

40
✓
Assis
Editor
P. C. A.

PARLIAMENT
OF KENYA
LIBRARY

KENYA FERRY SERVICES LIMITED.

*Annual Accounts and Audit
Report for the Year ended
30th June, 1991*



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF KENYA FERRY SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE 1991

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF KENYA FERRY SERVICES LIMITED FOR THE YEAR ENDED
30TH JUNE 1991

I have examined the accounts of Kenya Ferry Services Limited for the year ended 30th June 1991 in accordance with Section 29 (2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations that I required for the purpose of the audit. Proper books of account have been kept by the Company and the accounts are in agreement therewith and comply with the Companies Act.

Except for the observations set out herebelow, in my opinion, the accounts when read together with the notes thereon, give a true and fair view of the financial affairs of the Company for the period ended on that date.

1. STATUS OF THE COMPANY

As reported in my previous year's report, the Company was registered in 1989 as a Private Limited Company, owned by Kenya Ports Authority. I am, however, informed that the ownership has been agreed upon between the Kenya Government and the Kenya Ports Authority but the modalities have not been completed to regularise the situation.

2. STORES STOCKS - KSHS.2,204,081

I reported in the previous year's audit that the Company had not undertaken the physical stock take at the end of the year and likewise a similar omission was made during the year under review. In the absence of physical stock take certificate, I am not able to give an opinion that the stock shown in the Balance Sheet are correctly stated.

3. FIXED ASSETS

Included in the fixed assets figure of Kshs.390,171,590 shown in the Balance Sheet is a figure of Kshs.376,004,000 being the cost, before depreciation, of four ferries, bought by the Kenya Government but their ownership has not been regularised as the sessional paper to transfer them to the Company has not been passed by Parliament.

However, in the course of my audit I noted that the vessels' certificates show that they are owned by the Kenya Ferry Services Limited showing that the ownership is irregular as the sessional paper mentioned above has not been passed by the National Assembly.

Further, the fixed assets shown in the Balance Sheet include "other assets" amounting to Kshs.7,811,000 which relate to repairs on Motongwe jetties and ferry ramps. The repair works was financed by Kenya Ports Authority but there were no Architect's certificates for the work done which were availed to me for my verification.

4. INVESTMENT

During the year under review, Kenya Ports Authority, purportedly on behalf of Kenya Ferry Services Limited bought shares in a private company Suli Suli African Cruises (K) Limited worth Kshs.6,975,000. I am informed that the Cruise Company has closed down and the investment might not be worth anything. I have not seen any Board minute of the Kenya Ferry Services Limited authorising Kenya Ports Authority to invest the money on its behalf in the Cruise Company.

5. DEBTORS AND PREPAYMENTS - KSHS.9,625,409

Included in the figure of debtors and prepayments shown in the Balance Sheet is a figure of Kshs.812,240 being amount inherited from Kenya Bus Services - Mombasa and owing from Mombasa Municipal Council. The Management does not appear keen to collect this debt. I did not also see documents to support this amount.

6. AMOUNT DUE TO KPA - KSHS.45,983,886

In the course of the audit, I was informed that Kenya Ports Authority was directed by the Government to run the ferries after the Kenya Bus Service - Mombasa Branch, ceased to operate them on the understanding that the Government would extend some subsidy to the Kenya Ferry Services to cover the free pedestrian service by the ferries. This grant from the Government has not been forthcoming and Kenya Ports Authority has been subsidizing the Kenya Ferry Services Limited with the hope of receiving this amount when the Government grants are eventually released.

At the end of the year under review, Kenya Ports Authority had paid on behalf of Kenya Ferry Services Limited amounts totalling Kshs.45,983,886 for goods and services. I have not seen documentary evidence indicating the terms and conditions under which the Kenya Ferry Services Limited is receiving the advances from the Kenya Ports Authority.



W.K. KEMEI
AUDITOR-GENERAL (CORPORATIONS)

21 July 1997

KENYA FERRY SERVICES LIMITED

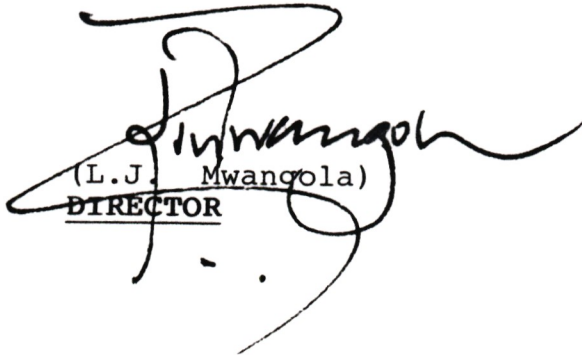
BALANCE SHEET AS AT 30TH JUNE, 1991

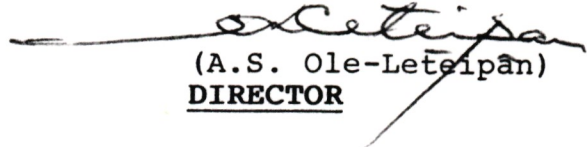
	NOTE	1990/91	1989/90
		<u>KSHS.</u>	<u>KSHS.</u>
<u>FIXED ASSETS</u>			
Goodwill	2	5,253,965	6,567,456
Fixed Assets	3	390,171,590	3,121,328
W.I.P.	4	-	4,457,043
Other Assets		7,811,000	-
<u>INVESTMENTS</u>			
Service pay benefits	5	946,628	946,628
Suli Suli		<u>6,975,000</u>	<u>-</u>
		<u>411,158,183</u>	<u>15,092,455</u>
<u>CURRENT ASSETS</u>			
Stocks		2,204,081	1,107,179
Debtors/prepayments		9,625,409	3,341,783
Sundry Debtors		710,681	48,852
Cash and Bank		1,079,069	3,225,793
		<u>13,619,240</u>	<u>7,723,607</u>
<u>CURRENT LIABILITIES</u>			
Trade Creditors		970,880	2,106,844
Sundry Creditors (Accruals)		172,796	-
		<u>1,143,676</u>	<u>2,106,844</u>
Net Current Assets		<u>12,475,564</u>	<u>5,616,763</u>
Net Assets		<u>423,633,747</u>	<u>20,709,218</u>
<u>FINANCED BY</u>			
GOK Funds	6	386,504,000	10,500,000
Surplus/Deficit	7	(9,728,012)	3,649,547

...../2

LONG TERM LIABILITIES

Amount due to KPA	8	45,983,886	5,613,043
Service pay benefits		<u>873,873</u>	<u>946,628</u>
		<u>423,633,747</u>	<u>20,709,218</u>

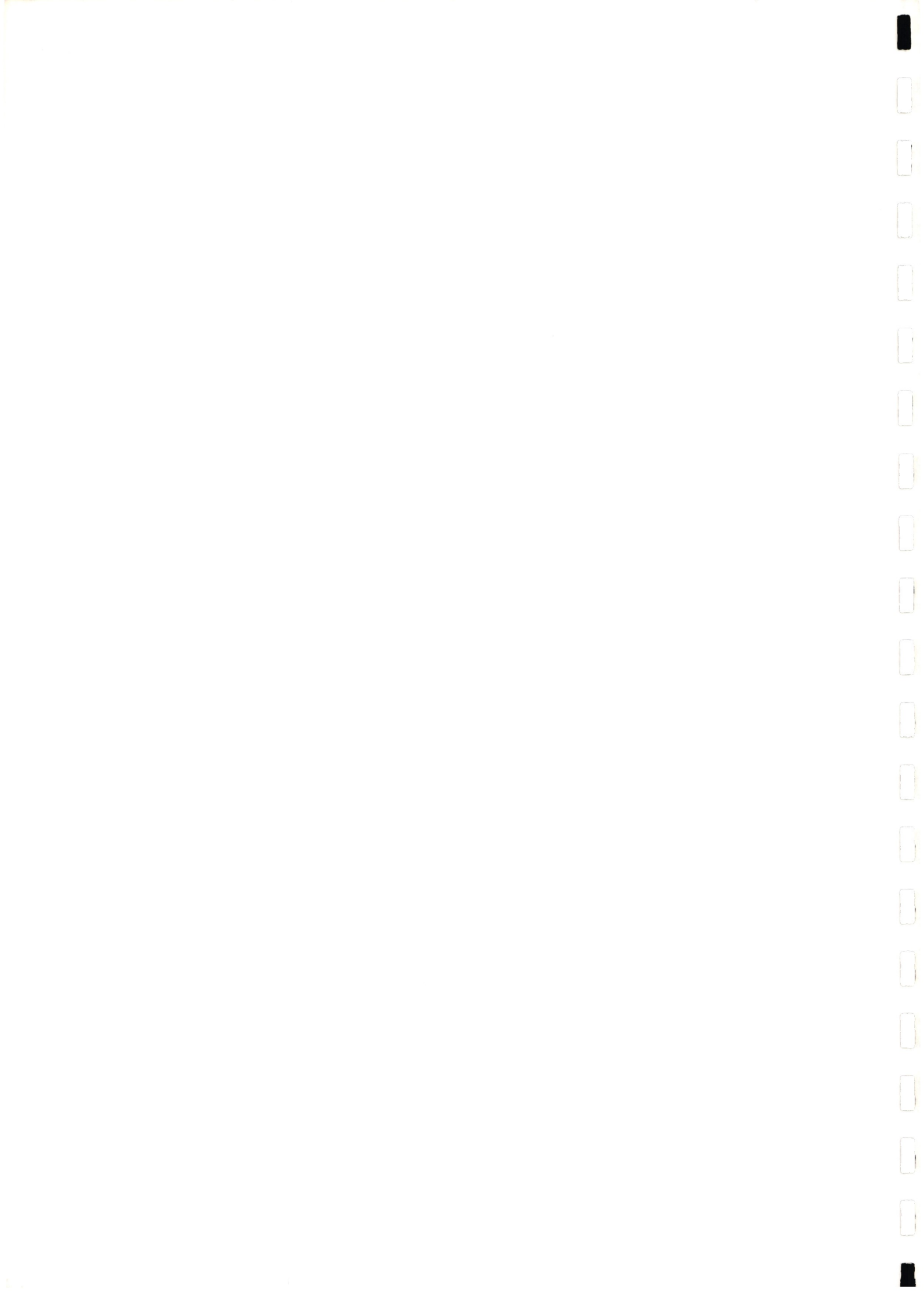

(L.J. Mwangola)
DIRECTOR


(A.S. Ole-Leteipān)
DIRECTOR

KENYA FERRY SERVICES LIMITED

Income and Expenditure for the year ending 30th June, 1991

	<u>1990/91</u>	<u>1989/90</u>
	<u>Kshs.</u>	<u>Kshs.</u>
A. <u>Operating Income</u>		
Toll Collections	23,664,066	12,311,160
Ferry Passes	-	-
Port Cruises	-	-
Other Income	44,706	-
	<hr/>	<hr/>
	23,708,772	12,311,160
	<hr/>	<hr/>
B. <u>Operating Expenditure</u>		
Ferry Operations	11,033,329	4,461,720
Ferry Maintenance	4,917,917	1,773,984
Depreciation	13,714,398	941,357
Office & Administration	6,107,196	1,484,552
Goodwill Amortization	1,313,491	-
	<hr/>	<hr/>
TOTAL EXPENDITURE	37,086,331	8,661,613
	<hr/>	<hr/>
Surplus for the year	(13,377,559)	3,649,547
	=====	=====



STATEMENT NO. 1

FIXED ASSET SCHEDULE

Ferry
Crafts

Kshs.

Bal. b/f as at 1.7.90	2,263,
Additions	376,732,
Disposals	(26,
Adjustments* (pins)	

378,969,

Depreciation

Bal. as at 1.7.90	647,
Charge for the year	13,125,

13,772,

NBV as at 30.6.91	365,196,
-------------------	----------

...../5

KENYA FERRY SERVICES LIMITED

Statement No.2

Income and Expenditure Account for the year
ending 30th June 1991

	<u>1990/91</u>	<u>1989/90</u>
	<u>Kshs.</u>	<u>Kshs.</u>
<u>INCOME</u>		
Toll Collections	23,664,066	12,311,160
Advertisement/Other income	44,706	-
TOTAL	23,708,772	12,311,160
	=====	=====
<u>EXPENDITURE</u>		
A. <u>Ferry Operations</u>		
1. Fuel and oils	4,343,010	1,398,627
2. Salary and Wages	1,962,231	1,729,289
3. Ferry Insurances	4,688,160	1,333,804
4. Licences & Inspection	39,928	-
Sub-total	11,033,329	4,461,720
B. <u>Ferry Maintenance</u>		
1. Salary and Wages	876,838	723,207
2. Repairs & Maintenance	4,041,079	1,050,777
Sub-total	4,917,917	1,773,984
	=====	=====

C. <u>Accounts and Administration</u>	<u>Kshs.</u>	<u>Kshs.</u>
1. Salary of GM and Staff	2,178,952	314,016
2. Maintenance of staff cars	289,042	106,312
3. Staff Transport/travel	482,391	128,728
4. Audit fees	-	-
5. Computer Services	10,000	-
6. Accountancy fees	35,000	40,000
7. Secretarial Services	-	51,519
8. Publicity & Public relations	182,749	77,812
9. Duty Travel	274,357	171,185
10. Accountant and Office staff	-	-
11. Directors fees/Board Exp.	31,100	22,935
12. Bank charges	26,918	5,457
13. Motor vehicle insurances	95,911	31,999
14. Other insurances	624,374	8,016
	<hr/>	<hr/>
Sub-total	4,230,794	958,039
	=====	=====
D. <u>Miscellaneous Expenses</u>		
1. Medical Expenses	116,242	10,333
2. Telecommunication & Postage	99,585	22,590
3. Staff training/recruitment	72,862	500
4. Staff Uniforms	109,911	114,792
5. Printing & Stationery	429,706	108,535
6. Security Services	284,297	86,674
7. Newspaper & Periodicals	19,558	6,986
8. Laundry charges	42,333	12,250
9. Office building maintenance	221,882	31,031
10. Office furniture, Equipment, repairs and Maintenance	69,083	8,291
11. Electricity & Water	62,199	22,212
12. Entertainment allowance	88,971	64,341
13. Transportation charges	16,730	5,234
14. Rates/wayleave	-	1,100
15. Donations & Subscriptions	12,230	9,535
16. General Office expenses	87,675	22,109
17. Other staff expenses	143,138	-
18. Goodwill Armortization	1,313,491	-
	<hr/>	<hr/>
Sub-total	3,189,893	526,513
	=====	=====
E. Development studies & Consultancies	-	-
F. Depreciation	13,714,398	941,357
G. Unforeseen	-	-
	<hr/>	<hr/>
Total Expenditure	37,086,331	8,661,613
	<hr/>	<hr/>
Operating Surplus	(13,377,559)	3,649,547
	=====	=====

KENYA FERRY SERVICES LIMITED

Statement No.3

STATEMENT OF SOURCE AND APPLICATION OF FUND
FOR THE YEAR ENDED 30TH JUNE, 1990

<u>Source of Funds</u>	<u>1990/91</u>	<u>1989/90</u>
	<u>Kshs.</u>	<u>Kshs.</u>
Results from Operations	(13,377,559)	3,649,547
Add:		
Items not involving the movement of cash:		
Depreciation	13,714,398	941,357
Goodwill		
Amortization	1,313,491	-
	<hr/>	<hr/>
	1,650,330	4,590,904
 <u>Other Sources</u>		
Advances from KPA	17,876,045	5,613,043
	<hr/>	<hr/>
Total Sources	19,526,375	10,203,947
 <u>Applications</u>		
Purchase of fixed Assets	1,558,647	1,627,626
Purchase of Investment	6,975,000	4,457,043
	<hr/>	<hr/>
	8,533,647	6,084,669
 Change in working capital	10,992,728	4,119,278
	=====	=====
 <u>Increase/Decrease in Working Capital</u>		
Increase in stocks	1,096,902	421,934
Increase in Debtors/Prepayments	6,283,626	2,529,543
Increase in Sundry debtors	661,829	48,952
Decrease in Trade Creditors	1,135,964	(2,106,944)
Increase in Sundry Creditors	(172,796)	-
Decrease in service pay benefits	72,755	-
 Movement in Net Liquid funds:		
Increase/Decrease in cash	(2,146,724)	3,225,793
	<hr/>	<hr/>
	10,992,728	4,119,278
	=====	=====

KENYA FERRY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE, 1991

1. Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention.

(b) Income Recognition

Income is recognised on an accrual basis.

(c) Depreciation

Depreciation is calculated on reducing balance basis, except for the ferry crafts where the straight line method is used. The following rates are estimated to write off the assets over their expected useful lives:

Ferry crafts:	Old	20%
	New	5%
	Pontoons	25%
Ferry tools and plants		12.5%
Motor vehicles		25%
Office furniture and Equipment		12.5%

2. Goodwill

This is the balance of the unamortised goodwill

balance 1.7.90 **Kshs.6,567,456**

To I/E A/C 1,313,491

Balance **5,253,965**

=====

3. Fixed Assets

Fixed Assets are stated at historical cost and depreciation charges are therefore based on this (historical cost). Details of the fixed assets are shown in Statement No.1.

4. Other Assets

This is the capitalised value of the cost of rehabilitating the Mtongwe jetties and ferry ramps.

5. Investments

(a) Service pay benefits

These are service pay benefits of employees taken over from Kenya Bus Services held in a fixed deposit account.



(b) Suli Suli

This represents the cost of acquiring 30% shares in Suli Suli African Cruises (K) Ltd.

6. Kenya Government Funds

This represents amount paid by the Kenya Government for the acquisition of fixed and other assets from Kenya Bus Services Ltd. and the purchase of new ferry crafts as follows:-

	<u>Amount (Kshs)</u>
Fixed and other Assets	10,500,000
New Crafts: MV Nyayo	115,246,100
MV Harambee	109,454,700
MV Kilindini	109,454,700
MV Mtongwe II	41,848,500
	<hr/>
TOTAL	386,504,000
	<hr/> <hr/>

7. Accumulated Surplus/Deficit

Balance b/f 1.7.90	3,649,547
Deficit for the year	(13,377,559)
	<hr/>
	(9,728,012)
	<hr/> <hr/>

8. Amount due to KPA

This represents amount advanced to the company by Kenya Ports Authority to finance various financial commitments on the understanding that the advance will be recoverable from subsidies due to the company from the government of Kenya. The details are as follows:

	<u>Amount (Kshs)</u>
Rehabilitation of ferry ramps	3,354,819.00
Consultancy fees for ramps	791,224.00
Purchase of Motor vehicles	1,107,869.00
Sundry expenses	359,131.00
Suli Suli Investments	6,975,000.00
Ferry Ramps	3,353,957.30
Cost of Insurance	7,541,885.35
Cost of Purchasing land	22,500,000.00
	<hr/>
	45,983,886.00
	<hr/> <hr/>

9. Income and Expenditure Account

A detailed income and Expenditure Account is attached to these accounts as statement No.2

10. Net Cash Inflow/(Outflow) from Operations

This is shown as statement No.3 attached to these Accounts.

1875