super-user activity for four IT applications. Activities in the applications should be monitored using three software tools at both application and database levels. However, the operating system level activities were not being monitored while three of the four main IT applications had not been configured on the monitoring tool for user activity at application and database levels. Similarly, the monitoring tools were yet to be configured, thus individual accounts/user IDs with powerful rights layer were not being monitored.
- (ii) Reports generated by the tools and data maintained by the trigger tables were not reviewed frequently and in a timely manner by Management so as to understand issues flagged and how they were responded to by the information security team. This means that unauthorized or malicious activities performed in the databases, applications and operating systems may not be detected on time.
- (iii) Audit logs and audit settings were not protected from access by privileged users making such users capable of changing audit settings without authorization and enabling unauthorized changes without being held accountable.
- (iv) There were inadequate logical access controls and weak passwords parameters whereby password configurations of the operating systems databases and application of in-scope applications were not set in line with the password policy.

In view of the above lapses in IT controls, it was not possible to rule out existence of weaknesses in internal control and related risks, during the year under review.

The audit was conducted in accordance to ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance on 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, I report based on the audit that:

- (i) In my opinion, the information given in the report of the Directors on pages 2 to 3 is consistent with the financial statements.
- (ii) In my opinion, the auditable part of the Directors' remuneration report on pages 4 to 6 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

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 Financial Reporting Standards, and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements which are free from material misstatement,

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

In preparing the financial statements, Management is responsible for assessing the Company'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 Company 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 Company's financial reporting process, reviewing the effectiveness of Management's systems for monitoring 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 which 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 review is planned and performed to express a conclusion on whether, in all material respects, 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, 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 control 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 control would not necessarily disclose all matters in the internal control which 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 which 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 control 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 Company's 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 which 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 Company'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 Company 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 which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company 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 which 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 which may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with Management, I determine those matters that were of most significance in the audit of the financial statements and internal control of the current period and are therefore the key audit matters. These matters are described in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

04 September, 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2019 Shs'000	2018 Restated Shs'000
Revenue			
Electricity sales	7(a)	112,429,184	95,434,869
Foreign exchange adjustment		859,690	9,322,195
Fuel cost charge		19,852,013	26,621,910
		133,140,887	131,378,974
Power purchase costs			
Non-fuel costs	8(a)	(70,878,036)	(52,795,031)
Foreign exchange costs		(985,704)	(7,714,264)
Fuel costs	8(b)	(18,288,556)	(23,591,184)
		(90,152,296)	(84,100,479)
Gross profit		42,988,591	47,278,495
Net operating expenses			
Network management	9(a)	(10,805,536)	(11,312,806)
Commercial services	9(b)	(9,108,500)	(15,418,033)
Administration	9(c)	(21,129,390)	(17,809,799)
		(41,043,426)	(44,540,638)
Operating income		1,945,165	2,737,857
Other operating income	7(b)	8,585,791	9,177,936
Operating profit		10,530,956	11,915,793
Finance income	11(a)	117,900	100,000
Finance costs	11(b)	(10,315,242)	(7,047,526)
Profit before income tax		333,614	4,968,267
Income tax expense	13(a)	(72,061)	(1,699,641)
Profit for the year		261,553	3,268,626
Basic and diluted earnings per share (Shs)	14	0.13	1.67
Profit for the year		261,553	3,268,626
Other comprehensive income:			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Remeasurement of the retirement benefit asset	30	(1,664,694)	(97,837)
Deferred income tax relating to remeasurement of the retirement benefit asset	26	499,408	29,351
Other comprehensive loss		(1,165,286)	(68,486)
Total comprehensive (loss)/income for the year		(903,733)	3,200,140


STATEMENT OF FINANCIAL POSITION

ASSETS	Note	2019	2018	2017
		Shs'000	Restated Shs'000	Restated Shs'000
Non-current assets				
Property and equipment	16	277,066,960	273,376,882	262,347,609
Operating lease prepayments	17	883,126	813,423	868,463
Intangible assets	18	3,491,263	3,842,816	2,593,483
Retirement benefit asset	30	1,103,011	2,615,129	2,531,782
Trade and other receivables	20(a)	1,239,626	1,386,758	1,601,509
		283,783,986	282,035,008	269,942,846
Current assets				
Inventories	19	9,834,900	9,745,385	9,626,293
Trade and other receivables	20(b)	29,620,971	35,219,921	40,794,113
Current income tax	13(c)	71,108	-	58,987
Short-term deposits	21(a)	409,465	491,991	596,169
Bank and cash balances	21(b)	4,284,496	4,777,038	2,941,754
		44,220,940	50,234,335	54,017,316
TOTAL ASSETS		328,004,926	332,269,343	323,960,162
EQUITY AND LIABILITIES				
Equity attributable to owners				
Ordinary share capital	22	4,878,667	4,878,667	4,878,667
Share premium	23	22,021,219	22,021,219	22,021,219
Retained earnings	24	29,330,976	33,722,537	31,498,131
TOTAL EQUITY		56,230,862	60,622,423	58,398,017
Non-current liabilities				
Deferred income tax	26	26,886,643	28,904,087	27,365,357
Deferred income	25	15,103,027	16,999,103	19,562,051
Trade and other payables	27(a)	21,935,192	22,524,358	29,710,547
Borrowings	28	92,615,401	96,929,050	111,075,216
Preference shares	29	43,000	43,000	43,000
		156,583,263	165,399,598	187,756,171
Current liabilities				
Trade and other payables	27(b)	80,706,473	71,259,374	57,545,032
Current income tax	13(c)	-	10,119	-
Deferred income	25	3,935,632	4,702,427	4,944,572
Provisions	31	813,331	752,928	346,903
Borrowings	28	18,768,015	15,788,292	9,918,295
Dividends payable	32	811,045	862,007	362,839
Overdraft	21(b)	10,156,305	12,872,175	4,688,333
		115,190,801	106,247,322	77,805,974
TOTAL EQUITY AND LIABILITIES		328,004,926	332,269,343	323,960,162

The financial statements on pages 93 to 170 were approved and authorised for issue by the Board of Directors on 4 September 2020 and were signed on its behalf by:



Amb (Eng) Mahboob Maalim
Chairman, Board



Mr. Sachen Gudka
Chairman, Audit Committee



Mr. Bernard Ngugi
MD and CEO

STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Total Shs'000
Year ended 30 June 2018					
Balance at 1 July 2017		4,878,667	22,021,219	36,433,731	63,333,617
- as previously reported					
- prior year adjustments	39 (j)	-	-	(4,935,600)	(4,935,600)
- as restated		4,878,667	22,021,219	31,498,131	58,398,017
Profit for the year		-	-	3,268,626	3,268,626
Other comprehensive loss		-	-	(68,486)	(68,486)
Total comprehensive income for the year		-	-	3,200,140	3,200,140
<i>Transactions with owners:</i>					
Final dividend - 2017		-	-	(975,734)	(975,734)
As restated		4,878,667	22,021,219	33,722,537	60,622,423
Year ended 30 June 2019					
Balance as at 1 July 2018					
- as previously reported		4,878,667	22,021,219	37,307,503	64,207,389
- Prior year adjustments	39(j)	-	-	(3,584,966)	(3,584,966)
- as restated		4,878,667	22,021,219	33,722,537	60,622,423
Changes on application of IFRS 9	2(b)	-	-	(3,487,828)	(3,487,828)
Profit for the year		-	-	261,553	261,553
Other comprehensive loss		-	-	(1,165,286)	(1,165,286)
Total comprehensive loss for the year		-	-	(903,733)	(903,733)
At 30 June 2019		4,878,667	22,021,219	29,330,976	56,230,862

STATEMENT OF CASH FLOWS

		2019	2018
			Restated
Cash flows from operating activities	Note	Shs '000	Shs '000
Cash generated from operations	33(a)	34,877,131	37,348,971
Income tax paid	13(c)	(176,540)	(62,454)
Interest received	33(g)	118,020	108,563
Interest paid	33(d)	(8,067,893)	(9,128,430)
Net cash generated from operating activities		26,750,718	28,266,650
Cash flows from investing activities			
Purchase of property and equipment	33(h)	(19,978,300)	(25,434,423)
Purchase of intangible assets	18	(974,990)	(2,457,161)
Prepayment of operating lease	17	(99,120)	(8,574)
Proceeds from disposal of property and equipment	33(e)	104,896	166,934
Net cash used in investing activities		(20,947,514)	(27,733,224)
Cash flows from financing activities			
Repayment of borrowings	33(b)	(13,132,712)	(12,852,887)
Proceeds from borrowings	33(b)	9,559,072	6,345,221
Dividends paid to owners of the company	33(f)	(52,892)	(478,496)
Net cash used in financing activities		(3,626,532)	(6,986,162)
Net increase/(decrease) in cash and cash equivalents		2,176,672	(6,452,736)
Cash and cash equivalents at the beginning of the year		(7,603,146)	(1,150,410)
Cash and cash equivalents at the end of the year	33(c)	(5,426,474)	(7,603,146)

NOTES

1. GENERAL INFORMATION

The Kenya Power and Lighting Company Plc, a public company domiciled in the Republic of Kenya, was incorporated on 6 January 1922, as East Africa Power & Lighting Limited. The core business of the Company continues to be the transmission, distribution and retail of electricity purchased in bulk from Kenya Electricity Generating Company Plc (KenGen), Independent Power Producers (IPPs), Uganda Electricity Transmission Company Limited (UETCL) and Tanzania Electric Supply Company Limited (TANESCO). The shares of the Company are listed on the Nairobi Securities Exchange. The Government of Kenya is the principal shareholder in the Company holding a 50.1% equity interest.

The address of the Company's registered office is as follows:

Stima Plaza
Kolobot Road, Parklands
P.O. Box 30099 – 00100, Nairobi

2. BASIS OF PREPARATION

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenya Shillings, which is also the functional currency (see Note 3 (i) below), rounded to the nearest thousand (Shs'000).

The financial statements comprise a profit and loss account (statement of profit or loss), statement of comprehensive income, balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit and loss account. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit and loss account as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Company in their capacity as owners are recognised in the statement of changes in equity.

The measurement basis used is the historical cost basis except where otherwise stated.

(a) Going concern assessment

The Company recorded a profit of Shs. 262 million for the year ended 30 June 2019 (2018 Restated: Shs. 3,269 million) and had net current liabilities of Shs. 70,970 million at 30 June 2019 (2018 Restated: Shs. 56,013 million). The Company's performance was affected by the following factors:

- (i) Revenue growth improved in the first half of the year due to approval of the 3rd retail tariff control period in August 2018. However, the tariff was restructured in October 2018 to expand the lifeline tariff band from 0-10kWh to 0-100kWh and reduce the energy charge from Shs. 12/kWh to Shs. 10/kWh. In addition, a new small commercial tariff band of 0-100kWh was introduced charged at Shs 10 per kWh per month down from Shs. 15.6/kWh. This contributed to a Shs. 6,400 million reduction in the projected revenue for the year.
- (ii) System losses increased to 23.69% from 21.0% the previous year. The rise was occasioned by increased transmission system constraints, rapid growth in distribution network, and increase in commercial losses.
- (iii) The aggressive connectivity in the past five years and grid reinforcement programmes that were necessitated by the Government of Kenya (GoK)'s target of achieving universal access by 2022, resulted in utilization of internal funds and medium-term commercial debts to fund these long-term projects without corresponding revenue inflows.

NOTES (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(a) Going concern assessment (continued)

The Board and management are undertaking a number of key strategic initiatives to improve the financial results of the Company going forward. These include:

- (i) Curtailing the increase in system losses during the financial year 2019/2020 and thereafter adopting a loss reduction path with a target of 0.5% annual reduction as prescribed by the regulator. This will be achieved through various ongoing initiatives including; load balancing and optimal dispatch of generation as well as commissioning of new feeders to de-load heavily loaded feeders.
- (ii) Pursue roll-over of the existing money market debt facilities to ease pressure on cash flows and facilitate scheduled repayment of other commercial and guaranteed debt.
- (iii) Intensify debt collection and revenue protection through realignment of resources and the use of technology by deployment of smart meters on a gradual basis. This is in addition to launching of “Know Your Meter” and “Meter inspection” campaigns to identify and resolve illegal connections, un-metered supply and faulty meters. These campaigns will be carried out using internal resources including all staff participating in field days.
- (iv) The Company has already restricted capital spending to critical projects and encourage capital contributions from quoted customers and expedite the connection process for mutual benefit.
- (v) The Company will pursue an optimal balance between generation and electricity demand by engaging the key stakeholders. At the same time, we will continue to enhance our demand creation initiatives by focusing on premium customers and improving supply reliability; and
- (vi) Active engagement with the Regulator (EPRA) and other stakeholders on the critical need for a cost reflective tariff including the restructure of the life-line band and review of allowed system losses to reflect the grid dynamics.
- (vii) Petition the government for release of funds owed to KPLC for the management, operations and maintenance of the RES network. Further, seek government support through the Ministry of Energy and National Treasury in enhancing sustainability of the company and sector at large.

The Company obtained waivers for breach of the current ratio for the second consecutive year and is cognisant of the fact that achieving the covenanted position on the ratios may be infeasible in one year. KPLC has thus initiated discussions with key lenders on a potential review of the covenants as well as seeking on-lent debt repayment moratorium to provide leverage for commercial debt restructuring discussion.

Despite the challenging operating environment, the Company continues to receive immense support from its major stakeholders including key suppliers, financial institutions and the government. The management is confident that the ongoing initiatives and invaluable support from key stakeholders will place the company on a revenue growth trajectory in the short run and improve its working capital.

The Board of Directors wishes to assure all stakeholders of its commitment to the stated initiatives that will ensure business continuity and excellence in the delivery of services to our customers.

Based on the above, the directors consider it appropriate to prepare the financial statements on going concern basis.

(b) Changes in accounting policy and disclosures

(i) *New and amended International Financial Reporting Standards*

Two new standards and a number of amendments to standards became effective for the first time in the financial year beginning 1 July 2018 and have been adopted by the Company. None of the amendments has had an effect on the Company's financial statements, but the two new standards have had an impact, as follows:

NOTES (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(b) Changes in accounting policy and disclosures (continued)

(i) New and amended International Financial Reporting Standards (continued)

IFRS 9 Financial Instruments

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 July 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Company did not early adopt any of IFRS 9 in previous periods. IFRS 9 replaces the previous financial instrument recognition and measurement guidance applied by the company as contained in IAS 39 Financial Instruments: Recognition and Measurement.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'. As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and financial liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

The measurement category and the carrying amount of financial assets and liabilities as at 30 June 2018 in accordance with IAS 39 and the new measurement categories under IFRS 9 are as follows:

	Classification Under IAS 39	Classification Under IFRS 9	IAS 39 Carrying Amount	IFRS 9 Carrying Amount	Impact
			Shs '000	Shs'000	Shs'000
FINANCIAL ASSETS					
Trade and other receivables	Loans and receivables	Amortised Cost	36,606,679	31,705,447	4,901,232
Short-term deposits	Loans and receivables	Amortised Cost	491,991	485,426	6,565
Bank and cash balances	Loans and receivables	Amortised Cost	4,777,038	4,755,558	21,480
Total assets			41,875,708	36,946,431	4,929,277
FINANCIAL LIABILITIES					
Trade and other payables	Amortised cost	Amortised cost	71,356,116	71,409,451	53,335
Net Impact					4,982,612

The application of IFRS 9 has affected the Company's accounting for its liabilities. There was an introduction of a provision for staff loans with external parties of which the Company has guaranteed.

Impairment of financial assets

IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. The ECL on trade receivables is estimated using a provision matrix by taking into account past default experience and an analysis of the debtors' current financial position and adjusted for any factors that are specific to debtors' general economic conditions.

NOTES (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(b) Changes in accounting policy and disclosures (continued)

(i) *New and amended International Financial Reporting Standards (continued)*

IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculations, based on the Company's past history, existing market conditions and forward-looking estimates at the end of each reporting period.

The table below illustrates the day one adjustment to retained earnings made in respect of the carrying value of the trade receivables.

	Shs '000
IFRS 9 day 1 adjustment represented by:	
Day 1 adjustment on trade receivables	4,901,232
Day 1 adjustment on short-term deposits	6,565
Day 1 adjustment on bank and cash balances	21,480
Day 1 adjustment on trade and other payables	53,335
	4,982,612
Deferred tax component (30%)	(1,494,784)
IFRS 9 day 1 adjustment to retained earnings	3,487,828

IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 “Revenue from Contracts with Customers” became applicable on 1 January 2018.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has applied the modified retrospective approach, which has no impact on opening equity. Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

(ii) *New and revised standards that have been issued but not yet effective*

The Company has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1 July 2018.

IFRS 16 – Leases

The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model and will require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

NOTES (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(b) Changes in accounting policy and disclosures (continued)

(ii) *New and revised standards that have been issued but not yet effective (continued)*

IFRS 16 – Leases (continued)

Application of IFRS 16 in 2019 will require right-of-use assets and lease liabilities to be recognised in respect of most operating leases where the Company is the lessee. The Directors have assessed the impact of adoption of IFRS 16. The adoption of IFRS 16 as at 1 July 2019 is expected to result in the increase of total assets and liabilities by Shs 1.3 billion due to the recognition of Shs 1.3 billion right of use asset and lease liability of operating leases on the date of adoption.

IFRIC 23- ‘Uncertainty over income tax treatments’

IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting

Annual improvements cycle 2015-2017

These amendments include minor changes to:

- IAS 12, ‘Income taxes’ - The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23, ‘Borrowing costs’ - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue

(i) **Electricity sales**

The Company’s contracts with the consumer and business customers cover the electricity sales. There is only one performance obligation, which is to stand-ready to supply electricity to the customer. The transaction price generally includes both a fixed monthly fee and a variable fee that depends on the customer tariff category as determined by the Energy and Petroleum Regulatory Authority (EPRA). The fixed and variable components are recognised based on the fees chargeable from the customer. If automated meter reading is not available, the electricity consumption between the last meter reading and end of the month is estimated.

Electricity sales revenue is recognised when customers on post-paid metering are billed for the power consumed. The billing is done for each monthly billing cycle based on the units consumed as read on the customers’ electricity meters and the approved consumer tariffs. Unbilled revenue is included in electricity receivables, net of provision for expected credit losses, to the extent that it is considered recoverable. Electricity sales revenue for customers on prepaid metering is recognised when customers purchase electricity units and then adjusted for the estimated amount of unconsumed power based on the consumption rate over a period of time.

NOTES (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Revenue (continued)

(ii) Fuel cost charge

The Company recognises revenue relating to fuel costs charge in the month of approval by the Energy and Petroleum Regulatory Authority (EPRA). The billing to customers is based on their individual consumption in the month and applied as a charge per KWh. Fuel costs recoveries comprise the actual amounts billed to the customers.

(iii) Foreign exchange adjustment

Foreign exchange payments, arising from exchange rate differences not factored in the retail tariffs, are recognised and charged to the consumers of power to recover the losses in the foreign exchange rates. The net foreign currency costs are passed on to the customers as a charge per KWh, which is approved each month by the EPRA.

The recovery of fuel costs and the foreign exchange costs is based on supplier invoices and factors in the ERC's target loss factor in transmission and distribution. For the year ended 30 June 2019, the target loss factor was 14.9%.

(iv) Deferred Revenue

The Company has used a weighted average approach to determine the amount of revenue to defer and recognise in the subsequent period(s).

Historical value of transactions and the current month's value of transactions is obtained over each day of the current month.

The historical data is then used to obtain the average number of tokens purchased in a month that is to be applied to the current month's (June 2019) data to obtain the revenue to be deferred.

(b) Other income

(i) Finance revenue

Finance revenue comprises interest receivable from bank deposits and other deposits. Finance revenue is recognised as it accrues in profit or loss, using the effective interest method.

(ii) Rental income

Rental income is recognised on the straight-line basis over the lease term.

(iii) Capital contribution

When the connection provides the customer with a material right, the connection is allocated to deferred income (contract liabilities) when the customer is connected to the electricity network. The deferred income is recognised in profit or loss within revenue on a straight-line basis over the estimated customer life/relationship period of 5 years as the connection provides the customer with a material right of renewal that extends the revenue recognition period beyond the initial contractual period. A period of 5 years was determined after considering, inter alia, assumptions about the life-cycle of the distribution network used to supply electricity to customers.

When the connection does not provide the electricity customer with a material right, the connection is recognised in full in profit or loss within revenue when the customer is connected to the electricity network.

NOTES (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Other income (continued)

(iv) Fibre optic income

This represents income from the lease of Company fibre optic cable lines to third parties. The revenue from leasing the transmission lines is recognised on a straight-line basis over the lease term.

(c) Power purchase costs

Power purchase costs are recognised at the actual amounts charged to the Company by the suppliers of power. These comprise:

(i) Non-fuel costs

These include capacity charges, energy cost and steam charges.

(ii) Foreign exchange costs

These relate to the net foreign currency losses incurred by Kenya Electricity Generating Company Plc (KenGen) which are charged to the Company in accordance with the Power Purchase Agreements (PPAs) and the net foreign currency losses incurred by the Company in the settlement of foreign currency denominated invoices from independent power producers (IPPs).

(iii) Fuel costs

These comprise the cost of fuel incurred in the generation of electricity and invoiced by suppliers.

The recharge of power purchase costs relating to customers under the Rural Electrification Scheme is covered in note 3 (s).

(d) Inventories

Inventories are stated at the lower of cost and net realisable value after due regard for obsolete and slow moving stocks. The cost of inventories comprises purchase price, import duties, transport and handling charges and is determined on a weighted average price. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for the costs of realisation.

(e) Property and equipment

All property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

No depreciation is charged on freehold land. Depreciation on other assets is calculated to write down their cost to their residual values, on a straight-line basis, over their expected useful lives. The depreciation rates used are as follows:

Buildings	The greater of 2% and 1/the unexpired period of the lease
Transmission and distribution lines	2.5 – 20%
Machinery	2.85 – 6.66%
Motor vehicles	25%
Furniture, equipment and fittings	6.66 – 20%
Computers and photocopiers	30%

NOTES (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property and equipment (continued)

The asset's residual values, estimated useful lives and methods of depreciation are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for prospectively. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from

the recognition of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the disposal date) is included in profit or loss for the year. This does not apply to assets acquired by the Company on sale and leaseback transactions.

Properties in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

At the end of each accounting period, the Company conducts impairment tests where there are indications of impairment of an asset.

Capital work in progress

Capital work-in-progress is included under property and equipment and comprises costs incurred on ongoing capital works relating to both customer and internal works. These costs include material, transport and labour cost incurred.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for the Company's intangible assets are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from unforeseeable changes of such intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Currently, intangible assets comprise software and have an estimated useful life of five years.

(g) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred income tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income tax expense (continued)

Deferred income tax

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amounts of deferred income tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred income tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(h) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date on whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Company as a lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

NOTES (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Functional currency

The financial statements are presented in Kenya shillings, which is the Company's Functional and Presentation currency. Transactions in foreign currencies are initially recorded at the Functional Currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the Functional Currency rate of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are dealt with in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(j) Financial instruments

Financial assets

Trade receivables

Trade receivables are amounts due from customers for electricity supplied. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established using an ECL model in line with the requirements of IFRS 9 as outlined in the next section below. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is charged to profit or loss.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Except for amounts where the counterparty is the Government or related public sector entities or Government Business Entities, the Company considers that default has occurred when a financial asset is more than 90 days past due

The Company writes off debt only when there is objective evidence that the debt will not be recovered and after it has exhausted its collection avenues.

(iii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment gain or loss in profit or loss or other comprehensive income for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Capitalised costs include interest charges and foreign currency exchange differences on borrowings for projects under construction to the extent that they are regarded as adjustments to interest rates.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Provisions

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

(m) Impairment of non-financial assets

The Company 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 at reporting date, or when there are indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated, and an impairment loss is recognised in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the asset's or cash-generating unit's (CGU's) fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Where it is not possible to estimate the recoverable amount of an individual asset, the directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment of transmission and distribution lines

A decline in the value of the transmission and distribution lines could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of the lines whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could make an impairment review necessary include the following:

- (i) Significant decline in the market value beyond that which would be expected from the passage of time and normal use.
- (ii) Evidence from internal reporting which indicates that the performance of the asset is, or will be, worse than expected.
- (iii) Significant changes with adverse effect on the Company have taken place during the period, or will take place in the near future, in the technology or market environment in which the Company operates, or in the market to which an asset is dedicated.
- (iv) Evidence is available of the obsolescence or physical damage of an asset.
- (v) Significant changes with an adverse effect on the Company have taken place during the period or are expected to take place in the near future, which impact the manner or the extent to which an asset is used. These changes include plans to discontinue or restructure
- (vi) the operation to which an asset belongs or to dispose of an asset before the previously expected date.

In management's judgment, the impaired carrying values of the lines and substations are reinforced, replaced or upgraded under the Energy Sector Recovery Project, after considering the above key indicators of impairment.

NOTES (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employees' benefits

(i) *Company's defined contribution scheme*

The Company employees are eligible for retirement benefits under a defined contribution scheme. Payments to the defined contribution scheme are charged to the statement of profit or loss as incurred.

(ii) *Company's defined benefit scheme*

Pensioners and deferred pensioners (those who have left the employment of the Company but have not attained retirement age to qualify as pensioners) existing at 30 June 2006 are eligible for retirement benefits under a defined benefit scheme.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past

service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service costs (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item of pension cost-defined benefit scheme (included in staff costs). Curtailment gains and losses are accounted for as past service costs.

The retirement benefit asset recognised in the Company's statement of financial position represents the actual surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(ii) *Statutory defined contribution pension scheme*

The employees and the Company also contribute to the National Social Security Fund, a national defined contribution scheme. Contributions are determined by the country's statutes and the Company's contributions are charged to profit or loss as incurred.

(o) Operating segments

The Company's business is organised by regions (reporting segments) comprising Nairobi, Mount Kenya, Coast and West Kenya. Business administration is by geographic region as the Company deals in only supply of electricity. There are no inter-region sales. The Chief Operating Decision Maker (CODM) is the Executive Management Committee.

Regions derive their revenues from the distribution and retail of electricity purchased in bulk by the head office. Region assets and liabilities comprise those operating assets and liabilities that are directly attributable to the region or can be allocated to the region on a reasonable basis.

Capital expenditure represents the total cost incurred during the year to acquire assets for the regions that are expected to be used during more than one period (property and equipment).

NOTES (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares, if any.

(q) Dividends

Dividends on ordinary shares are charged to reserves in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

(r) Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

(s) Recharge of costs to Rural Electrification Scheme

The Rural Electrification Scheme was established in 1973 by the Government of Kenya following an agreement between the Government and East African Power & Lighting Company (now The Kenya Power and Lighting Company Plc (KPLC)). The Scheme was established with the specific objective of extending electricity to the rural areas.

Recharge of costs to the Rural Electrification Scheme (RES) is based on a formula determined by the Government of Kenya following an agreement between it and East African Power & Lighting Company Limited, the predecessor to The Kenya Power & Lighting Company Plc.

The power purchase costs recharge is calculated as a proportion of RES electricity unit sales (excluding off-grid sales) to gross electricity unit sales. The distribution costs recharge is calculated based on 2% and 4% of the total high voltage and low voltage assets respectively in the books of RES at the close of the financial year.

Customer service costs recharge is calculated as a proportion of RES metered customers to total number of metered customers. Administration costs recharge are calculated based on the proportion of RES electricity unit sales to gross electricity unit sales.

(t) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(u) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

NOTES (CONTINUED)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the accounting policies adopted by the Company, the directors make certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements 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. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

(a) Significant judgements made in applying the Company's accounting policies

The judgements made by the Directors in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- (i) Whether it is probable that future taxable profits will be available against which temporary differences can be utilised;
- (ii) Classification of financial assets: whether the business model in which financial assets are held has as its objective the holding of such assets to collect contractual cash flows or to both collect contractual cash flows and sell the assets; and whether the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest; and
- (iii) whether credit risk on financial assets has increased significantly since initial recognition.

(b) Key sources of estimation uncertainty

The key assumptions about the future, and other sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year include:

Deferred prepaid revenue

Revenue from prepaid customers is recognised when the customer purchases the tokens, before the customer actually consumes the electricity. The amount of unused tokens to be adjusted at year end is estimated based on historical customer trends.

Impairment losses

When measuring expected credit losses (ECL), the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Provisions

The Company faces exposure to claims and other liabilities. The claims and other liabilities normally take time to be determined and therefore significant judgement is required in assessing the likely outcome and the potential liabilities for such matters.

NOTES (CONTINUED)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Deferred income tax assets

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of the carrying value of recognised tax losses at 30 June 2019 are provided in Note 26.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Details of the defined benefit asset at 30 June 2019 are provided in Note 30.

Useful lives of Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charges for its property and equipment. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down obsolete items of property and equipment that have been abandoned or sold.

Amortisation of capital contribution

Capital contribution is the amount contributed by new customers and relates to assets such as cables used in connecting the customer. Management assumes a useful life of five years for capital contribution assets and therefore amortizing them over 5 years. An amortisation period of 5 years is used after considering, inter alia, assumptions about the life-cycle of the distribution network used to supply electricity to customers.

Provisions for slow moving inventory

Provisions for inventory items are based on the aged report obtained from the system. This is also done through physical verification of the inventory performed at stock counts and also based on experience and the usage of the products.

NOTES (CONTINUED)

5. OPERATING SEGMENTS

For management purposes, the Company is currently organised into four administrative regions (reporting segments). These regions are the basis on which the Company reports its primary information. The four regions comprise Nairobi, Coast, West Kenya and Mount Kenya. The table below shows the Company's revenue, expenses, assets and liabilities per region. The table also shows capital expenditure and depreciation by region for the year. There are no inter-segment sales and all revenue is from external customers. Energy purchase and head office expenses are apportioned to various regions based on percentage unit sales.

2019	Nairobi Region Shs'000	West Kenya Region Shs'000	Coast Region Shs'000	Mount Kenya Region Shs'000	Total Shs'000
Revenue	64,088,743	24,076,277	23,295,195	21,680,672	133,140,887
Other operating income	3,290,001	2,427,341	1,100,844	1,767,605	8,585,791
Energy purchases	(49,583,764)	(16,227,414)	(16,227,414)	(8,113,705)	(90,152,297)
Operating expenses	(16,644,859)	(11,857,081)	(5,732,722)	(6,808,763)	(41,043,425)
Operating profit	1,150,121	(1,580,877)	2,435,903	8,525,809	10,530,956
Interest income					117,900
Finance costs					(10,315,242)
Income tax expense					(72,061)
Profit for the year					261,553
Assets	123,654,066	107,615,641	40,193,316	56,541,903	328,004,926
Liabilities	155,763,817	51,638,192	38,689,645	25,682,410	271,774,064
Capital expenditure (including intangible assets)	7,493,018	4,890,798	6,623,048	2,526,489	21,533,353
Depreciation/ amortisation	7,887,644	4,519,121	2,311,089	2,535,502	17,253,356

NOTES (CONTINUED)

5. OPERATING SEGMENTS (CONTINUED)

There were no revenues deriving from transactions with a single external customer that amounted to 10% or more of the Company's revenue. Finance income, finance costs and tax expenses are not segment specific and are largely head office items and therefore have not been apportioned to the operating segments.

2018	Nairobi Region Shs'000	West Kenya Region Shs'000	Coast Region Shs'000	Mount Kenya Region Shs'000	Total Shs'000
Revenue	63,910,853	23,860,380	23,047,757	20,559,984	131,378,974
Other income	3,904,604	2,473,263	980,512	1,819,557	9,177,936
Energy purchases	(46,255,264)	(15,138,086)	(15,138,086)	(7,569,043)	(84,100,479)
Operating expenses	(19,955,458)	(11,487,066)	(6,292,852)	(6,805,263)	(44,540,638)
Operating profit	1,604,736	(291,509)	2,597,331	8,005,235	11,915,793
Interest income					100,000
Finance costs					(7,047,526)
Income tax expense (restated)					(1,699,641)
Profit for the year (restated)					3,268,626
Assets	131,112,887	103,450,227	39,354,573	58,351,656	332,269,343
Liabilities	156,465,447	48,341,409	38,323,781	28,516,283	271,646,920
Capital expenditure (including intangible assets)	13,748,450	7,873,805	720,049	6,326,119	28,668,423
Depreciation/amortisation	6,950,886	4,061,245	2,053,516	2,219,305	15,284,953

NOTES (CONTINUED)

5. OPERATING SEGMENTS (CONTINUED)

The Company's core business in the four regions (reporting segments) continues to be the transmission, distribution and retail of electricity. There is no distinguishable component of the Company that is engaged in providing an individual service that is subject to risks and returns that are different from those of other business segments.

The information on property and equipment details at net book values is shown below:

2019	Land and buildings*	Lines	Machinery	Motor vehicles	Furniture equipment and other	Intangible assets	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Transmission	415,368	20,008,761	26,802	-	121,062	-	20,571,993
Distribution	9,364,654	206,387,458	739,110	1,272,422	18,012,218	3,491,263	239,267,125
Total	9,780,022	226,396,219	765,912	1,272,422	18,133,280	3,491,263	259,839,118
2018							
Transmission	447,644	20,625,419	27,677	-	155,292	-	21,256,032
Distribution	7,687,091	196,551,508	520,311	1,524,197	19,453,635	3,842,816	229,579,558
Total	8,134,735	217,176,927	547,988	1,524,197	19,608,927	3,842,816	250,835,590

* Includes freehold land and buildings and prepaid leases on leasehold land.

NOTES (CONTINUED)

6. FINANCIAL RISK AND CAPITAL MANAGEMENT

Information about the Company's exposure to risks, its objectives, policies and processes for measuring and managing such risks, as well as quantitative disclosure, is discussed in this note. The management of capital is also discussed.

The Company has an integrated risk management framework. The Company's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement and reporting. Three types of risks are reported as part of the risk profile, namely operational, strategic and business continuity risks.

For the Company, a strategic risk is a significant unexpected or unpredictable change or outcome beyond what was factored into the organisation's strategy and business model which could have an impact on the Company's performance.

Business continuity risks are those events, hazards, variances and opportunities which could influence the continuity of the Company.

One of the key risks for the Kenya Power and Lighting Company Plc, identified both under the operational and strategic risk categories, is financial sustainability of the Company. The financial risks, as defined by IFRS 7, and the management thereof, form part of this key risk area.

The Board of Directors has delegated the management of the Companywide risk to the Finance and Risk Committee. One of the committee's responsibilities is to review risk management strategies in order to ensure business continuity and survival. Most of the financial risks arising from financial instruments are managed in the centralised finance function of the Company.

The Company's exposure to risk, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated.

The Company has exposure to the following risks as a result of its financial instruments:

(a) Credit risk

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Credit risk mainly arises from electricity and other receivables, short-term deposits and bank balances.

Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the period of a transaction. Delivery or settlement risk is the risk that counterparty does not deliver on its contractual commitment on maturity date (including the settlement of money and delivery of securities).

Credit risk arising from short-term deposits and bank balances is low because the counter parties are financial institutions with high credit ratings. Bank balances and bank deposits are thus low credit risk assets.

Management assesses the credit quality of each counterparty, taking into account its financial position, past experiences and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

The tables below detail the credit quality of the Company's financial assets as well as the Company's maximum exposure to credit risk by credit risk rating grade:

NOTES (CONTINUED)

6. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

	Note	Gross carrying amount	Loss allowance	Net amount
30 June 2019		Sh'000	Sh'000	Sh'000
Electricity receivables	20(b)	23,550,199	(12,338,131)	11,212,068
Prepaid fixed charge receivable	20(b)	2,804,844	(2,804,844)	-
Other receivables		23,977,300	(4,993,437)	18,983,863
Short-term deposits	21(a)	419,205	(9,740)	409,465
Bank balances	21(b)	4,296,526	(26,130)	4,270,396
		55,048,074	(20,172,282)	34,875,792
30 June 2018				
Electricity receivables	20(b)	22,192,899	(9,732,944)	12,459,955
Prepaid fixed charge receivable	20(b)	2,974,528	(2,974,528)	-
Other receivables		24,060,214	(1,300,248)	22,759,966
Short-term deposits	21(a)	491,991	-	491,991
Bank balances	21(b)	4,760,401	-	4,760,401
		54,480,033	(14,007,720)	40,472,313

The customers under the fully performing category are paying their debts.

The loss allowance represents the debt that is fully provided for in line with the expected credit loss model.

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customer segments with similar loss patterns. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The provision rates are based on days past due for various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES (CONTINUED)

6. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Set out below is the information about the credit risk exposure on the Company's electricity receivables and contract assets using a provision matrix:

Total exposure as at 30 June 2019

	0-30	31-90	>90	Total
	Sh'000	Sh'000	Sh'000	Sh'000
Electricity receivables	9,297,711	2,856,782	11,395,706	23,550,199
Prepaid fixed charge receivable	-	-	2,804,844	2,804,844
Other receivables	18,381,947	973,614	4,621,739	23,977,300
Short term deposits	419,205	-	-	419,205
Bank balances	4,296,526	-	-	4,296,526
Total	32,395,389	3,830,396	18,822,289	55,048,074

Total impairment as at 30 June 2019

	0-30	31-90	>90	Total
	Sh'000	Sh'000	Sh'000	Sh'000
Electricity receivables	477,765	1,129,479	10,730,887	12,338,131
Prepaid fixed charge receivable	-	-	2,804,844	2,804,844
Other receivables	583,808	833,322	3,576,307	4,993,437
Short term deposits	9,740	-	-	9,740
Bank balances	26,130	-	-	26,130
Total	1,097,443	1,962,801	17,112,038	20,172,282

Expected credit loss as at 30 June 2018

The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company has elected not to restate comparatives in respect of the consequential amendments to IFRS 7 Financial Instruments: Disclosures. Accordingly, these amendments were applied to the disclosures for the current period only and not to the comparative period.

Management of credit risk

Financial instruments are managed by the finance and commercial services functions.

Management of electricity receivables

The Company supplies electricity to customers in its licensed areas of supply. A large proportion comprises small commercial and domestic customers who settle their accounts within twenty-one days after receipt of the bill. The Company's exposure to credit risk is influenced by the individual characteristics of each customer.

In monitoring credit risk, customers are grouped according to their credit characteristics, including whether they are large, small or domestic electricity users, profile, security (deposits and guarantees) held and payment history.

NOTES (CONTINUED)

6. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

The main classes of electricity receivables are industrial, government ministries, local authorities, parastatals, commercial and domestic customers. Electricity supply agreements are entered into with all customers. All customers are required to deposit an amount equivalent to two times their monthly consumption being security in the form of a cash deposit depending on the load supplied, subject to a minimum of two thousand five hundred shillings. Industrial and large commercial customers have the option of providing a bank guarantee in lieu of a cash deposit. Payment is enforced by way of disconnection of the supply if bills are not paid within twenty-one days after billing. No interest is charged on balances in arrears.

The Company has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include the issue of a notice for disconnection of supply, an internal collection process; follow up of the customer by telephone or in person, negotiations of mutually acceptable payment arrangements and letters of demand. Non-payment will result in disconnection of supply and the account's closure if the disconnection is done and there is no payment within three months. The legal collection process is pursued thereafter. The decision to impair overdue amounts is assessed on the probability of recovery based on the customer's credit risk profile.

Progress on the collection process is reviewed on a regular basis and if it is evident that the amount will not be recovered, it is recommended for write-off in terms of the Company's policy. The process of recovery continues unless it is confirmed that there is no prospect of recovery or the costs of such action will exceed the benefits to be derived. Amounts written off are determined after taking into account the value of the security held.

The Company evaluates the concentration of risk with respect to electricity receivables as low, as its customers are located in all regions in Kenya and electricity is supplied to different classes of customers including individual households, private industries, companies and Government institutions. The total cumulative provision for impairment of electricity receivables at 30 June 2019 was Shs 12,338 million (2018: Shs 9,733 million).

The Company continues to install prepaid and automatic meters as strategies to minimise the risk of non-collection. In addition, the following strategies are currently in operation and are largely successful in other high risk areas of non-paying customers. These include:

- disconnections
- increased internal debt management capacity
- use of debt collectors
- focus on early identification and letters of demand
- higher security deposits

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows from revenue and capital and operational outflows.

The objective of the Company's liquidity management is to ensure that all foreseeable operational, capital expansion and loan commitment expenditure can be met under both normal and stressed conditions. The Company has adopted an overall balance sheet approach, which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, profitability and interest rate considerations.

NOTES (CONTINUED)**6. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)****(b) Liquidity risk (continued)**

The Company's liquidity management process includes:

- projecting cash flows and considering the cash required by the Company and optimising the short-term requirements as well as the long-term funding;
- monitoring statement of financial position liquidity ratios;
- maintaining a diverse range of funding sources with adequate back-up facilities;
- managing the concentration and profile of debt maturities; and
- maintaining liquidity contingency plans.

The table on the next page summarises the maturity profile of the Company's financial liabilities based on the remaining period using 30 June 2019 as a base period to the contractual maturity date:

	On demand Shs'000	Less than 3 months Shs'000	3 -12 months Shs'000	1 -5 years Shs'000	>5 years Shs'000	Total Shs'000
At 30 June 2019						
Borrowings	-	10,156,305	18,768,015	45,849,627	46,765,774	121,539,721
Trade and other payables	309,412	67,748,962	12,648,099	2,172,108	19,763,085	102,641,665
Dividends	811,045	-	-	-	-	811,045
	1,120,457	77,905,267	31,416,114	48,021,735	66,528,859	224,992,431
At 30 June 2018						
Borrowings	-	12,872,175	15,788,292	69,882,038	27,047,012	125,589,517
Trade and other payables	871,210	63,243,355	7,144,809	2,402,540	20,121,818	93,783,732
Dividends	862,007	-	-	-	-	862,007
	1,733,217	76,115,530	22,933,101	72,284,578	47,168,830	220,235,256

The Company has an established corporate governance structure and process for managing the risks regarding guarantees and contingent liabilities. All significant guarantees issued by the Company are approved by the board of directors and are administratively managed by the treasury department. Updated guarantee schedules are compiled every month.

NOTES (CONTINUED)

6. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(c) Market risk

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes in foreign exchange rates, commodity prices and interest rates. The objective of market risk management policy is to protect and enhance the statement of financial position and statement of comprehensive income by managing and controlling market risk exposures within acceptable parameters and to optimise the funding of business operations and facilitate capital expansion. The Company is exposed to the following risks:

(i) Currency risk

Currency risk arises primarily from purchasing imported goods and services directly from overseas or indirectly via local suppliers and foreign borrowings. The Company is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities that are denominated in a currency other than the Functional Currency of the Company.

The following table demonstrates the sensitivity to a reasonably possible change in the respective foreign currency/Sh\$ exchange rate, with all other variables held constant, on the Company's profit before income tax (due to changes in the fair value of monetary assets and liabilities).

Currency	Appreciation/(depreciation) of exchange rate	Effect on profit before tax and equity Sh\$ million
Year 2019		
US\$	5%(-5%)	+/-4,213
Euro	5%(-5%)	+/- 446
Year 2018		
US\$	5%(-5%)	+/-4,202
Euro	5%(-5%)	+/- 456

Management of currency risk

Exposure due to foreign currency risk is managed by recovering from customers the realised fluctuations in the exchange rates not factored in the retail tariffs.

(ii) Commodity or price risk

Commodity or price risk arises from the fuel that is used for the generation of electricity. Exposure due to commodity risk is managed by passing the cost of fuel used in generation to customers. In addition, the Company has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include the issue of a notice of disconnection of supply, an internal collection process; follow up of the customer by telephone or in person, negotiations of mutually acceptable payment arrangements and letters of demand. Non-payment will result in disconnection of supply and the customer's account being closed. The legal collection process is pursued thereafter.

The decision to impair overdue amounts is assessed on the probability of recovery based on the customer's credit risk profile.

NOTES (CONTINUED)

6. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the Company's financial condition may be adversely affected as a result of changes in interest rate levels. The Company's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Long-term borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The interest rate risk exposure arises mainly from interest rate movements on the Company's borrowings.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to only sign and obtain borrowings from institutions that offer contracts with fixed interest rates. Based on the various scenarios, the Company also manages its fair value interest rate risk by using floating –to- fixed interest rate swaps, where applicable.

Sensitivity analysis

The Company analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The calculation excludes borrowing costs capitalised in terms of the Company's accounting policy. The analysis has been performed on the same basis as the prior year.

At 30 June 2019, an increase/decrease of 5 basis points (2018: 5 basis points) would have resulted in a decrease/increase in a profit before tax of Shs 4,636 million (2018: Shs 4,661 million).

	Change in currency rate	Effect on profit before tax and equity
2019		Shs' 000
	1%	927,000
	5%	4,636,000
2018		
	1%	932,000
	5%	4,661,000

(d) Capital management

Capital managed by the Company is the equity attributable to the equity holders. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2019 and 30 June 2018.

The Company monitors capital using a gearing ratio. This ratio is calculated as net debt divided by capital. Net debt is calculated as total of interest-bearing loans and borrowings, less cash and cash equivalents.

NOTES (CONTINUED)

6. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(d) Capital management (continued)

	2019	2018
	Shs million	Shs million
Interest-bearing loans and borrowings (Note 28)	111,383	112,717
Cash and cash equivalents (Note 33(c))	5,426	7,603
Net debt	116,809	120,320
Equity	56,231	60,622
Gearing ratio	208%	198%

The major factors that impact on the equity of the Company include the following:

- revenue received from electricity sales (which is a function of price and sales volume)
- power purchase cost
- cost of funding the business
- cost of operating the electricity business
- cost of expanding the business to ensure that capacity growth is in line with electricity sales demand (funding and additional depreciation)
- taxation
- dividends

The Company uses Power System Development Planning process, which forecasts long-term growth in electricity demand; evaluates the alternative means to meet and manage that demand and comes up with a Least Cost Power Development Plan. The planning process determines a forward electricity cost curve (the Long Run Marginal Cost), which will give an indication of the size of the price increases that the Company requires in order to be sustainable over the medium and long-term. Adjustment of the tariffs for the electricity business is regulated and is subject to the process laid down by the Energy and Petroleum Regulatory Authority (EPRA).

The electricity business is currently in a major expansion phase driven by a rise in demand and Government policy. The funding of additional transmission and other distribution capacity is to be obtained from cash generated by the business, Government support and funds borrowed from local and international lending institutions. The adequacy of electricity tariffs allowed by EPRA and the level of Government support are key factors in the sustainability of the Company. The debt to equity ratio plays an important role in the credit ratings given to the Company which in turn influence the cost of funding. The Company's policy is to fund capital expansion programme jointly through its own resources and long-term borrowings.

(e) Fair values of financial assets and liabilities

The carrying amounts of financial instruments approximate their fair values.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

None of the financial instruments is carried at fair value.

NOTES (CONTINUED)

7. REVENUE

(a) Electricity sales

IFRS 15 Revenue from contracts with customers requires disclosure to reflect the nature, timing, amount and uncertainty of its revenue within its disclosure requirements. The Company has determined that the disaggregation using the below segments and the nature of revenues is appropriate for its circumstances.

	2019	2018
	Shs'000	Restated Shs'000
Postpaid	95,753,392	81,791,735
Prepaid	16,675,792	13,643,134
	112,429,184	95,434,869

(b) Other operating income

Amortisation of capital contribution	6,438,529	6,837,104
Miscellaneous sales	1,156,202	1,019,955
Fibre optic leases	492,865	450,624
Transmission line maintenance revenue	73,269	206,427
Recovery from Last Mile customers	128,670	391,273
Reconnection charges	194,526	143,936
Rent	101,730	128,617
	8,585,791	9,177,936

NOTES (CONTINUED)

8. POWER PURCHASE COSTS

(a) Non-fuel costs

The basic power purchase costs according to source/ power producer were as follows:

	2019	2018
	Shs'000	Shs'000
KenGen*	36,895,402	37,022,822
OrPower 4 Inc.	12,585,395	11,438,108
Lake Turkana Wind Power	11,053,459	-
Iberafrica Power (E.A.) Company Limited	2,991,839	3,154,052
Rabai Power Limited	2,482,406	2,960,346
Thika Power Limited	2,142,951	2,352,950
Tsavo Power Company Limited	2,180,835	2,306,675
Gulf Power Limited	1,994,909	2,133,329
Triumph Power Generating Company Limited	2,583,674	1,939,371
Uganda Electricity Transmission Company Limited	1,161,866	1,098,878
Regen-Terem	193,681	178,349
Gura	94,683	137,336
Ethiopia Electricity Power Company	15,844	81,893
Power Technology Solutions Limited	11,636	14,696
Chania Power Limited	4,082	5,295
Biojoule Kenya Limited	2,766	4,136
Imenti Tea Factory	1,997	3,826
Garissa Solar Power Plant	335,299	-
Strathmore University	2,093	-
Tanzania Electric Supply Company Limited	28	37
	76,734,845	64,832,099
Less foreign exchange surcharge (separately presented in profit or loss)	(985,704)	(7,714,264)
Less recharged to Rural Electrification Scheme	(4,871,105)	(4,322,804)
	70,878,036	52,795,031

KenGen*- included in Non-fuel costs for KenGen are Capacity charges totalling to Shs 21,825 million (2018: Shs 21,190 million), Steam charges totalling 5,883 million (2018: 6,166 million), Energy charges totalling Shs 8,012 million (2018: Shs 8,112 million) and foreign exchange costs totalling Shs 1,176 million (2018: Shs 1,555 million).

NOTES (CONTINUED)

8. POWER PURCHASE COSTS (CONTINUED)

(b) Fuel costs

	2019	2018
	Shs'000	Shs'000
KenGen	10,478,560	9,622,740
Rabai Power Limited	1,327,974	5,153,442
Uganda Electricity Transmission Company Limited	2,700,469	2,454,654
Thika Power Limited	1,360,733	2,311,997
Iberafrica Power (E.A.) Company Limited	995,115	2,044,320
Tsavo Power Company Limited	1,486,892	1,928,108
Off grid power stations	1,803,529	1,673,030
Gulf Power Limited	857,503	1,433,953
Triumph Power Generating Company Limited	320,955	327,332
	21,331,730	26,949,576
Less recharged to Rural Electrification Scheme	(3,043,174)	(3,358,392)
	18,288,556	23,591,184

The fuel cost is a pass through cost. During the year a recovery of Shs 19,852 million (2018 Restated: Shs 26,622 million) was made.

Units purchased

Analysis of interconnected power purchases by utility source in gigawatt-hours (GWh) is as follows:

	2019	2018
	GWh	GWh
KenGen	8,276	7,989
OrPower 4 Inc	1,285	1,185
Rabai Power Limited	120	562
Lake Turkana Wind Power	1124	-
Thika Power Limited	107	215
Tsavo Power Company Limited	131	196
Iberafrica Power (E.A.) Company Limited	74	186
Uganda Electricity Transmission Company Limited	168	168
Gulf Power Limited	38	81
Off grid power stations	58	47
Triumph Power Generating Company Limited	16	28
Regen-Terem	20	18
Gura	12	17
Mumias Sugar Company Limited	-	4
Garissa Solar Power Plant	60	-
Ethiopia Electricity Power Company	2	3
Chania Power Limited	-	1
Imenti Tea Factory	-	1
Power Technology Solutions Limited	1	1
	11,492	10,702
Less recharged to Rural Electrification Scheme	(726)	(740)
	10,766	9,962

NOTES (CONTINUED)

8. POWER PURCHASE COSTS (CONTINUED)

Type of interconnected power sources

Analysis of interconnected power purchases by utility source in gigawatt-hours (GWh) is as follows:

	2019	2018
	GWh	GWh
Geothermal	5,033	5,053
Hydro	3,741	3,224
Thermal	1,240	2,206
Wind	1,192	-
Net imports	170	171
Others	116	48
	11,492	10,702
Less recharged to Rural Electrification Scheme	(726)	(740)
	10,766	9,962

The Company transmits excess units generated by Aggreko Limited to Uganda Electricity Transmission Company Limited (UETCL) and Tanzania Electricity Supply Company Limited (TANESCO), whereas UETCL and TANESCO transmit back their excess power to the Company at the same charge rate as that billed to them. The two transactions have been effected in the accounts to give the net quantity.

9. NET OPERATING EXPENSES

(a) Network management

	2019	2018
	Shs'000	Shs'000
Salaries and wages	3,404,825	5,188,001
Depreciation	5,396,792	5,060,161
Wheeling charges – Ketraco*	2,613,861	2,011,000
Loss on disposal of fixed assets	767,027	539,035
Consumable goods	766,170	271,631
Staff welfare	70,842	191,403
Transport and travelling	(152,337)	104,386
Office expenses	2,331	3,114
Other costs	753,062	661,506
Net recharge of distribution and transmission costs to Rural Electrification Scheme	(2,817,037)	(2,717,431)
	10,805,536	11,312,806

* These are fees levied by Ketraco for the use of their transmission lines to transport electricity from the generators. The amount is determined by EPRA.

NOTES (CONTINUED)

9. NET OPERATING EXPENSES (CONTINUED)

(b) Commercial services

	2019	2018
	Shs'000	Restated Shs'000
Depreciation	4,244,356	3,985,122
Salaries and wages	5,260,045	3,832,228
Advertising and public relations	208,446	539,818
Staff welfare	4,367	127,713
Transport and travelling	215,198	79,046
Consumable goods	25,980	16,318
Office expenses	24,827	11,010
Other costs	35,370	9,911
Net recharge of customer service costs to Rural Electrification Scheme	(2,344,453)	(1,870,180)
	7,674,136	6,730,986
Expected credit losses		
Provision for electricity debtors (Note 20(d))	1,264,412	5,696,472
Provision for non-vending customers	-	2,684,588
Provision for other receivables, bank deposits and bank balances and guarantees	376,959	138,505
Provision for Uchumi debt	-	112,927
Provision for street lighting debtors	-	54,555
Writeback of provisions for prepaid fixed charge	(169,684)	-
Imperial Bank deposits write-back**	(37,323)	-
	1,434,364	8,687,047
	9,108,500	15,418,033

A full provision of Shs 322 million was made in the year ended 30 June 2016 for amount deposited with Imperial Bank Limited. Recovery of Shs 37 million was made in the year (2018: Shs Nil). Imperial Bank was placed under receivership in 2015.

NOTES (CONTINUED)

9. NET OPERATING EXPENSES (CONTINUED)

(c) Administration

	2019	2018
	Shs'000	Restated Shs'000
Salaries and wages	7,434,055	5,091,414
Depreciation	6,255,769	4,968,229
Staff welfare	1,690,193	1,293,650
Amortisation of intangible assets and operating lease prepayment	1,356,283	1,271,442
Repairs and maintenance	891,729	854,395
Security and surveillance	911,106	757,758
Transport and travelling	642,652	700,933
Office expenses	141,938	505,283
Bank charges	561,080	471,739
Rents	417,165	400,573
Licenses	176,508	379,095
Insurance	276,237	368,718
Public relations	(33,276)	233,417
Company electricity expenses	219,307	188,995
Training expenses and consumer services	24,097	135,881
Other consumable goods	85,356	128,129
(Decrease)/Increase in leave obligation (Note 31(a))	(50,230)	101,097
Increase in gratuity and leave allowance provisions (Note 31(b))	110,633	304,928
Consultancy fees	62,437	73,095
Directors' emoluments	44,088	28,758
Auditor remuneration	40,214	15,750
Other directors' expenses	21,275	14,615
Inventories provision	61,099	-
Other costs	1,140,630	703,973
Retirement benefit credits (Note 30)	(152,575)	(181,184)
	22,327,770	18,810,683
Recharge of administration costs to Rural Electrification Scheme*	(1,198,380)	(1,000,884)
	21,129,390	17,809,799

* Recharges to Rural Electrification Scheme (RES) relate to operating costs apportioned to RES based on the predetermined formula developed by the Government of Kenya.

NOTES (CONTINUED)

10. EMPLOYEE BENEFITS

	2019	2018
	Shs'000	Restated Shs'000
Salaries and wages	16,797,785	15,547,530
Recharge of recurrent expenditure to capital jobs*	(1,639,182)	(2,330,801)
NSSF employer contributions	26,314	27,105
Pension costs – defined contribution	914,010	867,808
Salaries and wages	16,098,927	14,111,642
Pension credit - defined benefit scheme (Note 30)	(152,575)	(181,184)
	15,946,352	13,930,458
(Decrease)/ Increase in leave pay provision (Note 31 (a))	(50,230)	101,097
Increase in gratuity and leave allowance provisions (Note 31 (b))	110,633	304,928
	16,006,755	14,336,483

* Recharge of recurrent expenditure to capital jobs relates to the labour and transport costs incurred by staff on capital jobs.

11. NET FINANCE COSTS

	2019	2018
	Shs'000	Restated Shs'000
(a) Finance income		
Interest income on bank and other deposits	117,900	100,000
(b) Finance costs		
Interest incurred on:		
Loans	(7,126,180)	(6,185,435)
Bank overdrafts	(1,083,429)	(1,418,489)
Unrealised foreign exchange differences	(1,001,441)	1,519,623
Late payment of invoices	(527,302)	(961,295)
Time value of money of RES Receivable	(574,960)	-
Dividends on cumulative preference shares	(1,930)	(1,930)
	(10,315,242)	(7,047,526)

NOTES (CONTINUED)

12. EXPENSES BY NATURE

The profit before income tax is arrived at after charging/(crediting):

	2019	2018
	Shs'000	Restated Shs'000
Employee benefits (Note 10)	16,006,755	14,336,483
Depreciation (Note 16)	15,896,918	14,013,511
Expected credit losses (Note 9 (b))	1,434,364	8,687,047
Amortisation of intangible assets (Note 18)	1,326,543	1,207,828
Loss on disposal of property and equipment (Note 33 (e))	767,027	539,035
Rent expense	417,165	400,573
(Decrease)/Increase in leave provision (Note 31 (a))	(50,230)	101,097
Increase in gratuity and leave allowance provision (Note 31 (b))	110,633	304,928
Amortisation of operating lease prepayments (Note 17)	29,740	63,614
Directors' emoluments:		
- Fees	4,300	3,453
- Other	39,788	25,305
Other directors' expenses	21,275	14,174
Auditor remuneration	40,214	15,750
Increase in provision for inventories	61,099	-

13. TAXATION

(a) Income tax expense

	2019	2018
	Shs'000	Restated Shs'000
Current income tax	95,313	131,560
Deferred income tax (Note 26)	(23,252)	1,568,081
	72,061	1,699,641

NOTES (CONTINUED)

13. TAXATION (CONTINUED)

(b) Income tax expense reconciliation

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2019	2018
	Shs'000	Restated Shs'000
Profit before income tax	333,614	4,968,267
Tax calculated at the statutory income tax rate of 30% (2018: 30%)	100,084	1,490,480
Tax effect of:		
Expenses not deductible for tax purposes	121,252	112,493
Income not subject to tax	(244,588)	(34,892)
Current income tax on separate sources of income	95,313	131,560
Income tax expense	72,061	1,699,641

(c) Current income tax (payable)/ recoverable reconciliation

	2019	2018
	Shs'000	Restated Shs'000
At start of year	(10,119)	58,987
Paid during the year	176,540	62,454
Income tax paid	-	-
Corporation tax on separate sources of income – current year	(95,313)	(131,560)
At end of year	71,108	(10,119)

14. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on continuing operations attributable to the ordinary equity holders of the Company. There were no discontinued operations during the year. There were no potentially dilutive ordinary shares as at 30 June 2019 and 2018. Diluted earnings per share is therefore the same as basic earnings per share.

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2019	2018
	Shs'000	Restated Shs'000
Profit for the year attributable to owners of the Company	261,553	3,268,626

NOTES (CONTINUED)

14. EARNINGS PER SHARE (CONTINUED)

The total number of shares and the weighted average number of shares for the purpose of calculating the basic and diluted earnings are as follows:

	2019	2018
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,951,467,045	1,951,467,045

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the number of ordinary shares.

	2019	2018
		Restated
Basic earnings per share (Shs)	0.13	1.67
Diluted earnings per share (Shs)	0.13	1.67

15. DIVIDENDS PER SHARE

Proposed dividends are accrued after they have been ratified at an Annual General Meeting. At the Annual General Meeting to be held before 27 December 2019, the directors will not recommend payment of dividend in respect of the year ended 30 June 2019 (2018: Shs Nil).

There was no interim dividend paid in the year (2018: Shs Nil).

NOTES (CONTINUED)
16 PROPERTY AND EQUIPMENT

2019	Freehold land and buildings Shs'000	Transmission lines Shs'000	Distribution lines Shs'000	Machinery Shs'000	Motor vehicles Shs'000	Furniture equipment Shs'000	Work in progress Shs'000	Total Shs'000
Cost								
At 1 July 2018	8,551,278	30,375,238	233,085,476	731,414	7,008,973	44,579,305	27,197,531	351,529,215
Transfer to leasehold	(198)	-	-	-	-	-	-	(198)
Work in progress additions	-	-	-	-	-	-	20,459,242	20,459,242
Transfers from work in progress	1,814,654	408,486	19,287,071	253,082	159,548	4,131,701	(26,054,542)	-
Disposals	(731)	-	(1,341,655)	-	(310,985)	(499)	-	(1,653,870)
At 30 June 2019	10,365,003	30,783,724	251,030,892	984,496	6,857,536	48,710,507	21,602,231	370,334,389
Depreciation								
At 1 July 2018	1,229,966	9,749,819	36,533,968	183,426	5,484,776	24,970,378	-	78,152,333
Transfer from leasehold	133	-	-	-	-	-	-	133
Charge for the year	238,008	1,025,144	8,611,918	35,158	379,342	5,607,348	-	15,896,918
Disposals	-	-	(502,452)	-	(279,004)	(499)	-	(781,955)
At 30 June 2019	1,468,107	10,774,963	44,643,434	218,584	5,585,114	30,577,227	-	93,267,429
Net book value								
At 30 June 2019	8,896,896	20,008,761	206,387,458	765,912	1,272,422	18,133,280	21,602,231	277,066,960

NOTES (CONTINUED)
16 PROPERTY AND EQUIPMENT (CONTINUED)

2018	Freehold land and buildings Shs'000	Transmission lines Shs'000	Distribution lines Shs'000	Machinery Shs'000	Motor vehicles Shs'000	Furniture equipment Shs'000	Work in progress Shs'000	Total Shs'000
Cost								
At 1 July 2017 (restated)	5,332,604	19,851,516	197,303,653	662,492	6,562,556	36,844,492	60,255,420	326,812,733
Work in progress additions	-	-	-	-	-	-	25,748,752	25,748,752
Transfers from work in progress	3,293,701	10,523,722	36,739,066	68,922	446,417	7,734,813	(58,806,641)	-
Disposals	(75,027)	-	(957,243)	-	-	-	-	(1,032,270)
At 30 June 2018	8,551,278	30,375,238	233,085,476	731,414	7,008,973	44,579,305	27,197,531	351,529,215
Depreciation								
At 1 July 2017 (restated)	1,078,954	9,039,041	29,253,832	153,071	5,077,989	19,862,237	-	64,465,124
Charge for the year	151,152	710,778	7,606,298	30,355	406,787	5,108,141	-	14,013,511
Disposals	(140)	-	(326,162)	-	-	-	-	(326,302)
At 30 June 2018	1,229,966	9,749,819	36,533,968	183,426	5,484,776	24,970,378	-	78,152,333
Net book value	7,321,312	20,625,419	196,551,508	547,988	1,524,197	19,608,927	27,197,531	273,376,882

NOTES (CONTINUED)

17. OPERATING LEASE PREPAYMENTS

	2019	2018
	Shs'000	Shs'000
Cost		
At start of year	879,292	870,718
Additions	99,120	8,574
Transfer from freehold	198	-
Disposal	(201)	-
	978,409	879,292
Amortisation		
At start of year	(65,869)	(2,255)
Charge for the year	(29,740)	(63,614)
Transfer to freehold	133	-
Charge on disposals	193	-
At end of year	(95,283)	(65,869)
Net book value	883,126	813,423

18. INTANGIBLE ASSETS

Cost		
At start of year	6,787,738	4,330,577
Additions	974,990	2,457,161
At end of year	7,762,728	6,787,738
Amortisation		
At start of year	(2,944,922)	(1,737,094)
Charge for the year	(1,326,543)	(1,207,828)
At end of year	(4,271,465)	(2,944,922)
Net book value	3,491,263	3,842,816

19. INVENTORIES

	2019	2018
	Shs'000	Shs'000
General stores	5,007,732	4,177,464
Transformers	2,125,130	2,920,775
Conductors and cables	2,072,382	1,526,142
Meters and accessories	2,913	636,698
Poles	522,006	375,945
Fuel and oil	242,168	185,054
Motor vehicle spares	109,828	108,989
Engineering spares	13,082	13,560
	10,095,241	9,944,627
Provision for impairment	(260,341)	(199,242)
	9,834,900	9,745,385

NOTES (CONTINUED)

19. INVENTORIES (CONTINUED)

Movements in the provisions for inventories were as follows:

At start of year	(199,242)	(960,229)
Write off	-	760,987
Additional provision (Note 9(c))	(61,099)	-
At end of year	(260,341)	(199,242)

General stores, engineering spares, fuel and oil, transformers and motor vehicle spares are carried at weighted average cost.

20. TRADE AND OTHER RECEIVABLES

(a) Non-current - Trade and other receivables

	2019	2018
	Shs'000	Shs'000
Prepayments	1,239,626	1,386,758

(b) Current - Trade and other receivables

	2019	2018
	Shs'000	Restated Shs'000
Electricity receivables (Note 20(c))	23,550,199	22,192,899
Rural Electrification Scheme - intercompany	11,464,161	9,101,806
Prepayments	1,472,470	2,685,067
Receivable from Government of Kenya****	1,403,965	2,598,787
VAT recoverable	1,948,120	2,429,798
Due from Ketraco**	1,510,433	1,425,441
Staff receivables	742,683	726,828
Stima loan deferred payment customers *	229,194	270,976
Rural Electrification Authority current account	248,564	248,564
GPOBA prepaid debtors***	110,508	208,479
Energy Regulatory Levy	138,518	56,351
Nuclear electricity project	110	-
Capital contribution receivable	-	-
Other *****	7,513,418	7,282,645
Gross trade and other receivables	50,332,343	49,227,641
Provision for credit losses (Note 20(d))	(20,136,412)	(14,007,720)
Impairment of Rural Electrification Scheme receivable	(574,960)	-
Net trade and other receivables	29,620,971	35,219,921

NOTES (CONTINUED)

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Current - Trade and other receivables (continued)

Trade and other receivables are non – interest bearing.

* Deferred payment customers balances represent debts outstanding under the Stima Loan Revolving Fund Programme which was established in 2010 to facilitate credit access to the low-income segments of the market for the purpose of electricity connection. It is funded by Agence Francaise de Development (AFD).

** This represents amounts due from Ketraco for local costs incurred in the construction of Sondu Miriu transmission and distribution line and repayments in relation to 0.75% Japan Bank for International Corporation loan that was transferred to Ketraco in 2018 upon signing of the Novation agreement.

***GPOBA prepaid debtors relate to the Global Partnership on Output Based Assistance (GPOBA) project for customers with prepaid meters. This project aims to provide safe, legal and affordable electricity to informal settlements. In 2015, the Company entered into an arrangement with the World Bank's International Development Association (IDA), which acts as an administrator of GPOBA. Under the agreement, the Company pre-invests its own resources to provide electricity to informal settlements after which IDA reimburses the Company for every connection done under this project.

The facility comprised a USD 10 million IDA loan and USD 5.15 million grant to be used as a subsidy for eligible electricity connections, allowing low income households to pay Shs 1,160 per connection. The receivable amount of Shs 130,076,000 (2018: Shs 208,479,000) is due from customers who received electricity connection under this project. The Company automatically recovers Shs 100 from these customers every month towards the Shs 1,160 awarded to each customer.

****Receivable from Government of Kenya (GoK) relates to subsidies due to the Company to enhance universal access to electricity through connectivity to the national grid. The Shs 1,672,080,000 (2018: Shs 2,598,789,000) receivable from the GoK is part of a larger commitment by the GoK, to be financed partly through support from the World Bank and the African Development Bank to enhance universal access to electricity. During the year, the Company received Shs 1,137,500,000 as disbursements of which Shs 926,707,000 was used to offset the debt and Shs 210,793,000 was fully utilized to grant accounting versus capital connect new customers.

*****Included in other receivables is an amount of Shs 250,967,000 (2018: Shs 288,284,000) deposited in Imperial Bank Limited which was placed under receivership in 2015. Recovery of Shs 37,323,000 was made in the year (2018: Shs Nil). The rest of the balance is fully provided for.

Prior year adjustments relating to incorrect recognition of unbilled fuel costs as revenue and material misstatement of provisions for impairment loss on electricity and other receivables are explained in Note 39.

(c) Electricity receivables

	<30 days Shs'000	30-90 days Shs'000	>90 days Shs'000	Total Shs'000
2019				
Gross	9,297,711	2,856,782	11,395,706	23,550,199
Impairment	(477,765)	(1,129,479)	(10,730,887)	(12,338,131)
Net	8,819,946	1,727,303	664,819	11,212,068
2018				
Gross	8,976,391	3,188,105	10,028,403	22,192,899
Impairment	(573,309)	(1,278,394)	(7,881,241)	(9,732,944)
Net	8,403,082	1,909,711	2,147,162	12,459,955

NOTES (CONTINUED)

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Movement in the expected credit losses for trade and other receivables

	Electricity receivables Shs'000	Prepaid fixed charge Shs'000	Other receivables Shs'000	Total Shs'000
2019				
At start of year	(9,732,944)	(2,974,528)	(1,300,248)	(14,007,720)
Impact of IFRS 9 adjusted through retained earnings	(1,524,891)	-	(3,376,341)	(4,901,232)
Additional provision	(1,264,412)	-	(354,171)	(1,618,583)
Write back	-	169,684	37,323	207,007
Write offs	184,116	-	-	184,116
At end of year	(12,338,131)	(2,804,844)	(4,993,437)	(20,136,412)
2018				
At start of year	(4,036,472)	(289,940)	(1,048,753)	(5,375,165)
Additional provision	(5,696,472)	(2,684,588)	(305,987)	(8,687,047)
Write back	-	-	54,492	54,492
At end of year	(9,732,944)	(2,974,528)	(1,300,248)	(14,007,720)

21. SHORT-TERM DEPOSITS, BANK AND CASH BALANCES

(a) Short-term deposits

	2019 Shs'000	2018 Shs'000
Housing Finance Company of Kenya Limited	416,593	393,183
The Co-operative Bank of Kenya Limited	2,612	98,808
	419,205	491,991
Expected credit losses - adjusted through retained earnings	(6,565)	-
Expected credit losses – charge for the year	(3,175)	-
	409,465	491,991

The average effective interest rate on the short-term deposits for the year ended 30 June 2019 was 6.94% (2018: 6.90%).

NOTES (CONTINUED)

21. SHORT-TERM DEPOSITS, BANK AND CASH BALANCES (CONTINUED)

(b) Bank and cash balances

	2019	2018
	Shs'000	Shs'000
Cash at bank	4,296,526	4,760,401
Cash on hand	14,100	16,637
	4,310,626	4,777,038
Expected credit losses - adjusted through retained earnings	(21,480)	-
Expected credit losses – charge for the year	(4,650)	-
	4,284,496	4,777,038
Overdraft	(10,156,305)	(12,872,175)
	(5,871,809)	(8,095,137)

22. SHARE CAPITAL

Authorised:	2019	2018
2,592,812,000 ordinary shares of Shs 2.50 each	6,482,030	6,482,030
	2019	2018
	Shs'000	Shs'000
Issued and fully paid:		
1,951,467,045 ordinary shares of Shs 2.50 each	4,878,667	4,878,667

23. SHARE PREMIUM

The share premium arose from the redemption of the 7.85% redeemable non-cumulative preference shares and a rights issue in the year 2011 at a price of Shs 207.50 giving rise to a share premium of Shs 14,367 million.

A further premium was received from the rights issue of 488,630,245 ordinary shares of Shs 2.50 each at a price of Shs 19.50, hence resulting to a share premium of Shs 17.00 per share or a total share premium of Shs 8,307 million. The transaction costs amounting to Shs 653 million were netted off against the share premium.

24. RETAINED EARNINGS

The retained earnings balance represents the amount available for distribution to the shareholders of the Company.

25. DEFERRED INCOME

Deferred income relates to capital contributions received from electricity customers for the construction of electricity assets. The amounts are amortised through profit or loss on a straight-line basis over the useful life of the related asset used to provide the ongoing service.

NOTES (CONTINUED)

25. DEFERRED INCOME (CONTINUED)

	2019	2018
	Shs'000	Shs'000
At start of year	21,701,530	24,506,623
Additional contributions	3,775,658	4,032,011
Recognised as income (Note 7(b))	(6,438,529)	(6,837,104)
At end of the year	19,038,659	21,701,530
Maturity analysis:		
Non-current	15,103,027	16,999,103
Current	3,935,632	4,702,427
At end of the year	19,038,659	21,701,530

26. DEFERRED INCOME TAX

Deferred income tax is calculated using the enacted income tax rate of 30% (2018: 30%). The movement on the deferred income tax account is as follows:

	2019	2018	2017
	Shs'000	Restated Shs'000	Restated Shs'000
At start of year	28,904,087	27,365,357	26,702,741
Credit to other comprehensive income	(499,408)	(29,351)	(317,507)
Impact of IFRS 9 Day 1 adjustment	(1,494,784)	-	-
Charge to profit or loss (Note 13 (a))	(23,252)	1,568,081	980,123
At end of year	26,886,643	28,904,087	27,365,357

NOTES (CONTINUED)

26. DEFERRED INCOME TAX (CONTINUED)

Year ended 30 June 2019	01.07.2018 Restated	Impact of adoption of IFRS 9	(Credited)/ charged to profit or loss Shs'000	Credited to OCI	30.06.2019
	Shs'000	Shs'000		Shs'000	Shs'000
Deferred income tax liabilities					
Property and equipment	50,395,688	-	(1,108,184)	-	49,287,504
Unrealised foreign exchange loss	(1,959,270)	-	(25,757)	-	(1,985,027)
Retirement benefit asset	784,538	-	45,772	(499,408)	330,902
	49,220,956	-	(1,088,169)	(499,408)	47,633,379
Deferred income tax assets					
Provisions	(4,621,793)	(1,494,784)	(450,187)	-	(6,566,764)
Tax losses	(15,750,825)	-	1,560,737	-	(14,190,088)
	(20,372,618)	(1,494,784)	1,110,550	-	(20,756,852)
Tax charge on excess accelerated capital allowances (current year)	55,749	-	(45,633)	-	10,116
Net deferred income tax liabilities	28,904,087	(1,494,784)	(23,252)	(499,408)	26,886,643

Year ended 30 June 2018	01.07.2017 Restated	Charged/ (credited) to profit or loss Shs'000	Credited to OCI	30.06.2018 Restated
	Shs'000	Shs'000	Shs'000	Shs'000
Deferred income tax liabilities				
Property and equipment	51,351,629	(955,941)	-	50,395,688
Unrealised foreign exchange loss	(2,791,229)	831,959	-	(1,959,270)
Retirement benefit asset	759,534	54,355	(29,351)	784,538
	49,319,934	(69,627)	(29,351)	49,220,956
Deferred income tax assets				
Provisions	(2,091,174)	(2,530,619)	-	(4,621,793)
Tax losses	(19,863,403)	4,112,578	-	(15,750,825)
	(21,954,577)	1,581,959	-	(20,372,618)
Tax charge on excess accelerated capital allowances (current year)	-	55,749	-	55,749
Net deferred income tax liabilities	27,365,357	1,568,081	(29,351)	28,904,087

As at 30 June 2019, the Company had accumulated tax losses amounting to Shs 47,842,571,000 (2018: Shs 54,057,169,000).

NOTES (CONTINUED)

27. TRADE AND OTHER PAYABLES

(a) Non-current liabilities

	2019	2018
	Shs'000	Shs'000
Capital contribution - on-going projects**	7,806,971	8,242,300
Customer deposits*	6,062,498	7,432,623
Capital contributions	4,729,896	4,610,528
Deferred creditor (Fibre optic)	409,462	480,251
Rural Electrification Scheme current account - capital	159,351	182,697
Donor funded revolving fund	164,553	177,910
Sub-Station Installation-GOK Funded Account	900,000	-
Nuclear electricity project	-	12,545
Ministry of Finance	-	-
Other payables	1,702,461	1,385,504
	21,935,192	22,524,358

*Customer deposits are held as a non-current liability because the Company will continue to offer services to the customers for the foreseeable future and the customers are not expected to discontinue their use of electricity in the short run. In addition, the customer deposits are a security for the electric meters supplied to the customer for long-term electricity supply.

**Capital contributions for on-going projects relate to customer contributions for capital works not completed.

(b) Current liabilities

	2019	2018
	Shs'000	Restated Shs'000
KenGen	19,257,959	21,888,545
Other suppliers' accounts	12,036,011	14,531,425
Other electricity suppliers	21,146,774	11,010,113
Other payables	10,319,188	10,302,192
Rural Electrification Scheme current account - Last Mile Project	4,902,232	5,839,520
Rural Electrification Authority Levy**	7,177,160	3,292,916
KEMP IDA grant***	475,155	64,218
Ketraco wheeling charge	3,863,672	2,047,868
Ministry of Finance	875,041	875,041
Prepaid revenue****	309,412	871,210
Street lighting project	23,328	285,741
Aggreko	192,058	190,400
Deferred creditor (Fibre optic)	60,185	60,185
	80,638,175	71,259,374
Impact of IFRS 9 through retained earnings – Staff loans guaranteed by the Company	53,335	-
Impairment during the year	14,963	-
	80,706,473	71,259,374

NOTES (CONTINUED)

27. TRADE AND OTHER PAYABLES (CONTINUED)

**The Rural Electrification Authority Levy relates to levy charge for Feb 2018 to June 2019 to be remitted to the Rural Electrification Authority on collection.

*** The Company receives funding from the World Bank through Credit No.5587-KE to support electrification projects. The total amount received as at 30 June 2019 was Shs. 7,958,684,000 of which Shs. 7,483,529,000 has been spent on the projects.

**** Prepaid revenue represents unearned income on prepaid meters. Based on historical trends, management derives an estimate of the value of prepaid power units not consumed as at the end of the financial year.

Non-current trade and other payables are non-interest bearing.

NOTES (CONTINUED)

28. BORROWINGS

	Currency	Interest rate	Start date	End date	2019 Shs'000	2018 Restated Shs'000
Commercial borrowings						
Standard Chartered Bank Loan	USD	4.15% + Libor	6/19/2016	6/23/2026	32,000,187	35,367,500
Standard Chartered Bank Loan	Shs	CBR + 4%	6/17/2016	6/23/2023	12,144,000	15,180,000
Rand Merchant Bank Long-term Loan	USD	5.75% + Libor	6/30/2014	6/31/2021	4,773,921	7,073,500
Equity Bank USD Medium Term Loan	USD	4.5% + Libor	9/30/2014	9/30/2025	5,567,022	6,345,104
Stanbic Loan	Shs	1.5% + CBR	6/28/2017	6/28/2019	2,000,000	2,000,000
Rand Merchant Bank Medium Term Loan	USD	7.95%	9/26/2018	9/26/2025	7,160,881	-
Stanbic Medium Term Loan	USD	5.25% + Libor	1/19/2014	12/31/2019	352,100	1,173,556
Standard Chartered Bank Money Market Loan	Shs	12% (cbr+4%)	5/30/2019	5/30/2020	800,000	-
GOK/Agence Francaise De development	EUR	2.5% + Libor	1/18/2017	12/31/2030	1,163,056	1,168,572
					65,961,167	68,308,232
On-lent borrowings						
GOK/IDA Kenya Electricity Expansion Project	USD	3.00%	5/11/2011	3/1/2035	12,491,475	12,339,046
GOK/CHINA EXIM BANK (USD 109,414,646)	USD	3.00%	8/28/2014	8/28/2034	11,192,932	11,056,350
GOK/IDA 3958 & 4572 KE ESRP	USD	4.50%	6/28/2005	9/1/2029	9,456,396	10,222,824
GOK/NORDEA	EUR	3.00%	12/15/2014	9/15/2026	2,356,230	2,932,546
GOK/EIB 23324 KE ESRP	EUR	3.97%	10/10/2007	7/20/2025	2,370,171	2,747,767
GOK/Agence Francaise de Development	EUR	4.50%	5/23/2007	3/30/2025	1,341,988	1,459,250
GOK/ Nordic Development Fund 435 ESRP	EUR	4.50%	5/22/2007	9/15/2026	545,183	620,804
KPLC/AFD Revolving Fund Loan	EUR	2.70%	12/31/2014	7/31/2034	348,917	351,123
GOK/EIB – Oikaria Loan	EUR	4.00%	5/25/2005	11/25/2019	109,535	329,909
GOK/IDA 5587 KE LOAN	USD	2.00%	2/27/2016	11/15/2052	1,275,653	268,400
GOK/IDA 2966 KE loan	Shs	7.70%	6/30/2016	6/30/2019	188,349	188,349
GOK/AFD Transformer Densification	EUR	3.20%	12/31/2014	7/31/2034	694,331	-
Accrued interest					3,051,089	1,892,742
					45,422,249	44,409,110
Total borrowings					111,383,416	112,717,342

NOTES (CONTINUED)

28. BORROWINGS (CONTINUED)

	2019	2018
	Shs'000	Shs'000
Total borrowings	111,383,416	112,717,342
Less: amounts repayable within 12 months	(18,768,015)	(15,788,292)
Non-current	92,615,401	96,929,050

Analysis of borrowings by currency

	Shs	USD	Euros	Total
	Shs' 000	Shs' 000	Shs' 000	Shs' 000
2019				
Loans	18,183,438	84,270,567	8,929,410	111,383,415
2018				
Loans	19,554,485	84,034,630	9,128,227	112,717,342

	2019	2018
	Shs'000	Shs'000
Maturity of borrowings		
Due within 1 year	18,768,015	15,788,292
Due between 1 and 2 years	13,451,696	12,050,870
Due between 2 and 5 years	32,397,931	57,831,168
Due after 5 years	46,765,774	27,047,012
	111,383,416	112,717,342

Compliance with debt covenants

During the year, the Company met all its loan repayment obligations. The Company was in compliance with all financial covenants during the year except for the Current Ratio covenant relating to the below borrowings from Standard Chartered Bank, Rand Merchant Bank, Stanbic Bank and Agence Francaise de Development. This covenant compares the current assets with the current liabilities.

	Current	Non-current	Total
	Shs'000	Shs'000	Shs'000
Standard Chartered Bank USD 350m loan	3,804,218	28,195,969	32,000,187
Standard Chartered Bank USD 150m loan	3,036,000	9,108,000	12,144,000
Rand Merchant Bank USD Long-term Loan	1,909,568	2,864,353	4,773,921
Rand Merchant Bank USD Medium Term Loan	596,740	6,564,141	7,160,881
Agence Francaise de Developpement	-	1,163,056	1,163,056
Stanbic Bank	352,100	-	352,100
	9,698,626	47,895,519	57,594,145

NOTES (CONTINUED)

28. BORROWINGS (CONTINUED)

Compliance with debt covenants (continued)

	Covenant requirement	As per the financial statements
<i>For Standard Chartered Bank, Rand Merchant Bank and AFD</i>		
Current assets (Shs'000)		44,220,940
Current liabilities (Shs'000)		115,190,801
Current ratio	1	0.38
 <i>For Stanbic Bank</i>		
Current assets (Shs'000)		44,220,940
Current liabilities less deferred income (Shs'000)		111,255,169
Current ratio	1	0.40

Paragraph 74 of IAS 1 'Presentation of financial statements' requires the reclassification of the non-current portion of borrowings with covenant breaches to current. This reclassification has not been performed in the financial statements because the Company obtained waivers before the end of the reporting period, 30 June 2019 which gave consent of extension of the breach from 30 June 2019 to 30 June 2020.

Through a letter from Standard Chartered Bank dated 20 June 2019, the lender communicated consent of extension of the breach from 30 June 2019 to 30 June 2020.

Through a letter from Rand Merchant Bank dated 18 June 2019, the lender communicated that the breach would be condoned from 30 June 2019 to 30 June 2020 while reserving the rights under the facility agreement.

Through a letter from Verism Africa, the Facility Agent dated 26 June 2019, the Lenders(CFC Stanbic Bank and East Africa Development Bank) consented to waiving the breach and any subsequent event of default for the dates 30 June 2019, 31 December 2019 and 30 June 2020.

Through a letter from Agence Francaise de Developpement Bank dated 26 June 2019, the lender communicated that it did not envisage any prepayment or acceleration of repayments for a 12-month period starting 30 June 2019 on condition that there is no cross-default event that is likely to occur during the period.

29. PREFERENCE SHARES

	2019	2018
	Shs'000	Shs'000
Authorised, issued and fully paid:		
350,000 - 7% cumulative preference shares of Shs 20 each	7,000	7,000
1,800,000 - 4% cumulative preference shares of Shs 20 each	36,000	36,000
	43,000	43,000

The preference shares are treated as financial liabilities because the Company has a contractual obligation to pay preference dividends on the shares.

NOTES (CONTINUED)

30. RETIREMENT BENEFIT ASSET

The Company operates a funded defined benefit plan (the “DB Scheme”) for its employees that is established under irrevocable trust. The DB Scheme was closed to new members and future accrual of service as from 1 July 2006. Currently, no contributions are payable by employees to the DB Scheme and the Company is on a contribution holiday. DB Scheme assets are invested in a variety of asset classes comprising of government securities, fixed and time deposits, corporate bonds, equities and offshore investments. A separate defined contribution scheme (the “DC Scheme”) was setup in respect of service from 1 July 2006. The contributions to the DC Scheme are accounted separately in the Company’s statement of profit or loss.

The benefits provided by the DB Scheme are based on a formula taking into account years and complete months of service with the employer since joining the scheme to the closing date. Under the DB Scheme, the employees are entitled to retirement benefits varying between 3 and 5 percent of final pensionable emoluments on attainment of the retirement age.

The DB Scheme is governed by the Retirement Benefits Act, 1997. This requires that an actuarial valuation be carried out at least every three years for the DB Scheme. The most recent actuarial valuation of the DB Scheme was carried out at 31 December 2016, using the Projected Credit Method, by an independent qualified actuary, Actuarial Services (E.A.) Limited. The actuary carried out a high-level actuarial estimate of the DB Scheme financial position at 30 June 2018 and 30 June 2019 taking into account changes in the years then ended. The Company is exposed to the following actuarial risks:

(i) *Investment risk*

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently, the plan has a relatively balanced investment in investment properties, government securities, equity investments, corporate bonds and short-term deposits. Due to the long-term nature of the DB Scheme liabilities, management considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the DB Scheme.

(ii) *Interest risk*

A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan’s debt investments.

(iii) *Longevity risk*

Benefits in the DB Scheme are payable on retirement, resignation, death or ill-health retirement. The actual cost to the Company of the benefits is therefore subject to the demographic movements of employees.

(iv) *The benefits are linked to salary and consequently have an associated risk to increases in salary.*

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2019	2018
Discount rate	12.9%	12.28%
Expected rate of return on assets	12.9%	12.28%
Future salary increases	5.00%	5.00%
Retirement age	60 years	60 years

NOTES (CONTINUED)

30 RETIREMENT BENEFIT ASSET (CONTINUED)

The updated position arising from the Company's obligation in respect of its DB Scheme is as follows:

The current service costs and the net interest expense for the year are included in administration expenses in profit or loss.

The measurement of the defined benefit liability is included in other comprehensive income. The amounts recognised in profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

	2019	2018
	Shs'000	Shs'000
Current service cost	159,290	126,202
Interest cost on defined benefit obligation	1,668,672	1,674,063
Interest income on plan assets	(2,302,198)	(2,299,933)
Interest on the effect of the asset ceiling	321,661	316,979
Prior year adjustment for asset values	-	1,505
Net income recognised in profit or loss (Note 10)	(152,575)	(181,184)

	2019	2018
	Shs'000	Shs'000
Net actuarial gains	(501,762)	(309,643)
Return on plan assets (excluding amount in interest cost)	1,146,156	641,111
Changes in effect of asset ceiling (excluding amounts in interest cost)	(1,020,300)	(233,631)
Recognised in other comprehensive income	1,664,694	97,837
Total		
Net actuarial losses	1,288,788	195,674

The amount included in the statement of financial position arising from the Company's obligation in respect of its defined benefit retirement plan is as follows:

	2019	2018
	Shs'000	Shs'000
Fair value of plan assets	19,192,751	19,397,401
Present value of funded defined benefit obligation	(14,132,649)	(14,167,143)
	5,060,102	5,230,258
Limit on defined benefit asset	(3,957,091)	(2,615,129)
Present value of funded defined benefit asset	1,103,011	2,615,129

The reconciliation of the amount included in the statement of financial position is as follows:

	2019	2018
	Shs'000	Shs'000
Net asset at the start of the year	2,615,130	2,531,782
Net income recognised in profit or loss (Note 9(c))	152,575	181,184
Amount recognised in other comprehensive income	(1,664,694)	(97,837)
Present value of funded defined benefit asset	1,103,011	2,615,129

NOTES (CONTINUED)

30 RETIREMENT BENEFIT ASSET (CONTINUED)

Movement in the present value of defined benefit funded obligations in the current year was as follows:

	2019	2018
	Shs'000	Shs'000
At start of year	14,167,143	13,939,502
Current service cost	159,290	126,202
Interest cost on obligation	1,668,672	1,674,063
Actuarial loss	(501,762)	(309,643)
Benefits paid	(1,360,694)	(1,262,981)
At end of year	14,132,649	14,167,143
Movement in the fair value of defined benefit scheme assets:		
At start of year	(19,397,402)	(19,003,066)
Interest income on plan assets	(2,302,199)	(2,299,933)
Return on plan assets, excluding amount in interest income	1,146,156	641,111
Benefits paid	1,360,694	1,262,981
Prior year understatement for asset values	-	1,505
At end of year	(19,192,751)	(19,397,402)

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	2019	2018
	Shs'000	Shs'000
Property	7,359,495	7,134,603
Debt instruments	6,741,088	6,638,890
Equity instruments	3,183,251	3,407,146
Others	1,908,917	2,216,763
Total scheme assets	19,192,751	19,397,402

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties are not based on quoted market prices in active markets. This treatment has been implemented during the current and prior years.

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

Sensitivity analysis

A sensitivity analysis was performed on the model and if all other key assumptions remained unchanged while the discount rate increased by 1% this would have resulted in an increase in the retirement benefit asset by Shs 763 million. If the discount rate had decreased by 1% the result would have been Shs 932 million decrease in the retirement benefit asset.

NOTES (CONTINUED)

31. PROVISIONS

(a) Leave pay obligation

	2019	2018
	Shs'000	Restated Shs'000
At start of year	448,000	346,903
(Decrease)/Increase in provisions (Note 10)	(50,230)	101,097
At end of year	397,770	448,000

(b) Gratuity and leave allowance provision

At start of year	304,928	-
Increase in provisions (Note 10)	110,633	304,928
At end of year	415,561	304,928

32. DIVIDENDS PAYABLE

	2019	2018
	Shs'000	Shs'000
Dividends payable on ordinary shares	811,045	862,007

These relate to unclaimed dividends payable to different ordinary shareholders.

The movement in the dividend payable account is as follows:

	2019	2018
	Shs'000	Shs'000
At start of year	862,007	362,839
Declared during the year	1,930	977,664
Paid during the year	(52,892)	(478,496)
At end of year	811,045	862,007

NOTES (CONTINUED)

33. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to cash generated from operations

	2019	2018
	Shs'000	Shs'000
Operating profit	10,530,956	11,915,793
Depreciation of property and equipment (Note 16)	15,896,918	14,013,511
Amortisation of intangible assets (Note 18)	1,326,543	1,207,828
Amortisation of prepaid leases on land (Note 17)	29,740	63,614
Loss on disposal of property and equipment (Note 33 (e))	767,027	539,035
Decrease in deferred income (Note 25)	(2,662,871)	(2,805,093)
Increase in provision for leave pay, gratuity and leave allowance (Note 31)	60,403	406,025
Unrealised foreign exchange losses on cash and deposits	88,313	-
Increase in impairment of short-term deposits (Note 21 (a))	3,175	-
Increase in impairment of bank balances (Note 21 (b))	4,650	-
Retirement benefit plan credit (Note 9(c))	(152,575)	(181,184)
Working capital adjustments:		
Increase in inventories	(89,515)	(119,092)
Increase in trade and other receivables	269,769	5,780,381
Increase in trade and other payables	8,804,598	6,528,153
Cash generated from operations	34,877,131	37,348,971

(b) Analysis of changes in borrowings

At start of year	112,717,342	120,993,511
Proceeds	9,559,072	6,345,221
Repayments	(13,132,712)	(12,852,887)
Repayment of previous year's accrued interest	(1,892,742)	(1,569,594)
Foreign exchange losses/(gain)	1,081,367	(2,091,651)
Accrued interest (Note 28)	3,051,089	1,892,742
At end of year	111,383,416	112,717,342

Net debt reconciliation

Cash and bank balances (Note 21 (b))	4,284,496	4,777,038
Short-term deposits (Note 21 (a))	409,465	491,991
Overdrafts	(10,156,305)	(12,872,175)
Borrowings	(111,383,416)	(112,717,342)
Net debt	(116,845,760)	(120,320,488)

NOTES (CONTINUED)**33. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)****(b) Analysis of changes in borrowings (continued)****Net debt reconciliation**

	2019	2018
	Shs'000	Shs'000
Cash, bank balances and short-term deposits	4,729,470	5,269,029
Gross debt – fixed interest rates	(63,747,651)	(111,245,181)
Gross debt – variable interest rates	(56,800,286)	(14,592,160)
Net debt	(115,818,467)	(120,568,312)

(c) Analysis of cash and cash equivalents

Short-term deposits (Note 21(a))	419,205	491,991
Cash and bank balances (Note 21(b))	4,310,626	4,777,038
Bank overdraft (Note 21(b))	(10,156,305)	(12,872,175)
	(5,426,474)	(7,603,146)

For the purpose of the cash flow statement, cash and cash equivalents include short-term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired; less advances from banks repayable within three months from date of disbursement or date of confirmation of the advance.

(d) Analysis of interest paid

	2019	2018
	Shs'000	Shs'000
Interest on loans (Note 11(b))	7,126,180	6,185,435
Overdraft interest (Note 11(b))	1,083,429	1,418,489
Late payment interest (Note 11 (b))	527,302	961,295
	8,736,911	8,565,219
Interest on loans capitalised	489,329	886,356
Accrued interest brought forward (Note 28)	1,892,742	1,569,597
Accrued interest carried forward (Note 28)	(3,051,089)	(1,892,742)
Interest paid	8,067,893	9,128,430

(e) Proceeds of disposal of property and equipment (continued)

	2019	2018
	Shs'000	Shs'000
Proceeds from disposal of property and equipment	104,896	166,934
Less: disposed assets at net book value	(871,923)	(705,969)
Loss on disposal of property and equipment	(767,027)	(539,035)

NOTES (CONTINUED)

33 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(f) Analysis of dividends paid

At start of year	862,007	362,839
Preference dividends - 4% and 7% cumulative preference shares	1,930	1,930
2017 Dividends declared	-	975,734
At end of year	(811,045)	(862,007)
Dividends paid	52,892	478,496

(g) Analysis of interest received

Interest received on bank and other deposits (Note 11 (a))	117,900	100,000
Accrued interest brought forward	2,524	11,087
Reversal of previous years' accrued interest	-	-
Accrued interest carried forward	(2,404)	(2,524)
Interest received	118,020	108,563

(h) Purchase of property and equipment

Work in progress additions (Note 16)	20,459,242	25,748,752
Exchange gain on loans for on-going projects capitalised	8,387	572,027
Interest expense on loans capitalised (Note 33(d))*	(489,329)	(886,356)
Property and equipment purchased	19,978,300	25,434,423

*The Company capitalises interest on qualifying projects quarterly at the average cost of debt of 6.87% (2018: 8.4%).

34 RELATED PARTY TRANSACTIONS

The Government of Kenya is the principal shareholder in The Kenya Power & Lighting Company Plc (KPLC) holding a 50.1% equity interest. The Government also holds 70% and 100% of the equity interest in Kenya Electricity Generating Company Plc (KenGen) and Kenya Electricity Transmission Company (KETRACO), respectively. The Company is related to KenGen and KETRACO through common control. During the year, the following transactions were carried out with related parties:

- (a) The Company had no individually significant transactions carried out on non-market terms.
- (b) Other transactions that are collectively significant are detailed as follows:

(i) Ministries

	2019	2018
	Shs'000	Shs'000
Electricity sales to Government Ministries	4,035,215	4,013,298
Electricity sales to strategic parastatals	2,383,375	1,815,908

NOTES (CONTINUED)

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Outstanding balances at the year-end included in trade and other receivables:

	2019	2018
	Shs'000	Shs'000
Rural Electrification Scheme - intercompany (Note 20 (b))	11,464,161	9,101,806
Receivable from Government of Kenya (Note 20 (b))	1,403,965	2,598,787
VAT recoverable (Note 20 (b))	1,948,120	2,429,798
Ministries	466,834	665,023
Strategic parastatals	489,538	404,574
Rural Electrification Authority current account (Note 20 (b))	248,564	248,564
Ministry of Energy and other sector entities	154,766	154,766
Electricity Regulatory Commission levy (Note 20 (b))	138,518	56,351
	16,314,466	15,659,669

(iii) Outstanding balances at the year-end included in trade and other payables:

	2019	2018
	Shs'000	Shs'000
Rural Electrification Scheme current account - Last Mile (Note 27 (b))	4,902,232	5,839,520
Rural Electrification Authority levy (Note 27 (b))	7,177,160	3,292,916
Ministry of Finance (Note 27 (b))	875,041	875,041
Government of Kenya - Street lighting project (Note 27 (b))	23,328	285,741
Rural Electrification Scheme – capital (Note 27 (a))	159,351	182,697
	13,137,112	10,475,915
Net amount owed by Government of Kenya	3,177,354	5,183,754

The tariffs applicable to Government institutions are the same as those charged to other ordinary customers.

(c) Staff

	2019	2018
	Shs'000	Shs'000
(i) Advances to staff included in trade and other receivables	511,414	538,667
(ii) Key management compensation		
Short-term employee benefits	11,493	9,460
Termination benefits	21,394	26,056
	32,887	35,516

NOTES (CONTINUED)

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Staff (continued)

Short-term employee benefits include those relating to the Managing Director and Chief Executive Officer who is also a director which are disclosed below:

	2019	2018
	Shs'000	Shs'000
Fees for services as director		
Non-executive directors (Note 12)	4,300	3,453
Other emoluments		
Salaries and other short-term employment benefits:		
Non-executive directors	39,788	42,932
Executive directors and key management staff	32,887	35,516
	72,675	78,448
	76,975	81,901

(d) Rural Electrification Scheme

The Company continued to manage the Rural Electrification Scheme (RES) under the Rural Electrification Programme (REP), on behalf of the Government of Kenya.

The Rural Electrification Programme (REP) was established in 1973 by the Government of Kenya following an agreement between the Government and East African Power & Lighting Company Limited, the predecessor to The Kenya Power & Lighting Company Plc. The programme was established with the specific objective to extend electricity to the sub-economic rural areas. In order to intensify the expansion of these sub-economic regions, the Government has established the Rural Electrification Authority (REA). However, KPLC continues to operate and maintain the whole network, in addition to implementing projects for the Authority on contract basis.

The Company has entered into a Mutual Co-operation and Provision of Services Agreement with REA to operate and maintain lines owned by REA. In return, the Company will retain revenues generated from RES customers to cover maintenance costs incurred by the Company. However, the Company continues to invoice the Government for the expenditure incurred to complete on-going projects.

The REP is funded by the Government of Kenya. Any property acquired by REP remains the property of the Government of Kenya. KPLC only acts as a management agent on behalf of the Government. The balances due to RES are disclosed in Note 34(b) (ii) and (iii).

(e) KenGen

	2019	2018
	Shs'000	Shs'000
Electricity purchases (before allocation to RES)	47,373,962	46,645,562
Amounts due to KenGen on electricity purchases (Note 27 (b))	19,257,959	21,888,545
Electricity sales	232,829	173,518
Loan due to KenGen - 0.75% JICA Loan	-	-
Amounts due from KenGen on account of electricity sales	237,887	128,566

NOTES (CONTINUED)

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(f) KETRACO

	2019	2018
	Shs'000	Shs'000
KETRACO wheeling charge (Note 27(b))	3,863,672	2,047,868
Funding for assets		
KEEP/KETRACO 132KV Transmission lines	47,208	47,208
KEEP/KETRACO 132/33KV substations	44,996	44,996
Interest paid on repayment of 2.5% Exim Bank Loan	27,695	27,695
Amount due from Ketraco on account of local costs*	567,642	567,642
Amount due from Ketraco on 0.75% JICA loan (inclusive of interest)	221,272	221,272
Operations and Maintenance costs for Transmission lines	601,620	516,628
	1,510,433	1,425,441

*These are local costs incurred by KPLC in the construction of Kisii Chemosit and Kamburu- Meru lines.

(g) KPLC Staff Retirement Benefits Scheme

The Company rents property owned by the staff retirement benefits scheme for office space. Rent paid to the scheme in the year amounted to Shs 167 million (2018: Shs 92 million). The outstanding balance to the retirement benefit scheme as at 30 June 2019 was Shs nil million (2018: Shs 30 million).

The year-end outstanding balances with related parties are interest free and settlement occurs in cash.

The Company rents property owned by the staff retirement benefits scheme for office space. Rent paid to the scheme in the year amounted to Shs 167 million (2018: Shs 92 million). The outstanding balance to the retirement benefit scheme as at 30 June 2019 was Shs nil million (2018: Shs 30 million).

The year-end outstanding balances with related parties are interest free and settlement occurs in cash.

35 GOVERNMENT GRANT

The Company received grants from the Government of Kenya to subsidize electricity connectivity and to finance street lighting projects. The grants amounted to Shs 2,678,625,000 (2018: Shs 3,521,750,000)

The movement in the grant accounts in the current year was as follows:

	2019	2018
	Shs'000	Shs'000
Connectivity		
At start of year	2,598,787	3,362,487
Disbursements received during the year	(1,137,500)	(1,196,750)
New connections during the year	(57,322)	433,050
At end of year	1,403,965	2,598,787
Street lighting		
At start of year	285,741	2,875,319
Disbursements received during the year	1,541,125	2,325,000
Utilised during the year	(1,803,538)	(4,914,578)
At end of year	23,328	285,741

The connectivity amount of Shs 1,404 million receivable for connectivity projects has been disclosed under trade and other receivables, while Shs 23 million for street lighting is accounted for under trade and other payables.

NOTES (CONTINUED)

36. CAPITAL COMMITMENTS

	2019	2018
	Shs'000	Shs'000
Authorised and contracted for	62,431,552	69,095,450
Less: amount incurred and included in work-in-progress	(25,770,129)	(34,928,666)
	36,661,423	34,166,784

37. CONTINGENT LIABILITIES

Cases filed against the Company are being handled by advocates appointed by the Company. The Directors, based on professional advice and previous High Court rulings, are of the opinion that no significant loss will arise from these matters.

The following is a highlight of the significant claims against the Company:

Litigation and claims

- (i) Joseph Kinyanjui Mwai vs KPLC – The plaintiff is seeking damages and interest for loss occasioned by KPLC as a result of disconnection;
- (ii) Christopher Lebo & 331 Others vs KPLC - The plaintiffs are former employees of the Company who have filed suit claiming amounts allegedly owed to them following cessation of their employment on diverse dates from 30th June 2001 to 19th March 2002;
- (iii) Nucon Switchgears PVT Limited vs KPLC – Nucon Switchgear PVT Limited is seeking payment, interest and demurrage charges under three separate contracts for the supply of transformers.
- (iv) Ahmed Dolal, Musa Ahmed and Fatima Kadid filed suit seeking, on their own behalf and on behalf of 27 members of Likolei (1) Farmers Group against KPLC and KenGen for damages in regard to oils spills on their farms from the Garissa Power station;
- (v) County Government of Nairobi vs. KPLC - This is a claim by the County Government of Nairobi for poles and wayleaves charges;
- (vi) Evanson Jidraph Kamau Waitiki vs KPLC - This is a claim for compensation by the Plaintiff against KPLC alleging that the Company supplied electricity to squatters on his land;
- (vii) Link properties Ltd vs KPLC - The Plaintiff is seeking orders for power lines to be removed from the suit premises and compensation from alleged trespass;
- (viii) Inter Tropical Timber Trading Ltd vs KPLC - Inter Tropical Timber Trading Ltd has sued KPLC for breach of contract and is seeking compensation for the breach; and
- (ix) David Mirara Gathii & Ruth Wambui vs KPLC - These are land owners who granted way-leaves to KPLC over their land but are seeking additional compensation for the way-leaves granted.

Other claims lodged against the Company relate to civil suits which have arisen in the normal course of business.

Other

The Company has submitted some qualifying unclaimed assets to the Unclaimed Financial Assets Authority (UFAA) and the Auditor General has appointed auditors to assess the level of compliance with the Unclaimed Financial Asset Act.

NOTES (CONTINUED)

38. FUTURE RENTAL COMMITMENTS UNDER OPERATING LEASES

As lessee:

The total future minimum lease payments due to third parties under non-cancellable operating leases are as follows:

	2019	2018
	Shs'000	Shs'000
Not later than 1 year	231,677	293,480
Later than 1 year and not later than 5 years	544,620	450,755
More than 5 years	537,536	400,709
	1,313,833	1,144,944

As lessor:

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2019	2018
	Shs'000	Shs'000
Not later than 1 year	369,937	85,826
Later than 1 year and not later than 5 years	200,377	274,437
More than 5 years	89,739	177,485
	660,053	537,748

Operating leases relate to premises with lease terms of up to 10 years and are subject to rent escalations. The Company does not have an option to purchase the leased asset at the expiry of the lease period. Similarly, as a lessor, the Company has entered into commercial property leases on its property and it retains all the significant risks and rewards of ownership of these properties and therefore accounts for the contracts as operating leases.

39. PRIOR YEAR RESTATEMENT

The prior period adjustments relate to:

(i) Provisions for impairment loss on electricity and other receivables

Under IAS 39, the Company determined the provision for impairment loss on receivables based on objective evidence of impairment, considering individual customers' credit terms and the age profile of the outstanding balances as at the year end. Application of this policy as at 30 June 2018 should have resulted in an additional impairment loss provision of Ksh 2,604,000,000 relating to electricity and prepaid fixed charge on non-vending meters, reducing the profit before income tax for the year ended 30 June 2018 and trade and other receivables as of that date by the same amount. The correction of this prior period error has been adjusted in the financial statements.

The impact of this adjustment is shown in Note 39 (i) and 39 (e).

(ii) Unbilled fuel costs

The Company recognises revenue relating to fuel costs charge in the month of billing by the power generators and invoiced to the customers in the subsequent month following approval by the Energy and Petroleum Regulatory Authority (EPRA) (formerly the Energy Regulatory Commission (ERC)).

NOTES (CONTINUED)

39 PRIOR YEAR RESTATEMENT (CONTINUED)

(ii) Unbilled fuel costs (continued)

However, in the years ended 30 June 2017 and 30 June 2018, the Company recognised revenue totalling Ksh 7,290,699,000 and Ksh 1,737,420,000 respectively relating to fuel costs charges (part of revenue) even though the amounts had not been approved by EPRA. The balances were included within trade and other receivables as “unbilled fuel costs revenue”. Consequently, this meant that the amounts had not met the criteria for revenue recognition under IAS 18 on the basis approval had not been granted, which secures collectability from customers.

The balance of “unbilled fuel costs revenue” as at 30 June 2017 was fully billed to customers in the year ended 30 June 2018 upon approval by ERC. As a result, revenue and unbilled fuel costs (current asset) for the year ended 30 June 2017 were overstated by Ksh 7,290,699,000, while the revenue for the year ended 30 June 2018 was understated by Ksh 5,553,284,000. The correction of this prior period error has been adjusted in the financial statements.

The impact of this adjustment is shown in Note 39 (d) and 39 (i).

(iii) Unrecorded Scanad Kenya Limited invoices

Scanad Kenya Limited (Scanad) provided creative, production and media buying services to KPLC between June 2016 and July 2018 and issued invoices and demand notices in the prior year totalling Ksh 408 million to that effect. However, these invoices had neither been paid nor accrued for in the year ended 30 June 2018. A correction to this error has been processed in the financial statements to reduce the profit before tax and increase trade and other payables for the year ended 30 June 2018.

The impact of this adjustment is shown in Note 39(k) and 39 (e).

(iv) Computation of gratuity and leave allowance provisions

Gratuity qualifies as a post-employment benefit in accordance with IAS 19, *Employee benefits*. The requirement in the standard for an entity to use the projected unit credit method to determine the present value of its defined benefit obligations and the related current service and past service costs had not been applied. The provision had been previously calculated based on current period of service only without considering items such as attrition rate and future salaries (i.e. some of the requirements of the projected unit cost method).

Leave allowance qualifies as a short-term employment benefit in accordance with IAS 19, *Employee benefits*. IAS 19 requires that when an employee has rendered service to an entity during an accounting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid. In the previous year, these costs were recorded on payment basis as opposed to on an accrual basis.

These errors resulted in a misstatement of profit before tax of Ksh 89 million and Ksh 143 million with respect to gratuity and leave allowance provisions respectively in the financial statements of the year ended 30 June 2018.

The impact of this adjustment is shown in Note 39 (f) and 39 (m)

NOTES (CONTINUED)

39. PRIOR YEAR RESTATEMENT (CONTINUED)

(v) Other prior period errors.

Other prior period errors which have been corrected in the financial statements are summarised below.

Note	Items	Amount Shs '000	Impact to the statement of profit or loss	Nature
39(g), 39(k)	Recoveries from last-mile customers	391,273	Increase in profit	These relate to recoveries from last mile scheme which were received in 2018 but booked as deferred income erroneously pending the split of the various last mile customers to either Rural Electrification Scheme Customers (RES) or KPLC customers.
39(g), 39(l)	Write-back of Stima Loan grant	116,306	Increase in profit	Stima loan grant was issued by the government and was meant to be utilised by KPLC to cushion against the losses experienced in the Stima Loan Scheme. As the losses were experienced in 2018, the writeback of the grant ought to have been matched to the period in which the losses occurred. Conditions of the grant had been fulfilled in 2018 but the grant had not been recorded as income in accordance with IAS 20.
39(h), 39(l)	Underaccrual of finance costs	760,473	Decrease in profit	Interest on a number of government (onl ent) loans had been erroneously computed leading to overaccrual and underaccrual of finance costs in 2017 and 2018 respectively.
39(h), 39(l)	Overaccrual of finance costs	1,022,611	Increase of 2017 retained earnings	

The impact of correcting the errors in the financial statements of 30 June 2018 is as follows:

(a) Statement of profit and loss extract

Note	2018 As previously reported Shs'000	Profit increase/ (decrease) Shs'000	2018 Restated Shs'000
Revenue			
Electricity sales	39(c) 95,463,404	(28,535)	95,434,869
Foreign exchange adjustment	9,322,195	-	9,322,195
Fuel cost charge	39(d) 21,068,631	5,553,279	26,621,910
Power purchase cost			
Non-fuel costs	(52,795,031)	-	(52,795,031)
Foreign exchange cost	(7,714,264)	-	(7,714,264)
Fuel costs	(23,591,184)	-	(23,591,184)
Net operating expenses			
Network management	(11,312,806)	-	(11,312,806)
Commercial services	39(e) (12,405,555)	(3,012,478)	(15,418,033)
Administration	39(f) (15,909,862)	(1,899,937)	(17,809,799)
Other operating income	39(g) 8,670,357	507,579	9,177,936
Interest income	100,000	-	100,000
Finance costs	39(h) (7,806,676)	759,150	(7,047,526)
Profit before income tax	3,089,209	-	4,968,267
Income tax expense	(1,171,217)	(528,424)	(1,699,641)
Profit for the year	1,917,992	-	3,268,626

NOTES (CONTINUED)
39. PRIOR YEAR RESTATEMENT (CONTINUED)

(b) Statement of financial position extract

	Note	2018 As previously reported	Increase/ (decrease)	2018 Restated	2017 As previously reported	Increase/ (decrease)	2017 Restated
ASSETS		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Property and equipment		273,376,882	-	273,376,882	262,347,609	-	262,347,609
Operating lease prepayment		813,423	-	813,423	868,463	-	868,463
Intangible assets		3,842,816	-	3,842,816	2,593,483	-	2,593,483
Retirement benefit asset		2,615,129	-	2,615,129	2,531,782	-	2,531,782
Trade and other receivables		1,386,758	-	1,386,758	1,601,509	-	1,601,509
Inventories		9,745,385	-	9,745,385	9,626,293	-	9,626,293
Trade and other receivables	39 (i)	39,605,767	(4,385,846)	35,219,921	48,084,812	(7,290,699)	40,794,113
Current income tax		-	-	-	44,358	14,629	58,987
Short-term deposits		491,991	-	491,991	596,169	-	596,169
Bank and cash balances		4,777,038	-	4,777,038	2,941,754	-	2,941,754
TOTAL ASSETS		336,655,189	(4,385,846)	332,269,343	331,236,232	(7,276,070)	323,960,162
Ordinary share capital		4,878,667	-	4,878,667	4,878,667	-	4,878,667
Share premium		22,021,219	-	22,021,219	22,021,219	-	22,021,219
Reserves	39 (j)	37,307,503	(3,584,966)	33,722,537	36,433,731	(4,935,600)	31,498,131
LIABILITIES							
Deferred income tax		29,694,493	(790,406)	28,904,087	28,683,216	(1,317,859)	27,365,357
Deferred income		16,999,103	-	16,999,103	19,562,051	-	19,562,051
Trade and other payables		22,524,358	-	22,524,358	29,710,547	-	29,710,547
Borrowings		96,929,050	-	96,929,050	111,075,216	-	111,075,216
Preference shares		43,000	-	43,000	43,000	-	43,000
Trade and other payables	39(k)	71,249,076	10,298	71,259,374	57,545,032	-	57,545,032
Current income tax		23,777	(13,658)	10,119	-	-	-

NOTES (CONTINUED)

39. PRIOR YEAR RESTATEMENT (CONTINUED)

(b) Statement of financial position extract (continued)

Note	2018 As previously reported	Increase/ (de- crease)	2018 Restated	2017 As previously reported	Increase/ (de- crease)	2017 Restated
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
LIABILITIES						
Deferred income	4,702,427	-	4,702,427	4,944,572	-	4,944,572
Provisions	448,000	304,928	752,928	346,903	-	346,903
Borrowings	16,100,334	(312,042)	15,788,292	10,940,906	(1,022,611)	9,918,295
Dividends payable	862,007	-	862,007	362,839	-	362,839
Overdraft	12,872,175	-	12,872,175	4,688,333	-	4,688,333
TOTAL EQUITY AND LIABILITIES	336,655,189	(4,385,846)	332,269,343	331,236,232	(7,276,070)	323,960,162

NOTES (CONTINUED)**39. PRIOR YEAR RESTATEMENT (CONTINUED)****(c) Electricity sales (Note 7 (a))**

	Note	2018 Restated Shs'000
As previously reported		95,463,404
Restatements:		
To adjust for 2018 electricity revenue re-billed in 2019	39 (i)	(28,535)
As restated		95,434,869

(d) Fuel cost charge

	Note	2018 Restated Shs'000
As previously reported		21,068,631
Restatements:		
To adjust for fuel cost charge revenue billed in 2018	39 (i)	5,553,279
As restated		26,621,910

(e) Commercial services (Note 9 (b))

	Note	2018 Restated Shs'000
As previously reported		12,405,555
Restatements:		
To adjust for additional provision for electricity debtors		1,261,515
To adjust for additional provision for non- vending prepaid customers		1,342,485
		2,604,000
Adjust for accrued unpaid invoices	39(k)	408,478
		3,012,478
As restated		15,418,033

NOTES (CONTINUED)**39 PRIOR YEAR RESTATEMENT (CONTINUED)****(f) Administration (Note g (c))**

	Note	2018 Restated Shs'000
As previously reported		15,909,862
Restatements:		
To adjust for additional leave provision	39(m)	143,968
To adjust for additional gratuity provision	39(m)	89,835
To adjust for additional realised foreign exchange losses		130,620
To reclassify unrealised exchange gain to finance costs	39(h)	1,519,623
To adjust bank charges wrongly accounted	39(i)	15,891
		1,899,937
As restated		17,809,799

(g) Other operating income (Note 7(b))

	Note	2018 Restated Shs'000
As previously reported		8,670,357
Restatements:		
To adjust for write back of Stima Loan grant	39(l)	116,306
To adjust for recoveries from last mile customers	39(k)	391,273
		507,579
As restated		9,177,936

(h) Interest expense (Note 11 (b))

		2018 Restated Shs'000
As previously reported		7,806,676
Restatements:		
To adjust for additional accruals		760,473
To reclass unrealised exchange gain from administration costs	39(f)	(1,519,623)
		(759,150)
As restated		7,047,526

NOTES (CONTINUED)

39. PRIOR YEAR RESTATEMENT (CONTINUED)

(i) Total impact on trade and other receivables

	Note	2018 Restated Shs'000	2017 Restated Shs'000
As previously reported		39,605,767	48,084,812
Restatements:			
To adjust for unbilled revenue for the period ended 30 June 2017		(7,290,699)	(7,290,699)
To adjust for billed revenue for the period ended 30 June 2018	39(d)	5,553,279	-
To adjust for 2018 electricity revenue re-billed in 2019	39(c)	(28,535)	-
To adjust for additional provisions for trade and other receivables	39(e)	(2,604,000)	-
To adjust bank charges wrongly accounted	39(f)	(15,891)	-
		(4,385,846)	(7,290,699)
As restated		35,219,921	40,794,113

(j) Total impact on retained earnings

	2018 Restated Shs'000	2017 Restated Shs'000
As previously reported	37,307,503	36,433,731
Restatements:		
Total impact of prior year adjustments 2018	1,879,058	-
Total impact of prior year adjustments 2017	(6,268,088)	(6,268,088)
Net impact on income tax	804,064	1,332,488
	(3,584,966)	(4,935,600)
As restated	33,722,537	31,498,131

(k) Total impact on trade and other payables(current)

	Note	2018 Restated Shs'000
As previously reported		71,249,076
Restatements:		
To accrue for unpaid invoices		408,478
To reclassify gratuity provision to provisions		(71,125)
To adjust for reclassification to payables	39(l)	
		64,218
To adjust for recoveries from Last Mile customers	39(g)	(391,273)
		10,298
As restated		71,259,374

NOTES (CONTINUED)

39 PRIOR YEAR RESTATEMENT (CONTINUED)

(l) Total impact on borrowings

	Note	2018 Restated Shs'000	2017 Restated Shs'000
As previously reported		16,100,334	10,940,906
Restatements:			
To adjust for grant written back	39(g)	(116,306)	-
To adjust for reclassification to payables	39(k)	(64,218)	-
To adjust for over accrued interest on loans-2017		(1,022,611)	(1,022,611)
To adjust for additional revaluation		130,620	
To adjust for under accrued interest on loans-2018		760,473	-
		(312,042)	(1,022,611)
As restated		15,788,292	9,918,295

(m) Total impact provisions

	Note	2018 Restated Shs'000
As previously reported		448,000
Restatements:		
To adjust for reclassification to payables	39(k)	71,125
To adjust for additional leave allowance provision	39(f)	143,968
To adjust for additional gratuity provision	39(f)	89,835
		304,928
As restated		752,928

40. WORLD BANK FINANCING

(a) KEEP Loan (IDA Credit No. 4743-KE)

The Company received funding from the World Bank through Credit No.4743-KE to support electricity expansion projects. Summary information on transactions under KEEP Loan during the two years ended 30 June 2019 and 2018 were as follows:

	2019 Shs'000	2018 Shs'000
Balance at the beginning of the year	4,107	34,189
Amounts received during the year	-	339,344
Net interest income	196	1,068
Expenditure during the year	-	(370,494)
Balance at the end of the year	4,303	4,107

NOTES (CONTINUED)

40. WORLD BANK FINANCING (CONTINUED)

(a) KEEP Loan (IDA Credit No. 4743-KE) (continued)

The closing balances shown above are included in cash and cash equivalents and represent balances on the World Bank funded Special Account No.0550297294333 held at Equity Bank Limited. Included in the long-term borrowings is an amount of Shs 12,491,474,914 (US\$ 122,107,651) in respect of the amounts disbursed under the loan to date. The proceeds of the World Bank loan have been expended in accordance with the intended purpose as specified in the loan agreement.

(b) KEMP (IDA Credit No. 5587-KE) LOAN

The Company received funding from the World Bank through Credit No.5587-KE to support electricity modernization projects. Summary information on transactions under KEMP Loan during the two years ended 30 June 2019 and 2018 were as follows:

	2019	2018
	Shs'000	Shs'000
At start of year	57,932	123,461
Amounts received during the year	219,073	-
Net interest income	4,540	6,074
Expenditure during the year	(135,936)	(71,603)
Balance at the end of the year	145,609	57,932

The closing balances shown above are included in cash and cash equivalents and represent balances in the World Bank funded Special Account No. 1400266765947 held at Equity Bank Limited. Included in the long-term borrowings is an amount of Shs 1,275,653,422 (US\$ 12,469,938) in respect of the amounts disbursed under the loan to date. The proceeds of the World Bank through Credit No.5587-KE have been expended in accordance with the intended purpose as specified in the loan agreement.

(c) KEMP (IDA Credit No. 5587-KE) GRANT

The Company received funding from the World Bank through Credit No.5587-KE to support electrification projects. Summary information on transactions under KEMP Grant during the two years ended 30 June 2019 and 2018 were as follows:

	2019	2018
	Shs'000	Shs'000
At start of year	150,498	135,598
Amounts received during the year	1,132,796	518,693
Net interest income	10,684	6,974
Expenditure during the year	(825,226)	(510,767)
Balance at the end of the year	468,752	150,498

The closing balances shown above are included in cash and cash equivalents and represent balances on the World Bank funded Special Account No1400266766088 held at Equity Bank Limited. The proceeds of World Bank grant have been expended in accordance with the intended purpose as specified in the loan agreement.

NOTES (CONTINUED)

41. EUROPEAN INVESTMENT BANK (EIB) FINANCING

The Company received financial support from EIB for Grid development. Summary information on special account transactions during the year are as follows:

	2019	2018
	Shs'000	Shs'000
Balance at the beginning of the year	-	235,568
Net interest income	-	1,995
Expenditure during the year	-	(237,563)
Balance at the end of the year	-	-

The closing balances shown above are included in cash and cash equivalents and represent balances on the European Investment Bank funded Special Account No.0100000443683 held at Stanbic Bank of Kenya Limited. Included in the long-term borrowings is an amount of Shs 2,370,171,221 (Euro 20,378,679) in respect of the amounts disbursed under the loan to date. The proceeds of the European Investment Bank loan have been expended in accordance with the intended purpose as specified in the loan agreement.

42 SUBSEQUENT EVENTS

The spread of COVID-19 has severely impacted the country in various ways. Measures taken to contain the virus by the government including travel bans, quarantines, social distancing and closure/minimization of non-essential services has triggered disruptions locally and globally resulting in an economic slow-down against the fiscal and monetary interventions created by the government to stabilize the current conditions.

The Company has determined that these events are non-adjusting subsequent events and therefore, the financial performance and financial position for and as at the year ended 30 June 2019 have not been adjusted to reflect their impact. Additionally, it is not possible to reliably estimate the duration and severity of the consequences, as well as their impact on the financial position and results of future periods.

Below is a detailed analysis of the anticipated impact in the business going forward:

Financial statement area	Impact
Revenue	The implementation of COVID-19 containment measures resulted in widespread interruption of commercial and industrial operations which had an immediate impact on electricity consumption by Large Power and Small Commercial Enterprises (SME) customers thus reducing the revenues.
Employee structures	There has been no change in the employee structure of the Company in the form of additional benefits paid to employees or downsizing.
Laws and regulations	As part of the fiscal and monetary measures introduced by the Government including: i. Lowering of PAYE on employee benefits from 30% to 25% ii. Lowering of VAT from 16% to 14% iii. Raising of exempt income to KES 24,000 per month iv. Lowering of corporate income tax from 30% to 25% The effective date of these taxes is from 1 April 2020 and therefore no impact on the financial performance and position of the Company as at 30 June 2019..
Financial covenants	While the company was not in compliance with debt covenants as at 30 June 2019, the Company received waivers from the financiers on complying with the financial covenants.

NOTES (CONTINUED)

42 SUBSEQUENT EVENTS (CONTINUED)

Impairment of assets	The expected credit loss allowance on financial assets will be expected to increase due to increased difficulty by the customers to make the payments following the impact of the pandemic.
Liquidity	The Covid-19 pandemic has had a negative impact on liquidity. The receipts from customers have been low while the obligations by the company has remained largely constant mostly due to the nature of power purchasing contracts.

In addition, due to the above developments, the board has re-assessed the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Based on the assessment performed, management is of the view that the significant doubt associated with the current uncertainties related to the COVID-19 virus currently does not result in increased risk of going concern over and above the material uncertainty on going concern as disclosed under note 2(a) .

The Directors are not aware of any other events (as defined per IAS 10 Events after the Reporting Period) after the reporting date of 30 June 2019 affecting the financial statements for the year ended 30 June 2019 as at the date of publication.



A telelogger machine, used to move and load poles



Kenya Power
TBEA BEBT
The new power plant

HAZARD DANGER



A section of the 220/66/11kV Nairobi City Centre Gas Insulated Substation

TEN YEAR FINANCIAL AND STATISTICAL RECORDS

For year ended	30th June 2010	30th June 2011	30th June 2012	30th June 2013	30th June 2014	30th June 2015	30th June 2016	30th June 2017	30th June 2018 (Restated)	30th June 2019
UNITS SOLD (GW/h)	5,345	5,816	6,001	6,175	6,790	7,130	7,385	7,717	7,905	8,173
Average yield of units sold (cents)	1,368.88	1,257.81	1,594.11	1,439.83	1,552.22	1,497.38	1,467.50	1,564.63	1,661.97	1,629.03
Revenue from sale of electricity	Shs '000 73,166,794	Shs '000 73,154,021	Shs '000 95,662,427	Shs '000 88,909,626	Shs '000 105,395,714	Shs '000 106,763,525	Shs '000 108,374,612	Shs '000 120,742,270	Shs '000 131,378,974	Shs '000 133,140,887
Operating Profit	5,951,392	7,084,377	7,810,450	8,941,540	14,922,404	15,839,478	16,930,645	13,652,536	11,917,723	10,532,886
TAXATION (CHARGE)/CREDIT	(1,916,587)	(2,035,185)	(3,889,577)	(3,124,780)	(4,021,363)	(4,821,617)	(4,885,834)	(2,376,214)	(1,699,641)	(72,061)
NET PROFIT AFTER TAXATION BEFORE FINANCE INCOME/ COSTS	4,034,805	5,049,192	3,920,873	5,816,760	10,901,041	11,017,861	12,044,811	11,276,322	10,218,082	10,460,825
Finance Income	177,380	171,477	489,182	111,546	104,208	1,380,968	964,957	46,004	100,000	117,900
Finance Costs	(493,885)	(999,173)	208,991	(2,480,659)	(4,008,832)	(4,964,942)	(5,811,275)	(6,039,971)	(7,047,526)	(10,315,242)
Preference dividends (gross)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)
NET PROFIT ATTRIBUTABLE TO										
ORDINARY SHAREHOLDERS	3,716,370	4,219,566	4,617,116	3,445,717	6,994,487	7,431,957	7,196,563	5,280,425	3,268,626	261,553
ORDINARY DIVIDENDS (gross)	(633,024)	(1,002,763)	(563,757)	-	(390,293)	(975,733)	(975,733)	(585,440)	(975,734)	-
OTHER COMPREHENSIVE INCOME	-	-	(127,397)	1,266,758	989,821	(1,995,966)	(168,673)	(740,849)	(68,486)	(1,165,286)
RETAINED PROFIT FOR THE YEAR	3,083,346	3,216,803	3,925,962	4,712,475	7,594,015	4,460,258	6,052,157	3,954,136	2,224,406	(903,733)

For year ended	30th June 2010	30th June 2011	30th June 2012	30th June 2013	30th June 2014	30th June 2015	30th June 2016	30th June 2017	30th June 2018 (Restated)	30th June 2019
FUNDS GENERATED FROM OPERATIONS										
Profit/(Loss) for the year after dividends	3,083,346	3,216,803	3,925,962	4,712,475	7,594,015	4,460,258	6,052,157	3,954,136	2,224,406	(903,733)
Depreciation	2,807,111	3,847,007	4,563,658	5,632,642	6,797,745	7,943,421	9,434,511	11,951,350	15,284,953	17,253,356
	5,890,457	7,063,810	8,489,620	10,345,117	14,391,760	12,403,679	15,486,668	15,905,486	17,509,359	16,349,623
CAPITAL EMPLOYED										
Fixed Assets less depreciation	64,310,486	84,590,569	106,377,165	146,094,184	168,155,851	196,301,330	233,714,593	262,347,609	273,376,882	277,066,960
Intangible assets	-	-	169,520	258,716	1,410,044	1,418,599	2,602,033	2,593,483	3,842,816	3,491,263
Prepaid leases on land	131,819	131,764	131,709	131,653	131,598	131,543	868,519	868,463	813,423	883,126
Investment	-	1,298,506	1,171,109	-	-	-	-	-	-	-
Other non current assets	-	-	-	-	817,423	8,372,135	5,079,411	4,133,291	4,001,887	2,342,637
Net current assets/ (Liabilities)	1,736,355	7,020,165	(3,223,754)	(1,147,158)	1,563,870	20,463,293	(2,793,900)	(17,535,199)	(56,012,987)	(70,969,861)
	66,178,660	93,041,004	104,625,749	145,337,395	172,078,786	226,686,900	239,470,656	252,407,647	226,022,021	212,814,125
FINANCED BY:										
Ordinary shareholders' equity	11,593,536	39,606,376	43,022,772	47,149,807	54,743,822	57,969,656	59,379,481	63,333,617	60,622,423	56,230,862
Non cumulative preference shares	17,147,341	-	-	-	-	-	-	-	-	-
Cumulative preference shares	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Deferred Income	-	7,472,912	12,362,327	16,087,747	18,680,714	16,612,332	18,154,796	19,562,051	16,999,103	15,103,027

For year ended	30th June 2010	30th June 2011	30th June 2012	30th June 2013	30th June 2014	30th June 2015	30th June 2016	30th June 2017	30th June 2018 (Restated)	30th June 2019
Loan capital	13,113,434	19,757,132	21,512,025	42,886,311	53,141,442	99,289,403	105,017,783	111,075,216	96,929,050	92,615,401
Deferred taxation	4,481,865	6,500,449	11,862,140	15,442,569	19,848,236	24,699,789	26,702,741	28,683,216	28,904,087	26,886,643
Non current liability	19,799,484	19,661,135	15,823,485	23,727,961	25,621,572	28,072,720	30,172,855	29,710,547	22,524,358	21,935,192
CAPITAL EXPENDITURE	66,178,660	93,041,004	104,625,749	145,337,395	172,078,786	226,686,900	239,470,656	252,407,647	226,022,021	212,814,125
Average cost of units sold (cents)	1,287.63	1,160.33	1,496.28	1,347.16	1,450.92	1,365.10	1,339.41	1,493.09	1,627.34	1,607.31
Profit for the year before taxation as a percentage of average capital employed	8.99%	7.61%	7.47%	6.15%	8.67%	6.99%	7.07%	5.41%	5.27%	4.95%
ORDINARY DIVIDENDS RATES	40%	18%	20%	0%	20%	20%	20%	20%	0%	0%
Earnings per share	3.00	2.16	2.36	1.76	3.58	3.81	3.69	2.71	1.67	0.13
Customers/ employees ratio	201.08	205.24	198.85	223.00	260.00	333.05	439.27	547.35	615.00	647.60
Sales (KWh) per employee	734,300	680,774	584,374	590,922	641,076	657,446	663,343	682,800	719,094	743,473

TABLE 1: POWER SYSTEM OPERATION STATISTICS FOR 5 YEARS

Generation Technology	Capacity (MW) as at 30.06.2019		Energy Purchased GWh				
	Installed	Effective ¹ / Contracted	2014/15	2015/16	2016/17	2017/18	2018/19
KenGen							
Hydro:							
Gitaru	225.0	216.0	710	862	775	724	869
Kamburu	94.2	90.0	358	434	384	321	399
Kiambere	168.0	164.0	718	996	938	751	1,026
Kindaruma	72.0	70.5	165	208	183	179	193
Masinga	41.20	40.0	138	127	169	107	199
Tana	25.7	20.0	108	109	71	96	96
Turkwel	106.0	105.0	551	426	402	458	545
Sondu Miriu	60.7	60.0	376	419	282	388	258
Sangóro	21.2	20.0	125	140	90	129	82
Small Hydros	11.7	11.3	60	63	44	33	42
Hydro Total	826	797	3,308	3,784	3,339	3,186	3,707
Thermal:							
Kipevu I Diesel	74	60	157	129	211	238	197
Kipevu III Diesel	120	115	299	181	512	584	490
Muhoroni GT	60	56	4	1	108	65	67
Garissa & Lamu	0	0	12	12	0	0	0
Garissa Temporary Plant (Aggreko)	0	0	21	19	0	0	0
Thermal Total	254	231	492	342	832	888	754
Geothermal:							
Olkaria I	45.0	44.0	333	331	195	247	285
Olkaria II	105.0	101.0	756	814	791	832	796
Eburru Hill	2.4	2.2	11	10	0	6	10
OW37, OW 37 kwg 12, OW 37 kwg 13 and OW 39 Olkaria Mobile Wellheads2	20.5	17.2	9	16	89	127	129
OW43 Olkaria Mobile Wellheads	12.8	12.8	78	75	74	66	66

Generation Technology	Capacity (MW) as at 30.06.2019		Energy Purchased GWh				
	Installed	Effective ¹ / Contracted	2014/15	2015/16	2016/17	2017/18	2018/19
OW905, OW914 ,OW915 and OW 919 Olkaria Mobile Wellheads ³	47.8	47.8	109	266	309	325	297
Olkaria IV	149.8	140.0	1064	976	852	1,132	1,095
Olkaria I 4 & 5	150.5	140.0	744	1055	968	1,133	1,069
Geothermal Total	534	508	3,104	3,542	3,279	3,868	3,747
Wind							
Ngong	25.5	25.5	37.7	56.7	63.2	47.5	67.4
KenGen Total	1,639	1,561	6,943	7,725	7,513	7,989	8,276
Government of Kenya (Rural Electrification Programme)							
Thermal	31.4	21.3	35.1	39.9	40.8	46.9	57.6
Wind	0.55	0.01	0.00	0.00	0.00	0.00	0.00
Solar	0.69	0.62	0.90	0.79	0.54	0.12	0.06
Total Offgrid	33	22	36	41	41	47	58
Independent Power Producers (IPP)							
Iberafrica I&II	108.8	102.5	198	128	252	186	74
Mumias - Cogeneration	26.0	21.5	14	0	0	4	0.0
OrPower 4 -Geothermal I,II&III	121.0	121.0	955	937	925	942	1,038
OrPower 4 -Geothermal (the 4th plant)	29.0	29.0		129	247	244	247
Tsavo	74.0	74.0	83	39	121	196	131
Rabai Power	90.0	88.6	609	536	606	562	120
Imenti Tea Factory (Feed-in Plant)	0.283	0.283	0.5	0.7	0.3	0.6	0.3
Thika Power	87.0	87.0	233	70	168	215	107
Gikira small hydro	0.514	0.514	1.6	1.9	0.9	1.4	1.1

Generation Technology	Capacity (MW) as at 30.06.2019		Energy Purchased GWh				
	Installed	Effective ¹ / Contracted	2014/15	2015/16	2016/17	2017/18	2018/19
Gulf Power	80.32	80.32	60	8	61	80	37
Triumph Diesel	83.0	83.0	4.8	81.8	83	28	16
Biojule Kenya Limited	2.0	2.0	0	0	0.7	0.4	0.3
Regen-Terem	5.00	5.00	0	0	1	18	20
Gura	2.00	2.00	0	0	0	17	12
Chania	0.50	0.50	0	0	0	0.8	0.3
Strathmore	0.25	0.25	0	0	0	0.02	0.15
Lake Turkana Wind Power	310.0	300.0	0	0	0	0	1,124
IPP Total	1,020	997	2,160	1,934	2,466	2,495	2,930
Emergency Power Producers(EPP)							
Aggreko Power	0	0.0	63	50	0	0	0
EPP Total	0	0	63	50	0	0	0
REA Garissa Solar Plant							
REA Garissa	50	50	0	0	0	0	60
REA Garissa Total	50	50	0	0	0	0	60
Imports							
UETCL			76	65	180	168	168
TANESCO			0.6	0.0	0.0	0.0	0.0
EEU (MOYALE)			2.8	2.6	3.4	3.0	1.8
Total Imports			79	67	184	171	170
SYSTEM TOTAL	2,741	2,630	9,280	9,817	10,204	10,702	11,493
SUMMARY OF KEY STATISTICS							
SALES - KPLC System (GWh)			7,090	7,330	7,701	7,881	8,147
- REP System (GWh)			525	537	549	554	595
- Export to Uganda (GWh)			38	43	20	22	27
- Export to Tanesco (GWh)			2	2	2	2	0.01

Generation Technology	Capacity (MW) as at 30.06.2019		Energy Purchased GWh				
	Installed	Effective ¹ / Contracted	2014/15	2015/16	2016/17	2017/18	2018/19
TOTAL SALES (GWh)			7,655	7,912	8,272	8,459	8,769
System Losses (GWh) ⁴			1,624	1,905	1,932	2,244	2,724
System Peak Demand (MW) ⁵			1,512	1,586	1,656	1,802	1,882
System Load Factor			70.1%	70.6%	70.3%	67.8%	69.7%
Sales % of Energy Purchased			82.5%	80.6%	81.1%	79.0%	76.3%
Losses as % of Energy Purchased			17.5%	19.4%	18.9%	21.0%	23.7%
Annual Growth: - Energy Purchased			5.0%	5.8%	3.9%	4.9%	7.4%
- Total Sales			5.7%	3.3%	4.5%	2.3%	3.7%
- KPLC Sales			5.0%	3.4%	5.1%	2.3%	3.4%
- REP Sales			15.6%	2.3%	2.2%	1.0%	7.4%
- System Peak Demand			3.0%	4.9%	4.4%	8.8%	4.4%

Note:

1. When usable capacity from the power plant is available.
2. OW37, OW 37 kwg 12, OW 37 kwg 13 and OW 39 Olkaria Mobile Wellheads are centrally metered at OW 37.
3. OW905,OW914 ,OW915 and OW 919 Olkaria Mobile Wellheads are metered at OW 914 and OW 915.
4. System losses comprise of technical and non-technical losses.
5. The peak demand shown includes export to Uganda.

TABLE 2: REGIONAL MAXIMUM DEMAND (MW)

REGION	2014/15	2015/16	2016/17	2017/18	2018/19
Nairobi	811	842	831	882	913
Coast	249	315	323	344	340
West Kenya	309	364	391	414	446
Mt. Kenya	148	177	171	167	185
TOTAL SYSTEM (SIMULTANEOUS)	1,512	1,586	1,656	1,802	1,882
% INCREASE P.A.	3.0%	4.9%	4.4%	8.8%	4.4%

TABLE 3: KPLC SALES BY CUSTOMER CATEGORY IN GWH

CUSTOMER CATEGORY	2014/15	2015/16	2016/17	2017/18	2018/19
Domestic-DC	1,866	2,007	2,138	2,335	2,366
Small Commercial-SC	1,143	1,153	1,201	1,222	1,250
Commercial and Industrial-CI	4,030	4,104	4,266	4,225	4,462
Off-peak (Interruptible)-IT ¹	15	26	41	33	N/A
Street lighting-SL	35	40	55	66	68
TOTAL	7,090	7,330	7,701	7,881	8,147
% INCREASE P.A.	5.0%	3.4%	5.1%	2.3%	3.4%

Note:

1. IT Tariff category no longer exists under the new tariff structure

TABLE 4: TOTAL UNIT SALES BY REGION IN GWH

REGION	2014/15	2015/16	2016/17	2017/18	2018/19
Nairobi North	1,032	1,187	1,301	1,204	1,219
Nairobi South	1,667	1,696	1,759	1,728	1,719
Nairobi West	1,059	808	853	898	958
Coast	1,312	1,338	1,389	1,435	1,477
Central Rift	456	569	596	650	689
North Rift	269	280	269	303	288
South Nyanza	0	48	86	88	104
West Kenya	525	320	313	361	376
Mt Kenya	309	413	431	437	456
North Eastern	461	671	704	776	862
KPLC Sales	7,090	7,330	7,701	7,881	8,147
R.E.P. Schemes	525	537	549	554	595
Export Sales	40	45	22	23	27
TOTAL	7,655	7,912	8,272	8,459	8,769
%INCREASE P.A.	5.7%	3.4%	4.5%	2.3%	3.7%

TABLE 5: REGIONAL SALE OF ELECTRICITY FOR CATEGORY “DC” DOMESTIC LOAD IN GWH

REGION	2014/15	2015/16	2016/17	2017/18	2018/19
Nairobi North	413	395	418	306	408
Nairobi South	290	289	291	352	341
Nairobi West	404	380	405	321	443
Coast	306	328	338	371	365
Central Rift	139	168	218	280	214
West Kenya	169	163	136	102	131
North Rift	101	105	116	262	78
South Nyanza	-	31	51	106	162
Mt Kenya	141	178	203	220	232
North Eastern	212	315	328	380	386
TOTAL	2,176	2,352	2,504	2,699	2,760
% INCREASE P.A.	5.8%	8.1%	6.5%	7.8%	2.3%

TABLE 6: REGIONAL SALE OF ELECTRICITY FOR CATEGORY “SC” SMALL COMMERCIAL LOAD IN GWH

REGION	2014/15	2015/16	2018/19	2017/18	2018/19
Nairobi North	159	214	216	231	214
Nairobi South	164	153	157	163	152
Nairobi West	225	146	154	170	172
Coast	167	171	182	162	206
Central Rift	153	163	182	169	184
West Kenya	163	114	99	80	85
North Rift	85	77	79	90	34
south Nyanza	0	19	34	54	96
Mt Kenya	123	151	161	165	162
North Eastern	107	131	132	119	139
TOTAL	1,346	1,339	1,395	1,403	1,444
% INCREASE P.A.	4.0%	-0.6%	4.2%	0.6%	2.9%

TABLE 7: REGIONAL SALE OF ELECTRICITY FOR CATEGORY “CI1” LARGE COMMERCIAL AND INDUSTRIAL LOAD (415V) IN GWH

REGION	2014/15	2015/16	2016/17	2017/18	2018/19
Nairobi North	175	236	240	237	237
Nairobi South	328	331	335	292	320
Nairobi West	301	200	212	184	213
Coast	208	216	219	160	221
Central Rift	154	203	221	213	236
West Kenya	149	82	68	58	91
North Rift	80	88	81	105	35
South Nyanza	0	21	35	49	74
Mt Kenya	116	161	154	154	138
North Eastern	94	122	126	138	168
TOTAL	1,606	1,660	1,693	1,590	1,733
% INCREASE P.A.	0.5%	3.3%	2.0%	-6.1%	9.0%

TABLE 8: REGIONAL SALE OF ELECTRICITY CATEGORY “CI2” LARGE COMMERCIAL AND INDUSTRIAL LOAD(11KV) IN GWH

REGION	2014/15	2015/16	2016/17	2017/18	2018/19
Nairobi North	196	238	244	206	250
Nairobi South	515	514	500	441	505
Nairobi West	113	65	72	82	89
Coast	228	230	230	166	222
Central Rift	40	46	53	106	42
West Kenya	45	45	42	29	44
North Rift	20	19	20	91	18
South Nyanza	0	2	6	14	12
Mt Kenya	8	17	20	33	17
North Eastern	85	131	140	154	177
TOTAL	1,251	1,307	1,328	1,321	1,376
% INCREASE P.A.	2.9%	4.5%	1.6%	-0.5%	4.2%

TABLE 9: REGIONAL SALE OF ELECTRICITY CATEGORY “CI3” LARGE COMMERCIAL AND INDUSTRIAL LOAD (33KV) IN GWH

REGION	2014/15	2015/16	2016/17	2017/18	2018/19
Nairobi North	10.9	0.0	0.0	0.1	0.0
Nairobi South	2.0	0.0	5.7	12.9	0.1
Nairobi West	5.0	4.0	11.9	28.8	37.6
Coast	152.2	140.0	158.2	110.4	178.5
Central Rift	37	65	75	101	98
West Kenya	34	11	16	16	32
North Rift	43	40	29	19	21
South Nyanza	0	0	0	8	0
Mt Kenya	0	0	0	24	8
North Eastern	0	0	0	0	1
TOTAL	284	260	295	321	375
% INCREASE P.A.	6.9%	-8.6%	13.5%	8.7%	17.1%

TABLE 10: REGIONAL SALE OF ELECTRICITY CATEGORY “CI4” LARGE COMMERCIAL AND INDUSTRIAL LOAD (66KV) IN GWH

REGION	2014/15	2015/16	2016/17	2017/18	2018/19
Nairobi North	78	83	88	81	96
Nairobi South	341	379	419	346	404
Nairobi West	34	32	34	25	32
Coast	0	0	0	7	0
Central Rift	3	3	7	11	12
West Kenya	0	0	0	0	0
North Rift	0	0	0	63	0
South Nyanza	0	0	0	0	0
Mt Kenya	0	0	0	4	10
North Eastern	2	29	32	37	45
TOTAL	458	526	580	575	599
% INCREASE P.A.	-0.4%	14.8%	10.2%	-0.9%	4.3%

TABLE 11: REGIONAL SALE OF ELECTRICITY CATEGORY “CI5” LARGE COMMERCIAL AND INDUSTRIAL LOAD (132KV) IN GWH

REGION	2014/15	2015/16	2016/17	2017/18	2018/19
Nairobi North	0	0	0	0	0
Nairobi South	69	72	82	69	34
Nairobi West	0	0	0	8	15
Coast	274	278	287	211	314
Central Rift	2	2	1	102	1
West Kenya	84	0	6	20	21
North Rift	0	0	0	14	0
South Nyanza	0	0	0	0	0
Mt Kenya	0	0	0	0	0
North Eastern	12	3	0	1	1
TOTAL	441	355	376	425	387
% INCREASE P.A.	51.5%	-19.5%	6.0%	12.9%	-9.0%

TABLE 12: REGIONAL SALE OF ELECTRICITY FOR CATEGORY “IT” OFF- PEAK LOAD IN GWH

REGION	2014/15	2015/16	2016/17	2017/18	2018/19 ¹
Nairobi North	0.2	10.7	2.4	2.6	0.0
Nairobi South	0.4	0.5	2.3	5.2	0.0
Nairobi West	12.8	11.8	3.2	2.7	0.0
Coast	0.4	0.4	2.2	8.5	0.0
Central Rift	0.1	0.3	2.7	2.7	0.0
West Kenya	0.3	0.5	2.5	1.2	0.0
North Rift	0.0	0.2	1.2	5.5	0.0
South Nyanza	0.0	0.1	1.2	1.3	0.0
Mt Kenya	0.3	0.4	2.2	2.1	0.0
North Eastern	0.9	1.5	3.2	4.4	0.0
Mt Kenya	-	-	-	-	0.0
TOTAL	15.4	26.4	23.1	36.3	0.0
% INCREASE P.A.	-46%	71%	-13%	57%	0%

Note:

1. IT Tariff category no longer exists under the new tariff structure

TABLE 13: REGIONAL SALE OF ELECTRICITY FOR CATEGORY “SL” STREET LIGHTING IN GWH

REGION	2014/15	2015/16	2016/17	2017/18	2018/19
Nairobi North	6.7	9.2	13.1	15.1	13.9
Nairobi South	10.0	6.7	5.6	8.4	8.6
Nairobi West	7.5	8.3	9.8	8.5	8.4
Coast	3.8	4.0	4.6	7.2	7.4
Central Rift	1.6	2.4	4.9	7.2	7.7
West Kenya	0.2	0.9	3.8	2.7	5.1
North Rift	1.1	1.2	2.4	3.2	3.0
South Nyanza	0.0	0.1	0.3	1.6	0.8
Mt Kenya	2.2	4.3	6.6	7.4	7.3
North Eastern	2.7	2.8	5.5	5.7	5.8
TOTAL	35.7	39.9	56.5	66.9	68.1
% Increase P.A.	78.7%	11.6%	41.6%	18.4%	1.9%

TABLE 14: REGIONAL SALES OF ELECTRICITY FOR R.E.P. SCHEMES IN GWH

REGION	2014/15	2015/16	2016/17	2017/18	2018/19
Nairobi North	7	0	0	0	0
Nairobi South	53	49	39	38	46
Nairobi West	43	40	49	36	53
Coast	27	29	32	32	36
Central Rift	75	83	88	96	105
West Kenya	119	96	59	59	57
North Rift	62	50	41	50	62
South Nyanza	0	25	61	68	56
Mt Kenya	82	100	117	115	118
North Eastern	56	64	63	62	60
TOTAL	525	537	549	554	595
% Increase P.A.	15.6%	2.3%	2.2%	1.0%	7.3%

TABLE 15: NUMBER OF CUSTOMERS BY REGION

REGION	AS AT 30th JUNE 2019				
	2014/15	2015/16	2016/17	2017/18	2018/19
Nairobi North	514,003	626,662	720,180	759,903	826,236
Nairobi South	462,108	590,731	746,961	819,603	837,062
Nairobi West	358,279	482,759	632,433	655,504	686,405
Coast	297,985	400,679	490,290	543,009	537,383
Central Rift	235,729	340,165	434,163	475,725	509,750
West Kenya	215,237	265,700	396,691	454,108	326,402
North Rift	156,858	242,328	287,296	315,735	474,362
South Nyanza	0	104,161	146,580	171,701	175,759
Mt Kenya	244,936	320,137	412,605	487,120	519,602
North Eastern	423,579	545,033	645,573	746,473	765,644
KPLC Customers	<u>2,908,714</u>	<u>3,918,355</u>	<u>4,912,772</u>	<u>5,428,881</u>	<u>5,658,605</u>
R.E.P. Customers	703,190	972,018	1,269,510	1,332,209	1,409,256
<u>TOTAL</u>	<u>3,611,904</u>	<u>4,890,373</u>	<u>6,182,282</u>	<u>6,761,090</u>	<u>7,067,861</u>
% Increase P.A.	30.5%	35.4%	26.4%	9.4%	4.5%

TABLE 16: NUMBER OF CUSTOMERS BY TARIFF CATEGORY

TARIFF	MAIN TYPE OF CUSTOMERS COVERED BY THIS TARIFF	2014/15	2015/16	2016/17	2017/18	2018/19
DC only	Domestic					
	KPLC	2,646,965	3,665,216	4,628,435	5,135,226	5,390,996
	REP	600,244	861,110	1,153,031	1,215,721	1,291,141
DC & IT ¹	Domestic					
	KPLC	57,827	38,816	57,442	53,172	N/A
	REP	898	765	957	513	N/A
SC only	Small Commercial					
	KPLC	193,327	202,477	211,655	224,276	251,614
	REP	101,608	109,588	114,893	115,412	117,705
SC & IT ¹	Small Commercial					
	KPLC	1,548	1,470	1,741	1,473	N/A
	REP	252	229	287	145	N/A
C11	KPLC	2,930	3,068	3,126	3,202	3,038
	REP	10	19	24	25	22
CI2	Large Commercial and Industrial					
	KPLC	348	378	405	527	456
CI3	Large Commercial and Industrial					
	KPLC	43	43	57	64	69
CI4	Large Commercial and Industrial					
	KPLC	31	35	41	53	50
CI5	Large Commercial and Industrial					
	KPLC	32	32	33	41	37
IT only ¹	Off-peak (Interruptible)					
	KPLC	794	796	791	1,110	N/A
	REP	8	13	8	10	N/A
SL	Street lighting					
	KPLC	4,869	6,024	9,046	9,845	12,345
	REP	170	294	310	275	388
-	TOTAL (KPLC)	2,908,714	3,918,355	4,912,772	5,428,989	5,658,605
	TOTAL (R.E.P.)	703,190	972,018	1,269,510	1,332,101	1,409,256
-	GROSS TOTAL	3,611,904	4,890,373	6,182,282	6,761,090	7,067,861
	% INCREASE P.A.	30.5%	35.4%	26.4%	9.4%	4.5%

Note:

- IT Tariff category no longer exists under the new tariff structure

TABLE 17: REVENUE (SHS 'MLLION) BY CUSTOMER CATEGORY

TARIFF	MAIN TYPE OF CUSTOMERS COVERED BY TARIFF	2014/15	2015/16	2016/17	2017/18	2018/19
DC	Domestic	30,897	32,726	38,064	38,066	38,706
SC	Small Commercial	23,490	23,639	25,590	26,995	29,314
CI	Commercial Industrial	51,097	50,862	55,706	59,528	63,870
IT'	Off-peak (Interruptible)	26	70	625	391	47
SL	Street Lighting	447	342	414	464	658
	TOTAL	105,957	107,638	120,399	125,444	132,595
	Export	806	736	343	410	546
	TOTAL KPLC	106,763	108,374	120,742	125,854	133,141
	R.E.P.	8,051	9,812	10,376	11,846	10,772
	TOTAL REVENUE	114,814	118,186	131,118	137,700	143,913
	% INCREASE P.A.	1.9%	2.9%	10.9%	5.0%	4.5%

Note:

1. IT Tariff category no longer exists under the new tariff structure

TABLE 18: STAFF ANALYSIS

Number of Staff in Each Region	AS AT 30 th JUNE 2019				
	2014/15	2015/16	2016/17	2017/18	2018/19
Central Office	1,863	2,049	2,093	1,779	1,855
Nairobi North	930	851	838	852	705
Nairobi West	1,075	922	913	918	880
Nairobi South	951	845	853	837	849
Coast	1,067	1,139	1,144	1,156	1,112
West Kenya	1,103	949	960	945	946
South Nyanza		364	418	421	465
Central Rift	1,079	1,051	1,079	1,157	1,154
North Rift	801	790	803	819	816
Mt Kenya	1,120	1,216	1,227	1,136	1,148
North Eastern	856	957	967	973	984
Total Number of Staff	10,845	11,133	11,295	10,993	10,914
% INCREASE P.A.	2.4%	2.7%	1.5%	-2.7%	-0.7%
Gender:					
Male	8,691	8,913	8,996	8,712	8,563
Female	2,154	2,220	2,299	2,281	2,351
Ratio- Male/Female	4.0	4.0	3.9	3.8	3.6

TABLE 19: TRANSMISSION AND DISTRIBUTION LINES, CIRCUIT LENGTH IN KILOMETRES

VOLTAGE	2014/15	2015/16	2016/17	2017/18	2018/19
400 kV			96.8	1244.4	2116.4
220 kV	1,352	1,452	1,555	1,686	1,686
132 kV	2,824	3,087	3,208	3,322	3,372
66 kV	952	977	1,000	1,168	1,187
33 kV	21,370	27,497	30,846	34,508	35,177
11 kV	32,823	35,383	37,234	38,968	39,797
Total HV and MV	59,322	68,396	73,940	80,897	83,335
415/240V or 433/250V		110,778	139,642	143,331	152,799
TOTAL	59,322	179,174	213,582	224,228	236,134
% INCREASE P.A.	4.8%	15.3%	19.2%	5%	5%

TABLE 20: TRANSFORMERS IN SERVICE, TOTAL INSTALLED CAPACITY IN MVA

Generation Substations	2014/15	2015/16	2016/17	2017/18	2018/19
33/220	88	88	88	88	388
15/220kV	95	95	95	95	95
11/220kV	1,054	1,054	1,054	1,054	1,054
33/132	45	45	45	45	95
15/132	175	175	175	175	175
11/132kV	1,035	1,035	1,095	1,095	1,095
11/66kV	291	411	411	576	576
11/33kV	238	238	238	238	238
3.3/33kV	4	4	4	4	4
TOTAL	3,025	3,145	3,205	3,370	3,720
Transmission Substations					
132/220 and 220/132kV	1,266	1,266	1,266	1,350	1,350
220/66kV	450	720	720	1,111	1,165
220/33 kV	69	69	69	69	69
132/66kV	420	420	600	600	600
132/33kV	939	1,229	1,721	1,721	1,743
132/11kV	-	-	-	15	15
TOTAL	3,144	3,704	4,376	4,866	4,942
Distribution Substations					
66/11kV	2,139	2,345	2,465	2,670	2,775
66/33kV	138	138	138	161	161
33/11kV	1,295	1,365	1,453	1,541	1,544
TOTAL	3,572	3,848	4,056	4,372	4,480
Distribution Transformers					
11/0.415kV and					
33/0.415kV	6,384	7,088	7,276	7,606	7,844



A section of the 220/66/11kV Nairobi City Centre Gas Insulated Substation

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN to Shareholders that, in accordance with the provisions of section 280 of the Companies, Act, 2015, and pursuant to a Court Order dated 29th April 2020 issued by the High Court of Kenya at Milimani in Miscellaneous Application No. E680 of 2020, the 98th Annual General Meeting of The Kenya Power and Lighting Company Plc will be held via electronic communication on **Friday, 13th November 2020** at 11.00 a.m. to conduct the following business: -

1. To read the Notice convening the Meeting and note the presence of a quorum.
2. To receive, consider and adopt the Company's Audited Financial Statements for the year ended 30th June 2019, together with the Chairman's, Directors' and Auditors' Reports thereon.
3. To note that the Directors do not recommend payment of a dividend for the year ended 30th June 2019.
4. To elect Directors: -
 - (i) Amb (Eng.) Mahboub Mohamed retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, does not offer himself for re-election.
 - (ii) The Cabinet Secretary, National Treasury retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for re-election.
 - (iii) The Principal Secretary, Ministry of Energy retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for re-election.
 - (iv) Mr. Sachen Gudka, who was appointed by the Board on 20th July 2020 to fill a casual vacancy in the Board, and in accordance with Article 128 of the Memorandum and Articles of Association of the Company, offers himself for election.
 - (v) Ms. Caroline Kittony-Waiyaki, who was appointed by the Board on 20th July 2020 to fill a casual vacancy in the Board, and in accordance with Article 128 of the Memorandum and Articles of Association of the Company, offers herself for election.
 - (vi) Ms. Vivienne Yeda, who was appointed by the Board on 20th July 2020 to fill a casual vacancy in the Board, and in accordance with Article 128 of the Memorandum and Articles of Association of the Company, offers herself for election.
 - (vii) Eng. Elizabeth Rogo, who was appointed by the Board on 20th July 2020 to fill a casual vacancy in the Board, and in accordance with Article 128 of the Memorandum and Articles of Association of the Company, offers herself for election.
 - (viii) Eng. Abdulrazaq Ali, who was appointed by the Board on 20th July 2020 to fill a casual vacancy in the Board, and in accordance with Article 128 of the Memorandum and Articles of Association of the Company, offers himself for election.
5. In accordance with the provisions of Section 769 of the Companies Act 2015, the following Directors being members of the Board Audit Committee will be required to be elected to continue serving as members of the said Committee: -
 - (i) Mr. Sachen Gudka
 - (ii) Mrs. Beatrice Gathirwa
 - (iii) Ms. Caroline Kittony-Waiyaki
 - (iv) Eng. Elizabeth Rogo
6. To approve payment of fees to non-executive Directors for the year ended 30th June 2019.
7. Auditors:

To note that the audit of the Company's books of accounts will continue to be undertaken by the Auditor-General Kenya, or an audit firm appointed by her in accordance with section 23 of The Public Audit Act, 2015.

8. To authorise the Directors to fix the Auditors' remuneration.

SPECIAL BUSINESS

9. To consider and, if thought fit, pass the following Special Resolution:
"That the Articles of Association of the Company be amended by inserting the following Article immediately after the present Article [66] and numbering the new Article as Article [66A.] as follows:

Article [66A.]

The Members may, if they think fit, confer or hold a meeting by radio, telephone, closed circuit television, video conferencing or other electronic, or other, means of audio or audio/visual communication, or a combination thereof ("Conference"). Notwithstanding that the Members are not present together in one place at the time of the Conference, a resolution passed by the Members constituting a quorum at such a Conference shall be deemed to have been passed at a General Meeting held on the day on which and at the time at which the Conference was held. The provisions of these presents relating to proceedings of Members apply insofar as they are capable of application mutatis mutandis to such General Meeting."

10. To consider any other business for which due notice has been given.

By Order of the Board



Imelda Bore

Company Secretary

22nd October 2020

NOTES:

- (i) Owing to the ongoing Coronavirus 2019 (COVID-19) pandemic, the related Public Health Regulations and directives passed by the Government restricting public gatherings, it is not possible for the Company to hold a physical Annual General Meeting in the manner envisaged under the present Articles of Association of the Company and section 280 of the Companies Act 2015. On 29th April 2020, the High Court of Kenya at Milimani in Miscellaneous Application No. E680 of 2020, issued an order permitting any company listed on the Nairobi Securities Exchange to convene and conduct a virtual general meeting subject to receipt of a 'No Objection' from the Capital Markets Authority (CMA). Relying on this Court Order, the Company has convened and will conduct its virtual Annual General Meeting (AGM) following receipt of the 'No Objection' from CMA.
- (ii) Shareholders wishing to participate in the AGM should register by dialing USSD Code *483*904# on their mobile telephone and follow the various prompts on the registration process.
A Shareholder domiciled outside of Kenya can send an email to Image Registrars via kplcagm@image.co.ke providing their details i.e Name, Passport/ID no., CDS no. and Mobile telephone number requesting to be registered. Image registrars shall register the shareholder and send them an email notification once registered. Links to register via the web portal will also be sent to all shareholders with email addresses in the Register.
- (iii) To complete the registration process, shareholders will need to provide their National ID/Passport Numbers which they used to purchase their shares and/or their CDSC Account Number. For assistance shareholders should dial the following helpline number: **+254 709170 000/709170 040** from 9.00 a.m. to 3.00 p.m. from Monday to Friday. Shareholders outside Kenya may dial the helpline number for assistance during registration.
- (iv) Registration for the AGM opens on 22nd October 2020 at 9.00 a.m. and will close on 10th November 2020 at 5.00 p.m. Shareholders will not be able to register after this time.
- (v) In accordance with Article 155 of the Company's Articles of Association, the following documents may be viewed on the Company's website www.kplc.co.ke.
- (a) a copy of this Notice and the Proxy Form;
- (b) the Company's Annual Report & Audited Financial Statements for the year ended 30th June 2019;

- (c) a copy of the Milimani High Court Order in Miscellaneous Application No. E680 of 2020; and
 - (d) a copy of the No Objection issued by the CMA.
- (vi) Any shareholder who is entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his/her stead. Such proxy need not be a member of the Company. *Please visit the Company's web-site for further details on voting and proxy.*
- (vii) A Proxy Form is provided with the Annual Report & Accounts. The Proxy Form can also be obtained from the Company's website www.kplc.co.ke or from Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street, P. O. Box 9287 – 00100, Nairobi, Kenya. Shareholders who do not wish to attend the AGM have an option to complete and return the Proxy Form to Image Registrars Limited, or alternatively to the Registered Office of the Company so as to arrive not less than forty-eight (48) hours before the time appointed for the Meeting.
- (viii) Duly signed proxy forms may also be emailed to kplcagm@image.co.ke in PDF format. A proxy form must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under the Company's common seal or under the hand of an officer or duly authorized attorney of such body corporate.
- (ix) Shareholders wishing to raise any questions or clarifications regarding the AGM may do so not less than forty-eight (48) hours before the time appointed for the Meeting by:
- (a) sending their written questions by email to kplcagm@image.co.ke; or
 - (b) to the extent possible, physically delivering or posting their written questions with a return physical, postal or email address to the registered office of the Company or P.O. Box 30099 – 00100, Nairobi, or to Image Registrars offices at P. O. Box 9287 – 00100, Nairobi, Kenya.
- Shareholders must provide their full details (full names, National ID/Passport Number/CDSC Account Number) when submitting their questions or clarifications.
- The Company's Directors will provide written responses to the questions received to the return physical, postal or email address provided by the Shareholder no later than twelve (12) hours before the start of the AGM. A full list of all questions received, and the answers thereto will be published on the Company's website not later than twelve (12) hours before the start of the AGM.
- (x) The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/ USSD) prompt on their registered mobile numbers, twenty-four (24) hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one (1) hour ahead of the AGM, as a reminder that the AGM will begin in one hour and providing a link to the live stream.
- (xi) Shareholders and proxies who have registered to attend the AGM may follow the proceedings using the live stream platform, access the agenda and vote when prompted by the Chairman via the USSD prompts.
- (xii) Results of the resolutions voted on will be published on the Company's website that is, www.kplc.co.ke within twenty-four (24) hours following conclusion of the AGM.
- (xiii) Shareholders are encouraged to continuously monitor the Company's website for any updates relating to the AGM owing to the changing situation arising from the COVID-19 pandemic. We appreciate the understanding of our shareholders as we navigate the evolving business conditions posed by COVID-19.

ILANI YA MKUTANO MKUU WA MWAKA

Ilani inatolewa hapa kwa wanahisa, kwa mujibu wa masharti ya kifungu cha 280 cha kampuni, Sheria 2015 na kwa mujibu wa Agizo la mahakama la tarehe 29 Aprili 2020 lilitolewa na Mahakama Kuu ya Kenya huko Milimani katika maombi nambari E680 ya 2020, mkutano mkuu wa mwaka wa 98 wa Kampuni ya umeme na taa ya Kenya utaanyika kupitia mawasiliano ya elektroniki Ijumaa tarehe 13 Novemba 2020 saa Tano asubuhi kutekeleza shughuli zifuatazo:-

1. Kusoma ilani ya kuitisha mkutano pamoja na kubainisha mahudhurio/kutambua uwepo wa akidi.
2. Kupokea, kuzingatia na kupitisha Taarifa za Fedha zilizokaguliwa za mwaka ulioishia Juni 30 mwaka wa 2019, ikijumuishwa na ripoti za Mwenyekiti, Wakurugenzi na wakaguzi juu yake.
3. Kutambua/ kumakinika kuwa wakurugenzi hawajapendekeza malipo yoyote ya gawio kwa mwaka unaoishia tarehe 30 Juni 2019.
4. Kufanya uchaguzi wa wakurugenzi:-
 - (i) Balozi (Mhandisi) Mahboub Mohamed anastaafu kimapokezано kulingana na kifungu 120 cha Mkataba na Nakala za Uanachama wa Kampuni na, hajitolei kuchaguliwa tena.
 - (ii) Katibu Mtendaji, Hazina ya Taifa, anastaafu kimapokezано kulingana na kifungu 120 cha Mkataba na Nakala za Uanachama wa Kampuni na, akihitimu, anajitolea kuchaguliwa tena.
 - (iii) Katibu Mkuu, Wizara ya Nishati anastaafu kimapokezано kulingana na Kifungu cha 120 cha Mkataba na Nakala za Uanachama wa Kampuni na, akihitimu, anajitolea kuchaguliwa tena.
 - (iv) Bwana Sachen Gudka, ambaye aliteuliwa na Bodi tarehe 20 Julai 2020 kujaza nafasi ya kawaida katika Bodi, na kwa mujibu wa Kifungu cha 128 cha Mkataba na Nakala za Uanachama wa Kampuni, anajitolea kuchaguliwa.
 - (v) Bi. Caroline Kittony-Waiyaki, ambaye aliteuliwa na Bodi mnamo tarehe 20 Julai 2020 kujaza nafasi ya kawaida katika Bodi, na kwa mujibu wa Kifungu cha 128 cha Mkataba na Makala ya Uanachama wa Kampuni, anajitolea kuchaguliwa.
 - (vi) Bi Vivienne Yeda, ambaye aliteuliwa na Bodi tarehe 20 Julai 2020 kujaza nafasi ya kawaida katika Bodi, na kwa mujibu wa Kifungu cha 128 cha Mkataba na Nakala za Uanachama wa Kampuni, anajitolea kuchaguliwa.
 - (vii) Mhandisi Elizabeth Rogo, ambaye aliteuliwa na Bodi mnamo tarehe 20 Julai 2020 kujaza nafasi ya kawaida katika Bodi, na kwa mujibu wa Kifungu cha 128 cha Mkataba na Nakala za Uanachama wa Kampuni, anajitolea kuchaguliwa.
 - (viii) Mhandisi Abdulrazaq Ali, ambaye aliteuliwa na Bodi mnamo tarehe 20 Julai 2020 kujaza nafasi ya kawaida katika Bodi, na kwa mujibu wa Kifungu cha 128 cha Mkataba na Makala ya Uanachama wa Kampuni, anajitolea kuchaguliwa.
5. Kwa mujibu wa masharti ya Kifungu cha 769 cha Sheria ya Makampuni ya 2015, Wakurugenzi wafuatao wakiwa wajumbe wa Kamati ya Ukaguzi wa Bodi watahitajika kuchaguliwa kuendelea kutumikia kama wajumbe wa Kamati iliyotajwa: -
 - (i) Bwana Sachen Gudka
 - (ii) Bibi Beatrice Gathirwa
 - (iii) Bi. Caroline Kittony-Waiyaki
 - (iv) Eng. Elizabeth Rogo
6. Kuidhinisha malipo ya ada kwa Wakurugenzi wasiokuwa watendaji kwa mwaka ulioishia 30 Juni 2019.
7. Wakaguzi:

Kutambua kuwa ukaguzi wa vitabu vya hesabu za Kampuni utaendelea kufanywa na Mkaguzi Mkuu wa Hesabu Kenya, au kampuni ya ukaguzi iliyoteuliwa na yeye kulingana na kifungu cha 23 cha Sheria ya Ukaguzi wa Umma, 2015.
8. Kuidhinisha Wakurugenzi kuweka kiwango cha malipo ya Wakaguzi.

BIASHARA MAALUM

9. Kuzingatia na, ikiwa inafikiriwa inafaa, pitisha Azimio Maalum lifuatalo:
"Kwamba Vifungu vya Chama cha Kampuni virekebishwe kwa kuingiza Kifungu kifuatacho mara tu baada ya lbara ya sasa [66] na kuorodhesha Kifungu kipya kama Kifungu cha [66A.] Kama ifuatavyo:

Kifungu cha [66A.]

Wanachama wanaweza, ikiwa wanafikiria inafaa, kushauriana au wafanye mkutano kwa njia ya redio, simu, televisheni, mkutano wa video au njia nyingine ya elektroniki, au nyingineyo, njia za mawasiliano ya sauti au sauti / na picha, au zote kwa pamoja ("Mkutano") . Pamoja na kwamba Wanachama hawako pamoja sehemu moja wakati wa Mkutano, azimio lililopitishwa na Wajumbe wanaounda akidi katika Mkutano huo litachukuliwa kuwa limepitishwa katika Mkutano Mkuu uliofanyika siku na wakati ambao Mkutano ulifanyika. Masharti haya yanahusiana na mashauriano ya Wajumbe yasiyoleta mabadiliko yoyote (mutatis mutandis) kwenye Mkutano Mkuu huo. "

10. Kuzingatia biashara nyingine yoyote ambayo ilitolewa arifa inayofaa.

Kwa Agizo la Bodi



Imelda Bore

Katibu wa Kampuni

22 Oktoba 2020

MAELEZO:

- (i) Kwa sababu ya janga linaloendelea la Virusi vya Korona 2019 (COVID-19), Kanuni zinazohusiana na Afya ya Umma na maagizo yaliyopitishwa na Serikali kuzuia mikutano ya hadhara, haiwezekani Kampuni kufanya Mkutano Mkuu wa Mwaka kwa njia inayotarajiwa kwa mujibu wa Vifungu vya sasa vya Uanachama wa Kampuni na kifungu cha 280 cha Sheria ya Makampuni 2015. Mnamo tarehe 29 Aprili 2020, Mahakama Kuu ya Kenya huko Milimani katika Maombi anuwai Namba E680 ya 2020, ilitoa agizo la kuruhusu kampuni yoyote iliyoorodheshwa kwenye Soko la Hisa la Nairobi kuitisha na kufanya mkutano dhahiri mkuu wa mwaka pindi ikipokea 'Hakuna Pingamizi' kutoka kwa Mamlaka ya Masoko ya Mitaji (CMA). Kutegemea Agizo hili la Mahakama, Kampuni imeitisha na itafanya Mkutano Mkuu wa Mwaka (AGM) kufuatia kupokea 'Hakuna Pingamizi' kutoka CMA.
- (ii) Wanahisa wanaotaka kushiriki katika Mkutano Mkuu wa Mwaka wanapaswa kujiandikisha kwa kupiga kodi ya USSD * 483 * 904 # kwa simu yao ya rununu na kufuata kanuni kadhaa juu ya mchakato wa usajili. Mwanahisa anayeishi nje ya Kenya anaweza kutuma barua pepe kwa Image Registrars kupitia kplcgm@image.co.ke huku akitoa maelezo yanayomhusu kwa mfano jina, Pasipoti / kitambulisho, namba ya CDS na nambari ya simu ya Mkononi akiomba kusajiliwa. Image Registrars itawasajili wanahisa na kuwatumia arifa ya barua pepe mara tu wanaposajiliwa. Viungo vya kujiandikisha kupitia wavuti pia vitatumwa kwa wanahisa wote walio na anwani za barua pepe kwenye Sajili.
- (iii) Kukamilisha mchakato wa usajili, wanahisa watahitaji kutoa Kitambulisho cha Kitaifa / Nambari za Pasipoti ambazo walitumia kununua hisa zao na / au Nambari yao ya Akaunti ya CDSC. Kwa msaada wanahisa wanapaswa kupiga nambari ifuatayo ya simu ya msaada: +254 709170 000/709170 040 kutoka 9.00 asubuhi hadi 3.00 asubuhi, kuanzia Jumatatu hadi Ijumaa. Wanahisa nje ya Kenya wanaweza kupiga simu kwa nambari ya msaada kwa msaada wakati wa usajili.
- (iv) Usajili wa Mkutano Mkuu utafunguliwa tarehe 22 Oktoba 2020 saa 9.00 asubuhi na utafungwa tarehe 10 Novemba 2020 saa 5.00 jioni. Wanahisa hawataweza kujiandikisha baada ya wakati huu.
- (v) Kwa mujibu wa Kifungu cha 155 cha Vifungu vya Uanachama, hati zifuatazo zinaweza kutazamwa kwenye tovuti ya Kampuni www.kplc.co.ke.
- (a) nakala ya Ilani hii na Fomu ya Wakala;
- (b) Ripoti ya Mwaka ya Kampuni na Taarifa za Fedha zilizokaguliwa kwa mwaka ulioishia 30 Juni 2019;

- (d) nakala ya Agizo la Mahakama Kuu ya Milimani katika Maombi anuwai Namba E680 ya 2020; na
 - (e) nakala ya Hakuna Pingamizi iliyotolewa na CMA.
- (vi) Mwanahisa yeyote ambaye anastahili kuhudhuria na kupiga kura kwenye Mkutano Mkuu wa Mwaka anastahili kuteua wakala kuhudhuria na kupiga kura kwa niaba yake. Wakala kama huyo sio lazima awe mwanachama wa Kampuni. Tafadhali tembelea tovuti ya Kampuni kwa maelezo zaidi juu ya upigaji kura na wakala.
 - (vii) Fomu ya Wakala hutolewa pamoja na Ripoti ya Mwaka na akaunti. Fomu ya Wakala pia inaweza kupatikana kutoka kwa wavuti ya Kampuni ya www.kplc.co.ke au kutoka Image Registrars Limited, Absa Towers (zamani Barclays Plaza), Ghorofa ya 5, Barabara ya Loita, S. L. Posta 9287 - 00100, Nairobi, Kenya. Wanahisa ambao hawataki kuhudhuria Mkutano Mkuu wanaweza kuchagua kukamilisha na kurudisha Fomu ya Wakala kwa Image Registrars Limited, au vinginevyo kwa Ofisi iliyosajiliwa ya Kampuni ili kufika chini ya masaa arobaini na nane (48) kabla ya wakati uliotengewa kwa Mkutano.
 - (viii) Fomu za wakala zilizotiliwa sahihi vizuri zinaweza pia kutumwa kwa barua pepe kplcagm@image.co.ke katika muundo wa PDF. Fomu ya wakala inapaswa kutiwa saina na aliyemteua au wakili wake ikiidhinishwa kihalali kwa maandishi. Ikiwa mteule ni shirika, uteuzi wa wakala utatolewa kwa muhuri wa Kampuni au kwa mamlaka ya afisa au wakili aliyeidhinishwa kihalali na shirika hilo.
 - (ix) Wanahisa wanaotaka kuuliza maswali yoyote au ufafanuzi kuhusu Mkutano Mkuu wanaweza kufanya hivyo si chini ya masaa arobaini na nane (48) kabla ya muda uliowekwa kwa Mkutano kupitia:
 - (a) kutuma maswali yao yaliyoandikwa kwa barua pepe kplcagm@image.co.ke; au
 - (b) kwa kadri inavyowezekana, kuwasilisha au kutuma maswali yao kimaandishi huku wakionyesha anwani ya posta au barua pepe ya kutarajia majibu kwa ofisi iliyosajiliwa ya Kampuni au S.L.P 30099 - 00100, Nairobi, au kwa Ofisi za Image Registrars S.L.P. 9287 - 00100, Nairobi, Kenya.

Wanahisa lazima watoe maelezo yao kamili (majina kamili, Kitambulisho cha Kitaifa/Nambari ya Pasipoti/Nambari ya Akaunti ya CDSC) wakati wa kuwasilisha maswali yao au ufafanuzi.

Wakurugenzi wa Kampuni watatoa majibu kimaandishi kwa maswali yaliyopokelewa kwa anwani ya majibu, ya posta au barua pepe iliyotolewa na Mwanahisa kabla ya saa kumi na mbili (12) kuanza kwa Mkutano Mkuu. Orodha kamili ya maswali yote yaliyopokelewa, na majibu yake yatachapishwa kwenye wavuti ya Kampuni kabla ya saa kumi na mbili (12) kabla ya Mkutano Mkuu kuanza.
 - (x) Mkutano Mkuu wa Mwaka utapeperushwa moja kwa moja kupitia kiunga ambacho kitapewa kwa wanahisa wote ambao watakuwa wamejiandikisha kushiriki katika Mkutano Mkuu. Wanahisa na wawakilishi waliosajiliwa watapokea huduma ya ujumbe mfupi (SMS / USSD) kwa nambari zao za simu zilizosajiliwa, masaa ishirini na nne (24) kabla ya Mkutano Mkuu wa Mwaka kama ukumbusho wa Mkutano Mkuu. Ujumbe wa pili wa SMS / USSD utatumwa saa moja (1) kabla ya Mkutano Mkuu, kama ukumbusho kwamba Mkutano Mkuu utanza kwa saa moja na kutoa kiunga kwa uwasilishaji wa moja kwa moja.
 - (xi) Wanahisa na wakala ambao wamejiandikisha kuhudhuria Mkutano Mkuu wanaweza kufuata mashauri kwa kutumia mfumo wa moja kwa moja, kupata ajenda na kupiga kura wakati wanachochewa na Mwenyekiti kupitia vidokezo vya USSD.
 - (xii) Matokeo ya maazimio yaliyopigiwa kura yatachapishwa kwenye wavuti ya Kampuni ambayo ni, www.kplc.co.ke ndani ya masaa ishirini na nne (24) kufuatia kumalizika kwa Mkutano Mkuu.
 - (xiii) Wanahisa wanahimizwa kuendelea kufuatilia tovuti ya Kampuni kwa yanayojiri kuhusisna na Mkutano Mkuu kwa sababu ya hali inayobadilika kutokana na janga la COVID-19. Tunashukuru uelewa wa wanahisa wetu tunapozipitia hali za biashara zinazobadilika na kusababishwa na COVID-19.

PROXY FORM

The Company Secretary
The Kenya Power and Lighting Company Plc
P.O. Box 30099-00100
Nairobi, Kenya

I/WE _____ CDSC No _____

of P.O. Box _____ being a shareholder of the above Company.

HEREBY APPOINT _____ of P.O. Box _____
or failing him/her the Chairman of the Meeting as my/our proxy to attend, represent and vote for me/us on my/our behalf at the General Meeting of the Company to be held electronically on 13th November 2020 at 11.00am and at any adjournment thereof.

Signed this _____ day of _____ 2020

Signature _____

I/WE direct my/our proxy to vote on the following resolutions as I/WE have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or withhold his or her vote at his or her discretion and I/WE authorize my/our proxy to vote (or withhold his or her vote) as he or she thinks fit in relation to any other matter which is properly put before the Meeting.

Please clearly mark the box below to instruct your proxy how to vote;

Item	Business	For	Against	Withheld
1.	To receive, consider and adopt the Company's Audited Financial Statements for the year ended 30 th June 2019, together with the Chairman's, Directors' and Auditors' Reports thereon.			
2.	Election of Directors:			
	(i) The Cabinet Secretary, National Treasury retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for re-election.			
	(ii) The Principal Secretary, Ministry of Energy retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for re-election.			
	(iii) Mr. Sachin Gudka, who was appointed by the Board on 20th July 2020 to fill a casual vacancy in the Board, and in accordance with Article 128 of the Memorandum and Articles of Association of the Company, offers himself for election.			
	(iv) Ms. Caroline Kitony-Waiyaki, who was appointed by the Board on 20th July 2020 to fill a casual vacancy in the Board, and in accordance with Article 128 of the Memorandum and Articles of Association of the Company, offers herself for election.			

	(v) Ms. Vivienne Yeda, who was appointed by the Board on 20 th July 2020 to fill a casual vacancy in the Board, and in accordance with Article 128 of the Memorandum and Articles of Association of the Company, offers herself for election.			
	(vi) Eng. Elizabeth Rogo, who was appointed by the Board on 20 th July 2020 to fill a casual vacancy in the Board, and in accordance with Article 128 of the Memorandum and Articles of Association of the Company, offers herself for election			
	(vii) Eng. Abdulrazaq Ali, who was appointed by the Board on 20 th July 2020 to fill a casual vacancy in the Board, and in accordance with Article 128 of the Memorandum and Articles of Association of the Company, offers himself for election.			
3.	<p>Election of Board Audit Committee Members:</p> <p>In accordance with the provisions of Section 769 of the Companies Act 2015, the following Directors being members of the Board Audit Committee will be required to be elected to continue serving as members of the said Committee: -</p> <p>(i) Mr. Sachin Gudka (ii) Mrs. Beatrice Gathirwa (iii) Ms. Caroline Kittony-Waiyaki (iv) Eng. Elizabeth Rogo</p>			
4.	To approve payment of fees to non-executive Directors for the year ended 30th June 2019.			
5.	To note that the audit of the Company's books of accounts will continue to be undertaken by the Auditor-General Kenya, or an audit firm appointed by her in accordance with section 23 of The Public Audit Act, 2015.			
6.	To authorise the Directors to fix the Auditors' remuneration			
7.	<p>To consider and, if thought fit, pass the following Special Resolution: " That the Articles of Association of the Company be amended by inserting the following Article immediately after the present Article [66] and numbering the new Article as Article [66A.] as follows:</p> <p>Article [66A.]</p> <p><i>The Members may, if they think fit, confer or hold a meeting by radio, telephone, closed circuit television, video conferencing or other electronic, or other, means of audio or audio/visual communication, or a combination thereof ("Conference"). Notwithstanding that the Members are not present together in one place at the time of the Conference, a resolution passed by the Members constituting a quorum at such a Conference shall be deemed to have been passed at a General Meeting held on the day on which and at the time at which the Conference was held. The provisions of these presents relating to proceedings of Members apply insofar as they are capable of application mutatis mutandis to such General Meeting."</i></p>			

ELECTRONIC COMMUNICATIONS CONSENT FORM

Please complete in BLOCK CAPITALS

Full name of member (s): _____

Address: _____

CDSC No _____

Mobile _____

Date: _____

Signature: _____

Please tick the boxes below and return to Image Registrars at P.O. Box 9287- 00100 Nairobi, 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street or alternatively to the Registered Office of the Company:

Approval of Registration

I/WE approve to register to participate in the virtual General Meeting to be held on 13th November 2020.

Consent for use of the Mobile Number provided

I/WE would give my/our consent for the use of the mobile number provided for purposes of voting at the AGM.

Notes:

1. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but, if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone.
2. This proxy must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be under the hand of an officer or duly authorized attorney of such body corporate.
3. To be valid the form of proxy should be completed, signed and delivered (together with a power of attorney or other authority (if any) under which it is assigned or a notarized certified copy of such power or authority) to info@image.co.ke or delivered to Registered Office of the Company or posted to the Company Secretary P.O. Box 30099 – 00100 Nairobi, or to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than 11th November, 2020 at 11.00 a.m.
4. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than 10th November, 2020 at 10.00 am. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 10th November, 2020 at 5.00pm to allow time to address any issues.
5. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint as a proxy any other person, delete the words “the Chairman of the Meeting or” and insert the full name of your proxy in the space provided. A proxy need not be a shareholder of the Company.
6. Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.
7. A “vote withheld” option has been included on the form of proxy. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.





Kenya Power



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