

**REPORT**

THE NATIONAL ASSEMBLY

DATE: 05 JUL 2023

TABLED BY: Hon Owen Bayo, CBS, MP  
Deputy leader, majority

CLERK AT THE TABLE: Enlayo Mwangi

OF

PARLIAMENT  
OF KENYA  
LIBRARY

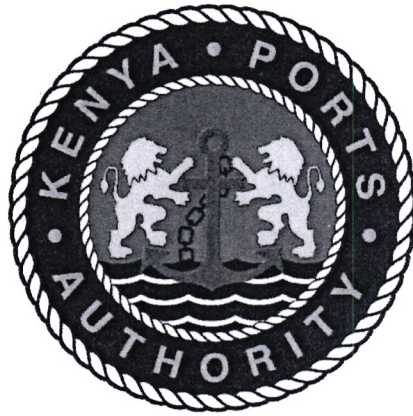
**THE AUDITOR-GENERAL**

**ON**

**KENYA PORTS AUTHORITY**

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

OFFICE OF THE AUDITOR GENERAL  
P.O. Box 95202, MOMBASA  
28/07/2022  
RECEIVED  
COAST REGIONAL OFFICE



2021/2022

**"WORLD CLASS PORTS OF CHOICE"**

**KPA ANNUAL  
REPORT AND  
FINANCIAL  
STATEMENTS**

**Prepared in accordance with the accrual basis of accounting under  
the International Financial Reporting Standards (IFRSs)**

## **TABLE OF CONTENTS**

Abbreviations.....	1
Who We Are.....	3
Principal Activities.....	4
Authority Information.....	5
The Board Of Directors.....	7
Management Team.....	11
Chairman’s Statement.....	15
Managing Director’s Port Review.....	18
Statement Of Performance Against Predetermined Objectives.....	22
Statement Of Corporate Governance.....	24
The Year In Review.....	34
Management Discussion And Analysis On Port Performance.....	36
Environmental And Sustainability Reporting.....	43
Report Of The Directors.....	70
Statement Of Directors’ Responsibilities.....	71
Report Of The Auditor General.....	72
Statement Of Profit And Other Comprehensive Income.....	82
Statement Of Financial Position.....	83
Statement Of Changes In Equity.....	84
Statement Of Cash Flow.....	85
Statement of Comparison of Budget And Actual Amounts.....	86
Notes To The Financial Statements.....	87
Appendices.....	139

## Abbreviations

AD	Alternate Director
AG	Attorney General
Ag.	Acting
Amb.	Ambassador
C	Chairman
CBS	Chief of Burning Spear
CDI	Community Directed Investment
CIRT	Computer Incident Response Team
CoK 2010	Constitution of Kenya 2010
CT2	Second Container Terminal
D	Director
DB	Defined Benefit
DC	Defined Contribution
DNS	Domain Name System
DWT	Dead Weight Tonnage
EAP	Employee Assisted Program
EGH	Elder of the Order of the Golden Heart
EXCOM	Executive Management Committee
FVOCI	Future Value Through Comprehensive Income
FVTPL	Future Value Through Profit & Loss
Gen.	General
GM	General Manager
GoK	Government of Kenya
HOMS	Home Ownership Mortgage Scheme
IAOs	Integrity Assurance Officers
ICDK	Inland Container Depot Kisumu
ICDN	Inland Container Depot Nairobi
ICT	Information Communication Technology
IFRSs	International Financial Reporting Standards
IGSC	International Green & Sustainable Computing
IMDG	International Maritime Dangerous Goods
ISPS	International Ship & Port Facility Security
ISS	Integrated Security System
JICA	Japan International Cooperation Agency
JPY	Japanese Yen
KFS	Kenya Ferry Services Ltd
KMA	Kenya Maritime Authority
KOT	Kipevu Oil Terminal
KRC	Kenya Railways Cooperation
KTNL	Kenya Transport & Logistics Network
LAPSSET	Lamu Port South Sudan Ethiopia Transport
MD	Managing Director

## ABBREVIATIONS (Cont'd)

MHC	Mobile Harbor Crane
MoH	Ministry of Health
MoTIHUD	Ministry of Transport & Infrastructure, Housing, Urban Development and Public Works
MOWASCO	Mombasa Water Supply & Sanitation Company
MPDP	Mombasa Port Development Project
NACADA	National Authority for the Campaign Against Alcohol & Drug Abuse
NBV	Net Book Value
NEMA	National Environment Management Authority
NT	National Treasury and Planning
OSHA	Occupational Safety and Health Act
PAT	Profit After Tax
PBT	Profit Before Tax
PC	Performance Contracting
PFM Act	Public Finance Management Act
PPE	Property Plant & Equipment
Rtd.	Retired
SCAC	State Corporations Advisory Committee
SDT	State Department of Transport
STS	Ship to Shore
TEUs	Twenty Feet Equivalent units
TMEA	Trade Mark East Africa
WIP	Works in Progress

## WHO WE ARE

### Establishment

Kenya Ports Authority (KPA) is a statutory body under the National Treasury and Planning. It was established by an Act of Parliament Cap 391 on 20<sup>th</sup> January 1978 with the mandate to develop, maintain, operate, improve, and regulate all seaports along the coastline and inland waterways in Kenya. At the cabinet level, the Authority is represented by the Cabinet Secretary for the National Treasury & Planning. The Authority is domiciled in Kenya with liaison offices in Uganda, Rwanda, and Burundi.

### Vision

"World Class Ports of choice"

### Mission

"To Provide Efficient and Competitive Port Services to Facilitate Global Trade"

## Strategic Objectives

Improve port services

Improve customer satisfaction

Sustain business growth

Improve labour productivity

Enhance risk management and environmental sustainability

## WHO WE ARE (Cont'd)

KPA Strategy is focused on 4 (four) strategic themes.

### I. Operational Excellence

- Having well developed ICT systems that are integrated with other cargo facilitating systems to transform our ports into e-ports
- Increasing productivity of our resources
- Increasing and modernizing our port(s) capacity
- Reducing operational costs
- 24/7 service

### II. Customer Service Excellence

KPA is consistently delivering superior customer experience by;

- Enhanced effective customer relations and service programs
- Enhancing our regional presence, and Knowledgeable, collaborative, consultative relationships that Meet customer expectations

### III. Business Growth

KPA is focused on;

- Increasing throughput
- Growing market share
- Ensure financial stability and
- Ensuring strong partnerships

### IV. Good Governance

KPA is undertaking the following strategic approaches;

- Compliance with international standards and guidelines, and all statutory laws and regulations
- Ensure social and environmental sustainability
- Building a strong, competent, cohesive, engaged and multi skilled workforce
- Promoting a performance culture that is guided by structured planning and enabling policies; accountability, transparency, responsiveness, equity, inclusiveness, effectiveness, efficiency, and participation
- Ensuring a conducive environment that promotes good work ethics and
- Ensuring structured enterprise risk management

## PRINCIPAL ACTIVITIES

KPA's mandate is to develop, maintain, operate, improve, and regulate all scheduled seaports along Kenya's coastline. Core activities include;

- i. Pilotage
- ii. Towage
- iii. Mooring
- iv. Dockage
- v. Provision of navigational aids, and maintenance of the channel
- vi. Stevedoring and shore handling services: cargo handling services for containers, general cargo, dry bulk, and bulk liquid
- vii. Reception of cruise passengers
- viii. Storage of cargo awaiting onward shipment

## AUTHORITY INFORMATION

### Directors

<b>Name</b>	<b>Position</b>	<b>Appointed</b>
Gen. (Rtd) Joseph. R. E. Kibwana	Chairman	Reappointed - July 2022
Amb. John Mwangemi	Ag. MD	
Ukur Yatani	CS, NT	
Dr. Eng. Joseph Njoroge	PS, SDT	
Conrad Thorpe	Director	Reappointed - October 2021
Darius Mobe	Director	Reappointed - October 2021
Delilah Ngala	Director	Left - October 2021
Farida A. Soud	Director	Appointed - October 2021
Lydia J. Yator	Director	Reappointed - October 2021
Nilfat K. Ali	Director	
Stephen G. Gichuhi	Director	Appointed - October 2021
Eng. Philip J. Mainga	Director (KRC)	
Beatrice Nyamoita	AD (MoTIHUD)	
Oscar Iredi	AD (AG)	
Prof. Dulacha B. Galgallo	AD (NT)	
Julius Segera	AD (MoTIHUD)	
Festus King'ori	AD (NT)	
Turasha Kinyanjui	CS & GM Board & Legal Services	

## **AUTHORITY INFORMATION (Cont'd.)**

### **Registered Office:**

Kenya Ports Authority  
Administration Block, Kipevu  
P.O Box 95009-80104  
Telephone: +254-41-2112999, +254-41-2113999  
Mobile: +254-709092999, 709093999, 730653999  
Website: [www.kpa.co.ke](http://www.kpa.co.ke)

### **Mombasa**

### **Corporate Secretary**

Turasha Kinyanjui  
Corporation Secretary & General Manager Legal  
Services  
Kenya Ports Authority Administration Block,  
P.O Box 95009-80104

### **Mombasa**

### **Independent Auditor**

Auditor General  
Office of The Auditor General  
Anniversary Towers, University way  
P.O. Box 30084-00100

### **Nairobi**

### **Principal Legal Adviser**

The Attorney General  
State Law office  
Harambee Avenue  
P.O. Box 40112-00100

### **Nairobi**

### **Principal Bankers:**

Citibank N. A  
Citibank House, Nkrumah Road  
P.O. Box 83615-80100

### **Mombasa**

Equity Bank Ltd.  
UTC Building, Moi Avenue  
P.O. Box 84628-80100

### **Mombasa**

National Bank of Kenya

Portway House, Moi Avenue  
P.O. Box 87770-80100

### **Mombasa**

Kenya Commercial Bank Ltd.  
Treasury Square Branch  
P.O. Box 90254-80100

### **Mombasa**

Kenya Commercial Bank Ltd.  
Avenue Pierre NGENDANDUMWE  
P.O. Box 6119  
Bujumbura

### **Burundi**

Stanbic Bank  
Stanbic Bank Centre, Westland Rd  
P.O Box 30550-00100  
Nairobi

### **Kenya**

Stanbic Bank  
Crested Towers Plot 17, Hannington Rd  
P.O Box 7131  
Kampala  
**Uganda**

## THE BOARD OF DIRECTORS



**Gen. (Rtd) Joseph R. E. Kibwana, EGH, CBS (born 1947)**

He is the immediate former Chairman and was reappointed the Chairman of the Board of Directors in July 2022.

A career Naval officer, he rose through the ranks upto his retirement as a General in 2005. During his military service, he served as Chief of the General Staff of the Kenya Armed Forces (2000-2005); Commandant of the National Defense College (1998-2000); Commander of the Kenya Navy (1988-1998); Chief of Military Intelligence (1982-1985) among other senior appointments.

Upon retirement from the armed forces, he was appointed Chairman of the Board of Directors of Kenya Ports Authority (2005-2008). He has also served as Chairman of Kenya Trade Network Agency (KENTRADE) (2011-2014 and 2015-2018); and also as Non-Executive Director on the Boards of KCB Bank group Plc. (2012-2017); KCB Bank Burundi (2013-2015) and is currently Chairman of KCB Bank South Sudan.

He is an alumni of the Britannia Royal Naval college (UK); Farady House Engineering College (UK); the US Naval Staff College and the US Naval War College.



**Amb. Ukur Yatani CS, National Treasury (born 1967)**

He has Master of Arts in Public Administration and Public Policy, University of York, United Kingdom and Bachelor of Arts in Economics, Egerton University.

He has served as assistant minister for science & technology and has also served in different positions in Kenya's Public Administration including a District Commissioner.

He has over 27-year experience in public administration, politics, diplomacy and governance in public sector since 1992. He is the 1st Governor of Marsabit County, has been the MP for North Horr Constituency (2006-2007), served as Kenya's Ambassador to Austria with accreditation to Hungary & Slovakia and Permanent Representative to the United Nations in Vienna.

He 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), Vice President of Convention on Crime Prevention and Criminal Justice (CCPJ), and chair of African Group of Ambassadors among others.



**Dr. Eng. Joseph Njoroge CBS PS State Department of Transport, MoTIHUD & PW (born 1958)**

He holds a First Class Honours degree in Electrical Engineering, Master of Business Administration with a major in strategic management and a Doctor of Philosophy (PhD) in Strategic Management, all from the University of Nairobi. He is a Chartered Electrical Engineer; a member of the Institution of Engineering and Technology, UK; a Registered Consulting Engineer; a Fellow of the Institution of Engineers of Kenya; and a member of Institute of Directors, Kenya. He is also a trainer in Corporate Governance.

Dr. Eng. Joseph K. Njoroge has a wide experience in Leadership and Management at policy, business and operational levels gained while working at Energy and Petroleum public service delivery initiatives. He is former KPLC MD, PS Ministry of Energy & Petroleum as well as PS State Department of Energy.

## THE BOARD OF DIRECTORS PROFILES (Cont'd)



**Conrad Thorpe  
(born 1964)**

He was reappointed to the Board in October 2021.

An industry leader with 15 years of experience of leading a multi-national, pan-African and Asian risk management business. He founded Salama Fikira, an enterprise risk management company in Kenya. Today the company has offices in seven countries and a presence in eight others. The Group has management certification of ISO9001, 28007, 18001 and 14001, as well as ABC certification through Trace®. It is also the only African Risk Management company with the German Police Licence. The Group operates across 80% of Africa with increased service delivery in Asia and parts of Europe. In addition to his core duties at the Board of the KPA, he is also the Chairman of the Board of a London-listed company, as well as being on the Board of a Kenya conservation Not-for-Profit. He also served in HM Royal Marines and attended the Advanced Command and Staff Course with an MA in War Studies and Defence Technology. As a youth he excelled at sport, playing rugby for the 1st XV for Kenya Schools and representing his country as the Captain of the national swimming team.



**Stephen Gichuhi  
(born 1965)**

He joined the Board in October 2021.

He holds a Bachelors degree in Business Management, Diplomas in Banking and Sales & Marketing, and is currently pursuing an MBA in Strategic Management from the University of Nairobi.

He has more than 34 years of banking experience culminating as GM Equity Bank Ltd. after rising through the banking ranks at Consolidated Bank of Kenya Ltd., Barclays Bank Africa., Barclays Bank Tanzania amongst others.

He has served as Chairman Finance & Staff welfare Committee at RBA, Board of Trustees RBA, Finance & Human Capital Committee of KCAA, Board of Directors RBA, KCAA, BOG member Mathenge Technical Institute, Board member & patron Mahiga Girls Secondary School and Kenyatta High School Magiha.



**Ms. Farida Soud  
(born 1970)**

She joined the Board in October 2021.

She holds a MSc in Financial Service Management from the University of Salford, UK and is also pursuing CPA.

She is the Group Financial Controller-Multiparty at the Heritage Hotels Ltd. Kenya. She has vast experience in Finance having worked as assistant Financial Controller at Fairmont The Norfolk Nairobi, Financial Controller Fairmont Zanzibar, FRHI, Makkah, Saudi Arabia as the Group Chief Accountant/Pre Opening Accountant - Multi Property, Raffles Makkah Palace, and Swissotel Makkah.

She is the Chairperson-Mombasa County Public Service Board, vice Chair National Consultative Forum for County Public Service Boards, a member of Kenya Association of Women in Tourism (KAWT) and is also a Member of SKAL.

## THE BOARD OF DIRECTORS PROFILES (Cont'd)



**Darius Mobe,**  
**(born 1978)**

He was re-appointed to the Board in October 2021.

He has Bachelor of Arts degree in Business Management (BABM) from University of Sunderland (UK).

He is the country Director (South Sudan) of Lukiza Group of Companies.

He has served as a franchise director of Punctureseal Sudan Ltd. (2007-2009), MD of Saphyre Onyx Investments (2006-2008), Harrow Wield Investments (2004-2006), amongst other positions.

He has excellent business acumen skills, leadership skills, an excellent Board room negotiator, amongst other key skills.



**Nilfat Kassim Ali,**  
**(born 1989)**

She joined the Board in November 2020.

She is an advocate of the High Court of Kenya with a Masters of Laws (LLM) degree in International Economic Law from the Chinese University of Hong Kong and a Bachelor of Laws (LLB) from Moi University, Kenya. She is soon to be a certified Islamic Finance Expert.

She is a member of the Law Society of Kenya and also the Association of Young Arbitrators.

She has both a legal and finance background having worked in the legal sector and advised financial institutions in Kenya on compliance and risk management.

Nilfat has also published on sustainable development in the African Journal of International Commercial Law.



**Lydia J. Yator**  
**(born 1978)**

She was re-appointed to the Board in October 2021.

She is a final year Doctorate of Philosophy student in Business Administration at the university of Nairobi. She has an MBA and a Bachelor of Commerce degree both from the University of Nairobi. An alumni of Kenya Utalii College and an Associate Member (CIM & CIMA), she is also undergoing Breakthrough Leadership Transformation Programme.

She is the GM Lake Bogoria Group and also serves as a board member of Lord Errol Gourmet and Restaurant and Kabarak University Business Enterprise Ltd. A member of Women in Tourism, Hotel Managers Association, a Vice Chair North Rift Tourism Association, a Mentor at Global Women Mentorship Programme, a trainer and aspiring leadership coach and also actively involved in uplifting girl child from the less privileged society in the rural areas through awarding scholarships, motivational talks and spearheads fight against FGM.

She is a visionary and experienced leader in handling various functions, from managing hotels supply chain, designing, organizing, stewarding and evaluating operations in retail and hospitality establishments. She has a vast wealth of experience in the role of senior management of over 15 years within East Africa. She has been accredited in turning around organizations in to profitable institutions leading to growth and expansion of its operations, she believes in leading with impact and intentionally elevating others sustainably for higher purpose.

## THE BOARD OF DIRECTORS PROFILES (Cont'd)



**Philip J. Mainga**  
**Managing Director KRC**  
**(born 1966)**

He holds Masters in Project Planning and Management (MAPM) from the University of Nairobi, a Master of Arts in Economics (M.A.) and a Bachelor of Arts (B.A.) both from University of Mysore, India. He also holds a certificate from Harvard University in Driving Government Performance. He is a member of Certified Finance Management for Project Managers (FMPM), Associate member MEGADEV Consultants and member Kenya Institute of Management (KIM).

Before being appointed the Acting MD, he was the GM Business and Operations, a role that covered the operations of the Madaraka Express, SGR Freight services and Estates management.

He has over 20 years in the Planning and Research profession and has worked in several capacities holding Corporate Planning and Research Manager Position.

Mr. Mainga is author of Economics and Ethics first edition 2010 – (Book), doing business in Kenya 2006 – Hand book (UNDP –Kenya).



**Amb. John Mwangemi**  
**Ag. Managing Director**  
**(born 1959)**

He is the immediate former ambassador to the republic of Djibouti and also served as the ambassador to Rwanda. Previously, he held senior executive positions in the corporate world both locally and internationally.

Ambassador Mwangemi studied Agronomy at the Institute of Agronomy, University of Clermont Ferrand France. He is fluent in french language and alumnus of Liverpool University school of Business where he undertook his Master of Business Administration (MBA).



**Turasha Kinyanjui**  
**CS & GM, Board and**  
**Legal Services**  
**(born 1972)**

He holds a Bachelor of Laws LLB degree from the University of Nairobi and a diploma from Kenya school of Law. He is an advocate of the High Court of Kenya and is a Certified Public Secretary Kenya, CPS (K) and a member of the Institute of Credit Management Kenya.

He is a former lecturer of School of Credit Management, a former Credit Officer at Co-operative Bank of Kenya and has also served as a legal officer at the same Bank, Industrial and Commercial Development Corporation (ICDC), Agricultural Finance Corporation (AFC).

He is the Board Secretary and oversees the Contracts & Conveyance department, Litigation & Disputes, Ethics & Integrity including Archives and Maritime Museum.

## MANAGEMENT TEAM

### •Ag. Managing Director

- He is the immediate former ambassador to the Republic of Djibouti and also served as the Ambassador to Rwanda. Previously, he held senior executive positions in the corporate world both locally and internationally.
- Ambassador Mwangemi studied Agronomy at the Institute of Agronomy, University of Clermont Ferrand France. He is fluent in french language and alumnus of Liverpool University school of Business where he undertook his Master of Business Administration (MBA)

**Amb. John Mwangemi**



### •GM, Finance & Commercial Services

- He holds a Masters degree in Business Administration (MBA) from the University of Nairobi and a Bachelor of Arts Degree (Economics) from Kenyatta University. He is a Certified Public Accountant, CPA(K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).
- He is responsible for Financial Accounting, Management Accounting, Commercial and Insurance services and Asset Management functions.

**CPA Geoffrey Kavate**



### •CS & GM, Board and Legal Services

- He holds a Bachelor of laws LLB degree from the University of Nairobi and a diploma from Kenya school of Law. He is an advocate of the High Court of Kenya and is a Certified Public Secretary Kenya, CPS (K) and a member of the Institute of Credit Management Kenya.
- He is also a former lecturer of School of Credit Management, a former Credit Officer at Co-operative Bank of Kenya and has served as a legal officer at Co-operative Bank of Kenya, Industrial and Commercial Development Corporation (ICDC), Agricultural Finance Corporation(AFC)
- He is the Board Secretary and oversees the Contracts & Conveyance department, Litigation & Disputes, Ethics & Integrity including Archives and Maritime Museum.

**Turasha Kinyanjui**



### •GM, Cargo Operations

- He Holds a PhD in Economics specialising in Maritime Economics from the Moi university in Eldoret, Kenya. He also has a Master of Science Degree in Maritime Affairs with a bias in Port Management from the World Maritime University in Malmo, Sweden. He has also attended the African Development Programme and studied Container Terminal Operations course at the University of Montana, School of Business Administration in the United States of America.
- His docket includes all operations in the Container Terminal, Conventional Cargo, Kenya Ports Inland Container Depots in Nairobi and Naivasha and Logistics with a focus on overseeing, development and implementation of port cargo operations strategies and policies.

**Dr. Sudi A.Mwasinago**



## MANAGEMENT TEAM (Cont'd)

### •GM, Lamu port

- He holds a Master of Arts in Project Planning and Management from the University of Nairobi, a Bachelor of Science in Civil Engineering from the Jomo Kenyatta University of Agriculture and Technology. He also holds a Postgraduate in Program for Management Development from Strathmore University and Gordon Institute of Business Science, Diploma in Advanced Concrete Technology from the Institute of Concrete Technology in the UK and a Certificate in Concrete Technology from the Cement & Concrete Institute in South Africa. He's a Registered Consultant and Professional Civil Engineer with the Engineers Board of Kenya and a Fellow of the Institution of Engineers of Kenya.
- He has over Twenty-One (21) years of progressive professional experience in the construction industry, business planning and logistical management, corporate governance and has interpersonal skills gained through working with various organizations both in the public and corporate sector including but not limited to, Egis International / Kenya Consulting Engineers, Bamburi Cement Limited, Howard Humphreys East Africa Limited, Gibb Africa Limited and Norconsultant A.S. National Water Conservation and Pipeline Corporation.
- Eng Sidai has also reserved as Members of the Board of the National Water Conservation and Pipeline Corporation and Joint Secretary, National Concrete Pavements Steering Committee – Kenya.
- He is in charge of the Lamu port project.

**Eng. Vicent S. Esyepet**



### •GM, Human Resources and Administration

- He holds Masters in Business Administration (MBA) from Eastern & Southern Africa Management Institute (ESAMI) TZ and Maastricht School of Management, Bachelors of Education Arts (Kenyatta University), Higher National Diploma in Human Resources Management – KNEC, Kisumu Polytechnic.
- He has undertaken various professional training in Strategic Leadership Program, Quality Management Systems (KBS), Kenya Labour laws (IHRM), Human Resources Management and Development (ESAMI), Diploma in Marketing (Institute of Commercial Management) and in Management (University of Witwatersrand Johannesburg).
- He has vast experience in HR profession having served in various Government Ministries in different capacities namely; at the Directorate of Personnel Management and Ministry of State for Provincial Administration and Internal Security as the Principal Human Resources Management Officer and went on to work for the Ministry of State for Public Service on the same capacity and later joined Agricultural Finance Corporation (AFC) as the General Manager Human Resources & Administration and most notably as a Commissioner and Vice Chair at the Salaries and Remuneration Commission (SRC).

**Daniel O. Ogutu, MBS, EBS**



### •GM, Supply Chain Management

- She is a certified supply chain practitioner with a Masters degree in Science of Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology, a Post Graduate Diploma from the Chartered Institute of Purchasing and Supplies UK (MCIPS) UK, and a Member of Kenya Institute of Purchasing and Supplies (MKISM).
- Her Docket includes procurement, procurement planning and inventory management.

**Eveline I. Shigoli**



### •GM, Corporate Services

- He holds a Master of Business Administration and Bachelors of Commerce Degree (Marketing) both from the University of Nairobi, a postgraduate Diploma from the UK's Diageo Academy.
- He is in charge of Marketing (including Liaison offices of Uganda, Burundi & Rwanda), Corporate affairs (Corporate Communication, Media & CSR) and ICT.

**Edward Kamau**



## MANAGEMENT TEAM (Cont'd)

### •GM, Kisumu Port

- He holds a Master Mariner Certificate of Competency (UK), an MBA in Strategic Management from Jomo Kenyatta University of Agriculture & Technology (JKUAT) and various professional qualifications including the Global Maritime Distress and Safety System General Operator's Certificate (GMDSS GOC-UK). He is also an Associate Member of the Nautical Institute (AFNI) UK, a member of the International Harbour Master's Association (IHMA) and has served as the chair of the Inter-Agency Committee comprising of Government Agencies working in the port and with stakeholders
- His docket includes all operations in ICD Kisumu.

**Captain William K. Ruto,  
MNI**



### •GM, Internal Audit & Risk Assurance

- He is a Certified Public Accountant (CPA- K) and a practicing member of the Institute of Certified Public Accountants Kenya (ICPAK).
- He is currently undertaking his PhD thesis in Business Administration (Finance Option) at the University of Nairobi. He has a Master's in Business Administration (Finance Option) and has a Bachelor of Commerce Degree (Accounting option). He is Certified Information Systems Auditor (CISA).
- He has over 25 years of professional experience in Auditing and Finance. He previously worked PKF Audit firm. He also possesses a wealth of experience in risk management, corporate governance, ISO quality management systems implementations and information systems audit.

**Fredrick Oyugi**



### •GM, Corporate Research, Planning and Compliance.

- She holds an MSc Degree in Port Management from World Maritime University (WMU), Sweden and BSc in Math & Computer from JKUAT and SAP Consultant in Sales & Distribution Module. She holds a Diploma in Senior Port Management from Galilee College, Israel.
- She's a member of WOMESA (Association of Women in the Maritime Sector in Eastern and Southern Africa), former Chair of the Kenya Chapter between 2010 and 2016. First Woman Operations Manager of the Port Of Mombasa, both in Conventional and Container Operations, between 2008 and 2018.
- Her docket includes Corporate Research, Quality Assurance and Risk Management, and Safety, Health and Environment

**Evelyn U. Mwamure**



### •GM, Engineering Services

- He holds a Master of Business Administration in Strategic Management from the University of Nairobi (UoN) and Bachelor of Science in Mechanical Engineering (UoN).
- He is a member of the Institution of Engineering Technologists and Technicians of Kenya (IET-K). He is also a Graduate Member of the Institution of Engineers of Kenya and Engineers Board of Kenya.
- He possesses vast experience in port handling equipment maintenance and project management spanning over 23 years.
- The Engineering Services department includes Marine Engineering, Container Terminal Engineering, Conventional Cargo Engineering and Engineering Projects and Inspection divisions.

**Anderson M. Mtalaki, MIET-K**



## MANAGEMENT TEAM (Cont'd)

### •GM, Ferry Services

- He holds a Bachelors degree in Education, a CPA (K), CPS (K) and also holds Diplomas in CIPS, IMIS and is currently pursuing an MBA.
- He is the immediate former MD of the defunct KFS Ltd. He has over fifteen years experience in Financial Management.
- He oversees the general operations and engineering services at the ferry services.

**Bakari Gowa**



### •GM, Infrastructure Development

- He holds a Bachelors of Science degree in Civil Engineering from the University of Nairobi. He is a registered Engineer with the Engineers Registration Board of Kenya and a member of the Institute of Engineers of Kenya.
- His docket covers Civil Engineering, Project Development & Management and Port Electrical Engineering Departments.

**Eng. Abdullahi Samatar**



### •Harbour Master and General Manager, Marine Operations

- He holds a Master Mariner Class 1 Unlimited (Egypt). A career Naval Officer, he has wide-range experience in port operations including pilotage, naval operations, marine & cargo survey, aids to navigation, oil terminal operations, marine conservation and port consultancy. He is also a ISM 9001:2015 code certified trainer.
- His docket, Marine Operations services includes pilotage, hydrography, marine pollution and fire and rescue services within Harbours of the commercial ports and small ports.

**Captain Geoffrey O. Namadoa**



**CHAIRMAN'S STATEMENT**



## **CHAIRMAN'S STATEMENT (Cont'd)**

### **Introduction**

It gives me yet another pleasure to present the Authority's Annual Report and Financial Statements for year ended 30 June 2022 as the Chairman to the Board of Directors after my reappointment by his Excellency the President of Kenya. The Kenyan economy exhibited resilience as it recovers from the Covid-19 pandemic and the economic ripple effects towards the forthcoming general elections.

### **Operational Performance**

During the FY 2021/2022, the Port cumulatively handled total throughput of 33.619 million tons representing a decline of 2.5 million tons or 7% compared to 36.128 million tons handled in 2020/21. The performance was also below the forecasted target of 36.582 million tons by 9%. Similarly, total container traffic declined to record 1.404 million TEUs during the period under review compared to 1.459 million TEUs handled in the same period in 2020/21, posting a decrease of 55,050 TEUs or 3.8%. Transshipment containers also declined by 4.1% from 220,690 TEUs in FY 2020/21 to 211,534 TEUs in FY 2021/22. Transit traffic also declined by 8.3% to record 9.523 million tons during the period under review compared to 10.384 million tons handled in the previous FY 2020/21. The underperformance was mainly due to the slow economic recovery for the transit markets from the impact of Covid-19, resurgence of the pandemic and lockdowns causing disruptions in the supply chain. This was further fueled by the Russia-Ukraine war causing a ripple effect, a shortage in supply of major commodities, a surge in shipping freight charges, coupled with the uncertainty as the nation was heading to the general elections in August 2022, which further exerted pressure in maritime trade.

### **Dividends**

The directors recommend a dividend payout of KES 576.7 million which is 7.5% of the profit after tax to the National Treasury in line with the dividend policy.

### **Corporate Social Investment**

The Authority is committed to providing solutions to the benefits of the society and therefore CSI is an integral part of our business. 'Care' is one of our core values because we care for our staff, the communities around us and are sensitive to the environment within which we operate.

The Authority's CSI Policy is rooted in the Authority's values, guided by international standards and best practices that are driven by the spirit of excellence in overall performance of business.

The Authority's various CSI initiatives were aimed at impacting positively on the lives of communities within and beyond the Coast region. These CSI activities were mainly focused on sports, education services, religious initiatives, charity events, humanitarian Aid and relief, response to distress calls and various community projects.

### **Future Outlook**

The Authority continuously improves its services and invests in infrastructure development and capacity expansion programs to enhance capacity, improve competitiveness and support the Government's development agenda. The development of Phase II of the Second Container Terminal, the KOT relocation, development of the SEZs in Dongo Kundu and port infrastructure developments are undertaken to ensure that the Authority is better placed to offer world class port services to its customers.

## **CHAIRMAN'S STATEMENT (Cont'd)**

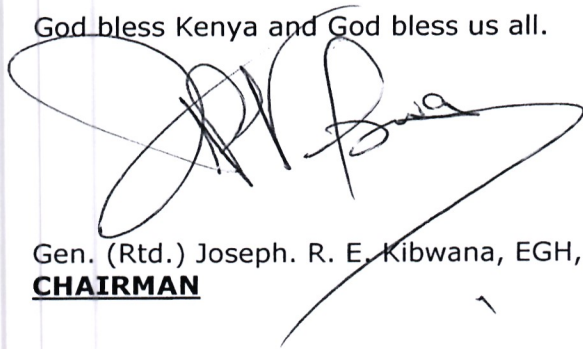
### **Liwatoni Floating Pedestrian Bridge**

The Liwatoni Floating Pedestrian Bridge (LFPB) is a Government initiative in response to COVID-19 pandemic and human congestion at the Likoni Ferry. The foot bridge spans about 1.2km and links Mombasa Island to the South Coast. The bridge is operated by the Authority on a twice daily schedule set to minimize conflict between vessels crossing and pedestrian movements. On average, the Floating Bridge is used by a total of 140,000 pedestrian daily.

### **Conclusion**

Finally, I take this opportunity to thank my colleagues in the Board and the management team for their considerable contribution. I also commend staff for working tirelessly to achieve the level of business growth that we have witnessed despite the challenges that came with the Covid 19 Pandemic. Equally, many thanks to the Government, our stakeholders, and the community for their support. I am confident that we will continue to do our very best to attain and surpass the targets set for the new financial year. Let us remain united in our journey to world class ports of choice. Together we make the economy!

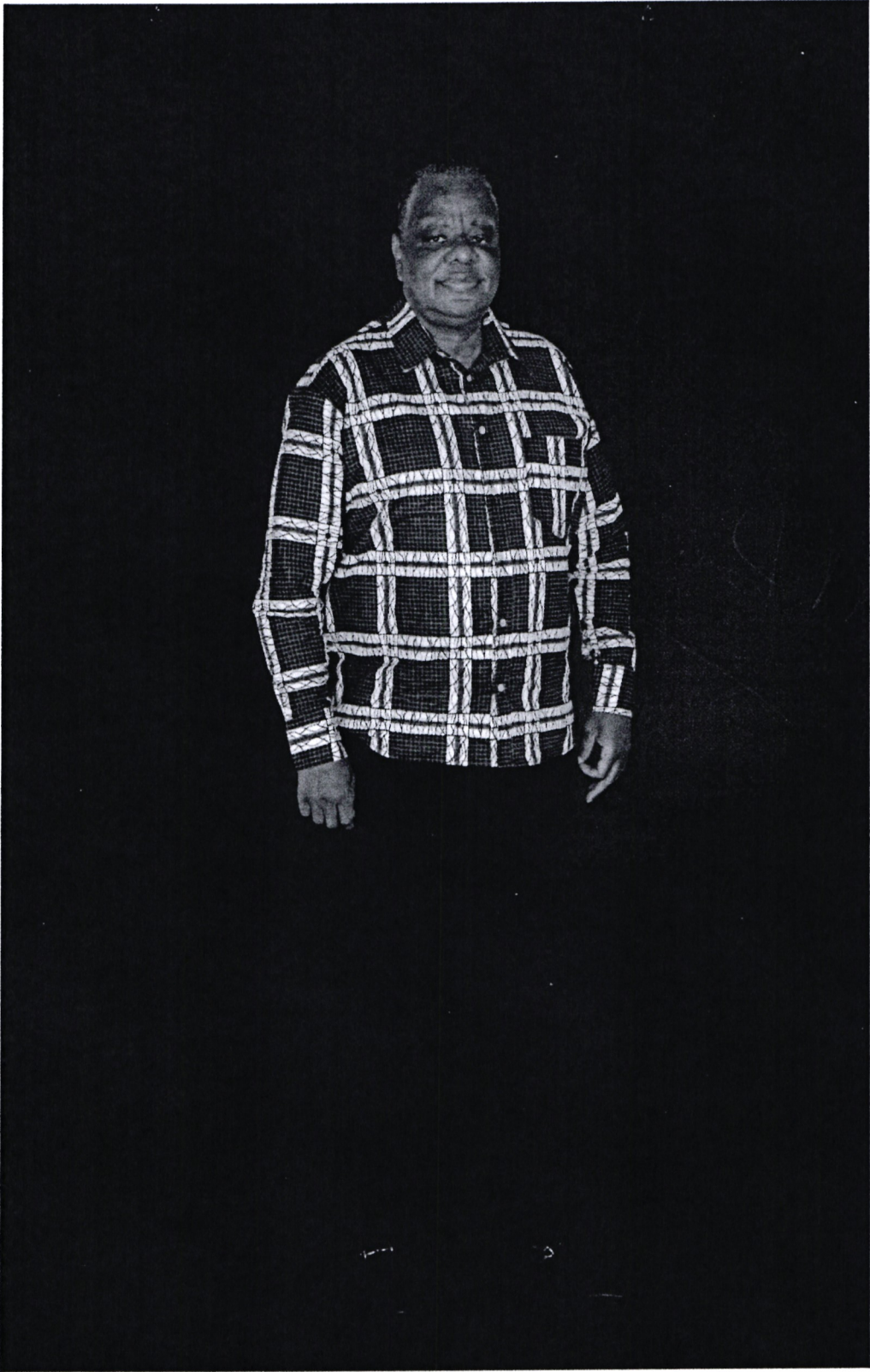
God bless Kenya and God bless us all.



Gen. (Rtd.) Joseph. R. E. Kibwana, EGH, CBS

**CHAIRMAN**

**MANAGING DIRECTOR'S PORT REVIEW**



## **MANAGING DIRECTORS'S PORT REVIEW (Cont'd)**

### **Introduction**

It gives me yet another pleasure to present the Authority's Annual Report and Financial Statements for year ended 30 June 2022 as the acting Managing Director. The Kenyan economy exhibited resilience as it recovers from the Covid-19 pandemic and towards the August 2022 general elections.

### **Financial Performance**

The Authority realized total revenues (including Finance Income and other gains) amounting to KES 51,359 million during the year under review compared to KES 53,521 million in FY 2020/2021, which represents a decline of KES 2,162 million or 4.04%. In terms of expenditure, the Authority recorded Total expenditure amounting to KES 40,077 million compared to KES 39,703 million recorded during the last FY, resulting to an increase of KES 374 million.

PBT decreased by KES 2,536 million or 18.35 % from KES 13,818 million to KES 11,282 million. The Authority maintained a healthy Financial Position with an Asset base of KES 338,404 million up from KES 304,216 million last FY.

### **Risk Management**

The Authority maintains a sound risk management and internal control system that determines the nature and extent of the risks to take in pursuit of the strategic objectives.

The Risk Management Committee reviews the risk management framework to ensure that it readily identifies key risks and strategies to mitigate them.

All business units have developed risk registers, based on a standardized risk management methodology to identify, assess and monitor the key risks faced by the business. Information on the efficacy of the risk treatment plans, trends, direction of risk over time, is provided in relation to each risk on a quarterly basis. The identified risks are assessed in terms of their impact and likelihood. Mitigation plans are put in place to manage the risks identified and exploit the attendant opportunities. Risk Management is factored in the day-to-day processes thereby informing sound decision making.

### **Operational Performance**

Over the past five years, the port has steadily grown with a compound annual growth rate of 2.3 percent from 30.702 million tons in FY 2017/2018 to 33.619 million tons in FY 2021/2022. During the period under review, Container traffic registered 1.404 million TEUs compared to 1.22 million TEUs handled in FY 2017/2018 representing an annual growth of 3%. To stay ahead of demand in providing efficient and competitive port services, the Authority has increased container yard capacity by 450,000 TEUs with completion of Berth 22 bringing the total container yard capacity to 2.1 million TEUs at the Port of Mombasa.

### **Investments and Strategic Plan**

The Authority is alive to the dynamic key trends in the global ports and maritime industry, and we must keep abreast with the changes to remain competitive.

The Shipping industry has brought about innovations and new inventions such as ships sizes having grown, smart and green port operations, sustainable infrastructure development, private sector participation, creation of hubs and matters of cooperation as opposed to competition.

## **MANAGING DIRECTORS'S PORT REVIEW (Cont'd)**

### **Investments and Strategic Plan (Cont'd)**

The KPA strategic plan 2018-2022 was developed with a focus on the customer and thus we concentrate on strategic investments to modernize existing facilities in tandem with future industry demands. This entails developing new port infrastructure, acquisition, and modernization of equipment, and devising innovative ideas to improve and sustain efficiency.

Projects are prioritized based on the following key considerations

- Realignment to Vision 2030 and the 3rd Medium Term Plan (MTP 111)
- Alignment to the sustainable Development Goals (SDGs)
- Improving KPA's core services to the customer
- Alignment to the "BIG FOUR" National Agenda, earmarked for implementation namely;
  - Food Security
  - Affordable Housing
  - Manufacturing, and
  - Access to Universal Healthcare.

### **Second Container Terminal**

Construction of the Second Phase of the Second Container Terminal which consists of construction of Berth No. 22 (300 meters and 350 meters deep) has been completed giving the Port of Mombasa an additional annual capacity of 450,000 TEUs.

### **Relocation of Kipevu Oil Terminal (KOT)**

To create additional handling capacity, the Authority embarked on the project to relocate the KOT to a safer location with capacity to handle post panamax vessels. The new modern and bigger oil terminal consisting of four Berths will be able to handle bigger vessels of up to 17,000 DWT. The facility is complete and commissioned and will be able to handle four bigger tankers at once and serve LPG needs. It will improve the capacity and efficiency of handling energy products.

### **Lamu Port Project**

In May 2021, Berth one of the Port of Lamu was operationalized. The Authority has provided equipment and staff to support operations of the new Port. The remaining two berths of the first phase have also been completed creating a total capacity of 1.2 million TEUs and 13.5 million MTs. Business is expected to slowly but gradually pick up. The original strategy was to have the operation of the first three berths undertaken by the private sector.

### **Tug Mwokozi II**

The Authority took delivery of Tug Mwokozi II, a new state of the art ASD Salvage/Harbor tug from Turkish builder Med Marine. Equipped with excellent maneuverability and packing a heft bollard pull, the vessel will deliver enhanced towing and ship handling services in the waters of East Africa and the entire western Indian Ocean seaboard. Boosting its standing as a leading port along the Western Indian Ocean Seaboard.

## **MANAGING DIRECTORS'S PORT REVIEW (Cont'd)**

### **Investments and Strategic Plan (Cont'd)**

#### **Kipevu Road**

The project entailed the expansion of Kipevu Road from Gate 18 to Changamwe Roundabout into six lanes with provision for pedestrian walkways.

The completed road has improved the speed of evacuation of cargo and reduced congestion at the gates while reducing the turnaround times

#### **Conclusion**

The Authority continues to develop new port infrastructure, acquire, and modernize its equipment and devise innovative ideas that will improve and sustain efficiency. We continue to rely on our Human Resources to attain the set goals and targets.

I thank our customers, the Board of Directors, our dedicated and talented staff for their support as well as their effort in making sure the Authority achieves its goals and objectives.

I also appreciate our service providers, the national & regional Governments, and all other stakeholders for their respective contributions to the Authority during the year. I look forward to continued support as we strive to transform Mombasa Port to the port of choice in East and Central Africa.



Amb. John Mwangemi

**Ag. MANAGING DIRECTOR**

## STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2 (f) of the PFM Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

The Authority has 4 strategic themes and 5 strategic objectives within the current Strategic Plan 2018-2022. The Strategic Plan 2018-2022 defines the Authority's Vision to be "World Class Ports of Choice", and Mission to "Provide Efficient and Competitive Port Services to Facilitate Global Trade". The strategic plan is anchored on vision 2030, the 3rd medium Term Plan, the Big 4 agenda, among other policy documents. Working towards realization of the vision and mission, the Authority's strategic model is premised on four Strategic themes. These strategic themes are as follows:

1. Theme 1: Operational Excellence
2. Theme 2: Customer Service Excellence
3. Theme 3: Business Growth
4. Theme 4: Good Governance

The five (5) key Strategic Objectives addressing the stated themes above.

1. Improve Port Services
2. Improve Customer Satisfaction
3. Sustain Business Growth
4. Improve Labour Productivity
5. Enhancing Risk Management and Environmental Sustainability

The Authority develops its annual work plans based on the above Five (5) strategic objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The actual performance compared to the targets set for the FY 2021/2022 for the 4 strategic pillars are summarized below:

Strategic Theme	Objective	Key Performance Indicators	Activities	Remarks
Operational Excellence	Improve Port Services	Ship Turnaround time (Hrs.): Target: 56 Actual: 77.8 Truck turnaround time (Hrs.): Target: 3.5 Actual: 6.5 Crane productivity (Moves per hour): Target: 21 Actual: 17.7 Gross Train Productivity (Moves per train per hour) Target: 33 Actual: 32	Strategy 1: Improve and integrate ICT systems and infrastructure	There was a delay in progressing the tender process due to inadequacy of funds.
			Strategy 2: Invest in research, development, and innovation	Public service innovation initiatives undertaken
			Strategy 3: Enhance port capacity	Completion of First 3 berths at Lamu and MPDP Phase II
			Strategy 4: Enhance safety and security	Integrated Security system implemented in Mombasa and the ICDS
Customer Service Excellence	Improve Customer Satisfaction	Customer Service Index (%): Target: 67 Actual: 71 Compliance to Service Charter (%): Target: 100% Actual: 100%	Strategy 1: Improve Customer Experience	KPA Mobile Application developed and deployed to Google Play store
			Strategy 2: Promote Ethical Culture in the Organization	Ethics and Integrity periodic sensitization to staff done.

## STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES (Cont'd)

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
Business Growth	Sustain Business Growth	Port Throughput (Mn Dwt): Target: 36.5 Actual: 33.6 Container Traffic (Mn TEUs): Target: 1.51 Actual: 1.40  Profits before Tax (KES Mn): Target: 11,270 million Actual: 11,282 million	Strategy 1: Increase Throughput	KPA Marketing strategy 2018-2022 under implementation
			Strategy 2: Increase Revenue	The cruise terminal construction was completed but is yet to be operationalized
			Strategy 3: Minimize Costs	90% of manual processes and operations automated to curb revenue leakages
			Strategy 4: Support Blue Economy Initiative	Construction of Shimoni Port underway
Good Governance	Improve Labour Productivity	Percentage of workforce meeting performance standards (%): Target: 100 Actual: 66 Number of Industrial Disputes: Target: 0 Actual: 0	Strategy 1: Enhance Employee Accountability	All management staff have been put under performance management System.
			Strategy 2: Enhance Employee Competence	Skills gap analysis done for staff.
			Strategy 3: Improve Work Environment	The old appraisal system was reviewed and improvements done through automation
	Enhance Risk Management and Environmental Productivity	Compliance to Environmental Audits (%): Target: 100 Actual: 70 Corruption Perception Index Target: <4 Actual: 4.15	Strategy 1: Improve Internal Governance Processes	Corruption surveys and periodic sensitization of staff
			Strategy 2: Implement Enterprise Risk Management system	Risk Management has been adopted across the entire organization through profiling of risks, documenting, monitoring, and reporting
			Strategy 3: Improve Environmental Management	Adoption and implementation of green port initiatives.

## STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

### Board Meetings

During the year under review, the Authority had 5 regular Board meetings, 4 Special Board meetings and 1 Strategic Board meeting with several meetings of the Committees of the Board.

Director Name	Designation	Full Board/Special		Strategy Meetings		Finance & Asset		Operations		Audit & Risk		Human Resource	
		No. of Mtgs	No. of Mtgs attended	No. of Mtgs	No. of Mtgs attended	No. of Mtgs	No. of Mtgs attended	No. of Mtgs	No. of Mtgs attended	No. of Mtgs	No. of Mtgs attended	No. of Mtgs	No. of Mtgs attended
Amb. John Mwangemi	Ag. MD	5	(2 Regular)	1	1	3	2						
		4	(4 special)										
Conrad Thorpe	D	5	(2 Regular)	1	1					3	3	2	2
		4	(4 Special)										
Prof. Dulacha Galgallo	AD (NT)	5	(2 Regular)			3	3	2	2	3	3	2	1
		4	(3 Special)										
Darius Mobe	D	5	(3 Regular)	1	1			2	2			2	1
		4	(4 Special)										
Lydia Yator	D	5	(4 Regular)	1	1					3	3	2	2
		4	(4 Special)										
Niifat K Ali	D	5	(4 Regular)	1	1	3	2					2	2
		4	(3 Special)										
Farida A. Soud	D	5	(4 Regular)	1	1	3	3	2	2				
		4	(3 special)										
Stephen G. Gichuhi	D	5	(4 Regular)	1	1	3	3	2	2				
		4	(4 Special)										
Dr. Eng. Joseph Njoroge	D	5	(1 Regular)										
		4	(0 Special)										
Beatrice Nyamoita	AD MoTTHUD	5	(4 Regular)	1	1	3	3	2	2	3	3	2	2
		4	(4 Special)										
Oscar Eredi	AD AG	5	(3 Regular)	1	1			2	1			2	2
		4	(4 Special)										
Eng. Phillip Mainga	MD KRC	5	(1 Regular)										
		4	(1 Special)										
Delliah Ngala	D	5	(1 Regular)										
		4	(1 Special)										
Festus King'ori	AD NT	5	(1 Regular)										
		4	(2 Special)										

## STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

### Compliance with Mwongozo Code

The Authority has endeavored to comply with the Mwongozo Code of Governance for State Corporations in the discharge of its mandate through the Board. It is however recognized that the code will be implemented on a 'comply or explain' basis and organizations will be allowed time to fully comply at a pace that is realistic in their circumstances and to learn from the experience of others. The Authority discloses the following instances of noncompliance; -

- a) Competitive recruitment of Board members: The Authority is not privy to any interview process undertaken by the Cabinet Secretary in appointment of Board Directors. The power to appoint is vested in the Cabinet Secretary and this remains a policy issue.
- b) Governance Audits: The Government policy requires that governance audits to be undertaken by States Corporation Advisory Committee. However, SCAC has not yet rolled out this exercise. They have indicated that they are still training and compiling list of accredited Governance Audit Auditors and thereafter roll out the same. The proposal is to outsource due to capacity constraints.
- c) Succession Plan: Board has not formalized the succession plan but has in place a structure that ensures business continuity in the absence of the Chief Executive Officer where any of the General Managers can perform the duties of the office of the Managing Director.

### Board Remunerations

The non-executive Board members are paid sitting allowances of KES 20,000 for every meeting attended as provided by GoK circulars. Director's fees are paid to directors subject to approval by the National Treasury and Planning. Non-executive Board members not representing any Government institutions are paid Directors' fees directly while Directors' fees for those representing the Government and/or its institutions are paid to the Cabinet Secretary, National Treasury as a body corporate. Directors' fees of KES 600,000 per annum or pro rata for any part served thereof, for each eligible Director has been provided for. The Authority granted no loans to its directors during the year. The Directors' remuneration has been disclosed under note 8 of the financial statements. No bonuses were paid to the Directors during the year. The Directors are also provided with personal insurance cover.

### Directors' External Activities and Conflict of Interest

Directors have a statutory duty to avoid situations in which they have interests which may conflict with the interests of the Authority. A conflict-of-interest register is signed at every meeting and any emerging interest recorded.

### Board Structure

The Board operates under a comprehensive structure made up of committees established to assist in discharging its responsibilities and obligations as guided by the State Corporation Act Cap 446, section 9, and Mwongozo Code of Conduct Chapter 1 Section 1.7. These committees assist the board in carrying out its functions and ensuring that there is independent oversight of internal controls and risk management. The Board has determined the purpose and the number of committees required to support it in carrying out its duties and responsibilities and in guiding Management. These committees have been established with specific terms of reference, which are continually reviewed and updated

## STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

### Board Structure (cont'd)

The appointment of members to these committees draws on the skills and experience of individual directors. The role played by board committees forms the principal point of contact between the Directors and Management. Constitution of the Committees are also rotated from time to time.

The Mwongozo Code of Conduct further provides for the establishing of not more than four committees of the Board and for the Authority these are namely; Finance & Assets Committee, Audit & Risk Committee, Human Resources Committee and Strategy & Operations Committee. All committees have at least four non- executive directors as members. The chair of the committees is a non- executive director. The chairman of the Board does not sit in any of the committees.

At every meeting of the full board, the chair of each committee presents a report on its activities, decisions, and recommendations of their respective committees since the date of the previous meeting for further consideration and approval where necessary. Details of the committees are given below:

- **Finance and Assets Committee**

The core functions of the Finance and Asset Committee is to ensure that the undertakings of the Authority are operated efficiently, according to sound commercial principles in accordance with Part V and VI of the KPA Act 1978.

Director		Meetings		% Attendance
		Held	Attended	
Farida A. Soud	Chairperson	3	3	100%
Nilfat K. Ali	Member	3	2	66.7%
Stephen G. Gichuhi	Member	3	3	100%
Beatrice Nyamoita	Member	3	3	100%
Prof. Dulacha B. Galgallo	Member	3	3	100%

- **Strategy & Operations Committee**

The Committee focuses on ensuring that productivity is maintained according to international standards. It also identifies obstacles that may hamper smooth operations and formulates policies on improvement of port performance. It also focuses on the implementation of the Authority's Strategic Plan and any emerging challenges and makes recommendations to the Board.

Director		Meetings		% Attendance
		Held	Attended	
Darius Mobe	Chairperson	2	2	100%
Stephen G Gichuhi	Member	2	2	100%
Farida A Soud	Member	2	2	100%
Beatrice Nyamoita	Member	2	2	100%
Prof. Dulacha B. Galgallo	Member	2	2	100%
Eng. Phillip Mainga	Member	2	-	-
Oscar Eredi	Member	2	1	50%

## STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

- Human Resources Committee**

The committee reviews the Human Resources policies and procedures and ensures that they support the strategy of the Authority. It ensures that the Authority maintains a policy of providing remuneration packages that fairly reward staff for their contribution to the business, whilst considering the need to attract, retain and motivate staff of the highest caliber. The committee also ensures successions plans are in place for senior managers of the Authority.

Director		Meetings		% Attendance
		Held	Attended	
Nilfat K Ali	Chairperson	2	2	100%
Darius Mobe	Member	2	1	50%
Conrad Thorpe	Member	2	2	100%
Lydia Yator	Member	2	2	100%
Beatrice Nyamoita	Member	2	2	100%
Prof. Dulacha B. Galgallo	Member	2	1	50%
Oscar Eredi	Member	2	2	100%

- Audit and Risk Committee**

The committee plays a vital role in ensuring the integrity of financial statements prior to their review and approval by the board. To this end, the committee reviews the accounting policies financial reporting and regulatory compliance of the Authority. The committee also continually evaluates the effectiveness of risk management programs. The committee receives reports of the Internal and External Auditors and management's corrective response to the findings. The committee also reviews the overall scope, annual plans for the internal audit function's activities and oversees the alignment of risk management programs and internal audit activities. The committee reviews all key internal audit reports and has regular direct access to the Head of Internal Audit and Risk Management.

Director		Meetings		% Attendance
		Held	Attended	
Conrad Thorpe	Chairperson	3	3	100%
Lydia Yator	Member	3	3	100%
Prof. Dulacha B Galgallo	Member	3	3	100%
Beatrice Nyamoita	Member	3	3	60%
Oscar Eredi	Member	3	3	80%
Eng. Phillip Mainga	Member	3	-	-

## STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

### Board and Committee Evaluation results;

Name	Position	Term		Raw Score	% Score
		Start	End		
Amb. John Mwangemi	Ag.MD				
Conrad Thorpe	Member	06/10/2021	05/10/2024		
Darius Mobe	Member	06/10/2021	05/10/2024		
Lydia Yator	Member	06/10/2021	05/10/2024		
Nilfat K Ali	Member	24/11/2020	23/11/2023		
Farida A Soud	Member	06/10/2021	05/10/2024		
Stephen G Gichuhi	Member	06/10/2021	05/10/2024		
Beatrice Nyamoita	Alt. Member	-	-		
Oscar Eredi	Alt. Member	-	-		
Festus King'ori	Alt. Member	-	-		
Chrisologous Makokha	INSP.CORPS	-	-		
<b>Corporate Board Performance</b>					

### Board Trainings

The trainings conducted for the Directors and their attendance is as below;

<b>Audit &amp; Risk Comm. Induction Workshop</b>	<b>Training on 30<sup>th</sup> &amp; 31<sup>st</sup> March, and 1<sup>st</sup> April,2022, at Vipingo Ridge Golf &amp; Spa, in Kilifi County.</b>
	<b>In Attendance;</b> Director Conrad Thorpe, Director Lydia Yator, Director Nilfat K Ali, Director Farida A Soud, Director Stephen G Gichuhi, Alt. Director Prof Dulacha B Galgallo, Alt. Director Beatrice Nyamoita, Alt. Director Oscar Eredi, and Insp. Chrisologous Makokha.
<b>5-day Residential Course for Directors under auspice of Corporate Governance</b>	<b>Training from 4<sup>th</sup> to 8<sup>th</sup> April,2022, held at the Leopard Beach Hotel &amp; Spa, South Coast, Diani.</b>
	<b>In Attendance;</b> Director Lydia Yator, Director Nilfat K Ali, Director Farida A Soud, Director Stephen G Gichuhi, Alt. Director Beatrice Nyamoita, Alt. Director Oscar Eredi.

## **STATEMENT OF CORPORATE GOVERNANCE (Cont'd)**

### **Process of appointment and removal of directors, roles, and functions of the Board**

The KPA Act vests the mandate to appoint members of the Board in the CS Ministry of Transport. The KPA Board of Directors comprises 11 members out of which Seven (7) are independent Directors, well above the 1/3 requirement. The MD KPA is also a member of the Board in tandem with the Mwongozo Code of Governance and the KPA Act. The composition of the Board has met the parameters of Article 27 of the CoK 2010 regarding equal opportunities. Out of the 7 independent directors, three (3) are female. It has also captured a diversity of skills and competencies required for the achievement of the organization's long-term goals, as evidenced by the Director's data submitted herein.

Removal of directors is guided by the provisions of the State Corporations Act. The power to appoint also envisages the inherent power to remove or fire, and as long the power to appoint is vested in the CS, members of the Board can only recommend removal.

The Independent directors are not in the service of the National or County Governments and do not hold positions in more than two state corporations.

### **Management Committees**

A significant factor in the Authority's success is the strength of the Management team. Members of the Management team bring together vital leadership skills and extensive maritime trade experience from both local and international exposure. To harness their strength, the Managing Director has established the EXCOM. This committee meets regularly and at least monthly to discuss strategy formulation and implementation, policy matters and financial performance.

It is also responsible for ensuring compliance with the regulatory framework and guidelines and adherence to the Authority's policies and procedures. The committee also serves as the link between the board and management. The Managing Director has also established other standing committees to execute various mandates and to support the EXCOM in realization of its objectives. Some of the committees include Information Technology Steering Committee, Port Productivity Committee, Change Management Committee, Corporate Training committee, Tariff Committee among others.

## STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

### Ethics and Integrity Statement

The Authority is committed to promotion of good Corporate Governance as envisaged in KPA strategic plan. The Authority has in place an Ethics and Integrity policy that is posted on its website. Staff and Clients are invited to interact with the Ethic and Integrity policies posted on the website when confronted with any ethical dilemma or to contact Ethics and Integrity office.

Additionally, unethical corrupt practices or public complaints are reported through the following dedicated email address; [stopcorruption@kpa.co.ke](mailto:stopcorruption@kpa.co.ke) and [PUblicCOmplaints@kpa.co.ke](mailto:PUblicCOmplaints@kpa.co.ke)

During the year, the Authority not only implemented activities that impacted on improving ethical climate within the organization but also ensured compliance with PC indicators by coordinating corruption prevention, mainstreaming of national values and management of public complaints and access to information.

The Authority has in place corruption prevention committees' and has developed Ethics and Integrity Risk Assessment registers for various business units including the following areas for EACC reporting.

- a) Core Mandate of the Organization.
- b) Information Communication Technology.
- c) Payroll Management; and
- d) Procurement and Financial Management.

Staff training and sensitization were conducted as part of implementation of ethical risk mitigation measures and performance contracting obligations. The sensitization included Port wide sensitization on general ethics and integrity, conflict of interest management, anticorruption and whistle blowing policies where a total of 2,174 staff were reached.

On promotion of National Values, the Authority filed annual national values implementation report with the Directorate of National Cohesion and Values. A total of 1,013 members of staff were sensitized including newly employed dockers on the National values and Principles of Good Governance. Additionally, 506 staff members were sensitized on public complaints and public complaints champions nominated from operational areas.

A total of 17 reports were received by the Ethics and Integrity Department all of which were marked for review. The table below indicates the nature of cases received.

No.	Category	Frequency
1	Corruption/fraud	12
2	Maladministration	4
3	Conflict of interest	1
<b>Total</b>		<b>17</b>

## STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

### Ethics and Integrity Statement (Cont'd)

A number of advisory opinions were issued to the management as a measure of managing ethical risks in the business units. The table below indicates the nature and number of advisories issued.

No.	Business unit	Frequency
1	Supply Chain Management	25
2	Operations Services	1
3	Human Resource management	2
4	Conflict of Interest	1
<b>Total</b>		<b>29</b>

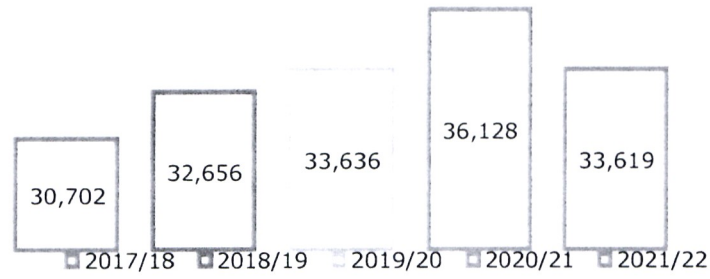
The Authority is adopting a nurturing pro-ethics business climate as it pursues its mandate of strengthening our corporate ethical culture. The following milestones were achieved in the journey of improving governance and strengthening integrity.

- i. System examination review for Marine engineering and ICDN
- ii. Developed the following draft policies
  - a) Access to information policy
  - b) Gift and entertainment policy
  - c) Board charter

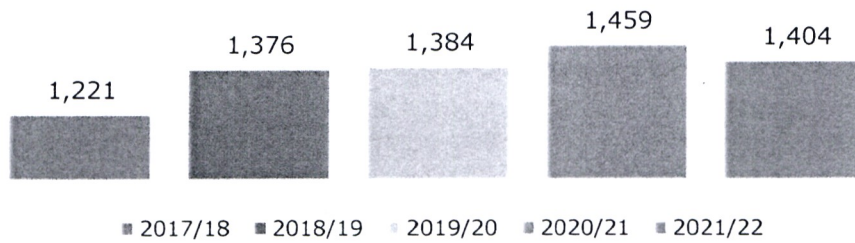
The Approach is consistent with ISO-37001, which the Authority is working towards and will enhance good corporate governance.

**THE YEAR IN REVIEW**

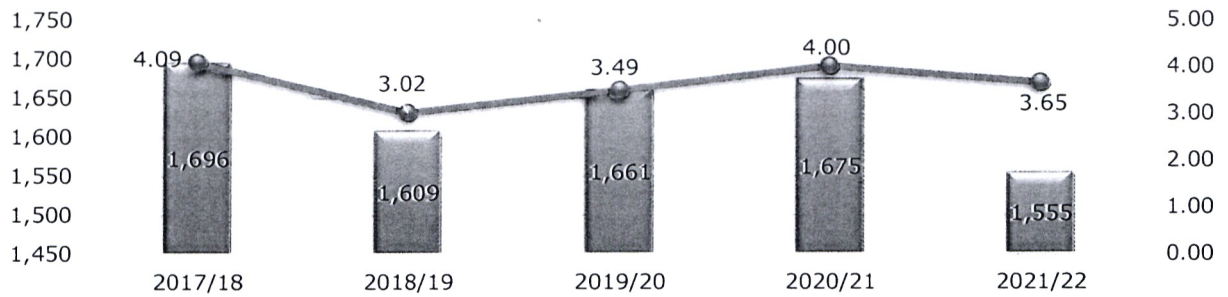
**Throughput (MT'000)**



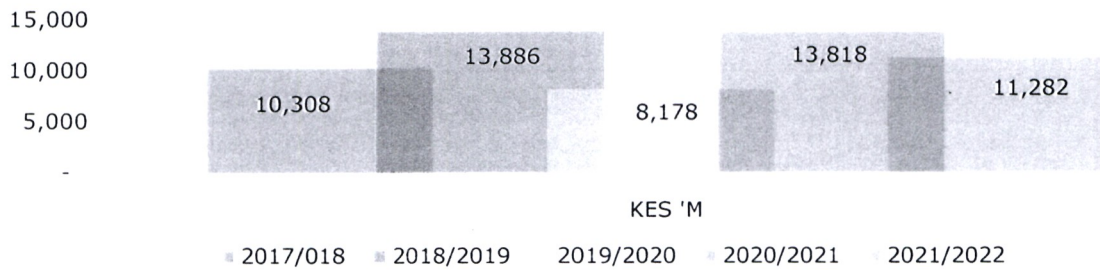
**Container traffic (TEUs) in '000**



**No. of Vessel calls & Ship dwell time (Days)**



**Profit Before Tax**



## THE YEAR IN REVIEW (Cont'd)



A new state of the art ASD Salvage/Harbour Tug Mwokozi II was acquired from Turkish builder Med Marine. The vessel has more than 120 tonnes of bollard pull, boasting the country image as the most powerful salvage and harbour tug in service off the coast of East Africa.



At the close of the year all functions and transactions of the ferry services and the Liwatoni Floating Pedestrian Bridge were reported under KPA. The foot bridge spans about 1.2km and links Mombasa Island to the South Coast. The bridge is operated by the Authority on a twice daily schedule set to minimize conflict between vessels crossing and human congestion at the Likoni Ferry. On average, the Floating Bridge is used by at least 140,000 pedestrian daily.

## MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE

### 1.0 Introduction

Management wishes to present an analysis of the Authority's financial performance for the period ending 30 June 2022.

#### Performance Summary Overview

	Actual	Budget	Actual Vs Budget	Actual	Actual Vs. Actual
	July-June 2021/22	July-June 2021/22	% Variance	July-June 2020/21	% Variance
Throughput (MTs '000)	33,619	36,582	-8%	36,128	-7%
Total Revenue – KES 'M')	51,359	54,953	-7%	53,521	-4%
Total Cost (KES 'M')	40,077	43,784	9%	39,703	-1%
PBT (KES 'M')	11,282	11,169	1%	13,818	-18%
Asset Base (KES 'M')	338,404	348,823	-3%	304,216	11%

Table 1: summary of the actual performance on throughput, revenue, expenditure, and profit.

After rebounding in 2021 the Global growth contracted in 2022. Several shocks have hit a world economy already weakened by the Covid pandemic: higher-than-expected inflation worldwide, further COVID-19 outbreaks and lockdowns in China; and negative spillovers from the war in Ukraine. According to the IMF, the baseline forecast for growth slowed from 6.1 percent in 2021 to 3.2 percent in 2022. This is as a result of the Russia-Ukraine war and Inflationary tendencies brought about by increased global prices of commodities.

The economic recovery in sub-Saharan Africa was on the upside in the second half of 2021, prompting a significant upward revision in 2021 estimated growth, from 3.7 to 4.5 percent. This year, however, that progress has been jeopardized by the Russian invasion of Ukraine which has triggered a global economic shock that is hitting the region. Most notably, surging oil and food prices are straining the external and fiscal balances of commodity-importing countries and have increased food security concerns in the region.

In the transit markets the economic recovery is expected to continue at a slower rate. Following the improved momentum in the services and trade, the improved geopolitical pressure between Uganda and Rwanda and the joining of the Democratic Republic of the Congo through the East African Community.

Kenya showed remarkable resilience to the COVID 19 shock in 2020 and saw accelerated overall GDP growth of 5.9% in 2021. The Kenyan economy is projected to decelerate to 5.7% in 2022. The year-on-year inflation rate increased to 7.9 percent in June 2022 from 6.3 percent in June 2021 mainly due to higher food and fuel prices. Uncertainties stem from the war in Ukraine, continuing drought in the semi-arid regions, unsettled global financial market conditions and the political calendar.

## MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (Cont'd)

Against the backdrop of slower global and regional economic growth, Kenya Ports Authority recorded major decline in revenue compared to that reported in FY2020/2021 and it was below budget too. The main driver was the decreased throughput handled in the year especially the bulk and conventional cargo.

The overall cost increased marginally compared to last year but was significantly below the budget. The austerity measures implemented in the year on several votes was the main driver for cost containment.

The decrease in profitability compared to last year was mainly driven by decreased throughput in the high margin cargo categories, particularly bulk cargo, and conventional cargo. However, the profit is marginally higher compared to budget as result of cost reduction mentioned above.

The asset base was lower compared to budget mainly due to slower implementation of resettlement of affected persons for Dongo Kundu project and the lengthy process of acquiring Lamu Port Equipment.

### 2.0 Throughput Overview

During the FY 2021/2022, the Port handled total throughput of 33.6 million MTs representing a decline of 2.5 million MTs or -7% when compared to 36.1 million MTs handled in 2020/21 as shown in the table below. It is important to note that all categories of cargo recorded a decline in growth except Liquid Dry Bulk which recorded a positive increase of 3.3%. Dry Bulk conventional and Container segments posted negative results of -22.8%, -15.5% and -1.9% respectively. The main driver for the drop in the dry bulk is lower import of clinker while conventional cargo drop is driven by lower imports of iron and steel

Total throughput was below the set target of 36.5 million MTs by 2.9 million MTs or -8%.

#### Throughput Traffic (MT) FY2021/2022 against FY2020/2021

Type of Cargo	2021/22	2020/21	Volume Change	Growth %
<b>Non - Container</b>				
Dry Bulk	7,019,969	9,096,348	-2,076,379	-23%
Liquid Bulk	8,926,009	8,642,777	283,232	3%
Conventional	2,276,666	2,693,978	-417,312	-15%
<b>Sub- Total</b>	<b>18,222,644</b>	<b>20,433,103</b>	<b>-2,210,459</b>	<b>-11%</b>
<b>Containerized</b>	15,396,071	15,694,946	-298,875	-2%
<b>TOTAL</b>	<b>33,618,715</b>	<b>36,128,049</b>	<b>-2,509,334</b>	<b>-7%</b>
<b>Import/Export</b>				
Imports	26,504,554	29,028,616	-2,524,062	-9%
Exports	4,582,754	4,505,873	76,881	2%
Transshipment	2,423,236	2,477,550	-54,314	-2%
Restows	108,171	116,010	-7,841	-7%
<b>TOTAL</b>	<b>33,618,715</b>	<b>36,128,049</b>	<b>-2,509,334</b>	<b>-7%</b>
<b>Set Target 2021/22</b>		<b>36,582,000</b>	<b>-2,963,287</b>	<b>-8.80%</b>

## MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (Cont'd)

Non-Containerised cargo recorded a decline of 2.2 million MTs or -11%.

Containerised cargo also reduced to 15.4 million MTs compared to 15.7 million MTs recorded in the previous year, a decrease of 0.3 million MTs or -2%. The decrease was on imports, transshipment and restows cargo.

Performance overview by broad categories is shown below:

- **Imports:** declined from 29 million MTs in the period 2020/2021, to 26.5 million MTs in the current period representing a decrease by 2.5 million MTs or -9%.
- **Exports:** recorded an increase from 4.5 million MTs in the period 2021/2022 to 4.5 million MTs recorded in the current period, representing a volume increase of 76,881 MTs or 2%.
- **Transshipments:** recorded a decrease in volume posting 2.42 million MTs of cargo in the period compared to 2.47 million MTs handled in the corresponding period in 2020/2021 reflecting a decrease by 54,314 MTs or -2%.

### 3.0 Revenue Overview

#### 3.1 Revenue Performance

Revenue performance during the current period recorded KES 51,359 million compared to KES 53,521 million recorded last year. This reflected a decrease by KES 2,162 million or -4%. The performance was also lower than the budgeted figure of KES 54,274 million by KES 2,915 million.

Operating revenue declined to KES 49,339 million from KES 52,130 million recorded in the previous year, a decrease of KES 2,791 million or -0.05%. This correlates with the throughput decrease of -7% compared to FY2020/2021.

The decline in revenue was mainly driven by decrease in imports, transshipment and restows. With significant drop in conventional cargo and dry bulk categories. The revenue is expected to increase as economic activities recover from pandemic and other political activities.

The performance was below the budget as the volume dropped in the period due to improved efficiency at the ICD that has led to reduced revenue from storage and re-marshalling.

Marine revenue performance was below the budget resulting to unfavourable variance. The performance was also lower than last year This is driven by reduced number of vessels handled from 1,675 in Fy2020/2021 to 1,555 in Fy2021/2022.

## MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (Cont'd)

	FY 2021/2022	FY 2020/2021
TYPE	NO. OF VESSELS	NO. OF VESSELS
Barge	20	16
Bulk	264	326
Car Carrier	124	139
Container	497	560
Fishing	78	86
Gen Cargo	171	117
Passenger	5	2
Roro	38	41
Tanker	209	221
Tug	35	30
Naval	13	8
Others	101	129
<b>TOTAL</b>	<b>1,555</b>	<b>1,675</b>

### 4.0 Total Expenditure KES 40,077 million Expenditure Performance Overview

Expenditure recorded during the period under review was KES 40,077 million. This was below the budgeted figure of KES 43,784 million resulting to a favourable variance of KES 3,707 million or 9%. It was higher than last year's expenditure of KES 39,703 million by KES 369 million or -1%.

Expenditure on overtime, repairs, spares, and activities impacted by Covid-19 like ASK shows, KECOSO had favourable variance compared to the budget and the previous year's expenditure.

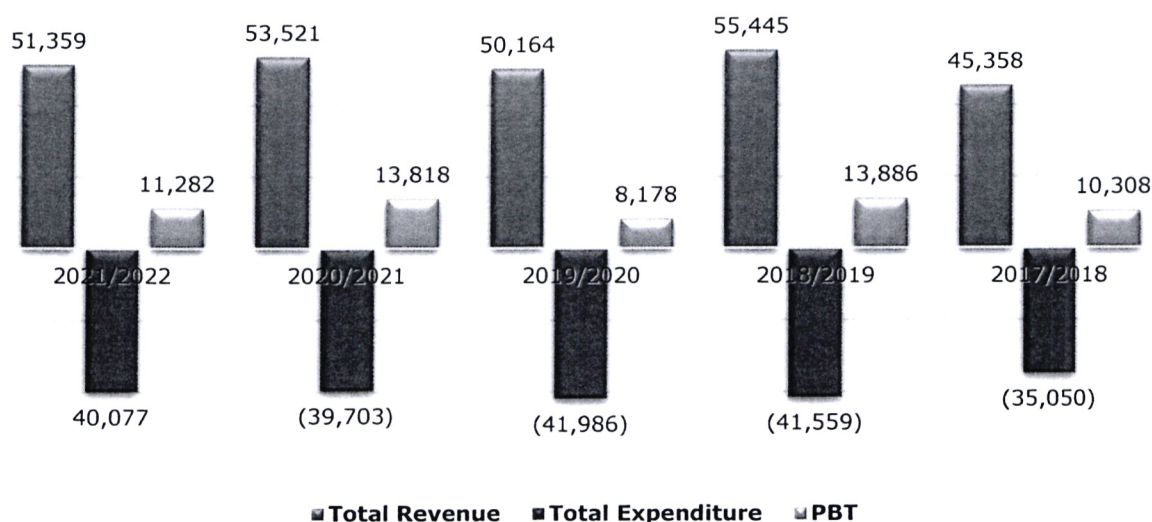
### 5.0 OPERATING PROFIT: KES 11,282 MILLION

A profit of KES 11,282 million was registered during the year 2021/2022. This profit was slightly above the budgeted figure of KES 11,169 million. It was also significantly below that reported last year of KES 13,818 million.

## MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (Cont'd)

<b>5-year review of Statement of Profit</b>					
	<b>2021/2022</b>	<b>2020/2021</b>	<b>2019/2020</b>	<b>2018/2019</b>	<b>2017/2018</b>
	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>
Operating Revenue	49,338,782	52,130,085	48,161,579	52,758,959	42,738,520
Other Incomes	1,300,276	720,475	692,047	498,843	891,023
<b>Total Revenues</b>	<b>50,639,058</b>	<b>52,850,560</b>	<b>48,853,626</b>	<b>53,257,802</b>	<b>43,629,543</b>
<b>Less Expenses:</b>					
Administrative Expenses	(4,373,564)	(4,429,215)	(3,995,660)	(4,044,431)	(3,450,148)
Establishment Expenses	(18,561,900)	(17,906,332)	(19,520,491)	(19,992,244)	(17,789,138)
Other Operating Expenses	(5,271,439)	(5,284,137)	(6,852,267)	(5,976,959)	(4,899,622)
Dep. of PPE & Amort. of IA	(11,739,730)	(11,700,460)	(11,043,683)	(10,609,168)	(7,658,763)
<b>Total Operating Expenses</b>	<b>(39,946,633)</b>	<b>(39,320,144)</b>	<b>(41,412,101)</b>	<b>(40,622,802)</b>	<b>(33,797,671)</b>
<b>Operating Profit</b>	<b>10,692,425</b>	<b>13,530,416</b>	<b>7,441,525</b>	<b>12,635,000</b>	<b>9,831,872</b>
Finance Income	166,878	167,636	1,310,374	2,187,175	1,728,950
Finance Cost	(130,012)	(139,910)	(135,164)	(166,309)	(170,624)
Impairment Gain/(Losses)	55,071	(243,118)	(218,888)	(646,129)	(1,037,395)
Other Gains/(Losses)	497,906	502,796	(219,739)	(124,232)	(44,324)
<b>Profit Before Tax</b>	<b>11,282,268</b>	<b>13,817,820</b>	<b>8,178,108</b>	<b>13,885,505</b>	<b>10,308,479</b>
Tax Charge	(3,592,225)	(5,978,260)	(4,473,012)	(4,137,870)	(3,426,742)
<b>Profit After Taxation</b>	<b>7,690,043</b>	<b>7,839,560</b>	<b>3,705,096</b>	<b>9,747,635</b>	<b>6,881,737</b>

### 5-Performance overview (KES 'M)



## **MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (Cont'd)**

### **6.0 Financial Position KES 338,404 million**

Total assets grew from KES 304,216 million in July-June 2020/21 to KES 338,404 million in 2021/22 resulting to an increase of 11%, This was occasioned by additions/capitalisation of new assets.

### **6.1 Non-Current Assets KES 307,383 million**

Non-current assets amounted to KES 307,383 million during the period, up from KES 280,791 million during the previous year's same period. The increase of 9% is attributed to additions of new assets.

### **6.2 Current Assets KES 31,021 million**

Current assets stood at KES 31,021 million compared to KES 23,425 million recorded last year same period, an increase of (3%).

### **6.3 Receivables and Prepayments KES 24,015 million**

Receivables were KES 24,015 million as at close of the year, compared to KES 19,881 million for the same period last year. This was driven by advances to contractors.

### **6.4 Cash & Cash Equivalents KES 3,422 million**

Cash in bank & at hand amounted to KES 3,422 million during the period under review, up from KES 2,460 million recorded during the same period last year.

### **6.5 Current Liabilities KES 12,417 million**

The balance as at the end of the current period was KES 12,417 million down from KES 17,147 million for the same period last year. The decrease is on account of payments made to creditors.

### **6.6 Borrowings KES 49,277 million**

The JICA loan for the 1st phase of the 2nd Container Terminal stands at KES 19,773 million as at 30<sup>th</sup> June, 2022 with a total of KES 415 million being paid during the year. The current portion for FY 2021/2022 is equivalent to KES 1,492 million.

The JICA loan for the 2nd phase of the 2nd Container Terminal opened with KES 18,518 million on 1<sup>st</sup> July 2021 and closed with KES 24,661 million as of 30<sup>th</sup> June 2022 disbursements equivalent to KES 9,090 million contributed to the increase.

During the year the Authority entered into a loan agreement with Stanbic Bank Ltd for the acquisition of marine equipment and operationalization of the first three berth at Lamu port totalling to USD 63 million. A total of USD 41.115 million equivalent to KES 4,843 million had been drawn as at 30<sup>th</sup> June 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (Cont'd)

### 6.7 Dividends Payment to National Treasury.

Dividend has been payable to the National Treasury at the rate of 7.5% on Profit after Tax. The Dividend obligation for the year ended 2021/22 is KES 576.7 million.

### 6.8 Directors' fees

Directors' allowances/fees were last paid for FY 2012/2013. The fees are usually payable to the directors once approved by the National Treasury upon completion of the audit of the Authority's Annual Report & Financial Statements for the relevant year under review. The account currently has an unpaid fee amounting to KES 53.4 million for the years 2013/2014 to 2021/2022 yet to be disbursed to the Directors as the Authority is yet to receive the requisite approvals.

<b>5-year review of Statement of Financial Position</b>					
	<b>2021/2022</b>	<b>2020/2021</b>	<b>2019/2020</b>	<b>2018/2019</b>	<b>2017/2018</b>
	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KESs '000</b>	<b>KES '000</b>
<b>Non-Current Assets:</b>					
Property Plant and Equipment	304,367,928	278,119,616	267,063,658	241,554,138	144,614,772
Assets held for Sale	237,993	0	400	11,618	400
Intangible Assets	811,788	987,687	1,205,422	1,151,296	675,383
Leased Property	916,728	648,215	671,246	717,063	805,819
Long Term Investment	1,048,283	1,035,690	1,396,168	1,748,887	3,244,997
<b>Total Non-Current Assets</b>	<b>307,382,720</b>	<b>280,531,208</b>	<b>270,336,894</b>	<b>245,183,002</b>	<b>149,341,371</b>
<b>Current Assets:</b>					
Inventories	584,735	443,609	495,536	404,813	407,965
Receivables & Prepayments	24,014,785	19,881,232	17,377,585	15,946,216	14,500,357
Tax paid in advance	2,158,488	265,685	2,388,639	0	873,216
Short term deposits	840,860	374,054	1,167,706	25,099,818	17,988,504
Bank & Cash balances	3,422,167	2,459,942	3,003,068	859,114	788,363
<b>Total Current Assets</b>	<b>31,021,035</b>	<b>23,424,522</b>	<b>24,432,534</b>	<b>42,309,961</b>	<b>34,558,405</b>
<b>TOTAL ASSETS</b>	<b>338,403,755</b>	<b>304,215,730</b>	<b>294,769,428</b>	<b>287,492,963</b>	<b>183,899,776</b>
<b>Capital and Reserves:</b>					
Revaluation Reserves	85,791,507	93,784,610	103,132,900	111,646,031	39,881,910
General Reserves	128,004,594	97,076,196	80,874,208	90,620,573	78,426,542
Grants	8,895,947	2,015,030	3,468,561	5,318,100	5,044,052
<b>Total Capital and Reserves</b>	<b>222,692,048</b>	<b>192,875,836</b>	<b>187,475,669</b>	<b>207,584,704</b>	<b>123,352,504</b>
<b>Non-Current Liabilities:</b>					
GOK Project Funds	47,850,157	43,386,157	37,386,157	27,386,157	16,212,039
Borrowings	47,784,967	39,919,684	39,070,959	32,729,833	29,493,976
Deferred tax	4,618,202	7,310,667	6,650,083	5,231,256	5,281,505
Retirement benefit obligations	3,041,000	3,576,200	3,106,800	786,300	1,767,500
<b>Total Non-Current Liabilities</b>	<b>103,294,326</b>	<b>94,192,708</b>	<b>86,213,999</b>	<b>66,133,546</b>	<b>52,755,020</b>
<b>Current Liabilities:</b>					
Dividend Payable	0	0	4,950,000	0	0
Borrowings	1,492,345	1,258,939	857,934	820,134	791,109
Trade and other Payables	10,389,836	15,353,047	14,736,626	11,212,048	7,001,143
Retirement benefit obligations	535,200	535,200	535,200	535,200	0
Tax Payable	0	0	0	1,207,331	0
<b>Total Current Liabilities</b>	<b>12,417,381</b>	<b>17,147,186</b>	<b>21,079,760</b>	<b>13,774,713</b>	<b>7,792,252</b>
<b>TOTAL CAPITAL &amp; LIABILITIES</b>	<b>338,403,755</b>	<b>304,215,730</b>	<b>294,769,428</b>	<b>287,492,963</b>	<b>183,899,776</b>

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The Authority exists to transform lives. This is our purpose; the driving force behind everything we do as per Strategic Plan 2018-2022 implementation matrix. It's what guides us to deliver our strategy, putting the customer/citizen first, delivering relevant services, and operational excellence.

In fulfilling the Mwongozo code's sustainability goals & strategy, the Board;

- i. Integrated sustainability into the organization's strategy and management practices
- ii. Focused on the future sustainability of the organization
- iii. Adopted a holistic approach to economic, social, and environmental issues in their core business strategy
- iv. Considered in their decision making, the impact of their organization's operations on the community and the environment
- v. Worked closely with management to ensure long-term goals are well formulated and subsequently met
- vi. Focused on long-term talent development
- vii. Ensured continuous innovation of its processes, products, and services

Below is an outline of the activities that promote sustainability.

### **1. QUALITY MANAGEMENT SYSTEM**

Over the thirteen years of ISO 9001 Quality Management System (QMS) certification, the Authority has undergone numerous surveillance and internal audits that have ascertained its continued compliance to international quality standards, enhanced service delivery and customer satisfaction.

The Authority attained certification for Quality Management System ISO 9001:2008 in June 2009. The Authority's QMS was recertified in March 2012 and May 2015. The revision to the ISO 9001 standard in 2015, necessitated the KPA's QMS transition and was certified to the new standard ISO 9001:2015 in May 2018. The Authority is now on its 5th cycle of the QMS certification having successfully completed recertification in May 2021.

The success of the Quality Management System has led The Authority to have in its strategic plan the initiative to implement several other ISO based Management Systems which are at different stages of implementation. These include;

#### **i. Information Security Management System (ISMS) based on ISO 27001:2013**

The standard is designed to help the Authority to enhance the confidentiality controls on its information, improve the accuracy and correctness of information shared internally and externally and ensure that relevant information is available to relevant personnel when required.

The various policies and procedures to control the system have been documented as guided by the consultants and are pending approval prior to dissemination and implementation. Materials for awareness exercise have also been prepared. The Authority is due for recertification audit for ISO 27001 ISMS in December 2022.

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)**

### **QUALITY MANAGEMENT SYSTEM (Cont'd)**

- ii. Environmental Management System based on ISO 14001:2015 & the Occupational Health and Safety Management System based on ISO 45001:2018**

TMEA in partnership with the Authority has been implementing the Mombasa Resilient Improvement Programme. One of the projects in the programme is the implementation of an Environmental Management System (EMS) based on ISO 14001:2015 standard and an Occupational Health and Safety Management System (OHSMS) based on ISO 45001:2018 standard. TMEA committed to support implementation of the two management systems through the Kenya Bureau of Standards. The two systems (EMS & OHSMS) are due for certification in December 2022.

The Authority is committed to embrace quality as the foundation of these management systems in all the processes and procedures.

### **2. Enterprise Risk Management**

The Authority has adopted ISO 31000:2018 Risk Management guidelines and includes the Committee of Sponsoring Organizations' (COSO) control activities.

This ensures that the Authority aligns with best practice in managing risks and fosters proactive risk identification, assessment, mitigation, and continuous monitoring across the business. The Enterprise Risk Management Framework enables the Authority to manage and report its strategic and operational risks in a consistent way. The Authority remain committed in ensuring improved customer experience and facilitating regional trade while proactively and systematically managing risk.

#### **Risk Management Governance**

The Board takes the overall responsibility for managing risk. A Risk Management Committee is in place to oversee the implementation of policies approved by the Board. The Risk Management Framework enables the Management a clear and an informed Risk-Based decision making. The Authority continue to be committed to robust risk management practices as an integral part of good corporate governance.

#### **The Risk Environment**

The Risk landscape has been altered with emergent of Covid-19 Pandemic. The Authority enhanced its responsiveness to the uncertainties by having in place contingencies and business plans as a critical service provider. The disruption of the economic landscape has influenced financial and business resilience risks. Contingencies have been made in the business plans to accommodate the disruptions.

#### **Principal Risks**

Principal risks are identified through Enterprise Risk Management Framework, thus providing the Board and Risk Management Committee with a current assessment of the key risks facing the Authority. These risks are identified through an integrated interactive enterprise risk management process.

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)**

### **Principal Risks (Cont'd)**

The Enterprise Risk Management Framework defines eleven corporate risks that are proactively being managed in response to the ever-changing operating environment. These are;

#### **i. Business Continuity and Resilience Planning (BCP) Risks**

To maintain uninterrupted services, the Authority has conceptualized and is continuously enhancing and monitoring the following continuity plans;

- ↓ Diseases and Epidemics Contingency & Response Plan
- ↓ Emergency Communication Strategy
- ↓ Emergency Management Plan
- ↓ Notification Procedures
- ↓ Standard Operating Procedures for Incident Command Centre
- ↓ ICT Disaster Recovery Plan

The Authority has conceptualized an integrated and updated Business Continuity and Technical Resilience Plans (BCTRP) that articulate how to keep business running in the event of disruption.

#### **ii. Information Communication Technology Risks**

The Authority runs on a robust ICT infrastructure in all its processes. External cyber-attack or internal breach could result in service interruption and/ or the breach of confidential data. To address this risk the following mitigations have been put in place:

- ↓ Continuous legacy systems renewal to phase out outdated systems and technologies.
- ↓ Continuous implementation of systems automation strategies to streamline processes especially in cargo clearance and ensure securing of all port charges.
- ↓ Surveillance and upscaling of the information security infrastructure to avert any attacks.
- ↓ Continued interfacing of SAP and KWATOs systems.
- ↓ Implementation of ISO 27001; ISMS which is currently under pre-certification phase.

#### **iii. Financial Risks: Business Growth, Liquidity/Cashflow challenges and Forex Volatility**

A possibility of negative Key Performance Indicators arising from impact of COVID-19, inflationary pressures and fewer vessel calls portends slow business growth. The Authority is mitigating against the risk through:

- ↓ Re-formulation of working capital requirements to bridge cash flow requirements
- ↓ Rescheduling capital investment related plans and infrastructure projects.
- ↓ Forecasting foreign currency requirements (USD, Japanese Yen etc.) to gain a latitude to minimize potential losses associated with forex exchange rates fluctuations
- ↓ Aggressive marketing and adoption of SGR for cargo evacuation thus enhancing efficiency

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)**

### **Principal Risks (Cont'd)**

#### **iv. Risk of Non-implementation of Capital Programmes**

Capital Projects that had been earmarked for implementation may be affected due to inadequate funding or reallocation of budgets. The Authority mitigates against the risk through:

- ✚ Continuous alignment of the strategic plan initiatives with the budgeting cycle to utilize internal funding
- ✚ Continuous monitoring and evaluation of the projects' milestones to inform prioritization of on-going projects to match reduced revenues
- ✚ Continuous validation of business cases prior to investment decisions
- ✚ Focusing on key/high priority transformative Programmes/Projects

#### **v. People Risks: Succession Planning for Continued Performance and employee productivity**

To enhance employee productivity and competence by tapping the existing talent establishment, the Authority faces the risk of loss of Organizational knowledge and skills due to lack of an elaborate succession program. The Authority is mitigating against the risk through:

- ✚ Operationalizing the succession planning policy and allied programs.
- ✚ Work understudy programs in technical and operations business units.
- ✚ Proactive redress of the workplace employees' challenges

#### **vi. Insecurity, cargo theft and threats of contraband goods and terrorism**

Cases of increased general insecurity arising from COVID-19 pandemic that has contributed to slowed economic activity and possible terror threats on the Authority's establishments e.g., at the Port of Lamu. The Authority is mitigating against the risk through:

- ✚ Placement of scanners at all Port entry points
- ✚ Embrace and consistently employ inter-agency approach to security enhancement/enforcement capability in all Ports

#### **vii. Corruption leading to operational and structural weaknesses**

Integrity related risks impact on the operational and structural success of the Authority in the discharge of its mandate. The Authority is proactively managing this risk through:

- ✚ Adoption of a multi-dimensional, multi-sectoral and multi-stakeholder anticorruption strategy to holistically deal with graft and enhance integrity and transparency in the procurement process.
- ✚ Enforcement of the Authority's policies through providing clear direction to staff on core processes and their requirements.
- ✚ Approval and roll out of ethics and integrity risk-based policies
- ✚ Ongoing ethics awareness and employee anti-corruption training Programmes

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)**

### **Principal Risks (Cont'd)**

#### **viii. Standard Gauge Railway-Take or Pay Agreement**

The Authority is a key enabler of the success of the Standard Gauge Railway and especially the Take or Pay Agreement. Efficiency and effectiveness in cargo evacuation impacts on the achievement of this objective. The Authority has enhanced efficiency in cargo evacuation via SGR.

#### **ix. Occupational Health, Safety & Environment Risks**

Accidents and loss of life not only directly affect families but also pose a reputation risk to the Authority. Accidents affect availability of equipment and thereby evacuation of cargo. The Authority is proactively managing this risk through:

- ✚ Restructuring and resourcing of the Safety Branch will ensure a dedicated supervision and monitoring of the Authority's safety environment to ensure compliance to the Occupational Safety and Health Act and address work-place accidents.
- ✚ Continuous regulatory compliance in line with the Occupational Health and Safety Act.
- ✚ Implementation of ISO 45001 and 14001; Occupational Health & Safety and environmental standards which are currently under pre-certification phase.
- ✚ Continuous environmental audits and compliance with NEMA requirements.

#### **x. Competition**

The Authority could experience inhibited business growth due to competition from neighboring Ports occasioned by uncompetitive tariffs, operational inefficiencies, high cost of doing business for lack of seamless, cost effective and efficient logistical network. The Authority is proactively managing this risk through:

- ✚ Continuous building of the Authority's capacity ahead of demand e.g. deepening of the channels, additional dredging etc.
- ✚ Benchmarking with regional ports and aggressively employing leading practices
- ✚ Conduct aggressive marketing (local and transit markets) to promote KPA's services
- ✚ On-going modernization through investments in systems, equipment, and personnel
- ✚ Enhancement of customer care programs to boost positive customer experience for port users
- ✚ Increase through put and maximize revenue earnings on transshipment cargo.

#### **xi. Legal & Regulatory Risk**

The Authority operate in a unique environment exposing it to significant financial implications, reputational damage, and litigations. The nature of the Authority's services requires compliance to Maritime Regulations, Public Procurement, Tax Laws amongst other laws of the land. The Authority mitigates against this risk through;

- ✚ Continuous sensitization of staff and stakeholders on compliance requirements on various legislation and laws
- ✚ Continuous monitoring of services and operations to ensure compliance
- ✚ The Authority has a fully-fledged in-house legal team and support from external counsel.

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)**

### **3. ENVIRONMENTAL PERFORMANCE**

The Kenya Ports Authority commits to ensuring environmental compliance and integration of environmental sustainability in the development and operations of the port. This is in line with our vision of becoming world class port of choice. This is demonstrated in the Authority's strategic plan 2018-2022 under the strategic objective of enhancing Risk Management and Environmental Sustainability.

#### **Environmental Policy**

KPA in collaboration with Trade Mark East Africa (TMEA) has developed a Green Port Policy and Implementation Plan for the Port of Mombasa. The Authority's green port policy focusses on environmentally friendly port operations and development with the following undertakings;

- i. To put people first by protecting them from harmful impact of port operations and improve their environment.
- ii. To invest in Sustainable Port operations/ development with new technology.
- iii. To co-opt stakeholders in improving the environment.
- iv. To become a Green Port leader in the region
- v. To maintain and improve biodiversity.

#### **Compliance**

The Authority's has strived to ensure that its activities and programmes comply with the National environmental Law, the Environment Management and Coordination Act CAP 387 and subsidiary legislations.

- a. Environmental Audits- Statutory environmental audits are conducted on annual basis and reports submitted to NEMA. In the period under review, the audits were conducted in November 2021 and the subsequent reports submitted to NEMA. The environment audit covered Mombasa, Nairobi, Kisumu, Naivasha and Lamu jetty.
- b. Environmental and Social Impact Assessment (ESIA) Studies- In the last financial year, the Authority undertook several environmental compliance assessments in relation to the Special economic zone port projects. Having met all the regulatory requirements, the National Environment Management Authority has issued applicable licenses. Other assessments are still going on.
- c. Waste management- Engagement of firms licensed by NEMA in the management and disposal of solid and sewage waste in compliance with waste management Regulations.
- d. Ship waste -The Port of Mombasa complies with the provisions of MARPOL Convention with respect the provision of facilities for the reception of sludge, oily bilge waters, oily mixtures and other residues that cannot be discharged into the sea.
- e. The current arrangement is that shipping lines make private arrangements with the private licensed port contractors. The port plays crucial roles in terms of supervision of waste collection inside the port to prevent marine pollution and ensuring compliance to the licensing requirements of the Environmental regulator.
- f. Disposal Sites: use of approved and licensed disposal sites for the disposal of hazardous and other waste.
- g. Area of improvement: Proper handling of bulk cargoes in order to prevent excessive air pollution as a result of dust from the bulk cargo operations.

## ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)

### ENVIRONMENTAL PERFORMANCE (cont'd)

The Authority has also taken several initiatives in relation to climate change as illustrated below.

Eco-terracing of the steep hillsides within the port was undertaken so as to reduce the impacts of climate change and especially for control of soil erosion. This was adopted after several incidences of small landslides within the port caused by unusually heavy rains. These areas are currently well protected with adequate vegetation cover and no erosion/landslide incident has been recorded since the completion of the eco-terracing project.

Solar power- use of green renewable energy through the Installation of grid-tied roof-top Solar Power Plants in the port. Currently there three (3) solar plants in operation with a combined maximum capacity of approximately 1 Megawatt, supplying the New Service Area and the new Cruise Ship terminal in the port. Additionally, there are ongoing plans for a 5.5MW Peak solar power plant with capacity to support operations in the whole port.

### Biodiversity Management

The Authority has been committing resources towards protection and conservation of both of terrestrial and marine biodiversity through monitoring, restoration, maintenance and rehabilitation of degraded systems.

**Marine pollution:** Monitoring of the quality of the ocean water commenced in the last quarter of the financial year. This will be a monthly activity to check on the level of marine pollution as a result of discharges from the land-based activities.

**Mangrove restoration:** A total of 2,000 mangrove seedling were planted in the period under review at the Authority's site at Tudor creek taking the total to over 40,000 since 2019 with a 100% survival rate. This programme is undertaken in collaboration with community-based organization who undertake regular monitoring and maintenance together with the Authority's scouts.



Mangrove Planting At Tudor Creek



## ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)

### ENVIRONMENTAL PERFORMANCE (cont'd)

#### Environmental Management System ISO 14001

There have been significant progress in the Development and Implementation of ISO 14001 in the last financial year. The necessary documentations on the same were completed and all relevant trainings of the different lead teams/ champions were conducted. General awareness on the systems covering the entire port staff is currently ongoing.

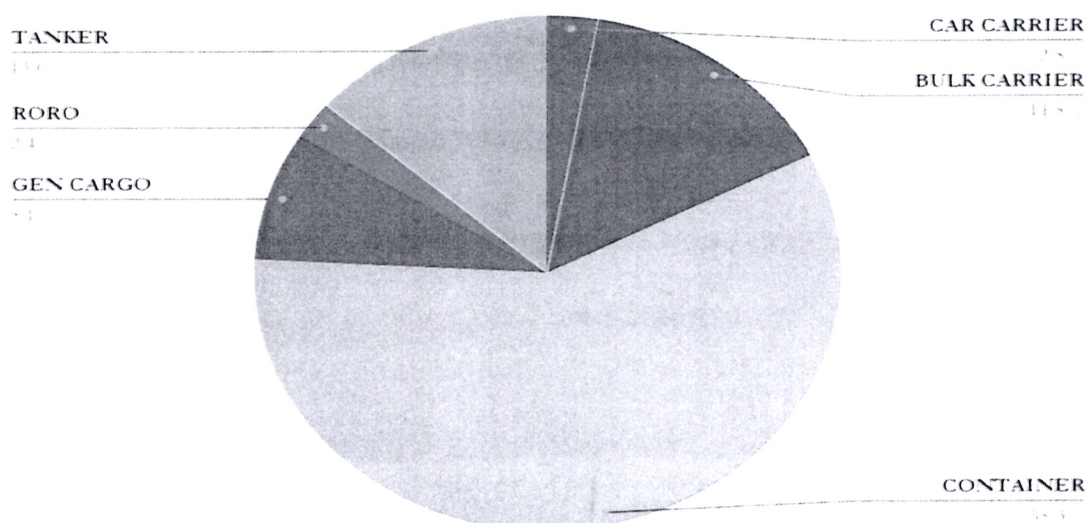
#### Climate change initiatives

A study on the Quantification of pollutants emissions from OGVs within the Mombasa port limits was conducted in collaboration with Maritime Technology Centre-Africa (MTCC-Africa), Jomo Kenyatta University (JKUAT) and the Kenya Maritime Authority. Some of the results are shown below.

Vessel Type	NOX	SOX	CO	CO2	PM 10	PM 2.5	S
Car Carrier	294.34	35.41	20.66	14,249.59	7.72	7.72	20.67
Bulk Carrier	1,575.54	187.91	111.27	75,805.47	41.76	41.76	111.74
Container	6,185.94	739.54	439.26	298,456.65	166.14	166.14	432.53
Gen Cargo	855.48	102.61	59.98	41,436.56	22.36	22.36	60.60
Roro	248.59	30.17	17.06	12,134.67	6.14	6.14	17.26
Tanker	1,428.00	172.97	99.71	69,661.23	36.67	36.67	100.31
<b>Total</b>	<b>10,587.89</b>	<b>1,268.61</b>	<b>747.94</b>	<b>511,744.17</b>	<b>280.80</b>	<b>280.80</b>	<b>743.11</b>

Terms: NOX: nitrogen oxides, SOX: sulphur oxides, CO: carbon monoxide, CO2: Carbon Dioxide S: Sulphur, PM 10 and PM 2.5 refers to atmospheric particulate matter (PM) that have a diameter of less than 10 and 2.5 micrometers respectively.

CO2 EMISSION BY VESSEL TYPE (%) FOR APRIL 2019-MARCH 2020

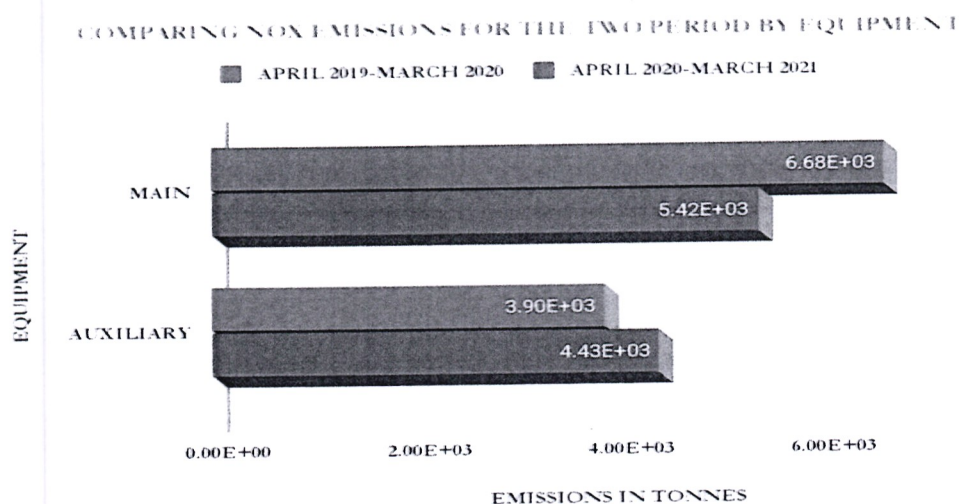


## ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)

### ENVIRONMENTAL PERFORMANCE (Cont'd)

Vessel Type	NOX	SOX	CO	CO2	PM 10	PM 2.5	S
Car Carrier	371.99	60.80	26.09	18,334.88	10.07	10.07	26.62
Bulk Carrier	1,928.46	224.13	138.64	97,177.21	51.98	51.98	145.61
Container	5,026.17	619.22	363.04	250,977.07	137.89	137.89	378.28
Gen Cargo	767.37	96.80	56.54	39,247.94	21.29	21.29	59.02
Roro	247.53	30.34	17.64	12,296.16	6.66	6.66	18.46
Tanker	1,508.15	185.02	106.45	75,006.89	39.51	39.51	112.15
<b>Total</b>	<b>9,849.66</b>	<b>1,216.32</b>	<b>708.40</b>	<b>493,040.14</b>	<b>267.39</b>	<b>267.39</b>	<b>740.15</b>

Terms: NOX: nitrogen oxides, SOX: sulphur oxides, CO: carbon monoxide, CO2:Carbon Dioxide, S:Sulphur, PM 10 and PM 2.5 refers to atmospheric particulate matter (PM) that have a diameter of less than 10 and 2.5 micrometers respectively.



The total emission of NOX (Oxides of Nitrogen) of the ships' main engine for period 2019/20 was 6,680 tons. While the total emission of NOX of the ships' main engine for period 2020/21 was 5,420 tons.

The total emission of NOX (Oxides of Nitrogen) of the ships' Auxiliary engines for period 2019/20 was 3,900 tons. The total emission of NOX of the ships' Auxiliary engines for (2020/21) was 4,430 tons.

Based on the research, it is clear that the Authority has implemented a number of the recommendations focusing on energy efficiency and control of emissions. This is partly due to the statutory requirements as per the Energy Act 2019 and efforts to implement the green Port Policy. Three projects have been implemented; installation of solar Power plant, LED lights, power-factor correction and tree planting which contributes to a national drive by GoK to attain a 10% forest cover by 2022.

Other phases are ongoing. Including installation of 5.5MW Peak solar power plant, implementation of ISO 14001 and ISO 45001 amongst others.

## ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)

### 4. HEALTH AND SAFETY

The Authority has in place a health and safety policy in line with the requirements of the OSHA Act, 2007. The safety branch takes the primary role of ensuring compliance to OSHA 2007, which provides regulations to ensure the safety of persons in the port and safe work environment.

To achieve this mandate various Programs are in place aimed at:

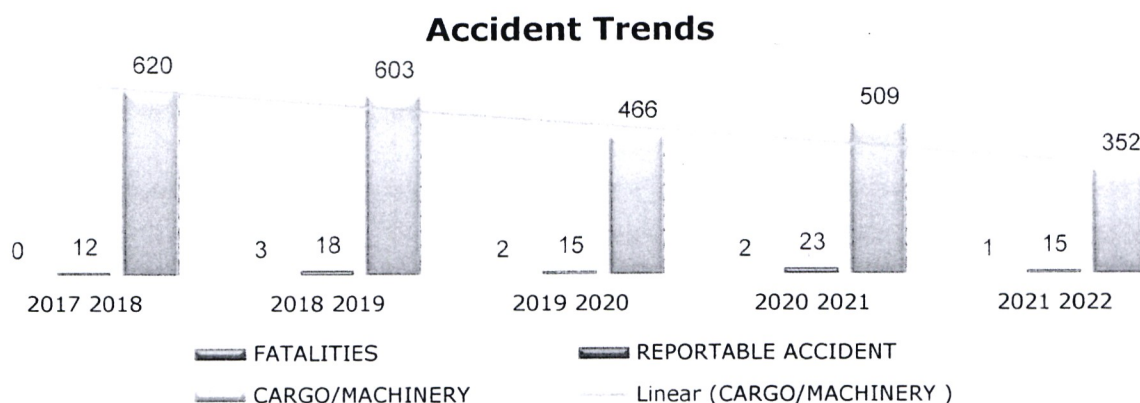
- Creating safety awareness and sensitization to all persons in the port.
- Ensuring safe cargo handling including dangerous cargo.
- Identifying workplace hazards and risks and recommending control measures.

#### Compliance with Occupational Health and safety (OSH)

In compliance with the OSHA, 2007, the following activities were carried out during the period.

- Safety and health training, awareness and sensitization was carried out to employees, port users and contractors.  
The annual safety and health week was conducted at Mombasa Port, ICD Nairobi, Naivasha ICD and Lamu port from 20<sup>th</sup> to 24<sup>th</sup> June 2022 with the theme "Act Together to build a positive Safety and Health Culture".
- Safety inspections and risk assessments for our workplaces was carried out and report submitted to the Directorate of Occupational Safety and Health Services (DOSHS). Implementation and monitoring of control measures to reduce risk was continuously carried out and is ongoing.
- Annual medical examinations for staff was carried out by a DOSHS Designated Health Practitioner from July to September 2021.
- The annual Safety and Health audit was carried out between December 2021 and January 2022 at Mombasa Port, ICD Nairobi, Naivasha ICD and Lamu port by a DOSHS Approved Advisor.
- Statutory inspection of lifting equipment, air receivers and lifts was carried out by DOSHS Approved Inspectors.
- Fire safety training and drills were carried out at various workplaces to test response to emergencies.

#### Accident Occurrence

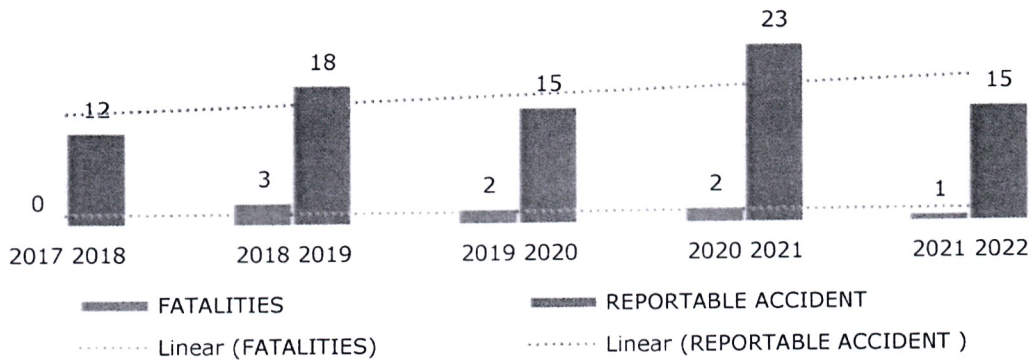


## ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)

### HEALTH AND SAFETY (Cont'd)

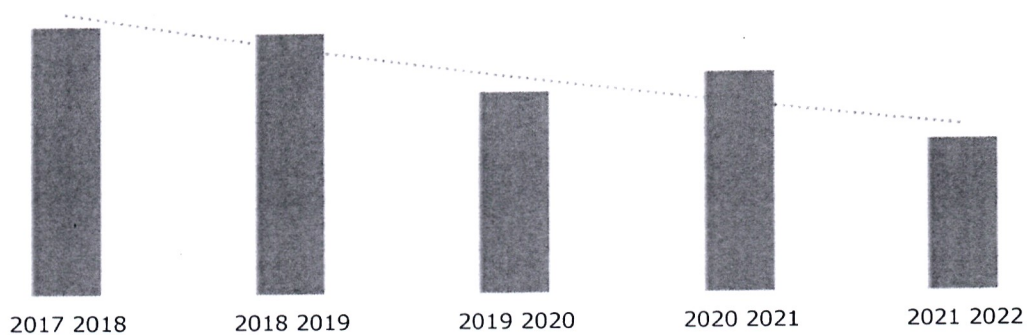
Overall, there's been general decline trend in accident occurrence over the years and notably most accidents involve cargo and machinery. Majority of accident occur during cargo handling in operational areas and during transportation.

#### Fatalities Vs Reportable Accidents



Cargo and machinery accidents comprise most of the reported accidents and result in damage to cargo, equipment, and property. Below is the trend of cargo and machinery accidents.

#### Cargo/Machinery Accidents



Overall cargo and machinery accidents accounted for 96.55% of all accidents while reportable personnel accidents were 3.14% and 0.3% were fatalities over the period.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)**  
**CORPORATE SOCIAL RESPONSIBILITY (Cont'd)**



**Kinisa Mixed day School**

The Authority donated Two million Kenya Shillings to the Kinisa Mixed day School. The donation catered for the construction of two classrooms and temporary toilets in the school.

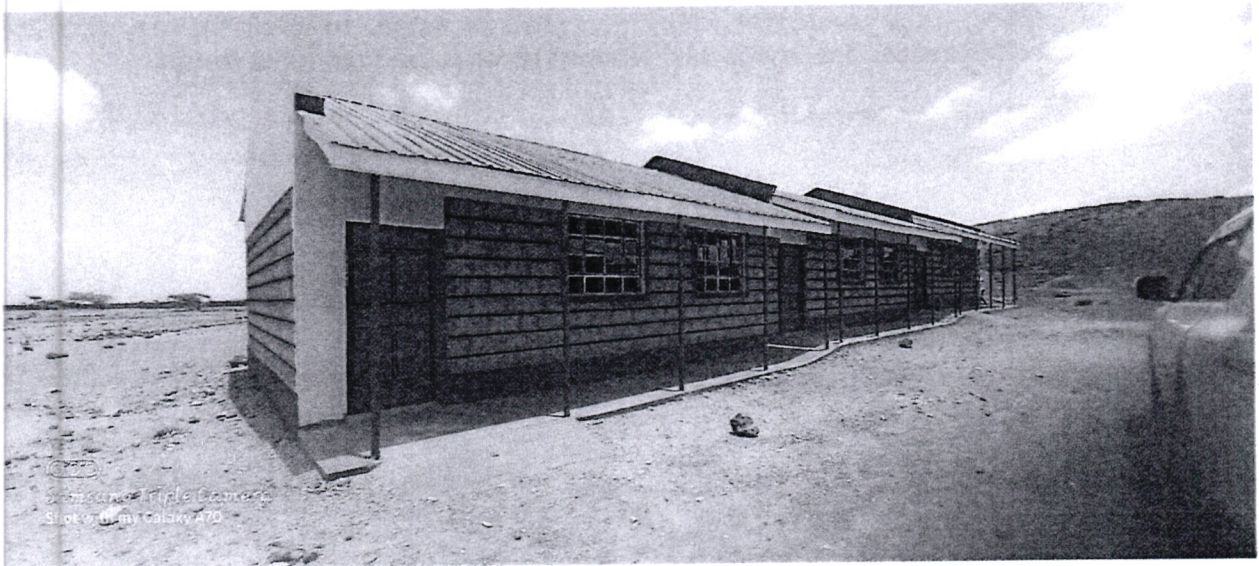


**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)**  
**CORPORATE SOCIAL RESPONSIBILITY (cont'd)**



**Ambassador Primary School**

The Authority donated Six Million Kenya Shillings to the Ambassador Primary School. The donation carted for the construction of three classrooms and one staff house.



## ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)

### CORPORATE SOCIAL RESPONSIBILITY (cont'd)

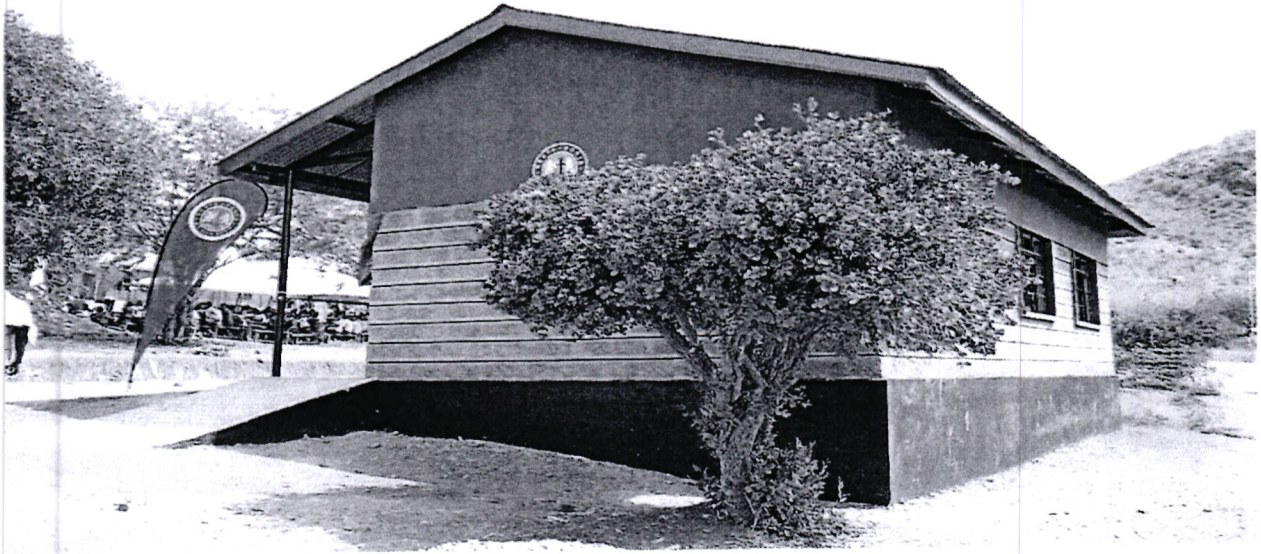


#### Priscillah Primary School

In Taita Taveta County, the Authority donated to the school One Million Kenya Shillings for the construction of an administration block. Prior to the donation, the school held meetings in an outdated administrative building block that was a makeshift from a classroom and lacked individual offices. As a result, the office became congested. In addition, they had limited storage space for educational materials, student records, and personal things.



**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)**  
**CORPORATE SOCIAL RESPONSIBILITY (cont'd)**

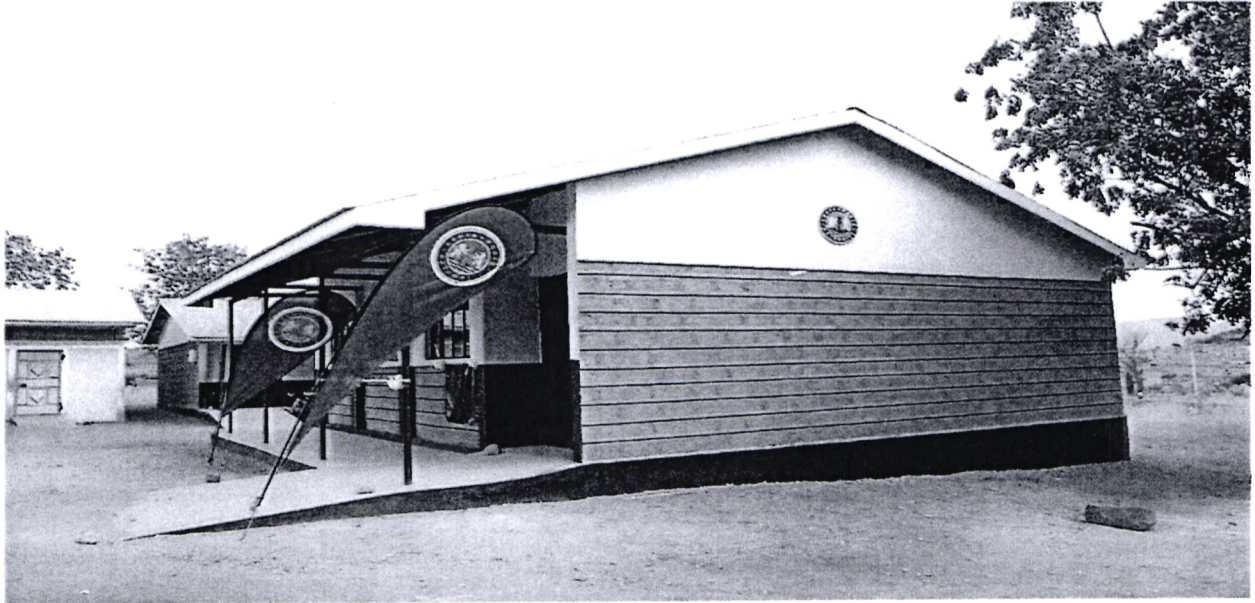


**Kale Primary School**

The Authority provided funding for the building of one classroom and lockers totaling Two million Kenya Shillings (Fully furnished classroom). The classroom will add an extra space for children to learn into the school which had a challenge of insufficient classrooms.

## ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)

### CORPORATE SOCIAL RESPONSIBILITY (cont'd)



#### Kalela Primary School

The Authority contributed four million Kenya Shillings to the construction of an administration block. The school's new administrative block is now a well-planned and spacious building that consists of the vast Reception area, Headteachers office, the Deputy's office, the Accounts Office, the Administrative Officer's office and secretary office, a kitchen, a staffroom and two washrooms.



**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)**  
**CORPORATE SOCIAL RESPONSIBILITY (cont'd)**



**Shimo la Tewa Secondary School**

The Authority partnered with the school in building a 60-capacity dormitory. The Authority contributed Two million Nine Hundred Thousand Kenya Shillings as part of the Corporate Social Investment initiative. While the school contributed One Million Kenya Shillings for the dormitory's completion. Students will now sleep better, hence improve their academic performance.



## ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)

### CORPORATE SOCIAL RESPONSIBILITY (cont'd)

#### Lamu safe House

The Authority contributed KES 6 million only for the construction of the safe house's development. The purpose and objective of the safe home is to provide temporary protection and accommodation to survivors of early marriage, female genital mutilation (FGM), and sexual gender-based violence (SGBV) by offering treatment and psychosocial support. The facility will be based at the Mokowe Health Centre and serve the whole Lamu county.

#### Environment

The Authority continues to maintain and landscape the Uhuru gardens in Mombasa County collaborating with the County government in beautifying Mombasa which is a major tourist site in the world map considering Moi Avenue is where the large, monumental elephant tasks are situated.



## ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Cont'd)

### CORPORATE SOCIAL RESPONSIBILITY (cont'd)

#### Sports

The Authority continues to support Bandari FC, basketball teams (men & women), volleyball teams, and netball teams in the National Leagues amongst other sporting activities.

During the year, KPA clinched both men and women KBF league titles. It was only the second time since the league's inception in 1987 that the teams achieved the honors in a calendar year. The first time KPA teams did the double was in 2018.

In November 2021 the ladies' basketball team also won the FIBA Zone V Club Championship held in Dar es Salaam Tanzania and proceeded to represent the East and Central Africa Region in the prestigious Continental FIBA Club Champions Cup in 2022.

In volleyball the mens team attained position two in the league and for the second year running the team represented Kenya in the African volleyball club championship held in Tunis, Tunisia where they emerged as the 5<sup>th</sup> best team in the continent.



## REPORT OF THE DIRECTORS

The Board of Directors submit the annual report together with the audited financial statements for the year ended 30<sup>th</sup> June 2022 which show the state of the Authority's affairs.

### Principal Activities

KPA's mandate continues to be to develop, maintain, operate, improve, and regulate all scheduled seaports along Kenya's coastline. Core activities include pilotage, towage, mooring, dry docking, navigational aids, and maintenance of the channel, stevedoring and shore handling and reception of cruise vessels in accordance with KPA Act CAP 391.

### Results for the year

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Profit Before Tax	11,282,268	13,817,820
Tax	(3,592,225)	(5,978,260)
<b>Net Profit</b>	<b>7,690,043</b>	<b>7,839,560</b>

### Dividend

Dividend has been payable to the National Treasury at the rate of 7.5% on Profit after Tax. The Dividend obligation for the year ended 2021/22 is KES 576.7 million. The dividends will be paid in conformity with the Authority's policy on dividends.

### Directors

The directors' who held office during the year and to date are shown on page 5.

### Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. In accordance with section 23 of the Public Audit Act 2015, the Auditor General is empowered to nominate another Auditor to carry out the audit on their behalf.

By order of the Board



Turasha Kinyanjui  
**CS & GM, BOARD & LEGAL SERVICES**

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the PFM Act 2012, Section 14 of the State Corporations Act, 1986 and Section 20 of KPA Act, 1978 requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of the operating results. It also requires the directors to ensure that the Authority keeps proper records which disclose, with reasonable accuracy at any time, the financial position of the Authority. The directors are also responsible for safeguarding the assets of the Authority.

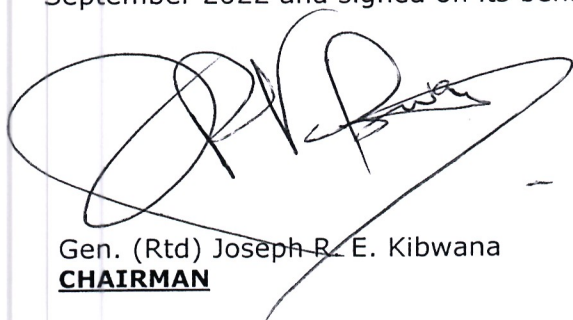
The Directors are responsible for the preparation of Financial Statements that give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on 30 June 2022. The responsibility includes:

- (i) Maintain adequate financial management arrangements and ensure that these continue to be effective throughout the reporting period
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Authority
- (iii) Design, implementing and maintain internal controls relevant to the preparation and presentation of the financial statement and ensuring that they are free from material misstatements, whether due to error or fraud
- (iv) Safeguarding the assets of the Authority
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances

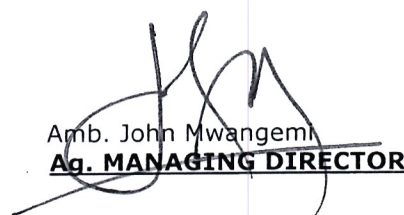
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards and in the manner required by the Public Finance Management Act and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of financial affairs of the Authority's transactions during the financial year ended 30 June 2022 and of the Authority's financial position as at that date. The directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statement as well as the adequacy of the systems of internal financial control.

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

The Authority's financial statements were approved by the Board of Directors on 29 September 2022 and signed on its behalf by:



Gen. (Rtd) Joseph R. E. Kibwana  
**CHAIRMAN**



Amb. John Mwangemi  
**Ag. MANAGING DIRECTOR**

**REPORT OF THE AUDITOR GENERAL**

## **REPORT OF THE AUDITOR GENERAL**

## REPORT OF THE AUDITOR GENERAL

**REPORT OF THE AUDITOR GENERAL**

**REPORT OF THE AUDITOR GENERAL**

**REPORT OF THE AUDITOR GENERAL**

## **REPORT OF THE AUDITOR GENERAL**

**REPORT OF THE AUDITOR GENERAL**

## **REPORT OF THE AUDITOR GENERAL**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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

## REPORT OF THE AUDITOR-GENERAL ON KENYA PORTS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

---

### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kenya Ports Authority set out on pages 82 to 151, which comprise of the statement of financial position as at 30 June, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the statement of comparison

---

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Ports Authority as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenya Ports Authority Act, CAP 391 of the Laws of Kenya and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Operating Revenue**

The statement of profit or loss and other comprehensive income reflects operating income of Kshs.49,338,782,000 as disclosed in Note 6 to the financial statements. The following observations were made;

#### **1.1 Unconfirmed Stevedoring and Wharfage Collections**

Included in the operating income of Kshs.49,338,782,000 are amounts of Kshs.15,191,434,000 and Kshs.14,905,165,000 in respect of stevedoring and wharfage respectively. Review of records and information provided revealed that one company had built a conveyor belt from the quay side that conveys the bulk cargo straight from the vessel to the company's premises without landing on the quay side or being handled by the Kenya Ports Authority. Management indicated that the billing for stevedoring and wharfage is based on manifested quantities. However, landed cargo varies in many instances with the manifested quantities as an industrial practice to cover for the losses that may result from the handling of the cargo and to cushion the consignee from losses. However, the charged stevedoring and wharfage amounts, based on declared manifest quantities, exposed the Authority to possible losses. Management did not explain why the Authority had not installed meters for assurance purposes and confirmation of actual quantities delivered for charging of the stevedoring and wharfage fees.

Further, oil marketers had installed pipelines at the Shimanzi and Kipevu oil terminals for conveying of imported liquid bulk oil and gases to the marketer's storage facilities. However, the Authority charged for stevedoring and wharfage fees based on the manifested quantities instead of actual quantities disbursed. This was occasioned by the Authority's failure to install meters at the dispensing point to confirm the quantities imported and discharged for billing purposes. Records provided by Management revealed that the landed quantities for liquid bulk always provide for up to 5% more than the manifest quantity. However, the Authority charged per the declared manifest, thereby losing material revenue on additional quantities. Failure, by the Authority to install meters or design a control of confirming actual quantities for billing of stevedoring and wharfage for direct delivery is a pointer to weaknesses in the Authority's revenue Management system.

In the circumstances, the completeness and accuracy of stevedoring and wharfage revenue of Kshs.15,191,434,000 and Kshs.14,905,165,000 respectively could not be confirmed.

## **1.2 Unsupported Hire of Labor and Equipment Revenue**

The operating income of Kshs.49,338,782,000 also include hire of labour/equipment revenue amounting to Kshs.206,904,000. However, the amount was not supported by details of when the labour and equipment were released and when the operation was completed to verify the duration billable.

Further, the Authority's tariff book provides for hire of labour for three (3) categories of staff being supervisory, skilled and semi-skilled staff each category with specified rates. However, review of the Authority's bio data, organizational structure and payroll revealed that the three categories consisted of several grades or levels of staff earning different salaries. The Authority therefore may have incurred losses by releasing staff as part of hire of labour whose hourly pay is higher than amount prescribed in the tariff book.

In addition, the Authority implemented wireless broadband at the Port and installed all mobile equipment with network access point with capacity for monitoring the equipment. However, this capacity has not been utilized to confirm the duration each equipment was utilized by the customer and to corroborate the supervisors' reports for billing purposes.

In the circumstances, the accuracy and completeness of the revenue of Kshs.206,904,000 on hire of labor revenue could not be confirmed.

## **1.3 Non-Collection of Jetty Fees**

The operating income of Kshs.49,338,782,000 further includes jetty fees of Kshs.1,137,000. Review of records provided for audit, revealed that there were eighty-two (82) private commercial facilities (jetties) along the Kenyan coastline as per a survey report of 2019. During the year under review, the Authority did not provide evidence of billing or sending demand notes to sixty-five (65) of the facilities for jetty fees as required by Clauses 9.1 and 9.2 of the Authority's tariffs. Out of the seventeen (17) demand notes issued for Kshs.3,346,372, eight (8) with jetty fee of Kshs.2,662,958 did not respond and the same was not billed or captured as debtors.

In the circumstances, the accuracy and completeness of jetty fees revenue of Kshs.1,137,000 could not be confirmed.

## **1.4 Stevedoring Credit Notes**

Included in the operating income of Kshs.49,338,782,000 is an amount of Kshs.15,191,434,000 in respect of stevedoring. However, review of the supporting general ledger indicated that credit notes amounting to Kshs.82,967,434 were posted during the year reversing bills which had already been raised. Management explained that the credit notes were posted to correct errors in the financial system arising from wrong capturing of billing information from Operation Department relayed to the Finance Department.

However, the reversals were not explained and supported by evidence from operations in form of cargo manifest by the departments to justify the reversals.

In the circumstances, the accuracy and completeness of the stevedoring revenue Kshs.15,191,434,000 could not be confirmed.

## **2. Trade and Other Payables**

The statement of financial position reflects trade and other payables of Kshs.10,389,836,000 which, as disclosed in Note 31 to the financial statements, includes other payables balance of Kshs.152,492,000. The latter balance includes an amount of Kshs.2,392,190 in respect of Bandari Maritime Academy students deposit. However, Management did not explain why the balance was not transferred to the Academy during its hand over.

In the circumstances, the accuracy and completeness of Bandari Maritime Academy students' deposits balance of Kshs.2,392,190 could not be confirmed.

## **3. Administration Expenses**

The statement of profit or loss and other comprehensive income reflects administrative expenses of Kshs.4,373,564,000 as disclosed in Note 8 to the financial statements. The following observations were made:

### **3.1. Unsupported Material Increase in Insurance Premiums**

The administrative expenses of Kshs.4,373,564,000 includes an amount of Kshs.733,413,000 relating to insurance premiums representing an increase of Kshs.242,793,000 or 49.4% from Kshs.490,620,000 reported in the previous financial year. Review of records revealed that the increase was because of absorption of the Kenya Ferry Services Limited (KFS) operations (Ferries) and acquisition of additional assets by the Authority during the year under review. However, audit review of the KFS previous years' audited financial statements indicated total insurance costs for the Ferries as Kshs.120,920,000 while payment for the year as reported by the Authority was Kshs.131,126,032. The premium increase of Kshs.10,206,032 was not explained or supported. Further, Management did not provide details of the assets acquired and insurance premium associated with them to justify the material increase in the insurance premium.

In addition, the Authority's assets underwriter entered into the insurance agreement in financial year 2016/2017. However, evidence of having negotiated or requested insurable values of assets adjustment due to depreciation and loss of valued assets was not provided for audit. The Authority continued incurring the same premium cost for a period of over four (4) years despite the insured assets losing value over time.

In the circumstances, the validity of increases in insurance premium cost of Kshs.242,793,000 for the year ended 30 June, 2022 could not be confirmed.

### **3.2. Expensing of Land Rates Arrears and Payment for Land Not in the Assets Register**

The administrative expenses of Kshs.4,373,564,000 also includes an amount of Kshs.62,065,000 in respect of City and Municipal Council rates expenses, out of which Kshs.13,567,205 was in respect of the Kenya Ferry Services land rates. However, included in the land rates expenditure was an amount of Kshs.12,462,429 in respect of arrears for previous years that were expensed during the year under review. Further, the Authority recognised a prepayment of Kshs.6,783,603 instead of Kshs.552,388, hence overstating the prepaid land rates for KFS land by Kshs.6,231,215.

The City and Municipal Council rates expenses of Kshs.62,065,000 further includes an amount of Kshs.2,250,440 in respect of 19 parcels of land which were not in the Authority's assets register. Management indicated that the land rates were paid since the parcels of land were in the name of the Authority and awaiting transfer.

In the circumstances, the accuracy and completeness of City and Municipal rates of Kshs.62,065,000 for the year ended 30 June, 2022 could not be confirmed.

### **3.3. Irregular Procurement of Consultancy Services for a Transaction Advisor and Sunk Costs**

The administrative expenses of Kshs.4,373,564,000 further includes an amount of Kshs.85,731,000 in respect of development studies, out of which Kshs.11,390,247 was in respect of contract No. KPA/PPP/001/2021-2022/CD: Consultancy Services; Transaction Advisory Services for Public Private Partnership Operations of Lamu Port Berth 1-3 and Mombasa Second Container Terminal (CT2) of 21 October, 2021 for USD 2,255,700.

Review of records revealed that in the financial year 2018/2019 the Authority had entered into a similar contract No. KPA/047/2017-2018/CD for consultancy for transaction advisory services for the operation of the first three berths at Lamu Port and related developments for EUROS 695,566.

The following observations were made:

#### **i. Irregular Use of Direct Procurement Method**

The Authority used direct procurement method provided under Section 103(2)(d) of the Public Procurement and Asset Disposal Act, 2015 for both consultancies. However, there was no justification in the professional opinion for use of the direct procurement method.

#### **ii. Engagement of the Same Consultant for Provision of Similar Services**

The Authority vide letter reference MMN/2/3/10 of 21 October, 2021 sought approval from the Cabinet Secretary, The National Treasury and Planning for the Authority to terminate the negotiations for Public Private Partnership for which the consultancy had been sought. The Principal Secretary, The National Treasury and Planning vide letter reference TNT/PPP/12/8/Vol.I(46) of 22 October, 2022 approved the termination. However, the Authority had entered into a new agreement with the same consultant under contract No. KPA/PPP/001/2021-2022/CD: Consultancy Services; Transaction Advisory Services

for Public Private Partnership Operations of Lamu Port Berth 1-3 and Mombasa Second Container Terminal (CT2). This is a clear indication the Authority had engaged the consultant to provide same/similar services concurrently thus wasting public resources.

### **iii. Payment for Services Not Provided**

The Authority did not provide evidence of the value obtained from contract No. KPA/047/2017-2018/CD for consultancy for transaction advisory services for the operation of the first three berths at Lamu Port and related developments for EUROS.695,566 and where full fees were paid. The services were similar to contract No. KPA/PPP/001/2021-2022/CD: Consultancy Services; Transaction Advisory Services for Public Private Partnership Operations of Lamu Port Berth 1-3 and Mombasa second Container Terminal (CT2) of 21 October, 2021 for USD 2,255,700. As at the time of audit in December, 2022, the Authority had been billed USD 1,094,816 and yet the consultancy services had stalled and no services had been rendered by the Consultant.

### **iv. Inconsistent Board Decision on Strategic Port Operations**

Review of records revealed that the Cabinet Secretary for Transport, Infrastructure, Housing and Urban Development and a shipping company signed a Memorandum of Understanding (MOU) on 16 August, 2020 which allowed the Kenya National Shipping Line Limited (KNSL) to operate from the Port. Following the signing of the MOU, the Board identified Container Terminal 2 (CT2) as the area to be allocated to KNSL to operate. The Government proceeded and allotted Mediterranean Shipping Company (MSC) through a subsidiary 47% stake at the Kenya National Shipping Line to actualize the handover of CT2. The Authority having signed a commercial agreement with MSC, proceeded again to engage a consultant for advisory on Public Private Partnership for the same asset (CT2).

In the circumstances Authority wastefully, incurred costs estimated at Kshs.100,857,070 (EUROS.695,566 at Kshs.145) and Kshs.142,326,080 (USD1,094,816 at Kshs.130), all totalling to Kshs.243,183,150 for which no value for money was obtained and is exposed to losses on litigation for subverting signed agreement with a third party.

### **3.4. Irregular Engagement of Training Service Providers**

During the year under review, an amount of Kshs.28,216,036 was spent on trainings. However, Management did not provide details of how the trainers and training institutions were identified, selected, price determined, and engagement done. Further, the Authority incurred a cost of Kshs.6,031,536 for standard training certification and watch keeping (STCW) which is offered at Bandari Maritime Academy (formerly a training department of the Authority) by engaging a private service provider without any justification.

In the circumstances, the propriety of training expenditure of Kshs.28,216,036 could not be confirmed.

### **3.5. Unsupported Hire of Commuter Bus Services and Un-Procedural Contract Undertaking**

The administrative expenses of Kshs.4,373,564,000 includes an amount of Kshs.165,861,000 incurred on hire of commuter bus service, out of which an amount of Kshs.25,117,200 related to commuter bus service for Nairobi and Naivasha inland container depots. Review of the service contract dated 26 March, 2021 indicated that payment would be made once certification of work done was confirmed and approved by the delegated supervisor. However, Management confirmed and approved bus worksheets for five (5) months, leaving out seven (7) months for which Kshs.14,651,700 was paid at a rate of Kshs.2,093,100 per month.

In the circumstances, the accuracy and occurrence of hire of commuter bus service of Kshs.14,651,700 for the year ended 30 June, 2022 could not be confirmed.

### **3.6. Unsupported Payment for Hire of Boat Services**

The hire of commuter bus services expenditure of Kshs.165,861,000 further includes Kshs.6,230,551 in respect of provision of boat services for the Authority's Lamu Port staff for the months of July, August and September, 2021. However, the payment was not supported by requisition of services, purpose, route and number of trips taken, rate for each of the services provided and evidence of confirmation and approval of services rendered before payment.

Further, details on how the service provider was identified, selected, rates for services determined and engaged through a formal contract which was done in February, 2022 were not provided. In addition, there was no justification for use of the direct procurement method

In the circumstances, the accuracy, propriety, occurrence and value for money for boat services of Kshs.6,230,551 could not be confirmed.

### **3.7. Irregular Sponsorship of Bandari Football Club**

The administrative expenses of Kshs.4,373,564,000 also includes an amount of Kshs.281,879,000 incurred on corporate social responsibility, out of which Kshs.148,367,830 is in respect of expenditure and sponsorship of Bandari Football Club. However, Management did not provide a Memorandum of Understanding between the Authority and the Club.

Review of the football club's financial statements indicated a revenue of Kshs.142,775,717 which varies from the total expenditure of Kshs.148,367,830 reported by the Authority by an unexplained and unreconciled variance of Kshs.5,592,113.

Further, out of the total revenues amount of Kshs.147,523,277 reported in the football club's financial statements, an amount of Kshs.142,775,717 (97%) was sponsorship from the Authority. This is a clear indication that the Club is mainly funded through public resources as defined by Section 2 of the Public Finance Management Act, 2012 and therefore should be audited by the Auditor-General.

In the circumstances, the Management was in breach of the law and the accuracy and completeness of corporate social responsibility expenditure of Kshs.148,367,830 could not be confirmed.

#### **4. Unsupported Operating Expenses on Cleaning Services at Lamu Port**

The statement of profit or loss and other comprehensive income reflects operating expenses of Kshs.5,271,439,000 as disclosed under Note 10 to the financial statements out of which Kshs.697,425,000 is in respect of operational/running supplies. Included in the amount is Kshs.18,503,459 in respect of additional caretaker services paid to two (2) service providers for cleaning services at Lamu Port. Review of records revealed that the service providers issued the Authority with invoice No.646 for Kshs.6,000,000 on 22 February, 2022 for additional caretaker services for Lamu Port for 10 months and invoice No. 1045 of Kshs.3,816,715 dated 3 November, 2011 for housekeeping and cleaning services for Lamu for a period of 5 months from June to October, 2021. These invoices were subsequently settled by the Authority. However, Management did not provide details of how the service providers were identified, selected and rates for the services determined. Further, the Local Purchase Orders for the services were issued after delivery of services to the Authority. The vendors were still providing the services in Lamu Port without valid contracts as at the time of audit in the month of December, 2022.

In addition, the service providers were reimbursed a total of Kshs.6,847,297 incurred on purchase of mattresses, bedsheets, food, fresh water, cleaning materials and hire of cleaners. Review of records revealed that the reimbursement was occasioned by additional requirements during the COVID-19 pandemic when a directive for curfew was issued. However, Management did not provide evidence of request and engagement of the service providers, details of how the process were determined and issuance of purchase orders for the same.

In the circumstances, the accuracy, occurrence and propriety of expenditure of Kshs.16,664,012 incurred on landscaping, caretaker and housekeeping services for the year ended 30 June, 2022 could not be confirmed.

#### **5. Establishment Expenses**

The statement of profit or loss and other comprehensive income reflects establishment expenses of Kshs.18,561,900,000 as disclosed under Note 9 to the financial statements. The following observations were made:

##### **5.1. Irregular Leased Staff Housing Expenditure**

The establishment expenses of Kshs.18,561,900,000 includes an amount of Kshs.35,275,000 in respect of leased staff housing relating to rent expenses incurred by the Authority on behalf of Port Police officers station in Mombasa and rent of Port Management Association of Eastern and Southern Africa offices. Review of records provided for audit revealed that the Authority based the rent payment for Port Police officers on a Memorandum of Understanding signed in 2004 when the police officers were not earning house allowances but were being housed by the Government. However, following the introduction of house allowances for the officers in 2019, the Authority

continued paying rent for the officers attached to the Port Police Station. This resulted in double benefit for the officers.

Further, included in the expense is Kshs.1,440,000 in respect of rent paid on behalf of Port Management Association of Eastern and Southern Africa (PMAESA). However, Article II(2) of the Agreement between the Port Management Association of Eastern and Southern Africa and the Government of Kenya regarding the Headquarters of the association states that, 'all cost relating to the establishment and operation of the Headquarters offices shall be borne by PMAESA.' Management did not explain why the Authority incurred the rent expense on behalf of PMAESA, contrary to the Agreement.

In the circumstances, the propriety of leased staff housing expenditure of Kshs.35,275,000 could not be confirmed.

## **5.2. Unsupported Duty Travel Expenditure**

The establishment expenses of Kshs.18,561,900,000 also includes an amount of Kshs.402,284,000 in respect of duty travel expenses, out of which an amount of Kshs.1,172,719 was not supported by approval or activities and schedule or program of activities to be undertaken. Further, included in the amount is Kshs.629,458 being amount advanced to a staff for payment of outstanding insurance premiums for the defunct Kenya Ferry Services Board of Directors. However, no explanation was provided why insurance premium was being paid in cash and why the same amount was classified as duty travel expenditure.

In the circumstances, the accuracy and propriety of duty travel expenditure of Kshs.1,172,719 could not be confirmed.

## **6. Unsupported Tax Charge Computation**

The statement of profit or loss and other comprehensive income reflects tax charge of Kshs.3,592,225,000 which, as disclosed in Note 18 to the financial statements, is net of an amount of Kshs.134,519,000 described as tax effect of excess capital allowances over depreciation. However, the Authority did not provide the capital allowance (wear and tear) calculation schedule to confirm that the Kenya Ferry Services assets wear and tear allowance was based on the assets cost since no allowance had been claimed by the entity which was making loss.

In the circumstances, the accuracy and propriety of income tax expense of Kshs.3,592,225,000 could not be confirmed.

## **7. Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.304,367,928,000 as disclosed in Note 11 to the financial statements. The following observations were made:

### **7.1. Kenya Ferry Services Absorption**

The property, plant and equipment balance of Kshs.304,367,928,000 includes a balance of Kshs.4,578,589,000 relating to Kenya Ferry Services absorption, being the Net Book Value (NBV) of transferred assets as indicated under Note 39(v) to the financial

statements which further shows that assets had been recorded at book values. The absorption of the property, plant and equipment was done using book values instead of cost and accumulated depreciation thus recognizing the NBV. The disclosure therefore distorted the information contained in the financial statements since it understated the cost and accumulated depreciation of assets absorbed from the Kenya Ferry Services.

In the circumstances, the accuracy and completeness of Kenya Ferry Services absorption balance Kshs.4,578,589,000 could not be confirmed.

## **7.2. Work-In-Progress – Terminal Operating System Infrastructure**

The property, plant and equipment balance of Kshs.304,367,928,000 includes a balance of Kshs.106,859,219,000 in respect of work in progress, out of which Kshs.192,078,087 is in respect of terminal operating system infrastructure. Review of records provided revealed that the asset acquisition was done under contract number KPA/159/2020-21/ICT (Contract for implementation of industrial wireless broadband communication network for Lamu Port) of USD1,121,088 (approximately Kshs.126,727,787) and KPA/161/2019-20/ICT (contract for the implementation of industrial wireless broadband communication network for Mombasa Port and Inland Container Depot (ICD) Nairobi of Kshs.399,514,815). The following observations were made:

### **7.2.1. Unsupported Service Level Agreement**

The contract provided for one-off annual service level agreement at a cost of Kshs.24,000,000. However, Management did not provide an actual Service Level Agreement (SLA) between the parties indicating the following:

- a) Requirements for the service provider services that will be provisioned to the Authority.
- b) Agreed cost for the requirements for the service provider service.
- c) Agreed service targets.
- d) Criteria for target fulfilment evaluation.
- e) Undertakings (Roles and responsibilities of the Authority).
- f) Undertakings (Roles and responsibilities of the Service Provider).
- g) Duration, scope and renewal provisions of this SLA contract
- h) Supporting processes, limitations, exclusions penalties for non-attainment of targets and deviations, among others.

As at the time of audit, Management had not initiated the process of procuring maintenance and service for the implemented system exposing the same to downtime and suboptimal utilization of the same.

### **7.2.2. Unconfirmed Optimal Sustainability of the Network due to Lack of Spares**

The Authority implemented a wireless broadband communication network for Nairobi ICD and Mombasa Port at a cost of Kshs.399,514,815 (VAT inclusive) and Lamu Port at USD1,121,088 (approx. Kshs.126,727,787), all totalling to Kshs.526,242,602. Review of the contract documents revealed a supply of minimum spare parts as part of the contract not adequate to optimally maintain the network in case of equipment failures. However,

the Authority has not engaged the Original Equipment Manufacturer for the network equipment, their authorized dealers or any other supplier for purposes of provision and supply of spare parts as and when they are required. This could result in a total shut down of the system.

In the circumstances, the propriety of the service level agreement cost of Kshs.24,000,000 and optimal availability of Kshs.526,242,602 wireless broadband communication network asset could not be confirmed.

## **8. Non-Disclosure of Contingent Liability**

Note 39 to the financial statements reflects related party transactions amounting to Kshs.3,576,200,000. Additional disclosure on related party transactions under item (i) on Kenya Railways Corporation (KRC) take or pay agreement indicates that the Authority is a guarantor for minimum traffic and commits to pay KRC for any shortfall of the required cargo traffic. As per the Note the maximum reduction of profit or contingent liability for the financial year 2021/2022 (six months – January to June, 2022) is USD 2,258,561 (Kshs.293,612,930 estimated at a rate of Kshs.130 to the US Dollar). However, the actual liability for the 12-month period under review as indicated is USD 4,517,122 (Kshs.587,225,860 estimated at a rate of Kshs.130 to the US Dollar).

Further, the Authority's audited financial statements for the year ended 30 June, 2021 indicated estimated contingent liability of USD 16,855,393(Kshs.2,191,201,090 estimated at a rate of Kshs.130 to the US Dollar), bringing the total cumulative contingent liability to USD 19,113,954 (Kshs.2,484,814,020 estimated at a rate of Kshs.130 to the US Dollar). However, Management did not explain why the whole amount of contingent liability was not disclosed in the financial statements.

In the circumstances, the accuracy, completeness and validity of the contingent liability balance of USD 2,258,561(Kshs.293,612,930 estimated at a rate of Kshs.130 to the US Dollar) could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Ports Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

#### **Merger of Kenya Ports Authority and Kenya Ferry Services Limited**

I draw your attention to Note 39(v) to the financial statements on related party transactions which indicates that the functions, assets and liabilities of the Kenya Ferry Services (KFS) were transferred to the Kenya Ports Authority (KPA) with effect from 1 July, 2021. This resulted in the creation of Ferry Services and Engineering Department in the Authority's structure. Further, all KFS staff were absorbed into the newly approved staff establishment of KPA.

In addition, all transactions of KFS were reported under KPA with KFS assets and liabilities recorded using the book values as stated in the audited financial statements for the year ended 30 June, 2021 pending revaluation of the assets.

My opinion is not qualified in respect of this matter.

### **Key Audit Matters**

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

## **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. Contract for Provision of Portable Water at Lamu Port**

The Authority invited a local supplier to quote for supply of portable water at the Port of Lamu vide letter ref PSM/CTC/1/01/Vol.1 (044) of 15 October, 2019 under tender number KPA/044/2019-20/GMID-provision of portable water at Lamu Port. However, Management did not provide any justification for undertaking the direct procurement as required by Section 103(2) b of the Public Procurement and Asset Disposal Act, 2015. The Authority appointed a negotiation committee and the negotiation committee minutes of 19 December, 2019 stated that 'the quoted price was Kshs.450 per cubic meter for volume between 300 cubic meters and 1,200 cubic meters which the committee accepted and proposed adoption of the negotiation report and award of the tender at the quoted rate of 450 per cubic meter.

However, the Head of purchase and supply chain through letter reference PSM/CTC/1/01/Vol.1 (044) Vol.1 to the General Manager Infrastructure and Development communicated cancellation of the tender due to expiry of tender validity period. Further, Memo No. 055\_2019-20, the professional opinion indicated request for cancellation of tender which had been negotiated at Kshs.450 per cubic meter due to tender validity period expiry which was approved by the Managing Director and communicated to the tenderer vide letter ref. PSM/CTC/1/03 (044) VOL.1 of 27 March, 2020.

Following the cancellation of the first tender, the Head of procurement unit through Memo No. 134-2020-21 dated 19 May, 2021 requested the Managing Director for approval of direct procurement citing provision of Section 103(2) of the Public Procurement and Asset Disposal Act, 2015 which was not applicable to the stated procurement. The request was approved and the same company whose bid had been cancelled was invited on

3 June, 2021 to quote through tender KPA/203/2020-21/GM - supply of portable water Lamu Port. This was contrary to Section 103(2) b of the Public Procurement and Asset Disposal Act, 2015 which in part states that 'urgency can only be allowed provided that the circumstances giving rise to the urgency were neither foreseeable by the procuring entity nor the result of dilatory conduct on its part'.

Further, the bid documents did not require the bidder to provide evidence for qualification to undertake civil works and electrical works – registration by National Construction Authority yet the tender document included civil, electrical and building and construction works.

Following the invitation, the bidder quoted Kshs.260,796,969 for construction of the water desalination plant (civil, electrical and building and construction works) and Kshs.1,000 per cubic meter for production, distribution and maintenance of reservoirs and reticulation pipes. The quoted price was Kshs.650 per cubic meter higher than the price earlier negotiated of Kshs.450 per cubic meter.

The Authority signed the contract on 14 December, 2021 with the supplier for construction of a desalination plant at a price of Kshs.260,796,969 at the port of Lamu and for Kshs.1,000 per cubic meter for production and distribution of the water with a minimum production of 1,000 cubic meters per day for a period of 15 years. The Management did not provide any justification and determination of 1,000 cubic meter (1,000,000 liters) of water quantity per day considering the Lamu port operation has less than 300 staff.

The Authority's decision to cancel the original contract that had been negotiated and accepted by the bidder at Kshs.450 per cubic meter will result in a daily loss of Kshs.650,000 totalling to an annual loss of Kshs.237,250,000 at a 1,000 cubic meter production.

In the circumstances, the Management was in breach of the law and exposed the Authority to an estimated Kshs.237,250,000 annual loss for 15 years.

## **2. Non-Compliance with Gender Composition Requirements**

Review of the staff biodata provided revealed that the Authority had a total of 6,755 staff as at 30 June, 2022 out of whom 5,287 (78%) were of male gender while 1,468 (22%) were of female gender. This is contrary to Paragraph B.22 (2) of the Public Service Commission Human Resource Policies and Procedures Manual, 2016 which states that "the Government will endeavor to have a gender balanced Civil Service by ensuring that not more than two thirds of positions in its establishment are filled by either gender".

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

## **3. Staff Earning Less than One Third of Basic Pay**

Review of the payroll data provided revealed that, during the year under review, a total of 388 employees committed their salary beyond the two thirds of the basic, contrary to Section 19(3) of Employment Act, 2007 which states that employees' take home salary must not fall below one third (1/3) of the basic salary. Further, Paragraph C.1(3) of the Public Service Commission Human Resource Policies and Procedures Manual, 2016

states that Public Officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries and Heads of Human Resource Units should ensure compliance.

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

#### **4. Non-Compliance with the National Cohesion and Integration Act, 2008**

Review of the Authority's approved staff establishment revealed that the Authority had a total of 6,755 employees as at 30 June, 2022, out of whom 2,317 (34.3%) were from one ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

#### **5. Irregular Procurement of Air Tickets for Volleyball Team to Tunisia**

During the year under review, the Authority paid a total of Kshs.2,897,551 (USD 25,035) to an international airline for procurement of air tickets for the volleyball team to Tunisia to participate in the 2022 Men's African Club Championship from 5 May to 18 May, 2022. The procurement for the tickets was done using the direct procurement method citing justification of saving on costs considering that there was already a supplier contracted for the provision of the air travel services for official duty. However, there was no official documentation on how the airline was engaged. Further, there was no report for the direct procurement to the Public Procurement Regulatory Authority as required under Regulation 90(1)(b) of the Public Procurement and Asset Disposal Regulations, 2020.

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

#### **6. Failure to Conduct a Training Needs Assessment**

The statement of profit or loss and other comprehensive income reflects administrative expenses amounting to Kshs.4,373,564,000 which include training costs of Kshs.315,142,000 as disclosed in Note 8 to the financial statements. However, no evidence was provided to indicate that a training needs assessment was conducted in the previous year and that the trainings undertaken were based on the training needs assessment.

Further, review of training records provided revealed that out of the Authority's staff establishment of 6,755 employees, 1,876 were trained with 181 of them being trained more than once. However, the mode of selection of the staff to be trained was not indicated, contrary to Guideline 4.1.1 of the guidelines of managing of training in the public service on guiding principles in nomination for courses.

In the circumstance, Management was in breach of the regulations.

#### **7. Irregular Execution of Commuter Bus Service Contract for Lamu Port**

The administrative expenses of Kshs.4,373,564,000 include hire of commuter bus service costs of Kshs.165,861,000. The Authority engaged a service provider for provision of transport services in Lamu Port through direct procurement. However, review of records provided for audit revealed that the contracted service provider subcontracted third party

bus owners for provision of the service to the Authority. This is a clear indication that the contracted service provider did not have the capability of provision of the service.

Audit inspection exercise carried out on 5 December, 2022 revealed that one commuter bus had an insurance certificate that had expired ten (10) days earlier. However, the bus continued providing transport services to the Lamu Port staff exposing them to risk in case of an accident.

In the circumstances, Management was in breach of the law and exposed its staff to peril through use of uninsured means of transport.

## **8. Management and Implementation of Civil Works Maintenance**

The statement of profit or loss and other comprehensive income reflects operating expenses amounting to Kshs.5,271,439,000 which, as disclosed in Note 10 to the financial statements, includes an amount of Kshs.566,958,000 relating to repairs – port infrastructure. Review of the processes and procedures for maintenance and repairs of port infrastructure revealed that the works are procured through the use of biennial contracts for various works which were signed by the Authority in the financial year 2015-2016. The contracts have been extended due to delays in undertaking a procurement process to identify and select a new supplier through a competitive process. However, despite the changes in prices of items quoted and inflation among other factors, the prices are still in force, an indication of possible inflated prices when the agreements were signed.

Further, Management did not provide details of how the contractors were selected from the list of those prequalified to undertake repairs to ensure fairness in distribution of the works.

In the circumstances, value for money and fairness in distribution of repairs and maintenance works could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Irregular Promotions of Staff**

Review records provided revealed that the National Treasury through letter ref No. TNT/CONF/16/01 dated 12 April, 2022 directed the Managing Director to promote a total of forty-one (41) Management staff. However, it was not clear how the list of staff to be promoted originated from The National Treasury yet the Kenya Ports Authority Act, 2012 gives powers to the Managing Director and the Board, in consultation with the Minister responsible for the State Corporation, to make alteration in salaries and other terms and conditions of service of employees.

In the circumstances, the Ministry usurped the powers of the Board and directed the Authority's Board on managerial decisions.

### **2. Manual Processing of Revenue Information**

During the year under review, the Authority received revenues from pilotage of Kshs.614,971,000, tug services dues of Kshs.1,792,308,000, mooring of Kshs.335,639,000, navigational dues of Kshs.264,024,000, port dues of Kshs.591,804,000 and dockage of Kshs.607,508,000. Review of the revenue generation, recording and billing of these revenues revealed that the following weaknesses.

- a) On provision of services to a vessel by the Authority, details of the services are recorded manually on pilot log sheets by the pilot attending the vessel. The information is manually collated and posted in the terminal operating system. The Authority acquired and still retains and pays annual licenses to Vessel Traffic Management System (VTS) that should capture the indicated date and the same integrated with the main financial operating system. However, despite continued maintenance and payment of annual licenses the VTS does not offer the expected services leaving the Authority process prone or exposed to errors through manual data capture.
- b) The current KPA tariff charges pilotage services per movements of the respective vessels. However, available information revealed that gas tankers take more time to navigate and maneuver within the harbor limits. Pilots end up spending more time providing services to a single Tanker at the expense of others. This is a clear indication of unfair tariff provision for same service which may result in lost revenue if alternative charge models, like duration or on hourly basis are not applied.
- c) Final billing records provided for audit indicated that some final bills are prepared long after the vessel has sailed away or departed, contrary to requirement for collection of all bills before departure by the vessels.

In the circumstances, the Authority's processes and procedures for pilotage, tug services dues, mooring, navigational dues, port dues and dockage are weak which exposes the Institution to errors and losses.

### **3. Unconfirmed Seaworthiness of Marine Vessels**

The Authority took over operation of seven (7) ferries whose hull and machinery value as per the insurance records provided is Kshs.3,710,829,709 out of which three (3) are over

thirty (30) years old. However, the Management did not provide evidence of seaworthiness of the marine vessels which are used to ferry citizens across the Likoni channel.

In the circumstances, the users of the ferries are exposed to risk of loss of life or accident without compensation.

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

### **Responsibilities of Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with

Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal 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 policies and procedures may deteriorate.

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material

uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**15 June, 2023**

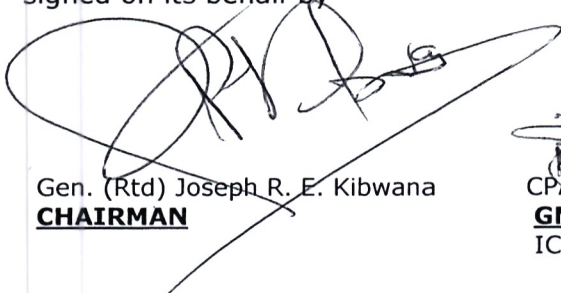
**STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2021/2022 KES '000	2020/2021 KES '000
Operating Revenue	6	49,338,782	52,130,085
Other Incomes	7	1,300,276	720,475
<b>Total Revenues</b>		<b>50,639,058</b>	<b>52,850,560</b>
<b>Less Expenses:</b>			
Administrative Expenses	8	(4,373,564)	(4,429,215)
Establishment Expenses	9	(18,561,900)	(17,906,332)
Operating Expenses	10	(5,271,439)	(5,284,137)
Depreciation Property, Plant and Equipment	11,12	(11,484,778)	(11,277,393)
Amortization of Intangible Assets	13	(254,952)	(423,067)
<b>Total Operating Expenses</b>		<b>(39,946,633)</b>	<b>(39,320,144)</b>
<b>Operating Profit</b>		<b>10,692,425</b>	<b>13,530,416</b>
Finance Income	14	166,878	167,636
Finance Cost	15	(130,012)	(139,910)
Impairment Gain/(Loss)	16	55,071	(243,118)
Other Gains	17	497,906	502,796
<b>Profit Before Tax</b>		<b>11,282,268</b>	<b>13,817,820</b>
Tax Charge	18	(3,592,225)	(5,978,260)
<b>Profit for the Year</b>		<b>7,690,043</b>	<b>7,836,560</b>
<b>Other Comprehensive Income (OCI)</b>			
<b>OCI not to be reclassified to Profit or Loss in subsequent years</b>			
Deficit resulting from Pension Valuation	32	0	(4,111,400)
Gain/effect on KFS merger-Shareholding		399,904	0
<b>OCI to be reclassified to Profit or Loss in subsequent years</b>			
Unrealized Foreign Exchange Gain/(Loss)	26	4,574,070	(766,610)
Unrealized Forex from Valuation of Loans	29	5,340,098	964,169
<b>Earning reported after above adjustments</b>		<b>18,004,115</b>	<b>3,925,719</b>


**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

		<b>2021/2022</b>	<b>2020/2021</b>
	<b>Note</b>	<b>KES '000</b>	<b>KES '000</b>
<b>Non-Current Assets:</b>			
Property Plant and Equipment	11	304,367,928	278,119,616
Assets Held for Sale	19	237,993	0
Intangible Assets	13	811,788	987,687
Leased Property	12	916,728	648,215
Long Term Investment	20	1,048,283	1,035,690
<b>Total Non- Current Assets</b>		<b>307,382,720</b>	<b>280,791,208</b>
<b>Current Assets:</b>			
Inventories	21	584,735	443,609
Receivables and Prepayments	22	24,014,785	19,881,232
Tax paid in advance	23	2,158,488	265,685
Short Term deposits	24	840,860	374,054
Bank & Cash Balances	24	3,422,167	2,459,942
<b>Total Current Assets</b>		<b>31,021,035</b>	<b>23,424,522</b>
<b>TOTAL ASSETS</b>		<b>338,403,755</b>	<b>304,215,730</b>
<b>Capital and Reserves:</b>			
Revaluation Reserves	25	85,791,507	93,784,610
General Reserves	26	128,004,594	97,076,196
Grants	27	8,895,947	2,015,030
<b>Total Capital and Reserves</b>		<b>222,692,048</b>	<b>192,875,836</b>
<b>Non-Current Liabilities:</b>			
GOK Project Funds	28	47,850,157	43,386,157
Borrowings	29	47,784,967	39,919,684
Deferred tax Liability	30	4,618,202	7,310,667
Retirement Benefit Liability	32	3,041,000	3,576,200
<b>Total Non- Current Liabilities</b>		<b>103,294,326</b>	<b>94,192,708</b>
<b>Current Liabilities</b>			
Borrowings	29	1,492,345	1,258,939
Trade and Other Payables	31	10,389,836	15,353,047
Retirement Benefit Liability	32	535,200	535,200
<b>Total Current Liabilities</b>		<b>12,417,381</b>	<b>17,147,186</b>
<b>TOTAL CAPITAL &amp; LIABILITIES</b>		<b>338,403,755</b>	<b>304,215,730</b>

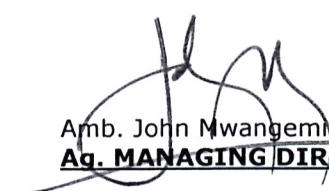
The financial statements were approved by the Board of Directors on 29 September 2022 and signed on its behalf by



Gen. (Rtd) Joseph R. E. Kibwana  
**CHAIRMAN**



CPA Geoffrey Kavate  
**GM, FINANCE**  
ICPAK M/No: 6399



Amb. John Mwangemi  
**Aq. MANAGING DIRECTOR**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	Revaluation Reserves KES'000	General Reserves KES '000	Grants KES '000	Total KES '000
Balance as at 01.07.2021		93,784,610	97,076,196	2,015,030	<b>192,875,836</b>
Profit After Tax		0	7,690,043	0	<b>7,690,043</b>
<b>Other Comprehensive Income;</b>					
Unrealized Foreign Exchange Gain		0	4,574,070	0	<b>4,574,070</b>
<b>Others;</b>					
Revaluation Effect/Adjustments	25	(8,423,528)	8,423,528	0	<b>0</b>
Other Adjustments		0	1,780	0	<b>1,780</b>
Transfer of Bonus to Reserve		0	1,151,415	0	<b>1,151,415</b>
Transfer/effect of KFS merger		430,425	742,516	4,145,139	<b>5,318,080</b>
Effect of Deferred Tax			2,692,464		<b>2,692,464</b>
Free trade Area		0	0	1,000,000	<b>1,000,000</b>
Revaluation Gain on Loans	26	0	5,340,098	0	<b>5,340,098</b>
Grants		0	312,484	1,735,778	<b>2,048,262</b>
<b>Balance as at 30.06.2022</b>		<b>85,791,507</b>	<b>128,004,594</b>	<b>8,895,947</b>	<b>222,692,048</b>

**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Revaluation Reserves KES '000	General Reserves KES '000	Grants KES '000	Total KES '000
Balance as at 01.07.2020		103,132,900	80,874,208	3,468,561	<b>187,475,669</b>
Profit After Tax		0	7,839,560	0	<b>7,839,560</b>
<b>Other Comprehensive Income;</b>					
Unrealized Foreign Exchange Loss		0	(766,610)	0	<b>(766,610)</b>
<b>Others;</b>					
Revaluation Effect/Adjustments	25	(9,348,290)	9,348,290	0	<b>0</b>
Other Adjustments		0	16,366	0	<b>16,366</b>
Increase in Pension Deficit		0	(1,004,600)	0	<b>(1,004,600)</b>
Grants	27	0	1,475,217	(1,453,531)	<b>21,686</b>
Revaluation effect of JICA Loan	26	0	964,169	0	<b>964,169</b>
Transfers due to Disposal		0	(1,670,404)		<b>(1,670,404)</b>
<b>Balance as at 30.06.2021</b>		<b>93,784,610</b>	<b>97,076,196</b>	<b>2,015,030</b>	<b>192,875,836</b>

**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 30 JUNE 2022**

		<b>2021/2022</b>	<b>2020/2021</b>
	<b>Notes</b>	<b>KES '000</b>	<b>KES '000</b>
<b>OPERATING ACTIVITIES:</b>			
Cash Generated from Operations	33	19,949,253	23,251,045
Interest Received	14	166,877	167,636
Interest Paid	15	(18,512)	(18,119)
Tax Paid	23	(5,450,664)	(3,194,722)
Special Dividend paid	38	0	(4,950,000)
Pension paid		(535,200)	(535,200)
Pension reimbursement		0	39,277
<b>Net cash generated from Operating Activities</b>		<b>14,111,754</b>	<b>14,759,917</b>
<b>INVESTING ACTIVITIES:</b>			
Purchase of Property, Plant and Equipment	36	(30,899,488)	(24,048,019)
Direct Acquisitions Property, Plant and Equipment		(706,893)	(255,339)
Proceeds from Disposal of Assets		9,860	4,769
Purchase of Long-Term Investment	20	(12,593)	(360,478)
Transfer of SBM deposits to short term deposits		0	374,054
Proceeds from sale of Surveyed Stock		0	1,000
<b>Net Cash used in Investing Activities</b>		<b>(31,609,114)</b>	<b>(24,284,013)</b>
<b>FINANCING ACTIVITIES:</b>			
Receipt of GoK Project Funds	37	5,464,000	6,000,000
Receipts from Stanbic Loan	29	4,768,204	0
Payment of JICA I Loan	29	(396,043)	(455,548)
Receipt of JICA II Loan	29	9,090,230	2,642,866
<b>Net Cash generated from Financing Activities</b>		<b>18,926,391</b>	<b>8,187,318</b>
<b>Net increase in Cash &amp; Cash Equivalent</b>		<b>1,429,031</b>	<b>(1,336,778)</b>
<b>Cash &amp; Cash Equivalents as at 1 July</b>		<b>2,833,996</b>	<b>4,170,774</b>
<b>Cash and Cash Equivalents as at 30 June</b>	24	<b>4,263,027</b>	<b>2,833,996</b>

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE 2022**

	<b>Final Budget 2021/2022</b>	<b>Actual on Comparable Basis 2021/2022</b>	<b>Performance Difference 2021/2022</b>	
	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>	<b>%</b>
<b>Revenue</b>				
Operating Revenue	53,490,686	49,338,782	(4,151,904)	-7.76%
Other Incomes	630,620	1,300,276	669,656	106.19%
<b>Total Revenues</b>	<b>54,121,306</b>	<b>50,639,058</b>	<b>(3,482,248)</b>	<b>-6.43%</b>
<b>Expenses:</b>				
Administrative Expenses	(5,283,109)	(4,373,564)	909,545	-17.22%
Establishment Expenses	(19,945,316)	(18,561,900)	1,383,416	-6.94%
Operating Expenses	(6,477,882)	(5,271,439)	1,206,443	-18.62%
Depreciation & Amortization	(11,280,000)	(11,739,730)	(459,730)	4.08%
<b>Total Operating Expenses</b>	<b>(42,986,307)</b>	<b>(39,946,633)</b>	<b>3,039,674</b>	<b>-7.07%</b>
<b>Operating Profit</b>	<b>11,134,999</b>	<b>10,692,425</b>	<b>(442,574)</b>	<b>-3.97%</b>
Finance Income	203,000	166,878	(36,122)	-17.79%
Finance cost	(240,873)	(130,012)	110,861	-46.02%
Impairment Gain	(50,000)	55,071	105,071	-210.14%
Other Gains	0	497,906	497,906	
<b>Profit Before Tax</b>	<b>11,169,126</b>	<b>11,282,268</b>	<b>235,142</b>	<b>2.11%</b>

**Note:** PFM Act section 81(2) ii and iv requires Kenya Ports Authority, a national government entity, to present appropriation accounts showing the status of votes compared with the appropriation for the vote. IFRSs does not require entities complying with IFRSs to prepare budgetary information because most of the entities that apply IFRSs are private entities that do not make their budgets publicly available. However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRSs compliant financial statements and a statement explaining any variations between actual expenditure and the sums voted.

Explanation of variations of 10% over/under between actual and final budgeted amounts are provided under Appendix I.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

### **1. General Information**

Kenya Ports Authority is established by and derives its authority and accountability from Cap 391 of the laws of Kenya. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to develop, maintain, operate, improve, and regulate all scheduled seaports along Kenya's coastline and inland waterways in Kenya.

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

#### **Statement of Compliance & Basis of Preparation**

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

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

The financial statements were approved by the Board of Directors on 29 September 2022.

The accounting policies applied in the preparation of these financial statements are set out below. The Authority adopted all the new and revised IFRS as adopted by the PSASB and IASB that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. The adoption of the standards did not have a material effect in the financial statements.

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

#### **Going concern**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

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

At the reporting date certain new standards, amendments to the existing standards and interpretations have become mandatory. No standard, amendments or interpretations are expected to have a material impact.

#### **Amendments to IAS 16; Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)**

**Description:** The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

**Effective date:** The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

#### **Amendment to IFRS 9; Fees in the '10 per cent' Test for De-recognition of Financial Liabilities**

**Description:** The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

**Effective date:** The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

#### **Amendments to IAS 1; Classification of Liabilities as Current or Non-current (issued in January 2020)**

**Description:** The amendments, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

**Effective date:** The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

#### **Amendments to IAS 1; Disclosure of Accounting Policies (issued in February 2021).**

**Description:** The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies.

**Effective Date:** The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

### **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022 (Cont'd)**

#### **IAS 12 – Income Taxes**

**Description:** IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

**Effective Date:** Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

#### **IAS 8 - Accounting Policies, Errors, and Estimates**

**Description:** The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities.

**Effective Date:** The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

#### **ii. Early adoption of standards**

The Authority did not early – adopt any new or amended standards in the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 4. Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these Financial Statements are set below;

#### (a) Revenue Recognition

IFRS 15 replaced the previous revenue recognition requirements in IAS 18 Revenue and applies to all revenue arising from contracts with customers. According to the new standard, revenue is recognized when a customer obtains control of the goods or services.

Revenue represents the fair value of consideration received or receivable for the sale of services in the course of the Authority's activities. It is recognized when it is probable that future economic benefits will flow to the Authority and the amount of revenue can be measured reliably. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

It is stated net of Value Added Tax (where applicable), rebates and trade discounts. Discounts are included as part of finance costs.

The Authority's revenue mainly consists of revenue from port related services and lease rentals. Where the Authority is an agent between a service provider and the end customer, an administrative fee is recognized as revenue on satisfaction of the performance obligation.

Revenues earned by the Authority are recognized on the following basis;

**Sale of services** are recognized upon performance of the services and customer acceptance. The Authority only bills once the consignee for the cargo has been determined and upon lodgment of customs approved documents. It is only then that it is probable that future economic benefits will flow to the Authority and the amount of revenue can be measured reliably.

**Rental income** is recognized at the time of billing as per the effective lease agreements. Where lease agreements are under preparation, billing is based on letters of offers, signed, and accepted by the tenants. A signed letter of offer is a commitment from the tenant.

**Finance income** comprises of Interest receivable from bank deposits and investments in securities and is recognized in profit or loss on a time proportion basis using the effective interest rate.

#### (b) Property, Plant and Equipment

All categories of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related hardware is capitalized as part of the computer equipment. All items in an asset category are re-valued every 5 years.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

### **Summary of Significant Accounting Policies (Cont'd)**

#### **Property, Plant and Equipment (Cont'd)**

The categories of assets listed below were last re-valued in financial year 2018/2019: -

- Land and Buildings
- Plant and Equipment
- Basic Constructions
- Services and systems
- Intangible Assets

The exercise was undertaken by M/s Sec & M Limited. Details and qualification for the director of M/s Sec & M Ltd are;

- Director Name; H.M. Kaburu,
- M.A. (Valn & Ppty Mgmt.) University of Nairobi, MRICS No. 1280168
- B.A Land Econ (Hons) University of Nairobi, MISK No. 690, REA
- NEMA EIA/EA Lead Expert No 1025
- Chartered Valuation Surveyor/RV 405

The methodology, basis of valuation and significant assumptions made were in accordance with the procedures and guidelines as laid down by the international Assets Valuation Standards Committee. M/s Sec & M Co. Ltd valuations and appraisals are carried out in accordance with the RICS Appraisal and Valuation Standards and are Uniform Standards of Professional Appraisal Practice (USPAP) compliant. The valuer therefore considers all the three approaches to valuation.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss account in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognized in other comprehensive income.

All other decreases are charged to the Statement of Profit or Loss and Other Comprehensive Income. Annually, the difference between depreciation charge based on the valued carrying amount of the asset charged to the Statement of Profit or Loss and Other Comprehensive Income and depreciation based on the asset's original cost is transferred from the revaluation surplus reserve to retained earnings.

#### **(c) Depreciation and impairment of property, plant, and equipment**

Freehold land and capital works in progress are not depreciated. Capital works in progress relates to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is calculated using the straight-line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates;

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**Summary of Significant Accounting Policies (Cont'd)**

**Depreciation and impairment of property, plant, and equipment (Cont'd)**

	<b>Rate</b>
Dredging/reclamation	2.5%
Building commercial and non-commercial	2.5%
Rail lines	2.5%
Roads and Bridges	2.5%
Quays/wharves	2.5%
Berthing Tugs	5%
Pilot & Mooring Boats and Navigational Aids	10%
Cranes	10%
Forklifts/Reach takers	20%
Tractors/Trailers	20%
Vehicles	20%
Equipment	20%
Furniture	20%
Data processing equipment	33.33%
Software/ Intangibles	33.33%

Depreciation is charged from the date of asset recognition and ceases on the date of asset disposal.

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are considered in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

**(d) Impairment of non-financial assets**

Non-financial assets that are carried at amortized cost are reviewed at the end of each reporting period for any indication that an asset may be impaired.

If any such indication exists, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

### **Summary of Significant Accounting Policies (Cont'd)**

#### **(e) Intangible Assets**

Intangible assets comprise purchased computer software licenses and other software, which are capitalized based on costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

#### **(f) Amortization and impairment of intangible assets**

Amortization is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

#### **(g) Assets Held for Sale**

Non-current assets held for sale (or disposal) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at Net Book Value.

#### **(h) Leased Property**

Standalone properties for which lease rentals are received are treated in the Statement of Financial Position according to the nature of the asset.

#### **(i) Retirement Benefits**

The Authority operates a defined benefit and defined contribution plans for eligible employees. The Authority is running the two schemes in parallel with intention of facing out the defined benefit scheme in the long run.

The defined benefit scheme was closed effectively on 31<sup>st</sup> December 2012 to new entrants and future accrual of benefits for members below age 45 as at 31<sup>st</sup> December 2011 and also those above age 45 who opted to accrue their future service benefits in the new defined contribution scheme.

In addition, the Authority's makes contributions to the Social Security Fund for employees other than those covered under the retirement benefit scheme and those in other countries of operation, which are statutory, defined. The Authority's obligations under these schemes are limited to specific contributions as legislated from time to time.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

### **Summary of Significant Accounting Policies (Cont'd)**

#### **(u) Grants from donors and the National Government**

The grants are received in form of direct payments to suppliers or contractors for the construction of specific capital projects of the Authority. The grants are recognized in the Statement of Financial Position and realized in the Statement of Profit or Loss and Other Comprehensive Income over the useful life of the assets.

#### **(v) Comparative figures**

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

#### **(w) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2022.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 5. Significant Judgements and Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances that prevailed during the period.

The Board has reassessed its assumptions and estimates used in the measurement of assets and liabilities at the reporting date against the background of the effects of COVID-19 pandemic. There is no indication of any significant impairment or valuation risks for existing receivables and other assets or liabilities. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

In the process of applying the Authority's accounting policies, management has made judgment in determining.

- The depreciation rates and impairment of PPE, PPE balances represent a significant component of the Authority's assets. PPEs are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. The management reviews the estimated useful lives of property, plant and equipment on an annual basis based on factors such as expected level of usage, forecasts, and assumptions. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above.
- Basis of Valuation and fair value measurement – in estimating the fair value of assets and liabilities, management uses market observable data where available. Where not available the management uses value of identical assets and liabilities or engages a third party to perform the valuation.
- ECL of Trade receivables: At each reporting date, the Authority assesses whether trade receivables are credit- impaired. Management makes judgement on the collectability of individual customer accounts taking into consideration the credit worthiness and financial condition of those customers. The Authority also records an allowance for receivables based on management's collective assessment of their collectability taking into consideration e factors such as including historical experience of credit losses, and the aging of the receivables with allowances generally increasing as the receivable ages.
- The amortization of Intangible assets
- The impairment of long-term investments in Kenya National Shipping Line, Consolidated Bank, and deposits in Chase Bank Ltd in receivership-KDIC,
- Provisions for obsolete inventory,
- Deferred tax liabilities

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Significant Judgements and Sources of Estimation Uncertainty (Cont'd)

- The recognition of Retirement Benefit Asset/Liability, Judgments required by actuaries in respect of discount rates, future salary increments, mortality rates and inflation rates used for computation of defined benefit liability.
- Deferred tax liabilities
- **Chase Bank (IR) and SBM Bank Deposits**

Chase Bank Ltd. was placed under receivership in April 2016 by Central Bank of Kenya. The Authority's Board made a 25% impairment provision on the deposits during the 336<sup>th</sup> regular meeting held in December 2017. Cash deposits including interest amounting to KES 1,175 million previously held with Chase Bank Kenya (In Receivership) were remitted to the Authority in FY 2018/2019. The remaining balance which was classified as short-term deposits earning interest at 6.3% per annum. The first portion was released in August 2019 while the second portion in August 2020 and the final balance was released in August 2021.

- **Revenue Recognition**

As stated in Note 4 (a) on Sales of services Revenue represents the fair value of consideration received or receivable for the sale of services in the course of the Authority's activities. It is recognized when it is probable that future economic benefits will flow to the Authority and the amount of revenue can be measured reliably. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

On rental income, where lease agreements are under preparation, billing is based on letters of offers, signed, and accepted by the tenants. A signed letter of offer is a commitment from the tenant.

- **Contingent Liabilities**

The management consults with its legal counsel on matters related to litigation, and other experts both within and outside the Authority with respect to matters in the ordinary course of business. As at the reporting date, the Authority was involved in various legal proceedings where it has been vigorously defending its claims. Assessment on whether the risk of loss is remote, possible, or probable requires significant judgment given the complexities involved.

- **Accounting for leases**

Accounting for leases under IFRS 16 involves the use of judgements, estimates and assumptions that impact the amounts recognized as right-of-use assets and lease liabilities. The Authority does not also recognize leases of low-value assets and or leases it has no right of control on the Statement of Financial Position, but instead recognizes an expense on a straight-line basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

<b>6. Operating Revenue</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Pilotage	614,971	646,397
Tug Services Dues	1,792,308	1,885,204
Mooring	335,639	351,310
Navigational Dues	264,024	279,262
Port Dues	591,804	625,946
Dockage	607,508	718,800
Fresh Water - Normal	1,796	3,394
Laid Up Vessels	169	0
Security	160,221	168,257
Stevedoring	15,191,434	16,200,328
Hire of Labor/Equipment	206,904	235,622
Handling of Empty Containers	2,366,688	2,576,609
Handling of Full Containers	1,640	0
Shore handling	5,862,856	5,917,993
Re Marshaling Charges	1,123,897	978,029
Container Stripping/Stuffing	2,206	1,902
Verification Charges	1,272	26,736
Storage of General Cargo	189,726	148,063
Storage - Empty Containers	191,985	331,038
Storage-Full Containers	4,602,076	4,519,604
Jetty Fees	1,137	553
Licenses	183,273	251,192
Other Revenue	64,691	61,114
Wharfage	14,905,165	16,137,540
Sale of Fresh Water	200	159
Other Miscellaneous Revenue	75,192	65,033
<b>TOTAL</b>	<b>49,338,782</b>	<b>52,130,085</b>

Operating revenue decreased by KES 2,791 million MTs or 5.35%. The decrease is attributed to decline in throughput from 36.1 million MTs registered in the previous year to 33.6 million MTs. Container traffic recorded 1.4 million TEUs against 1.45 million TEUs handled in FY2020/2021 reflecting a negative performance of -4%. The number of vessels handled also reduced to 1,555 from 1,675 in the corresponding period.

The decline was mainly driven by decrease in imports, transshipment and restows with lower imports of clinker, iron and steel recorded.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

<b>7. Other Income:</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Toll Collections	545,644	0
Rent & Rates Receivable	262,900	221,263
Bandari College	0	414
Recovery from Housed Employees	117,162	115,681
Sale of Passes	127,479	133,331
Sundry Income	247,091	249,786
<b>TOTAL</b>	<b>1,300,276</b>	<b>720,475</b>

Toll collections relate to toll charges levied on motorist who access ferry services.

<b>8. Administrative Expenses:</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Telephone/Telex/Fax Services	9,371	11,485
Water Supply Services	304,739	282,569
City & Municipal Council Rates	62,065	57,011
Office Rental-Kampala	10,122	9,656
Library & Archives	84	2,622
Nursery Schools	8,651	2,739
Laundry	0	47
Provisions & Catering	9,387	13,077
Cleaning of Carpets & Curtains	608	345
Directors Allowances	37,546	42,751
Furniture & Equipment	0	4,680
Printing & Stationery	72,451	65,345
Postage & Courier Services	1,816	3,312
Office Incidentals & Consumables	32,449	28,581
Entertainment Allowance	5,977	5,178
Club Membership Fees	1,890	1,901
Police Services	13,924	13,368
Security Guards Services	122,797	62,150
Port Passes	3,232	15,649
Publicity & Advertising	151,770	171,921
Subscriptions & Donations	11,909	10,720
Hire of Commuter Bus Service	165,861	183,218
Agricultural Society of Kenya Shows	5,994	2,201
Sports	107,950	87,623
Welfare	27,325	28,159
Industrial Relations Costs	13,856	15,400
Development Studies	85,731	101,587
Consultant Fees	80,009	30,309
Training	315,142	317,350
Curriculum Development	54	0

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

	<b>2021/2022</b>	<b>2020/2021</b>
<b>Administrative Expenses Cont'd:</b>	<b>KES '000</b>	<b>KES '000</b>
Recruitment Costs	5,358	7,448
Retirees Expenses	24,405	22,401
Survey Fees	2,617	5,366
Computer & Network Maintenance	323,675	561,827
Licenses & Computers	749,867	989,730
Insurance Premiums	733,413	490,620
Un-Insured Loss	4,351	17,892
Car Registration & Licenses	386	268
Stock Take Expenses	1,584	1,728
Corporate Social Responsibility	281,879	311,151
Victuals & Snacks	29,448	23,397
Wajibika	3,160	11,318
Professional Education	50,364	47,245
WHT Imported Services	6,365	9,502
Audit Fees	8,050	8,050
Bank Charges & Commission	8,408	8,938
Legal Fees	156,507	303,617
Revaluation Fees	0	37,763
Tax Penalties	321,017	0
<b>TOTAL</b>	<b>4,373,564</b>	<b>4,429,215</b>

During the year, Kenya Revenue Authority issued a final tax assessment for KES 321 million inclusive of penalties and interest on account of Corporation Tax and VAT. The amount was paid in six installments starting from August 2021 to January 2022.

The Authority continues to participate in various sports activities locally and in Africa.

A total of 4,414 staff were trained in FY2018/2019. Staff were trained in administration, operations, technical, marine and other local courses. The total of 302 staff were trained overseas, mainly on sea-time marine training, marine revalidation courses, nuclear and radiation courses, advanced financial and human resource courses and other conferences.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

<b>9. Establishment Expenses:</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Basic Salary	7,369,252	6,909,758
Overtime	1,721,052	1,311,988
Staff Allowances	1,757,918	1,936,771
Normal Staff Housing	2,631,207	2,603,301
Leased Staff Housing	35,275	14,000
Special Accommodation	17,651	25,157
Duty Travel	402,284	308,927
Leave Travel	258,586	235,991
Transport Allowance	1,492,320	1,546,553
Intern Allowances	11,867	1,075
Staff Pension-DC	1,302,325	1,226,937
Staff Pension-DB	103,277	123,657
Staff Gratuity	19,223	29,350
Social Security	1,205	17,307
Medicines	353,496	338,840
Hospital/Referral Bills	726,098	730,481
First Aid	12,135	5,950
Medical Education Expenses	22,533	17,585
Incentive Scheme	324,196	522,704
<b>TOTAL</b>	<b>18,561,900</b>	<b>17,906,332</b>

At the close of the FY the staff strength was 6,755 (FY 2020/21 6,511) of which men were 5,287 (78.26%) and women 1,468 (21.73%). In as much as port operations and related activities are labour intensive, the Authority progressively and deliberately continues working towards having a workforce satisfying the 1/3 gender rule.

A total of 298 employees were recruited in the reporting year. A further 264 employees from defunct Kenya Ferry Service were also absorbed by Kenya Ports Authority.

In compliance with the Government directive on interns, the Authority took in 46 interns including 3 interns from defunct KFS.

The Collective Bargaining Agreement (CBA) between the KPA Management and the Dock Workers Union (DWU) expired on 31<sup>st</sup> December, 2019. This necessitated commencement of negotiations in compliance with the Salary and Remuneration Commission guidelines for CBA from two (2) years to four (4) years.

Dock Workers Union submitted its proposal for the period 2020/2023 initiating deliberations and on 22<sup>nd</sup> December, 2021 both parties agreed on various matters providing for terms and conditions of employment for all Unionisable employees.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

<b>10. Operating Expenses:</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Operational / Running Supplies	697,425	584,194
Marine Spares	671,803	403,001
Diving & Signaling Equip.	820	0
Buoys	1,625	1,232
Flowers & Plants	367	148
Crane Spares	485,971	417,647
Fuel	1,291,295	1,022,610
Oils and Lubricants	108,206	75,517
Cleansing Agents	8,755	5,129
Uniforms & Clothing	62,411	164,919
Cleaning Implements/ Detergents	23,039	24,255
Workshop Tools and Equipment	26,829	59,439
Comm./ Equipment Spares	37,693	133,287
Medical Equipment	14,045	7,297
Repairs: Port Infrastructure	566,958	1,414,815
Electricity Services	467,523	465,655
Cargo Verification	186,895	0
Mobile Plant Spares	281,963	296,737
Electrical Spares	143,147	72,310
Tyres and Tubes	145,420	93,305
Refrigeration/ Air Conditioning	33,112	27,937
Batteries Charges and Clocks	16,137	14,703
<b>TOTAL</b>	<b>5,271,439</b>	<b>5,284,137</b>

**NOTES TO THE F STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**11. Property, Plant & Equipment  
For the Year Ended 30 June 2022**

<b>COST / VALUATION</b>	<b>Land Leased Out</b>	<b>Land and Buildings</b>	<b>Plant Equipment, Motor Vehicles and Furniture</b>	<b>Services and Systems</b>	<b>Basic Constructions</b>	<b>Balance As At 30 June, 2022 KES '000</b>
Balance as at 01.07.2021	15,190,900	75,915,563	41,492,892	10,706,259	81,401,192	224,706,806
Additions	0	646,174	4,768,014	382,579	12,400,629	18,197,396
Disposals	0	0	(337,957)	0	0	(337,957)
Assets Held for Sale	0	0	(485,371)	0	0	(485,371)
Re-classification Adj.	0	0	160,647	0	(160,647)	0
Kenya Ferry Absorption	1,462	160,369	3,620,978	23,716	772,064	4,578,589
Kenya Railways Assets	0	634,862	1,371,993	39,217	2,190	2,048,262
<b>Balance as at 30.06.2022</b>	<b>15,192,362</b>	<b>77,356,968</b>	<b>50,591,196</b>	<b>11,151,771</b>	<b>94,415,428</b>	<b>248,707,725</b>
<b>DEPRECIATION</b>						
Balance as at 01.07.2021	0	1,788,126	11,052,793	4,030,018	22,892,712	39,763,649
Charge for the year	0	530,818	3,465,841	655,086	6,574,463	11,226,208
Eliminated on Disposal	0	0	(154,700)	0	0	(154,700)
Assets Held for Sale	0	0	(247,377)	0	0	(247,377)
Kenya Ferry Absorption	0	0	196,966	1,186	20,465	224,031
Re-classification Adj.	0	5,414	2,873	0	(2,873)	0
<b>Balance as at 30.06.2022</b>	<b>0</b>	<b>2,324,358</b>	<b>14,316,396</b>	<b>4,686,290</b>	<b>29,484,767</b>	<b>50,811,811</b>
N.B.V as at 01.07.2021	15,190,900	74,127,437	30,440,099	6,676,241	58,508,480	184,943,157
<b>NBV as at 30.06.2022</b>	<b>15,192,362</b>	<b>75,032,610</b>	<b>36,274,800</b>	<b>6,465,481</b>	<b>64,930,661</b>	<b>197,895,914</b>
W.I.P as at 01.07.2021	0	328,300	646,446	33,473,712	59,120,480	93,568,938
<b>W.I.P as at 30.06.2022</b>		<b>328,300</b>	<b>2,857,237</b>	<b>36,397,592</b>	<b>67,276,090</b>	<b>106,859,219</b>
<b>Sub totals</b>	<b>15,192,362</b>	<b>75,360,910</b>	<b>39,132,037</b>	<b>42,863,073</b>	<b>132,206,751</b>	<b>304,755,133</b>
Impairment	0	(313,415)	(509)	(1,854)	(71,427)	(387,205)
<b>Grand Total</b>	<b>15,192,362</b>	<b>75,047,495</b>	<b>39,131,528</b>	<b>42,861,219</b>	<b>132,135,324</b>	<b>304,367,928</b>
<b>Assets with Nil Balances</b>						
Cost	0	22,790	2,881,354	371,749	1,530,481	4,806,374
Expected Depreciation	0	570	350,173	18,587	38,262	407,592

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**Property, Plant & Equipment  
For the Year Ended 30 June 2021**

<b>COST / VALUATION</b>	<b>Land Leased Out</b>	<b>Land and Buildings</b>	<b>Equipment, Motor Vehicles and Furniture</b>	<b>Services and Systems</b>	<b>Basic Constructions</b>	<b>Balance As At 30 June, 2021</b>
	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>
Balance as at 01.07.2020	15,190,900	76,030,139	40,848,370	10,049,049	72,659,429	214,777,887
Additions	0	1,184,150	1,333,261	825,562	8,760,017	12,102,990
Disposals	0	0	(77,683)	0	0	(77,683)
Transfer of Bandari Maritime Re-classification Adj.	0	(1,298,640)	(611,056)	(168,352)	(18,340)	(2,096,388)
<b>Balance as at 30.06.2021</b>	<b>15,190,900</b>	<b>75,915,563</b>	<b>41,492,892</b>	<b>10,706,259</b>	<b>81,401,192</b>	<b>224,706,806</b>
<b>DEPRECIATION</b>						
Balance as at 01.07.2020	0	1,313,775	7,664,776	3,521,223	16,461,426	28,961,200
Charge for the year	0	506,581	3,716,027	592,295	6,439,459	11,254,362
Eliminated on Disposal	0	0	(26,087)	0	0	(26,087)
Transfer of Bandari Maritime Re-classification Adj.	0	(32,229)	(302,080)	(83,500)	(8,174)	(425,983)
	0	(1)	157	0	1	157
<b>Balance as at 30.06.2021</b>	<b>0</b>	<b>1,788,126</b>	<b>11,052,793</b>	<b>4,030,018</b>	<b>22,892,712</b>	<b>39,763,649</b>
N.B.V as at 01.07.2020	15,190,900	74,716,364	33,183,594	6,527,826	56,198,003	185,816,687
<b>NBV as at 30.06.2021</b>	<b>15,190,900</b>	<b>74,127,437</b>	<b>30,440,099</b>	<b>6,676,241</b>	<b>58,508,480</b>	<b>184,943,157</b>
W.I.P as at 01.07.2020	0	1,812,899	2,174,621	18,691,215	58,885,146	81,563,881
<b>W.I.P as at 30.06.2021</b>	<b>0</b>	<b>328,300</b>	<b>646,446</b>	<b>33,473,712</b>	<b>59,120,480</b>	<b>93,568,938</b>
<b>Sub totals</b>	<b>15,190,900</b>	<b>74,455,737</b>	<b>31,086,545</b>	<b>40,149,953</b>	<b>117,628,960</b>	<b>278,512,095</b>
Impairment	0	(304,541)	(40,070)	(1,854)	(46,014)	(392,479)
<b>Grand Total</b>	<b>15,190,900</b>	<b>74,151,196</b>	<b>31,046,475</b>	<b>40,148,099</b>	<b>117,582,946</b>	<b>278,119,616</b>

At the end of the FY, the transition process of transferring Bandari College to Bandari Maritime College was still ongoing, the costs of affected assets are as shown below;

<b>Cost of Assets</b>	0	1,298,640	602,368	177,039	18,340	<b>2,096,387</b>
<b>Accumulated Dep.</b>	0	32,229	293,505	92,075	8,174	<b>425,983</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**12. Leased Property**

		<b>Basic Construction</b>	<b>Services and Systems</b>	<b>Bal. as at 30 June 2022</b>
<b>As at 30 June 2022</b>	<b>Buildings</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>
<b>Cost/Valuation</b>				
Balance as at 01.07.2021	183,579	502,261	18,474	<b>704,314</b>
Kenya Ferry absorption	299,019	0	0	<b>299,019</b>
<b>Balance as at 30.06.2022</b>	<b>482,598</b>	<b>502,261</b>	<b>18,474</b>	<b>1,003,333</b>
<b>Depreciation:</b>				
Balance as at 01.07.2021	20,248	32,225	3,626	<b>56,099</b>
Charge for the year	5,002	17,072	956	<b>23,030</b>
Kenya Ferry absorption	7,476	0	0	<b>7,476</b>
<b>Balance as at 30.06.2022</b>	<b>32,726</b>	<b>49,297</b>	<b>4,582</b>	<b>86,605</b>
N.B.V as at 01.07.2021	163,331	470,036	14,848	648,215
<b>N.B.V as at 30.06.2022</b>	<b>449,872</b>	<b>452,964</b>	<b>13,892</b>	<b>916,728</b>

**Leased Property**

		<b>Basic Construction</b>	<b>Services and Systems</b>	<b>Bal. as at 30 June 2021</b>
<b>As at 30 June 2021</b>	<b>Buildings</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>
<b>Cost/Valuation</b>				
Balance as at 01.07.2020	183,579	502,261	18,474	<b>704,314</b>
<b>Balance as at 30.06.2021</b>	<b>183,579</b>	<b>502,261</b>	<b>18,474</b>	<b>704,314</b>
<b>Depreciation:</b>				
Balance as at 01.07.2020	15,246	15,153	2,669	<b>33,068</b>
Charge for the year	5,002	17,072	957	<b>23,031</b>
<b>Balance as at 30.06.2021</b>	<b>20,248</b>	<b>32,225</b>	<b>3,626</b>	<b>56,099</b>
N.B.V as at 01.07.2020	168,333	487,108	15,805	<b>671,246</b>
<b>N.B.V as at 30.06.2021</b>	<b>163,331</b>	<b>470,036</b>	<b>14,848</b>	<b>648,215</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
<b>13.Intangible Assets:</b>		
<b>Cost:</b>		
Balance as at 1 July	2,310,347	2,105,015
Additions	64,260	205,332
Adjustments	(8,064)	0
Kenya Ferry absorption	22,857	0
<b>Balance as at 30 June</b>	<b>2,389,400</b>	<b>2,310,347</b>
<b>Amortization:</b>		
Balance as at 1 July	1,322,660	899,593
Charge for the year	254,413	423,067
Adjustments	(4,032)	0
Kenya Ferry absorption	4,571	0
<b>Balance as at 30 June</b>	<b>1,577,612</b>	<b>1,322,660</b>
<b>Net Book Values as at 30 June</b>	<b>811,788</b>	<b>987,687</b>

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
<b>14.Finance Income:</b>		
Bank Interest Earnings	166,878	167,636
<b>TOTAL</b>	<b>166,878</b>	<b>167,636</b>

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
<b>15.Finance Costs:</b>		
Interest Charges - Long Term Loans	18,512	18,119
Discounts	78,030	119,161
Fringe Benefit Tax	2,045	2,137
Compensation Cargo Claims	31,425	493
<b>TOTAL</b>	<b>130,012</b>	<b>139,910</b>

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
<b>16.Impairment Gain/(Losses):</b>		
Prov. Impairment Loss Debtors	(50,702)	(167,549)
Prov. Impairment Gain/(Loss) on PPE	5,273	(75,569)
Prov. for impairment Gain of Trade Investments	100,500	0
<b>TOTAL</b>	<b>55,071</b>	<b>(243,118)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

<b>17. Other Gains/(Losses)</b>		<b>2021/2022</b>	<b>2020/2021</b>
	<b>Note</b>	<b>KES '000</b>	<b>KES '000</b>
Loss on Disposal of Non-Financial Assets	17(a)	(169,535)	(44,336)
Inventory difference Loss		(10)	0
Price Difference Gain		1,819	519
Realized Foreign exchange Gain		665,632	546,613
<b>TOTAL</b>		<b>497,906</b>	<b>502,796</b>

		<b>2021/2022</b>	<b>2020/2021</b>
		<b>KES '000</b>	<b>KES '000</b>
<b>17a. Gain/(Loss) on Disposal of Non-Financial Assets:</b>			
Loss on sale of fixed assets		(173,397)	(47,224)
Profit on sale of surveyed stock		3,862	2,888
<b>TOTAL</b>		<b>(169,535)</b>	<b>(44,336)</b>

<b>18. Income Tax Expense</b>		<b>2021/2022</b>	<b>2020/2021</b>
		<b>KES '000</b>	<b>KES '000</b>
<b>(a) Current Taxation</b>			
Current taxation based on the adjusted profit for the year		3,592,225	5,317,676
Current year deferred tax charge		0	660,584
<b>Tax charge for the year</b>		<b>3,592,225</b>	<b>5,978,260</b>
<b>(b) Reconciliation of tax expense to the expected tax based on accounting profit</b>			
<b>Profit before taxation</b>		<b>11,282,268</b>	<b>13,817,820</b>
Tax at the applicable tax rate		3,384,680	4,145,346
Tax effects of expenses not deductible for tax purposes		732,675	1,270,100
Tax effects of income not taxable		(390,611)	(360,785)
Tax effects of excess capital allowances over depr. /amort.		(134,519)	263,015
<b>Current taxation based on adjusted profit</b>		<b>3,592,225</b>	<b>5,317,676</b>

**19. Non-Current Assets Held for sale**

<b>Asset Description</b>		<b>2021/2022</b>	<b>2020/2021</b>
		<b>KES '000</b>	<b>KES '000</b>
Terminal Tractors & Skeletal Trailers		36,657	0
Berthing Tug MT-El Lamy		201,337	0
<b>Total</b>		<b>237,993</b>	<b>0</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

<b>20. Long Term Investment</b>		<b>2021/2022</b>	<b>2020/2021</b>
	<b>Note</b>	<b>KES '000</b>	<b>KES '000</b>
<b>Fixed Deposits:</b>	(a)		
Housing Scheme Backup Funds- HFCK		287,925	279,626
Fixed Deposits- HFCK		292,345	290,996
KCB Mortgage		417,513	414,925
Eco-Bank Kenya Ltd		21,400	21,043
<b>Subtotal</b>		<b>1,019,183</b>	<b>1,006,590</b>
<b>Equities:</b>	(b)		
Kenya National Shipping Line		54,346	54,346
Kenya Ferry Services		0	100,000
Impairment of Trade Investment		(54,346)	(154,346)
Consolidated Bank of Kenya		29,100	29,100
<b>Subtotal</b>		<b>29,100</b>	<b>29,100</b>
<b>Other Investment:</b>	(c)		
KDIC -Chase bank Deposits		747,608	748,108
Impairment		(747,608)	(748,108)
<b>Subtotal</b>		<b>0</b>	<b>0</b>
<b>TOTAL</b>		<b>1,048,283</b>	<b>1,035,690</b>

Chase Bank Ltd. was placed under receivership in April 2016 by Central Bank of Kenya. The Authority's Board made a 25% impairment provision on the deposits during the 336th regular meeting held in December 2017. Cash deposits including interest amounting to KES 1,175 million previously held with Chase Bank Kenya (In Receivership) were remitted to the Authority in FY 2018/2019. The remaining balance which was classified as short-term deposits earning interest at 6.3% per annum. The first portion was released in August 2019 while the second portion in August 2020 and the final balance was released in August 2021. At the close of the year, a further remittance of KES 500,000 was in-transit from KDIC.

**a. Fixed Deposits**

Details and movement of the fixed deposits are shown below;

	<b>Balance 1 July 2021 KES '000</b>	<b>Charges KES'000</b>	<b>Interest KES '000</b>	<b>Inter Account Transfer KES '000</b>	<b>Balance 30 June 2022 KES '000</b>
Housing Scheme Backup- HFCK	279,626	0	0	8,299	<b>287,925</b>
Fixed Deposits- HFCK	290,996	0	9,648	(8,299)	<b>292,345</b>
KCB Mortgage	414,925	0	2,588	0	<b>417,513</b>
Eco-Bank Kenya Ltd	21,043	0	357	0	<b>21,400</b>
<b>TOTAL</b>	<b>1,006,590</b>	<b>0</b>	<b>12,593</b>	<b>0</b>	<b>1,019,183</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Fixed Deposits (Cont'd)

- i. Funds invested with Housing Finance amounted to KES 580 million out of which KES 288 million is held as lien on loans advanced to staff under the HOMS and earns interest at 2% pa. The balance of KES 292 million is held in a fixed deposit account and earns interest of 7% pa.
- ii. Funds invested with Kenya Commercial Bank amounting to KES 418 million is held as security on loans advanced to staff under HOMS. They earn interest at 2% p.a.
- iii. Funds invested with ECO-Bank amounting to KES 21 million are held as security on loans advanced to staff under HOMS. They earn interest at 2% p.a.
- iv. The final balance at SBM Bank Ltd. was remitted in August 2021.

### b. Equities:

Details of the equities are shown below.

Entities	Direct shareholding	Effective shareholding	Nominal value of shares	Value of shares less impairment 2021/2022	Value of shares less impairment 2020/2021
	%	%	KES '000	KES '000	KES '000
KNSL	45%	0%*	54,346	0	0
Consolidated Bank of Kenya	2.60%	2.60%	29,100	29,100	29,100
<b>TOTAL</b>				<b>29,100</b>	<b>29,100</b>

\*The effective shareholding is 0% because the investments were fully impaired.

### c. Other Investment:

Chase Bank Ltd. was placed under receivership in April 2016 by Central Bank of Kenya. The Authority's Board made a 25% impairment provision on the deposits during the 336<sup>th</sup> regular meeting held in December 2017. Cash deposits including interest amounting to KES 1,175 million previously held with Chase Bank Kenya (In Receivership) were remitted to the Authority in FY 2018/2019. The remaining balance which was classified as short-term deposits earning interest at 6.3% per annum. The first portion was released in August 2019 while the second portion in August 2020 and the final balance was released in August 2021.

21. Inventories	2021/2022	2020/2021
	KES '000	KES '000
Engineering stores	573,186	414,885
Fuel, oil, and lubricants	207	532
Motor vehicle spare parts	5,578	6,370
Stationery and general stores	12,830	17,366
Medicines	28,380	39,902
<b>Sub-Total</b>	<b>620,181</b>	<b>479,055</b>
Provision for Write-off	(35,446)	(35,446)
<b>Totals</b>	<b>584,735</b>	<b>443,609</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**Inventories (Cont'd)**

The Authority has continued to implement the Just in Time management system and the total stockholding increase by the end of the financial year was attributed to the high stock value under Container Terminal store due to the spares being purchased for the equipment acquired through JICA loan being operated in CT2, which accounted 9.50 % and due the stock previously held by the defunct Kenya Ferry Services Limited, which accounted for 11.83% respectively.

<b>22.Receivables &amp; Prepayments</b>		<b>2021/2022</b>	<b>2020/2021</b>
<b>Trade Receivables</b>	<b>Note</b>	<b>KES '000</b>	<b>KES '000</b>
Trade Cargo		4,529,133	4,379,053
Trade Marine		622,181	695,417
Rental		308,763	133,554
<b>Subtotals (i)</b>	(a)	<b>5,460,077</b>	<b>5,208,024</b>
Railways Debtors		405,906	504,482
Misc. A/C Receivables		16,557	13,185
<b>Subtotals (ii)</b>		<b>422,463</b>	<b>517,667</b>
Less; Provision for Impairment (iii)		(2,392,205)	(2,274,084)
<b>Subtotals (i+ii-iii)</b>		<b>3,490,335</b>	<b>3,451,607</b>
KNSL		1,507	1,507
National Treasury (Dredgco)		287,231	287,231
Impairment of Other Debtors		(288,738)	(288,738)
<b>Subtotals</b>		<b>0</b>	<b>0</b>
<b>Other Receivables:</b>			
Staff Advances		48,609	33,412
Advance Imprest & Subsistence		124,942	120,202
Prepayments & Accrued Income	(b)	521,082	507,506
Advance Creditors	(c)	4,807,005	6,031,411
Deposit Others		98,392	97,983
Valuation Adjustment		5,162,815	708,001
Tax Recoverable	(d)	8,338,035	7,406,853
VAT in		106,095	521,939
Others		1,317,475	1,002,318
<b>Subtotals</b>		<b>20,524,450</b>	<b>16,429,625</b>
<b>TOTAL</b>		<b>24,014,785</b>	<b>19,881,232</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**Receivables & Prepayments (Cont'd)**

a. As at June 30, the ageing analysis of the Trade and Rental receivables was as follows;

<b>Ageing Analysis Period</b>	<b>2021/2022 KES '000</b>	<b>2020/2021 KES '000</b>
From 0 To 90	2,241,330	2,252,521
From 91 To 120	200,438	241,557
From 121 To 150	188,429	183,357
From 151 To 180	198,992	112,330
From 181 To 365	458,670	495,359
1 To 2 Years	539,104	571,138
Over 2 years	1,633,114	1,351,762
<b>Total</b>	<b>5,460,077</b>	<b>5,208,024</b>

In compliance with the Authority's impairment policy and IFRSs, all overdue debts have been impaired. The Authority assumes that the credit risk on a financial asset increases significantly if it is more than 90 days past due. Debts over 2 years old have been impaired 100%.

<b>b. Prepayments &amp; Accrued Income</b>	<b>2021/2022 KES '000</b>	<b>2020/2021 KES '000</b>
Accrued income	3,120	41,328
Rents & rates – prepaid	33,849	26,101
Insurance – prepaid	351,698	250,170
Prepayments Others	132,415	189,907
<b>Total</b>	<b>521,082</b>	<b>507,506</b>

<b>c. Advance Creditors</b>	<b>2021/2022 KES '000</b>	<b>2020/2021 KES '000</b>
Advance Other Creditors	3,454,331	2,954,710
2nd Terminal Suppliers	166,988	2,651,787
Lamu port project suppliers	735,935	424,914
KOT Suppliers	449,751	0
<b>Total</b>	<b>4,807,005</b>	<b>6,031,411</b>

<b>d. Tax Recoverable</b>	<b>2021/2022 KES '000</b>	<b>2020/2021 KES '000</b>
Balance as at 01 July	7,406,853	6,224,394
Total Output VAT	(3,281,694)	(2,864,645)
Total Input VAT and Withheld output VAT	4,212,876	4,047,104
<b>Total</b>	<b>8,338,035</b>	<b>7,406,853</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

<b>23. Tax Payable/ (Paid in Advance)</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Balance as at 1st July	(265,685)	(2,388,639)
Income tax charge for the year	3,592,225	5,317,676
Income tax paid during the year	(3,316,821)	(3,163,998)
Final Tax paid	(2,133,843)	0
Overpaid tax utilized	(34,364)	(30,724)
<b>Total</b>	<b>(2,158,488)</b>	<b>(265,685)</b>

<b>24. Cash and Cash Equivalents</b>		<b>2021/2022</b>	<b>2020/2021</b>
	<b>Note</b>	<b>KES '000</b>	<b>KES '000</b>
Financial Assets	(a)	840,860	374,054
Bank and Cash Balances	(b)	3,422,167	2,459,942
<b>Total</b>		<b>4,263,027</b>	<b>2,833,996</b>

<b>a. Financial Assets:</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Investment Deposits	840,860	0
SBM Bank Ltd.	0	374,054
<b>Total</b>	<b>840,860</b>	<b>374,054</b>

As stated under note 20, cash deposits including interest amounting to KES 1,175 million previously held with Chase Bank Kenya (In Receivership) were remitted to the Authority between February 2019 and April 2019 by SBM Bank Kenya Ltd. In August 2019, in line with Kenya Gazette notice, the first of the three equal instalments of cash deposits previously held with Chase Bank Kenya (In Receivership) were received by the Authority from SBM Kenya Ltd. The remaining investment in Chase Bank Ltd. (in receivership) continued to earn interest at 6.3% per annum. The first portion was released in August 2019 and the second portion was released in August 2020. Finally, the last portion was released in August 2021.

<b>b. Bank and Cash Balances</b>	<b>2021/2022</b>	<b>2020/2021</b>
<b>Name of Bank</b>	<b>KES '000</b>	<b>KES '000</b>
National Bank of Kenya	691,366	325,028
Kenya Commercial Bank	7	6
Citibank N. A	1,396,587	1,963,736
Equity	479,375	149,628
Stanbic Bank	839,299	2,939
Petty Cash	1,454	3,264
C2B Safaricom Mpesa	14,079	15,341
<b>Total</b>	<b>3,422,167</b>	<b>2,459,942</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**Cash and Cash Equivalents (Cont'd)**

Details of cash and cash equivalents are as follows;

<b>Financial Institution</b>	<b>Bank Account</b>		<b>2021/2022</b>	<b>2020/2021</b>
<b>i) Current account</b>	<b>Nos.</b>	<b>Currency</b>	<b>KES '000</b>	<b>KES '000</b>
National Bank of Kenya	1003057307400	KES	158,253	1,400
	2003057307400	USD	483,012	158,904
	1003000909000	KES	1,399	164,724
	1003057007203	KES	48,702	0
Kenya Commercial Bank	1107638127	KES	1	1
	1146962908	USD	0	0
	6690361829	BIF	0	0
	6690361837	USD	6	5
Citibank N, A	300046401	KES	294,101	832,590
	300046428	USD	1,102,486	1,131,146
Equity	1560267794795	KES	285,804	95,353
	1560261552619	USD	193,433	54,269
	4002200349395	RWF	138	6
Stanbic bank	9030008175933	USD	5,732	2,639
	9030005614383	UGX	213	300
	100009442566	KES	615,211	0
	100009442582	USD	218,143	0
<b>Sub-total</b>			<b>3,406,634</b>	<b>2,441,337</b>
<b>ii) Others;</b>				
Petty Cash		KES	1,454	3,264
Safaricom Mpesa	929929	KES	14,079	15,341
<b>Sub-Total</b>			<b>15,533</b>	<b>18,605</b>
<b>iii) Fixed Deposit Account</b>				
Investment Deposits		KES	840,860	0
<b>Sub-Total</b>			<b>840,860</b>	<b>0</b>
<b>iv) SBM Bank Ltd.</b>	0223305760001/		0	0
	0043305760011/		0	0
	0043305760014/		0	0
	0043305760015/	KES	0	374,054
<b>Grand-Total</b>		KES	<b>4,263,027</b>	<b>2,833,996</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

<b>25.Movement in Revaluation Reserves</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Opening Balance	93,784,610	103,132,900
<b>Transfers to General Reserves:</b>		
Effects on Revaluation	(8,423,528)	(9,348,290)
KFS merger effects on Revaluation	430,425	0
<b>Closing Balance</b>	<b>85,791,507</b>	<b>93,784,610</b>

Effects on Revaluation resulted from revaluation of the Authority's non-current assets conducted by M/s Sec & M Ltd.

<b>26.Movement in General Reserves</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Opening Balance	97,076,196	80,874,208
<b>Adjustments for:</b>		
Profit After Tax	7,690,043	7,839,560
Revaluation Effects	8,423,528	9,348,290
Grants	312,484	1,475,217
Other Adjustments	1,780	16,366
Increase in Pension Deficit	0	(1,004,600)
Transfers due to Disposal	0	(1,670,404)
Unrealized Foreign Exchange Gain/(Loss)	4,574,070	(766,610)
Transfer of Bonus	1,151,415	0
Effect of deferred Tax	2,692,464	
Effect of Merger-Defunct KFS	742,516	0
Loan Revaluation Effects	5,340,098	964,169
<b>Closing Balance</b>	<b>128,004,594</b>	<b>97,076,196</b>

**27.Grants**

Grants represent funds provided by donors, either directly or via a sponsor for the purposes of financing specific capital projects of the Authority.

	<b>1/7/2021</b>	<b>Received</b>	<b>Capitalized/ Adjusted</b>	<b>Cumulative</b>
	<b>KES '000</b>	<b>2021/22</b>	<b>2021/22</b>	<b>to 30/6/2022</b>
	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>
Free trade Area	0	1,000,000	0	<b>1,000,000</b>
Ferry services	0	0	4,145,139	<b>4,145,139</b>
Trade Mark East Africa	251,704	0	0	<b>251,704</b>
SGR	1,763,326	0	1,735,777	<b>3,499,103</b>
<b>Total</b>	<b>2,015,030</b>	<b>0</b>	<b>5,880,916</b>	<b>8,895,946</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**28. Government Project Funds**

GoK project funds are disbursed to the Authority for specific GoK projects not in direct control of the Authority. During the year, the movement was as below:

	<b>1/7/2021</b>	<b>Received 2021/22</b>	<b>Cumulative to 30/6/2022</b>
	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>
Infrastructure Kisumu Port	50,000	0	50,000
Lamu Port Development	43,336,157	4,464,000	47,800,157
<b>Total</b>	<b>43,386,157</b>	<b>4,464,000</b>	<b>47,850,157</b>

During the year the Authority received KES 4.46 Billion from MoTIHUD & PW for the Lamu Port development project.

**Lamu Port Project  
Statement of Financial Position  
As at 30 June 2022**

	<b>Notes</b>	<b>KES'000</b>	<b>KES'000</b>
Non-Current Assets	a		58,076,902
			<b>58,076,902</b>
<b>Financed By:</b>			
Government funds		47,184,252	
Interest on GoK funds		195,647	
KPA funds		7,655,839	
Funds for Dongo Kundu utilized on PAPs		431,374	55,467,112
Current Liabilities	c		2,609,790
			<b>58,076,902</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

<b>a. Non-current Assets</b>	<b>KES'000</b>
Boundary wall – National youth service	20,000
Police station & staff quarters (Vaghjiyani Enterprises)	619,816
<b>Works in progress;</b>	
<b>1. Civil works</b>	
1 <sup>st</sup> Three Berths – China Communications (Forex, Taxes Included)	53,874,554
<b>2. Consultancy</b>	
1 <sup>st</sup> Three berths – Yooshin Engineering (Forex, Taxes Included)	1,518,386
<b>3. PAPs</b>	
Kenya Forestry Services	64,939
Lamu Municipal council – Approval fee	35,000
National Land Commission	1,925,348
Compensation for local fishermen	18,859
	<b>58,076,902</b>
<b>b. Currents Assets</b>	<b>KES'000</b>
Unrecovered advance up to certificate no 32 (China Communications)	0
	<b>0</b>
<b>c. Current liabilities</b>	<b>KES'000</b>
China Communications (Retention up to certificate 32);	
i. KES & USD portion	2,609,790
	<b>2,609,790</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**29. Borrowings:**

**As at 30 June 2022**

Loans	Opening Balances 01 July KES '000	Disbursements KES '000	Repayments			Interest KES'000	Valuation effects KES'000	Total KES'000	Closing Balances	
			Principal KES '000	Forex KES'000	Gain KES'000				Current KES'000	Non-Current KES'000
Stanbic	0	4,768,204	0	0	0	74,776	4,842,980	0	4,842,980	
JICA-1	22,660,905	0	(396,043)	(23,604)	18,512	(2,467,693)	19,773,565	1,492,345	18,281,220	
JICA-2	18,517,718	9,090,230	0	0	0	(2,947,181)	24,660,767	0	24,660,767	
<b>Total</b>	<b>41,178,623</b>	<b>13,858,434</b>	<b>(396,043)</b>	<b>(23,604)</b>	<b>18,512</b>	<b>(5,340,098)</b>	<b>49,277,312</b>	<b>1,492,345</b>	<b>47,784,967</b>	

**As at 30 June 2021**

Loans	Opening Balances 01 July KES '000	Disbursements KES '000	Repayments			Interest KES'000	Valuation effects KES'000	Total KES'000	Closing Balances	
			Principal KES '000	Forex Gain KES'000	Gain KES'000				Current KES'000	Non-Current KES'000
JICA-1	23,593,189	0	(455,548)	26,581	22,896	(503,317)	22,660,905	1,258,939	21,401,966	
JICA-2	16,335,704	2,642,866	0	0	0	(406,852)	18,517,718	0	18,517,718	
<b>Total</b>	<b>39,928,893</b>	<b>2,642,866</b>	<b>(455,548)</b>	<b>26,581</b>	<b>22,896</b>	<b>(964,169)</b>	<b>41,178,623</b>	<b>1,258,939</b>	<b>39,919,684</b>	

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

### **Borrowings (cont'd)**

#### **JICA Loan 1 (KE-P25, KE-P25A)**

JICA funded the implementation of the MPDP phase I. The principal value of the loan is JPY 26,711 million, interest rate is 0.2% paid per annum paid semi-annually.

The loan disbursements were completed. Total amounts disbursed was JPY 26,329 million translated to KES 24,359 million as at 30<sup>th</sup> June 2017. The Loan repayment will be for thirty years, paid semi-annually on 20<sup>th</sup> May and 20<sup>th</sup> November. The loan repayment commenced on 20<sup>th</sup> November 2017 and the last instalment will be repaid on 20<sup>th</sup> November 2047. As at 30<sup>th</sup> June ,2022 the outstanding balance for JICA loan was JPY 22,870 million translated to KES 19,774, million.

On 15<sup>th</sup> April 2020, the G20 together with the Paris club announced Debt Service Suspension Initiative (DSSI) to assist developing countries tackle Covid 19. Following GoK application to the Paris club and in line with DSSI, JICA temporary suspended the obligation from 1<sup>st</sup> January 2021 to 31<sup>st</sup> December 2021 and has not issued an invoice for the May 2021 and November 2021 instalments. The Authority is awaiting conclusion of the exchange of notes between JICA and GoK to release the May and November instalments equivalent to KES 429 million each. Repayment resumed from January 2022.

The loan was for the purchase of goods and services from suppliers, contractors of consultants as the case may be to facilitate the implementation of the Mombasa Port Development Project Phase I (berth 20 and 21).

#### **JICA Loan 2 (KE-P30)**

JICA funded the implementation of the MPDP phase II. The principal value of the loan is JPY 32,116 million, interest rate is 0.1% paid per annum paid semi-annually.

As at 30<sup>th</sup> June 2022 amounts disbursed and which was also the outstanding balance for JICA loan at the time was JPY 28,523 million translated to KES 24,660 million. The Loan agreement became effective on 24<sup>th</sup> August 2016 and the final disbursement shall be made not later than 24<sup>th</sup> August 2023. The Loan repayment will be for thirty years, paid semi-annually on 20<sup>th</sup> March and 20<sup>th</sup> September commencing on 20<sup>th</sup> March 2025 to 20<sup>th</sup> March 2055.

The loan is for the purchase of goods and services from suppliers, contractors of consultants as the case may be to facilitate the implementation of the MPDP Phase II.

#### **Stanbic Loan**

This loan is for the operationalization of the first three Berths at Lamu Port and specifically for the procurement of Tugboat and equipment.

The Loan agreement became effective on 5<sup>th</sup> April 2022. The maturity date is 8years. The loan amount as per the agreement was USD 63 million. As at 30<sup>th</sup> June 2022, a total of USD 41.1 million, which translates to KES 4,842.9 million had been disbursed.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**30. Deferred Tax:**

The net deferred tax liability movement at year end is as shown below;

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Balance as at 1 July	7,310,667	6,650,083
Movement for the year	(2,692,465)	660,584
<b>Total</b>	<b>4,618,202</b>	<b>7,310,667</b>

<b>31. Trade &amp; Other Payables</b>		<b>2021/2022</b>	<b>2020/2021</b>
	<b>Note</b>	<b>KES '000</b>	<b>KES '000</b>
<b>Trade Payables:</b>			
General Trade		1,518,520	1,518,235
General Foreign Suppliers		22,782	428,038
Payroll		570,076	657,229
Accrued Expenditure		1,361,268	3,455,799
<b>Other Payables</b>			
National Treasury/Dredgco		287,231	287,231
Creditors Valuation		0	38,644
Stock accruals		2,008,282	2,822,846
Contractors Deposit		3,970,401	3,243,369
KOT Project Suppliers		0	1,983,769
SOT Port Project Suppliers		0	62,487
KRC		239,389	273,868
Advance Receipts	(a)	150,985	91,781
KPA Directors		126	118
Down Payment Cargo Customers		11,772	11,772
VAT Payable		59,548	253,552
Verification Payable		36,964	54,502
Others		152,492	169,807
<b>Total</b>		<b>10,389,836</b>	<b>15,353,047</b>

<b>a) Advance Receipts</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Marine Debtors	70,148	11,621
Cargo Debtors	13,375	57,556
Rentals	21,029	22,604
Freight	46,433	0
<b>Total</b>	<b>150,985</b>	<b>91,781</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 32. Retirement Benefits

The Authority operates a Defined Benefit and Defined Contribution scheme for its employees. The assets of the two schemes are held in a separate trustee administered funds which are funded by both contributions from the Authority and employees. The schemes are administered by Zamara Actuaries, Administrators and Consultants Ltd. While Britam Asset Managers (K) Ltd, African Alliance (K) Ltd, Investment Bank Ltd and Stanlib (K) Ltd, provides custodial services to the Scheme.

The Authority's contribution to the Defined contribution scheme is the final obligation. The employer's contributions payable for DC scheme was KES 1,302 million (FY 2020/2021 KES 1,227 million) and has been recognized in the Statement of Profit and Other Comprehensive Income.

The Authority Defined Benefit retirement scheme was closed to new entrants and future accrual of benefits effectively on 31<sup>st</sup> December 2012. The Authority only makes contribution to the scheme in respect of those members who opted to remain in the Defined Benefit scheme. The actuarial report as at 31<sup>st</sup> December 2020 showed an actuarial deficit of KES 4,379 million. The Authority as the sponsor contributes KES 44.6 million per month as part of the remedial plan to clear the deficit. A total of KES 535.2 million was remitted in FY 2021/2022. As at 30 June 2022, the scheme had an actuarial deficit of KES 3,576.2 million (KES 4,111.4 million deficit FY 2020/2021), out of which KES 535.2 million is classified as current.

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES `000</b>	<b>KES `000</b>
Valuation at beginning	4,111,400	3,642,000
Payments	(535,200)	(535,200)
Changes in valuation (Increase)	0	1,004,600
<b>Valuation at end</b>	<b>3,576,200</b>	<b>4,111,400</b>

### 33. Reconciliation of operating profit to cash generated from operations

	<b>Note</b>	<b>2021/2022</b>	<b>2020/2021</b>
		<b>KES `000</b>	<b>KES `000</b>
<b>Cash Flow from Operating Activities:</b>			
Operating profits before tax		11,282,268	13,817,820
<b>Add/(Deduct):</b>			
Interest income		(166,877)	(167,636)
Interest expense		18,512	18,119
<b>Non-Cash Items:</b>			
Depreciation of Property Plant and Equipment	11,12	11,484,778	11,277,393
Amortization of Intangible Assets	13	254,952	423,067
Increase in Provision for impairment of debts		50,702	167,549
Increase /(decrease)in Impairment of Asset-PPE		(5,273)	75,569
Decrease in Provision for Impairment Investments		(100,500)	0
Merger effects- KFS impairment		67,418	0
Loss on sale of assets		173,397	47,224
Profit on sale of Surveyed stock		(3,862)	(2,888)
Net foreign Gain		(1,819)	(519)
<b>Operating Profit before working capital changes</b>		<b>23,053,696</b>	<b>25,655,698</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

<b>Reconciliation of operating profit to cash generated from operations (Cont'd)</b>	<b>Note</b>	<b>2021/2022</b>	<b>2020/2021</b>
(Increase)/Decrease in Inventories	34	(47,247)	51,927
Increase in Prepayments	22(b)	(13,576)	(193,536)
Decrease/(Increase) in Trade & other receivables	35(a)	433,683	(2,857,096)
Increase/(Decrease) in Trade & other payables	35(b)	(3,477,303)	594,052
<b>Cash generated from operations</b>		<b>19,949,253</b>	<b>23,251,045</b>

**34. Reconciliation of Inventories:**

	<b>2021/2022</b>	<b>2020/2021</b>	<b>KES '000</b>
	<b>KES '000</b>	<b>KES '000</b>	
Balance as at 30 June	584,735	443,609	
<b>Less:</b>			
Merger effects- KFS	(93,879)		
<b>Reconciled Movement Amount</b>	<b>490,856</b>	<b>443,609</b>	<b>(47,247)</b>

**35.**

<b>(a) Reconciliation of Accounts Receivables:</b>	<b>2021/2022</b>	<b>2020/2021</b>	<b>KES '000</b>
	<b>KES '000</b>	<b>KES '000</b>	
Balance as at 30 June	24,014,785	19,881,232	
<b>Add/(Less):</b>			
Merger effects- KFS debts	(100,986)	0	
Merger effect- KFS staff provision	2,140	0	
Prepayment	(521,082)	(507,507)	
<b>Subtotal</b>	<b>23,394,857</b>	<b>19,373,726</b>	
Less: Valuation Adjustment	(5,162,815)	(708,001)	
<b>Reconciled Movement Amount</b>	<b>18,232,042</b>	<b>18,665,725</b>	<b>(433,683)</b>

<b>(b) Reconciliation of Accounts Payables:</b>	<b>2021/2022</b>	<b>2020/2021</b>	<b>KES '000</b>
	<b>KES '000</b>	<b>KES '000</b>	
Balance as at 30 June	10,389,836	15,353,047	
<b>Less/Add:</b>			
Adj. KCHS funds	0	6,426	
Merger adjustment-KFS Payables	335,640	0	
Merger adjustment- KFS	48,171	0	
Vendor Adjustment	(4,248)	0	
Bonus adjusted to reserves	1,151,415	0	
<b>Subtotal</b>	<b>11,920,814</b>	<b>15,359,473</b>	
Less: Creditors Valuation	0	38,644	
<b>Reconciled Movement Amount</b>	<b>11,920,814</b>	<b>15,398,117</b>	<b>(3,477,303)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

<b>36. Purchase of PPE</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Purchase of PPE as at 30 June	30,845,046	24,048,019
Recovery adjustments	54,442	0
<b>Purchase of PPE as per Cashflow</b>	<b>30,899,488</b>	<b>24,048,019</b>

<b>37. GoK Project Funds</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Lamu Port Development	4,464,000	6,000,000
Dongo Kundu SEZ	1,000,000	0
<b>Reconciled Movement</b>	<b>5,464,000</b>	<b>6,000,000</b>

During the year Kenya Ports Authority received KES 4.464 billion and KES 1 billion from the National Treasury & Planning and the MoTIHUD & PW for the Lamu Port development project and Dongo Kundu SEZ respectively.

**38. Dividends**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
<b>a. Dividends (Special)</b>		
Special Dividends Paid	0	4,950,000
<b>Balance at end of the year</b>	<b>0</b>	<b>0</b>
<b>b. Normal Dividends</b>	<b>KES '000</b>	<b>KES '000</b>
FY 2018/19	731,289	731,289
FY 2019/20	277,882	277,882
FY 2020/21	589,807	589,807
FY 2021/22	576,753	0
<b>Paid within the year:</b>		
Dividends	0	0
<b>Balance as 30 June</b>	<b>2,175,731</b>	<b>1,598,978</b>

Dividends are paid as per the Authority's approved Dividend policy.

**39. Related Party Transactions**

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. Included in debtors and investments are balances owing or receivable from the following related parties:

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KES '000</b>	<b>KES '000</b>
Kenya Ferry Services (Investment)	0	100,000
Ministry of Transport	287,231	287,231
Kenya National Shipping Line (Debtor)	30,881	28,178
Kenya National Shipping Line (Investment)	54,347	54,347
Impairment provision	(370,526)	(469,756)
<b>Total</b>	<b>1,933</b>	<b>0</b>
DB Retirement Benefit Liability	3,576,200	4,111,400
<b>Total</b>	<b>3,576,200</b>	<b>4,111,400</b>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

### **i. Kenya Railway Corporation**

#### **• SGR**

Assets located at Kisumu, Naivasha, ICD Nairobi and Portreitz were transferred to the Authority from Kenya Railways under the SGR project. These assets have been incorporated into the statement of financial position based on estimated values of similar assets acquired by the Authority. A revaluation will be undertaken to reflect the assets at market value.

#### **• Take or Pay Arrangement**

The TOPA places the Authority as guarantor for minimum traffic and commits to pay KRC any shortfall. This arrangement increases the level of commitment and hence the risk on KPA cash flows. The agreement provides for a possible crystallization of the liability, relating to the SGR project.

In this event, the liability will be charged to the Statement of Profit or Loss during the period of occurrence and the agreement does not provide for reversal of such realized payment. The minimum tonnage for the calendar year 2021 was 5,723,333 tons while for the year 2022 is 7,583,333 tons. If the tonnages are prorated for the reporting year 2021/2022, it means that 6,653,333 tons should have railed. However, 6,359,292 tones were railed, resulting to a shortfall of 294,041 tons. During the period, USD 97,692,747.18 remitted to the SGR escrow account, against the expected USD 102,209,869.08, leaving a deficit of USD 4,517,121.90. Kenya has been enjoying the Debt Service Suspension Initiative (DSSI) which expired on 31<sup>st</sup> December 2021. Therefore, the maximum reduction of profit or the contingent liability for the year 2021/2022 (6 months from January 2022) is USD 2,258,560.95.

### **ii. Key Management Compensation**

During the year, the senior management team comprising of divisional & departmental heads, and the MD were paid KES 347 million as salaries and other allowances. The non-executive directors are entitled to receive KES 53.4 million as director fees out of which KES 16.2 million is payable to the National Treasury for directors representing the Government and its agencies.

### **iii. Kenya National Shipping Line**

KNSL enjoyed secretarial services from the Authority on the understanding that this would be paid for. The line has however operated under difficulties and has been unable to pay. The Authority has fully impaired the investment and the debt as per the impairment policy. Negotiations on the revival of operations and the restructuring of the shareholding of KNSL are ongoing with the GoK.

### **iv. Concession of 2nd Container Terminal**

The GoK and other Stakeholders were still in negotiations to concession the terminal to a third party to operate. The expected transaction fees from the concession is expected at a minimum to cover the JICA loan repayment and have a reasonable return to the KPA investment. The terminal has Land, buildings, and equipment's with a total NBV of KES 24 billion.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

### **v. Kenya Ferry Services**

The functions, Assets and liabilities of the Kenya Ferry Services were transferred to Kenya Ports Authority with effect from 1<sup>st</sup> July 2021 with subsequent absorption of the Kenya Ferry staff into the Kenya Ports Authority newly approved establishment. This resulted in the creation of Ferry Operations and Engineering Department in the Authority's structure whose implementation process is ongoing. As at 30<sup>th</sup> June 2022, the total defunct KFS staff population translated into the Authority was 264.

At the close of the year all transactions of the ferry services were reported under KPA as per the relevant IFRS/IAS. The assets and liabilities were recorded using the book values as stated in the KFS last audited financial statements as at 30<sup>th</sup> June 2021 pending vesting powers from the National government and revaluation of assets.

### **vi. Kenya Ports Authority Pension Scheme**

The Authority operates Defined Benefit (DB) scheme alongside the Defined Contributory (DC) scheme. The Scheme is administered by Actuarial Services (E.A) Ltd ('ACTSERV'). The Scheme assets are invested by Co-op Trust Investment Services and Britam Asset Managers (Kenya) Limited in a segregated fund. At the close of the year the valuation exercise was still ongoing.

The DB scheme was last valued by Zamara Actuaries, Administrators and Consultants Ltd. The actuarial report as at 31<sup>st</sup> December 2020 indicated a funding level of 84.0% resulting in an actuarial deficit of KES 4,379 million. The Authority as the sponsor contributes KES 44.6 million per month as part of the remedial plan to fund the deficit. A total of KES 535.2 million was contributed in FY 2021/2022. As at 30<sup>th</sup> June 2022, the scheme had an actuarial deficit of KES 3,576.2 million (KES 4,111.4 million deficit FY 2019/20), with KES 535.2 million being classified as current.

The Authority as the sponsor decided to let the schemes be autonomous and run as a separate entity from the sponsor.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 40. Financial Risk Management Policies

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

The Authority's financial risk management objectives and policies are detailed below;

#### (i) Credit Risk Management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets and is managed on an Authority-wide basis. The Authority does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution, as stated in the investment policy.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by considering the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer. The utilization of the credit limits and the credit period is monitored by management on a monthly basis. The amounts presented in the Statement of Financial Position are net of provisions for impairment, estimated by the management based on prior experience and their assessment of the current economic environment.

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

	<b>Fully Performing</b>	<b>Past due</b>	<b>Impaired</b>	<b>Total</b>
<b>30-Jun-22</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KESs '000</b>	<b>KES '000</b>
Due from related companies	0	0	372,459	<b>372,459</b>
<b>Trade receivables;</b>				
Marine	454,997	24,757	142,427	<b>622,181</b>
Cargo	1,734,675	712,025	2,082,433	<b>4,529,133</b>
Rental	51,657	38,975	218,131	<b>308,763</b>
Bank balances	3,406,634	0	0	<b>3,406,634</b>
Mpesa balance	14,079	0	0	<b>14,079</b>
<b>Total</b>	<b>5,661,973</b>	<b>773,894</b>	<b>2,788,008</b>	<b>9,253,249</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**Financial Risk Management Policies (Cont'd)**

<b>30-Jun-21</b>	<b>Fully Performing KES '000</b>	<b>Past due KES '000</b>	<b>Impaired KES '000</b>	<b>Total KES '000</b>
Due from related companies	0	0	469,826	<b>469,826</b>
<b>Trade receivables;</b>				
Marine	475,532	66,667	153,218	<b>695,417</b>
Cargo	1,755,598	683,958	1,939,497	<b>4,379,053</b>
Rental	21,391	28,833	83,330	<b>133,554</b>
Bank balances	2,441,337	0	0	<b>2,441,337</b>
Mpesa balance	15,341	0	0	<b>15,341</b>
<b>Total</b>	<b>4,709,199</b>	<b>779,458</b>	<b>2,645,801</b>	<b>8,134,528</b>

The customers are paying their debts as they continue trading. The Authority is actively pursuing this debt. The debt that is impaired has been provided for as per the Authority Credit control policy. The allowance for uncollectible amounts that the Authority has recognized in the financial statements is considered adequate to cover any potential irrecoverable amounts. The Authority is pursuing various measures to recover the impaired amounts.

The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity Risk Management**

Liquidity risk is the risk that the Authority will encounter difficulty in meeting obligations associated with financial liabilities. Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements thereby ensuring that all financial liabilities are settled as they fall due.

The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows and maintaining banking facilities to cover any shortfalls. The forecast provides details of additional undrawn facilities that may be utilized by the Authority to further reduce liquidity risk.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Financial Risk Management Policies (Cont'd)

The table below analyses the Authority's financial liabilities as at 30<sup>th</sup> June 2022 that will be settled on a net basis on maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

#### As at 30 June 2022

Payables	Less than	Between	Over	Total
	1 month	1 – 3 months		
	KES '000	KES'000	KES'000	KES'000
Trade Payables	1,233,013	200,297	107,992	1,541,302
Payroll	359,497	2,266	208,313	570,076
Borrowings-Current Portion	0	0	1,492,345	1,492,345
Employee Benefit Obligation	44,600	133,800	356,800	535,200
<b>Total</b>	<b>1,637,110</b>	<b>336,363</b>	<b>2,165,450</b>	<b>4,138,923</b>

#### As at 30 June 2021

Payables	Less than	Between	Over	Total
	1 month	1 – 3 months		
	KES'000	KES'000	KES'000	KES'000
Trade Payables	1,473,927	39,133	433,213	1,946,273
Payroll	327,874	46,298	283,057	657,229
Borrowings-Current portion	0	0	1,258,939	1,258,939
Employee Benefit Obligation	44,600	133,800	356,800	535,200
<b>Total</b>	<b>1,846,401</b>	<b>219,231</b>	<b>2,332,009</b>	<b>4,397,641</b>

### (iii) Market risk Management

The Board takes the overall responsibility for managing risk. A Risk Management Committee is in place to oversee the implementation of policies approved by the Board. The Risk Management Framework enables the Management a clear and an informed Risk-Based decision making. The Authority continues to be committed to robust risk management practices as an integral part of good corporate governance.

The Authority maintains a sound risk management and internal control system that determines the nature and extent of the risks to take in pursuit of the strategic objectives. The Risk Management Committee reviews the risk management framework to ensure that it readily identifies key risks and strategies to mitigate them.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Financial Risk Management Policies (Cont'd)

All business units have developed risk registers, based on a standardized risk management methodology to identify, assess and monitor the key risks faced by the business. Information on the efficacy of the risk treatment plans, trends, direction of risk over time, is provided in relation to each risk on a quarterly basis. The identified risks are assessed in terms of their impact and likelihood. Mitigation plans are put in place to manage the risks identified and exploit the attendant opportunities.

Risk Management is factored in the day-to-day processes thereby informing sound decision making.

Market risk is the risk arising from changes in market prices, such as interest rate, and foreign exchange rates which will affect the Authority's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk comprises two types of risk: currency risk and interest rate risk.

#### a) Foreign Currency Risk

The Authority's is exposed to foreign exchange risk arising from various transactions denominated in foreign currencies, primarily with respect to the US dollar and Japanese Yen. This results in exposures to exchange rate fluctuations. The balances impacted in this regard are the balances due to foreign suppliers, balances due from debtors, and bank balances. Exchange rate exposures are managed within approved policy parameters utilizing matching of assets and liabilities. Invoices denominated in foreign currencies are paid using the prevailing exchange rate at the time of payment.

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

Currency (USD)	Liabilities 30-Jun 2021/22		Assets 30-Jun 2021/22		Liabilities 30-Jun 2020/21		Assets 30-Jun 2020/21	
	KES '000	USD '000	KES '000	USD '000	KES '000	USD '000	KES '000	USD '000
<b>Assets</b>								
Bank			2,003,434	17,009			1,346,963	12,497
Receivables			7,957,498	69,369			8,856,005	83,956
<b>Liabilities</b>								
Payables	1,244,469	10,573			5,222,053	49,972		
<b>Total</b>	<b>1,244,469</b>	<b>10,573</b>	<b>9,960,932</b>	<b>86,378</b>	<b>5,222,053</b>	<b>49,972</b>	<b>10,202,968</b>	<b>96,453</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Financial Risk Management Policies (Cont'd)

Currency (JPY)	Liabilities 30-Jun 2021/22		Assets 30-Jun 2021/22		Liabilities 30-Jun 2020/21		Assets 30-Jun 2020/21	
	KES '000	JPY '000	KES '000	JPY '000	KES '000	JPY '000	KES '000	JPY '000
<b>Assets</b>								
Receivables			270,244	286,345			2,651,786	2,809,884
<b>Liabilities</b>								
Borrowings -Current	1,492,345	1,726,052			1,258,939	1,294,539		
Payables					100,864	111,064		
<b>Total</b>	<b>1,492,345</b>	<b>1,726,052</b>	<b>270,244</b>	<b>286,345</b>	<b>1,359,803</b>	<b>1,405,603</b>	<b>2,651,786</b>	<b>2,809,884</b>

### Foreign currency sensitivity analysis

The sensitivity analysis in foreign currency arises from bank balances, trade receivables and payables denominated in foreign currency mainly US dollars (USD) and Japanese Yen.

The following table demonstrates the effect on the Authority's Statement of Profit or Loss and Other Comprehensive Income on applying the sensitivity for a reasonable possible 10% change in the exchange rate of the main foreign transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Exchange rate	Change in currency rate	Effect on Profit before tax KES'000
<b>2022</b>			
USD	117.79	10%	892,907
JPY	0.8646	10%	124,477
<b>2021</b>			
USD	107.78	10%	500,978
JPY	0.9725	10%	136,566

### b) Interest Rate Risk

Interest rate risk is the risk that the corporation financial condition may be adversely affected as a result of changes in interest rate levels. The Authority is exposed to interest rate risk as it borrows and invests funds. Borrowings are mainly in fixed rates thus minimizing the exposure to the interest rate risk. The interest earning financial assets that the Authority holds include bank and short-term deposits whose rates of return are predetermined. The Authority regularly monitors the interest rate movements to ensure that the optimum interest rates are obtained.

### Management of interest rate risk

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Financial Risk Management Policies (Cont'd)

#### Interest rate sensitivity Analysis

As at 30 June 2022, an increase/decrease of 1 % change, with all other variables held constant, would have resulted in a decrease /increase in profit for the year of KES 27 million (2020/2021 KES 25 million), mainly as a result of higher/lower interest charges on Long term investments.

#### (iv) Fair value of financial assets and liabilities (a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Authority's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

As at 30 June 2022, the Authority held the following financial instruments measured at fair value.

At 30 June 2022	Level 1 KES '000	Level 2 KES '000	Level 3 KES '000	Total KES '000
<b>Financial Assets</b>				
Investment Deposit*	840,860	0	0	840,860
<b>Total</b>	<b>840,860</b>	<b>0</b>	<b>0</b>	<b>840,860</b>
<b>Financial Liability</b>				
Borrowings - Jica 1	19,773,565	0	0	19,773,565
Jica 2	24,660,767	0	0	24,660,767
Stanbic	4,842,980	0	0	4,842,980
<b>Total</b>	<b>49,277,312</b>	<b>0</b>	<b>0</b>	<b>49,277,312</b>

\* Call deposits held with various banks

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**Financial Risk Management Policies (Cont'd)**

<b>At 30 June 2021</b>	<b>Level 1 KES '000</b>	<b>Level 2 KES '000</b>	<b>Level 3 KES '000</b>	<b>Total KES '000</b>
<b>Financial Assets</b>				
SBM Bank Ltd	0	0	374,054	374,054
<b>Total</b>	<b>0</b>	<b>0</b>	<b>374,054</b>	<b>374,054</b>
<b>Financial Liability</b>				
Borrowings - JICA 1	22,660,905	0	0	22,660,905
JICA 2	18,517,718	0	0	18,517,718
<b>Total</b>	<b>41,178,623</b>	<b>0</b>	<b>0</b>	<b>41,178,623</b>

There were no transfers between levels during the year.

***(b) Financial instruments not measured at fair value***

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**Operational Risk Management**

Operational risk is the risk of indirect loss arising from a wide variety of causes associated with the corporation's processes, personnel, technology and infrastructure, external factors other than credit, market, and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The corporation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the corporation's reputation with overall cost effectiveness and to avoid any control procedures that restrict initiative and creativity in the corporation.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management in the corporation's departments.

This responsibility is supported by the development of overall corporation standards for the management of operational risks in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization and approval of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced by the entity, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and implementation of the proposed remedial solutions and actions.
- Development of contingency plans
- Training and professional development for its staff; and
- Adherence to ethical and business standards.

Review of compliance with corporation standards is reviewed on an ongoing basis by senior management and the internal audit department.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### (c) Capital Risk Management

The corporation's objectives when managing capital are:

- (i) To match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- (ii) To maintain financial strength to support business growth; and
- (iii) To safeguard the corporation's ability to continue as a going concern so that it can continue to provide adequate returns to its Government and value to all other stakeholders. The corporation has a number of sources of capital available to it and seeks to optimize its debt-to-equity structure in order to ensure that it can consistently maximize returns to Government. Capital adequacy is monitored regularly by the corporation's management and quarterly by the Board of Directors.

The capital structure of the Authority consists of debt, which includes borrowings, and capital, other reserves and retained earnings. The Authority monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital and reserves.

Description	2021/2022 KES '000	2020/2021 KES '000
<b>Total Capital and Reserves</b>	<b>222,692,048</b>	<b>192,875,836</b>
Total Borrowings	49,277,312	41,178,623
Less: Cash and Bank balances	(3,422,167)	(2,459,942)
<b>Net Debt/(Excess Cash and Cash Equivalents)</b>	<b>45,855,145</b>	<b>38,718,681</b>
<b>Gearing</b>	<b>21%</b>	<b>20%</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 41. Contingent Liabilities

Claims lodged and cases filed against the Authority in respect of third-party claims are estimated and are disclosed, in the table below;

	2021/2022	2020/2021
	KES`000	KES`000
Contingent Liabilities		
Court cases	16,432,000	10,652,503
<b>Total</b>	<b>16,432,000</b>	<b>10,652,503</b>

### 42. Incorporation

The Authority was established through an Act of parliament Cap 391 on 20<sup>th</sup> January 1978.

### 43. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2022.

### 44. Reporting Currency

The functional and reporting currency is Kenya Shillings (KES).

## **APPENDICES**

### **I. NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

As stated under the Statement of Comparison of Budget and Actual amounts variances (over/under 10%) between the actual and final budgeted amounts are explained below;

#### **Total Revenue**

Total revenue during the period was KES 51,539 Million made up of KES 49,339 Million, KES 1,300 and KES 167 Million representing operating, Other and finance incomes respectively.

#### **Operating Revenue**

Operating revenue performance was lower than the budgeted figure of Kes. 53,491 million. The decline was mainly due to a drop in throughput in conventional cargo and dry bulk categories such as clinker, iron and steel. Total throughput handled was 33.619 million tons which was below the forecasted target of 36.582 million tons by 8%. The ship dwell time also declined along with the number of vessel handled from 1,675 to 1,555. The slow economic recovery for the transit markets from the Covid-19 pandemic contributed to the decline. This was further fueled by the Russia-Ukraine war and the economic ripple effects towards the forthcoming general elections, which exerted pressure in the maritime trade.

#### **Other Income**

Revenue earned from Rent to staff quarters, increase of new applications for Port passes, and sundry income had a favorable variance compared to budget. Revenue earned from toll collections from Ferry Services had unfavourable variance compared to budget by 69 Million or -11% but was higher than last year by 11%. The revenue increase from last year was mainly from the increased traffic handled.

#### **Other Gains**

The favorable variance under other gains was mainly due to the weakening of the Kenya shillings and the realized forex.

#### **Total Expenditure**

Total Expenditure has a favorable variance compared to the budget. The decrease is driven by activities that were impacted austerity measures.

#### **Cost of Employment**

Overall expenditure on cost of employment was below the budget thresholds. The favourable variance was mainly on overtime, salaries among others.

#### **Operating expenses**

Overall expenditure under operating expenditure was favourable. Mainly due to management of repairs and deferred works.

## **APPENDICES**

### **NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (Cont'd)**

#### **Administrative expenses**

Administrative expenditure recorded a reduction from budget because some activities were deferred or cancelled due to austerity measures like ASK shows, KECOSO.

#### **Impairment Gain**

The favorable balance was mainly due to reversal of impairment provisions on KPA investment in Defunct KFS.

#### **Profit Before Tax**

A net operating profit of KES 11,282 million was realized during the period. The profit was marginally above the budgeted profit mainly due to management of expenditure.

## APPENDICES (CONT'D)

### II. PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS

The following is a summary of issues raised by the Office of the Auditor General, management comments and status;

Audit Report	Issue/Observations From the auditor	Management Comments	Status
FY 2020/21	Loss of Revenue on Waivers	<p>Waivers were granted mainly due to delays or erroneous railing of cargo to ICD.</p> <p>The Authority has designated sites for dangerous cargo stacking.</p>	Not Resolved
	Non-collection of Jetty fees	<p>The Authority faced challenges in collecting jetty fees in South &amp; North Coast due to objection by operators who have disputed/disagreed on the Authority's Tariff application. Hence no collection, our legal department is pursuing the same.</p>	Not Resolved
	Unconfirmed Credit Revenue	<p>The Authority has a dispute management system in place which allows customers to file online disputes. The credit notes issued were as a result of request of change on vessels from cargo owners. The credit net amount totalled to KES 19M and not KES 147M.</p>	Ongoing
	Unsupported Insurance Premiums	<p>KPA stopped covering the Bandari Maritime assets immediately the college was taken over by the GoK. The Authority only provided expertise and did not pay premium for KPA Pension assets. KPA Pension have procured their own insurance covers.</p>	Resolved

## APPENDICES (Cont'd)

### Progress on Follow-up of Auditor recommendations (Cont'd)

Audit Report	Issue/Observations From the auditor	Management Comments	Status:
FY2020/21	Unsupported CSR expenses	The Ministry of Public Work are the direct supervisors to the works who have clarified that at the time of the audit the works were not complete while the collapsed jetty was caused by a barge. The third party will facilitate repairs.	Ongoing
	Unsupported Retention Monies	The fibre reinforced navigation masts were maintained as per the instructions of the project engineers The works were done as per specifications in the bills of quantities. The management further request that a joint measurement of items of work quantities disputed by the auditor be undertaken.	Ongoing
	Overhaul of Marine Engine	Section 3(h) of the PPADA Act requires that procurements by public entities adhere to the guiding principles of maximizing economy and value for money. The Authority invited bids from the two only known dealers of Caterpillar spares at the time having been contracted earlier for the supply of similar goods. The tender was awarded to the lowest evaluated bidder in accordance with section 86 of the PPADA 2015.	RESOLVED

## APPENDICES (Cont'd)

### Progress on Follow-up of Auditor recommendations (Cont'd)

Audit Report	Issue/Observations From the auditor	Management Comments	Status:
FY2020/21	Unsupported expenditure on provision of services by National Youth Services in Kisumu	The National Youth Services were engaged on government-to-government basis and being a disciplined force, the Authority had no mandate to supervise their work.	Not Resolved
	Rehabilitation of Kisumu Port and deepening of Mbita causeway	The Authority transferred funds to the Exchequer as directed by National Treasury. Hence, it's the responsibility of National Treasury and Ministry of Defense to fast track the implementation of the project and provide details	Not Resolved
	Trade and Other Payables	For purposes of complying with the matching principle the Authority accrued bonus based on performance. Bonus payments are provided for under paragraph C.8 of the Human Resources Manual.	Not Resolved
	Irregular Overtime Allowances	They are occasions when port operations demand that provided limits be exceeded. Overtime above set limits are approved by the managing director. System controls are also in place to check on the limits. Management will ensure that employees on Training Grades are not paid overtime as stipulated in the Human Resource Manual, 2017.	Not Resolved
	Payments Made for Work Allocated After End of Employee Shift	Management undertakes to introduce system controls to ensure work allocation payments are done within the correct time frames.	Ongoing

## APPENDICES (Cont'd)

### Progress on Follow-up of Auditor recommendations (Cont'd)

Audit Report	Issue/Observations From the auditor	Management Comments	Status:
FY2020/21	Supply and Commissioning of Forklifts	<p>The lock down in the Country by the GoK as well as disruptions in global supply chain as a result of the Pandemic was a form of force majeure as per Clause 26 of the tender document (which formed the contract). This provided that in case of force majeure, the contractor shall continue to perform his obligations under the contract as far as is reasonably practical and shall seek all alternative reasonable means of performance not prevented by the force majeure event. The Contractor performed the contract reasonably and delivered the goods on 2nd November 2020 , within reasonable time following the lifting of the restrictions vide presidential directive issued on 20th October 2020.</p> <p>The tender was also evaluated based on the criteria set out in the tender document and specifications there in prepared in accordance with section 60 of the Public Procurement and Asset disposal Act 12 which dis-allows use of Country of origin in writing specifications. The Country of origin was not a requirement by the authority. However, the equipment is still under warranty and vide correspondence 28th June 2022 the Authority requested the Contractor to provide an English translation. The equipment is also still under warranty, the backup stores delivered with the equipment were inspected.</p>	Not Resolved

## APPENDICES (Cont'd)

### Progress on Follow-up of Auditor recommendations (Cont'd)

Audit Report	Issue/Observations From the auditor	Management Comments	Status:
FY2020/21	Expensing of claimable VAT	Time barred VAT mainly resulted from investigations and suspension of related payments. The Authority had limited capacity to claim the input VAT. The VAT Act only allows offsetting of input VAT if the invoices are within six months from the date of issue.	Not Resolved
	Concrete Works at Nairobi Shed 1 Phase 1	The Authority clarified that the location of site was in old ICD internal transverse road and part of old Western (now ELEMI/SHED2) Yard. General clearance was due to dilapidated and debris from the Mega SGR Project and demolitions of the failed hard surface was necessary to achieve the requisite depth of excavations for the new works.	Not Resolved
	Concrete Works at Makongeni	The works were investigated by DCI and administrative actions were taken appropriately	Not Resolved
	Irregular Capitalization of and Depreciation of Non-Existent Assets	The Authority shall make disclosure in the financial statements until the time it is notified of the outcome and conclusion of the investigations by the EACC, thereafter the Authority shall seek the appropriate approvals for write off.	Ongoing

## APPENDICES (Cont'd)

### Progress on Follow-up of Auditor recommendations (Cont'd)

Audit Report	Issue/Observations From the auditor	Management Comments	Status:
	Accrued Liability for Defined Contribution (DC) Members	An actuarial deficit is created when the liabilities are higher than the assets after an actuarial valuation has been undertaken. This can be as a result of many factors. One main factor that has created the deficit was the compliance of the scheme to the Treasury Circular provisions. The main provision that impacted the scheme's funding level (and in effect increased the deficit) was the requirement to amend the scheme Final Pensionable Salary to be in line with the provisions of the Circular	Not Resolved
FY2020/21	Property, Plant and Equipment (Alienated Properties & Land Without Title Documents)	This issue was deliberated in the PIC hearings held in 2019 and not yet concluded. The Authority has filed several cases. In the month of January 2018, the National Land Commission informed the Authority it has published a notice listing parcels illegally alienated from KPA and gave the registered parcel owners 90 days to vacate the parcel.	Not resolved
	Non-Compliance with the National Cohesion and Integration Act, 2008 on Ethnic Composition	The Authority is currently renewing efforts to ensure compliance with Section 7(2) of the National Cohesion and Integration Act, 2008.	Not Resolved

## APPENDICES (Cont'd)

### Progress on Follow-up of Auditor recommendations (Cont'd)

Audit Report	Issue/Observations From the auditor	Management Comments	Status
FY2020/21	Land and Buildings - Impairment	During revaluation the value of these properties was reached having catered for the cost of evicting the squatters. Therefore, we could not have gone ahead to impair whereas the same had already been factored in their values	Not resolved
	Land Without Documents of Title	The Authority has contracted KPMG consultants to conduct an audit of all its properties, including the status of the parcels, the accuracy of the titles, the existence of the parcels, regularity of use, ownership, etc.	Not Resolved
	Unsupported Expenditure on Caretaker Service Providers	Due to development changes in the Port infrastructure as well as manpower the office cleaning had to be done by caretaker service providers. The scope of work was not included in the original contract as the buildings/offices were not operational at the tendering stage.  The tender for landscaping, housekeeping and provision of caretaker services were the subject of protracted dispute and litigation Section 103 2(b) provides that the Entity may utilize direct procurement method where there is an urgent need for the goods, works or services, and engaging in tendering proceedings or any other method of procurement would therefore be impractical.	Not Resolved

## APPENDICES (Cont'd)


### Progress on Follow-up of Auditor recommendations (Cont'd)

Audit Report	Issue/Observations From the auditor	Management Comments	Status
FY2020/21	Irregular Payment of Berth Productivity Incentive	The Authority is in the process of rolling out a Performance Management System for all employees. Therefore, future incentive payments will be pegged on individual employee performance upon an achievement above the set performance targets.	Ongoing
	Payments Made to Employees Transferred Without Assigned Specific Duties	The transfer of the staff was dictated by the circumstances of the business, notably the revitalization of Kisumu Port with overhaul of the workshops, the quayside, yard area and the dry dock slipway and mechanical, electrical and civil works at an advanced stage. The activities thus demand that the equipment's and the administrative functions in Inland Container Depot Kisumu be allocated with attendant resources for operations. The organization structure has since been approved.	Ongoing
	Procurement from suppliers with Expired contracts	The subject tenders were procured under the Public Procurement Act 2005. The Tender Committee approved extension of contract for supply of uniforms tender number KPA/137/2010-11/PSM for a period of 6 months or until another contract came in to place. Consequently, the Authority advertised open tenders vide Tender no. KPA124/2019-2020/PSM and KPA125/2019-2020/PSM for supply of uniforms and new contracts were awarded	Not Resolved

## APPENDICES (Cont'd)

### Progress on Follow-up of Auditor recommendations (Cont'd)

Audit Report	Issue/Observations From the auditor	Management Comments	Status
FY2020/21	Undercharging of Rent for Housed Staff	Rent for the housing units was reviewed upwards by 7% w.e.f. September 2020. The partial implementation at 7% rate was influenced by the inflation factor Management is further reviewing the issue.	Ongoing
	Unconfirmed Income from Rental Properties Without Lease Agreement	We are making efforts to ensure that appropriate lease agreements are obtained. As a control measure tenants with outstanding rent arrears/utility bills have their port access passes deactivated and power supply disconnected until outstanding arrears are settled	Ongoing
	Payments Made to Employees Appointed to Positions Not in Staff Establishment	The appointment of staff to positions designated as supernumerary was on a necessity basis which was dictated by the business circumstances and needs, notably the Port's expansion plan, growth in cargo through-put, SGR operations, Infrastructure development (i.e., Lamu Port Project and Kisumu Port) as well as equipment acquisition which all had considerable HR capacity requirements. The organization structure has since been approved.	Ongoing

  
Amb. John Mwangemi

**Ag. MANAGING DIRECTOR**

## APPENDICES (Cont'd)

### III. INTER- ENTITY TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Nature of Development Funds	Date received	Amount received KES '000	Total Amount KES '000	Where Recorded/ recognized	Total Transfer FY 2021/22 KES '000
					Statement of Financial Performance	
State Department for Transport	Dongo Kundu Project	05.07.2021	1,000,000	1,000,000	Non-Current Liabilities	1,000,000
The National Treasury	Lamu Port Project	24.09.2021	4,464,000	4,464,000	Non-Current Liabilities	4,464,000
<b>Total</b>			<b>5,464,000</b>	<b>5,464,000</b>		<b>5,464,000</b>

### IV. REPORTING OF CLIMATE RELEVANT EXPENDITURES

Project Name	Project Objectives	Project Site	Source of funds	Amount (KES '000)	Partners
Tree planting	Restoration of degraded mangrove forest	Ganahola, Mikindani	Internal Funding	360	Big ship, a community-based organization on environmental conservation

### V. PROJECTS IMPLEMENTED BY THE ENTITY

As at 30 June 2022 the Authority was undertaking the under listed projects with an objective of expanding capacity and modernization of equipment to increase efficiency in port services.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)
Mombasa SEZ Development Port Sub Project Dongo Kundu	N/a	JICA	62 months	Fully Funded	Yes

## APPENDICES (Cont'd)

### VI. STATUS OF PROJECTS COMPLETION

Project	Total project Cost (JPY)	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
Mombasa Special Economic Zone Development Port Sub Project Dongo Kundu (Loan Project)	48.21 B	0	0	0	0	JICA
Mombasa Special Economic Zone Development Port Sub Project Dongo Kundu (Grant Aid Project)	5.8 B	0	0	0	0	JICA
Mombasa Special Economic Zone Development Port Sub Project Dongo Kundu (Tender Assistance and Construction Supervision)	1.957 B	0.281	0	0.281	0.281	JICA
Mombasa Special Economic Zone Development Port Sub Project Dongo Kundu (Operator Selection Consultant)	0.985 B	0.148	0	0.148	0.148	JICA