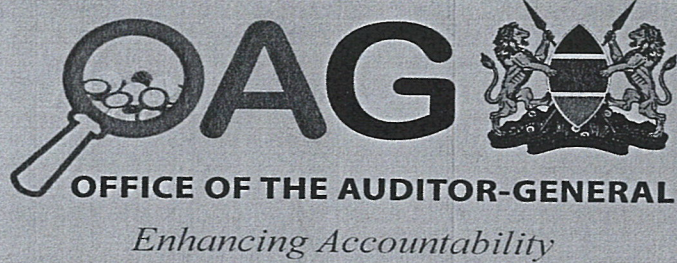


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KENYA NATIONAL SHIPPING LINE  
LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2021**









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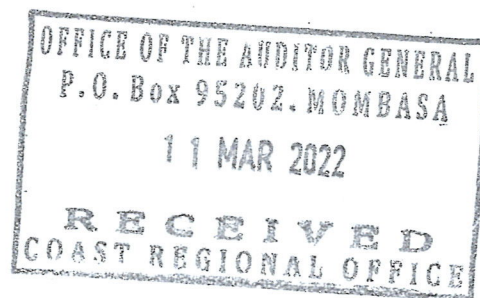
# **KENYA NATIONAL SHIPPING LINE LTD**

## **ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2021**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)**









**KENYA NATIONAL SHIPPING LINE LTD**  
**ANNUAL REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**KENYA NATIONAL SHIPPING LINE LTD  
ANNUAL REPORTS AND FINANCIAL STATEMENTS  
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**I. KEY COMPANY INFORMATION**

**Background information**

The *Company* was established under the Companies Act (Cap 486) on 2<sup>nd</sup> November, 1987. At cabinet level, the *Company* is represented by the Cabinet Secretary for Ministry of Transport, Infrastructure, Housing and Urban Development who is responsible for the general policy and strategic direction of the *Company*.

**Principal Activities**

The principal activity of the *Company* is shipping.

**Directors**

The Directors who served the company during the year were as follows:

1. Mr. Juvenal J.M. Shiundu - Chairman - Appointed on 06.05.2019
2. Mr. Joseph Juma - Acting Managing Director - Appointed on 17.07.2013
3. Mrs. Nancy Karigithu, EBS - PS, State Department for Shipping & Maritime - Appointed on 03.09.2019 (KNSL's Transfer from State Department of Transport to Shipping & Maritime).
4. Dr. Julius Muia. - PS, The National Treasury & Planning – Appointed on 24.07.2019
5. Eng. Rashid Salim - Ag. MD, Kenya Ports Authority - Appointed on 27.03.2020
6. Capt. G Cuomo \* - Director
7. Peter Reschke \*\* (Late) - Director - Passed on, not yet replaced.

\* Italian \*\* German

**Corporate Secretary**

Mr. John Turasha Kinyanjui – KPA Acting Corporate Secretary  
Certified Public Secretary (Kenya)  
P.O. Box 88206 - 80100  
MOMBASA, KENYA

**Corporate Headquarters**

1<sup>st</sup> Floor, Cannon Towers II  
MSA/BLOCK XXI/435, 436 & 437  
Moi Avenue  
P.O. Box 88206 - 80100  
MOMBASA, KENYA



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**I KEY COMPANY INFORMATION (continued)**

**Corporate Contacts**

Telephone: (020) 2300015/17, (+254) 700 510592

E-mail: [admin@knsl.co.ke](mailto:admin@knsl.co.ke)

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

**Corporate Bankers**

Kenya Commercial Bank Limited

P.O. Box 90254 - 80100

MOMBASA, KENYA

Absa Bank Kenya PLC

P.O. Box 90182 - 80100

MOMBASA, KENYA

**Principal Auditor**

The Auditor General,

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 - 00100

NAIROBI, KENYA

**Principal Legal Advisers**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112 - 00200

NAIROBI, KENYA

Omondi Waweru & Company Advocates








P.O. Box 1606 - 80100

MOMBASA, KENYA



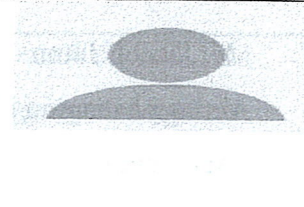
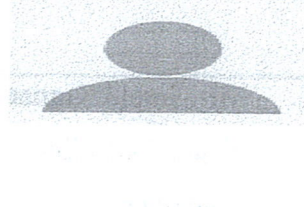

**KENYA NATIONAL SHIPPING LINE LTD  
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**II. THE BOARD OF DIRECTORS**

<p>1. Mr. Juvenal J.M Shiundu. Chairman, Board of Directors (Independent).</p>	<p>Master of Science in Maritime Safety Administration, Bachelor of Science (Hons), Naval Architecture and Ship building  D.O.B 1957</p>	
<p>2. Dr. Julius Muia, EBS Principal Secretary, The National Treasury &amp; Panning</p>	<p>Doctor of Philosophy (PhD) degree in Finance, Master's degree in Finance, Bachelor of Commerce (Accounting) degree.</p>	
<p>3. Mrs. Nancy Karigithu, CBS. Principal Secretary, State Department for Shipping &amp; Maritime.</p>	<p>Masters Degree in International Maritime Law, Bachelor's Degree in Law.</p>	
<p>4. Eng. Rashid Salim Ag. Managing Director, Kenya Ports Authority (Shareholder). Chair, Audit &amp; Risk Committee</p>	<p>HND in Marine Engineering (UK), Chief Engineer Certificate of Competency (COC).  D.O.B 1961</p>	
<p>5. Capt. G. Cuomo. Director (Shareholder).</p>	<p>Business person  D.O.B 1950</p>	
<p>6. Mr. Peter Reschke Director. (Passed on, not yet replaced).</p>	<p>Business person  Passed On.</p>	
<p>7. Mr. Joseph Juma. Acting Managing Director (Executive).</p>	<p>MBA, PGD, CPA (K), CPS (K).  D.O.B 1973</p>	

**KENYA NATIONAL SHIPPING LINE LTD  
ANNUAL REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**II THE BOARD OF DIRECTORS (continued)**

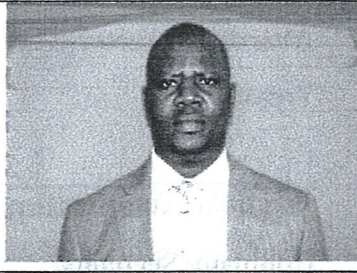


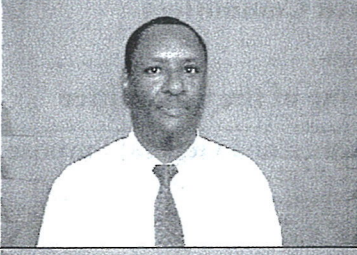

8. Mr. David Kiprop Alternate Director, The National Treasury.	Civil Servant	
9. Mr. John Turasha Kinyanjui Company Secretary	Bachelor of Law (Hons) Degree and Diploma in Law from the Kenya School of Law.  Member of ICS  D.O.B 1972	
10. Mr. Stephen Kyandih Company Secretary Representative	Bachelor of Law (Hons) Degree and Diploma in Law from the Kenya School of Law.	

**Board Committees**

Name of the Committee	Members
Finance and General Purpose Committee	1. Heywood Representative 2. Mr. David Kiprop
Audit and Risk Committee	1. Mrs. Nancy Karigithu, CBS 2. Eng. Rashid Salim



**III. MANAGEMENT TEAM**

<p>1. Mr. Joseph Juma Acting Managing Director/ Chief Accountant</p>	<p>MBA, PGD, CPA(K), CPS(K)</p>	
<p>2. Mr. Gerald Kamau Cost Controller / Administration Manager</p>	<p>Bachelor of Arts - Economics, CPA(K)</p>	
<p>3. Mr. Jacob Safari Sales &amp; Operation Manager</p>	<p>Bachelor of Arts - Economics &amp; Business Studies, Diploma in Shipping</p>	
<p>4. Mr. Joseph Kinyua Container Control Manager</p>	<p>Higher Diploma - Shipping Management</p>	
<p>5. Mrs. Rollyn Chebosi Management Accountant</p>	<p>Bachelor of Business Administration - Accounting, CPA (K)</p>	

**KENYA NATIONAL SHIPPING LINE LTD  
ANNUAL REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**IV. CHAIRMAN'S STATEMENT**

The Chairman wishes to present the financial statements for the year ended June 30, 2021.

The company registered a loss of Kshs 57.40 million and Kshs 47.87 million for the year ending June 30, 2021 and year ending June 30, 2020 respectively. The Company performance was affected by withdrawal of service by the service provider.

The Government is committed to restructure the Company under the Blue Economy sector, a process which is ongoing. The Directors and Management are pursuing a number of strategies to ensure the Company returns to profitable trading. These measures include restructure of the Company, partnering with a service provider, resolving shareholding structure and reviewing the Strategic Plan in line with the restructure.

The short-term objectives of the Company are:

- (i) To position KNSL as a preferred Company in leveraging our national status to attract new market opportunities.
- (ii) To develop business models that will sustain the company.
- (iii) To build high performing organization and improve work environment.
- (iv) Provide our customers with competitive, efficient and consistent global shipping service.

KNSL Board is committed to upholding high standards of corporate governance. The day-to-day running of the business of the company is bestowed on the Managing Director.

There were no governance issues among the Board or member of the Board and top management including conflict of interest



**Juvenal J.M. Shiundu**  
**Chairman, Board of Directors**



## **V. REPORT OF THE MANAGING DIRECTOR**

KNSL was formed in 1987 under the Company's Act and is the National Carrier of the Kenya Government. At the time, the Shareholders included the Kenya Government through Kenya Ports Authority (KPA) with majority shares together with two foreign investors DEG and UNIMAR. Later on in 1997 the company's shareholding was re-organized to bring into the fold a strategic partner Mediterranean Shipping Company (MSC) through Heywood Shipping Co. Ltd (formerly UAL) as an additional shareholder.

The company is based in Mombasa with a branch office in Nairobi and operates as a Non-Vessel Owning Common Carrier (NVOCC) which charters slot from Mediterranean Shipping Company (MSC). Also, KNSL uses other shipping lines for cargo destined to various ports of the world. Aside from the direct shipping business, KNSL offers Agency and inland haulage services. KNSL is a Principal to various Agents spread in greater parts of Europe, Mediterranean region and East Africa.

The company ships containerised cargo through MSC mainly to European ports such as Felixstowe, Barcelona, Antwerp, Hamburg, Bremen, Rotterdam, Le Havre, Lisbon and Lexoies. KNSL also calls to other ports in the world through other shipping lines though in a limited way.

The company reported a loss of Kshs 57.40 million and Kshs 47.87 million for the year ending June 30, 2021 and June 30, 2020 respectively. The Company performed poorly due to withdrawal of service by the service provider.

The overall indication given by the financial position statement as at June 30, 2021 is that of negative net current assets. This implies that the company cannot meet, at least in the short term, its current obligations from the existing current assets.

However, the Directors and management are pursuing a number of strategies to ensure the Company returns to profitable trading. These measures include:

- (i) Restructuring of the company.
- (ii) Partnering with a service provider – the Company is in the process of seeking service providers to ensure it offers global shipping services.
- (iii) Resolving shareholding structure.

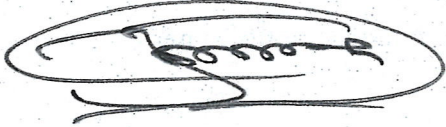


**KENYA NATIONAL SHIPPING LINE LTD  
ANNUAL REPORTS AND FINANCIAL STATEMENTS  
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**V REPORT OF THE MANAGING DIRECTOR (Continued)**

With the expected implementation of above strategies, the financial statements have been prepared on the going concern basis.



**Joseph Juma  
Ag. Managing Director**



**KENYA NATIONAL SHIPPING LINE LTD  
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FOR THE YEAR ENDED JUNE 30, 2021**

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**VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021**

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

In the year ending June 30, 2021, the company performed poorly due to lack of service provision. The company therefore relied on alternative service routes which are uncompetitive and have minimal profit margin which cannot cover fixed operation costs. This led to loss of numerous bookings with the Company managing to register a lifting of 123 Teus in the year 2020/21 against the target of 500 teus. The Company is undergoing restructuring to improve the performance.

**Restructure of KNSL**

The Government of Kenya, through the inaugural National Maritime Conference of 2015 resolutions and communiqué, identified the urgent need to, in addition to exploitation and development of land-based resources, focus on and create a development agenda for the maritime domain in order to maximize competitive advantages in both maritime and national development agendas.

In its endeavour to facilitate and promote global maritime trade, Blue Economy Implementation Committee appointed by H.E. the President of the Republic of Kenya has identified the restructuring of Kenya National Shipping Line Ltd as a critical intervention with a potential of participating in the estimated Kshs 300 billion annual revenue paid out to foreign shipping lines.

KNSL annual work plans were based on the restructuring process. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The shareholding agreement between the Company, Kenya Ports Authority (KPA) and Mediterranean Shipping Company (MSC) was signed.



## **VII. CORPORATE GOVERNANCE STATEMENT**

Corporate governance is the process and structure used to direct and manage the business affairs of the Company in order to enhance prosperity, corporate performance and accountability. KNSL Board is committed to upholding high standards of corporate governance.

The day-to-day running of the business of the Company is bestowed on the Managing Director.

The role of the Board includes to:

- a) Exercise leadership, integrity and sound judgement in directing KNSL to achieve continued prosperity;
- b) Review, evaluate and approve KNSL strategic business and operational plans and ensure that the Company has sufficient and appropriate resources to achieve its goals;
- c) Ensure that effective processes and systems of risk management and internal controls are in place;
- d) Review, evaluate and approve the overall organizational structure, the assignment of senior management responsibilities and plan for senior management development and succession;
- e) Review, evaluate and approve the remuneration structure of the organization;
- f) Adopt, implement and monitor compliance with the organization's code of conduct and ethics;
- g) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- h) Protect the rights of shareholders and optimize shareholder value;
- i) Enhance the organization's public image and ensure engagement with stakeholders through effective communication; and
- j) Monitor compliance with the constitution, all applicable laws, regulations and standards.

### **Board Committees**

The Board discharges its functions through committees. KNSL has two Board Committees:

1. Finance and General Purpose Board Committee.
2. Audit and Risk Board Committee.



**KENYA NATIONAL SHIPPING LINE LTD  
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**VII CORPORATE GOVERNANCE STATEMENT (Continued)**

There were five Board of Directors meetings held during the year as below:

Director		Meetings		%Attendance
		Held	Attended	
Juvenal J. M. Shiundu	Chairperson	5	5	100
Nancy Karigithu / Hatimy Abdallah	Member	5	5	100
Eng. Rashid Salim/ Geoffrey Kavate / John Nyamosi	Member	5	5	100
Tom Mokaya	Member	5	2	40
Cecilia Ndeti	Member	5	5	100
Peter Rutere	Member	5	5	100
Joseph Juma	Managing Director	5	5	100

Out of the eleven Board of Directors members, three are independent directors whose term expired and are yet to be replaced. The chairman is appointed on a different date from the other three board members for succession planning. The Independent Directors are appointed by Cabinet Secretary in charge of the Institution while the Chair is appointed by the Office of the President.

The Board of Directors are usually evaluated by the State Corporations Advisory Committee. The Board evaluation was conducted on 20<sup>th</sup> August, 2020.

The directors are remunerated as per the Salaries and Remuneration Commission guidelines. The directors are paid sitting allowance while the chairman is also paid honorarium.

During the financial year 2020/21 the Board Members undertook board induction. The Company is in the process of developing a Board Charter.

There were no governance issues among the Board or member of the Board and top management including conflict of interest during the year.



**KENYA NATIONAL SHIPPING LINE LTD  
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FOR THE YEAR ENDED JUNE 30, 2021**

**VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A: OPERATIONAL AND FINANCIAL PERFORMANCE**

As at June 30, 2021 the company had a shareholders' deficit of Sh 570,898,083 (2020: Sh. 513,507,253) and its current liabilities exceeded its current assets by Sh 23,532,654 (2020: Sh. 26,194,895) primarily because of the trading losses made in the past years. It also incurred a loss for the year ended 30 June 2021 of Sh 57,390,830 (2020: Sh. 47,873,383).

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
TUES	113	145	144	242	123
Revenues	722,609.00	1,713,144.00	1,174,472.00	3,477,979.00	1,677,835.00
Expenditure	(46,880,497.00)	(44,542,671.00)	(48,161,550.00)	(51,351,362.00)	(59,068,665.00)
PROFIT/ (LOSS)	(46,157,888.00)	(42,829,527.00)	(46,987,078.00)	(47,873,383.00)	(57,390,830.00)

In the year ending June 30, 2021, the company performed poorly due to lack of service provision. The company therefore relied on alternative service routes which are uncompetitive and have minimal profit margin which cannot cover fixed operation costs. This led to loss of numerous bookings with the Company managing to register a lifting of 123 Teus in the year 2020/21.

The Directors and management are pursuing a number of strategies to ensure the Company returns to profitable trading. These measures include:

- (i) Restructuring of the company.
- (ii) Partnering with a service provider – the company is in the process of seeking service providers to ensure it offers global shipping services.
- (iii) Resolving shareholding structure.

With the expected implementation of above strategies, the company is expected to make profit in near future.

**SECTION B: COMPLIANCE WITH STATUTORY REQUIREMENTS**

KNSL has been remitting its statutory deductions like PAYE, NHIF, NSSF, HELB and Pension on time as required by law.

**SECTION C: KEY PROJECTS AND INVESTMENT DECISIONS**

Currently the company has no projects being implemented due to limited resources. However, upon restructuring KNSL will undertake key projects which will be included in the reviewed Strategic Plan.



## VIII MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### SECTION D: MAJOR RISKS

#### (i) Operational Risk

The company operates as a Non-Vessel Owning Common Carrier (NVOCC) which charters slot from Mediterranean Shipping Company (MSC). KNSL uses other shipping lines for cargo destined to various ports of the world which creates operational risks in case such services are withdrawn by the service provider.

#### (ii) Financial risk management

The company's activities expose it to a variety of financial risks including credit and liquidity risks, effects of changes in foreign currency and interest rates and changes in market prices of the company's services. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is extended to customers with an established credit history.

#### (iii) Foreign currency risk management

The company undertakes certain transactions denominated in foreign currencies primarily in US Dollars. The fluctuations in currency exchange rates result in changes in the value of monetary assets and monetary liabilities denominated in foreign currencies hence exposures to the risk of incurring exchange losses. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

#### (iv) Credit risk management

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The credit risk on trade receivables is limited because the customers are known to be customers with high credit ratings. The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.



**VIII MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**(v) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short and medium-term funding and liquidity management requirements. The company manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**SECTION E: MATERIAL ARREARS IN STATUTORY & OTHER FINANCIAL OBLIGATIONS**

The company current liabilities increased from Ksh 68.05 million in the year ending June 30, 2020 to Kshs 69.79 million in the year June 30, 2021.



## **IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Kenya National Shipping Line Ltd exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

The Company is being restructured to enhance its capacity in revenue generation and creation of jobs in the Blue Economy sector.

### **ii) Environmental performance**

Upon restructuring, the Company will develop environmental policies to guide in the protection of the environment in general.

The Company has a fully pledged Asset and Disposal Committee which handles disposal of obsolete and damaged assets including e-waste. The Company regularly conducts regular service and maintenance of its vehicles and equipments to increase their life span and thereby reducing the amount of e-waste generated.

The Company in collaboration with Government institutions and the local community has participated in tree planting exercise within the coast region as part of Corporate Social Responsibility. This has improved the national forest coverage and contributed in mitigation of climate change.

### **iii) Employee welfare**

The Company has been implementing the affirmative action on gender and has complied with Occupational Safety and Health Act of 2007, (OSHA).

### **iv) Market place practices**

#### **a) Responsible competition practice.**

The Company has a Corruption Prevention Committee and trained Integrity Officers.

#### **b) Responsible Supply chain and supplier relations**

The Company settles its pending bills on time.

#### **c) Responsible marketing and advertisement**

The Company is committed to best market place and business practice in the maritime sector.

#### **d) Product stewardship**

A restructured Kenya National Shipping Line Ltd will ensure consumer rights and interests in the maritime sector are safeguarded.



**IX ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

**v) Corporate Social Responsibility**

**Tree Planting Activity**

The Company together with the Kenya Forest Services, Kenya Prison Services representative, area Chief, and Shanzu Community participated in casuarinas tree planting event at Shanzu, Kisauni Constituency in Mombasa. This is in support of the National Tree Planting Program which is set up by the Ministry of Environment and Forestry. During the event, over 2000 casuarinas seedlings were planted at Kenya Prisons Services, Shanzu (Buston Annex).

Kenya Prison Services (Shanzu) have been working together with the Government and other state institutions to plant trees as a result of education and awareness on afforestation importance.



**Figure 1: The team from KNSL, Kenya Prisons Services and Local Administration during the tree planting exercise.**



**IX ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

**v) Corporate Social Responsibility (Continued)**



**Figure 2: The Acting Managing Director plants a casuarina tree during the tree planting exercise.**



**Figure 3: The participants during the tree planting exercise.**



**IX ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

**v) Corporate Social Responsibility (Continued)**

The Company together with the Kenya Forest Services, area Chief, and the Bonje Community participated in planting of 2000 mangrove seedlings at Bonje, Jomvu Constituency in Mombasa. This is in support of the National Tree Planting Program which is set up by the Ministry of Environment and Forestry.



**Figure 4: The participants during the planting exercise of mangrove seedlings in Bonje.**



**KENYA NATIONAL SHIPPING LINE LTD  
ANNUAL REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**X. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which disclose the company's state of affairs.

**PRINCIPAL ACTIVITY**

The principal activity of the company is the provision of shipping services.

**RESULTS**

The results of the company for the year ended June 30, 2021 are set out on page 23-27.

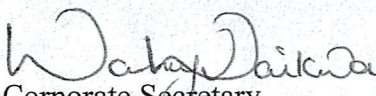
**DIRECTORS**

The members of the Board of Directors who served during the year are shown on page 4-5.

**AUDITORS**

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015, which also empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

  
Corporate Secretary  
Mombasa

Date: 22/09/2021



**KENYA NATIONAL SHIPPING LINE LTD  
ANNUAL REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Public Finance Management Act, 2012 and the Kenya Company's Act, require the Directors to prepare financial statements in respect of that *company*, which give a true and fair view of the state of affairs of the *company* at the end of the financial year/period and the operating results of the *company* for that year. The Directors are also required to ensure that the *company* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *company*. The Directors are also responsible for safeguarding the assets of the *company*.

The Directors are responsible for the preparation and presentation of the *company's* financial statements, which give a true and fair view of the state of affairs of the *company* for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *company*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

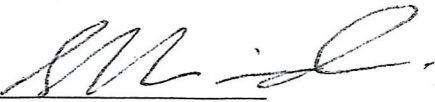
The Directors accept responsibility for the *company's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the Kenya Company's Act.

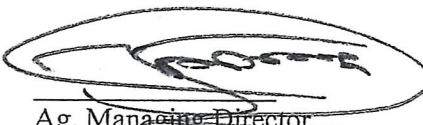
The Directors are of the opinion that the *company's* financial statements give a true and fair view of the state of *company's* transactions during the financial year ended June 30, 2021, and of the *company's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *company*, which have been relied upon in the preparation of the *company's* financial statements as well as the adequacy of the systems of internal financial control.

The directors acknowledge that the continued existence of the company as a going concern depends on the continued success of the various strategic measures that are being pursued by the directors to achieve optimal volumes of cargo handled to return the company to profitable trading and continued financial support from shareholders. The directors are of the view that, once these measures are fully implemented, the company's solvency will be restored and it will trade profitably for the foreseeable future.

**Approval of the financial statements**

The *company's* financial statements were approved by the Board on 22/09/ 2021 and signed on its behalf by:

  
Chairman of the Board  
Juvenal J.M. Shiundu

  
Ag. Managing Director  
Joseph Juma

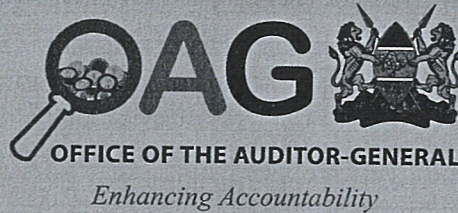






# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL SHIPPING LINE LIMITED FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, 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 the Kenya National Shipping Line Limited set out on pages 1 to 28, which comprise the statement of financial position as at 30 June, 2021 and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual



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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya National Shipping Line Limited as at 30 June, 2021, 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 Companies Act, 2015 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Unsupported Trade and Other Receivables**

The statement of financial position reflects trade and other receivables net balance of Kshs.25,640,207 as at 30 June, 2021 after provision for bad and doubtful receivables of Kshs.50,472,005. As disclosed in Note 20 to the financial statements, the trade and other receivables gross balance of Kshs.76,112,212 includes trade receivables of Kshs.38,686,473 and other receivables of Kshs.18,602,810. However, the trade receivables balance of Kshs.38,686,473 was not supported with invoice details and customer statements of account to confirm when services were provided.

Further, included in other receivables balance of Kshs.18,602,810 are sundry debtors totalling Kshs.4,254,319 which were also not supported by delivery notes, invoices and customer statements of account to confirm if and when the services were rendered.

Consequently, the accuracy, validity and recoverability of trade and other receivables totalling Kshs.42,940,792 as at 30 June, 2021 could not be confirmed.

### **2. Vehicles and Equipment**

The statement of financial position as at 30 June, 2021 reflects a balance of Kshs.3,402,862 in respect of vehicles and equipment. As disclosed in Note 14 to the financial statements, the balance includes an amount of Kshs.2,601,000 in respect of motor vehicles, out of which Kshs.2,600,000 relates to two motor vehicles donated to the Company by the Kenya Maritime Authority.

Records provided for audit indicates that the donated motor vehicles were recognized at a cost of Kshs.5,200,000. However, as previously reported, valuation report dated 10 May, 2019 indicated a value of Kshs.1,023,520 for KBJ 580U and Kshs.1,764,747 for KBR 851U, all totalling to Kshs.2,788,267, resulting in a variance of Kshs.2,411,733 which was not explained.

Consequently, the accuracy of vehicles and equipment balance of Kshs.3,402,862 as at 30 June, 2021 could not be confirmed.



### **3. Unsupported Trade and Other Payables**

The statement of financial position as at 30 June, 2021 reflects trade and other payables balance of Kshs.43,114,615. As previously reported, included in the balance is an amount of Kshs.5,723,051 due to container leasing companies. The companies have since stopped sending invoices for container leasing charges and monthly statements in respect of the amount due. The amount of Kshs.5,723,051 is based on balances outstanding when statements were last received from the container leasing companies, hence not up to date or supported.

Consequently, the accuracy, validity and completeness of trade and other payables balance of Kshs.5,723,051 as at 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Shipping Line Limited 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**

##### **1. Share Capital - Funds Awaiting Allotment of Shares**

As previously reported, and as disclosed in Note 22 to the financial statements, the statement of financial position as at 30 June, 2021 reflects funds awaiting allotment of shares balance of Kshs.73,681,500 equivalent to 147,363 shares, being additional shares to be shared between the Kenya Ports Authority - 38,670 shares and a new shareholder, Mediterranean Shipping Company (MSC) under the name of Heywood Shipping Company Limited (formerly United Agencies Limited) -108,693 shares. Available information revealed that at their 24<sup>th</sup> meeting held on 31 July, 1997, the Board of Directors through a special resolution by the three (3) initial shareholders namely: the Kenya Ports Authority, Unimar and DEG introduced a strategic partner M/s. Mediterranean Shipping Company. Although, the strategic partner paid a sum of Kshs.54,346,500, it is not clear how the strategic partner was identified and allotted 108,693 new shares.

If the above is effected, the allotment of the shares would result to dilution of investment of the Kenya Ports Authority by 21.8% from 74.8% to 53% of the ordinary shareholding in the Kenya National Shipping Line Limited. The National Treasury provided a roadmap aimed at ensuring that all the necessary steps are followed in order to adhere to the laws, regulations and procedures for ensuring that public interest is upheld. Further, The National Treasury gave an undertaking on the Kenya National Shipping Line Limited shareholding, to conduct due diligence before finalization of the transaction, obtain clearance from the Attorney General and subsequent approval from the Cabinet. However, progress made in this regard has not been disclosed.



Under the circumstances, the status of the shareholding and ownership of the Company as at 30 June, 2021 could not be confirmed.

## **2. Material Uncertainty in Relation to Going Concern**

As previously reported, the statement of comprehensive income reflects a loss of Kshs.57,390,830 resulting in an accumulated deficit of Kshs.570,898,083 as at 30 June, 2021. Further, the current liabilities of Kshs.69,789,801 exceeded current assets of Kshs.46,257,147, resulting in a negative working capital of Kshs.23,532,654 as at 30 June, 2021. The Directors have stated that the Company's going concern depends on implementation of various strategies, whose success is yet to be realized. Under the circumstances, the financial statements have been prepared on a going concern basis on the assumption that the Company will continue to get financial support from the National Government, shareholders and creditors.

My opinion is not modified 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.

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects approved final revenue budget of Kshs.67,192,000. However, the Company's actual revenue was Kshs.61,814,677, out which an amount of Kshs.60,000,000 or 97% relates to grants received from the Government. The statement also reflects final approved expenditure budget of Kshs.65,872,000 against actual expenditure of Kshs.54,599,874, resulting in net under-expenditure of Kshs.11,272,126 or 17% of the budgeted amount. The Company, therefore, relied mainly on the Government as its main source of revenue and to fund its operations.

### **Other Information**

The Directors are responsible for the other information, which comprises the Chairman's Report, Directors' Report, the statement of corporate governance, management discussions and analysis, statement of environmental and sustainability reporting, corporate social responsibility statement and the statement of Directors' responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.



# 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. Overpayment of Employment Costs

The statement of comprehensive income reflects employment costs of Kshs.35,328,824 which, as disclosed in Note 10 to the financial statements, includes an expenditure of Kshs.24,344,114 in respect of salaries and wages. The latter balance includes an amount of Kshs.549,114 being salary overpaid to the Acting Managing Director. The overpayment was as a result of 10% increment approved by the Board to a monthly basic salary of Kshs.290,397 against the maximum basic salary of Kshs.263,997 set by Salaries and Remuneration Commission vide SRC Circular No. SRC/TS/JE/3/33/2 Vol III (109) dated 15 December, 2017.

The expenditure of Kshs.24,344,114 in respect of salaries and wages also includes an overpayment of Kshs.34,500 per month or Kshs.414,000 per year in respect of house allowance. This amount was above the salary scale prescribed by the Salaries and Remuneration Commission (SRC) vide Circular Ref No: SRC/ADM/CIR/1/13 Vol.III (126) dated 10 December, 2014 which set the allowance payable at Kshs.25,500 for salary scale M5 (D4) for Mombasa where the organization is located and not the allowance Kshs.60,000 paid.

Further, the officer was paid a monthly telephone allowance of Kshs.40,000 totalling Kshs.480,000 during the year under review. Although the monthly telephone allowance of Kshs.40,000 was approved by the Board, Ministerial approval of the same was not provided for audit review. This is contrary to Section 4(3) of the State Corporations Act which states that a state corporation may engage and employ such number of staff, including the chief executive, on such terms and conditions of service as the Minister may, in consultation with the Committee, approve.

In addition, the salaries and wages expenditure includes acting allowance of Kshs.632,484 paid to the Managing Director who has been serving in an acting capacity for seven years. This is contrary to Section C.14(1) of the Public Service Commission Human Resources Policies and Procedures Manual for Public Service which states that acting allowance will not be payable to an officer for more than six months.



Under the circumstances, regularity of the expenditure totalling Kshs.2,075,598 on employment costs for the year ended 30 June, 2021 could not be confirmed.

## **2. Failure to Develop and Adopt Board Committee Charters**

The other information accompanying the financial statements for the year ended 30 June, 2021 indicates under Corporate Governance Statement that the Board discharges its function through two committees, Finance and General Purpose Board Committee and Audit and Risk Committee. However, available information indicates that these committees have not developed and adopted charters outlining their roles, responsibilities and functions, contrary to Circular Ref. No. OP/ CAB.9/1A dated 11 March, 2020 which requires each committee to have a charter that outlines its roles, responsibilities and functions.

Consequently, Management was in breach of the law.

## **3. Over-Contribution to Pension Fund**

The statement of comprehensive income reflects an expenditure of Kshs.35,328,824 under employment costs which, as disclosed in Note 10 to the financial statements includes an amount of Kshs.3,898,750 relating to pension fund contributions. However, records provided for audit review indicated that the amount comprises employer contribution of 20% of the basic salary plus house allowance instead of Kshs.3,644,907 based on basic salary only. This is contrary to The National Treasury Circular No. 18/2010 of 24 November, 2010 which states that, "personal emoluments must be defined as basic salary excluding housing, transport and any other allowances or fluctuating emoluments". This resulted in excess pension contribution of Kshs.253,843 by the employer.

Consequently, Management was in breach of the law.

## **4. Engagement in Business Activities Contrary to the Law**

Review of the Company's 67<sup>th</sup> Board Meeting minutes revealed that the Kenya National Shipping Line Limited intended to engage in the business of shipping, logistics, ship management, crew and terminal manning, oil and gas following the restructuring. However, this is contrary to Section 16 of the Merchants Shipping Act, 2009 which states that no owner of a ship or person providing the service of a shipping line shall, either directly or indirectly, provide in the maritime industry the service of crewing agencies, pilotage, clearing and forwarding agent, port facility operator, shipping agent, terminal operator, container freight station, quay side service provider, general ship contractor, haulage, empty container depots, ship chandler or such other service as the Minister may appoint.

Under the circumstances, the legality of the envisioned reorganization 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. Lack of Internal Audit Function**

The Company did not have an Internal Audit Function to carry out internal control assessments of the Company's operations. The absence of such a function implies that the Company's Audit and Risk Committee of the Board lacks a means of obtaining reasonable assurance on the state of internal control, risk management and governance within the Company. Further, failure to establish an Internal Audit Function is contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which states that every national government entity should ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Public Sector Accounting Standards Board.

#### **2. Lack of an Approved Disaster Recovery and Business Continuity Plan**

The Management has not developed a Disaster Recovery and/or Business Continuity Plan. This is contrary to Chapter 3.6 (d) of Mwongozo Code of Governance for State Corporation which states that the Board is responsible for corporate governance of a State Corporation and should ensure that an appropriate Business Continuity Plan is in place.

In the absence of a disaster recovery and/or business continuity plan, the Company may not be able to prepare for the volatility in its business environment or ensure minimal disruption to its business if a disaster occurs.

#### **3. Lack of a Risk Management Policy**

The Company has not developed a Risk Management Policy and fraud prevention strategies. This is contrary to Regulation 165 of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer to ensure that a national government entity develops risk management strategies, which include fraud



prevention mechanism and a system of risk management and internal control that builds robust business operations.

Consequently, the procedures and strategies put in place to assess, identify, measure, prioritize and mitigate risks in the Company could not be confirmed.

#### **4. ICT Governance**

##### **4.1 Lack of an Approved ICT Policy and Strategic Plan**

The Board has not developed an ICT Policy contrary to Chapter 3.6(a) of Mwongozo Code of Governance for State Corporations which requires the Board to establish an ICT Policy aligned to the objectives of the Organization. Further, although the Company has an ICT strategic plan, it has not been approved by the Board.

##### **4.2 Lack of Substantive ICT Strategy and ICT Steering Committees**

The Management has not constituted an IT Strategic Committee and an IT Steering Committee to provide strategic advice on ICT initiatives and investments to the Board.

Consequently, the Company lacks the means to define the IT mission and goals to ensure that they are aligned with the strategic direction of the organization and to authorize and direct the development of the services and operation plans.

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

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by the Kenyan Companies Act No.-17 of 2015 I report based on the audit, that:

- (i) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of my audit;
- (ii) In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records;
- (iii) The Company's financial statements are in agreement with and the accounting records and returns.

#### **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 (IFRS) and for maintaining effective internal control as the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless Management is aware of the intention to liquidate the Company or to cease operations.

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

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

The Board of Directors is responsible for overseeing Company's financial reporting process, reviewing the effectiveness of how the entity 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 with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.



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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of Company to express an opinion on the financial statements.



- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control 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

19 July, 2022



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**KENYA NATIONAL SHIPPING LINE LTD**  
**ANNUAL REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**XIII. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>REVENUES</b>			
Service Income	7	377,835	790,614
Other Income	8	1,300,000	2,687,365
<b>TOTAL REVENUES</b>		<b>1,677,835</b>	<b>3,477,979</b>
<b>OPERATING EXPENSES</b>			
Service Costs	9	-	(511,908)
Employment Costs	10	(35,328,824)	(30,057,649)
Administration Costs	11	(21,946,216)	(18,611,106)
Depreciation Expenses	14	(1,481,920)	(1,470,344)
Amortisation of Intangible Assets	15	(31,551)	(31,551)
<b>TOTAL OPERATING EXPENSES</b>		<b>(58,788,511)</b>	<b>(50,682,558)</b>
<b>OPERATING LOSS</b>		<b>(57,110,676)</b>	<b>(47,204,579)</b>
Finance Income	16	136,842	686,965
Gain on Disposal of Non-financial Assets	17	-	435,450
Finance Costs	18	(416,996)	(1,791,219)
<b>LOSS BEFORE TAXATION</b>		<b>(57,390,830)</b>	<b>(47,873,383)</b>
<b>TAXATION CHARGE</b>	12	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(57,390,830)</b>	<b>(47,873,383)</b>

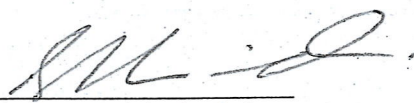


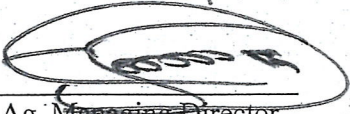
**KENYA NATIONAL SHIPPING LINE LTD  
ANNUAL REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**XIV. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021**

	Note	2020-2021 Kshs	2019-2020 Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Vehicles and equipment	14	3,402,862	4,724,382
Intangible assets	15	126,209	157,760
		<u>3,529,071</u>	<u>4,882,142</u>
<b>Current Assets</b>			
Inventories & Stores	19	595,600	508,810
Trade and other receivables	20	25,640,207	23,734,004
Bank and cash balances	21	20,021,340	17,616,483
		<u>46,257,147</u>	<u>41,859,297</u>
<b>TOTAL ASSETS</b>		<u><u>49,786,218</u></u>	<u><u>46,741,439</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Ordinary share capital	22	93,523,000	93,523,000
Funds awaiting allotment of shares	22	73,681,500	73,681,500
Capital Grants From Government	22	381,090,000	321,090,000
Accumulated deficit		(570,898,083)	(513,507,253)
<b>Capital and Reserves</b>		<u>(22,603,583)</u>	<u>(25,212,753)</u>
<b>Long term liability</b>			
Deferred Income	23	2,600,000	3,900,000
		<u>2,600,000</u>	<u>3,900,000</u>
<b>Current Liabilities</b>			
Trade and other payables	24	43,114,615	41,379,006
Due to related party	25	26,675,186	26,675,186
		<u>69,789,801</u>	<u>68,054,192</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>49,786,218</u></u>	<u><u>46,741,439</u></u>

The financial statements were approved by the Board on 22/09/ 2021 and signed on its behalf by:

  
Chairman of the Board  
Juvenal J.M. Shiundu

  
Ag. Managing Director  
Joseph Juma  
ICPAK M/No: 9945



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**XV. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021**

	Ordinary share capital	Funds awaiting allotment of shares	Capital Grants From Government	Accumulated deficit	Total
At July 1, 2019	93,523,000	73,681,500	250,090,000	(465,633,870)	(48,339,370)
Total comprehensive loss for the year	-	-	-	(47,873,383)	(47,873,383)
Capital Grants From Government	-	-	71,000,000	-	71,000,000
At June 30, 2020	93,523,000	73,681,500	321,090,000	(513,507,253)	(25,212,753)
At July 1, 2020	93,523,000	73,681,500	321,090,000	(513,507,253)	(25,212,753)
Total comprehensive loss for the year	-	-	-	(57,390,830)	(57,390,830)
Capital Grants From Government	-	-	60,000,000	-	60,000,000
At June 30, 2021	93,523,000	73,681,500	381,090,000	(570,898,083)	(22,603,583)

(Note 22)

(Note 22)



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XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2020-2021 Kshs	2019-2020 Kshs
<b>OPERATING ACTIVITIES</b>			
Cash used in operations	27	(57,410,283)	(55,842,268)
Interest received		-	-
<b>Net cash used in operating activities</b>		<u>(57,410,283)</u>	<u>(55,842,268)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of equipment	14	(184,860)	(701,777)
Proceeds from disposal of equipment		-	435,450
<b>Net cash used in investing activities</b>		<u>(184,860)</u>	<u>(266,327)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from capital injection	22	60,000,000	71,000,000
Refund of Government Grants from Blue Economy		-	-
<b>Net cash generated from financing activities</b>		<u>60,000,000</u>	<u>71,000,000</u>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2,404,857</b>	<b>14,891,405</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>17,616,483</b>	<b>2,725,078</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<u><u>20,021,340</u></u>	<u><u>17,616,483</u></u>



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**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% of Utilisation
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Service Income	4,142,000	-	4,142,000	377,835	(3,764,165)	9
Government grants	68,000,000	(8,000,000)	60,000,000	60,000,000	-	100
Finance Income	1,750,000	-	1,750,000	136,842	(1,613,158)	8
Other income	1,300,000	-	1,300,000	1,300,000	-	100
<b>Total income</b>	<b>75,192,000</b>	<b>(8,000,000)</b>	<b>67,192,000</b>	<b>61,814,677</b>	<b>(5,377,323)</b>	
<b>Expenses</b>						
Employment Costs	37,090,000	-	37,090,000	35,973,580	1,116,420	97
Administration Costs	20,387,000	(3,400,000)	16,987,000	9,078,460	7,908,540	53
Board Expenses	12,071,000	(4,600,000)	7,471,000	4,813,568	2,657,432	64
Rent Expenses	3,252,000	-	3,252,000	2,803,800	448,200	86
Depreciation Expenses	732,000	-	732,000	1,513,470	(781,470)	152
Finance cost	340,000	-	340,000	416,996	(76,996)	118
<b>Total expenditure</b>	<b>73,872,000</b>	<b>(8,000,000)</b>	<b>65,872,000</b>	<b>54,599,874</b>	<b>11,272,126</b>	
<b>Surplus/ (Deficit) for the period</b>	<b>1,320,000</b>	<b>-</b>	<b>1,320,000</b>	<b>7,214,803</b>	<b>5,894,803</b>	



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**XVIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Kenya National Shipping Line Ltd is established by and derives its authority and accountability from Kenya Company's Act. The entity is owned by the Government of Kenya through the Kenya Ports Authority and foreign investors. The Company is domiciled in Kenya and the principal activity is shipping services.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kenya National Shipping Line Ltd.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

(i) *Relevant new and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Title	Description	Effective Date
IAS 39-Financial Instruments: Recognition and Measurement	IAS 39 "Financial Instruments: Recognition and Measurement" outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.



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XIX NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

(i) *Relevant new and amended standards and interpretations in issue effective in the year ended 30 June 2021 (Continued)*

Title	Description	Effective Date
IFRS 16- Leases	IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

*The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.*

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

Title	Description	Effective Date
IAS 1 — Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 12 — Income Taxes	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.	Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.



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XIX. NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021 (Continued)*

Title	Description	Effective Date
IAS 12 — Income Taxes	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.	Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
IAS 16 — Property, Plant and Equipment	IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IAS 37 — Provisions, Liabilities and Contingent Assets	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.



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**XIX. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)**

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021 (Continued)*

IFRS 17 — Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022.
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*The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.*

(iii) **Early adoption of standards**

The Company did not early – adopt any new or amended standards in year 2020.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Revenue recognition**

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the Company's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the Company's activities as described below.

- i) **Service Income** is recognised in the year in which the Company renders the shipping services to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) **Grants from National Government** are recognised in the year in which the *entity* actually receives such grants. Recurrent grants and Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income.



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**XIX: NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition (Continued)**

iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.

iv) **Other income** is recognised as it accrues.

**b) In-kind contributions**

In-kind contributions are donations that are made to the entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**c) Vehicles and equipment**

Vehicles and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

**d) Depreciation**

Depreciation on vehicles and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset over their expected useful lives at the following annual rates:

Vehicles	25%
Furniture, fittings and equipment	12.5%
Computers	33.33%
Containers	25%

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

**e) Intangible Assets**

Computer software costs are recognised as intangible assets and are stated at cost less accumulated amortisation. Acquisition costs are amortised on the straight-line basis over the expected useful lives, not exceeding a period of three years.

**f) Impairment**

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a decrease in the revaluation surplus.



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**XIX. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g) Accounting for leases**

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged

*The company as lessee*

Rentals payable are of low value and are charged to the profit or loss.

**h) Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, transportation and handling charges, and is determined on the moving average price method.

**i) Trade and other receivables**

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

**j) Taxation**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



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**XIX. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred tax (Continued)**

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated

with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**k) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at various Commercial Banks at the end of the reporting period.

**l) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

**m) Retirement benefit obligations**

The company operates a defined contribution scheme for all full-time employees. The scheme is administered by an independent fund manager and is funded by contributions from both the company and its employees.

The Company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Fund Act. The company's obligations under this scheme is limited to specific contributions legislated from time to time and is currently at Ksh. 200 per employee per month.

**n) Provision for staff leave pay**

Employees' entitlements to annual leave are recognised as they accrue at the employees. Provision is made for the estimated liability for annual leave at the reporting date.



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**XIX. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**p) Budget Information**

The original budget for financial year 2020-21 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

**q) Comparatives**

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

**r) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial Statements for the year ended June 30, 2021.

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.



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XIX. NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The key areas of judgment in applying the entities accounting policies and sources of estimation uncertainty are dealt with below:

(a) Critical judgements in applying accounting policies

There are no critical judgments, apart from those involving estimations [see (b) below], that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(b) Key sources of estimation uncertainty

*Impairment losses*

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

*Vehicles, equipment and intangible assets*

Critical estimates are made by the directors in determining depreciation rates for vehicles, equipment and intangible assets.

*Contingent liabilities*

As disclosed in note 26 to these financial statements, the company is exposed to various contingent liabilities in the normal course of business including certain pending audits with Kenya Revenue Authority and a number of outstanding legal cases. The directors evaluate the status of these exposures on a regular basis to assess the probability of the company incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

6. GOING CONCERN

As at June 30, 2020 the company had a shareholders' deficit of Sh 570,898,083 (2020: Sh. 513,507,253) and its current liabilities exceeded its current assets by Sh 23,532,654 (2020: Sh. 26,194,895) primarily because of the trading losses made in the past years. It also incurred a loss for the year ended 30 June 2021 of Sh 57,390,830 (2020: Sh. 47,873,383).

The directors and management are pursuing a number of strategies to ensure the company returns to profitable trading. These measures include the ongoing restructuring of the Company.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.



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**XIX. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2020-2021 Kshs	2019-2020 Kshs
<b>7. SERVICE INCOME</b>		
Local income (Documentation fees, Delivery Charges, Demurrage etc)	376,835	34,453
Miscellaneous Revenue - Local	1,000	756,161
	<u>377,835</u>	<u>790,614</u>
<b>8. OTHER INCOME</b>		
Other Miscellaneous Receipts	1,300,000	2,687,365
	<u>1,300,000</u>	<u>2,687,365</u>
<b>9. SERVICE COSTS</b>		
Discharging Charges	-	-
Containers Costs	-	511,908
	<u>-</u>	<u>511,908</u>
<b>10. EMPLOYMENT COSTS</b>		
Salaries and wages	24,344,114	21,305,289
Pension funds contributions	3,898,750	3,538,626
Medical expenses	4,925,288	3,955,745
Staff training and welfare	2,117,672	1,217,189
NSSF contributions	43,000	40,800
	<u>35,328,824</u>	<u>30,057,649</u>
<b>The average number of employees at the end of the year was:</b>		
Permanent employees – Management	5	4
Permanent employees – Non -Managerial	14	12
Temporary and contract employees	0	1
	<u>19</u>	<u>17</u>



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XIX NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2020-2021 Kshs	2019-2020 Kshs
<b>11. ADMINISTRATION COSTS</b>		
Advertising & marketing	838,052	283,045
Audit fees	450,000	450,000
Bad debts recovered	497,248	(1,861,159)
Bank charges	142,773	165,733
Board expenses	4,813,568	3,241,258
Donations	-	300,000
Electricity & water	36,799	120,885
Entertainment	518,425	789,241
Insurance	56,988	565,687
Legal and professional	-	400,000
Other/miscellaneous expenses	446,207	1,054,126
Motor vehicle running	1,206,153	565,672
Penalties	-	207,923
Printing and stationery	358,038	326,001
Rent	2,803,800	2,803,800
Repairs and maintenance	148,098	124,680
Corporate social responsibilities	264,810	248,450
Subscriptions and renewals	194,436	138,567
Telecommunication	606,592	669,121
Transport, travelling and accommodation	8,564,229	8,018,076
	<u>21,946,216</u>	<u>18,611,106</u>

**12. TAXATION**

	2020-2021 Sh.	2019-2020 Sh.
<b>(a) Current Taxation</b>		
Current taxation based on the taxable (loss)/profit for the year at 30%	-	-
Current year deferred tax charge	-	-
Prior year under-provision for deferred tax	-	-
	<u>-</u>	<u>-</u>
<b>(b) Reconciliation of tax expense/ (credit) to the expected tax based on accounting (loss)/profit</b>		
Accounting (loss)/profit before taxation	<u>(57,390,830)</u>	<u>(47,873,383)</u>
Tax at the applicable tax rate of 30%	(17,217,249)	(14,362,015)
Tax effects of expenses not deductible for tax purposes	669,739	967,431
Tax effects of income not taxable	-	-
Tax effects of excess capital allowances over depreciation/amortization	9,976	30,878
Deferred taxation movement not recognised	16,537,534	13,376,920
	<u>-</u>	<u>-</u>

As at 30 June 2021, the Company had tax losses amounting to Sh. 425,053,253 (2020 – Sh. 368,043,738 ) available for set-off against future taxable profits.



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13. DEFERRED TAXATION

As at 30 June 2021, there was a potential deferred tax asset which has not been recognised in these financial statements because of the uncertainty regarding the company's ability to generate sufficient future taxable profits against which the accumulated tax losses can be utilised.

14. VEHICLES AND EQUIPMENT

2021	Motor vehicles,	Computers, Containers, furniture, fittings & equipment	Total
COST	Ksh	Ksh	Ksh
At July 1, 2020	8,704,201	9,795,963	18,500,164
Additions	-	184,860	184,860
Disposals	-	(2,331,107)	(2,331,107)
At June 30, 2021	8,704,201	7,649,716	16,353,917
<b>DEPRECIATION</b>			
At July 1, 2020	4,803,201	8,972,581	13,775,782
Charge for the year	1,300,000	181,920	1,481,920
Eliminated on disposal	-	(2,306,647)	(2,306,647)
At June 30, 2021	6,103,201	6,847,854	12,951,055
<b>NET BOOK VALUE</b>			
At June 30, 2021	2,601,000	801,862	3,402,862

As at June 30, 2021, vehicles and equipment with a cost of Kshs 13,785,666 (2020: Kshs 13,040,865) had been fully depreciated.



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14 VEHICLES AND EQUIPMENT (Continued)

2020	Motor vehicles,	Computers, Containers, furniture, fittings & equipment	Total
COST	Ksh	Ksh	Ksh
At July 1, 2019	4,397,301	10,571,012	14,968,313
Additions	5,200,000	701,777	5,901,777
Disposals	(893,100)	(1,476,826)	(2,369,926)
At June 30, 2020	8,704,201	9,795,963	18,500,164
<b>DEPRECIATION</b>			
At July 1, 2019	4,396,301	10,279,063	14,675,364
Charge for the year	1,300,000	170,344	1,470,344
Eliminated on disposal	(893,100)	(1,476,826)	(2,369,926)
At June 30, 2020	4,803,201	8,972,581	13,775,782
<b>NET BOOK VALUE</b>			
At June 30, 2020	3,901,000	823,382	4,724,382



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	2020-2021 Kshs	2019-2020 Kshs
<b>15. INTANGIBLE ASSETS</b>		
<b>COST</b>		
At 1 July	737,434	737,434
Additions	-	-
At 30 June	<u>737,434</u>	<u>737,434</u>
<b>AMORTISATION</b>		
At 1 July	579,674	548,123
Charge for the year	31,551	31,551
At 30 June	<u>611,225</u>	<u>579,674</u>
<b>NET BOOK VALUE</b>		
At 30 June	<u>126,209</u>	<u>157,760</u>
At 30 June 2021, intangible assets with a cost of Sh 485,020 had been fully amortised.		
<b>16. FINANCE INCOME</b>		
Unrealized foreign exchange gain	136,842	686,965
Interest on fixed deposit	-	-
	<u>136,842</u>	<u>686,965</u>
<b>17. GAIN ON DISPOSAL OF NON-FINANCIAL ASSETS</b>		
Gain on disposal of non-financial assets	-	435,450
	<u>-</u>	<u>435,450</u>
<b>18. FINANCE COSTS</b>		
Taxation	-	158,240
Unrealized foreign exchange loss	416,996	1,632,979
	<u>416,996</u>	<u>1,791,219</u>
<b>19. INVENTORIES</b>		
Stationery and general stores	738,934	652,144
Provision for obsolete stocks	(143,334)	(143,334)
	<u>595,600</u>	<u>508,810</u>
<b>20. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	38,686,473	38,524,786
Deposits and prepayments	6,404,279	5,845,100
VAT recoverable	12,418,650	11,550,114
Withholding tax	-	-
Other receivables	18,602,810	17,675,921
Gross trade and other receivables	<u>76,112,212</u>	<u>73,595,921</u>
Provision for bad and doubtful trade receivables	(50,472,005)	(49,861,917)
Net trade and other receivables	<u>25,640,207</u>	<u>23,734,004</u>



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**XIX NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2020-2021	2019-2020
	Kshs	Kshs
<b>21. BANK AND CASH BALANCES</b>		
Kenya Commercial Bank (Kshs A/C)	9,273,136	6,962,370
Kenya Commercial Bank (Usd A/C)	5,751,261	5,151,045
Absa Bank Kenya PLC - Khs A/C	2,549,809	3,066,969
Absa Bank Kenya PLC - Usd A/C	2,407,134	2,396,099
Cash in hand	40,000	40,000
	20,021,340	17,616,483

**22. SHARE CAPITAL**

**22 (a) ORDINARY SHARE CAPITAL**

Authorised:

200,000 ordinary shares of Sh.1,000 each	200,000,000	200,000,000
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Issued and fully paid:

93,523 ordinary shares of Sh.1,000 each	93,523,000	93,523,000
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On 30 March 2002, the shareholders passed a special resolution to effect the following changes in the company's authorised and issued capital:

- to reduce the par value of the company's ordinary shares from Sh.1,000 to Sh.500 per share without reducing the number of shares issued, thus reducing the total paid up capital to Sh.46,761,500. The credit arising from this reduction was to be applied towards reducing accumulated losses carried in the statement of financial position.
- to increase the reduced authorised share capital of Sh.100,000,000 (made up of 200,000 ordinary shares of Sh.500 each) to Sh.300,000,000 (made up of 600,000 ordinary shares of Sh.500 each).
- to issue an additional 147,363 ordinary shares at a price of Sh.500 per share of which 38,670 shares would be allotted to the principal shareholder, Kenya Ports Authority, while 108,693 shares would be allotted to a new shareholder, Heywood Shipping Company Limited.

The effect of these changes would be to increase the issued share capital from Sh.93,523,000 to Sh.120,443,000. A formal petition was lodged with the High Court of Kenya seeking a confirmation of the reduction in the par value of the company's shares in accordance with the requirements of the Kenyan Companies Act. A preliminary application to the High Court (to dispense with the requirement to serve notice to all the creditors of the company) was made on 10 May 2003. However, the High Court did not grant the orders sought. The company is now seeking alternative ways of reorganising its share capital.

**22 (b) FUNDS AWAITING ALLOTMENT**

The funds received from Kenya Ports Authority amounting to Sh 19,335,000 and from Heywood Shipping Company Limited amounting to Sh 54,346,500 totalling sh 73,681,500, (2020: Sh. 73,681,500), continue to be carried in the statement of financial position as funds awaiting allotment of shares until such time that an alternative way of reorganising share capital is agreed upon between the existing shareholders and Heywood Shipping Company Limited.



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**XIX NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**22(c) CAPITAL GRANTS FROM GOVERNMENT**

Since July 2013, the Government through Kenya Ports Authority has injected capital of Sh. 381,090,000 (2020: Sh. 321,090,000) million which is treated as capital grants. The funds continue to be carried in the statement of financial position as capital grants from Government until such time that an alternative way of reorganising share capital is agreed upon between the existing shareholders and Heywood Shipping Company Limited.

**23. DEFERRED INCOME**

The deferred income is recognition of donation of two motor vehicles by a sister State Corporation valued at Sh. 5,200,000. The motor vehicles have been depreciated in line with the Company depreciation policy. A deferred income of Sh. 1,300,000 has been recognised under other income.

	2020-2021	2019-2020
	Kshs	Kshs
<b>24. TRADE AND OTHER PAYABLES</b>		
Trade payables	27,915,534	26,757,035
Accruals and other payables	15,199,081	14,621,971
	43,114,615	41,379,006

Included in the trade payables balance are amounts totalling Sh. 5,794,378 (2020 – Sh 5,723,051) due to container leasing companies, most of whom stopped sending invoices for container lease charges and monthly statements to the company several years back. The liabilities carried in trade payables in respect of amounts due to these suppliers are based on balances outstanding when statements were last received from these suppliers [also see note 26 (iii)]. Based on compromise arrangements that are being negotiated with major container leasing companies, a number of which have been successful, the directors believe that no further liabilities have accrued since the determination of these balances.

**25. RELATED PARTY BALANCE AND TRANSACTIONS**

**(a) Kenya Ports Authority**

Kenya Ports Authority (KPA)	26,675,186	26,675,186
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Kenya Ports Authority is the majority share holder of Kenya National Shipping Line Ltd, holding 74.87% of the company's equity interest. Kenya Ports Authority has provided full guarantees to all long term lenders of the entity, both domestic and external.

**(b) Other related parties include:**

- (i) The Parent Ministry
- (ii) Board of Directors
- (iii) Key Management



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**XIX NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**25. RELATED PARTY BALANCE AND TRANSACTIONS (Continued)**

Transactions with related parties		
	2020-2021	2019-2020
	Kshs	Kshs
(a) Grants from National Government	60,000,000	71,000,000
<b>Total</b>	<b>60,000,000</b>	<b>71,000,000</b>
(b) Key Management Compensation		
Directors' Emoluments (Honorarium & Telephone Allowances)	1,020,000	510,000
Compensation to CEO and Key Management	12,785,057	11,184,055
<b>Total</b>	<b>13,805,057</b>	<b>11,694,055</b>

**26. CONTINGENT LIABILITIES**

- (i) The company, in the normal course of business, holds containers leased from various companies. Should any container be lost or damaged, the company has the responsibility to compensate the owners. The directors do not anticipate any significant liabilities to accrue from these arrangements, apart from those liabilities already provided for in the financial statements (2020: Nil).
- (ii) In 2004, Kenya Revenue Authority (KRA) carried out a withholding tax audit of the company covering the year 2003 and issued a demand of Sh 2,922,898 for unpaid withholding taxes, interest and penalties. The company has raised an objection with regard to this, and the amount has not been provided for as, in the opinion of the directors, the company has good grounds for the objection lodged. An amount of Sh 974,298 already paid in respect of this demand has been reflected as a claim recoverable within trade and other receivables.
- (iii) A claim from Textainer Equipment Limited for US\$17,571 (Sh. 1,895,032) in respect of unpaid invoices included in their statement when last received, has not been provided for in the financial statements because the directors believe that the claim is not valid (2020: US\$ 17,571 – Sh. 1,871,705)
- (iv) A claim from P. N. Communications Limited for US\$ 17,660 (Sh 1,904,631) in respect of advertisement services rendered has not been provided for, as, in opinion of the directors having regard to legal advice received, the claim is not valid (2020: US\$ 17,660- Sh 1,881,185).
- (v) There are ongoing legal claims for specific damages which have been brought against the company by former employees. Based upon legal opinions received, the directors do not anticipate that these claims will result in significant losses to the company.



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**XIX NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**27. NOTES TO THE STATEMENT OF CASH FLOWS**

	2020-2021	2019-2020
	Kshs	Kshs
Reconciliation of operating loss to cash used in operations:		
Loss for the year/period	(57,390,830)	(47,873,383)
Adjustments:		
Interest receivable recognized in the loss for the year/period	-	-
Depreciation on motor vehicles and equipment	1,481,920	1,470,344
Amortisation of intangible assets	31,551	31,551
Loss/(gain) on disposal of equipment	24,460	(435,450)
Deferred Income	(1,300,000)	(1,300,000)
Loss for the year/period before working capital changes	(57,152,899)	(48,106,938)
(Increase)/Decrease in trade and other receivables	(1,906,203)	(3,631,005)
(Increase)/Decrease in inventories	(86,790)	6,893
Increase/(Decrease) in trade and other payables	1,735,609	(4,111,218)
Net movement in related company balance	-	-
Net cash used in operations	<u>(57,410,283)</u>	<u>(55,842,268)</u>

**28. FINANCIAL RISK MANAGEMENT**

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The company's overall strategy remains unchanged from 2020.

**Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 4 to the financial Statements.

**Financial risk management objectives**

The company's activities expose it to a variety of financial risks including credit and liquidity risks, effects of changes in foreign currency and interest rates and changes in market prices of the company's services. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is extended to customers with an established credit history.



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XIX NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk management

Credit risk refers to the risk that customers will default on their contractual obligations resulting in financial loss to the company.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The credit risk on trade receivables is limited because the customers are known customers with high credit ratings.

The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.

The amount that best represents the company's maximum exposure to credit as at 30 June 2021 and 30 June 2020 is made up as follows:

2021

	Fully Performing Sh	Past due Sh	Impaired Sh
Bank Balances	20,021,340	-	-
Trade receivables	34,732	-	38,651,741
	<u>20,056,072</u>	<u>-</u>	<u>38,651,74</u>

2020

	Fully Performing Sh	Past due Sh	Impaired Sh
Bank Balances	17,616,483	-	-
Trade receivables	2,685,567	-	35,839,219
Due from Directors	-	-	-
	<u>20,302,050</u>	<u>-</u>	<u>35,839,219</u>

Cash and cash equivalents are fully performing.

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low.

The debts that are due are not impaired and continue to be paid. The debts that are impaired have been fully provided for.



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**XIX NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**28 FINANCIAL RISK MANAGEMENT (Continued)**

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the company's short and medium-term funding and liquidity management requirements. The company manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Sh	Sh	Sh	Sh
<b>As at 30 June 2021</b>				
Trade payables	3,488,631	157,655	24,269,248	27,915,534
Due to related company	-	-	26,675,186	26,675,186
<b>Total</b>	<b>3,488,631</b>	<b>157,655</b>	<b>50,944,435</b>	<b>54,590,720</b>
	Less than 1 month	Between 1-3 months	Over 3 Months	Total
	Sh	Sh	Sh	Sh
<b>As at 30 June 2020</b>				
Trade payables	3,741,976	-	23,015,059	26,757,035
Due to related company	-	-	26,675,186	26,675,186
<b>Total</b>	<b>3,741,976</b>	<b>-</b>	<b>49,690,245</b>	<b>53,432,221</b>

**(iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity'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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.



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XIX NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

(a) Foreign currency risk management

The company undertakes certain transactions denominated in foreign currencies primarily in US Dollars. The fluctuations in currency exchange rates result in changes in the value of monetary assets and monetary liabilities denominated in foreign currencies hence exposures to the risk of incurring exchange losses. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	2020-2021	2019-2020
	Kshs	Kshs
<b>Assets</b>		
<i>Trade and other receivables</i>		
US Dollars	2,435,918	2,386,941
Euros	145,966	207,794
Sterling Pounds	34,345	30,194
Swedish Krona (SK)	3,129	2,150
	<u>2,619,358</u>	<u>2,627,079</u>
<i>Bank and cash balances</i>		
US Dollars	8,158,395	7,547,144
	<u>8,158,395</u>	<u>7,547,144</u>
<b>Liabilities</b>		
<i>Trade and other payables</i>		
US Dollars	14,204,167	14,029,283
Euros	837,345	837,345
Swedish Krona (SK)	24,005	21,142
	<u>15,065,517</u>	<u>14,887,770</u>

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

At 30 June 2021, if the Kenya Shilling had weakened/strengthened by 10% against the relevant foreign currencies with other variables held constant, the impact on the Company's Statement of Comprehensive Income for the year would have been higher/lower by Sh 0.52M (2020: 0.48M).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year/period.



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**XIX NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**28 FINANCIAL RISK MANAGEMENT (Continued)**

(iii) Market risk (Continued)

(b) Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the Company's fixed deposits and borrowings. The Company does not have any bank borrowings. It's therefore not subject to interest rate risk.

(c) Price risk

The Company does not have financial instruments subject to price risk hence this risk is not relevant.

**29. OPERATING LEASE RENTAL COMMITMENTS**

	2020-2021 Ksh	2019-2020 Ksh
Payment made under operating leases during the year	<u>2,803,800</u>	<u>2,803,800</u>

**30. INCORPORATION**

The company is incorporated in Kenya under the Companies Act. The ultimate holding company is Kenya Ports Authority, which is also incorporated in Kenya.

**31. EVENTS AFTER THE REPORTING PERIOD**

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

**32. CURRENCY**

These financial statements are presented in Kenya Shillings (Sh).



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**XIX. APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The Company is yet to receive the Auditor General's report for the financial year 2019-2020.

**XX. APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

The Company is undergoing restructuring as a National Carrier. During the year under review, the Company did not implement any projects due to lack of developments funds.

**XXI. APPENDIX III: INTER-ENTITY TRANSFERS**

KENYA NATIONAL SHIPPING LINE LTD			
FY 2020/2021			
a. Recurrent Grants – <i>Transfers from the State Department for Shipping and Maritime</i>			
Bank Statement Date	Amount (KShs)	Financial Year	
08-09-2020	17,000,000	2020/2021	
01.12.2020	17,000,000	2020/2021	
22.03.2021	17,000,000	2020/2021	
02.07.2021	9,000,000	2020/2021	
<b>Total</b>	<b>60, 000,000</b>		

The above amounts have been communicated to and reconciled with the parent Ministry.

**XXII. APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA Transferring the funds	Date received as per bank statement	Nature: Recurrent/Develo pment/Others	Total Amount - KES	Where Recorded/ recognized
				Capital Fund
Ministry of Transport, Infrastructure, Housing & Urban Development - State Department of Transport	08-09-2020 01.12.2020 22.03.2021 02.07.2021	Recurrent	60,000,000	60000,000
<b>Total</b>			<b>60,000,000</b>	<b>60,000,000</b>