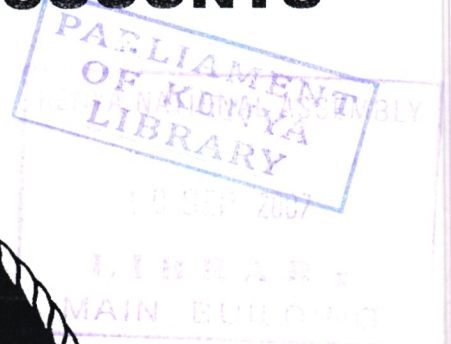


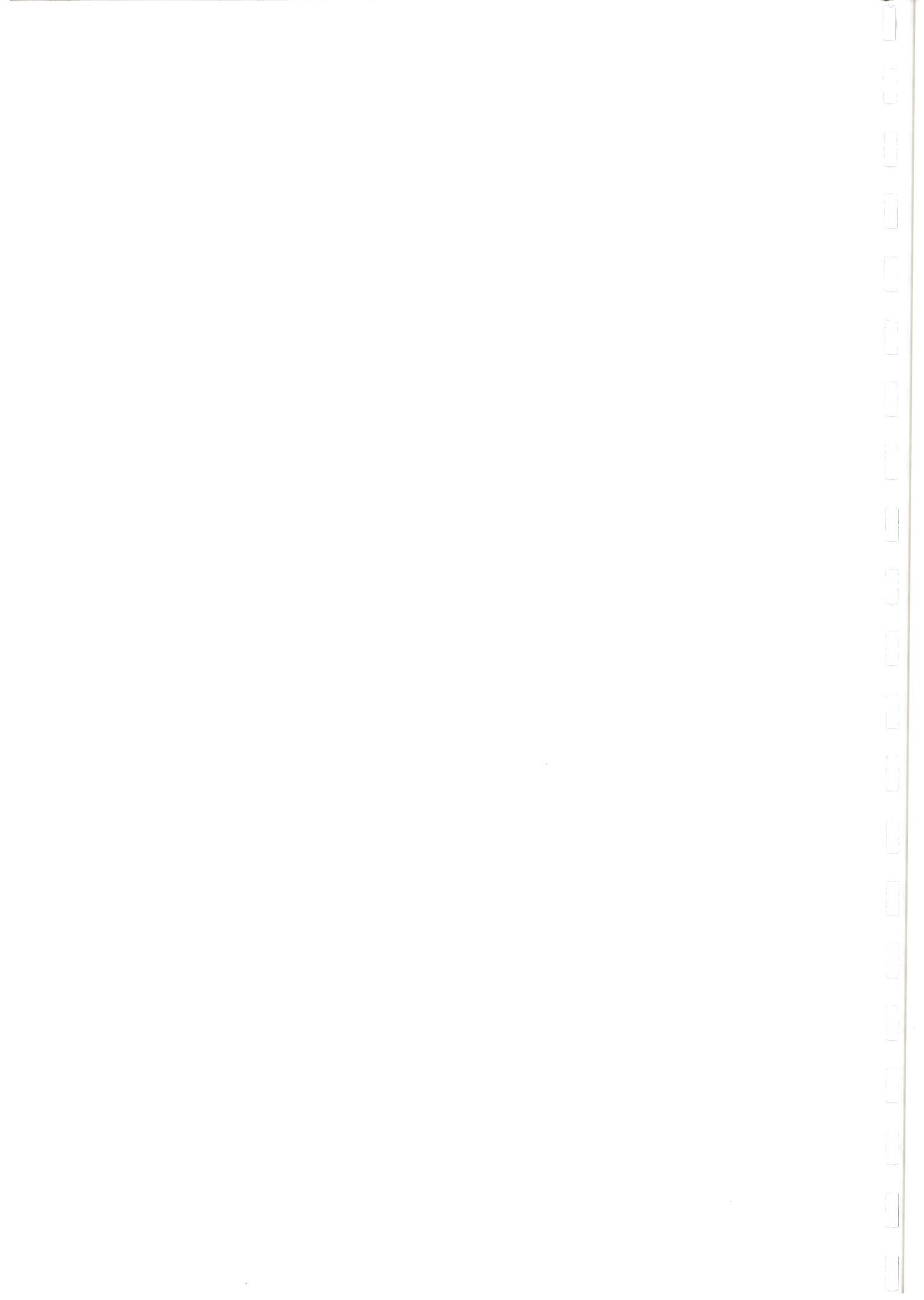
# ANNUAL REPORT AND ACCOUNTS



## Kenya Ports Authority



# 2005/2006





# Kenya Ports Authority

P.O. Box 95009  
Mombasa, Kenya  
Telephone: 312211-221211  
Telex: 21243 "DIRKPA" KE  
Telegram: "KENPORTS"  
Telefax: 311867

*Office of the Chairman*

FGM/2/3/02

23 May 2007

**The Hon. Minister**  
Minister of Transport  
P.O. Box 52692  
**NAIROBI**

Dear *Minister*

**RE: KENYA PORTS AUTHORITY ACCOUNTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2006**

On behalf of the Board of Directors of Kenya Ports Authority, I have the honour to present the statements of accounts (together with Audit Report) for the period ended 30<sup>th</sup> June, 2006 in accordance with the provision of section 20(3) of the Kenya Ports Authority Act, 1978.

In conformity with provisions section 20(2) of the same Act, the statement of Account was in February, 2007 submitted to the Auditor General (corporations) for Audit.

Yours

*Sincerely*

**Gen. (RTD) J.R.E. Kibwana, EGH CBS**  
**CHAIRMAN**



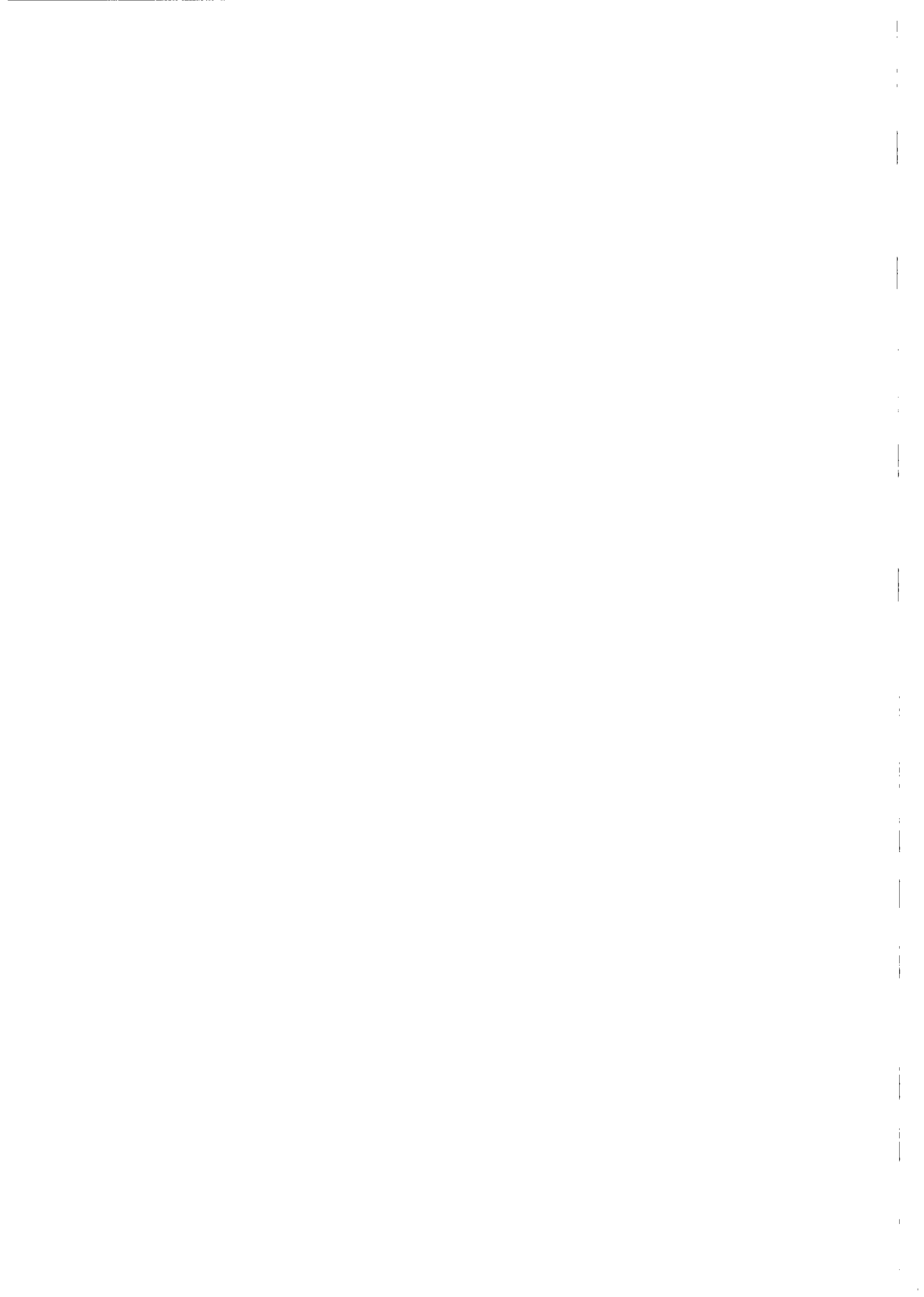


# KENYA PORTS AUTHORITY

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# KENYA PORTS AUTHORITY

## VISION, MISSION AND OBJECTIVES

### VISION

To be rated among the top twenty ports in the world in terms of reputation and performance by the year 2010.

### MISSION

To facilitate sea-borne trade in the most efficient manner by progressively benchmarking against international standards

### KEY OBJECTIVES

The following are key objectives of Kenya Ports Authority:-

- To enhance financial performance of the Authority
- To enhance customer satisfaction through the attainment of operating indicators
- To implement approved projects in accordance with port master plan
- To finalize policy and regulatory framework review
- To complete approved infrastructural developments
- To align staff complement to organizational needs
- To manage business risks through the application of appropriate risk methodologies



## CORPORATE GOVERNANCE

Corporate governance is the process by which companies are directed, controlled and held to account. The Authority applies corporate governance to direct and manage its business affairs towards enhancing prosperity and corporate accounting with the ultimate objective of realizing goals.

The Board of Directors is responsible for the Authority's corporate governance in all its operations and ensures adhere to the best business practices in providing services to our customers.

The Board achieves this through:

### Regular and Special Board meetings

Performance trends are analyzed and Management is directed on the best action plans.

### COMMITTEES OF THE BOARD

Subject to fundamental, strategic, policy and formal matters reserved for its decision, the Board has delegated some of its responsibilities to a number of Standing Committees which operate within defined terms of reference laid down by the main Board. The Board currently has four Standing Committees as highlighted below.

### Governance and Risk Management Committee

This Committee will primarily focus on good corporate governance, business risk management and corporate strategy. It also sits quarterly or as required.





# KENYA PORTS AUTHORITY

## **Corporation Tender Committee**

Corporation Tender Committee was set up under the provisions of Public Procurement Act to guide tendering procedures in state corporations. It has a lateral responsibility to the main Board and meets as the need arises.

## **Finance and Asset Management Committee**

This Committee meets six times in a year or so as required. It monitors the overall financial and operational performance. It is also charged with the responsibility of making sure that the best accounting practices are adhered to in conformity with International Financial Reporting Standards

## **Human Resource Committee**

This Committee also sits four times in a year or as required. Its primary responsibility is to look into the human resource aspects, particularly those that touch on remuneration and other staff matters.

## **MANAGEMENT COMMITTEES**

Management Committees are applied in a similar fashion. Currently, the Authority operates four Standing Management Committees under specific terms of reference.

Included here are:

- Executive Management Committee
- Corporate Training Committee
- Land Use Development Committee
- Tariff Interpretation Committee

There are also several ad-hoc Management Committees formed by Management from time to time as the need arises.



# KENYA PORTS AUTHORITY

## CHAIRMAN'S STATEMENT

I am pleased to report that Kenya Ports Authority registered satisfactory performance during the year ended 30<sup>th</sup> June 2006. Once again, the Authority exceeded expectations in key financial and operating indicators.

Pre-tax profit for the year stood at Kshs. 3,121 million, marginally above the previous year's level despite reduced revenues associated with weaker dollar and prolonged drought in the year under review. This achievement was reached in a controlled expenditure regime without compromising the quality of service.

Cargo throughput totaled 13.67 million DWT and 436,228 TEUs, both registering a drop of 1% principally due to the adverse effect of drought on exports and transshipment. The highest sectoral growth continued to be recorded in containerized cargo where modernization efforts to enhance container handling and operational capabilities were substantially complete.

In conformity with the strategic road map of the Authority, significant investment in capital replacement program was concluded during the year. In addition, the Authority enhanced its investment in computerization, including waterfront traffic management and community based systems in order to facilitate documentation clearance and service delivery. We are also on course in meeting the ISPS code requirements.

As the economic performance in the hinterland continues to register encouraging growth, the Authority made significant inroads in marketing its services to customers. We are delighted that our missions were well received by customers, both in the domestic and transit markets. We wish to thank all customers for their continued support during the year.

The application of performance contracting as part of the wider change management in state corporations, now in its second year of implementation, was successfully embraced by the Authority. I am encouraged to report that key financial, operating, planning and dynamic targets were met.





## KENYA PORTS AUTHORITY

It also gives me pleasure to note that appreciable progress has been made towards the implementation of the Authority's Master plan, its roadmap for the next 25 years. We are confident to enhance our core values as we embark on the implementation process. Notable projects at hand include the development of free trade zone, modern cruise ship facilities, second container terminal and channel dredging to accommodate larger vessels at the port.

We wish to recognize the continued support from the Government in meeting our scheduled targets. It is significant to note the Authority is working in partnership with the Government to enhance private-public participation in progressively transforming itself to landlord status.

As we enter into another year under performance contract, we will endeavor to take every opportunity and tackle the challenges ahead in order to achieve our vision.

In conclusion, I wish to thank my fellow Board Members, Management and Staff for their contribution during the year under review.



A large, stylized handwritten signature in black ink.

**GENERAL (RET) J. R. KIBWANA, EGH CBS  
CHAIRMAN**

27 September 2006



# KENYA PORTS AUTHORITY

## **BOARD OF DIRECTORS**

The directors who served the Authority during the year are:

### **Directors:**

General J. R. Kibwana, EGH, CBS	Chairman (appointed Aug 2005)
Mr. Abdallah H. Mwaruwa	Managing Director (appointed Jan 2006)
Mr. Brown Ondego, MBS	Managing Director (retired Jan 2006)
Dr. Gerrishon K. Ikiara, MBS	Director (PS Ministry of Transport)
Mr. Joseph Kinyua, CBS	Director (PS Ministry of Finance)
Mr. Michael K. Mure	Director
Mr. Muturi Kigano	Director (retired March 2006)
Mr. Musyoki Muoki	Director (retired March 2006)
Mr. Erick N. Konchela	Director
Mr. Komora M. Jilo	Director
Eng. Vitalis A. Ong'ong'o	Director (MD Kenya Railways)
Mr. Mohamed Jahazi	Director (appointed March 2006)
Mrs. Khadija Karim	Director (appointed March 2006)
Mr. Ngugi Waireri	Director (appointed March 2006)

### **Alternate Directors and Advisors:**

Hon. Amos Wako, EGH EBS MP	Attorney General
Mrs. Catherine Kimura	Advisor to Inspector General (Corp)
Ms. Esther Koimett	Alternate Director to PS Treasury
Mr. G. G. Irungu	Alternate Director to PS, MOT

### **Corporation Secretary:**

Ms. Muthoni Gatere

### **Registered Office**

KPA Headquarters, Kipevu  
PO Box 95009 MOMBASA

### **Auditors**

Kenya National Audit Office  
Anniversary Towers, 49384 NAIROBI



# KENYA PORTS AUTHORITY

## REPORT OF THE DIRECTORS:

The Directors present their report together with the financial statement for the year ended 30<sup>th</sup> June, 2006.

The Principal activities of the Authority are provision of port cargo handling facilities and services in accordance with KPA Act CAP 391.

## **FINANCIAL RESULTS:**

	Kshs'000'
Profit before tax	3,120,845
Tax for the year	1,074,245
	-----
Profit after tax	2,046,600
Proposed dividend	307,000
	-----
Retained profit	1,739,600
	-----

## **DIVIDEND:**

The Directors recommend a dividend of Kshs 307 million for the year. This dividend will be paid in conformity with the provisions of the Authority's Performance Contract for 2005-2006.



## KENYA PORTS AUTHORITY

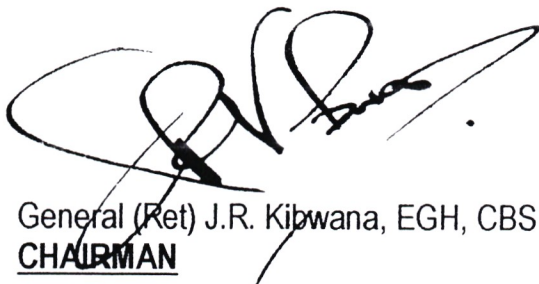
### DIRECTORS' RESPONSIBILITIES

It is the responsibility of the Directors to prepare financial statements that 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 profit or loss and cash flow for the year. In preparing those financial statements, the directors are required to:

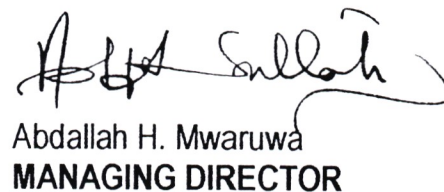
- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Authority will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority. They are also responsible for safeguarding the Assets of the Authority and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors do hereby accept responsibility for the annual financial statements, which have been prepared in conformity with the International Financial Reporting Standards. Nothing has come to the attention of the directors to indicate that the Authority will not remain a going concern in the foreseeable future.



General (Ret) J.R. Kibwana, EGH, CBS  
**CHAIRMAN**



Abdallah H. Mwaruwa  
**MANAGING DIRECTOR**

27 September 2006



# KENYA PORTS AUTHORITY

## REPORT OF THE AUDITORS



REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

**REPORT  
OF  
THE CONTROLLER  
AND AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KENYA PORTS AUTHORITY FOR THE  
YEAR ENDED 30 JUNE 2006**





## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA PORTS AUTHORITY FOR THE YEAR ENDED 30 JUNE 2006

I have audited the financial statements of Kenya Ports Authority for the year ended 30 June 2006 in accordance with the provisions of Section 14 of the Public Audit Act, 2003. 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. The financial statements are in agreement with the books of account.

#### Respective Responsibilities of the Directors and the Controller and Auditor General

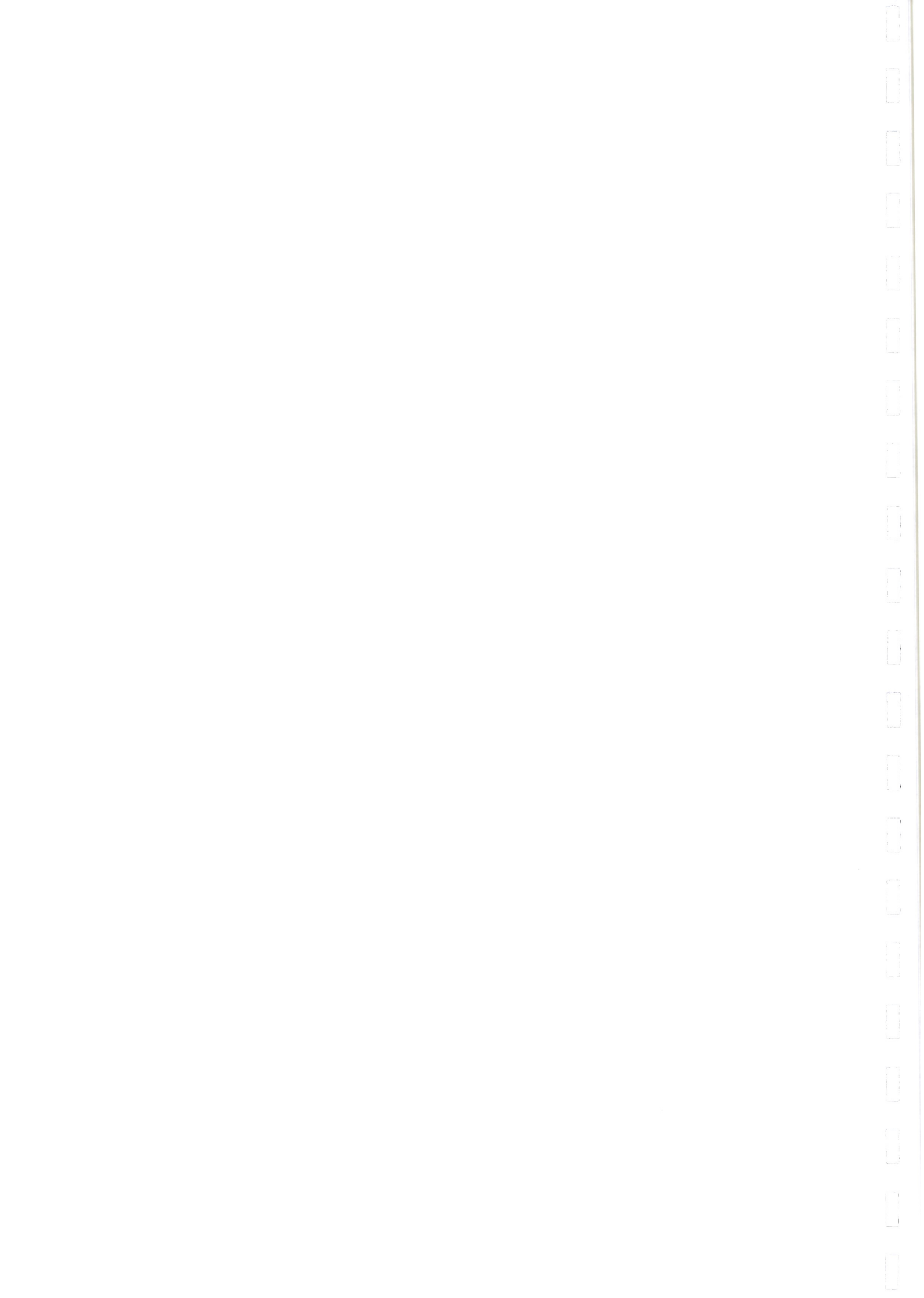
The directors are responsible for the preparation of financial statements which give a true and fair view of the Authority's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

#### Basis of Opinion

The audit was conducted in accordance with the International Standards on Auditing. Those Standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. I believe the audit provides a reasonable basis for the opinion.

#### 1. Debtors- Kshs.728,420,538

The balance sheet as at 30 June 2006 reflects Trade and Other Receivables balance of Kshs.1,877,682,000. According to note 6 to the accounts, this balance includes amounts owed by the Ministry of Transport and Kenya Ferry Services Limited amounting to Kshs.287,231,402 and Kshs.441,189,136 respectively. The amounts have been outstanding for more than ten years inspite of the Public Investment Committee recommendations in its eighth and ninth reports that the Chief Executive liaises with the parent Ministry and the Treasury with a view to ensuring that the money is paid to the Authority without further delay. Although the Authority is in active correspondence with the Ministry and the Treasury, I am unable to confirm whether or if so, when the Authority will be able to recover the Kshs.728,420,538 owed from the Ministry of Transport and Kenya Ferry Services Limited as at 30 June 2006.



## 2. Unreconciled Bank Balances – Kshs.43,378,909

Included in the balance sheet is cash and bank figure of Kshs.730,578,000 as at 30 June 2006. This balance is, however, at variance with bank reconciliations cash book balances figure of Kshs.687,199,091 resulting in unreconciled difference of Kshs.43,378,909. The Authority has explained that the unreconciled differences arose from the inability of the Authority's accounting system to apply the appropriate foreign exchange ruling rate as prescribed by IAS No. 21. In the circumstances, it is not possible to confirm the bank balance of Kshs.730,578,000.

## 3. Rehabilitation of Tug Boat and Cranes –Kshs.258,399,900

Included in Work in Progress figure of Kshs.3,449,969,000 is rehabilitation costs for Tug-Boat, El-Lamy and two Reach Stackers for Kshs.Kshs.203,399,900 and Kshs.55,000,000 respectively. In spite of the Tug-boat not being operational, the cost of rehabilitation surpassed the purchase price of Kshs.202,662,295.41. That notwithstanding, the rehabilitation project for the two Reach Stackers was not tendered for, contrary to the procurement regulations governing procurement process for all public entities. Further, the expenditure documents for the rehabilitation cost of Kshs.55,000,000 were not made available for audit verification. In the circumstances, it was not possible to establish if the Authority obtained value for the rehabilitations cost amounting Kshs 258,399,900.

## 4. Finance Costs –Kshs.308,743,087.50

The Profit and Loss Account Expenditure of Kshs.9,654,013,000 includes finance costs figure of Kshs.1,373,115,000 which, according to note 2(c) to the accounts, relates to write-offs of Trade Debtors of Kshs.295,657,096. However, supporting schedules for this figure and board approval for the write-offs were not produced for audit review. Further, included in the finance costs is a figure of Kshs.13,085,991.50 being inventory loss which was charged to the Authority's Profit and Loss Account without the Board's approval. It was, therefore, not possible to confirm the validity of the write-offs and inventory loss amounting to Kshs.308,743,087.50 in the Profit and Loss Account of the Authority for the year ended 30 June 2006.

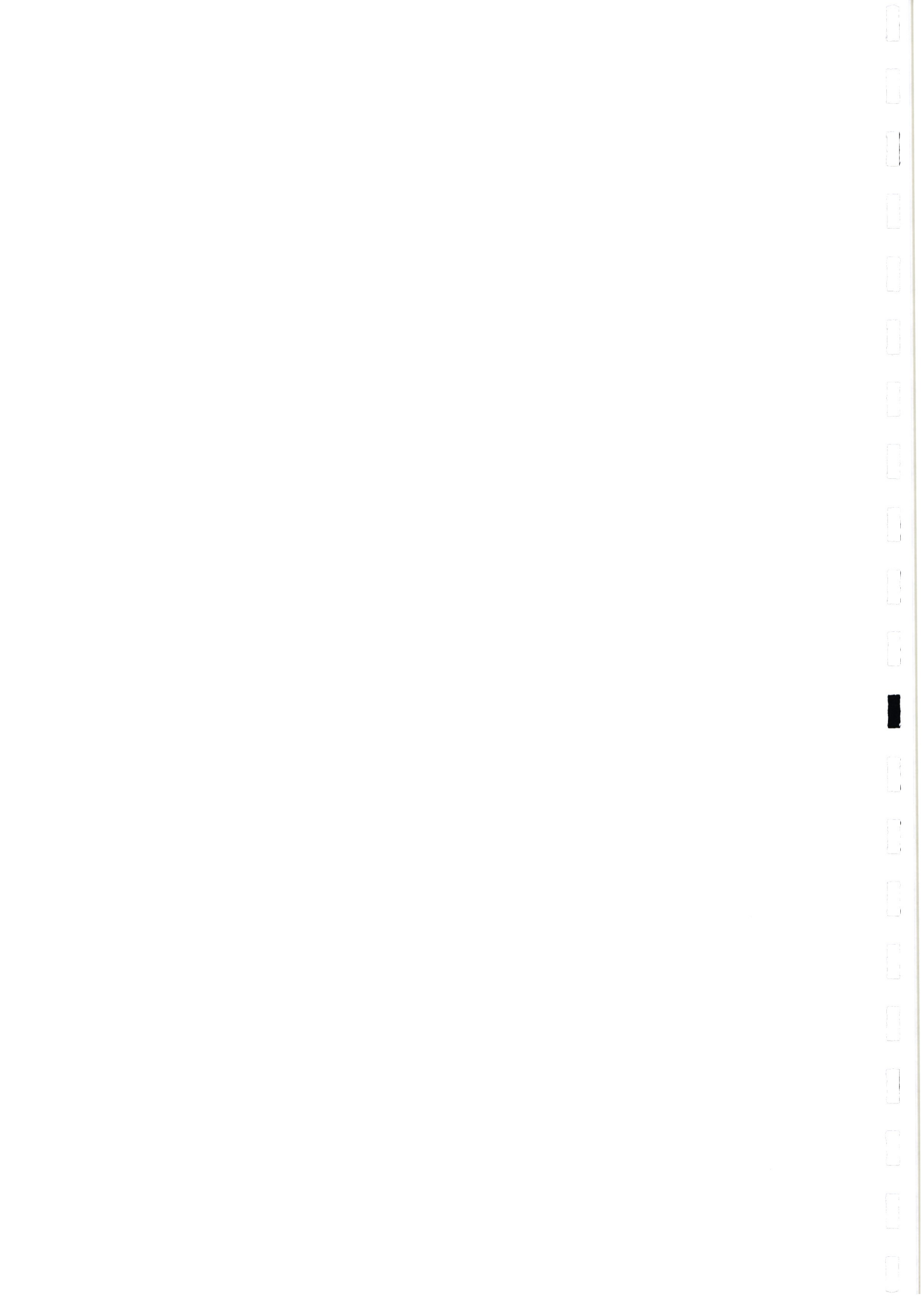
## Opinion

Except for the foregoing reservations, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of the Authority as at 30 June 2006 and of its profit and cash flows for the year then ended and comply with the Kenya Ports Authority Act (Cap 391 of the Laws of Kenya).

  
P. N. KOMORA  
CONTROLLER AND AUDITOR GENERAL

Nairobi

22 February 2007






# KENYA PORTS AUTHORITY

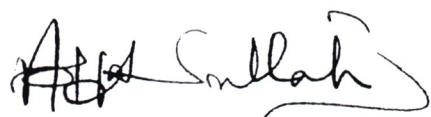
## PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006	2005
		Kshs '000'	Kshs '000'
INCOME	2	12,774,858	13,669,405
EXPENDITURE	2	<u>9,654,013</u>	<u>10,553,538</u>
<b>PROFIT BEFORE TAXATION</b>		<b>3,120,845</b>	<b>3,115,867</b>
TAXATION	10	<u>1,074,245</u>	1,324,526
<b>PROFIT AFTER TAX</b>		<b><u>2,046,600</u></b>	<b>1,791,341</b>



General (Ret) J.R. Kibwana, EGH, CBS  
**CHAIRMAN**



Abdallah H. Mwaruwa,  
**MANAGING DIRECTOR**

27 September 2006





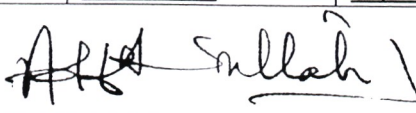


# KENYA PORTS AUTHORITY

## BALANCE SHEET AS AT 30 JUNE 2006

<b>ASSETS:</b>	<b>NOTE</b>	<b>2006</b>	<b>2005</b>
		<b>Kshs '000'</b>	<b>Kshs'000'</b>
<b>Non Current Assets</b>			
Plant, property & equipment	3a	19,767,045	18,757,857
Investment Property	3d	197,466	223,568
Long term investments	4a	805,571	786,670
Intangible assets	3c	542,430	976,374
		<b>21,312,512</b>	<b>20,744,469</b>
<b>Current Assets</b>			
Short Term Investments	4b	1,665,381	2,618,511
Inventories	5	335,616	296,184
Trade & other receivables	6	1,877,682	1,974,576
Prepayments & Accrued Income	7b	604,445	5,405
Cash & Bank	7a	730,578	642,813
		<b>5,213,702</b>	<b>5,537,489</b>
<b>TOTAL ASSETS</b>		<b>26,526,214</b>	<b>26,281,958</b>
<b>LIABILITIES</b>			
<b>Capital and Reserves</b>			
General Reserves	13	(843,694)	(2,711,627)
Capital Reserves	13	15,759,726	15,759,726
		<b>14,916,032</b>	<b>13,048,099</b>
<b>Non-Current Liabilities</b>			
External Debt	9	2,118,739	3,472,033
Accrued Pension Liability	1h	4,795,952	6,439,952
Deferred Tax Liability	10	356,191	97,240
		<b>7,270,882</b>	<b>10,009,225</b>
<b>Current Liabilities</b>			
Trade & other payables	8	1,380,341	1,040,550
Tax payable		0	121,107
Proposed dividend	1k	307,000	405,000
External Debt: current portion	9	1,007,959	1,213,977
Pension liability: current portion	1h	1,644,000	444,000
		<b>4,339,300</b>	<b>3,224,634</b>
<b>TOTAL CAPITAL &amp; LIABILITIES</b>		<b>26,526,214</b>	<b>26,281,958</b>

  
**General (Ret) J.R. Kibwana, EGH, CBS**  
**CHAIRMAN**

  
**Abdallah H. Mwaruwa,**  
**MANAGING DIRECTOR**





# KENYA PORTS AUTHORITY

## CASH FLOW FOR THE YEAR ENDED 30 JUNE 2006

	2006 Kshs'000'	2006 Kshs'000'	2005 Kshs'000'	2005 Ksh'000'
<b>OPERATING ACTIVITIES</b>				
Operating profits before tax		<b>3,120,845</b>		<b>3,115,867</b>
Add/deduct:				
Depreciation	1,979,061		1,670,371	
Write off: plant property & equipment	0		654,068	
Write off: trade receivables	295,657		65,088	
Write off: other receivables	0		10,368	
Write off: inventories	(1,326)		317,644	
Net inventory losses	9,921			
Interest	264,995			
Unrealized exchange loss	145,917		611,593	
Unrealized exchange gain	(242,363)	2,451,862	(528,923)	2,800,209
<b>Net Cash generated from operations</b>		<b>5,572,707</b>		<b>5,916,076</b>
<b>Working Capital changes</b>				
Inventories	(39,432)		310,800	
Prepayments	(48,020)		8,368	
Receivables	96,894		(150,957)	
Creditors	339,791	349,233	(67,297)	100,914
Net cash from operating activities		<b>5,921,940</b>		<b>6,016,990</b>
Tax paid	(1,484,815)		(1,324,114)	
Dividend paid	(405,000)		(386,093)	
Pension Paid	(444,000)		(434,998)	
Net cash out flow		<b>(2,333,815)</b>		<b>(2,145,205)</b>
<b>Investing Activities</b>				
Capital Works	(2,473,897)		(6,872,746)	
Direct acquisition/capitalization	(136,385)	<b>(2,610,282)</b>	(60,057)	<b>(6,932,803)</b>
<b>Financing Activities</b>				
Repayment of long term loans	(1,559,312)		(426,076)	
Bank loan	0		4,822,000	
Additions on term investment	(18,901)		(153,373)	
Interest paid	(264,995)	<b>(1,843,208)</b>	166,538	<b>4,409,089</b>
Net increase in cash & cash equivalent		(865,365)		1,348,071
Cash and cash equivalents as at 1.7.2005		3,261,324		1,913,253
<b>Cash and cash equivalents as at 30.06.2006</b>		<b>2,395,959</b>		<b>3,261,324</b>





# KENYA PORTS AUTHORITY

## STATEMENT OF CHANGES IN EQUITY: 30 JUNE 2006

DESCRIPTION	CAPITAL RESERVES	GENERAL RESERVES	FOREIGN CURRENCY RESERVES	TOTAL
	Kshs '000'	Kshs'000'	Kshs'000'	Kshs '000'
Balance as at 01/07/2004	15,759,726	(4,446,132)	(264,130)	11,049,464
Forex movement adjustment			243,091	243,091
Fixed asset adjustments		369,612		369,612
Dividend		(405,000)		(405,000)
Retained Earnings		1,791,341		1,791,341
Balance as at 30/06/2005	15,759,726	(2,690,544)	(21,039)	13,048,143
Balance as at 01/07/2005	15,759,726	(2,690,544)	(21,039)	13,048,143
Profit after tax		2,046,600		2,046,600
Dividends		(307,000)		(307,000)
Forex account adjustments			140,726	140,726
Fixed assets adjustments		(6,422)		(6,422)
Other adjustments		(6,015)		(6,015)
<b>BALANCE AT 30.06.2006</b>	<b>15,759,726</b>	<b>(963,381)</b>	<b>119,687</b>	<b>14,916,032</b>



# KENYA PORTS AUTHORITY

## 1. ACCOUNTING POLICIES

Principal Accounting Policies adopted in the preparation of the financial statements are set out below:

### a) Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Authority adopts the historical cost basis of accounting as modified by the revaluation of certain fixed assets.

### b) Revenue Recognition

- (i) Revenue is recognized at the time of billing while interest income is accrued on a time basis by reference to the outstanding principal outstanding and the applicable interest rate.
- (ii) Expenditure is recognized when the Authority is invoiced. Expenditure which can be ascertained is accrued at year-end.

### c) Leasehold property

Leasehold property has not been amortized since they are infinite in life and the monthly amortization is not material.

### d) Foreign currency transactions

Foreign currency items are expressed in Kenya Shillings at the rate of exchange ruling at the balance sheet date. Transactions during the year are accounted for at the rates ruling when the transactions took place. The resultant realized profit or losses are dealt with in the profit and loss account while the unrealized gain and losses are adjusted through a currency fluctuation account.





## KENYA PORTS AUTHORITY

### e) Debtors

Debtors are recognized at cost. A general provision of 5% has been made on the trade debtors' balance to cater for doubtful debtors.

### f) Stocks

Stocks are recognized at the lower of current cost and net realizable value. A provision of 5% of the stock value has been made to cater for losses arising from deterioration and obsolescence of stocks.

### g) Investments

The Authority recognizes its investment at cost. Provision for impairment is only made where the Board is of the opinion that the historical cost does not reflect the fair market values. Interest is recognized as and when earned.

### h) Retirement Benefits Policy

Provisions have been made to meet contributions to staff Pension Scheme. The Authority operates a defined benefits scheme for its employees. The Scheme is administered by a Board of Trustees and is funded by contributions from both the Authority (as the Sponsor) and the employees. Contributions to the Scheme are charged to profit and loss account in the year to which they relate.

Independent actuaries subject to valuations once every 3 years in conformity with the requirements of the Retirement Benefits Act 1997. The first such valuation was carried out as at 30<sup>th</sup> June, 2002 by Alexander Forbes, Financial Services (E.A) Ltd Consultants and Actuaries where a deficit of kshs.7.8 billion was reported.

In order to address the deficit, Scheme Trustees and the Authority agreed on a remedial plan which was approved by RBA on 19<sup>th</sup> December, 2003 and adopted by members during their Annual General Meeting of 8<sup>th</sup> May 2004.

In line with the remedial plan, the sponsor was expected to transfer assets in cash amounting to approximately kshs.1.2 billion. In addition the sponsor was required to enhance its monthly cash contribution to reduce the deficit, from current annual contributions of kshs.408 million to kshs.1,008 million in 2007. These cash injections had the effect of reducing the deficit by the same amount.





## KENYA PORTS AUTHORITY

As at 30<sup>th</sup> June 2006 the sponsor had not effected the transfer of a net worth

Kshs.1.2 billion to the scheme pending cabinet approval. Meanwhile, approval was granted for the Authority to remit kshs.600 million to the scheme following the decision by the Authority's Board to commence enhanced remittances a year earlier than the stipulated in the remedial plan. Monthly contributions to the scheme also continued on a timely and regular basis. In order to closely monitor the deficit, the Trustees resolved that actuarial valuations would be carried out at annual intervals. The latest such valuation reported the deficit as at 31<sup>st</sup> December 2005 was kshs.6.5 billion set of transfers.

### i) Cash and cash equivalents

For purposes of Cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call and Treasury Bills with maturity of 91 days.

### j) Taxation

Income tax expense represents the sum of current tax payable and deferred taxation.

- a. **Current taxation** is provided on the basis of the results for the year as shown in the financial statements adjusted in accordance with tax legislation.
- b. **Deferred income tax** is provided, under the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Currently enacted tax rates are used to determine deferred income tax.

### k) Dividend policy

Dividend is charged on profit after tax at the predetermined rate as agreed by the Board and the shareholder under performance contract. For the year under review, the applicable rate is 15% of profit after tax

### l) Comparatives

Where applicable comparatives have been restated to conform to changes in presentation.



## KENYA PORTS AUTHORITY

m) Comparatives

Where applicable comparatives have been restated to conform to changes in presentation

n) Fixed assets and depreciation

**Fixed assets** are stated at cost or valuation less accumulated depreciation. Fixed assets in the books as at 30<sup>th</sup> June 1994 were revalued by Tyson's Ltd, registered property valuers. The Authority revalues assets as and when Management deems it necessary.

**Depreciation** is calculated on the straight line basis at annual rates estimated to write off the carrying values of the assets over their expected useful lives. The annual rates used are stated below:-

**Computers** and software capitalized during the year were subjected to depreciation over a period of 3 years. But those capitalized prior to 30<sup>th</sup> June 2004 were depreciated over a period of 5 years.



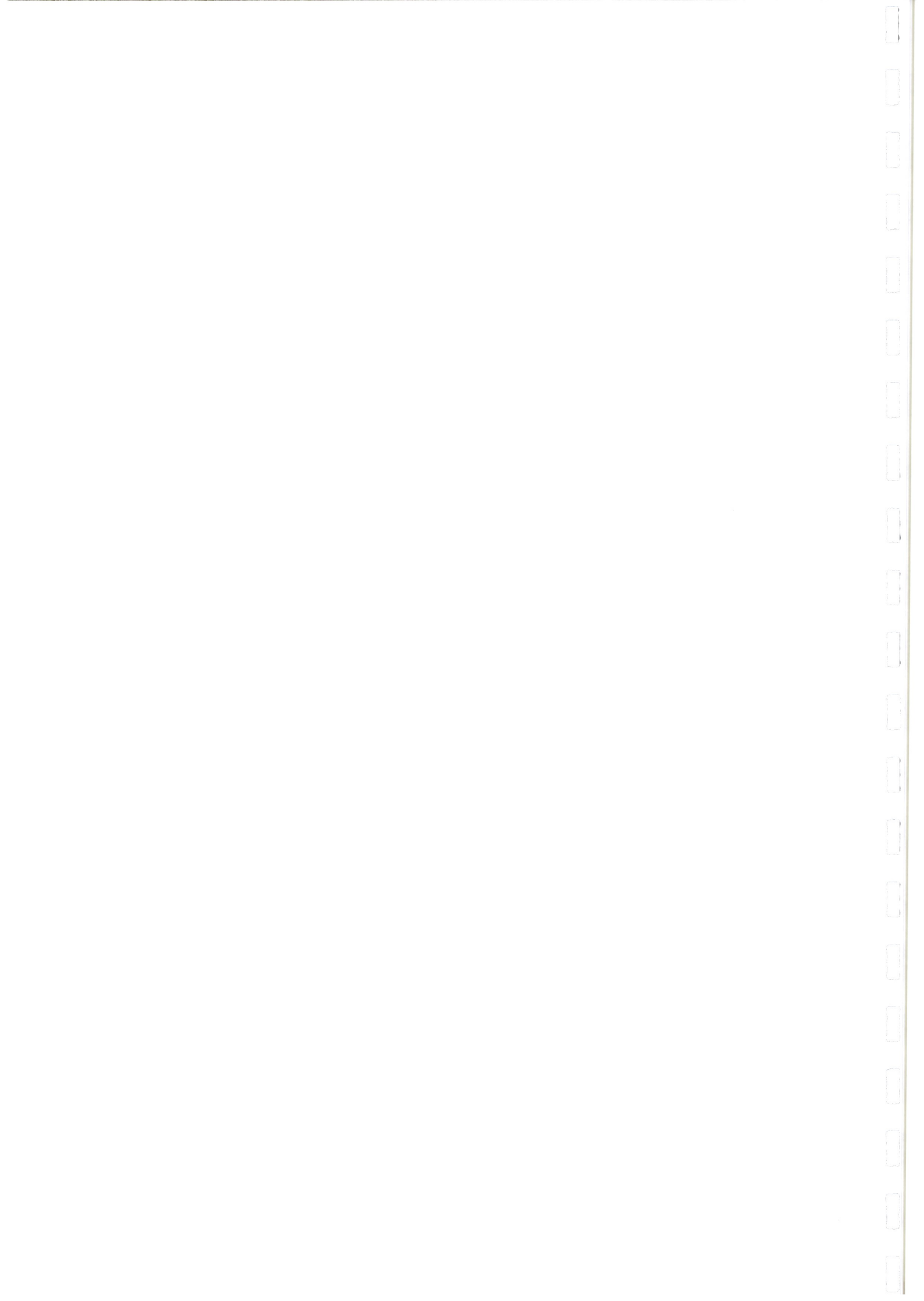
# KENYA PORTS AUTHORITY

## DEPRECIATION RATES

FOR THE YEAR ENDED 30 JUNE 2006

No of years      Rate (%)

	No of years	Rate (%)
Dredging works	40	2.5
Buildings	40	2.5
Rail Lines	40	2.5
Roads	40	2.5
Quays	40	2.5
Cranes	20	5
Forklift Trucks	5	20
Tractors	5	20
Vehicles	5	20
Tugs	20	5
Telecom Equipment	10	10
IT software and equipment	3	33.3
Boats	10	10





# KENYA PORTS AUTHORITY

## DETAILED PROFIT AND LOSS ACCOUNT: 30 JUNE 2006

		2006		2005	
		Kshs'000'	Kshs'000'	Kshs'000'	Kshs '000'
	Notes				
<b>Operating Revenue</b>	<b>2a</b>		<b>11,970,809</b>		<b>12,443,528</b>
<b>Operating Expenditure</b>					
Establishment Expenses	<b>2b(i)</b>	4,676,385		4,511,934	
Administrative Expenses	<b>2b(ii)</b>	739,245		355,502	
Other Operating Expenses	<b>2b(iii)</b>	2,757,000	8,172,630	3,087,347	7,954,783
Gross Operating Profit			3,798,179		4,488,745
Non Operating Income	<b>2a(i)</b>		804,049		1,225,877
Profit before Finance Costs			4,602,228		5,714,622
Finance & Legal Costs	<b>2c&amp;d</b>		1,481,383		2,598,755
<b>Profit before Tax</b>			<b>3,120,845</b>		<b>3,115,867</b>
Tax for year	<b>10</b>		1,074,245		1,324,526
<b>Profit after tax</b>			<b>2,046,600</b>		<b>1,791,341</b>
Dividends			307,000		405,000
<b>Retained Earnings</b>			<b>1,739,600</b>		<b>1,386,341</b>

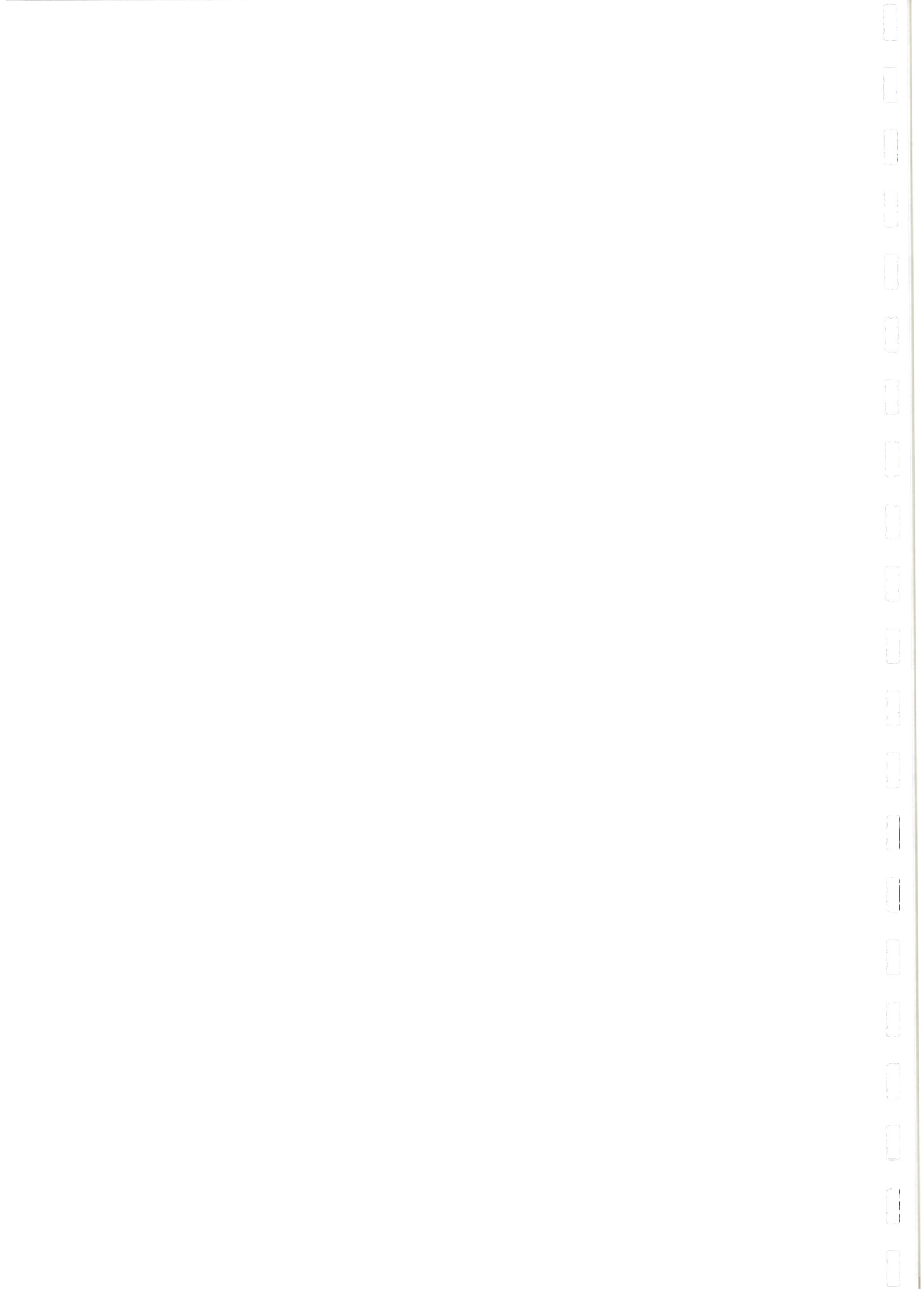


# KENYA PORTS AUTHORITY

## DETAILED NOTES TO THE FINANCIAL STATEMENTS **PROFIT & LOSS ACCOUNT: 30 JUNE 2006**

### NOTE 2a: OPERATING REVENUE

	2006	2005
	<u>Kshs '000'</u>	<u>Kshs '000'</u>
PILOTAGE	189,281	183,725
TUG SERVICES DUES	319,651	311,611
MOORING	33,345	37,876
NAVIGATIONAL DUES	51,730	52,153
PORT DUES	171,386	169,781
DOCKAGE	178,753	199,831
FRESH WATER - NORMAL	5,115	5,323
LAID UP VESSELS	2,177	2,394
STEVEDORING	3,355,325	3,488,636
HIRE OF LABOUR/EQUIPMENT	49,142	51,240
HANDLING OF EMPTY CONTAINERS	483,056	452,142
HANDLING OF FULL CONTAINERS	431	373
SHOREHANDLING	4,418,770	4,666,206
REMOVAL CHARGES	122,265	166,501
CONTAINER STRIPPING/STUFFING	8,673	5,791
CUSTOMS WAREHANDLING CHARGES	327,812	348,664
STORAGE OF GENERAL CARGO	198,022	198,440
STORAGE - EMPTY CONTAINERS	24,138	4,626
STORAGE-FULL CONTAINERS	2,014,902	2,079,752
JETTY FEES	1,910	759
LICENCES	2,047	1,977
CREW LIST	1	44
OTHER REVENUE	3,962	7,471
MARINE CHARGES	1,588	2,114
STORAGE	1	0
SALE OF FRESH WATER	1,676	1,073
OTHER MISCELLANEOUS REVENUE	5,650	5,025
<b>TOTAL</b>	<b>11,970,809</b>	<b>12,443,528</b>





# KENYA PORTS AUTHORITY

## NOTE 2a (i): NON OPERATING REVENUE

	2006	2005
	Kshs '000'	Kshs '000'
RENT & RATES RECEIVABLE	94,018	100,699
BANDARI COLLEGE	22,162	34,015
RECOVERY FROM HOUSED EMPLOYEES	127,791	115,148
P/L - SALE OF SURVEYED STOCK	1,643	4,342
SALE OF PASSES	31,358	35,847
SALE OF BOOKS AND DOCUMENTS	8,182	5,295
SUNDRY INCOME	48,433	52,312
P/L ON SALE OF FIXED ASSETS	8,313	0
REALISED FOREIGN EXCHANGE GAIN	41,826	130,558
UNREALISED FOREIGN EXCHANGE GAIN	242,363	528,923
INVENTORY DIFFERENCE GAIN	3,165	497
INTEREST ON STAFF LOANS	14,686	21,941
BANK INTEREST EARNINGS	159,977	195,955
RENT FROM LEASED HOUSES	10	0
PRICE DIFFERENCE GAIN	122	346
	<b>804,049</b>	<b>1,225,877</b>





# KENYA PORTS AUTHORITY

## NOTE 2b(i): ESTABLISHMENT EXPENSES

	2006	2005
	Kshs '000'	Kshs '000'
BASIC SALARY	1,704,525	1,690,193
TOOLS ALLOWANCE	94	55,340
SURVEY ALLOWANCES	6,570	819
OVERTIME	636,896	601,228
STAFF ALLOWANCES	319,844	320,154
WAGES CASUALS	139,855	109,588
OVERTIME CASUALS	88,486	64,606
NORMAL STAFF HOUSING	676,084	620,291
LEASED STAFF HOUSING	17,962	48,591
HOUSEHOLD EQUIPMENTS	1,983	148
SPECIAL ACCOMMODATION	7,497	4,925
DUTY TRAVEL	89,974	198,801
DUTY TRAVEL	6	62
LEAVE TRAVEL	97,029	82,688
MOTOR MILEAGE	158,942	86,005
STAFF PENSION	410,173	406,400
STAFF GRATUITY	51,184	18,457
LONG SERVICE AWARDS	6,833	5,343
SOCIAL SECURITY	9,901	8,753
MEDICINES	73,128	82,542
REFERRALS	23,832	35,296
HOSPITAL BILLS	92,630	57,866
X-RAY COSTS	7,041	7,082
LABORATORY SERVICES	2,955	2,322
FIRST AID	3,058	2,592
AMBULANCE SERVICES	34	26
PRESERVATION CHARGES	288	333
MEDICAL EDUCATION EXPENSES	1,308	1,745
STAFF HOUSES REPAIR	43,010	50,489
INCENTIVE SCHEME	3,901	3,197
AIDS TREATMENT	1,362	1,336
	<b>4,676,385</b>	<b>4,511,934</b>



## KENYA PORTS AUTHORITY

### NOTE 2b (ii) : UTILITIES

	2006	2005
	Kshs. '000'	Kshs. '000'
ELECTRICITY SERVICES	115,278	99,550
TELEPHONE/TELEX/FAX SERVICES	24,705	41,056
WATER SUPPLY SERVICES	32,666	55,445
CITY & MUNICIPAL COUNCIL RATES	31,716	34,436
OFFICE RENTAL-KAMPALA	768	1,597
	<u>205,133</u>	<u>232,084</u>





# KENYA PORTS AUTHORITY

## NOTE 2b(ii): GENERAL ADMINISTRATIVE EXPENSES

	2006	2005
	Kshs '000'	Kshs '000'
LIBRARY & ARCHIVES	1,557	2,384
NURSERY SCHOOLS	659	650
LAUNDRY	995	339
PROVISIONS & CATERING	5,590	3,050
CLEANING OF CARPETS & CURTAINS	56	1,085
DIRECTORS EXPENSES	27,379	(18)
FURNITURE & EQUIPMENT	8,771	23,534
PRINTING & STATIONERY	62,715	40,869
STAMP FRANKING & COURIER SERV.	2,317	1,509
PHOTOCOPYING SERVICES	2,364	2,484
OFFICE EQUIPMENT AND CONSUMABLES	7,684	10,254
ENTERTAINMENT ALLOWANCE	3,290	3,239
CLUB MEMBERSHIP FEES	1,535	1,529
PRINTING MATERIALS	27,099	41,163
RETIREES ENTERTAINMENT EXPENSES	0	1
POLICE SERVICES	3,533	4,354
SECURITY GUARDS SERVICES	30,350	35,797
PORT PASSES	6,911	9,445
RADIO SERVICES	365	928
EQUIPMENT	0	161
OUTREACH	9,633	14,252
DONATIONS	5,762	3,577
VALUE ADDED TAX EXPENDITURE	34,586	42,598
	<b><u>243,151</u></b>	<b><u>243,184</u></b>





## KENYA PORTS AUTHORITY

### NOTE 2b(ii): STAFF DEVELOPMENT & PR COSTS

	2006 Kshs '000'	2005 Kshs '000'
PUBLICITY & ADVERTISING	35,458	21,841
SUBSCRIPTIONS & DONATIONS	2,745	5,832
GUEST HOUSE COSTS	209	366
HIRE OF TRANSPORT FOR VIPs	0	59
HIRE OF COM. BUS SERVICE	22,023	19,487
AGRICULTURAL SOCIETY OF KENYA SHOWS	9,398	10,061
KENYA COMMUNICATION SPORTS ORGANIZATION	6,459	4,091
OTHER SPORTS	6,321	9,138
WELFARE	13,719	18,189
INDUSTRIAL RELATIONS COSTS	2,563	1,904
DEVELOPMENT STUDIES	69,045	64,930
CONSULTANT FEES	0	7,117
TRAINING – BANDARI COLLEGE	0	45
TRAINING - OTHER LOCAL	175	30,937
TRAINING – ESAMI , ARUSHA	0	10
TRAINING - OTHER ABROAD	76,091	40,736
TRAINING - INDUSTR.ATTACHMENT	1,067	1,101
TRAINING LEVY	982	2,099
CONFERENCES & SEMINARS	379	649
CURRICULUM DEVELOPMENT	4,024	4,753
TRADE TESTING MATERIALS	77	87
RECRUITMENT COSTS	2,935	3,621
ACCOMMODATION COSTS	2,601	3,636
RETIREES TOKEN GIFTS	9,135	7,307
RETIREES TRAVEL WARRANTS	8,287	8,589
RETIREES PERSONAL EFFECTS COST	17,061	22,691
MARKETING EXPENSES	207	263
	<b>290,961</b>	<b>289,539</b>





# KENYA PORTS AUTHORITY

## NOTE 2b(iii): MAINTENANCE COSTS

	2006 Kshs '000'	2005 Kshs '000'
HARDWARE BUILDING MAINTENANCE	133,256	138,393
HIGHWAY MAINTENANCE	0	3
RUNNING STORES	1,524	968
MARINE SPARES	8,238	7,977
DIVING & SIGNAL EQUIPMENT	344	450
BUOYS	868	3,867
ANTI-POLLUTION MATERIALS	12	1,074
FLOWERS & PLANTS	402	709
3 <sup>RD</sup> PARTY REPAIRS	0	40
CRANE SPARES	53,064	110,779
CRANE SPARES	0	89
FUEL	271,997	213,985
OILS	20,605	23,592
LUBRICANTS AND CLEANISING AGENTS	11,178	4,326
GAS CUTTING AND WELDING SUPPLIES	2,037	3,016
GAS CUTTING AND WELDING SUPPLIES	0	3
FIRE FIGHTING & SAFETY	918	0
UNIFORMS & CLOTHING	49,674	12,938
CLEANING IMPLEMENTS AND DETERGENTS	19,553	11,326
WORKSHOP TOOLS AND EQUIPMENT	6,305	10,283
WORKSHOP TOOLS AND EQUIPMENT	0	25
COMMUNICATION & EQUIPMENT SPARES	5,270	6,230
MEDICAL EQUIPMENT	(1,600)	13,281
REPAIR OF OFFICE MACHINES	0	69
STORES MAINTENANCE	6	9
REPAIRS OF MOBILE EQUIPMENT	26	0
REPAIRS: PORT INFRASTRUCTURE WORK	76,907	106,152
MOBILE PLANT SPARES	97,556	84,746
MOBILE PLANT SPARES	112	617
ELECTRICAL SPARES	18,533	14,203
TYRES AND TUBES	57,702	52,517
TYRES AND TUBES	0	460
REFRIGERATION AND AIR CONDITIONING	3,590	2,964
BATTERIES CHARGES AND CLOCKS	4,291	1,882
CAPITAL MINOR WORKS	(136,241)	68,379
EXTERNAL SERVICES	71,814	112,084
EXTERNAL SERVICES	0	233
	<b>777,939</b>	<b>1,007,669</b>







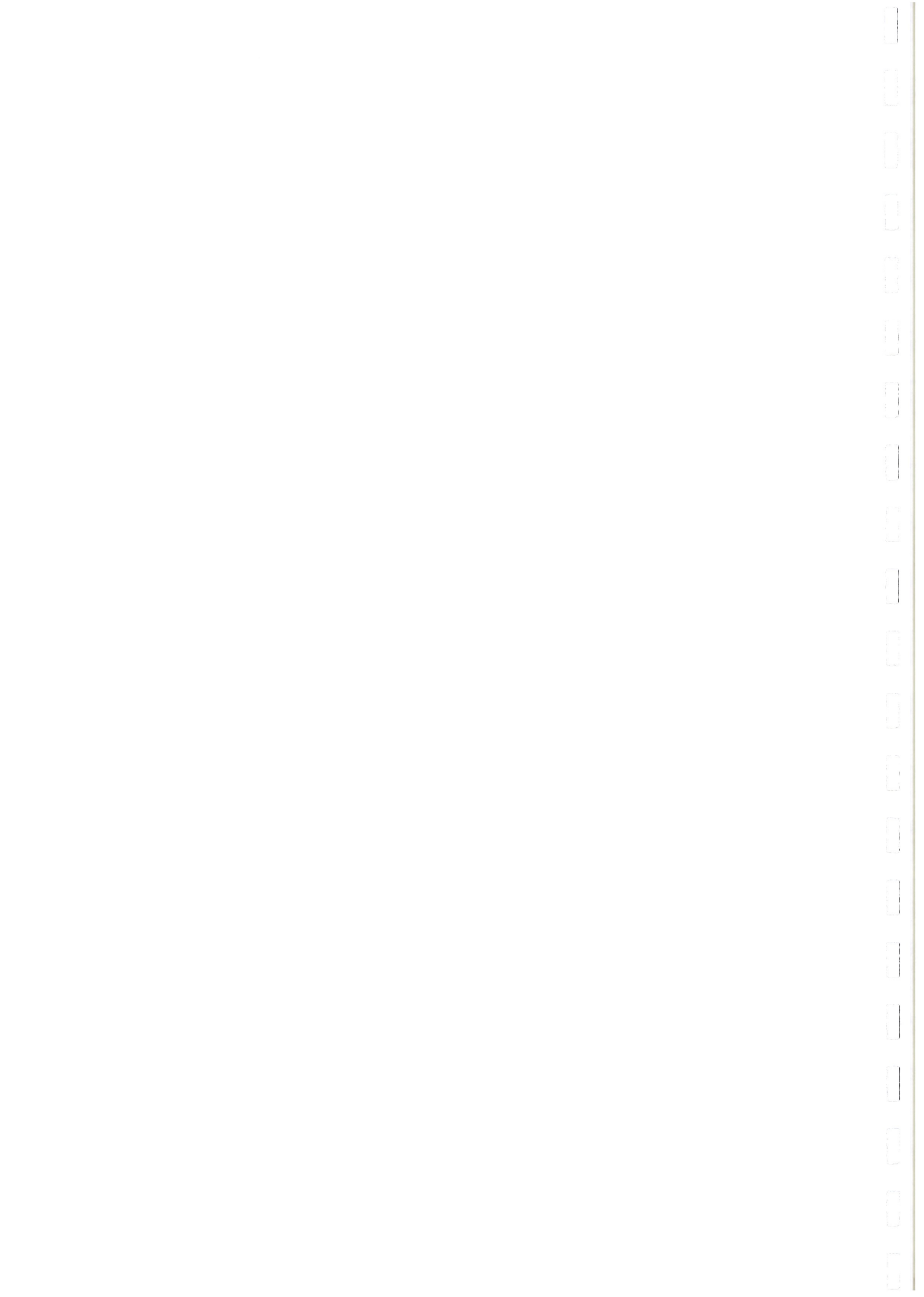
# KENYA PORTS AUTHORITY

## NOTE 2b(iii): DEPRECIATION

	2006 Kshs '000'	2005 kshs '000'
ANNUAL DEPRECIATION	1,979,061	1,670,384

## NOTE 2c: FINANCE COSTS

	2006 Kshs '000'	2005 Kshs '000'
DISCOUNT ALLOWED TO CUSTOMERS	12,245	12,905
AUDIT FEES	0	27,360
BANK COMMISSION	14,211	48,716
BANK CHARGES	6,420	33,867
SURVEY FEES	27	7,311
EXT.AUDIT REIMBURSEMENTS	89	123
INTEREST CHARGES ON OVERDRAFT	0	886
FRINGE BENEFIT TAX	0	(546)
CONSULTANT FEES	1,337	1,260
INTEREST CHARGES- L/TERM LOANS	264,995	166,538
WRITE-OFFS -STOCK	(1,326)	317,644
WRITE-OFFS - TRADE DEBTORS.	295,657	65,088
WRITE-OFFS- OTHER DEBTORS	0	10,368
WRITE-OFFS - FIXED ASSETS	0	654,068
TAX ARREARS ,INTEREST AND PENALTIES	230,164	243,219
REALISED FOREIGN EXCHANGE LOSS	202,815	109,995
UNREALISED FOREIGN EXCHANGE LOSS	145,917	611,593
COMPUTER BUREAU	23,558	11,427
MICROCOMPUTER DEVELOPMENT	2,989	3,393
WEBSITE	821	150
LICENCES _COMPUTERS	154,794	62,452
COST OF INTERDEPOT TRANSFER	0	44
PROVISION FOR OBSOLETE STOCK	2,115	0
GENERAL PROV. BAD DEBT	5,396	12,744
INVENTORY DIFFERENCES LOSS	13,086	1,055
STOCK TAKE EXPENSES	1,968	1,116
MISCELLANEOUS EXPENSES	11,261	5,721
PROFESSIONAL EDUCATION EXPENSES	2,608	693
MISCELLANEOUS WORK IN PROGRESS	-18,067	0
PRICE DIFFERENCE LOSS	35	221
<b>TOTAL</b>	<b>1,373,115</b>	<b>2,409,411</b>





## KENYA PORTS AUTHORITY

### NOTE 2d: LEGAL COSTS

	2006	2005
	Kshs '000'	Kshs '000'
INSURANCE PREMIA	65,605	132,371
ACCIDENT CLAIMS	980	13,239
UN-INSURED LOSS/CLAIMS	2,386	5,476
COMPEN.CLAIMS/CARGO INTERESTS	1,908	257
WORKMAN'S COMPENSATION	500	410
COURT FEES	36,196	36,573
CAR REGISTRATION & LICENCES	408	617
REGISTRATION – LEGAL DOCUMENTS	285	403
<b>SUB-TOTAL</b>	<b>108,270</b>	<b>189,345</b>
<b>GRAND TOTAL</b>	<b><u>1,481,383</u></b>	<b><u>2,598,756</u></b>





# KENYA PORTS AUTHORITY

## NOTE 3a: PLANT, PROPERTY, EQUIPMENT & WORK IN PROGRESS

### (i) Plant, Property & Equipment

DESCRIPTION	LAND AND BUILDINGS	MOTOR VEHICLES, BOAT, FORKLIFT, TUGS & CRANES	EQUIPMENT, SERVICES, SYSTEMS	ROADS, BRIDGES, JETTIES & WHARVES	TOTAL
	Kshs'000'	Kshs'000'	Kshs '000'	Kshs'000'	Kshs'000'
<b>COST OR VALUATION</b>					
Balance as at 01.07.2005	7,788,048	9,892,101	1,082,098	7,022,612	25,784,859
Additions	7,726	4,364,748	90,929	53,416	4,516,819
Disposals	(1,700)	(7,917)			(9,617)
* Adjustment	(6,422)				(6,422)
**Reclassification	(394,269)	78,283	162,255	153,731	0
<b>Balance as at 30.06.2006</b>	<b>7,393,383</b>	<b>14,327,215</b>	<b>1,335,282</b>	<b>7,229,759</b>	<b>30,285,639</b>
<b>DEPRECIATION</b>					
Balance as at 01.07.2005	2,099,163	5,951,436	612,648	3,795,210	12,458,457
Disposals/Write offs		(7,917)			(7,917)
Charge for the year	206,360	816,481	190,920	304,264	1,518,025
Reclassification	(221,723)	44,366	96,741	80,616	0
<b>Balance as at 30.06.2006</b>	<b>2,083,800</b>	<b>6,804,366</b>	<b>900,309</b>	<b>4,180,090</b>	<b>13,968,565</b>
<b>N.B.V.</b>					
As at 01.07.2005	5,860,212	3,940,666	480,867	3,268,226	13,549,970
<b>As at 30.06.2006</b>	<b>5,309,583</b>	<b>7,522,849</b>	<b>434,973</b>	<b>3,049,669</b>	<b>16,317,074</b>

Adjustment in land and buildings was occasioned by earlier misposting which was subsequently corrected.

Reclassifications were as a result of interim capitalization. On completion, the figures were posted to their respective classes.

Continuation overleaf





# KENYA PORTS AUTHORITY

## (PLANT, PROPERTY & EQUIPMENT) & WORK IN PROGRESS

### (II) Work in Progress

PROJECT DESCRIPTION	BALANCE AS AT 1.07.2005	EXPENDITURE DURING THE YEAR	CAPITALISATION	ADJUSTMENT	BALANCE AT 30.06.2006
	Kshs '000'	Kshs'000'	Kshs '000'	Kshs '000'	Kshs '000'
BASIC CONSTRUCTION	111,653	100,427	(92,305)	(28)	119,747
BUILDINGS AND SERVICE SYSTEMS	92,914	449,504	(4)	(1,278)	541,136
PLANT AND EQUIPMENT	444,030	336,229	(121,484)	(7,355)	651,420
	4,782,976	5,191,953	(4,166,641)	(3,670,622)	2,137,666
<b>TOTAL</b>	<b>5,431,573</b>	<b>6,078,113</b>	<b>(4,380,434)</b>	<b>(3,679,283)</b>	<b>3,449,969</b>

### NOTE 3c: INTANGIBLE ASSETS

COST			DEPRECIATION			NBV	
01.07.2005	ADDITION	30.06.2006	1.07.2005	CHARGE	30.06.2006	30.06.2005	30.06.2006
Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1301,832	0	1,301,832	325,458	433,944	759,402	976,374	<b>542,430</b>







# KENYA PORTS AUTHORITY

## NOTE 3d. INVESTMENT PROPERTY SCHEDULE – ELDORET

	Land and Building	Basic Construction	Services and Systems	Balance
<b>ASSETS</b>	kshs'000	kshs'000'	kshs'000'	kshs'000'
Balance as at 1.7.2005	365,497	73,903	24,361	463,761
Balance as at 30.6.2006	365,497	73,903	24,361	463,761
<b>DEPRECIATION</b>				
Balance as at 1.7.2005	194,170	33,079	12,944	240,193
Charge for the year	16,359	8,527	1,216	26,102
Balance as at 30.6.2006	210,529	41,606	14,160	266,294
<b>N.B.V as at 1.7.2005</b>	<b>171,327</b>	<b>40,824</b>	<b>11,417</b>	<b>223,568</b>
<b>N.B.V as at 30.6.2006</b>	<b>154,968</b>	<b>32,297</b>	<b>10,201</b>	<b>197,466</b>





# KENYA PORTS AUTHORITY

## NOTE 4a: LONG TERM INVESTMENTS

<u>DESCRIPTION</u>	<b>2006</b> Kshs '000'	<b>2005</b> Kshs '000'
<b>1. Fixed Deposits:</b>		
Housing Scheme Backup Funds-HFCK	225,373	205,458
Fixed Deposits- HFCK	172,485	193,850
Savings and Loans Ltd.	203,296	183,235
East African Building Society	20,971	20,681
	<b>622,125</b>	<b>603,224</b>
<b>2. Equities:</b>		
Kenya National Shipping Lines	54,347	54,347
Consolidated Bank	29,100	29,100
Kenya Ferry Services	100,000	100,000
	<b>183,447</b>	<b>183,447</b>
<b>Total</b>	<b><u>805,572</u></b>	<b><u>786,671</u></b>





## KENYA PORTS AUTHORITY

- (i) Funds invested with Housing Finance amounted to Kshs. 399 million out of which Kshs 225 million were held as lien on loans advanced to staff under the House Ownership Mortgage Scheme (HOMS). The mortgage funds earn interest at 10% p.a. while the rest of funds held earn 7.5% p.a.
- (ii) Funds invested with EABS amounting to Kshs. 21 million are held as security on loans advanced to staff under HOMS. They earn interest at 2% p.a.
- (iii) Kshs.100 million advanced to Kenya Ferry Services was converted and held as long term investment.
- (iv) Funds invested with Savings and Loan Ltd amounting to Kshs.203 million is held as a back up for advances to staff.
- (v) Included in long term investments is cost of equity held in:
  - a) Kenya National Shipping Lines: Kshs. 54 million
  - b) Consolidated Bank of Kenya Ltd: Kshs. 29 million





# KENYA PORTS AUTHORITY

## NOTE 4b: SHORT TERM INVESTMENTS

	2006	2005
	Kshs '000'	Kshs.'000'
Treasury Bills	212,170	658,800
Treasury Bills – 200M	0	250,000
Treasury Bills- 1 Billion	798,008	311,000
Treasury Bills	400,000	871,250
Treasury Bonds	-	200,000
Barclays call deposit	5,203	13,027
Citibank call deposit	250,000	190,950
Cooperative bank fixed deposit	-	123,484
	-----	-----
<b>Total</b>	<b><u>1,665,381</u></b>	<b><u>2,618,511</u></b>

## NOTE 4c: CASH & CASH EQUIVALENTS

	2006	2005
	Kshs '000'	kshs.'000'
Cash on hand and at bank	730,578	642,812
Short term investments	1,665,381	2,618,511
	-----	-----
<b>Total</b>	<b><u>2,395,959</u></b>	<b><u>3,261,323</u></b>







# KENYA PORTS AUTHORITY

## NOTE 5: INVENTORIES

	<b>2006</b> Kshs '000	<b>2005</b> Kshs '000'
Cost	354,078	311,773
5% provision for obsolescence and deterioration of stock	(18,462)	(15,589)
	<b>335,616</b>	<b>296,184</b>

## NOTE 6: TRADE & OTHER RECEIVABLES

	<b>2006</b> Kshs '000'	<b>2005</b> Kshs '000'
Trade Cargo debtors	394,082	406,629
Trade Marine debtors	<u>259,606</u>	<u>201,468</u>
<b>Total Trade Debtors</b>	<b>653,688</b>	<b>608,097</b>
5% Provision for bad debts	(33,685)	(30,649)
<b>Net trade debtors</b>	<b>620,003</b>	<b>577,448</b>
Staff advances:	234,144	319,107
<b>Other debtors:</b>		
Kenya Ferry Services	441,189	441,189
Mobilization	111,029	132,984
Ministry of Transport / Dredgco	287,231	287,231
Non Trade debtors	108,265	124,970
Kenya Railways Freight debtors	46,090	74,229
VAT accounts	66	(218)
Discount on T/Bills	14,422	0
Others	15,243	16,764
<b>Grand Total</b>	<b>1,877,682</b>	<b>1,974,576</b>



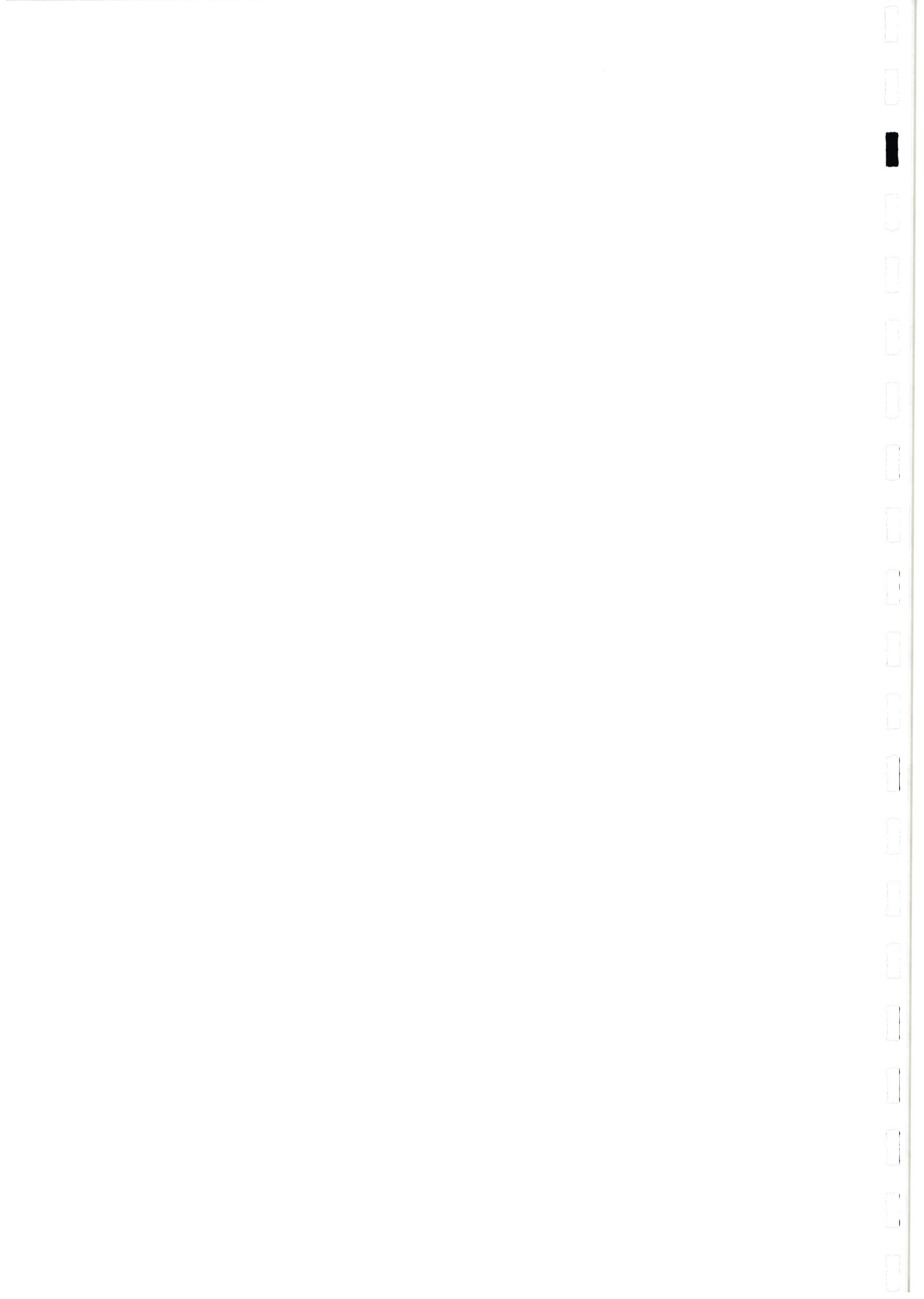
# KENYA PORTS AUTHORITY

## NOTE 7a: CASH AND BANK BALANCES

Name of the bank	2006 Kshs '000'	2005 Kshs '000'
National Bank Of Kenya	96,206	98,869
Kenya Commercial Bank	461	2,422
Standard Chartered Bank	359,850	371,447
Citibank N.A	171,635	91,523
Stanbic Uganda	(5,056)	639
Barclays Bank Of Kenya	5,292	13,610
Petty cash	5,801	5,000
Cash In Transit	94,857	58,390
Collections	1,526	907
Crown Agents	6	6
<b>Total</b>	<b><u>730,578</u></b>	<b><u>642,812</u></b>

## NOTE 7b: PREPAYMENTS & ACCRUED INCOME

Description	2006 Kshs '000'	2005 Kshs '000'
Prepaid insurance	46,974	0
Prepaid land rates & rent	751	0
Withholding tax receivable	359	0
Accrued investment income	5,342	5,405
<b>Sub- total</b>	<b>53,426</b>	<b>5,405</b>
<b>Tax recoverable</b>	<b>551,019</b>	<b>0</b>
<b>Total prepayments</b>	<b><u>604,445</u></b>	<b><u>5,405</u></b>





# KENYA PORTS AUTHORITY

## NOTE 8: TRADE & OTHER PAYABLES

Description	2006	2005
	Kshs '000'	Kshs '000'
<b>Trade creditors</b>		
General trade creditors	301,408	157,980
General foreign creditors	27,436	44,097
Payroll creditors	119,497	62,775
<b>Other creditors</b>		
Contract deposits	175,280	85,590
Insurance premium on advances	1,659	1,663
Accrued expenditure	86,440	300,015
Ministry of Finance / Dregco	287,231	287,231
Tax clearing account	3,262	12,258
Advanced investment income	13,504	14,421
VAT	32,546	(6,886)
Stock accruals	229,144	3,259
Other overseas creditors	5,609	2,310
Others	97,325	75,837
<b>TOTAL</b>	<b><u>1,380,341</u></b>	<b><u>1,040,550</u></b>





# KENYA PORTS AUTHORITY

## NOTE 9: EXTERNAL DEBTS

Loan	Unit	Int. rate %	Balances as at 30/06/2005	Balances as at 30/06/2006	Payable (Current) 2005/06	Over 1 Year (Non Current)
			Kshs.'000'	Kshs.'000'	Kshs.'000'	Kshs.'000'
<b>Foreign Loans</b>						
NIO Loan	EURO	2.5				
<b>Bank Loans</b>						
Consortium	USD	8.8	4,476,732	3,126,699	1,007,959	2,118,739
<b>On-lent Loans</b>						
Dutch	KSHS	7.5	42,589			
French Local	KSHS	10				
British 101m	KSHS	10	47,978			
British Crane	KSHS	9.5	19,893			
British Pip	KSHS	12	88,766			
French Foreign	KSHS	10				
Belgium	KSHS	10	10,052			
<b>TOTAL</b>			<b>4,686,010</b>	<b>3,126,699</b>	<b>1,007,959</b>	<b>2,118,739</b>







# KENYA PORTS AUTHORITY

## NOTE 10: TAXATION

Installment taxes totaling to Kshs 1,484 million were paid during the year. A self-assessment on corporation tax of Kshs 816 million for the year has been provided in these accounts.

<b>Corporation Tax</b>	<b>2006</b> Kshs'000'	<b>2005</b> Kshs '000'
Balance 01.07.2005	121,107	260,784
Tax for the year	815,294	1,227,286
Final tax paid	(118,143)	(217,891)
Installment taxes paid	(1,366,672)	(1,106,179)
(Over)/under provision in previous yrs	(2,964)	(42,893)
<b>Balance 30.06.2006</b>	<b>(551,378)</b>	<b>121,107</b>
<b>Deferred Tax</b>		
Balance 01.07.2005	97,240	0
Charge for the year	258,951	97,240
(Over)/under-provision in previous yrs	0	0
<b>Balance 30.06.2006</b>	<b>356,191</b>	<b>97,240</b>





## **KENYA PORTS AUTHORITY**

### **NOTE 11: CORPORATE SOCIAL RESPONSIBILITY**

The Authority is committed to the principle of responsible corporate citizenship. Corporate Social Responsibility (CSR) is an integral part of the Authority's annual business plan and funds are put aside to finance related activities.

The Authority sponsors local, regional and national activities and regularly donates towards charitable causes of all kinds. During the year, a total of Kshs 40 million was donated towards CSR activities and projects.

### **NOTE 12: CONTINGENT LIABILITIES:**

- (i) Cases filed against the Authority in respect of third party claims for loss of cargo, personal injury and loss of life are quantified under contingent liabilities. Estimated contingent liability associated with such cases amounted to Kshs. 200 million.
- (ii) The Authority has recognized contingent tax liability in penalties and interests which qualify for waiver but are yet to be waived by the Minister for Finance. Despite several applications for waiver, no formal response from the Treasury has been received. The contingent liability associated with this case is estimated at Kshs 300 million.

### **NOTE 13: RESERVES**

Capital reserves arose from the revaluation of asset carried out in 1994 by Tyson Ltd. General reserves are created from accumulated retained earnings or deficit. The negative balance in this account arose from the recognition of actuarial deficit following actuarial investigation conducted by Alexander Forbes Financial Services, Pension Scheme actuary in 2003 in accordance with RBA Legislation.



## KENYA PORTS AUTHORITY

### **NOTE 14: RELATED PARTY TRANSACTIONS**

Included are debtors and investments balances owing or receivable from the following related parties:

	2006	2005
	Kshs'000'	Kshs'000'
Kenya Ferry Services Ltd (Debtor)	441,189	441,189
Kenya Ferry Services Ltd (Equity investment)	100,000	100,000
Kenya National Shipping Lines (Equity Investment)	54,347	54,347

### **NOTE 15: INCORPORATION**

The Authority is domiciled and incorporated in Kenya under the Kenya Ports Authority Act CAP 391

### **NOTE 16: CURRENCY**

These financial statements are expressed in Kenya Shillings thousands (Kshs'000')